

CONTENTS

1	Factors Affecting online Shopping: A Factor Analysis Approach	1
	Gautam Parmar, Kamalkant Tandel	
2	A Study on commonalities and differences among CSR approaches of Selected leading private sector banks of India	7
	Dr. Jayrajsinh Jadeaja & Dr. Kedar Shukla	
3	“Measurement of Internal Customers’ Satisfaction”-An Attempt to Shift Efforts from Customer Satisfaction to Customer Delight	16
	CS Kalpesh Purohit	
4	Let Poor be the Producers - Integrating Three Cases on Social Entrepreneurship	28
	Dr. Malay R.Patel, Dr. Yashasvi Rajpara	
5	Do Exchange Traded Currency Derivatives (Futures and Options) Provide a Better Hedging alternative compared to Currency Forwards (OTC product)?	35
	Pinakin Jaiswal	
6	Pressing Problems and Focused Activities of Micro Enterprises: A Study of Gandhinagar District in Gujarat State	51
	Dr. Ramakanta Prusty, Prof. Margi Desai	
7	A case study on financial performance and measurement of banking correspondent services offered by banking correspondent in north Gujarat region.	62
	Prof.(Dr.) Urvi Amin	
8	Job Satisfaction Among Employees Engaged in Selected Hospitals of Vadodara City	69
	Dr. Sushilkumar M. Parmar	
9	An Empirical Study on Brand Awareness, Brand Preference and Brand Loyalty of Rural Consumers for Hair Care Products of Anand District	77
	KiritChavda, Dr.HiteshVyas	
10	Women Entrepreneurs	96
	Joe Mary George, Dr. Sanjay R Ajmeri	
11	A Research Paper on Role of FDI in Service Sector in growth of GDP of India.	101
	Sima Patel	
12	Demonetisation and Its Impact on shell companies of Indian economy	106
	Dr Saroj vats	
13	“Analysis of Psychological Empowerment and Job Involvement of Employees with Special Reference to Insurance Sector of India”	114
	Dr. Himanshu Sanghavi	

SEMCOM Management & Technology Review

Copyright: The copyright of the articles that are accepted for publication and finally published is to be given to SMTR. Moreover authors are required to declare that the copyright requirements of material used directly or indirectly in the article are accordingly fulfilled. SMTR reserves the copyright and holds the right to use and disseminate the material in any form or medium, i.e. print or electronic. The published article cannot be reproduced, photocopied or used for commercial purpose except with prior permission.

© S G M English Medium College of Commerce and Management

Subscription:

Single Copy ₹ 750.

Term	For Institution	For Individual
One Year	₹ 500	₹ 750

Mode of payment:

The Demand Draft should be drawn in favour of SEMCOM, Payable at Vallabh Vidyanagar.

Reprints:

All the published papers of the journal are available on institute website. For reprints of paper/article and permission please contact 02692 – 235624.

Disclaimer:

Opinions expressed in this journal do not reflect the policies or views of SEMCOM, but of the individual contributor. Neither SMTR nor SEMCOM is responsible for a case where author has not acknowledged or unintentionally omitted the source material. The authors are solely responsible for the details and statements in their research papers. All disputes are subject to Anand Jurisdiction only.

Please contact at the following address:

SEMCOM (S G M English Medium College of Commerce and Management) Opp. Shastri Maidan, Vallabh

Vidyanagar – 388 120

Dist: Anand, Gujarat, India

Ph. No. – 91-02692-235624

Correspondence may preferably be done through E-mail.

Send your contribution to: smtr@semcom.ac.in

SEMCOM Management & Technology Review

October 2017

ISSN-2321-5968

Volume - 5 Issue - 1

Bi-Annual – International Peer Reviewed Research Journal

CHIEF EDITOR

Dr. Waheeda Thomas, Principal

SEMCOM, Vallabh Vidyanagar, Gujarat, India

Editorial Board

Chief Editor	Dr. Waheeda Thomas, Principal, SEMCOM, Vallabh Vidyanagar.
Managing Editor	Dr. Nishrin Pathan, Business Communication
Executive Editor	Dr. Nehal Daulatjada, Computer Science
Editor	Dr. Subhash Joshi, Accounting & Business Law
Editor	Dr. Kamlesh Vaishnav, Computer Science
Editor	Dr. Bharat Tarapara, Quantitative Techniques
Technical Editor	Mr. Jay Nanavati, Computer Science

Advisory Board

Dr. Parimal H Vyas, Vice Chancellor, M S University, Vadodara	Dr. Bhavesh M Patel, Director, PGIM, Dean, AMSOM, Ahmedabad University, Ahmedabad
Dr. Shailesh Gandhi, Professor, Indian Institute of Management, Ahmedabad	Mr. G Narayana (Guruji) Chairman Emeritus, Excel Industries, Mumbai
Prof. (Dr.). Arvind C Shah, Professor, Department of Computer Science, Georgia South Western State University, USA	Dr. Chirag Surti, Assistant Professor, Faculty of Business and IT, University of Ontario Institute of Technology, Canada
Mr. Ajaykumar Singh, Professor, Delhi School of Economics, University of Delhi, Delhi.	Dr. Jayraj Jadeja, Dean, Faculty of Management, M S University, Vadodara
Dr. Vijay Sethi, Professor, Singapore Management Univeristy, Singapore.	Dr. Bhadrayu Vachhrajani, Director (Education), Adani Foundation, Ahmedabad.
Shri Lalbhai P. Patel, Vice President (West), Indian Institute of Materials Management, Vadodara	Mr. Viral Raval, Vice President(IS), Suzlon Energy Ltd, Pune
Dr. I C Gupta, Management Consultant, Indore	Mr. Anish Shah, Product Manager, Ontario Telemedicine Network , Canada
Mr. Hiren Vakil, Management Trainer & Consultant, Mumbai	Mr. Nevil Agarwal, Director, RankUno, Pune

Greetings !!

It is pleasure once again to present before you this issue of SMTR.

The issue touches upon variety of research topics. An empirical study on brand awareness, brand preference and brand loyalty of rural consumers covers new dimensions of consumer centric marketing. In the same line, factor analysis approach of factors affecting online shopping and measurement of internal customers' satisfaction is an attempt to shift efforts from customer satisfaction to customer delight.

In human resource area a study is presented on job satisfaction among employees engaged in selected hospitals and a detail discussion on psychological empowerment and job involvement of employees with special reference to insurance sector of India

Corporate Social responsibility seems to be gaining importance these days. A study on commonalities and differences among CSR approaches of selected leading private sector banks of India discusses how banks can be socially responsible through their activities in the transforming economy of India.

Pressing problems and focused activities of micro enterprises is micro level study select enterprises of Gandhinagar district in the state of Gujarat.

Let poor be the producers - integrating three cases on social entrepreneurship is a case study analysis to explore the phenomena of creating the producers at the bottom of the pyramid, as the crucial role of a social entrepreneur

Steps taken by Government to develop Women Entrepreneurs in India and expectations of women entrepreneurs talks about various schemes and plans for women entrepreneurs initiated by Government.

In the area of finance, two research deliberations question whether exchange traded currency derivatives provide a better hedging alternative compared to currency forwards OTC product? Another case study is on financial performance and measurement of banking correspondent services offered by banking correspondent. One paper also discusses demonetization and its impact on shell companies of Indian economy. Foreign Direct Investment (FDI) is considered as a very significant source of economic growth in developing countries. A research paper on role of FDI in service sector in growth of GDP of india examine the role of Foreign Direct Investment in Service Sector and its impact on GDP in service sector.

I wish that present issue gives an enjoyable reading experience to learned researchers and academicians.

Waheeda Thomas



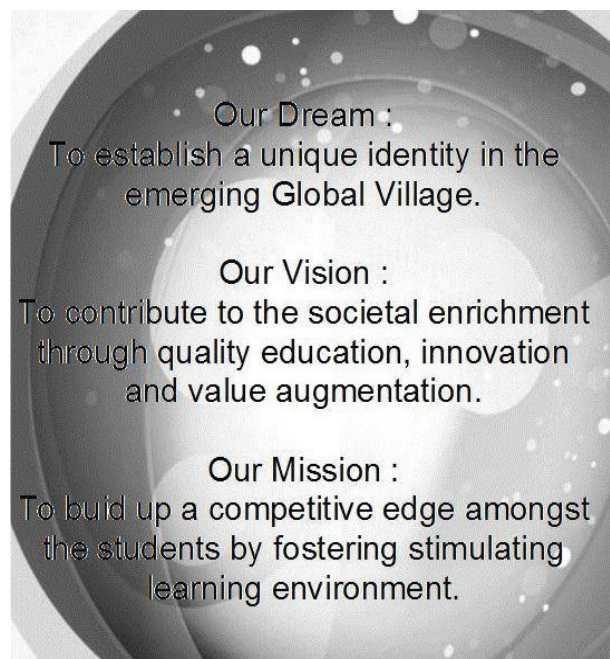
About SEMCOM

Sardar Gunj Mercantile Cooperative Bank Ltd. (Anand) English Medium College of Commerce and Management (S G M English Medium College of Commerce and Management) popularly known as SEMCOM was established in the year 1997 with the aim/vision to impart quality education to students who desire to graduate in commerce, management and IT. The college has successfully completed 18 years. Its alumni has established themselves in various walks of life across the globe. The college has been established by Charutar Vidya Mandal (CVM), an educational trust with a vision to regenerate society through education. SEMCOM was set up with the generous donation of Rs. 35 lakhs against the total project cost of Rs. 150 lakhs by Sardar Gunj Cooperative Bank Ltd. (Anand) on self- finance basis keeping in mind the changing policy of the government in inviting private institutions to supplement the government's efforts in higher education. The college has an ISO Quality System since 2004, which upgraded to 9001:2008 in September 2009. The college is re-accredited grade "A" by NAAC with a CGPA of 3.01 on 4 point scale. The college, within a short span of time has made its presence felt in India and abroad.

The college is affiliated to Sardar Patel University, Vallabh Vidyanagar.

Objectives / Goals

- ◆ To focus on integral development of students.
- ◆ To offer courses and programs in tune with changing trends in the society as a whole.
- ◆ To update the curriculum as per the need of the business and industry.
- ◆ To create unique identity in the educational world at the national as well as international level.
- ◆ To institutionalize quality in imparting education.
- ◆ To incorporate innovations on a continuous basis in the entire process of education at institutional level.
- ◆ To create platform for the students for exhibiting their talent and for development of their potentials.
- ◆ To generate stimulating learning environment for students as well as teachers.
- ◆ To build cutting edge amongst the students to withstand and grow in the competitive environment at the global level



Factors Affecting Online Shopping: A Factor Analysis Approach

Gautam Parmar & Kamalkant Tandel

Abstract

The internet and smartphone pervade in the developing country like India. It has change human life and business in various ways. The internet has opened up new way of doing business, online business. Online shopping provide great convenience to the consumers. The present study aims to find out various factors that affect the online shopping by factor analysis approach. The study found factors affecting online shopping are Website features, Availability of wide range products, Convenience and Flexibility.

Keywords: Online Shopping, Factors Affecting Online Shopping, Factor Analysis

Introduction

The internet and smartphone penetration bring significant changes in the business. The online shopping in India is also growing rapidly. According to ASSOCHAM-Forrester study, India's E-commerce revenue is expected to jump from \$26 billion in 2016 to \$103 billion in 2020. India is in transforming phase in various aspects with rapid adoption of technology. The lifestyle and consumption affected largely due to information technology. The online shopping playing important role by offering convenience and quality services to the youth, busy people and double income group families. Due to increased awareness, employment and increased per capita income of Indian consumers there has been an exponential rise in consumer spending. Experiencing the convenience of avoiding travelling to shop and the time saved in bargain hunting are adding advantage and craze for online shopping. (Goyal, 2015). The internet penetration in india is recorded 34.8 % of the total population in 2016 and the change over 1 year in internet users recorded 30.5 %.(<http://www.internetlivestats.com/internet-users-by-country/>)

Review of Literature

Ganapathi (2015) studied "Study on Factors Affecting Online Shopping Behavior of Consumers in Chennai" and employed the exploratory factor analysis and the result shows that convenience, website features, security and time saving are the factors affecting online shopping behaviour of consumers. The regression analysis was also employed which indicates that convenience, security, website features and time saving are positively and significantly influencing the purchasing decision of consumers. Study suggested to online retailers, with easy to use and user friendly websites, they will encourage buyers to make a

purchase decision that may more likely return for repeat purchases.

Gupta (2011) studied “Determinants of Internet Buying Behavior in India” and applied the factor analysis and found three major factors Perceived Usefulness, Perceived Ease of Use, Behavioral Intention. The study found that perceived ease of use and perceived usefulness are antecedents of intention to purchase online.

Dixit (2015) studied “Acceptance of Online Shopping by Indian Consumers: A Study of Changing Trends of Consumer Behaviour” by applying factor analysis. The four major factors were extracted from the study were Product inquiry and reliability, Website design and nature, E-advertisement on E-shopping, Future of E-shopping.

Verma et.al (2014) studied “Online Shopping and Its Impact on Consumer Behavior in Trans Yamuna Area of Allahabad and found respondents were prefer online shopping to physical shopping due to benefit such as saves time, comfortable/ relaxed shopping, detailed product information and facility of easy price comparison impacting consumer behavior towards online shopping.

Shergill and Chen (2005) studied “Web-Based Shopping: Consumers’ Attitudes Towards Online Shopping In New Zealand “ in the study found that website security/privacy, website design, website reliability/fulfilment and website customer service are the four dominant factors which influence consumer perceptions of their online purchasing experiences.

Jain et.al (2014) studied “Consumer Behavior towards Online Shopping: An Empirical Study from Delhi “ where the factor analysis were employed and the results revealed four important factors viz. perceived risk, perceived enjoyment, perceived ease of use and perceived usefulness to be affecting the online shopping behavior of consumers in

Delhi.

Significance of the study

The online shopping is growing rapidly in India. With the penetration of internet and smartphone it has great opportunities in India. The present study tries to investigate the various factors affecting online shopping,

Methodology

The present study aims to investigate factors affecting online shopping by applying factor analysis. To fulfil the stated objective for present study, structured questionnaire was used. The questionnaire contains questions related to demographic profile of respondent such as gender, age, education etc. and the research questions. To find out factors Respondents were asked to answer 19 prepared statements using 5-point Likert type scales on 1 to 5 point basis, where 1 is strongly agree and 5 is strongly disagree. Out of that 19 statements 18 statements were used for analysis.

Data Analysis

The collected data were tabulated and analysed with help of computer software. The statistical tools employed for present study are frequencies, percentage and Exploratory Factor Analysis. Exploratory factor analysis using principal component analysis approach was used to determine the most important variables from the large number of variables in the set of data that affecting online shopping.

Table: 1 Demographic profile of respondents

Age of Respondents		
Particulars	Frequency	Percent
Under 21	33	18.0
21-30 Years	131	71.6
30-40 Years	16	8.7

More than 40 Years	3	1.6
Total	183	100.0
Gender of Respondents		
Particulars	Frequency	Percent
Male	120	65.6
Female	63	34.4
Total	183	100.0
Education of Respondents		
Particulars	Frequency	Percent
High School	9	4.9
Bachelor Degree	75	41.0
Master's Degree	96	52.5
Others	3	1.6
Total	183	100.0
Family Income Monthly		
Particulars	Frequency	Percent
Below 10000	7	3.8
10,000-20,000	20	10.9
20,000-30,000	37	20.2
More Than 30,000	119	65.0
Total	183	100.0
Own credit/ debit card?		
Particulars	Frequency	Percent
Yes	167	91.3
No	16	8.7
Total	183	100.0
Online shopper		
Particulars	Frequency	Percent
Yes	158	86.3
No	25	13.7
Total	183	100.0

For the present study 183 respondents were surveyed. Out of the 183 respondents 131 respondents were having 21-30 years age. 65.6 % respondents were male. 52.5 % respondents were educated up to masters degree while 41 % were under graduate. 65 % respondents were earning more than 30000 monthly. 91.3 % respondents were own credit or debit card and 86.3 % respondents were online shopper.

Reliability test Alpha

The respondents were asked to respond on 5 point Likert scale for 19 statements. Out of that 19 statements 18 statements were used for analysis. To check reliability cronbach's Alpha was calculated and it was found 0.885 for 18 items. The reliability test Alpha was developed by Lee Cronbach in 1951 to provide a measure of the internal consistency of a test or scale; it is expressed as a number between 0 and 1. (Tavakol et al. 2011). As a rule of thumb the value greater than 0.7 is good and acceptable. For the present study Cronbach's Alpha based on standardized items obtained 0.885. So the data are reliable for further analysis.

Table: 2 Reliability test (Cronbach alpha)

Reliability Statistics

Cronbach's Alpha	N of Items
.885	18

Table 3: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.832
Bartlett's Test of Sphericity	Approx. Chi-Square	1313.404
	Df	153
	Sig.	.000

The Bartlett's test of Sphericity and Kaiser Meyer –Olkin (KMO statistics) measure of sample adequacy were used to assess the suitability of data for carrying out the factor analysis. Generally the value of Kaiser-Meyer-Olkin Measure of Sampling Adequacy test is accepted greater than 0.6. For the present data it is obtained 0.829 and Bartlett's Test of Sphericity found significant. So, the factor analysis can be performed for the present data.

Factor Analysis

Respondents were asked to answer 19 prepared statements using 5-point Likert scales where 1 is strongly agree and 5 is strongly disagree. The principle component extraction performed where the eigenvalue greater than 1 was

consider. Varimax with Kaiser Normalization rotation method was employed. The Rotated Component Matrix was presented sorted by size and the coefficients were suppressed having value below 0.4. The factor analysis yielded 4 factors were which explains 63.175% of total variance as shown in below table.

Table : 4 Total Variance Explained

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.311	35.059	35.059	6.311	35.059	35.059	3.630	20.165	20.165
2	2.549	14.161	49.220	2.549	14.161	49.220	3.130	17.387	37.553
3	1.269	7.052	56.272	1.269	7.052	56.272	2.397	13.316	50.868
4	1.243	6.903	63.175	1.243	6.903	63.175	2.215	12.306	63.175
5	.934	5.188	68.362						
6	.807	4.482	72.844						
7	.708	3.935	76.779						
8	.658	3.658	80.437						
9	.568	3.156	83.593						
10	.551	3.061	86.654						
11	.437	2.425	89.079						
12	.420	2.331	91.410						
13	.352	1.956	93.366						
14	.296	1.642	95.008						
15	.280	1.553	96.561						
16	.241	1.338	97.899						
17	.217	1.205	99.104						
18	.161	.896	100.000						

Extraction Method: Principal Component Analysis.

Table 5 : Rotated Component Matrix

Rotated Component Matrix				
	Component			
	1	2	3	4
Reliable product quality	0.79			
Not available in local store	0.762			
Comparison of products available	0.687	0.441		
Custom design products	0.653			
Easy filter option	0.63	0.544		

Special online discount	0.589			
Specific product information		0.787		
Exclusive availability		0.731		
Wide range of products		0.7		
Easily availability of products	0.408	0.68		
Save the effort of visiting store			0.782	
Avoid hassle of driving & parking			0.742	
Internet shopping is fun			0.729	
Anywhere shopping can possible			0.622	
Home delivery of products				0.747
Complete family shopping experience				0.639
Shop 365 Days (24 ×7)				0.638
Free delivery	0.557			0.558
Extraction Method: Principal Component Analysis.				
Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 7 iterations.				

The exploratory factor analysis extracted four factors namely Website features, Availability of wide range products, Convenience and Flexibility.

The first factor termed as website features due to the high loading to the statements like Reliable product quality, not available in local store, Comparison of products available, Custom design products, Easy filter option, and Special online discount which explain 20.165 % of total variance. The second factor termed as Availability of wide range products due to high loading of the statements like specific product information, Exclusive availability, Wide range of product, and easily available of product, which explains 17.387% of total variance. The third factor termed as convenience due to high loading to the statements like save the effort of visiting store, avoid hassle of driving & parking, Internet shopping is fun, Anywhere shopping can possible which explain 13.316% of total variance. The fourth factor labelled as Flexibility due to high loading of the statements like Home delivery of products, Complete family shopping experience, Shop

365 Days (24×7), Free delivery which explain 12.306 % of total variance. Thus all four factors explain 63.175 % of total variance.

Internal Consistency

The internal consistency were checked using Cronbach’s Alpha for four factors extracted by factor analysis. The Cronbach’s Alpha for Website features, Availability of wide range products, Convenience, Flexibility found 0.852, 0.818, 0.732 and 0.726 respectively.

Table 6: Internal Consistency

S.N	Factors	No of Items	Cronbach’s Alpha
1	Website features	6	0.852
2	Availability of wide range products	4	0.818
3	Convenience	4	0.732
4	Flexibility	4	0.726

Conclusion

With the wide spread of internet, smartphone, tablet the internet access become easier and the online shopping is penetrating

growing rapidly. To study the various factors affecting online purchase, present study was carried out and study found the major factors affecting online shopping are Website features, Availability of wide range products, Convenience and Flexibility.

Future Research

The present study try to investigate factors affecting online shopping, the further research can be carried out on impact of various website feature on online shoppers, factors discriminating online shopping behaviour for different generation. The appropriate strategies can be suggested to the online shopping players for better service.

Reference

- Al-Azzam, A. F. (2004). Evaluating the Antecedents of Online Consumer Purchasing Behavior an Empirical Study Based on Theory of Planned Behavior. *International Journal of Economics, Commerce and Management*, Vol. II, Issue 4 PP.1-18.
- Chen, G. S. (2005). Web-Based Shopping: Consumers' Attitudes towards Online Shopping in New Zealand. *Journal of Electronic Commerce Research*, VOL. 6, NO.2 PP.79-94.
- Dennick, M. T. (2011). Making sense of Cronbach's alpha. *International Journal of Medical Education*, Vol 2: 53-55.
- Dipti Jain, S. G. (2014). Consumer Behavior towards Online Shopping: An Empirical Study from Delhi. *IOSR Journal of Business and Management*, Volume 16, Issue 9. Ver. IV, PP 65-72.
- Dixit, N. (2015). Acceptance of Online Shopping by Indian Consumers: A Study of Changing Trends of Consumer Behaviour. *Asian Research Journal of Business Management*, Issue 2 (Vol. 3) pp.96-107.

- Donald R Cooper, P. S. (2010). *Business Research Methods*. New Delhi: Tata McGraw Hill Education Private Limited.
- Ganapathi, R. (2015). A Study on Factors Affecting Online Shopping Behavior of Consumers in Chennai. *Journal of Management Research and Analysis*, Vol. 2(2) pp.123-126.
- Goyal, A. (2015). Rising Trends of Online Shopping In India. *Biz and Bytes*, Vol 6 Issue 2 pp.125-131.
- Gupta, R. N. (2011). Determinants of Internet Buying Behavior in India. *Asian Journal of Business Research*, Volume 1 Number 2 pp. 53-65.
- Mohan Kumar TP, S. S. (2016). Consumer behavior towards online marketing. *International Journal of Applied Research*, Vol.2(5): 859-863.
- Narges Delafrooz, L. H. (2009). Factors affecting students' attitude toward online shopping. *African Journal of Business Management*, Vol. 3 (5), pp. 200-209.
- Rekha Verma, A. A. (2014). Online Shopping and Its Impact on Consumer Behavior in Trans Yamuna Area of Allahabad. *International Journal of Science and Research*, Volume 3 Issue 8, pp. 1898-1900.

Websites

- <http://www.assochem.org/newsdetail.php?id=5669>
- <http://www.internetlvestats.com/internet-users-by-country/>

Gautam Parmar

ASPEE Agribusiness Management Institute
Navsari Agricultural University, Navsari
gautamparmar@gmail.com

Kamalkant Tandel

Assistant Manager
DCB Bank, Songadh

A Study on commonalities and differences among CSR approaches of Selected leading private sector banks of India

Dr. Jayrajsinh Jadeaja & Dr. Kedar Shukla

Abstract

Businesses worldwide are increasingly worried about the impact of their business activities on society. They also recognize that the world they live in presents a growing array of demands, pressures and risks that are not signalled through markets or the traditional political processes on which they have relied for a very long time. Thus, many have implemented into their operation the so-called corporate social responsibility (hereafter, CSR) that aim to balance their operations with the concerns of internal and external stakeholders such as employees, customers, suppliers and business partners, labour unions, local communities, non-governmental organizations (hereinafter also NGOs) and governments.

Key Words :

Corporate Social Responsibility , CSR and Banks , Banking Sector

1.0 Introduction

From the early days business was closely related with society. It could exist only when there were people, for whom it produced products and services, if there were producers of raw materials and people who worked for this business. These basic things haven't changed nowadays and business still depends on the society and at the same time influences it greatly.

The history of CSR comes back to the beginning of the twentieth century and is connected mostly with the USA, when some businessmen decided that their enterprises should use resources in the way that would bring benefits both to the owner and to society. This idea had to be forgotten soon because of the great depression in the 30-s, when all the enterprises had only one goal , to survive and the American employees wanted nothing but salaries and employment. According to Lee Preston it was again brought up in 50-s (some scientist are sure that it was a result of global cooperation during and after the WWII) and approximately at the same time H.R. Bowen published his book (the first study on CSR, Social Responsibility of a Businessman) , where he showed that social responsibility can add to the profits of the company if it is correctly introduced. In 60-s and 70-s the idea of CSR was separated from economic profit and from that moment business was expected to follow not only juridical legislation but nonofficial rules of business ethics as well.

After the collapse of the Soviet Union foreign companies started to enter our market and brought along ideas of CSR. Thus it is really rather new for our country, but if we want to develop and to reach the level of international business we need to form socially responsible business.

2.0 Literature Review

The concept of CSR originated in the 1950's in the USA but it became prevalent in early 1970s. At that time US had lots of social problems like poverty, unemployment and pollution. Consequently a huge fall in the prices of Dollar was witnessed. Corporate Social Responsibility became a matter of utmost importance for diverse groups demanding change in the business. During the 1980's to 2000, corporations recognized and started accepting a responsibility towards society. Corporate social responsibility (CSR) focuses on the wealth creation for the optimal benefit of all stakeholders – including shareholders, employees, customers, environment and society. The term stakeholder, means all those on whom an organization's performance and activities have some impact either directly or indirectly. This term was used to describe corporate owners beyond shareholders as a result of a book titled Strategic management: a stakeholder approach by R. Edward Freeman in the year 1984.

According to Bowen, CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society. Frederick (1960) stated Social responsibility means that businessmen should oversee the operation of an economic system that fulfills the expectations of the people. Davis (1960) argued that social responsibility is a nebulous idea but should be seen in a managerial context. He asserted that some socially responsible business decisions can be justified by a long, complicated process of reasoning as having a good chance of bringing long-run economic gain to the firm, thus paying it back for its socially responsible outlook. An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status (Bajpai, 2001).

CSR Approaches Studies.

Literature defines CSR approaches in the CSR literature and classifies in to the major pillars as Classical Approach (Adam Smith, 1937). Accountability Approach. (Hay and Grey 1977) , Public Approach Galbraith (1973) Trusteeship Approach , (Gandhiji ,1942) and Modern or Strategic CSR approach.

Marketing , Consumer Behavior and Social Responsibility .

Should CSR activities , communicated to the consumers really generate profitability and business for the companies ? Or it is treated negatively by the consumers? What is the impact on the Marketing Mix of the companies of CSR activity or responsible behavior of the company? Several researches has been reviewed in this area as follows. Varandarajan and Menon (1998) they categorize CRM among CSR initiatives that “Do Better by Doing Good.” In other words, CRM not only increases the company's revenues but also contributes to societal welfare. Abowd et al. (1990) Abowd et al. used the event A study methodology to check the CSR impact of the CSR activities related to Human Resource development , to the companies stock prices. Results showed there was no consistent pattern of increased or decreased. Worrell et al. (1991.) Worrell et al. could tried to discover the relations between layoff programmers of the companies to it's investor's reaction. Result showed that investors react negatively to the layoff announcements , especially when they are due financial distress.

3.0 Research Objectives And Research Methodology

CSR has been in continuously evolving stage in India. Gradually concept is gaining importance and it is moving from conventional philanthropic model to strategic CSR approach. In the present paper we have selected four leading private sector banks for the study of their CSR investment , approach ,

areas for discharging CSR fund , The rationale for selecting them is they are top four largest private sector banks of India . All of them has CSR policy , Structured CSR departments and CSR reporting in practices since quite a long time.

(a) Research Objectives

This study and the research have been trying to attend the following dimensions of the selected private sector banks.

- 1.0 To understand the concept and scope of corporate social responsibility and getting an insight in CSR practices for all four groups
- 2.0 To understand commonalities and differences among CSR practices adopted by all four banks on selected parameters.

(b) Research Design & Analysis

Exhaustive literature survey regarding the topic and related concepts has been done. Secondary data inclusive of quantitative and qualitative data were being collected from the secondary sources like Website , CSR report , Karmyag CSR index report and banks CSR reports. Data were also collected from various sources including books, research papers, newspapers, magazines, and websites is used for the purpose of study. To examine the sustainability reports, to study the CSR approaches adopted by the companies , to understand about the philosophy and approaches of social responsibility of business etc concern executives of the organization were also contacted and qualitative information was obtained.

4.0 Introduction to the Selected Banks and Frame work of study

(a) ICICI Bank

ICICI bank is India’s largest private sector bank with a turn over of approximately USD 10.3 billion (YTD,2015) and profitability of USD 1.5 billion. Having branches across the

country and operational in all the segments of the sector. ICICI Bank and its subsidiaries contribute approximately 0.75%-1.0% of their annual profits to the Foundation.

(b) HDFC Bank

HDFC bank is India’s second largest private sector bank with a turn over of approximately 60210 Crores (YTD,2015) and profitability of Rs.3357 crore plus. Having branches across the country and operational in all the segments of the sector. HDFC was previously known as Housing Development and Financial Corporation.

(c) Axis Bank

Axis bank was earlier known as UTI bank was started way before the ICICI and HDFC Banks in private sector, last decade has jumped up to number third position with turnover of approximately Rs.44565 Crores (YTD,2015) and profitability of Rs.7448 crore plus. Having branches across the country and operational in all the segments of the sector.

(d) Kotak Mahindra Bank

Kotak Mahindra Bank earlier known as ,Kotak Mahindra Finance Ltd. Has been emerging as one among the leading growth rate achiever bank to have turnover of approximately Rs.10963 Crores (YTD,2015) and profitability of Rs.1569ccore plus. Having branches

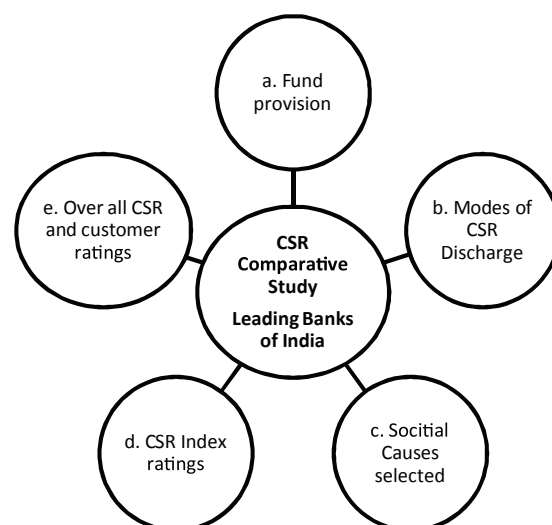


Diagram 1 : Factors on which comparative study of CSR has been framed.

across the country and operational in all the segments of the sector.

Framework of the study for present paper.

In present paper a comparative study on CSR of the selected four banks have been made on the following factors as shown in Diagram 1.

5.0 Comparative Study of CSR of Various Banks .

Study has been made on five factors mentioned in diagrammatic presentation made.

(a) Fund allocation

In the present research paper authors have compared the commonalities and differentiation of CSR efforts of various leading private sector banks on all of the above mention parameters in Diagram -1. The core heart of the CSR programme is to dedicate the CSR fund and utilizing them effectively. Fund allocation has also been one among the key criteria for the CSR indexing being carried out by various indexing agencies and research rating firms. Table 1 below explains the comparative status of fund allocation with analysis.

Table -1 Comparative study on Fund Allocation and CSR Spent

Bank	CSR Spend (In Crs.)	Customer Base (Number of Brc.)	Priority Sector Landing in (%)	Rural Branch Expansion
HDFC BANK	39.01	3251	32.68	177
ICICI BANK	116.5	3611	23.37	285
AXIS BANK	42.42	2225	28.56	133
KOTAK M. BANK	4.08	525	31.47	33

(Data for the financial YTD 2013, Source Banks Operating reports.)

(b) Modes of Discharging CSR Fund

Companies have multiple option of investing CSR funds (1) Direct investments through companies CSR department or HR department (2) Investing through NGOs and

(3) To government nodal agency (3) Investing through Trust or body created by the company by itself. Brief about the mode of discharge of CSR fund has been presented in Table -2 below for the selected companies for the present research paper with analysis.

Table -2 Modes of Discharging CSR

HDFC	ICICI	AXIS	KOTAK M.
HDFC Bank, has full fledged CSR department and it has professional way of discharging CSR funds. They have strategically opted the concerned areas for the CSR discharge.	Company has an organized CSR department and it handles all the CSR spent through the CSR department and CSR is a strategic function in the organization. All CSR activities are linked with the Strategic thinking of the business too. Funds are also allocated and discharged through the partner NGO (Non profit organizations) firms.	HDFC Bank, has full fledged CSR department and it has professional way of discharging CSR funds. They have strategically opted the concerned areas for the CSR discharge.	Company has an organized CSR department and it handles all the CSR spent through the CSR department and CSR is a strategic function in the organization. All CSR activities are linked with the Strategic thinking of the business too. Funds are also allocated and discharged through the partner NGO (Non profit organizations) firms.

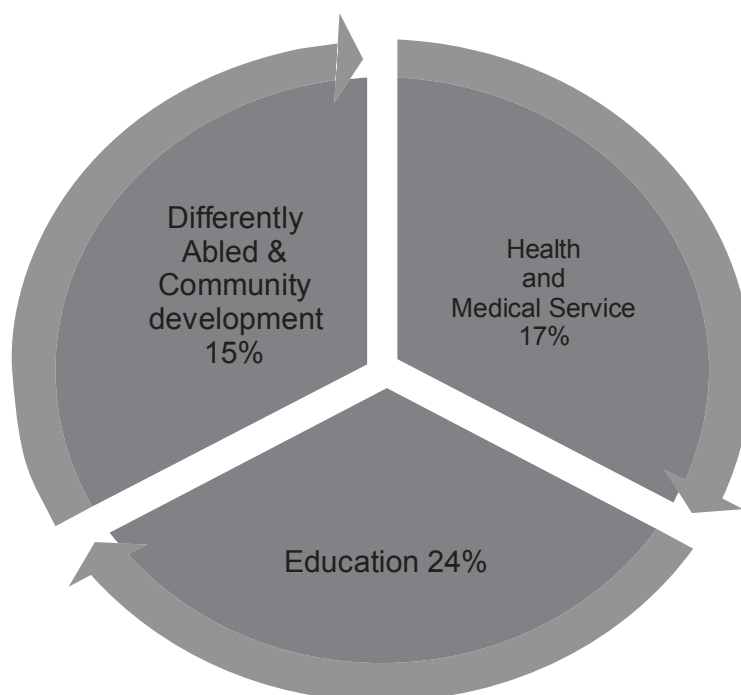
(c) Identified Social Causes for CSR Investment

There are more than 15 plus identified areas of the social concerns , under the companies bill where companies are likely to invest their CSR fund as specified. Table 3 indicates the broad areas of concerns for the selected companies where CSR fund has been invested.

Table -3 Social Causes and Areas of Concerns Selected For CSR

HDFC	ICICI	AXIS	KOTAK M.
<p>HDFC has formed</p> <p>(1) Vicharata Samuday Much, which fights for the rights of under privileged communities</p> <p>(2) Yuva Mitra Education, Youth Dev and Women empowerment are the three main mottos Institute of Fundamental Studies and Research + Tata institute of social sciences + Helen Keller Institute for the Deaf and Deaf plus blind</p> <p>(3) Muskaan : Voluntary Organization to help the mentally disabled</p> <p>(4) CanKids KidsCan Help little children affected with Cancer</p>	<p>•Inclusive growth campaign</p> <p>A fundamental initiative taken by the top authorities of the bank which states that apart from its financial growth year on year it will simultaneously facilitate, enable and ensure a collaborative growth of its stake holders such as the general population.</p> <p>Investing through ICICI Foundation, A CSR wing of ICICI that promises to cater to the rural and poor populations need.</p> <p>It has the following objectives</p> <p>1 Improving health and nutrition for women and children</p> <p>2Advancing elementary education in government schools</p> <p>•3 Providing vocational and skill training for rural youth.</p> <p>http://www.icicifoundation.org/</p>	<p>(1)Balwadis: Early Education for infant children providing them with the basic education.</p> <p>(2)Supplementary education to the girl child: Identifies potential female drop-outs from elementary schools and provide them the support to successfully complete their schooling.</p> <p>(3) Highway Trauma care: Establishes hospitals alongside the highways and caters to highway accidents and catastrophes.</p> <p>(4)Rural Medical Relief: Sets up medical camps at select spots to help cope up with natural and man made calamities.</p> <p>(5) Skill development: Train the youth with additional skills.</p> <p>http://www.axisbank-foundation.org/</p>	<p>Kotak Education foundation</p> <p>Kotak Unnati vocational training for drop outs</p> <p>Kotak Udaan – Scholarship programs to help poor children with exceptional brilliance</p> <p>•Employee volunteering</p> <p>Building houses for the displaced and the homeless is a part of employee volunteering</p> <p>•Running for a cause</p> <p>•Awareness Campaign and public interest contests</p>

Diagram 2 below represent the CSR spending pattern of HDFC Bank in the respective projects.



Source :<http://indiaresponsibilitybrands.com>

As we can see , HDFC for the year 2014 has spent around 15% of it's CSR allocated funds to the community development fund projects , 17 % spent has been in the area of health and medical services and around 2% has been sent towards education projects.

based on CSR performance of the firms, They have rated both the organizations above 3 ratings in their CSR performance on a scale of 5. Karmayog rating has major criteria of rating are as , fund allocation, consistency, area of CSR fund discharge, CSR reporting and CSR efforts impact measurement . Table 4 below summaries the performance all four banks on their CSR ratings

(d) CSR Rating Performance :

The Indian popular CSR research and indexing NGO firm , Karmayog presents CSR ratings

Table -4 CSR Index Ratings and Spent

BANK	CSR Spent (Cr.)	Avg.CSR Spent / Bank(Cr.)	CSR Index	Customer Base as number of Branches	Nos. of Rural Branch
HDFC	39.01	1.2	3/5	3251	177
ICICI	116.5	3.2	4/5	3611	285
AXIS	42.42	1.9	3/5	2225	133
KOTAK M	4.08	0.7	2/5	511	33

Source : <http://Indiatopresponsibilitybrands.fil.wordpress.com/2014/untitled.png> Source :

(e) Over all CSR and Customer Perception Ratings :

Table -5 CSR and Customer Management Performance Overall Ratings

BANK	CSR Spenting Rating	Priority Landing Rating	Interest Rate Rating	Rural Branch Ratings	Mouth Shut Rating (Complain Mgmt)	Over all ranking out of 40
HDFC	6	10	7	4	4	31
ICICI	10	6	7	6	3	32
AXIS	7	7	7	5	4	29
KOTAK M	4	9	7	5	2	27

Source : <http://Indiatopresponsibilitybrands.fil.wordpress.com/2014/untitled.png>

The analysis of above tables indicates that , ICICI bank has been doing wonderful work on discharging CSR obligations to the out side world. However they are not doing well for their over all customer management. Both HDFC bank and Axis bank have scored moderately well on Customer management however they need to work on improvement on CSR discharge what is expected. Kotak Mahindra Bank being new player in the year 2014 has low base of customers , Branches and also have teething trouble in discharge of CSR , however their intensions and inclination towards the CSR is visible.

5.0 Conclusion.

The paper analyzes CSR activities of four leading private sector bank through strategic lens. It has also identified commonalities and differences of the CSR and it’s impact on banks customer relation perceptions.

“In a free enterprise, the community is not just another stakeholder in business but is in fact the very purpose of its existence.” Believed by Jamsetji Nusserwanji , Tata Founder, Tata Group.

“Corporate Social Responsibility should be in the DNA of every organization. Our processes

should be aligned so as to benefit the society. If society prospers, so shall the organization.” –JRD Tata.

Corporate Social Responsibility has always been taken care of by the various banks in India. However modes of discharging CSR are different. One commonality in banks CSR discharge is , all the bank leaders believes that “Having more rural branches and creating banking facilities for village people , as well as educating them on Banking and Insurance services” is their prime CSR in the country. They also see that as Strategic CSR which will help them ultimately in market opportunity growth. Other important task they wish to invest in to “Creating More and More ATM / E-banking” facilities. Again investment in this segment will help them achieving better customer management as well as it will also help them in reducing the service staff cost. However it is noteworthy that all the banks have not restricted themselves in discharging funds towards strategic moves and business profits but they have also been concerns for the other social issues and concerns. Comparative to other industries and segments Private Banks have behaved quite responsibly in discharging their moral obligations through CSR.

References :

1. Ackerman, R. W., & Bauer, R. A. ,Corporate social responsiveness. (Reston ,VA: Reston. 1976)
2. Andrews, Kenneth R, The Concept of Corporate Strategy (Homewood, IL: Dow Jones-Irwin, 1971)
3. Archie B. (1991) “The pyramid of Corporate Social Responsibility: Toward the moral management of organizational stakeholders, from Business Horizons, July-August 1991,The Foundation for the School of Business at Indiana University .<http://www.cba.ua.edu/~aturner/MGT341/MGT341%20Readings/Pyramid.pdf>
4. Bajpai, G.N. , Corporate Social Responsibility in India and Europe: Cross Cultural Perspective, 2001, <http://www.ficci.com>
5. Bowen, H. R., Social responsibilities of the business man (New York : Harper & Row , 1953)
6. Burke Lee and Jeanne M. Logsdon ,Corporate Social Responsibility Pays Off [Long Range Planning , Volume 29, Issue 4, (August), 1996] pp. 437-596
7. Carroll, July-August, 1991, The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders, Business Horizons
8. Davis, Keith, Can Business Afford to Ignore Social Responsibilities? (California Management Review, Spring, 1960)
9. Druker P and Harper, (1974), Management task, Responsibility, Practice
10. Freeman, R.E. Strategic Management: A Stakeholder Approach (Pitman Publishing: Marshfield, MA ,1984)
11. Frederick, W.C., The growing concern over business responsibility (California Management Review, Vol.2, 1960) pp. 54-61
12. Forerunners in corporate social responsibility , March 16, 2005 | The Indian Express, www.tata.com
13. Goyder M, “Redefining CSR: From the Rhetoric of Accountability to the Reality of Earning Trust” (Tomorrow’s Company, (2003)
14. Halal ,W. E, Corporate community theory of the firm uniting profitability &responsibility, strategy &leadership .(vol 28. No 2. , 2000), pp10-16
15. <http://www.karmayog.org/>
16. <http://www.itcportal.com/>
17. <http://www.mallenbaker.net/>
18. Innovation is a Journey with a Compass, may21,2012 www.financialexpress.com
19. Luck, D.J. and Rubin, R.S. (1987). ‘Marketing Research’, Seventh Edition, Prentice - Hall.
20. Wather W. and Chandler D 2010, Strategic corporate social responsibility, Sage publications
21. www.IndianNGOs.com
22. www.tatachemicals.com , 22 Jan 2008
23. www.tata.com/0_our_commitment/community_initiatives/tcci.html
24. Wood, D.J. , Towards improving corporate social performance (Business Horizons, Vol. 34 No. 4, World Business Council for Sustainable Development 1991) pp. 66-73

25. Carroll, July-August, 1991, The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders, Business Horizons
26. <http://www.thehindu.com/news/national/karnataka/sbi-to-spend-rs-141-crore-on-csr/article4801113.ece>
27. <http://www.ngobox.org/wp-content/uploads/2013/10/CSR-Spending-by-BSE-100-and-BRRs-Analysis-Partners-in-Change.pdf>
28. http://www.iibf.org.in/documents/Eliza_Sharma_Mukta.pdf
29. <http://www.allbankingsolutions.com/DEPSUB1.htm>
30. <http://www.axisbank.com/download/Interest-Rates-on-Domestic-Deposits.pdf>
31. http://www.hdfcbank.com/assets/popuppages/interest_rates.htm
32. <http://www.icicibank.com/interest-rates.html>
33. <http://www.kotak.com/personal-banking.htmldeposits/term-deposits/interest-rates-for-term-deposits.html>

Dr. Jayrajsinh Jadeaja

Dean, Faculty of Management, M.S. University

Dr. Kedar Shukla

Principal , College of Commerce and Management,

Vapi

kedars1111@gmail.com

Measurement of Internal Customers' Satisfaction-An Attempt to Shift Efforts from Customer Satisfaction to Customer Delight [An Empirical Study to Explore and Develop Research Instrument to Measure Satisfaction of Authorised Postal Agents (APAs) In the City of Vadodara]

CS Kalpesh Purohit

Abstract

The significance of services provided by post offices cannot be ignored and therefore there exist a need to satisfy customers of postal services by monitoring level of satisfaction of users who have been receiving delivery postal services. The Postal mail services are available at relatively much lower rates than any other means of communication. The India Post is a very old institution and an attempt to understand such an institution with the miniscule amount of experience, and time available is necessarily going to be limited. The reforms suggested in form of making use of certain parameters are indicative and more so for the purpose of highlighting issues rather than being definitive solutions.

The fundamental purpose of this descriptive research study was to measure customers' satisfaction of users of postal services who were conveniently drawn from the Vadodara city of Gujarat State. The researchers have also evaluated customers awareness and usage of the selected postal services.

Key Terms:

Service, Postal Services; India Post; Customer, Consumer, Satisfaction; Customer Satisfaction.

1: A Brief about the Authorised Postal Agents (APAs) Research Study:

The research on customer satisfaction has become more and more significant to the marketers in today's highly complex and competitive environment which aims to develop suitable marketing strategies for building image in the market by measurement of service quality, and thereby ensuring long lasting fruitful relationship with the customers. The marketers have started giving more significance to the 'Internal Customers' who are recognized as an instrument to ensure desired level of satisfaction to an end customers. The success of any firm rest upon their ability to attract and retain their customers as attracting new customer is a costly affair, and retaining old customer too has become a very challenging task for service providers.

In this context an empirical study was undertaken to examine and measure service quality and customers' satisfaction (Expectation versus Experience) with regard to postal services as offered in the Vadodara City in the State of Gujarat. An attempt was made to develop an understanding on selected Authorized Postal Agents' (APAs) expectations and experiences on service quality on the selected postal services in the City of Vadodara in the State of Gujarat. The researcher has also assessed overall awareness, expectations, satisfaction or dissatisfaction of selected Authorized Postal Agents (APAs) who had visited and had also availed selected postal services as offered to them by the post offices located in the City of Vadodara in the State of Gujarat.

2: Review of Literature:

An attempt is made to provide brief review of literature on Service Quality, Customer Satisfaction and its measurement.

Jagdish N. Sheth and M. Venkatesan (1968) had explored the risk-reduction process over time in an experimental situation. Their finding was that there exists more active information seeking in early trials which implies that customers may seek information from personal and impersonal sources when there is no experience. Such active information seeking may continue only if uncertainty persists. Similarly, active information seeking may only be important when either the buyer moves into a new product class or the product is an innovation (Jagdish N. Sheth And M. Venkatesan, 1968)

Mark I. Alpert (1971) had compared the usefulness of several common methods of identifying determinant of attributes. Its objective to demonstrate how determinant attributes may be identified for a particular product. Multidimensional scaling allows utilization of paired comparisons of products along several attributes working backwards to those attributes which provide the best explanation of observed comparisons (Mark I. Alpert, 1971)

G.M.Hostage (1975) had argued that service marketing requires not only 4Ps under traditional external marketing. But, two other marketing thrusts, viz., Internal Marketing and Interactive Marketing respectively (G.M.Hostage, 1975)

Langeard, Christopher H.Lovelock and Pierre Eiglier (1981) had revealed that the buyer looks for proofs and evidences while showing intention to avail service in order to reduce uncertainty for ensuring desired quality of service. Buyers try to retrieved inferences about the service quality from the place from services are made available, people engaged in providing services, equipment, communication material, symbols used to provide services and the price charged for

it. Therefore the service providers' task is to "Manage the Evidence," to prove tangibilize the intangible (Langeard, Christopher H.Lovelock and Pierre Eiglier 1981)

John E. Swan, I. Fredrick Trawick, and Maxwell G. Carrol (1981) had attempted to investigate issues by using an experiment to see whether prior participation in a research study influences consumer satisfaction with a Restaurant or not. The research study did not overcome the major methodological problem but the design of the study included an analysis of the effect of prior participation in contrast to no prior participation on consumer ratings of food and service.

(John E. Swan, I. Fredrick Trawick, and Maxwell G. Carrol, 1981)

Christian Gronroos (1984) had advocated for role of internal marketing which described the work done by the company to train and motivate its internal customers, namely how employees should contact customers and supporting staff need to be engaged and behave while providing services as well as how to function as a team to ensure delivery of satisfaction to customers (Christian Gronroos, 1984)

A.Parasuraman, Zethaml, and Berry (1985) had developed a bunch of the major factors that have influenced over service quality. They had found that customers use basically similar criteria irrespective of the kind of service. The criteria followed mainly included viz., Access and Availability, Communication, Competence, Courtesy, Credibility, Reliability, Responsiveness, Security, Tangibles, and Understanding behaviour of customers in terms of their aspirations, need, and wants respectively (A.Parasuraman, Zethaml, and Berry, 1985)

Glynn Shostack (1987) had suggested that firms engaged as a service provider should take major steps towards service quality control, viz. to invest in an appropriate personnel recruitment and imparting them proper training; to standardize the performance norms for services process throughout an

organization, and to monitor customers' satisfaction versus dissatisfaction by concentrating on customer feedback system, customer surveys and comparison between customers' aspirations and experiences so that errors in service quality can be detected and modified (Glynn Shostack, 1987)

3: Key Terms of the Research Study:

Service, Postal Services, India Post, Customer, Satisfaction, Customer Satisfaction Authorized Postal Agents (APAs).

Each of the key terms of this research study has been defined and explained in brief as follows:

3.1: Service:

Service in this context be described as an act of helpful activity; to help; or an aid to offer someone a service or the serving of a sovereign, State, or Government in some official capacity or the duty or work of a public servant (<http://dictionary.reference.com/browse/service>)

3.2: Postal Services:

Postal operations at the post office includes the entire array of the basic postal services that includes viz., Sale of stamps and stationery; Booking of registered articles, insured articles, Value Payable Articles Remittance of money through Money Orders and Postal Orders, Booking of Parcels. Postal Services were traditionally provided at manually operated counters. But, now use of Technology has further extended the scope of the postal services to be provided, making it more responsive and error-free (<http://www.indiapost.gov.in>). It has been described as the arrangements made by the Government for the transmission of letters, packages, and periodicals, and other related services. (<http://encyclopedia.thefreedictionary.com>)

3.3: India Post:

The Department of Posts has been

functioning under the brand name of India Post is a Government operated postal system in India generally referred to within India as the post office

3.4: Customer: (www.indiapost.gov.in).

Customer can be defined as someone who regularly purchases from a particular store or company (David L. Loudon and Albert J. Della Bitta, 2002).

A customer is a person who influences or decides on the acquisition of one or more products or services, or who uses one of these products or services (Kincaid J. W, 2006).

Juran (1990) had stated the concept of customer as most people suppose that customer is the final consumer whereas the customer is both categories of the intra-organizational and the extra-organizational, that is whoever the product and service is produced to meet his or her need.

All those who are involved in the process of transfer of ownership of a product from the production center to the consumption center are customers, and not merely the only ones who enjoy the benefit of a product or service (H Peeru Mohamed a Sagadevan, 2007).

According to Mahatma Gandhi, the customer is the most important person for a business; he is not an interruption to our work but the purpose of it. He is not an outsider; he is part of it. We are not doing him a favors; he is doing us a favor by giving us an opportunity to serve (www.indusbusinessjournal.com) .

3.5: Satisfaction:

Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations (Philip Kotler and Kevin Lane Keller, 2006).

3.6: Customer Satisfaction:

Customer Satisfaction is the delivery of satisfaction provided by the goods

or services of a firm as measured by the number of repeat customers (www.businessdictionary.com).

It is a business term and seen as a key performance indicator within business, which is a measure of how products and services supplied by a company meet or surpass customer expectation (<http://en.wikipedia.org>).

Customer satisfaction is a customer's feelings of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations (Philip Kotler and Kevin Lane Keller, 2005).

3. 7: Authorized Postal Agents (APAs):

Authorized Postal Agents (APAs) include those individuals who are holding valid license issued by National Small Saving (NSS) Organization to collect and deposit money on behalf of general public and render financial and/or investment services through identified Small Savings Schemes as notified by the Ministry of Finance from time to time and operated through Post Offices.

It includes both types of postal agents holding either or both the types of agency or license to function as an investment adviser for small savings viz. SAS (Standardize Agency System) and or Mehela Pradhan Kshetriya Bachat Yojana (MPKBY) Agency.

4: Rationale of the Apas Research Study:

This research study had attempted to critically evaluate managerial and or business practices as well as marketing activities concerning offering of Indian Postal services by the selected Authorized Postal Agents [APAs]. APAs are largely responsible for offering various kinds of Indian postal services largely described and called as financial services within and outside of the various Post-Offices as well as also at the residential locations and dwelling units of the prospective and existing

customers. The visits of various selected APAs was therefore made to gather information and collect primary data on offering of various kinds of selected financial services as offered to the customers residing in the Vadodara City in the State of Gujarat. The researcher has measured and evaluated selected APAs' overall awareness, expectations, and opinion on selected criteria concerning Indian Postal Services. The researcher listed out various suggestions gathered from APAs' for bringing out an overall qualitative improvement for delivering qualitative postal services that shall be beneficial to the customers.

5: Scope and Coverage of the Apas Research Study:

This empirical research study was undertaken mainly to evaluate and submit report on customer satisfaction measurement of selected APAs registered and who has been working in the different post offices located in the City of Vadodara in the State of Gujarat. It has been supported with personal interaction and primary data and information gathered on selected criteria through use of Structured Non-Disguised questionnaire on service quality, level of satisfaction of APAs with regards to services offered to them by different post offices located in the City of Vadodara in the State of Gujarat. It also aimed at assessing the outcome in improvement of service quality and thereby increasing performance of postal services in the City of Vadodara in the State of Gujarat. The scope of this research study was mainly restricted to APAs deployed in various post offices in the City of Vadodara in the State of Gujarat.

The researcher has obtained information on overall opinion, experiences, expectations, and responses of selected APAs' regarding selected financial services as provided by them to selected customers.

6: Drafting of the Structured Non-Disguised Questionnaire

[Research Instrument]:

An attempt has been made by the researcher to give a brief outline on drafting of the structured questionnaire with an objective to gather responses of selected APAs who have been providing services to customers in the selected post offices that are located in the City of Vadodara in the state of Gujarat.

The structured questionnaire sub-divided into seven parts.

The first part had dealt with how long APAs have been working in the Post offices, their frequency of visit to the post office (Less than 5 times, 5 to 10 times, 10 to 15 times, 15 to 20 times and More than 20 times) and the type of the agency they hold as APAs that is SAS/MPKBY or Both SAS And MPKBY respectively.

The second part had aimed at gathering data and information on APAs awareness and actual use of 06 identified postal services as generally used by them as investment instrument or schemes.

The third part of the structured questionnaire had included questions to measure APAs' 'Expectations' and 'Experiences' on selected postal services with selected magnitude of study. A thorough list of 55 items were laid down on 5 point scale (Scale of Expectation was defined as : 1= Least Important; 2=Unimportant; 3=Somewhat Important; 4=Important; 5=Most Important for Actual Experience it was defined as: 1 = Highly Dissatisfied, 2=Dissatisfied, 3=Somewhat Satisfied / Can't Say / Undecided; 4=Satisfied and 5= Highly Satisfied respectively.

The fourth part of the structured questionnaire had covered questions to check internal validity and reliability of the questionnaire. Separate questions were asked to select APAs to measure their overall expectations and experiences on selected criteria concerning postal services.

The fifth part of the structured questionnaire had covered questions to collect information on opinion of the selected APAs on as to whether India Post is adopting to the changing

scenario, according to the expectations of the customers or not?

The sixth part of the structured questionnaire was carried out gathering data and information on opinion about major changes that India Post should adopt to deliver better customer satisfaction. It had considered 10 items related to measures and the changes for delivery of better customer satisfaction measured on 5 point scale defined as: 1= Strongly Disagree 2= Disagree 3= Somewhat Agree 4= Agree 5= Strongly Agree respectively.

The seventh part of the structured questionnaire aimed at obtaining data and information on selected demographic characteristics of selected APAs viz., age; gender marital status; educational qualifications of selected APAs. [Please refer Annexure -I for Research Instrument]

7: Reliability of the Structured Questionnaire:

Reliability refers to the extent to which a scale produces consistent results if repeated measurements are made on the characteristics. One of the popular approaches for assessing reliability includes the Internal Consistency. The reliability method is used to assess the reliability of a summated scale where several items are summed to form a total score. The simplest measure of internal consistency is Split-Half-Reliability.

A popular approach of overcoming this problem is to use the Coefficient Alpha or Cronbach's Alpha which is the average of all possible Split – Half Coefficients resulting from different ways of splitting the scale items. This coefficient varies from 0 to 1 and average of 0.6 or less generally indicates unsatisfactory internal consistency reliability. Reliability tests were run to determine how strongly the attitudes were related to each other and to the composite score. All dimensions of the structured questionnaire related with measuring selected APAs satisfaction were tested, and the Cronbach's alpha ranged

from 0.627 to 0.844 which showed internal reliability of the scale. The reliability of a scale as measured by Coefficient Alpha reflects the degree of cohesiveness among the scale items (Naresh K. Malhotra, 2007; Jum C. Nunnally, 1981, and Puay Cheng Lim & Nelson K. H. Tang, 2000).

Table Number: 1

Table Showing Summary of Indicators and Reliability Alpha Score

Sr. No.	Selected Criteria	Cronbach's Alpha Coefficient
01	Ambiance of the Post office	0.627
02	Services given by the Service Counters of the post office	0.725
03	Availability of the Information at the post office	0.844
04	Behavior of the staff of Post office	0.771
05	Complaint solving by the Post Office	0.698
06	Motivation to APAs	0.737
	Overall Reliability Score of 55 Items Covered by 6Criteria	0.743

Source: Fieldwork.

8: Validity of the Structured Questionnaire:

In this empirical research study while undertaking the pilot study, the structured questionnaire was given to Authorized Postal Agents (APAs) for their valuable feedback and opinion on design of structured questionnaire to be used for collection of primary data on measurement of selected APAs satisfaction. It had total number of 09

questions which consisted of Demographic variables (07 criteria); General variables of APAs' expectations and their experience related to working and using Postal services (55 criteria grouped under Q. No. 01 to Q. No. 05); and overall satisfaction (06 criteria under Q. No. 06) have been included in it (Naresh K. Malhotra, 2007; R.D. Sharma & Hardeep Chahal, 1999; Parasuraman et. al., 1991).

Table Number: 2

Table Showing Comparison of Mean Scores of Extent of Selected APAs' Opinion about Services Provided by Post Offices Located in Vadodara City

Selected APAs' Opinion on Selected Criteria		Selected APAs' Opinion on Selected Criteria		Difference in Mean Count (Column 2 – Column 4)
Rating Scale 1 (Highly Dissatisfied) to 5 (Highly Satisfied)				
(Q-6 - 1 to Q-6-64)	Mean Score (Rank)	(Q-7 -1 to Q-7-7)	Mean Score (Rank)	
1	2	3	4	5
Ambience of the Post Offices	3.98	Ambience of the Post Offices	3.44	0.54
Services given by the various Counters of the post offices	2.46	Services given by the various Counters of the post offices	2.74	0.28
Access / Availability of the Information at the post offices	3.47	Access / Availability of the Information at the post offices	3.65	-.018

Behaviour of the staff of Post offices	2.67	Behaviour of the staff of Post offices	2.49	0.18
Complaint solving by the staff of post offices	3.62	Complaint solving by the staff of post offices	2.87	0.75
Motivation to APAs	2.44	Motivation to APAs	2.30	0.14
Overall Average	3.106	Overall Average	2.915	0.191

The researcher had also measured convergent validity by comparing mean scores of scale with other measures of the same construct. It becomes clear from the above given table that the means of same construct were measured and less variation was observed in the given question categories and average satisfaction score was found to be as similar. Majority of the APAs were found as placed between Highly Dissatisfied to Highly Satisfied category respectively.

9: Epilogue:

Ensuring satisfaction to customers has many dimensions that may ranges from service quality to after sales services or successful complaint handling. Especially in case of service marketing role of 'Internal Customer' is quite crucial since they are instrumental to shape degree of satisfaction to end customers and probably imparting valuable learning to an organization to design service offerings to the end customers and providing inputs for necessary strategic actions in long run to have sustainable growth in the market place.

Annexure-II Questionnaire

- Q.1 Since how long are you working as an Authorized Postal Agent (APA)?
- Less than 5 years
- More than 5 years but less than 10 years,
- More than 10 years but less than 15 Years
- More than 15 years
- Q.2 What type of agency do you hold?
- Standardize Agency System (SAS)
- MPKBY Agency (For Recurring Deposit)
- Both SAS & MPKBY Agency
- Q.3 How frequently do you visit to a Post Office in one month?
- Less than 5 times
- 5 To 10 times
- 10 to 15 times
- 15 to 20 times
- More than 20 times

Q:4 Please put a tick (✓) on following two boxes separately as the case may be:

Sr. No.	Selected Post office Investment Scheme	I Know about the following Post office Investment Scheme	I have used/ availed the following Post office Investment Scheme
01	Post Office Savings Bank Deposit Account		
02	Post Office Recurring Deposit Account		
03	Post Office Time Deposit Account		
04	Post Office Monthly Income Scheme		
05	Post Office National Savings Certificates		
06	Post Office Kisan Vikas Patra		

Q.5 Please encircle on ANY ONE of the following numbers given against each of the Statements/ Items relating to Your Expectations and Actual Experiences about the Postal Services as provided by the Post Offices of 5 Scales defined as for **Expectation: 1= Least Important; 2=Unimportant; 3=Somewhat Important; 4=Important; 5=Most Important) and Actual Experience: 1 = Highly Dissatisfied, 2=Dissatisfied, 3=Somewhat Satisfied / Can't Say / Undecided; 4=Satisfied and 5= Highly Satisfied)**

Sr. No.	Selected Statements/ Items	Your Expectation					Your Experience				
		1	2	3	4	5	1	2	3	4	5
01	Post Office is located at a convenient place	1	2	3	4	5	1	2	3	4	5
02	The working hours of the Post Office is convenient to me	1	2	3	4	5	1	2	3	4	5
03	The Post Office starts functioning as per the notified time	1	2	3	4	5	1	2	3	4	5
04	The timing of Recess of the Post Office is convenient to me	1	2	3	4	5	1	2	3	4	5
05	The Post Office is spacious	1	2	3	4	5	1	2	3	4	5
06	The proper ventilation inside the Post Office is available	1	2	3	4	5	1	2	3	4	5
07	The Post Office has proper illumination	1	2	3	4	5	1	2	3	4	5
08	The Post Office is kept clean	1	2	3	4	5	1	2	3	4	5
09	There is provision for drinking water at the Post Office	1	2	3	4	5	1	2	3	4	5
10	There is adequate sitting arrangement for Authorized Postal Agents(APAs) in the Post Office	1	2	3	4	5	1	2	3	4	5
11	The facility of wash room is available at the Post Office/s	1	2	3	4	5	1	2	3	4	5
12	The writing desk for Authorized Postal Agents(APAs) is available at the Post Office/s	1	2	3	4	5	1	2	3	4	5
13	Security Guard is deployed at the post Office	1	2	3	4	5	1	2	3	4	5
14	The parking facility for Authorized Postal Agents(APAs) is available at the Post Office/s	1	2	3	4	5	1	2	3	4	5
15	The Post Office/s are having sufficient number of service counters	1	2	3	4	5	1	2	3	4	5
16	Separate counter for Authorized Postal Agents(APAs) is available at the Post office/s	1	2	3	4	5	1	2	3	4	5
17	The staplers, pins, gum, pen, calculator, etc., are available at the service counters of the post office/s	1	2	3	4	5	1	2	3	4	5

18	The transaction related stationery, such as, vouchers, slips, forms, etc., are available at the service counters of the post office/s	1	2	3	4	5	1	2	3	4	5
19	The Post Office has equipment like, computer, printer, scanner, photocopying machines, etc.,	1	2	3	4	5	1	2	3	4	5
20	The Post Office makes changes in its working as per requirement	1	2	3	4	5	1	2	3	4	5
21	The Post Office delivers prompt services to me	1	2	3	4	5	1	2	3	4	5
22	The Post Office gives accurate services to me	1	2	3	4	5	1	2	3	4	5
23	The services provided by the Post Office are trustworthy	1	2	3	4	5	1	2	3	4	5
24	It is simple to make transactions at the post office	1	2	3	4	5	1	2	3	4	5
25	We are provided receipts for transactions made at the Post Office	1	2	3	4	5	1	2	3	4	5
26	We get Pass Book, Savings Certificates, etc. in due time from the Post Office	1	2	3	4	5	1	2	3	4	5
27	We get prompt information at the Post Office	1	2	3	4	5	1	2	3	4	5
28	We get information easily at the Post Office	1	2	3	4	5	1	2	3	4	5
29	Post Office put information on sign boards	1	2	3	4	5	1	2	3	4	5
30	We get accurate information from the Post Office	1	2	3	4	5	1	2	3	4	5
31	Post Office update changes on sign boards	1	2	3	4	5	1	2	3	4	5
32	The staff of Post Office replies to our queries	1	2	3	4	5	1	2	3	4	5
33	The staff of Post Office gives prompt replies to our queries	1	2	3	4	5	1	2	3	4	5
34	The staff of post office has skill to perform job	1	2	3	4	5	1	2	3	4	5
35	The staff of post office is trained	1	2	3	4	5	1	2	3	4	5
36	The staff of post office is polite	1	2	3	4	5	1	2	3	4	5
37	The staff of post office is helpful	1	2	3	4	5	1	2	3	4	5
38	The staff of post office is honest	1	2	3	4	5	1	2	3	4	5
39	The staff of post office provides us guidance for the procedural compliances	1	2	3	4	5	1	2	3	4	5
40	The staff of post office follows rules and regulations	1	2	3	4	5	1	2	3	4	5
41	The Post Master of the post office guides the Authorized Postal Agents(APAs)	1	2	3	4	5	1	2	3	4	5
42	The Post Master of the post office controls the Authorized Postal Agents(APAs)	1	2	3	4	5	1	2	3	4	5
43	Post office tries to understand our problems	1	2	3	4	5	1	2	3	4	5
44	Post Office listen to our complains	1	2	3	4	5	1	2	3	4	5
45	The Post Office is prompt to respond our complaints	1	2	3	4	5	1	2	3	4	5
46	Complaint book is available at the post office	1	2	3	4	5	1	2	3	4	5
47	The information related with registration of complaints is displayed at the post office	1	2	3	4	5	1	2	3	4	5
48	The procedure for registration of our complaints is simple at the post office	1	2	3	4	5	1	2	3	4	5
49	The Post Office solves our complaints	1	2	3	4	5	1	2	3	4	5
50	Commission Paid to APAs is fair and adequate at the Post Office	1	2	3	4	5	1	2	3	4	5
51	Due Commission is paid to APAs regularly at the Post Office	1	2	3	4	5	1	2	3	4	5
52	Post Office provides training/counseling to APAs	1	2	3	4	5	1	2	3	4	5
53	Post office motivates APAs for promoting business	1	2	3	4	5	1	2	3	4	5

54	Post Office communicate about changes to APAs	1	2	3	4	5	1	2	3	4	5
55	Post Office provides extra monetary incentives for their performance	1	2	3	4	5	1	2	3	4	5

Q.6 Overall how satisfied you are with services provided by the Post Offices on the following aspects? Please state your score against each of these aspects. **1=Highly Dissatisfied; 2=Dissatisfied; 3=Somewhat Satisfied / Can't Say / Undecided; 4=Satisfied; 5= Highly Satisfied**

Sr. No.	Selected Criteria	Your Score				
01	Ambiance of the Post office	1	2	3	4	5
02	Services given by the Service Counters of the post office	1	2	3	4	5
03	Availability of the Information at the post office	1	2	3	4	5
04	Behavior of the staff of Post office	1	2	3	4	5
05	Complaint solving by the Post Office	1	2	3	4	5
06	Motivation to APAs	1	2	3	4	5

Q.7 Do you feel that India Post is adapting to the changing scenario? YES NO

Q.8 Do you feel that India Post is adopting the changes according to the expectations of its customers? YES NO

Q.9 Please encircle ANY ONE of the following numbers given against each item reflecting your opinion about major changes that India Post should adopt to provide better customer satisfaction. **(Opinion: 1= Strongly Disagree. 2= Disagree. 3= Somewhat Agree. 4= Agree. 5= Strongly Agree)]**

Sr. No	Selected items	Opinion				
(1)	Adopting technological advancement	1	2	3	4	5
(2)	Introducing new services	1	2	3	4	5
(3)	Modification/changes in existing services only[Services updating]	1	2	3	4	5
(4)	Behavioral change of the Staff of Post Offices	1	2	3	4	5
(5)	Enriching reliability of services	1	2	3	4	5
(6)	Increase in the monetary reward of APAs	1	2	3	4	5
(7)	Extending postal networks	1	2	3	4	5
(8)	Improving control over internal operations	1	2	3	4	5
(9)	Discarding some of the existing services	1	2	3	4	5
(10)	Extending more autonomy to retail counters	1	2	3	4	5

ABOUT YOU [Please put a tick (✓)]

Age : Below 25 Years 26-45 years 45-60 years Above 60 Years

Gender : Male Female

Educational Qualifications: Less than Graduation Graduation Post Graduation

Professional Degree/diploma

Marital Status : Unmarried Married

Number of dependents in your family: Up to 3 4 to 5 6to7 More than7

Number of earning embers in family: Single Two Three More than Three

Annual Family Income: Up to Rs.1, 00,000
 Rs. 100000 to 300,000 Rs.300,000 to Rs.600,000 Rs.600000 to Rs.10, 00,000
 More than 10, 00,000

Your Daily Activities: Read Magazines
 Read Newspapers Watch TV
Listen Radio Go for walk
Physical exercises Meet friends
Meet Relatives Meet Colleagues

You own and/ or use following: Home
Car Color TV Fridge Washing Machine
Microwave OTG Air Conditioner Personal Computer Laptop
Camera Music System/DVD/MP3 I- Pod
Mobile Phone Landline Phone Cable TV/ DTH • Do you use internet?
Yes No

Reference:

1. Anand. M. B, Dr. Srinivas D L and Dr. H. H. Ramesh (2013). Performances of Indian Postal Services. *Innovare Journal of Business management*, 1 (2), pp.5-10.
2. <http://dictionary.reference.com/browse/service>, retrieved on 10/12/2010.
3. <http://eaindustry.nic.in>, retrieved on 26/10/2009.
4. <http://en.wikipedia.org>, retrieved on 22/10/2009.
5. <http://indiabudget.nic.in/es2013-14/echap-10.pdf>, retrieved on 03/12/2014.
6. <http://www.businessdictionary.com/definition/customer.html#ixzz1rH2JERua>, retrieved on 28/10/2009.
7. <http://www.indiapost.gov.in>, retrieved on 26/10/2009.
8. Jagdish N. Sheth And M. Venkatesan (1968), 'Risk-Reduction Processes In Repetitive Consumer Behaviour'; *Journal of Marketing Research*, Vol. V (August 1968), PP. 307-10.
9. Mark I. Alpert (1971); A Comparison of Methods'; *Journal of Marketing Research*, Vol. VIU (May 1971), PP. 184-91.
10. George, William R., (1975) Internal

Marketing and Organizational Behavior-a Partnership in developing Customer-conscious employees at every Level', *Journal of Business Research*, vol.20, PP.63-70.

11. Langeard, Christopher H.Lovelock and Pierre Eiglier (1981), *Service Marketing: New Insight from Customer and Managers*, Aug1981, Report No.81-104, marketing science Institute, Cambridge, MA.
12. John E. Swan, I. Fredrick Trawick, and Maxwell G. Carrol (1981)' Effect of Participation in Marketing Research on Consumer Attitudes Toward Research and Satisfaction with a Service,*Journal of Marketing Research* Vol. XVIII (August 1981). PP. 356-63.
13. Christian Grönroos(1984)'Keynote Paper From Marketing Mix To Relationship Marketing –Towards A Paradigm Shift In Marketing, *Asia-Australia Marketing Journal*, Vol. 2 No. 1, 1994, *Management Decision* 35/4 [1997], PP.322–339.
14. Parasuraman, and Valarie A. Zeithaml (1985);' SERVQUAL: A Multiple-Item Scale For Measuring Consumer Perceptions Of Service Quality'; *Journal of Retailing*, Volume 64 Number 1 Spring 1985 PP.12-42.
15. Glynn Shostack (1987); "The New Marketing: Developing long term Interactive Relationships", *Long Range Planning*, vol.20 No.4 1987, PP.10-20.
16. Ernest R. Cadotte, Robert B. Woodruff, And Roger L. Jenkins (1987);' 'Expectations and Norms in Models of Consumer Satisfaction', *Journal of Marketing Research* Vol. XXIV (August 1987), PP.305-14.
17. Parasuraman, Valarie A. Zetthaml, And Leonard L. Berry (1988)SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality, *Executive Summaries, Journal of Retailing*, Vol. 64 Number 1 Spring 1988, PP.5-7
18. Parasuraman, and Valarie A. Zeithaml (1988);' SERVQUAL: A Multiple-Item Scale For Measuring Consumer

- Perceptions of Service Quality'; Journal of Retailing, Volume 64 Number 1 spring 1985 PP.12-42.
19. Valarie A. Zeithaml And L.Berry (1988)"Communication and Control Processes in Delivery of Service Quality",Journal of marketing,vol.52,April,1988, PP.35-48
 20. Anh G. Woodskle,UsaL Fny,RtAert Timothy Daly(1989);' Linking Service Quality, Customer Satisfaction, and Behavioral Intention'; Journal of Health care Marketing,VoL9,Mo.4 (December 1989) PP.5 -17
 21. Lewis, B.R. and T.W. Entwistle (1990); "Managing the Service Encounter: a focus on the Employee", International Journal of Service Industry Management, vol.1, No.3, 1990, PP.41-52
 22. Kingman-Brundage, J (1991); "Technology, Design and Service Quality", International journal of Service Industry Management, vol.2, 1991, PP.47-59.
 23. www.nios.ac.in, retrieved on 12/10/2009.

CS Kalpesh Purohit

Assistant Professor, BBA Programme, Department of Commerce and Business Management

Faculty of Commerce,

The Maharaja Sayajirao University of Baroda, Vadodara [Gujarat] 39 0002, India

E-mail: kalpeshpurohit21@yahoo.com,

Let Poor be the Producers - Integrating Three Cases on Social Entrepreneurship

Dr. Malay R.Patel & Dr. Yashasvi Rajpara

Abstract

Abstract

According to Mahatma Gandhi education system should be based on personal, real time life experiences. He believed that education should be self-supporting and local craft centric; which essentially enables an individual to earn decent living and thus, cut the root of unemployment. Gandhiji believed that characteristics of craft centered curriculum stresses on co-operative activity, accuracy of planning and individual responsibility. Here, in this paper an endeavor has been made to prove the relevance of Gandhian philosophy; Gandhian education & economic model in present economic scenario, through a three different case studies, the connecting dots in all the three cases are uplifting the poor, by making them producers as stated by Prof. Aneel Karnani, who says that "The best way to alleviate poverty is to raise the income of the poor and to emphasize buying from the poor rather than selling to the poor."

Key Word: Social Entrepreneurship, Gandhian Philosophy

Introduction

The first case study is of a fervent Gandhian by heart Veljibhai Desai. The case takes you through his life experiences which enabled him to create his own social entrepreneurship venture. Veljibhai incorporated a proprietorship firm called "Tiny-Tech Plants" in Rajkot in the state of Gujarat, India in 1982. Tiny-Tech plants as an enterprise is mainly engaged in developing and disseminating affordable rural machineries with local assistance as advocated by Mahatma Gandhi.

The second case study is about Craft of Gujarat which is Gujarat Government's initiative to link craftsmen across the state. It is a common and integrated web portal essentially designed to connect rural craftsmen and to consumers across the globe. It was the unique initiative taken by the government, which was envisaged by INDEXT-C, which comes under Cottage and Rural Industries sector- Industries and Mines Department, Government of Gujarat. The craft of Gujarat is a unique platform which gives opportunities to all the artisans of Gujarat to display their talent to a huge segment of potential customers and art connoisseurs around the world.

The third case study is about Divyajyoti trust operated Tejas eye care hospital which is located in Mandvi (district-Surat), the hospital is in close proximity to tribal community of Gujarat state, India. In a short span of 5 years (as of 2011-2016) the trust has evolved as a vibrant community hospital. The value proposition of the trust is a of portfolio of activities which includes awareness by medical education, prevention of eye care diseases by screening eye camps, treatment, rehabilitation on need basis and the addressing direct and indirect healthcare needs of the community.

Through three different case studies we connect a link between Gandhian philosophy, economics and alleviation of poverty. We argue that, nurturing poor

and developing poor as producers is one of the solutions to address the global problem of extreme poverty and hunger. With the help of three different cases we look forward in motivating youth towards integrated sustainable social entrepreneurship which is the first step towards inclusive and holistic societal development.

Methodology

The major reason for less scientific quantitative data in social entrepreneurship is because the phenomenon of social entrepreneurship is a relatively new one as compared to core entrepreneurship. Moreover, The author chose case study analysis as the most suitable method, as it assists in understanding complex and less-researched topics (Eisenhardt, 1989; 2007; Yin, 1984). It is also employed in circumstances when other research methods such as a survey do not provide clear results on real life situations or their use is too complicated in certain situations (Bakker, 2000). One of the advantages of this method is the different data collection ways (surveys, interviews, documentary analysis, observations etc.) and the various sources used during conducting the research; in the result, data obtained may be both quantitative and qualitative (Hurmerinta-Peltomaki, Nummela, 2004). Situation analysis is a popular method used in researching social entrepreneurship (Amin, 2009; Bull et.al. 2008; Diochon, Anderson, 2011; Mas-Verdu, et al., 2009; Martin, Novicevic, 2010) . It has to be stressed that case study analysis has disadvantages, too. Some researchers believe that researching a small number of cases does not provide credible data and findings may not be generalized and verified (Diamond, 1996). However, in this study exploration in terms of studying phenomena of social entrepreneurship in terms of enabling value creators at the bottom of the pyramid was required, so we are taking into reference three

detailed case study to study the phenomena of social entrepreneurship.

Analysis

1st Case Study: Tiny-Tech Plants

This case depicts the relevance of Gandhian economic model in present economic turmoil, case essentially highlights the need to decentralize the heavy industries and enhance the endeavors towards social entrepreneurship in India for viable and sustainable economic growth. The case lucidly describes the social entrepreneurial journey of a Gandhian Veljibhai Desai. The case starts with a dilemma of Veljibhai Desai about promoting the Gandhian idea to the youths; it further outlines the growth and merit of running a smaller enterprise with strong social networks as advocated by Veljibhai Desai. It demonstrates how Tiny-tech plants in spite of being smaller firm developed capabilities to develop products, supply chain and in true sense became a local firm exporting to about 109 countries all over the world. The case breaks the myth of economies of scale as Veljibhai argues that economies of scale do not consider social cost. He also talks about the huge opportunities out there in rural India. Reinstating Veljibhai's argument on opportunities galore at rural India, it can be easily observed that more than 68.8% of population in India still lives in rural areas. Agriculture remains a key sector of the Indian economy; in rural India. Therefore, providing access to timely information on agriculture, weather, social, health care, employment, fishing, is of utmost importance to improve the conditions of rural poor. Starting from the Vedic Age, village has been the driving force or the administrative unit of India. Yajnavalkya, the most renowned representative man in the Vedic Age, wrote the hymns of social and spiritual culture based on rural villages and society. The bibliography of Yajnavalkya

is practically the cultural history of rural society in his time which described the rural development was a community development in particular and individual's participation could help the collective growth of rural society more successfully.

In the year 1975, the World Bank Rural Development Policy Sector Study, defined: Rural Development is a strategy designed to improve the economic and social life of a specific group of people – the rural people – and involves extending the benefits of development to the poorest among these who seek a livelihood in rural areas. Rural development means as overall development of rural areas social, economic, political and cultural - so that the people are to lead a pleasant life. Agriculture plays the most important and decisive role in rural development. Any development, which does not touch the vast masses, cannot be justified. Therefore, the development strategy should be such through which the development of the rural population and rural areas is directed towards a total development of the people and their environment through concerted action.

2nd Case Study: Craft of Gujarat

Craft of Gujarat is the web portal started by INDEXT-C ((Industrial Extension Cottage) on 07/08/2010 it is the portal mainly designed to connect rural craftsmen to consumers across the globe. The project was started with the idea of giving opportunities to all the artisans of Gujarat to exhibit their talent to a large section of potential customers & art connoisseurs across the world. The thought eventually took shape as www.craftofgujarat.com and created a platform that allows a consumer to navigate to craftsmen products through various craft forms, product categories, and geographical location; and connect with artisan directly. Since this being an online portal, it is beneficial to artisans in terms of cost saving, in setting up physical stores and selling their art products. The portal also provides a holistic exposure to

artists whose talent was hidden behind fairs and exhibitions only.

The portal has been developed after extensive research of the various types of handicrafts and artisans. In Gujarat. Currently, the portal showcases 62 types of different types of craft. The structure of the site is designed in such a way that it offers the visitor various ways of exploring the portal. The visitor can search the portal either by the craft form, product category or by the geographical listing. The portal offers crafts forms like Appliqué/ Patchwork, Bamboo Craft, Bandhani (Tie & Dye), Beads Flair, Hand Painting, Carved Wooden Treasure, Embroideries, Hand Block Printing, Handloom Weaving, Hand Painted Textiles, Namdah, puppetries, Coir, Leather Craft, Metal Craft, Embellished Wooden Crafts, Stone Finesse and Clay Dexterity. All these craft forms are covered under various product categories like Decorative, Textile-Apparels, Textile-Shawls/ Stoles, Textile-Home Furnishing, Fashion Accessories, Costume Jewelry, Furniture, Toys and Puppets, Teracotta& Ceramics, Religious/ Ritualistic Products and Earthen Articles.

Although, handicraft sector is the second largest sector after agriculture in India, the handicrafts sector was never in priority of government, it was only supplemented by a few schemes by central government . There was no vision of assembly line production of handicrafts as the sector was facing challenges to augment the quality of handicraft and finding niche in domestic and international market. Craft of Gujarat is a Governmental entrepreneurship effort to revive Crafts & Handicrafts sector cluster & grouping of craftsmen, grouping these artisans in accordance to their skills and artistic talents governments by and large have focused poor as producers and the value creators. The major role of government here is value enabler.

3rd Case Study: Divyajyoti Trust

The case documents the evolution (2011-2016)

of Tejas eye hospital promoted by not-for profit trust located in Mandvi District-Surat, close to a tribal community settlement of Gujarat State, India. In a short span of 5 years, the trust-based hospital has evolved as a vibrant community hospital. The value proposition of the trust is a rich portfolio of activities, which include healthcare awareness by medical education, prevention of ophthalmological diseases by screening in camps, treatment, and need based rehabilitation and addressing the primary, and indirect healthcare needs of the community. Dr. Uday Gajiwala, who is an accomplished ophthalmologist, managed the trust-supported hospital. He has dedicated his life to the service of humanity by his chosen profession. Under his leadership Tejas eye hospital (promoted by Divyajyoti trust) had made significant contribution to the relevant community. The hospital has conducted 16,000+ eye surgeries and treated over 1, 30,000 patients (2/3rd of them are from tribal community). The trust ensures giving equal opportunities in terms of health care to all the needy tribal population who are having minimum resources, Healthy individuals would engage in increased number of working days in a year. This combined with employment generation opportunity is the fountain head of changes in economic status. Increase in literacy skills, training in relevant occupational trades, supported by adequate micro financing schemes would be the action agenda to accomplish the purpose of the trust to enhance their socio-economic status. In this sense, the trust through the hospital has made a beginning towards the development agenda of the underprivileged rural tribal community. Thus, in true sense trust also acts as the value enabler to enhance the value creation process from the poorest of the poor class of the society.

Discussion and Interpretation

From the above three cases it can be easily understood that the connecting concept in all the three cases is “Social Entrepreneurship”,

through socially conscious entrepreneurial efforts, the value enablers can pass on the benefit to the value creators, enhance the capabilities of the people at the bottom of the pyramid. Mahatma Gandhi (Father of nation-India) was also a strong advocator of enabling contexts where poor can be producer's, the idea of reshaping Indian economy through strong rural infrastructure was his dream which he clearly articulated in his book “Hind-Swaraj” Seven criteria characterize economic independence according to Gandhi:

- I) Eradication of poverty and minimization of affluence
- II) Self-sufficiency of every unit in basic needs
- III) Identification of human needs and their fulfillment
- IV) agro-centric economy as the basis to create economy of permanence
- V) Need-based production as far as possible through small-scale units
- VI) Check on distortions through basic education and skill formation, and
- VII) Curtailment of concentration of economic power

Thus, through various qualitative dimensions we suggest that social entrepreneurship can be fruitful in enabling the value creation process at bottom of the pyramid, the Gandhian idea also reckons and reinforces the same philosophy.

The social entrepreneurship not only help in alleviating poverty by focusing on the poor producers, but it also makes markets more efficient such that the poor capture more of the value of their outputs. Further, social entrepreneurship also helps in investing and upgrading the skills of the poor so that their (poor's) productivity also sharply rises.

The below given table: 1 compares, the social entrepreneurship with the corporates and not of profit organization. To alleviate poverty, we suggest that social entrepreneurship has to be developed substantially, because it would pave way for empowerment of people at the bottom of the pyramid.

Table: 1
Difference across the various organizational paradigms with reference to Social entrepreneurship

Category	Traditional Non-Profit Mentality	Traditional for Profit (Corporate Mentality)	Hybrid Mentality (Social Entrepreneurship)
Primary benchmark	Social returns	Financial Returns	Double Bottom Line (Social+Financial Returns)
Sine qua non	Year to year survival	Ongoing self-sufficiency	On-going sustainability
Primary Stakeholders	Clients (the people we serve)	Customers (the buyers)	Clients and Customers
Basic Approach	Try to do it all	Capitalize on a niche	Focus on selected programmes
Attitude towards earned Income	Filthy Lucre	Staff of life	Means to an end
Attitude towards making profit	Uncomfortable 'Illegitimate'	Raison d'etre	A tool of sustainability
Tolerance for R & D	Short-term (Cost)	Long Term (Investment)	Medium Term (Investment)
Attitude towards taking risks	Generally averse	Necessary evil	Reluctant but willing
Level of commitment when launching a business venture	Conflicted	Committed	Conservative but committed
Strategic Planning Methodology	Mission-driven	Market Driven	Matrix (Mission and Market)
Market Research	All but non-existent	Extensive	Extensive
Segmentation of Markets	Minimal	Extensive	Extensive
The 'buyer'	Clients first, then funders	Customers	Customers first, then clients, then funders
Approach to marketing	Tactical	Strategic	Strategic
Determining quality standards	Non-profit usually decides	Customers dictate	Customers and clients dictate
Organizational hierarchy	Fairly rigid	Very rigid	Less rigid
Decision-making process	Consensus	Hierarchical	Empowering
Executive compensation levels	Marginal	Competitive	Increasingly Competitive
Employee Incentives	Low-risk, Low reward	High-risk, High reward	Risk-taking rewarded

Typical attitude towards non-performing employees	Forgiving	Harsh	Tough
Crisis fall-back options(Beyond expenses reductions)	Seek Contributions	Acquire debt,sell equity, kill products or service lies	Seek Contributions, acquire debt, sell equity, kill programmes

Source: Table 16.2 in Boschee (2008) “Social Entrepreneurship: The Promise and the Peril”, p.371

Conclusion

Through three different case studies we connect a link between Social entrepreneurship, Gandhian philosophy, economics and alleviation of poverty. We argue that, nurturing poor and developing poor as producers is one of the solutions to address the global problem of extreme poverty and hunger. With the help of three different cases we look forward in motivating youth towards integrated sustainable social entrepreneurship which is the first step towards inclusive and holistic societal development. Although the case-study approach has its own limitations in generalizing the research findings, however profound exploratory research at first level through three different have been attempted in this research paper, future research in terms of quantifying the data would enrich the social entrepreneurship literature. Lastly, we conclude with quotes by Professor Mohammed Yusuf (Grameen Bank of Bangladesh) on social entrepreneurship.

“If you have ever found yourself thinking, I don't like the way things are around me; it's painful to live in a world where hunger, poverty disease, illiteracy, and unemployment afflict so, many people; I want to see these terrible things disappear; then social business may be part of your life's calling”

References

1. Eisenhardt, K.M. (1989). Building theories from case study research. Academy of Management Review, Vol. 14, No.4, pp.

- 532 – 550.
2. Bakker, J.L. (2000). Evaluating the impact of development projects on poverty: A handbook for practioners.
3. Washington, Dc: The World Bank.
4. Hurmerinta-Peltomaki, L., Nummela, N. (2004). First the sugar, then the eggs... or the other way round? Mixing methods in international business research. In R. Marschan-Piekkari & C. Welch (Eds.), Handbook of qualitative research methods for international business (pp. 162 – 180). Cheltenham, UKL: Edward Elgar.
5. Amin, A. (2009). Extraordinarily Ordinary: Working in the Social Economy. Social Enterprise Journal, Vol. 5, No. 1, p. 30–49.
6. Diamond, J. (1996). The Roots of Radicalism. The New York Review of Books. November, pp. 4- 6.
7. Case analysis is based on the original Case Study “Tiny –Plants: is small beautiful? written by Patel, M and Selvaraj P (2014), ET Cases (2014)
8. Census Report, 2011 Government of India
9. Mukherjee, R.(1996) Men & Thought in Ancient India. Motilal Banarashidass Publishers, Delhi: 1996, pp -3-6.
10. Melkote R.(2001), Communication for Development in the Third World. 2nd Ed, Sage Publication, 2001, pp – 55-57
11. Case analysis is based on the original Case Study “Craft of Gujarat” written by Patel, M (2015) unpublished.
12. Report of Steering Committee on Handlooms & Handicrafts constituted for

- 12th Plan five year plan', (2012), Planning Commission, Government of India, pg no: 4-7
13. Case analysis is based on the original Case Study on "Divyajyoti Trust: Unlocking the tribal potential written by Patel, M and Ravichandran, N (2016) unpublished.
14. Gandhi, M. K. (2014). Hind Swaraj: Indian Home Rule. Sarva Seva Sangh Prakashan.
15. http://www.mkgandhi.org/articles/Eco_ranjit.htm, accessed on October, 21st, 2016.
16. Karnani, A. (2007). The mirage of marketing to the bottom of the pyramid: How the private sector can help alleviate poverty. California management review, 49(4), 90-111.
17. Dobeles, L. (2012). Social Entrepreneurship Problems and Solutions: a Case Study of Latvia. West East Journal of Social Sciences, 1(1), 11-25.
- i. <http://craftofgujarat.gujarat.gov.in/showpage.aspx?contentid=1229>, accessed on October, 23rd, 2016

Dr. Malay R. Patel
Auro University
malaypatel@gmail.com

Dr. Yashasvi Rajpara
Assisitant Professor,
SEMCOM
yashrajpara@gmail.com

Do Exchange Traded Currency Derivatives (Futures and Options) Provide a Better Hedging alternative compared to Currency Forwards (OTC product)?

Pinakin Jaiswal

Abstract

Indian business entities had ushered in to new era post liberalization in 1990's. This brought challenges and opportunities both. The cross border trade and currency flows across international borders increased substantially. Traditionally, the Indian exporters and importers relied on conventional products like Currency Forwards to hedge their foreign currency risk arising out of trade transactions. A need was felt to enlarge the choice of hedging instruments available and then exchange traded currency derivatives were introduced to provide a cost effective and transparent alternative by RBI. This study examines whether the objective of providing the exchange traded currency derivatives viz. Futures and Options was served. This study is based on the effective exchange rates realized using the conventional Forwards and then comparing the same with the rates realized using exchange traded currency derivatives. It was found that the exchange traded currency derivatives provide a significantly (statistically) better rates compared to traditional Currency Forwards.

Introduction

Business entities involved in overseas trade are exposed to fluctuations in foreign currency exchange rates. If the domestic currency strengthens an importer gains and the exporter is at a disadvantage (with regard to the expected future transactions designated in foreign currency). However, if the foreign currency strengthens and the domestic currency weakens than the importer stands to lose and exporter may gain. To avoid uncertainty in cash flows (Profit) the businesses may go for hedging their foreign currency exposure. Derivatives like the Currency Futures, Currency Forwards and Currency Options are available to hedge currency exposure arising out of import or export transactions. A brief explanation on them is in order.

Currency Forward – It is an agreement to buy or sell a stated amount of foreign currency at a future date. The price (exchange rate) of the foreign currency is fixed at the time of entering into the contract. The rate fixed is referred to as Forward rate. Banks in India offer these kinds of contracts to importers and exporters.

Currency Futures - Futures are similar to Forwards in terms of definition. However the major difference is that they are standardized contracts traded on recognized exchanges and hence transparency and price discovery may be better.

Currency Options: These are agreements which give the buyer of the option, the right (choice) to either buy the foreign currency or sell the foreign currency.

Call Option on foreign currency – The holder of the Call option has the right to buy (but no obligation), a stated amount of foreign currency on or before a

stated date in future (exercise date/ strike date) for a stated price/exchange rate (Strike price / exercise price). For this the Call Option buyer has to pay a price called the Premium to the Call Writer (seller).

Put option on Foreign Currency - The holder of Put Option gets the right to sell the foreign currency at Strike price by /on Strike date. For this the Put holder pays the price called Premium to Put Writer (seller)

1.1 Currency Derivatives in India

In India, the business entities have traditionally relied upon Currency Forwards offered by the commercial banks (Authorized Dealers). These Forwards are subject to the provisions of Foreign Exchange Management Act (FEMA), 1999. FEMA requires that an entity entering into a Forward contract should have an underlying foreign currency exposure. There is some relaxation for small and medium enterprise (SME) in terms of not having to go through rigorous documentation before entering into a Forward. With the advent of liberalization and cross border flows becoming prominent it was felt that there should be a wider array of hedging choices available to Indian exporters and importers. The Reserve Bank of India (RBI) constituted an internal working group, in 2007, to study the introduction of Currency Futures and Currency Options which are exchange traded products unlike Forwards which are over-the-counter (OTC) products. It was felt that this enhanced choice of hedging instruments would supplement the existing currency derivative market, increase the depth of the foreign currency market in India and help in better price discovery of foreign exchange rates. It was expected that these exchange traded products would benefit smaller players like SME's in providing a cost effective means of hedging. The L.C. Gupta committee which has dealt with recommendations for Financial Derivatives at large also opined that

introduction of exchange traded derivatives is aimed at providing effective and cost efficient hedging mechanism for risk. The exchange traded currency derivatives have since been introduced in India. SWAPS are also a form of currency derivative however they are seldom used for managing transaction exposure risk. They are not part of this research. The exchange traded currency derivatives have grown manifold since its introduction. This is evidenced by the fact that the average daily turnover on the National Stock Exchange (NSE has grown from Rs. 1167.43 crores in 2008-09 to Rs. 18,602.83 crores in 2015-16. Till 2015-16 the volumes were dominated by Currency Futures. The Options are gradually catching up in 2016-2017.

Rationale for the study

One of the objectives of introducing Currency Futures in India was to provide a cost effective hedging alternative in addition to the extant Currency Forwards especially to the benefit of smaller players like the SME's. The larger players are in position to bargain for beneficial Forward rates unlike their smaller counter parts. With exchange traded Futures being made available to market participants it is expected that the hedging cost should be lowered. Has this really happened? The motivation behind this study is to explore answer to this question. Could the exporters/importers that have traditionally used Forwards (OTC) from banks benefit more by using exchange traded derivatives? The benefit or effectiveness of hedging via exchange traded derivatives can be gauged by comparing the effective exchange rate realized using these vis-à-vis exchange rates realized using Forwards as hedging tool.

Review of Literature

Instruments of corporate hedging in India were examined (Anuradha S, and Runa S) with special reference to Foreign exchange

risk management. The research paper was exploratory in nature and relied on the published financial data of 2006-2007 for companies like Maruti Suzuki Ltd., Ranbaxy, Mahindra and Mahindra, Reliance Industries and others. It was found that these Indian Companies relied heavily on Forwards and Options (both OTC) for hedging their short term foreign currency risk, arising out of import or export transactions. Currency Swaps were mainly utilized for long term currency risk that emanates from Foreign Currency Debt. Based on research conducted by others, it mentioned that there is conclusive evidence to suggest that firms with larger size, R&D expenditure and exposure to exchange rates through foreign sales and foreign trade are more likely to use derivatives. (Allayanis and Ofek, 2001). Currency Futures have not been considered in this paper as they were introduced in second half of 2008 in India. However the paper does highlight the need for exchange traded derivatives in the form of Futures contract. The question whether introduction of currency futures increase the volatility in the spot currency market was studied in RBI Working Paper Series by Somnath Sharma (Sharma, 2011). This paper also reviewed the work done on this topic earlier and found that there is no conclusive evidence to suggest that index futures increase the volatility in the spot market. The effect of use of foreign currency derivatives on value of the French firms was studied by Clark and Mefthe (Clark and Mefthe, 2010). The study was conducted on 176 large firms in France. Published annual reports for the year 2004 were relied upon for data on financials and derivatives. Multivariate analysis was used to study the effect of use of derivatives on value of the firm. Other variables like Size of the Firm, Current ratio were also studied for their impact on the value of the firm. Tobin's Q was considered a proxy for the value of the firms and was the dependent variable. The study concluded that use of derivatives was a positive and significant determinant of the

Tobin's Q (value of firm). The research also high-lighted that use of derivatives by larger firms had a greater impact on the value of the firm compared to the impact on value of smaller firms.

Objective Based on the Research Gap Identified

Post liberalization in the 1990's, the flow of foreign capital across the Indian border has significantly increased. There is also a substantial rise in the cross border trade. This expansion in trade has been welcomed by the industry, but with this it has posed certain challenges too. One of them has been to manage the risk due to foreign exchange rate fluctuations for those entities that have a foreign currency payable or receivable. Traditionally the Indian businesses relied upon the OTC products i.e. Currency Forwards for hedging transaction exposure. A need was felt to expand the portfolio of hedging products and exchange traded currency derivatives were introduced. Initially, NSE started with Currency Futures on USD-INR pair in 2008. Therefore these can be said to be of a relatively recent origin for India. The exchange traded derivatives were aimed at providing a transparent and cost effective hedging alternative especially for the small and medium sized players. The objective of this research is to see if this has really been achieved. The review of the literature does not bring up any specific studies done for comparison of Currency Forwards versus Currency Futures and Options in India. This shows a research gap. A comparison of OTC and exchange traded products may provide pointers to the business entities regarding the use of exchange traded derivatives. It is pertinent to note here that still a majority of hedging is undertaken through the Forwards in the currency market. The turnover in the Futures and Options has increased over the year but still is only a small percentage of currency derivatives turn over.

Hypotheses Formulation

To compare the effectiveness of the hedge, the realized foreign exchange rate is compared for all three hedging alternatives. The following questions can be formulated:

Q1) Does hedging with Currency Futures (exchange traded) provide better realization of the exchange rate compared to Forwards (OTC product) for hedging US\$ exposure for an exporter ?

H0: The mean difference in the exchange rate realized under the Futures hedge and the Forwards for hedging US\$ exposure for exporter is zero.

H1: The mean difference in the exchange rate realized under the Futures hedge and the Forwards for hedging US\$ exposure for exporter is greater than zero.

Alternatively stated,

$$\mu_{\text{diff-Fut-Forw-US\$-expo}} = 0$$

$\mu_{\text{diff-Fut-Forw-US\$-expo}} > 0$ where $\mu_{\text{diff-Fut-Forw-US\$-expo}}$ is the mean difference between the exchange rate realized using the Futures hedge and the Forwards hedge for an exporter planning to hedge US\$ exposure.

Q2) Does hedging with Options provide better realization of the exchange rate compared to Forwards for hedging US\$ exposure for an exporter?

H0: The mean difference in the exchange rate realized under the Options hedge and the Forwards for hedging US\$ exposure for exporter is zero.

H1: The mean difference in the exchange rate realized under the Options hedge and the Forwards for hedging US\$ exposure for exporter is greater than zero.

Alternatively stated,

$$\mu_{\text{diff-Opt-Forw-US\$-expo}} = 0$$

$\mu_{\text{diff-Opt-Forw-US\$-expo}} > 0$ where $\mu_{\text{diff-Opt-Forw-US\$-expo}}$ is the mean difference between the exchange rate realized using the Options hedge and the Forwards hedge for an exporter planning to hedge US\$ exposure.

Q3) Does hedging with Futures provide better realization of the exchange rate compared to Forwards for hedging US\$ exposure for an importer?

H0: The mean difference in the exchange rate realized under the Futures and the Forwards for hedging US\$ exposure for importer is zero.

H1: The mean difference in the exchange rate realized under the Futures and the Forwards for hedging US\$ exposure for importer is less than zero.

Alternatively stated,

$$\mu_{\text{diff-Fut-Forw-US\$-impo}} = 0$$

$\mu_{\text{diff-Fut-Forw-US\$-impo}} < 0$ where $\mu_{\text{diff-Fut-Forw-US\$-impo}}$ is the mean difference between the exchange rate realized using the Futures hedge and the Forwards hedge for an importer planning to hedge US\$ exposure.

Q4) Does hedging with Options provide better realization of the exchange rate compared to Forwards for hedging US\$ exposure for an importer?

H0: The mean difference in the exchange rate realized under the Options and the Forwards for hedging US\$ exposure for importer is zero.

H1: The mean difference in the exchange rate realized under the Options hedge and the Forwards for hedging US\$ exposure for importer is less than zero.

Alternatively stated,

$$\mu_{\text{diff-Opt-Forw-US\$-impo}} = 0$$

$\mu_{\text{diff-Opt-Forw-US\$-imp}} < 0$ where $\mu_{\text{diff-Opt-Forw-US\$-imp}}$ is the mean difference between the exchange rate realized using the Options hedge and the Forwards hedge for an importer planning to hedge US\$ exposure.

Q5) Does hedging with Futures provide better realization of the exchange rate compared to Forwards for hedging Euro exposure for an exporter?

H0: The mean difference in the exchange rate realized under the Futures hedge and the Forwards for hedging Euro exposure for exporter is zero.

H1: The mean difference in the exchange rate realized under the Futures hedge and the Forwards for hedging Euro exposure for exporter is greater than zero.

Alternatively stated,

$\mu_{\text{diff-Fut-Forw-Euro-expo}} = 0$

$\mu_{\text{diff-Fut-Forw-Euro-expo}} > 0$ where, $\mu_{\text{diff-Fut-Forw-Euro-expo}}$ is the mean difference between the exchange rate realized using the Futures hedge and the Forwards hedge for an exporter planning to hedge Euro exposure.

Research Methodology

The idea of hedging, a transaction exposure, is to bring in certainty for the exchange rate for the currency that will be paid or received in the future. An importer prefers to lock in an exchange rate for buying the currency at a future date. This will provide a safeguard against loss arising out of domestic currency weakening against the foreign currency. So his objective is to get the best possible lower rate for buying foreign exchange. As a corollary the exporter is faced with a weakening of foreign currency and looking to lock in the best possible rate to sell his future receivable in overseas currency. Traditionally the importers and exporters have used forwards.

The ultimate test of effectiveness of a hedge

in a foreign currency is evidenced by the actual exchange rate realized at the end of the hedging period. This is the parameter that this research is based upon. In order to compare the hedging effectiveness of exchange traded products with the traditional OTC products data on Forward rates provided by the banks is required. The Forward rates provided by banks to SME exporter or importer forms the basis of comparison. Data from exporter over horizon of three years has been collected. The method of comparison is explained below.

An exporter who has shipped goods overseas is expecting a payment in future, say two months. To hedge this he would have sold the currency in the Forward market to the bank at the certain rate provided by the bank. In this research, a simultaneous notional hedge in exchange traded derivatives is formed. In this case, Currency Futures contract would be sold on the same day (as that of the Currency Forwards) at the settlement price of the Futures as available on NSE. The expiry of the contract would be selected such that it would cover the time period (tenure) provided by the Forward. An Options notional hedge would also be set up by buying a Put option with a strike price near the Forward exchange rate offered. While Forwards do not involve any upfront payment there are certain bank charges to be paid. For the currency Futures an upfront margin as prescribed by the exchange/broker is required to be deposited to set up the hedge. For buying a Put Option a 'Premium' is required to be paid. After the hedge is set up, for Currency Futures daily 'mark-to-market' is done. This means that the position in the Futures contract is compared with the movement in the daily prices and if there is loss on the position a margin call is issued to restore the margin deposit to the original level. In case there is profit on the Futures position the excess amount (over and above the margin requirement) is transferred to the clients account. This implies that for setting up a Futures hedge there is cost of

financing the margin. There are other costs like brokerage and transactions tax which are applicable to the Options hedge too.

On the date of receipt of actual foreign currency the same will be delivered to the bank under the Forward contract with attendant charges. The realized rate will be recorded. For Currency Futures, the hedge will be lifted by squaring of the original position. So an exporter is assumed to sell the Futures on the date of receipt of foreign currency at the settlement rate of that day. The foreign currency so received is converted to domestic currency at the prevailing spot rate. The spot rate for buying foreign currency is taken from a widely used website for this purpose, www.xe.com. This website provides rate very close to the inter-bank rates. Spot rate is assumed with a difference of five paisa from the rate available on the website for that date (i.e. date of lifting hedge). Therefore the Spot rate for selling foreign currency is assumed to be Five paisa less than the rate available at [xe.com](http://www.xe.com) and for buying foreign currency the Spot is rate is assumed to be Five paisa plus the rate available on www.xe.com. Therefore the actual rate realized in the Currency Futures hedge, for exporter, would be equal to: [Spot rate + (-) gain (loss) on Futures position – charges - interest cost on financing the margin].

The hedge using Options is set up by buying a Put Option. The exporter would buy the Put with a strike price that is near the Forward rate offered by the bank. A Put would be bought on NSE with a price equal to settlement price/premium for the date on which the Forward contract is bought. The expiry of the Option would be selected such that the tenure covers the period in which the foreign currency is expected to be received. On the date of actual receipt of the currency the Put would be squared off by selling it at the settlement price of that date. The currency would be

sold in the spot market. In this case the rate realized would be equal to: [Spot rate + (-) gain (loss) on Options position – charges – cost of financing the premium]. The gain or loss on the Put is equal to the price at which the Option is sold minus the price at which the option is bought. It is pertinent to note that currently only USD-INR options are traded on NSE.

An importer would buy a Forward cover in order to hedge against foreign currency appreciation. To set up a hedge in the exchange traded derivatives the importer would buy the Currency Futures with an expiry such that it extends till the date on which the foreign currency is to be bought. In this case too, the importer would have to post a margin for setting up the long position in the Futures market. On the date of payment the currency will be bought from the Spot market and Futures position will be squared off. The exchange rate realized using the Futures hedge would be equal to: [Spot rate + (-) loss (gain) on Futures position + charges + cost of financing the margin].

For setting up hedge using Options the importer would buy a Call Option on the foreign currency with a strike price near to exchange offered in the Forward. On the date of payment, the Call would be sold at the prevailing settlement price. The effective exchange rate realized would be equal to: [Spot rate + (-) loss (gain) on Call Option position + charges + cost of financing the premium].

Data Collection

The comparison of Forwards hedge with Futures hedge requires data on the rate offered by banks to SME's in the OTC market. This data is not published and therefore not available in the public domain. The researcher approached SME's and they have

provided data on forwards. Data on Forward rates offered by a leading public sector bank and a private sector bank was obtained. These included rates for two currencies viz. US\$ and Euro. The bank offers Forward contracts to the SME for period. This means that the bank provided a Forward quote to the SME exporter in such a manner that the exporter could sell the foreign currency on any date within the prescribed period (as offered by a bank). This is a deviation from a routine Forward contract where the bank provided only one date on which the exporter could remit the foreign currency at the Forward rate provided by the bank. The data on bank charges was collected from the exporter.

For setting up the notional hedge via Futures, the data was collected from NSE's website www.nseindia.com. To initiate the hedge the settlement rate of that day (on which Forward hedge is set up by) for a Futures contract with requisite expiry is recorded. On the date of lifting the hedge on Futures, the settlement rate of that day is used to square off the hedge. The brokerage charge on Futures lot is taken to be Rs. 10 per contract. This is based on prevailing brokerage rates based on interaction with intermediaries and also advertisement floated in the media.

The Options hedge is set by buying an Option with the same expiry as that of the Futures Contract. The settlement price/premium on the day of initiating the hedge is taken as the buying price for the Option. An exporter will buy a Put option and importer would buy a

Call option. It is pertinent to note that in India Options are available only on USD-INR pair. The realized exchange rate formula has already been mentioned supra.

Charges setting up Forward hedge include the bank charges and commission. Based on the information received from the exporter it has been taken to be Rs. 1700 per transaction/contract. Besides this, the bank charges 0.015% of the conversion value on the date of actual receipt of foreign currency. For the exchange traded derivatives, Securities Transaction Tax (STT) is not applicable to currency derivatives (unlike equity derivatives). Transaction charges are applicable to exchange traded currency derivatives. This is taken to be 0.0016% of the transaction value. It is based on the average of transaction charges information available from <http://www.chittorgarh.com> for five brokers/intermediaries. The transaction charges include the exchange turnover and clearing charges. SEBI charges a turnover fee of 0.0002% (Rs. 20 per crore of turnover). The stamp duty is taken at 0.002% of the transaction value. The service tax (pre GST period) is taken at 15%.

Data Analysis

To test the hypotheses above data was collected and a paired t-test was carried out for exchange rates realized using the Currency Forwards (OTC) and exchange traded currency derivatives. The data and results are as follows:

Sr. No.	Hypothesis	t-observed	t-critical (one tail) $\alpha=0.05$	Result
1	$\mu_{diff-Fut-Forw-US\$-expo} = 0$ $\mu_{diff-Fut-Forw-US\$-expo} > 0$ (Data from Table – 1)	3.90081	1.6828	Null hypothesis is rejected ; the Currency Futures hedge provides a better (higher) rate, compared to Currency Forwards for the exporter for US\$ exposure

2	$\mu_{\text{diff-Opt-Forw-US\$-expo}} = 0$ $\mu_{\text{diff-Opt-Forw-US\$-expo}} > 0$ (Data from Table-2)	2.3472	1.6909	Null hypothesis is rejected ; the Currency Option hedge provides a better (higher) rate, compared to Currency Forwards for the exporter for US\$ exposure
3	$\mu_{\text{diff-Fut-Forw-US\$-impo}} = 0$ $\mu_{\text{diff-Fut-Forw-US\$-impo}} < 0$ (Data from Table – 3)	-11.074	-1.7138 (for left-tailed test)	Null hypothesis is rejected ; the Currency Futures hedge provides a better (lower) rate, compared to Currency Forwards for the importer for US\$ exposure
4	$\mu_{\text{diff-Opt-Forw-US\$-impo}} = 0$ $\mu_{\text{diff-Opt-Forw-US\$-impo}} < 0$ (Data from Table – 4)	-10.5784	-1.7138	Null hypothesis is rejected ; the Currency Option – Call hedge provides a better (lower) rate, compared to Currency Forwards for the importer for US\$ exposure
5	$\mu_{\text{diff-Fut-Forw-Euro-expo}} = 0$ $\mu_{\text{diff-Fut-Forw-Euro-expo}} > 0$ (Table-5)	7.0756	1.6955	Null hypothesis is rejected ; the Currency Futures hedge provides a better (higher) rate, compared to Currency Forwards for the exporter for EURO exposure

Conclusion

The data analyzed highlights the fact that the exchange traded currency derivatives viz. Currency Futures and Currency Options provide better realization of exchange rates vis-à-vis the OTC products i.e. the Currency Forwards. The t-test carried out shows better (higher) effective realization of US\$ receivable for the Currency Futures and Currency Options hedge for an exporter when compared with traditional hedging through Forwards. For the importer too a better exchange rate (lower) is realized using the Futures and Options compared to Forwards. For the receivable in EURO too the exchange rate realized in the Futures and Options is better than the rate realized in EURO forwards. So, in effect the exchange traded currency derivative score over the traditional Forwards. This is pointer to the fact that business entities who are still largely using the traditional

OTC products should consider exchange traded currency hedging products as part of their risk management strategy (involving foreign currency risk). The objective of RBI in introducing the exchange traded products in India seems to meet their objective of providing a transparent and cost effective hedging alternative to the traditional products.

Limitation(s)

- The data has been collected from the business entities in and around Vadodara only, so there has been a geographical limitation.
- The data on EURO Forwards for importer were not available at the time of doing this research.
- Currency Options are available only on US\$-INR pair, therefore comparison for EURO Forwards can only be done

with EURO Futures (and not Options)

Evidence from France” , International Journal of Business, 15(2), 2010

References

Anuradha, Sivakumar and Runa Sarkar, Corporate Hedging for Foreign Exchange Risk, Industrial and Management Engineering Department Indian Institute of Technology, Kanpur

Sharma, Somnath (2011), “An Empirical analysis of the relationship between Currency Futures and exchange rate volatility in INDIA, RBI Working Paper Series – WPS (DEPR) : 1/2011

Ephraim, Clark & Salma Mefthe (2010), “ Foreign Currency Derivatives Use, Firm Value and Effect of Exposure Profile :

Srivastava, Rajiv , “Derivatives and Risk Management”, Oxford University Press, New-Delhi

Pinakin Jaiswal
Assisitant Professor,
Navrahcna University
pinakinjaiswal@gmail.com

Appendix

Table-1 US\$ receivable exposure for exporter (Currency Futures v/s Currency Forwards)

Foreign Currency Bill Receivable (US \$ Amount)	Date of Initiating the hedge	Date of Lifting the hedge	Rate realized in Forwards hedge	Rate realized in Futures Hedge
80,000	7-Apr-14	25-Apr-14	59.91476	60.38806
80,000	7-Apr-14	5-May-14	59.91476	60.44871
47,000	12-Jun-14	4-Jul-14	59.22494	59.2684
40,000	1-Aug-14	22-Aug-14	60.98834	61.28261
40,000	1-Aug-14	25-Aug-14	60.98834	61.27931
40,000	1-Aug-14	1-Sep-14	60.98834	61.35525
20,000	8-Aug-14	10-Oct-14	61.9232	61.82686
19,000	16-Oct-14	22-Oct-14	61.30632	61.94371
20,000	8-Aug-14	27-Oct-14	61.9232	62.03344
20,000	8-Aug-14	12-Nov-14	62.36063	62.16156
19,000	16-Oct-14	13-Nov-14	61.30632	62.16909
20,000	8-Aug-14	18-Nov-14	62.36063	62.32825
20,000	8-Aug-14	21-Nov-14	62.36063	62.27458
20,000	8-Aug-14	2-Jan-15	62.73808	62.699
50,000	3-Nov-14	2-Jan-15	61.85172	61.85315
20,000	8-Aug-14	5-Jan-15	62.73808	62.86057
50,000	3-Nov-14	9-Jan-15	61.85172	61.8467
20,000	8-Aug-14	29-Jan-15	63.248	63.25023
20,000	8-Aug-14	13-Feb-15	63.65794	63.17838
20,000	8-Aug-14	20-Mar-15	64.03788	63.47436
50,000	16-Oct-15	2-Nov-15	64.82627	64.89805
28,000	21-Jan-16	11-Feb-16	67.8291	68.26071
30,000	21-Jan-16	24-Mar-16	68.1631	68.05786
30,000	21-Jan-16	24-Mar-16	68.1631	68.49128
55,000	22-Jan-16	27-Apr-16	68.5588	68.53822
35,000	18-Apr-16	11-May-16	66.57393	66.69636
35,000	18-Apr-16	13-May-16	66.57393	67.00488
35,000	18-Apr-16	19-May-16	66.57393	67.06168
42,000	25-May-16	30-Jun-16	67.56938	67.73959
42,000	25-May-16	19-Jul-16	67.56938	67.96946
40,000	25-May-16	2-Aug-16	67.99729	68.04172
67,000	25-May-16	4-Aug-16	67.87694	67.90929
67,000	25-May-16	5-Aug-16	67.87694	68.16412
67,000	25-May-16	12-Aug-16	67.87694	68.15717
40,000	25-May-16	16-Aug-16	67.99729	68.3846
50,000	29-Mar-17	6-Apr-17	64.78628	64.9009

50,000	29-Mar-17	7-Apr-17	64.78628	64.89901
50,000	29-Mar-17	10-Apr-17	64.78628	64.88518
50,000	29-Mar-17	11-Apr-17	64.78628	65.10861
50,000	29-Mar-17	12-Apr-17	64.78628	65.04008
50,000	29-Mar-17	13-Apr-17	64.78628	65.04553
50,000	29-Mar-17	17-Apr-17	64.78628	64.89496

Table-2 US\$ receivable exposure for exporter (Currency Option – PUT v/s Currency Forwards)

Foreign Currency Bill Receivable/ Payable (US\$ Amount)	Date of Initiating the hedge	Date of Lifting the hedge	Rate realized in Forwards hedge	Rate realized in Options Hedge
47,000	12-Jun-14	19-Jun-14	59.22494	59.6662
47,000	12-Jun-14	17-Jun-14	59.22494	59.84731
80,000	7-Apr-14	21-Apr-14	59.91476	60.38767
40,000	1-Aug-14	3-Sep-14	60.98834	60.52642
40,000	1-Aug-14	19-Aug-14	60.98834	60.72149
40,000	30-Sep-14	23-Oct-14	61.61825	61.14704
40,000	1-Aug-14	7-Aug-14	60.98834	61.20445
40,000	30-Sep-14	30-Oct-14	61.61825	61.257
40,000	30-Sep-14	3-Nov-14	61.61825	61.28321
40,000	30-Sep-14	5-Nov-14	61.61825	61.29082
19,000	16-Oct-14	7-Nov-14	61.30632	61.32898
19,000	16-Oct-14	27-Oct-14	61.30632	61.42749
19,000	16-Oct-14	3-Nov-14	61.30632	61.46973
19,000	16-Oct-14	17-Nov-14	61.30632	61.595
50,000	3-Nov-14	2-Dec-14	61.53426	61.60154
50,000	3-Nov-14	10-Dec-14	61.53426	61.93865
50,000	3-Nov-14	23-Dec-14	61.53426	63.18745
16,000	30-Mar-15	18-May-15	62.67683	63.2066
16,000	30-Mar-15	13-May-15	62.67683	63.42543
33,000	15-Oct-15	27-Oct-15	64.66878	64.87553
33,000	15-Oct-15	21-Oct-15	64.66878	64.993
50,000	16-Oct-15	13-Nov-15	64.82627	65.78963
33,000	15-Oct-15	9-Nov-15	64.66878	66.10739
35,000	18-Apr-16	27-Apr-16	66.57393	66.5121
60,000	8-Jan-16	27-Jan-16	66.81414	67.55813
28,000	21-Jan-16	27-Jan-16	67.8291	67.85527
28,000	21-Jan-16	29-Jan-16	67.8291	67.86483
28,000	21-Jan-16	11-Feb-16	67.8291	68.20804
47,000	12-Jun-14	30-Jun-14	59.22494	59.49318
47,000	12-Jun-14	15-Jul-14	59.22494	59.52713
80,000	7-Apr-14	6-May-14	59.91476	59.76598
40,000	1-Aug-14	27-Aug-14	60.98834	60.49865

80,000	7-Apr-14	22-Apr-14	59.91476	60.50636
40,000	1-Aug-14	1-Sep-14	60.98834	60.53003
40,000	1-Aug-14	26-Aug-14	60.98834	60.53665

Table-3 US\$ payable exposure for importer (Currency Futures v/s Currency Forwards)

Foreign Currency Bill Payable (US\$ Amount)	Date of Initiating the hedge	Date of Lifting the hedge	Rate realized in Forwards hedge	Rate realized in Futures Hedge
158,000	9-Dec-16	16-Dec-16	67.83093	67.61165
75,000	12-Jan-17	27-Jan-17	68.34291	68.15139
49,000	12-Jan-17	30-Jan-17	68.37494	68.17166
145,000	12-Jan-17	6-Feb-17	68.39198	68.39397
104,000	12-Jan-17	21-Feb-17	68.54662	68.56433
50,000	29-Mar-17	31-Mar-17	65.63384	64.9541
50,000	29-Mar-17	3-Apr-17	65.63384	65.04083
50,000	29-Mar-17	5-Apr-17	65.63384	65.09675
50,000	29-Mar-17	6-Apr-17	65.63384	65.04796
50,000	29-Mar-17	7-Apr-17	65.63384	65.04156
50,000	29-Mar-17	10-Apr-17	65.63384	65.02999
50,000	29-Mar-17	11-Apr-17	65.63384	65.25342
50,000	29-Mar-17	12-Apr-17	65.63384	65.1849
50,000	29-Mar-17	13-Apr-17	65.63384	65.18585
50,000	29-Mar-17	17-Apr-17	65.63384	65.042
50,000	29-Mar-17	18-Apr-17	65.63384	65.11053
50,000	29-Mar-17	19-Apr-17	65.63384	65.25218
50,000	29-Mar-17	20-Apr-17	65.63384	65.21974
50,000	29-Mar-17	21-Apr-17	65.63384	65.22876
50,000	29-Mar-17	24-Apr-17	65.63384	65.2206
50,000	29-Mar-17	25-Apr-17	65.63384	65.23381
50,000	29-Mar-17	26-Apr-17	65.63384	65.19598
50,000	29-Mar-17	27-Apr-17	65.63384	65.24762
50,000	29-Mar-17	28-Apr-17	65.63384	65.21664

Table-4 US\$ payable exposure for importer (Currency Option - Call v/s Currency Forwards)

Foreign Currency Bill Payable (US\$ Amount)	Date of Initiating the hedge	Date of Lifting the hedge	Rate realized in Forwards hedge	Rate realized in Options Hedge
158,000	9-Dec-16	16-Dec-16	67.83093	67.91035

75,000	12-Jan-17	27-Jan-17	68.34291	68.38028
49,000	12-Jan-17	30-Jan-17	68.37494	68.17548
145,000	12-Jan-17	6-Feb-17	68.39198	67.90914
104,000	12-Jan-17	21-Feb-17	68.54662	67.72022
50,000	29-Mar-17	31-Mar-17	65.63384	64.95324
50,000	29-Mar-17	3-Apr-17	65.63384	65.15066
50,000	29-Mar-17	5-Apr-17	65.63384	65.12067
50,000	29-Mar-17	6-Apr-17	65.63384	64.80187
50,000	29-Mar-17	7-Apr-17	65.63384	64.50747
50,000	29-Mar-17	10-Apr-17	65.63384	64.74969
50,000	29-Mar-17	11-Apr-17	65.63384	64.91819
50,000	29-Mar-17	12-Apr-17	65.63384	64.9724
50,000	29-Mar-17	13-Apr-17	65.63384	64.7484
50,000	29-Mar-17	17-Apr-17	65.63384	64.66852
50,000	29-Mar-17	18-Apr-17	65.63384	64.81213
50,000	29-Mar-17	19-Apr-17	65.63384	64.95893
50,000	29-Mar-17	20-Apr-17	65.63384	64.91804
50,000	29-Mar-17	21-Apr-17	65.63384	64.93964
50,000	29-Mar-17	24-Apr-17	65.63384	64.79656
50,000	29-Mar-17	25-Apr-17	65.63384	64.65476
50,000	29-Mar-17	26-Apr-17	65.63384	64.43187
50,000	29-Mar-17	27-Apr-17	65.63384	64.49867
50,000	29-Mar-17	28-Apr-17	65.63384	64.60278

Table-5 EURO receivable exposure for exporter (Currency Futures v/s Currency Forwards)

Foreign Currency Bill Receivable (EURO Amount)	Date of Initiating the hedge	Date of Lifting the hedge	Rate realized in Forwards hedge	Rate realized in Futures Hedge
15,000	1-Aug-14	22-Sep-14	82.36679	82.57575
15,000	1-Aug-14	1-Oct-14	82.36679	82.94804
15,000	1-Aug-14	10-Oct-14	82.36679	82.5781
15,000	1-Aug-14	13-Oct-14	82.36679	82.69548
15,000	1-Aug-14	16-Oct-14	82.36679	83.20269
15,000	1-Aug-14	20-Oct-14	82.36679	82.90916
22,500	8-Aug-14	28-Oct-14	83.13946	83.6067
78,500	8-Aug-14	25-Nov-14	84.87811	84.32098
78,500	8-Aug-14	15-Dec-14	84.87811	85.03786
32,000	30-Jan-15	5-Feb-15	69.99137	70.17744
32,000	30-Jan-15	11-Feb-15	69.99137	70.59605
32,000	30-Jan-15	18-Feb-15	69.99137	70.19424
13,000	4-Jun-15	9-Jun-15	71.90092	72.71422
13,000	4-Jun-15	18-Jun-15	71.90092	72.59057

13,000	4-Jun-15	30-Jun-15	71.90092	72.6415
13,000	4-Jun-15	2-Jul-15	71.90092	72.87174
13,000	4-Jun-15	3-Jul-15	71.90092	72.87776
40,000	30-Mar-15	8-Apr-15	67.46737	67.64066
40,000	30-Mar-15	22-Apr-15	67.46737	67.99614
40,000	30-Mar-15	24-Apr-15	67.46737	68.46531
40,000	30-Mar-15	29-Apr-15	67.46737	69.31053
25,000	16-May-15	28-May-15	71.97619	72.8644
25,000	16-May-15	12-Jun-15	71.97619	73.54449
25,000	16-May-15	22-Jun-15	71.97619	73.23789
42,000	1-Jul-15	9-Sep-15	71.32382	71.81093
42,000	1-Jul-15	22-Sep-15	71.32382	71.56428
42,000	1-Jul-15	28-Sep-15	71.32382	72.36014
50,000	29-Jan-16	28-Apr-16	74.97225	74.93386
50,000	29-Jan-16	2-May-16	74.97225	75.35399
50,000	29-Jan-16	4-May-16	74.97225	75.27408
50,000	29-Jan-16	11-May-16	74.97225	75.52677
50,000	29-Jan-16	19-May-16	74.97225	75.6739

t-Test: Paired Two Sample for Means (Table-1 data)

	Futures Rate	Forwards Rate
Mean	64.47789304	64.31462075
Variance	7.877759362	7.830610177
Observations	42	42
Pearson Correlation	0.995320323	
Hypothesized Mean Difference	0	
df	41	
t Stat	3.900817901	
P(T<=t) one-tail	0.000174389	
t Critical one-tail	1.682878003	
P(T<=t) two-tail	0.000348779	
t Critical two-tail	2.019540948	

t-Test: Paired Two Sample for Means (Table 2 -data)

	Options Rate	Forwards Rate
Mean	62.4895539	62.28390796
Variance	7.365262933	6.665579254
Observations	35	35

Pearson Correlation	0.982075045	
Hypothesized Mean Difference	0	
df	34	
t Stat	2.347275304	
P(T<=t) one-tail	0.012436397	
t Critical one-tail	1.690924198	
P(T<=t) two-tail	0.024872794	
t Critical two-tail	2.032244498	

t-Test: Paired Two Sample for Means (Table- 3 data)		
	Futures Rate	Forwards Rate
Mean	65.7790088	66.18876345
Variance	1.610850856	1.233957343
Observations	24	24
Pearson Correlation	0.99724049	
Hypothesized Mean Difference	0	
df	23	
t Stat	-11.07412815	
P(T<=t) one-tail	5.39159E-11	
t Critical one-tail	1.713871517	
P(T<=t) two-tail	1.07832E-10	
t Critical two-tail	2.068657599	

t-Test: Paired Two Sample for Means (Table - 4 data)		
	Options Rate	Forwards Rate
Mean	65.47083217	66.18876345
Variance	1.827252662	1.233957343
Observations	24	24
Pearson Correlation	0.9825189	
Hypothesized Mean Difference	0	
df	23	
t Stat	-10.57849766	
P(T<=t) one-tail	1.3091E-10	
t Critical one-tail	1.713871517	
P(T<=t) two-tail	2.6182E-10	
t Critical two-tail	2.068657599	

t-Test: Paired Two Sample for Means (Table -5 data)		
	Futures Rate	Forward Rate
Mean	75.31548919	74.72518457
Variance	30.15817393	32.34920762
Observations	32	32
Pearson Correlation	0.997049503	
Hypothesized Mean Difference	0	
df	31	
t Stat	7.075627075	
P(T<=t) one-tail	3.00462E-08	
t Critical one-tail	1.695518742	
P(T<=t) two-tail	6.00924E-08	
t Critical two-tail	2.039513438	

Pinakin Jaiswal
 Assitant Professor,
 Navrahcna University
 pinakinjaiswal@gmail.com

Pressing Problems and Focused Activities of Micro Enterprises: A Study of Gandhinagar District in Gujarat State

Dr. Ramakanta Prusty & Prof. Margi Desai

Abstract

Micro, Small and Medium Enterprises (MSMEs) play a vital role in growth of the Indian economy. As per the Fourth All India Census MSME sector contributes around 9% to GDP, accounts for around 30% of total export and around 45% of the manufacturing output. Ratio of micro units is around 95% in total of MSMEs in India which speaks the importance of such enterprises in the economic arena of India. Though micro units are highly heterogeneous in terms of size and variety of products and service the sector plays an important role in providing employment opportunities, export of the country and also acts as nursery for entrepreneurship. The sector, though being significant for the economy, encounters many problems which hinder its growths the major ones being related to start-up capital, access to bank loan, working capital management, managing accounts, managing profit etc. Taking a sample of 132 micro units of Gandhinagar district of Gujarat state, the present study has tried to validate such problems.

Introduction

The micro, small and medium enterprises (MSMEs) play a pivotal role in the economic and social development of the country often acting as a nursery of entrepreneurship. They also play a key role in the development of the economy with their effective, efficient, flexible and innovative entrepreneurial spirit. The MSME sector in India is highly heterogeneous in terms of size of enterprises, variety of products and services produced as well as the level of technology. The sector, not only plays a critical role in providing large employment opportunities at comparatively lower capital cost than large industries but also helps in industrialisation of rural and backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs¹ are complementary to large industries as ancillary units and contribute enormously to the socio-economic development of the country.

1. Different countries classified MSMEs based on different parameters. India classified this sector based on investment in plant and machinery. Government of India under the Ministry of Micro, Small and Medium Enterprises have in October 2006 enacted Micro, Small and Medium Enterprises Development Act 2006. Under the Act, Micro, Small and Medium Enterprises are classified as under:

Enterprises	Investment in Plant & Machinery (Manufacturing)	Investment in Equipment (service)
Micro	Up to Rs. 25 lakhs	Up to Rs. 10 lakhs
Small	Above Rs. 25 lakhs up to Rs. 5 crore	Above Rs. 10 lakhs up to Rs. 2 crore
Medium	Above Rs. 5 crore up to Rs. 10 crore	Above Rs. 2 crore up to Rs. 5 crore

Source: Ministry of Small Scale Industry Notification vide S.O. 1642(E), Dtd. 29/09/2006

The study has found that by and large the micro enterprises under investigation face most or all of the problems, the most pressing ones being lack of access to bank finance, poor internal financial management and inability to take benefit of subsidy and other government schemes available for micro enterprises.

Key Words: micro enterprises, problems of micro enterprises, Indian economy, financial Management

JEL Classification: L25, L53, L88

A dynamic global economic scenario has thrown up various opportunities and challenges to the MSME sector in India. While on one hand, many opportunities are opened up for this sector to enhance productivity and look for new markets at national and international level, it has also, on the other hand, put an obligation to upgrade their competencies to meet the competition as new products are launched at an incredible pace and are available worldwide in short time. Due to various challenges, it has become difficult for MSMEs to survive during the recent economic downturn and recession. However, of the above heterogeneous list, problems related to finance have remained the most precarious ones and hence the present study shall focus on them.

MSMEs, more specifically micro enterprises, are a critical agent of India's economic development. They contribute 45% of the industrial output, 40% of exports, and 42 million in employment. Despite its commendable contribution to the Nation's economy, the MSME sector is faced with a number of problems viz. lack of adequate and

timely finance from banks, limited capital and knowledge, non-availability of suitable technology etc. Due to these problems and also the global crisis, many MSMEs in India are forced to go bankrupt. The factors that lead a firm to insolvency are always very different and sometimes, disperse. Specifically, the building of crisis and also the crunch of credit from financial entities are the two main reasons that are commonly associated with Micro Enterprises. Thus, it is important to investigate the financial obstacles that hamper survival and growth of Micro Units.

Objective of the Study

Following are the main objectives with which the study has been carried out:

1. To examine the pressing problems of Micro Enterprises
2. To study the most focused activities of Micro Enterprises
3. To recommend measures to overcome problems and smoothen activities of Micro Enterprises

Research Methodology

The present study has used both primary and secondary data to enumerate the results and falls in the descriptive type of research. The area of study is limited to Gandhinagar district of Gujarat. A sample of 132 Micro units has been selected based on convenient sampling method. A structured questionnaire method has been adopted for collecting primary data and collection of data has been done through personal interview. Questions carried in the questionnaire pertained to the most pressing problems faced by the micro units related to start-up capital, access to bank loan, working capital management, managing accounts, managing profit and so on and also problems of internal financial management and availing of government subsidies and benefits from other government schemes. Need based secondary data have been collected from

various government reports and research publications and used as support for primary data analysis. The primary data so collected were cross verified and then tabulated by using frequency distribution method and cross tabulation method.

Review of Literature

Research on Micro Enterprises is quite less. In India such studies are quite rare. However, a rigorous effort has been put to review the available research with regard to problems faced by MSMEs in order to define the problem of the present study.

Beck (2007) studied the constraints of financing the SMEs vis-à-vis large scale industries in developing countries. According to him, small and medium enterprises are more constrained by financing and other institutional obstacles as compared to large enterprises. SIDBI report on Risk Capital and MSMEs in India (2008) focused on the capital constraints faced by the MSME sector in India. Non-availability of timely and adequate funds at reasonable cost is one of the most important problems facing the MSME sector. Aladaba (2011) carried out a study on SMEs access to finance in Phillipines and found that lack of access to financing is a major constraint affecting the performance and competitiveness of SMEs.

Alemayehu Worku (2006) did a diagnostic study report on Unleashing the Potential of MSMEs covering the handloom weaving cluster in Ethiopia. The study found shortage of working capital being one of the major financial constraints in development of the weaving cluster. Naidu and Chand (2010) conducted a study on financial issues faced by MSMEs in the south Pacific. They found that lack of finance is a major problem. Conducting a study of 26,998 MSMEs in the nine census regions of the USA with regard to the problems faced by the MSME sector, Andersen (2000) came to a conclusion that out of 26998 MSMEs, only 2% MSMEs were able

to get funding from venture capital firms. The remaining MSMEs manage the seed capital and well as the working capital on their own which stands against the growth of the sector.

Lownes-Jackson et al., (2003) examined the financial obstacles faced by African American entrepreneurs in the developing areas of the US economy. They found 11 financial obstacles affecting the survival of MSMEs. Thevaruben (2009) examined SSI and its financial problems in Sri Lanka. He found that MSMEs of Sri Lanka find it very difficult to get outside credit due to low cash inflow and savings. Berger and Singer (1985) in their study observed that financing is most difficult problem of the MSMEs in USA.

Parada et al (2010) prepared a report on “Evaluating Access to Finance Constraints for Micro, Small and Medium Enterprises in India”. The evidence shows that small businesses in India are not able to grow to their full potential because the flow of financing to these enterprises is restricted.

Naidu S. and Anand Chand (2012) conducted study on ‘a comparative study of the financial problems faced by micro, small and medium enterprises in the manufacturing sector of Fiji and Tonga’. They conducted survey of 200 MSMEs and tested 19 financial obstacles in their research. Tambunan (2011) discussed recent development of micro, small and medium enterprises (MSMEs) and their current problems in Indonesia. The study is based on secondary data on MSMEs’ performance focusing on their contribution to gross domestic product and productivity, and their constraints. The main constraints faced by MSMEs are mainly high cost of raw materials, marketing difficulties, and lack of capital.

Venkateswarlu and Ravindra (2012) analyzed nineteen economic problems faced by MSMEs of India. They surveyed of 300 owners of MSMEs of manufacturing sector

in India. They concluded that Economic problems are of great concern to owners of MSMEs. Mulaga (2013) analyzes whether firm characteristics including firm size, firm age, availability of information, firm growth and industry significantly determine SMEs' use of external financing or not and whether there are differences in the use of external financing between firms of different sizes and industries or not. The study results indicate that firm size, availability of information and firm growth significantly determine the use of external financing, while firm age and industry are not important in determining the use of external financing.

It also indicate that there are significant differences in the use of external financing between small and medium firms, with small firms using less external financing compared to medium firms. The results suggest a need for a special financing scheme that targets firms of different sizes.

Hyari K (2013) aimed to investigate the factors that hinder the growth and survival of SMEs in Jordan. The results revealed that the most common constraints hindering SMEs growth and survival are: lack of financial support; competition barriers; lack of qualified human resources; and rigid business rules and regulations. Amoako (2013) investigated the record keeping strategies utilized by SMEs in Kumasi (Ghana). The study report that majority of SMEs fail to maintain complete accounting records as they think there is no need to keep accounting records and that it exposes their financial position. The purpose the study conducted by Okpara et. el. (2009) was to evaluate the factors constraining the growth and success of small businesses in Nigeria. The study results revealed that the most common factors hindering small business growth in Nigeria include lack of financial support, poor management, corruption, poor infrastructure, demand for products and services among others.

Demographic Profile of Sample Enterprises

The present study is based on the sample size of 132 Micro Enterprises in Gandhinagar district. Part-I of data analysis disclosed the distinctiveness of surveyed units. The study of demographic characteristics have divulged the facts that out of 132 units, 10 units were established before 1950, 103 units were established during the year 1951 to 2000 and remaining 19 units have been established after 2000. It has been found that 11 units are established as proprietor, 24 units are established as partnership firms and 97 units are established as company. The data shows that 125 units are owned by male and 7 units are owned by female in Gandhinagar District. 11 units are owned by entrepreneurs who are below 30 years of age, 97 owners of units are between 31 to 50 years of age and 24 units are owned by people 51 years and above. We found that 6 owners are SSC, 5 have done HSC, 53 are graduates and 68 are post-graduates. As far as working experience of owners is concerned, we found that 81 owners have 0 to 10 years of experience, 36 have 10 to 20 years of working experience and 15 have 21 to 30 years of experience. 106 are manufacturing units having less than and equal to 25 lakhs investment in plant and machinery. 26 are service units having less than and equal to 10 lakhs investment in plant and machinery.

The Most Pressing Problems

Source of finance is a critical financial issue concerning Micro Enterprises which mainly explains whether the units are self-dependent or dependent on the external sources of fund for their various capital requirements. This may provide some clue to understand the financial difficulties that they face related to source of fund.

Sources of Start-up Capital

It is a proven fact that start-up capital is relatively a big amount of investment made to commence a business. Start-up capital

investment is long term in nature and is irreversible. Thus, unit must take appropriate decision of investment failing which the business may fail. It is pertinent that business must earn rate of return greater than its cost of capital to remain profitable. The study shows that maximum number of units have started their business by using bank loan. As many as 112 units are found to have started their business by taking bank loan. At the same time only 20 units started their business with the help of fund borrowed from relatives or friends, trade credit and internal fund. Out of total 132 units 7 units were found common meaning they started their business with a mixture of own fund and loan taken from bank. In aggregate, maximum number of Micro units surveyed are found to be dependent on Institutional sources of finance for start-up capital.

Sources of Working Capital

Working capital is the investment made by units for short period of time and reflects its short-term solvency position. Our survey reveals that 95 units finance their working capital requirement by taking funds from relatives or friends whereas 22 units use trade credit for the same purpose. Use of trade credit is the ideal way of financing of working capital requirement. Data in this regard show that 33 units are dependent on loan from banks for meeting their working capital requirements. Internal fund is used by 16 of the Micro units to finance their working capital needs. Working capital requirement is short term in nature and so it should be financed through short-term sources of fund. In view of this, we may conclude that less number of the Micro enterprises under our study is comfortable in managing their short-term solvency efficiently. Total number of enterprises in this category appears to be more than the total sample because of multiple responses.

Sources of New Investment Requirements

New investment is generally required for growth (expansion and diversification), replacement of old assets and modernization. It has been found from survey that 77 of the units are financing their new investments through banks, 36 units through friends and relatives and 16 units manage with their internal funds (reserves). This means that almost half of the Micro units in Gandhinagar district are dependent on non-institutional finance for their long term investment purpose. This may be considered as a major financial constraint faced by the units in Gandhinagar district on the path of their growth. Total number of enterprises in this category appears to be more than the total sample because of multiple responses.

Bank Loan

As found from our study, many MEs are not seen to be availing bank loans even for long term investment purpose. There may be many reasons behind it. Not applying for bank loan could be one of them. Thus, it prompted us to find out the extent to which the MEs of Gandhinagar district are inclined to avail bank loans for their financial requirements. The survey results show that out of total units surveyed 94 units have approached banks for loan and 38 units have not. This means that majority of MEs in Gandhinagar district are inclined to receive bank support for their financial requirements. Yet, one-third units are not applying for bank loans which is a matter of investigation. Hence, an attempt was also made to identify the reasons for the same.

As seen above, around 38 Micro units have not gone in for bank loan for their financial requirements. It is generally perceived that units do not depend on bank loan if they are self sufficient to start and run the business. But a close study may reveal the actual reasons for the same. In our survey, we found that out of 38 units which did not approach bank

for fund, 16 units did not go for it because they felt it was not required. Around 14 units failed to meet the collateral requirement and thus could not apply for bank loan. While 3 units did not apply due to unfavorable interest rates, 5 units did not apply due to complex application procedures.

Rejection of application for loan is also an important factor leading to inability of units to avail bank finance. This indicator can show that when units are interested and needy, it is due to their inability to fulfill the bank's requirement for loan approval. It has been found that out of 94 units which applied for bank loan, the loan application of 12 units was rejected resulting in their inability to avail finance from bank. In case of the rest 82 units the loan application was approved. Though the rejection ratio is quite low as against the approved applications yet, it is a matter of concern in view of the financial support to a vulnerable industrial section like MEs. This prompted us to look at the reasons behind such a case.

Two reasons were cited by the respondents for rejection of loan application. While 9 units gave responses in favour of 'insufficient documentation' as a reason behind rejection of application for bank loan, 9 responses were with regard to 'inadequate collateral' as a reason for rejection. Hence, there is a need of MEs getting educated regarding proper documentation while filing loan applications. Moreover, banks must also give relaxation in the norms pertaining to collateral requirement thereby promoting external finance for MEs. At the same time Micro units must also find out ways and means to raise their collateral adequacy.

Operation and Growth

Out of the total number of units surveyed, 75 units said that problem related to access to finance is the most precarious one in their day-to-day operation and growth. Labour problem

was reported to be the second major problem in operation and growth as 55 of the units cited this as a factor hampering their day-to-day business operation and growth. While 38 units considered raw material availability as the biggest hindrance for their business, 40 units blamed market to be the biggest hurdle in this connection. Government clearances were cited to be the largest problem in operation and growth by only 27 of the units surveyed.

Working Capital Management

Every business requires capital for different purposes related to their survival and growth. While set up capital is required to establish the business, working capital is needed to run it. Similarly, liquid capital has its importance in maintaining liquidity position for survival and investment capital is the source of growth. In order to know the relative influence of the above capital requirements we asked the units as to which out of the four as mentioned above is the most critical to them. It was found from the survey that lack of investment capital (69 units) is the leading constraint followed by lack of setup capital (60 units), lack of working capital (53 units) and lack of liquid capital (37 units) to survival and growth of units.

Accounting Problems

Micro Units are perceived to face a number of problems both financial and non-financial in nature. The nature and extent of the problem may vary from unit to unit. However, there can be some common problems which need to be identified in order to make suggestions for their minimization or removal. The problems on which we framed questions for this purpose are both internal and external in nature. Therefore, it can be interpreted that inability to obtain finance (108 units); Payroll, rent and utilities (104 units); start-up costs (76 units), Govt. Tax, VAT and custom duty (59 units); Delay in accounts receivables payments (51 units); are seen as top five most

pressing problems for MSMEs. Out of five major problems, two obstacles i.e. inability to obtain finance and delay in accounts receivables are related to internal inefficiency of unit, whereas other three obstacles are related to external business environment. The magnitude of external problems can be minimized via increasing competitiveness through overall improvement in business operations.

Government Subsidy

Government offers incentives, subsidy and other direct and indirect financial benefits to MSMEs. The purpose of these schemes is to provide support to MEs in establishment, smooth operation, growth and rehabilitation. As our major focus is to study the financial obstacles faced by MEs, we have considered government subsidy as an external financial factor affecting the survival and growth of units of Gandhinagar district. Government may be announcing plenty of subsidies through various schemes to such a sector, but the actual number of such units availing subsidy shall explain whether it is supportive or not. We have found in our study that only 15 units are availing government subsidy whereas 117 are not. This means that, by and large, government subsidy has not been playing a supportive role as a source of external finance for the MEs. The lack of awareness about Government Subsidy among MEs may be one of the reasons for not availing the subsidy benefits.

Most Focused Activities

Marketing and Promotion

As seen from the previous section, the biggest problem faced by the Micro units of Gandhinagar district is related to finance. We suspected the units under study, like other business entities, to have been focused more on marketing activities and less on finance related activities. Our doubt turned to reality when we surveyed the units. Our study found

that the largest number of Micro units focused on marketing activities in order to raise sales. As many as 73 Micro entrepreneurs are found to emphasize mostly on marketing and promotional activities. As against this, only 17 units give priority to finance activities which is quite alarming. While 46 of the units said their most focused activity is related to production, 15 of the units appeared to emphasize on technical activities.

Preparing and Monitoring of Financial / Accounting Statements

Like other business entities, MSMEs are required to maintain proper books of accounts like cash book, purchase book, sales book etc. as a part of sound accounting system. However, not all MSMEs are required to maintain all books of accounts but must maintain it on the basis of need. It has been found that Cash Book (89 units), Purchase Register (74 units), Stock Register (75 units), Cash Budget (87 units) and Sales Register (75 units) are maintained by maximum number of units. Bank Reconciliation Statement (59 units), Fixed Assets Register (69 units), Investment Register (62 units), Debtor Ageing Schedule (59 units) and Capacity Utilization Register (71 units) are the least prepared statements. Debtor Ageing Schedule, Investment Register and Capacity Utilization Register are the three least prepared financial statements by units under survey. Capacity Utilization Register is mainly prepared by manufacturing units. Also investment register is prepared by enterprises which are expanding, diversifying and modernizing their business. Thus, the fact that investment and capacity utilization register are the least prepared statements among enterprises is acceptable as micro units may not require preparing it due to size of business. Debtor Ageing Schedule is one, preparation of which will benefit all types of enterprises, may be, manufacturing or service provider, micro, small or medium unit, in managing debtors effectively. The

data highlighted the fact that only a few units are preparing this statement which may result into bad debt losses.

Regularity of preparing and monitoring the statement indicates sound management of accounts. Cash, bank, debtors, stock etc. are current assets of the company and require maintaining on ongoing basis for smooth operation of the business. On the contrary, fixed assets and investments are long term assets and, thus, may be maintained once or twice in a year. The data indicates that maximum number of units is preparing Cash Book (23 units), Bank Reconciliation Statement (28 units), Cash Budget (40 units), Stock Register (34 units), Purchase Register (25 units), Sales Register (18 units) on monthly basis. Even a sizable number of units are found to maintain them on half yearly and yearly basis. Such financial statements should be prepared and monitored on daily or weekly basis in view of their importance in the smooth operation of business.

As found above, Debtor Aging Schedule, Investment Register and Capacity Utilization Register are least prepared statement. Thus, very few units are preparing these statements and also periodicity of maintaining these statements by them is very poor. So, we can say that units are weak at managing internal financial statement which shows their operational inefficiency resulting into poor business performance.

Using of Performance Analysis Tools

Every unit requires studying their business performance every year as it helps in knowing where the enterprise stands vis-à-vis its counterparts. Lack of attention to analyze business performance, at least in financial terms, is dangerous. The performance analysis can be done by using various tools out of which cash-flow statement, ratios, common-size statement, fund-flow statement and comparative analysis are the prime ones.

It has been observed that out of the surveyed units 57 units use ratio analysis, 58 units cash-flow statement, 58 units fund-flow statement, 31 units comparative analysis, and 29 units common-size statement as tools to analyze their business performance.

Increment of profit is a major indicator of Growth. In order to know how many of the units surveyed have been making growth, the question regarding increment in profit was considered in the study. It is observed that in case of 126 units profit is increasing every year while 6 units have not been experiencing so.

Conclusion

It can be concluded that even today, dependence of Micro Units on institutional sources for establishing business is very high. Management of working capital is one of the financial problems faced by the units under our study. This fact is supported by Aladaba et. al. (2010) who cited shortage of working capital to finance new business plan, difficulties in obtaining credit from suppliers and financial institutions as major financial barriers affecting growth of SMEs. Alemayehu Worku (2006) also found shortage of working capital being one of the major constraints in development of the weaving cluster of Ethiopia. Majority of units in Gandhinagar district are dependent on non-institutional finance for their long term investment purpose which may be viewed as a major financial constraint faced by them. Naidu and Chand (2010) also found in their study that lack of finance is a major problem faced by the MSMEs of South Pacific Island Countries.

Another reason found in the study for poor bank support for investment is the rejection of loan applications by the bank mainly due to insufficient documentation and non-fulfillment of collateral requirements by the MSMEs. The similar reasons has been mentioned by Aladaba (20110) for rejection

of bank loan and seen as a problem. As regards survival and growth the major obstacles faced by units are found to be lack of investment capital. Hyari K (2013) revealed in his study that most common constraints hindering SMEs growth and survival in Jordan is lack of financial support. As our study reveals Micro units of Gandhinagar district are not able to manage efficiently their short term capital and long term capital. Venkateshwarlu and Ravindra (2012) studied 19 economic problems and found that inability to obtain finance, insufficient capital etc. are of great concern to owners of MSMEs in India.

The major problems on the cost side faced by the Micro Units are inability to obtain finance, payroll, rent and utilities, start-up costs, government tax, VAT and custom duty. Delay in accounts receivables payments is found to be a big obstruction in the revenue side. Naidu and Anand (2012) concluded that problems faced by MSMEs are divided into three broad categories: financing problems, operational and administrative problems and sales and debtors problems. A very less percentage of units give priority to activities related to financial management though the major constraint they face is related to finance and its management. That Micro units are less focused on their finance activities is also revealed from the fact that majority of the units prepare their Cash Book, Bank Reconciliation Statement, Cash Budget, Stock Register, Purchase Register and Sales Register on an irregular basis. As rightly observed by Barry (2011), the main reasons for failure of MSMEs are not challenges posed by the external environment, but the deficiencies in their own internal strategies, management and operations related to financing operations and financial management. Amoako (2013) reported that majority SMEs fail to maintain complete accounting records in Kumasi (Ghana) which highlighted the problem of poor record keeping.

As regards analyzing financial health, majority of the units are using the standard tools such as ratios, cashflow statement and fundflow statement. Theoretically, government subsidy is viewed as a good support for enterprises that face financial obstacles in running their business. It was found that out of the survey majority units do not avail government subsidy. This means that, by and large, government subsidy has not been playing a supportive role as a source of external finance for the Micro Units. Hyari (2013) revealed in his study that one of the most common constraints hindering SMEs growth and survival in Jordan is rigid business rules and regulations. He recommended that government should develop programs to support SMEs and dedicate more efforts to eliminate their barriers.

Thus, it can be concluded from our study that Micro Units of Gandhinagar district are faced with serious problems with regard to both long term and short term finance. Overdependence is found on internal funds for seed capital and fresh investment requirements rather than on external sources like bank loans. Working capital requirements are mainly met through use up of reserves rather than more prudent methods like trade credit. Internal financial management is found to be quite poor as the financial statements are not prepared on regular basis. Micro Units are found to pay less attention to their financial activities and remained mainly focused in production and marketing which might be causing the finance related problems more serious. Lastly, government subsidy also does not play any substantial role in reducing the gravity of the financial obstacles faced by the MSMEs in their survival and growth.

Recommendations

1. In view of high dependence of micro enterprises on non-institutional sources for establishing business it

- is recommended that the enterprises must try out banks and other financial institutions for seed or start-up capital and the government also should attempt to encourage this sector for the same. Banking sector should increase its outreach so that the benefit of credit can be received by this sector.
2. Units should enhance their short-term solvency through raising trade credit in order to avoid over dependence on other less prudent sources for meeting their working capital needs.
 3. In order to take advantage of bank loan for fresh investment, units must strengthen their collateral and also pay more attention to proper documentation in order to avoid rejection of their loan applications. Also, banks should loosen up some stringent norms pertaining to collateral requirements to promote bank finance.
 4. As obtaining institutional finance and its management is a very big problem faced by the units of Gandhinagar district, they need to pay more attention to their finance activities than production, marketing, technical other related activities.
 5. Micro Units need to maintain regularity in preparing and maintaining the financial statements.
 6. Units need to apply a holistic approach to their financial analysis rather than analyzing them in a standalone method. This will help them know the impact of the financial statements on each other and their combined effect on the financial health of the unit.
 7. Micro units must strive to take advantage of the government subsidy policy and the government must also try to educate the MSMEs about the

process to avail along with trying to reduce the procedural complications.

References

- Lownes-Jackson, M. (2003), "Financial Obstacles Faced by African American Entrepreneurs: An Insight into a Developing area of the US Economy", *The Journal of Developing Areas*, 36(2).
- Aldaba, R. (2008), "SME in the Phillipine Manufacturing Industry and Globalization: Meeting the Development Challenges". Chapter 8 in ERIA Research Project Report 2007 No. 5 in Lim. H ed. *Asian SMEs and Globalisation*.
- Aldaba, R. (2012), "Small and Medium Enterprises (SMEs) Access to Finance: Philippines", PIDS Discussion Paper Series 2012-05.
- Beck T. (2007), "Financing Constraints of SMEs in Developing Countries: Evidence, Determinants and Solutions", Research Paper Presented in KDI Conference.
- Alemayehu, Worku (2006), "Unleashing the Potential of MSMEs in Ethiopia", UNIDO: Diagnostic Study Report.
- SIDBI (2008), 'Report on Risk Capital and MSMEs in India'.
- Parada M. et.al. (2010), 'Evaluating Access to Finance Constraints for Micro, Small and Medium Enterprises in India', *International Policy Studies*, Stanford University.
- Micro Small and Medium Enterprises in India – An Overview, MSME of India, Government of India, http://www.dcmsme.gov.in/ssiindia/MSME_OVERVIEW09.pdf, accessed on 18th July, 2012.
- 'SMEs, Growth and Poverty', National Bureau of Economic Research Working Paper Series, Cambridge, March 2005.

'Do SMEs create more and better jobs?' prepared by EIM Business & Policy Research with financial support from the European Communities, under the Competitiveness and Innovation Programme 2007-2013.

“Comparative analysis of development of SMEs in developed and developing countries”, The 2012 International conference on Business and Management, Phuket, Thailand.

Gangata K et. al. (2013), “Brief Industrial Potential Report of Gandhinagar District, 2012-13” Published by MSME-Development Institute, Government of India, Ahmedabad

Ghatak, S. (2013), “Challenges Facing SMEs in Accessing Finance From Financial Institutions: The Case of Bulawayo, Zimbabwe”, International Journal of Applied Research and Studies (IJARS,) Volume 2, Issue 7, July, ISSN: 2278-9480.

Zaidi, L. (2013), “Problems Affecting the Growth of Small and Medium Enterprises (SMEs) in India”, International Conference on Technology and Business Management, March 18-20, 2013.

Kaya S. et. al. (2012), “Problems and Solution Proposals for SMEs in Turkey”, Emerging Markets Journal, Volume 2, ISSN 2158-8708 (online).

Naidu S. and Anand Chand (2012), “A Comparative Study of the Financial Problems Faced by Micro, Small and Medium Enterprises in the Manufacturing Sector of Fiji and Tonga”, International Journal of Emerging Markets, Vol. 7 No. 3, pp. 245-262q.

Tambunan, Tulus T. H. (2011), “Development of Micro, Small and Medium Enterprises and their Constraints: A Story from Indonesia” Gadjah Mada International Journal of Business, Vol. 13, No. 1 (January - April 2011): 21 – 43.

Venkateswarlu P. and P. S. Ravindra (2012), “Economic Problems in Micro, Small and Medium Enterprises (MSMES) in India”, Advances in Management Vol. 5 (9) September.

Mulaga, Atupele N. (2013), “Analysis of External Financing Use: A Study of Small and Medium Enterprises in Malawi” International Journal of Business and Management, Vol. 8, No. 7, ISSN 1833-3850 E-ISSN 1833-8119.

Hyari K. (2013), “Identification of Barrier Factors and Potential Solutions to SMEs Development among Jordanian Manufacturing Sector”, International Journal of Business and Management, Vol. 8, No. 24, ISSN 1833-3850 E-ISSN 1833-8119.

Amoako G. K. (2013), “Accounting Practices of SMEs: A Case Study of Kumasi Metropolis in Ghana”, International Journal of Business and Management, Vol. 8, No. 24, ISSN 1833-3850 E-ISSN 1833-8119.

John O. Okpara & Jean D. Kabongo (2009), “An Empirical Evaluation of Barriers Hindering the Growth of Small and Medium Sized Enterprises (SMEs) in a Developing Economy”, African Journal of Business and Economic Research (AJBER), Vol. 4 No. 1 2009, pp7 21.

Barry Tong (2011), “Financial Management Critical for SME survival”, China Daily News Paper, Hong Kong Edition.

Prof. Margi Desai

Assistant Professor, B. P. College of Business Administration, Kadi Sarva Vishwavidyalaya, Gandhinagar
mdesai19@gmail.com

Dr. Ramakanta Prusty

Principal, B. P. College of Business Administration, Kadi Sarva Vishwavidyalaya, Gandhinagar
ramakant.prusty@gmail.com

A Case Study on Financial Performance and Measurement of Banking Correspondent Services offered by Banking Correspondent in North Gujarat region.

Prof.(Dr.) Urvi Amin

Abstract

Financial inclusion changes mindset of people at large with regards to banking. Under PMJDY banking services provided by banking correspondent and help people at large to utilize banking services at door step. Researcher focus on banking correspondent utilization in the system and with which aspect improves banking services providing to people at large. System developers, economic up gradation and its impact on economy studied in detailed over here.

Key words:

Financial inclusion, banking correspondent, unbanked people, system developer.

Introduction

For any economy reach till unbanked and deprived mass is most challenging task. Indian economy face this era prior to 2005. After 2006 with financial inclusion adoption of definition of banking and means of utilization changed a lot. In the year 2014 our prime minister Shri. Narendra Modi announced PMJDY- Pradhan Mantri Jan Dhan Yojana and changed over all banking scenario.

Financial Inclusion :

In Indian economy Financial inclusion adoption after PMJDY in realistic way. As per this system in a village a person who has good reputation and goodwill assign task to provide banking services. That person must have good contact with people at large and people believe in him. This person may be a kirana person, may appointed by a banking authority. In major cases he is kirana person to whom whole village met and he is able to know people by name and maintaining good repo with all. In PMJDY he is known as banking correspondent (Bank mitra).

Literature Review :

Paramasivan C. and Ganeshkumar V. (2013) discussed on proper mechanism which channelizes all resources from top to bottom in financial inclusion in India. Major hurdle to convert unorganized saving to investment is the absence of branch density in a geographic location. With development of infrastructure facility, it becomes possible to plug in financial services which were unplugged for a longer time. . With basic awareness of the system people mobilize their own saving to investment in to the economy.

Rathod S., Arelli s. and Saha D. insisted to have an Aadhaar based mobile money framework for financial inclusion in India. Mobile network operators (MNO) manages extensive model to reach to the promising models. Through Mobile network operators (MNO) based model Unique Identification Number (UID) developed and by using Unique Identification Number (UID) authentication to the mechanism becomes possible.

Swain P.K. and Singh B. (oct.2008) represented thoughts in 'Financial Inclusion of Rural Markets: Understanding the Current Indian Framework' as "History bears the testimony to the relationship between development of financial markets and economic growth, thus leading to the reduction of poverty on a larger scale. It has become more so crucial for economies like India because the lack of it inevitably prevents people from gaining access to available resources and thus pushes them to an inescapable cycle of poverty.

Cámara N., Tuesta D. and Urbiola P. (2015) embodied on banking correspondent service in their paper 'Extending access to the formal financial system: the banking correspondent business model' as New ways of understanding banking, technological improvements, and regulation yield new means of interaction between customers and banks through outsourcing agreements. This paper presents a study of the banking correspondent business model to understand how they contribute to enhance financial inclusion.

IBEF focused thought over 'Technology application for financial inclusion'. In this article how technology widens scale for development with small techno cart tool describe in detail. Larger population in India utilized mobile as a tool for communication. The same would be using for m-banking and m-payment the banking services. Biometric hand heal device smoothen banking operation to reach to the masses. Financial inclusion

technology fund (FITF) provides drastic change to the Banking Correspondent (BC) and gives a new innovative concept of banking

Report on 'Financial Inclusion And Integration Through Mobile Payments And Transfer' as Adoption of particular models is not a sufficient condition for the success of mobile payment programs. The existence of adequate critical success factors in the ecosystem is also important. Critical success factors include risk-based regulation for a cheaper and profitable but secured solution to financial exclusion, policy-led interoperability for an increasing scale of economies, development-oriented support for outreach through agents, and win-win partnership for all the stakeholders.

Objective of the research paper:

1. To study the various types of banking correspondent service models/mechanisms prevailing by lead banks in North Gujarat.
2. To assess the performance of these banking correspondent service models/mechanisms
3. To estimate the existing demands for credit and analyze the role of Banking Correspondent (BC) microfinance in serving the credit gap.
4. To estimate the status of banking correspondent services among villagers of North Gujarat.

Method of data collection:

Both Primary and Secondary Data were considered for carrying out the research work.

Primary data:

Data was collected from each zone specified villages. From each rural segment the data was collected through structured questionnaires as well as personal interviews. Personal visits to economic segments of North Gujarat were made to collect the views and suggestions.

Secondary data:

Data was collected from periodicals, journals, articles, annual report of Reserve Bank of India (RBI), magazines, newspapers and websites and other reference material available.

Sampling Plan :

Universe:

The universe for this research was North Gujarat. Relating to this study, North Gujarat is divided into six zones. During research, it was found out that in northern Gujarat Banking Correspondents (BCs) serve to the rural segment most efficiently. So researcher focuses on the six zones of North Gujarat. These zones of North Gujarat are Aravali, Sabarkantha, Banaskantha, Patan, Mehsana and Gandhinagar.

As per Reserve Bank of India (RBI) guideline (2006) all public sector banks have to adopt Banking Correspondent (BC) and improve their performance. In the year 2008 for the state of Gujarat relating to Banking Correspondent (BC) the major responsibility was provided to the DENA bank as State Level Banking Correspondent (SLBC) head.

Sample size:

From each zone above stated Sub Service Area (SSA) five villages which were allotted by Banking authority were studied by the researcher. From each village one banking correspondent consider and so researcher is collected data from, 30 banking correspondents and banking facilitators for study.

Sample plan :

Sampling collection method followed was

non probability sampling method. In non probability convenient and judgmental sampling method adopted by the researcher.

Research Instruments :

Questionnaire and Personal Interviews method along with observation were used for collection of Primary data.

Tools to be Used for Analyzing Data:

After collection of data, for analysis and interpretation Uni variate analyses were adopted by the researcher. To present data the graphical tools like pie charts, Bar charts etc. were used.

Analysis of Data:

Researcher collected data from 30 banking correspondent of north Gujarat region and analysis of data is as below. Demographic fact file of Banking Correspondents are:

- 77% BC age between 18 to 40 years
- who served 67% villages whose Population more than 1500 to 3000.
- 90% of them were married and having family size more than 4 members.
- 66% having income more than Rs. 5000 Per Month out of it 97% able to save more than 500 Per Month.
- 87% Banking Correspondent involved in Banking Correspondent Service more than a year.

Table : 1 Demographic information of Banking Correspondent

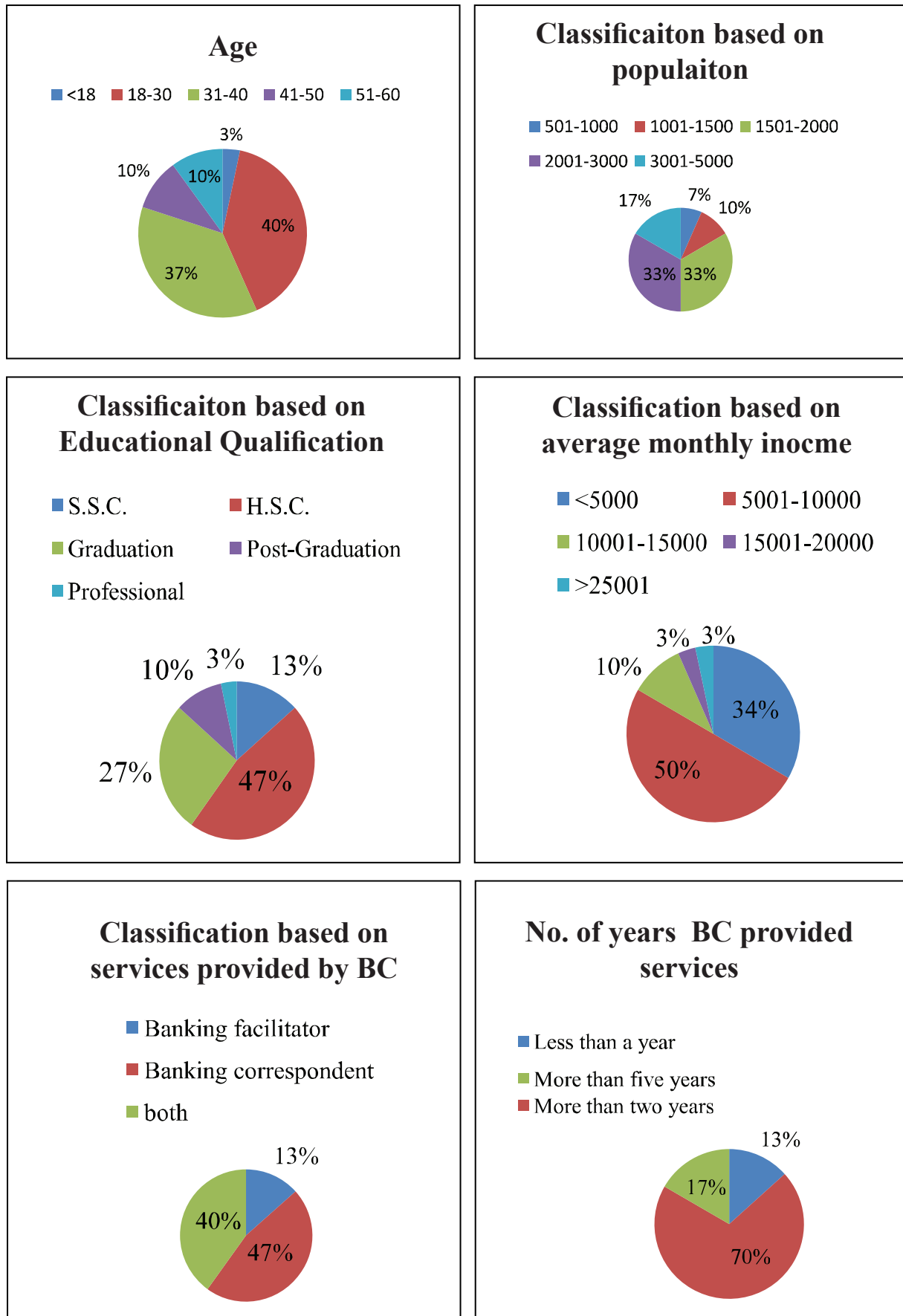
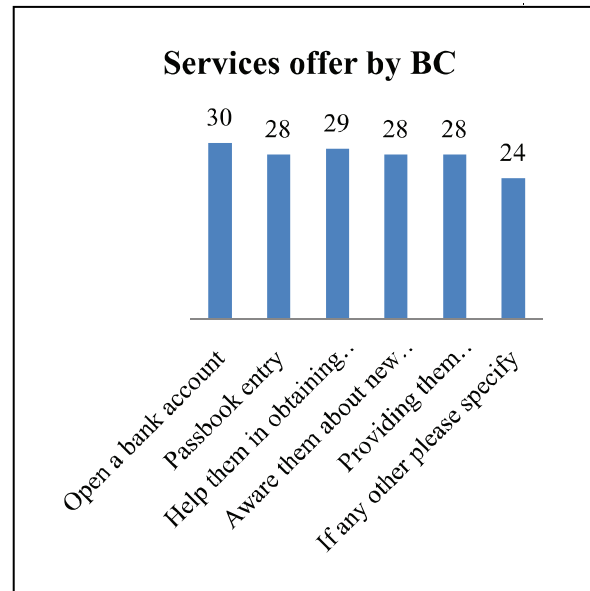
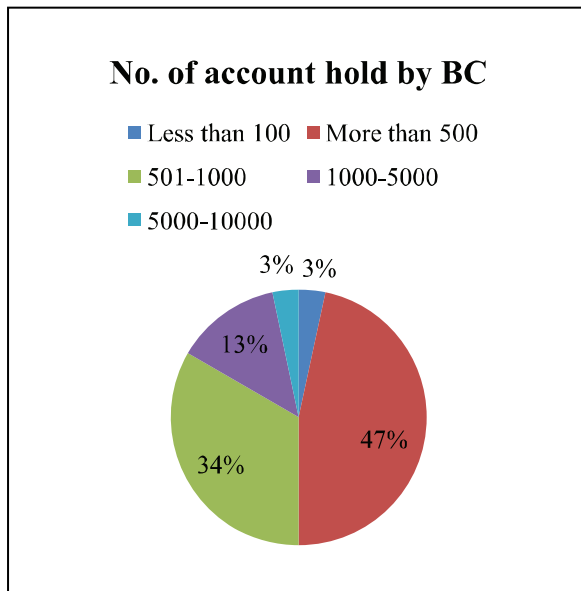
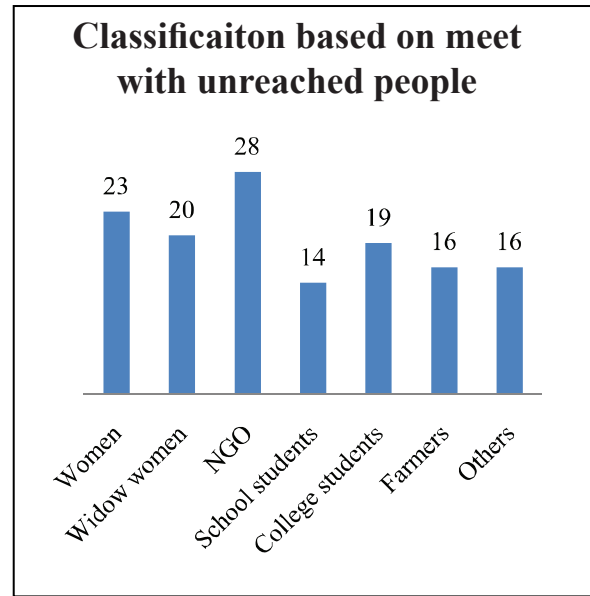
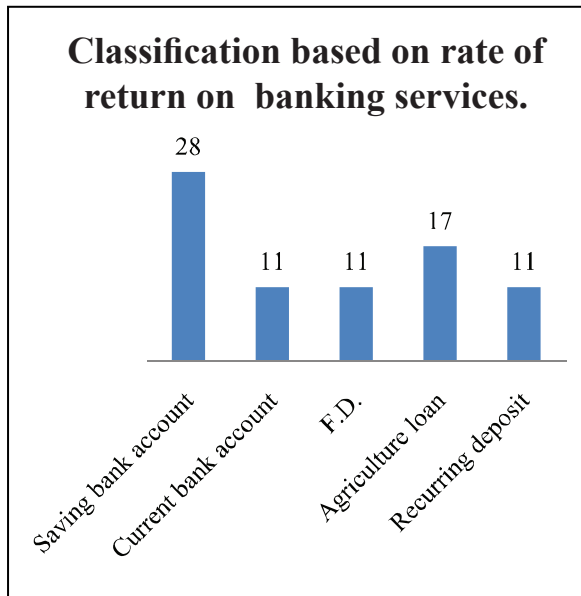


Table :II Classification based on awareness of Banking Correspondents(BC)



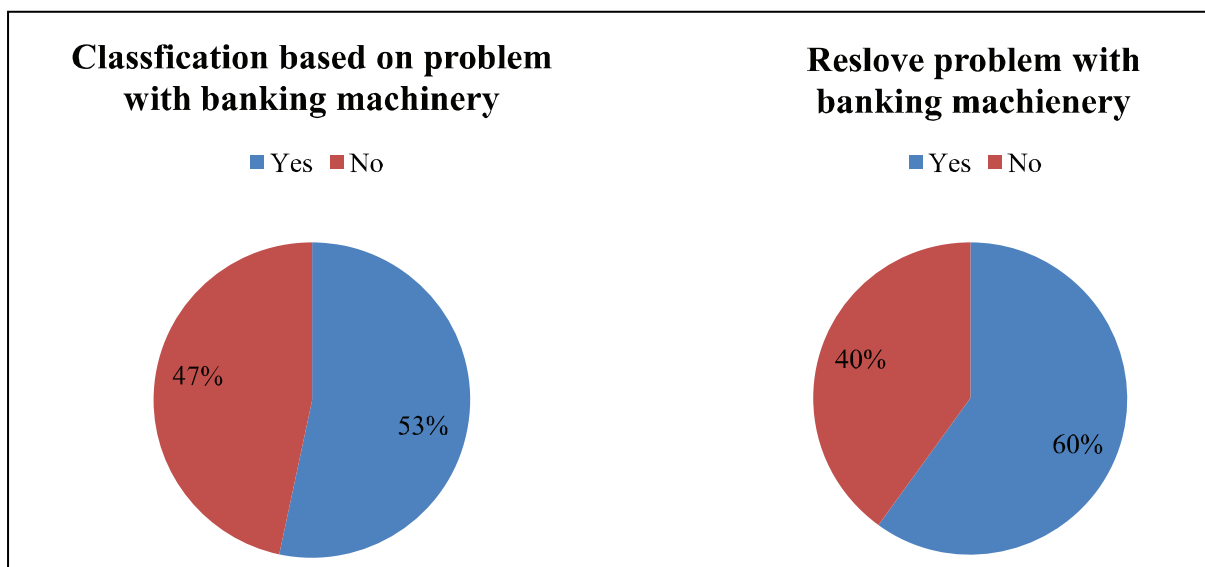
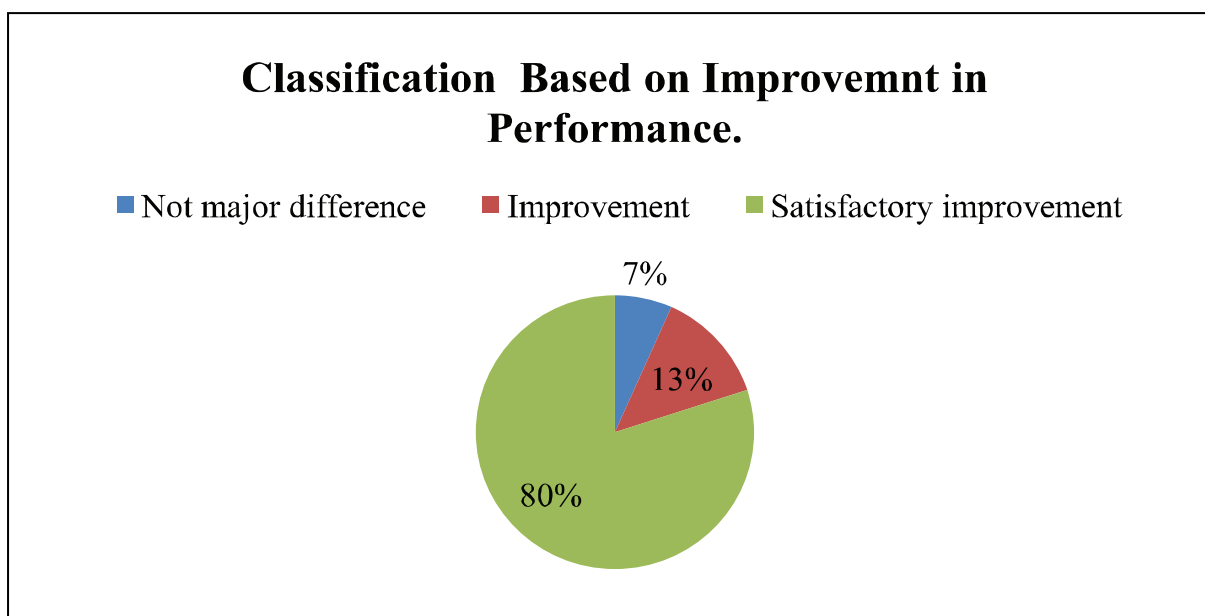
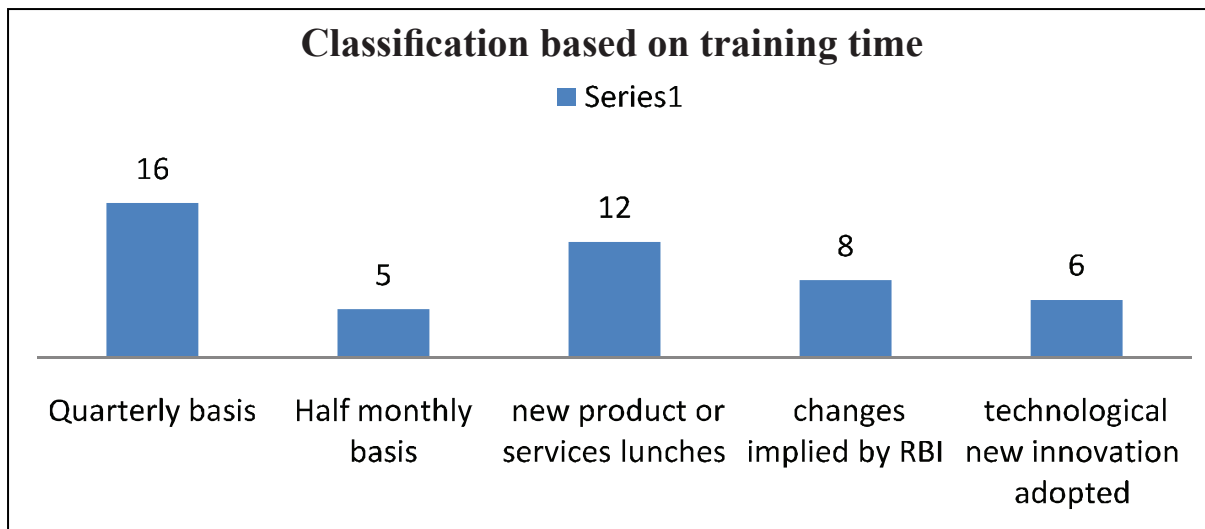
Analysis of Banking Correspondents(BC) awareness is as follows:

- The major customer demand for Saving Bank account, many of them respondents aware of saving bank account.
- Banking Correspondents (BC) met Non Government Organization (NGO) people so were able to manage to meet many people. Apart of Non Government Organization (NGO),

Banking Correspondents (BC) also met women, widow and college students to improve their market share and banking business.

- 97% BC hold more than 500 accounts and provided all needy services to account holders.
- 97% BC received regular income from bank authorities and maintain regular contact with banking authorities.

Table :III Classification based on improvement in services after training and other related issues :



- It would found that after receiving training BC efficiency to serve people at large improve satisfactorily.
- 53% BC faced problem with authorities but they also able to resolve it satisfactorily. Out of this 60% got satisfactorily solution.

Future scope :

Above research indicates that with adoption of BCS new model and mechanism of banking is developed effectively. With BCS people at large able to explore banking services and divert their resources to organized sector. With BCS special benefit received by widow, farmer unskilled and semi skilled laborers. With adoption of BCS gap better demand and supply of monetary resources would come down and with it better standard of living avail by people at large. With such continuous efforts. With adoption of Banking services unleash financial dimension. Such a way, when a mass need any services this model would provide probable chances to reach till them. This method provides a lamp post for future direction. Need to provide more sophisticated skills for business development model which are still not worked out.

References :

Paramasivan C. and Ganeshkumar V. (2013)

Overview of Financial Inclusion in India

Saikumar Rathod Shiva Krishna Prasad Arel-li & Debashis Saha,(2012) WORKING PAPER SERIES WPS No. 692/ January 2012 “An Aadhaar-based Mobile Money Framework for Financial Inclusion in India”

Swain P.K. and Singh B. (oct.2008) working paper on “Financial Inclusion of Rural Markets: Understanding the Current Indian Framework”

Camara N., Tuesta D., Urbiola P. (2015) “Extending access to the formal financial system: the banking correspondent business model”

IBEF report on “Technology application for financial inclusion”

Report Sponsored by India-Africa Economic Cooperation Fund :”Financial Inclusion and Integration through Mobile Payments and Transfer”

Report by RBI

Reports of PMJDY

<https://rbidocs.rbi.org.in> accessed on 3rd March. 2016 3:30 pm

<http://www.slbc.gujarat.com> accessed on 3rd March. 2016 3:35 pm

Prof.(Dr.) Urvi Amin

Assistant Professor

SJPI, Gandhinagar

urviamin@ymail.com

Mobile No : 9824337976

Job Satisfaction Among Employees Engaged in Selected Hospitals of Vadodara City

Dr. Sushilkumar M. Parmar

Abstract

Undoubtedly, stressful, uncomfortable work life and unprogressive human resource policies and practices in the hospital set up compel an employee to quit the job and hence, it becomes imperative for the management to take necessary actions to reduce the attrition rate. This dissatisfaction among the employees leads to the non-achievement of organizational goals and also hampering its image. The primary objectives of this empirical research were to study the level of job satisfaction among the employees engaged in hospitals and to understand the impact of selected variables such as compensation system, suitable working condition and superior support on job satisfaction. This research is based on mainly primary data collected through a structured non-disguised questionnaire containing 21 items related to job satisfaction and all responses were rated using five points Likert scale. The researcher has conveniently selected and approached 80 employees working in selected hospitals of Vadodara. For this study, correlation and regression analysis were used

Introduction

The rapid growth of healthcare sector has resulted into a considerable rise in revenue and employment opportunity. The giant healthcare sector includes hospitals, medical devices, clinical, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The Indian healthcare sector is expected to report the compound annual growth rate of 22.9 per cent during 2015-20 to US\$280 billion. The unprecedented growth has been observed due to the larger pool of well trained medical professions and employees engaged in the healthcare sectors. As a matter of fact, India is the country where multispecialty hospitals offering cost effective medical treatment are good in number. Talking about working in such hospitals is quite challenging and sometimes stressful because it is not the same as the corporate set up. Besides, employees engaged in the hospitals are to deal with the patients who have been going through the pain and trauma. Hence, it becomes essential for hospital management to provide improved quality of work to employees. In the hospital set up, management has to smartly deal with the employees to keep them satisfied. Actually, there is variety of factors making one's job joyful and without stress in the hospitals. The researcher has tried to offer insights on job satisfaction among employees engaged in the hospitals. Job Satisfaction is a feeling of fulfilment or enjoyment that a person derives from their job. Similarly, it also refers to the level of contentment employees feel about their work which can affect performance. In fact, Job Satisfaction falls into two levels, affective job satisfaction and cognitive job satisfaction. Affective job satisfaction is a person's emotional feelings about the job as a whole while cognitive job satisfaction is how satisfied employees feel concerning some

as statistical tools. The findings reveal that opportunity of growth and advancement has a significant impact on job satisfaction than other selected factors and majority of respondents (41.25 per cent) were satisfied with their job.

KEY WORDS: Job Satisfaction, Compensation, Superior Supports, Working Condition

aspect of their job such as pay, hours and benefits. Job satisfaction is a more of journey, not a destination as it applies to both employees and the employer. Robbins and Sanghi (2006) stated, that Job satisfaction is collection of feelings that an individual holds toward his or her job.

2. Statement of Research Problem:

As the entire hospital set up is quite different from that of corporate, the work life in hospital is generally viewed as stressful and challenging. In fact, one has to deal with those who are going through pain and trauma due to their health issues. And therefore, for hospital staffs it may be quite difficult to offer quality patients care and this may also lead to higher labour turnover rate and dissatisfaction. To take care of patients effectively, it becomes imperative to keep employees satisfied and motivated. Thus, the research has attempted to identify and study factors affecting job satisfaction among employees engaged in hospitals.

3. Review of Literature:

Cavanagh (1992), asserted that job satisfaction impacts on patients care. Fako (2000), argued that nursing staffs with low job satisfaction may find it difficult to

provide a quality patient care. Dolan (2003), pointed out that Job related factors such as low pay, abuse by demanding patients, lack of appreciation from doctors, work pressure, work environment related factors and lack of opportunities for advancement are reasons leading to nursing skills losses. Pietersen (2005), found that nearly 50 percent of nursing staffs of Government hospital were satisfied. The author studied both intrinsic and extrinsic factors of job such as working conditions, supervisor, pay, the job itself, organization and promotion on job satisfaction was studied. Results of the study indicated that majority of nursing staffs were dissatisfied with supervisor and pay. Besides, there existed intrinsic and extrinsic factors of job which could negative affect the turnover rate of nursing staffs. Rajam, K et al (2013), undertook a research study aiming at studying workers' perception about the hospital and job and identifying factors affecting job satisfaction. The researchers discussed the various dimensions viz. salary, working condition, social security schemes, welfare measures, sales promotion and trade promotion. The findings showed that 46 percent of respondents are strongly agreed to job satisfaction. Similarly, a significant difference was found between the experience of respondents and their overall job satisfaction. Besides, it was suggested to increase employees' participation in decision and to develop opportunities and rewards. Rees et al (2013) concluded that employees demonstrate their higher level of performance if in suitable working conditions. Jha et al (2016), opined that job satisfaction is an important factor which determines efficiency of hospitals resultantly to give rise to decreased absenteeism, stress and turnover. Moreover, the authors pointed out that job satisfaction has a closer relationship with the factors such as performance appraisal system, rater, link between reward and rating and performance expectation. Nemmaniwar and Deshpande (2016), concluded that other than monetary benefits other motivational factors

namely recognition, autonomy, achievement, opportunities for growth and development are positively correlated with job satisfaction. In addition to this, job satisfaction leads to job performance and organizational commitment. Mendiratta (2016) carried out a comprehensive study to know employee engagement initiatives taken up by SPS Apollo Hospital and how they keep employees satisfied and to understand employees' level of satisfaction. It was found that 60 percent of employees are overall satisfied with their job; similarly 72 percent of employees are satisfied with performance appraisal and benefits that they receive. Besides, employees' involvement, interest in their career aspiration, personal lives, performance based compensation plan, regular feedback and opportunities to share their knowledge were recommended.

4. Significance of Research:

This study has offered the greater insight on job satisfaction and work life of employees working in the hospitals. Moreover, it is of an immense help to hospital management for keeping their employees satisfied and engaged and bringing down labour turnover rate.

5. Scope and Coverage of Research:

The present study covers the selected Government, Trust run and Private Hospitals of Vadodara City. The researcher has undertaken this empirical research taking four factors affecting Job Satisfaction namely compensation, superior support, opportunity of growth and advancement and working condition.

6. Research Objectives:

The researcher has carried out this study aiming at below research objectives.

- 6.1. To study the level of Job Satisfaction among employees engaged in the hospitals
- 6.2. To analyse the impact of selected factors

namely Compensation System, Suitable Working Condition and Superior Support on Job Satisfaction

7. Research Hypotheses:

In line with the aforementioned objectives, the researcher has proposed following hypotheses.

- Ho1: There is no significant impact of Compensation System on Job Satisfaction
- Ho2: There is no significant impact of Suitable Working Condition on Job Satisfaction
- Ho3: There is no significant impact of Superior Support on Job Satisfaction
- Ho4: There is no significant impact of Opportunity of Growth & Advancement on Job Satisfaction

8. Research Methodology:

- 8.1. Population: The population of this research consists of employees working in hospitals located in Vadodara City.
- 8.2. Sample and Sampling Method: The researcher has used convenient sampling method in order to draw the representative sample. Representative sample units are those employees who are engaged in selected hospitals of Vadodara city. The sample size of this research study is of 80 employees.
- 8.3. Types of Data: The present study is based on both primary and secondary data. All relevant primary data were collected from selected employees working in selected Government, Trust run and Private Hospitals of Vadodara City. The names of hospitals have not been disclosed due to confidentiality matter. Whereas, secondary data from various sources such as journals, reference books, published articles and statistics were used.

8.4. Data Collection Tool: In order to obtain relevant data, the researcher has administered a structured non-disguised questionnaire containing 21 items and the responses were measured on five points Likert Scale, Strongly Agree to Strongly Disagree

Table Number 1 Type of Hospitals

Type of Hospital	Number of Selected Employees	Per cent
Government	31	38.75
Trust	39	48.75
Private	10	12.50
Total	80	100

8.5. Statistical Tools: The collected data were properly analysed and interpreted by using suitable statistical tools such as descriptive statistics, correlation and regression analysis.

9. DISCUSSION OF RESULTS AND FINDINGS:

Table Number 2 Reliability Statistics

Factor	Selected Criteria	Number of Items	Cronbach α
Compensation System	Fair and adequate salary / wage	06	0.867
	Regular Increment in pay		
	Proper Bonus System		
	Eligible to get fringe benefits		
	No discrimination in offering fringe benefits		
	Appreciation on major and minor achievement		
Suitable Working Condition	Flexible Working hours	05	0.550***
	Untiring work schedule		
	Availability of all necessary amenities such as canteen, washrooms, rest rooms, locker etc		
	Peaceful working atmosphere		
	Secured Job		
Superior Support	No pressurization from the superior	04	0.765
	Co-operative and friendly nature of superior		
	Counselling and support from superior		
	No mental and physical harassment		
Opportunity of Growth and Advancement	Scope for career advancement opportunities	05	0.829
	Arrangement of in house training programme		

	Encouragement and support in off job training and development programme		
	Participation in Decision Making Process		
	My job gives me the more opportunity to learn		
Job Satisfaction	Overall, I am satisfied	01	-----
Overall Questionnaire	21	0.909	

The reliability statistics for independent and dependent variables given in the above table depict that the value of Cronbach alpha of the variables range from 0.550 to 0.867. While, the value of cronbach alpha for overall questionnaire is 0.909. Though a coefficient alpha of at least 0.70 is usually considered reliable, there is a general consensus among the researchers that the acceptable alpha limit could be as low as 0.60 or 0.50*** for scales consisting of a small number of items (Carmines & Zeller, 1979; Cronbach & Meehl, 1955; Pedhazur & Schmelkin, 1991; George & Govindan, 2015).

Table Number 3 Descriptive Statistics

Factors	Mean	Std. Deviation
Independent		
Compensation System	3.1917	1.00739
Suitable Working Condition	3.7675	.65560
Superior Support	3.8656	.89826
Opportunity of Growth and Advancement	3.1000	1.05591
Dependent		
Job Satisfaction	4.0375	.87791

The above table shows that the highest mean is of Job Satisfaction (4.0375) followed by superior support (0.386) and suitable working condition (3.7675) whereas the lowest mean value is of opportunity of growth and advancement (3.10).

Table Number 4 Correlation Analysis

		Compensation System	Suitable Working Condition	Superior Support	Opportunity of Growth & Advancement	Job Satisfaction
Job Satisfaction	Pearson Correlation	.612**	.380**	.588**	.605**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	80	80	80	80	80

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

As shown above, there exists slightly high positive correlation between Job Satisfaction and compensation system (0.612) and Opportunity of Growth and Advancement (0.605). Similarly, a moderate positive correlation is reported between Job Satisfaction and Superior Support

(0.588). While, there is a low positive correlation between Job Satisfaction and Suitable Working Condition (0.380).

Table Number 5 Regression Analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	.697a	.486	.458	.64619
a. Predictors: (Constant), Opportunity Of Growth And Advancement , Suitable Working Condition , Superior Support , Compensation System				

The given regression analysis model summary showed that there is a positive correlation between job satisfaction (0.697) and selected independent variables namely opportunity of growth and advancement, suitable working condition, superior support and compensation system. It is also cleared that 49% of variation in job satisfaction is explained by selected four variables indicating there are other independent variables influencing job satisfaction.

Table Number 6 ANOVAa of Regression Analysis

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	29.570	4	7.393	17.704	.000b
	Residual	31.317	75	.418		
	Total	60.887	79			
a. Dependent Variable: Job Satisfaction						
b. Predictors: (Constant), Opportunity Of Growth And Advancement , Suitable Working Condition , Superior Support , Compensation System						

The ANOVA table indicates that the overall model is significant because p sig. value (0.000) is less than 0.05. And therefore, the model has achieved a satisfactory level of goodness of fit in predicting the variance of job satisfaction in relation to four factors

Table Number 7 Regression Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.363	.442		3.086	.003
	Compensation System	.214	.109	.245	1.969	.053
	Suitable Working Condition	.107	.128	.080	.831	.409
	Superior Support	.223	.117	.228	1.902	.061
	Opportunity of Growth & Advancement	.235	.096	.282	2.451	.017
a. Dependent Variable: Job Satisfaction						

If the sig. value p related to ‘t’ statistic is less than 0.05, the null hypothesis is rejected and if the sig. value p related to ‘t’ statistic is greater than 0.05, the null hypothesis is accepted. The results showed that there is no significant impact of compensation system, suitable working condition and superior support on Job satisfaction as p value is more than 0.05 and therefore, the null hypothesis is accepted. While, there is a significant impact of opportunity of growth and advancement on Job Satisfaction because p value is less than 0.05 and hence, the null hypothesis is rejected.

Table Number 8 Level of Job Satisfaction

Level of Job Satisfaction	Count	Per cent
Highly Satisfied	27	33.75
Satisfied	33	41.25
Neither Satisfied nor Dissatisfied	17	21.25
Dissatisfied	02	2.5
Highly Dissatisfied	01	1.25
Total	80	100

It’s been clear from the given table that there were 33.75 per cent of employees who were highly satisfied with their job while 41.25 per cent of them were just satisfied with the job. Surprisingly, 21.25 per cent of employees stood neutral while 1.25 per cent of them were found to be highly dissatisfied.

10. Recommendations [or] Suggestions:

- The medical professionals, nurses and compounders should be motivated by incentivising their efforts.
- Flexible working hours should be implemented so as to adjust with hospital operations.
- Administration staffs should not be treated as medical professional and nurses.
- Lessons on Stress Management and Crisis management should be taught.
- Contractual or temporarily appointments should be avoided.
- Transportation and food should be arranged for those employees who do night / evening shift.
- They should be offered Over Time and leave adjustment if they come on duty on the particular occasion.

11. Limitations and Scope for Future Research:

This study was confined to only selected hospitals of Vadodara and 80 sample units considering the time and other constraints. As the researcher has conveniently collected data, the results may not be generalized. The prejudice and biasness of the respondents might have influenced their responses. The further study can be carried out by covering all types of hospitals of major cities of Gujarat. Similarly, job satisfaction of employees engaged in banking, telecom, tourism, IT industry can be studied.

12. Conclusion

This empirical study has revealed the greater insights on job satisfaction among employees engaged in hospitals. The results indicate that opportunity of growth and advancement has significant impact on job satisfaction than other selected factors and majority of respondents were found to be satisfied with their job. The hospital management should strive for keeping their employees engaged and motivated by undertaking variety of

measures such as flexible compensation plan and working hours, succession planning, off job training programme etc.

References:

Cronbach, L. J., & Meehl, P.E. (1955). Construct Validity in psychological tests. *Psychological Bulletin*, 52, pp. 281-302

Camines, E.G., & Zeller, R.A. (1979). Reliability and validity assessment. Sage university paper series on quantitative applications in the social Sciences (07-017). CA: Sage Publications.

Cavanagh, S.J. (1992). Job Satisfaction of Nursing Staff Working in Hospitals, *Journal of Advanced Nursing*, 17(1), pp-704-711

Dolan, L. A., (2003). Management Style and Staff Nurse Satisfaction, *Dimensions of Critical Care Nursing*, 22(2), pp 97-98

Fako, T., (2000). Job Satisfaction among Nurses in Botswana, *Society in Transition*, 31(1), pp 10-21

George, A.P., and Govidan, Yamuna (2015). Antecedents of Repurchase Intention: The case of Private Label Brands in Kerala, *Indian Journal of Marketing*, 45(4), pp17-31

Jha, Rimjhim et al (2016). A Study on Employee Performance Appraisal and Job Satisfaction in Health Care Sector, *IJARIE*, 2(5), pp 988-994

Mendiratta, Shubham (2016). A Study of Employee Engagement at SPS Apollo Hospitals, *International Journal of*

Engineering and Management Science, 7 (1), pp 46-49

Nemmaniwar, Archana G., and Deshpande, Madhuri S.,(2016). Job Satisfaction among Hospital Employees: A Review of Literature, *IOSR Journal of Business and Management*, 18(6) pp 27-31

Pedhazur, E.J., & Schemelkin, L.P. (1991). Measurement, design and analysis: An integrated approach. New Jersey: Hillsdale, Lawrence Brillbaum.

Pietersen, Charlotte (2005). Job Satisfaction of Hospital Nursing Staff, *SA Journal of Human Resource Management*, 3(2) pp19-25

Rees, Alfes C., and Gatenby, M. (2013). Employee Voice and Engagement: Connections and Consequences, *International Journal of Human Resource Management*, 24(14), pp 2780-2798

Robertson, Ivan T et al (2012). Job and Work Attitudes, Engagement and Employee Performance: Where does psychological well-being fit in?, *Leadership & Organization Development Journal*, 33(3), pp 224-232

Rajam, K. et al (2013). A Study on Job Satisfaction of Hospital Employees in SRM Hospital at Irungalur, Tiruchirappalli District, Tamil Nadu, *Journal of Business Management & Social Sciences Research*, 2(9) 2013 pp 28-40

<https://www.ibef.org/industry/healthcare-india.aspx>

Dr. Sushilkumar M. Parmar - Assistant Professor
Department of Commerce and Business Management
The Maharaja Sayajirao University of Baroda, Vadodara – Gujarat
Email: sushilkumar.m.parmar-cbm@msubaroda.ac.in

An Empirical Study on Brand Awareness, Brand Preference and Brand Loyalty of Rural Consumers For Hair Care Products of Anand District

KiritChavda & Dr.HiteshVyas

Abstract

Globalization increases the proximity between Rural and Urban. Emerging issues and challenges of Globalization for developing countries increases the complexity between producers and users. It is difficult to identify the major difference between them at global market. As Indian market considered as the sellers' market it has been seemed as the symbol of bunch of opportunities, making innovation and creating of highest potential for the marketers by the way of segmenting the market in different ways. Among different product categories, FMCG sector is providing major proportion for the same. Brand of the product plays an important role in the rural as well as urban areas as it is the reflection of strong perception of the consumers. This research paper is an attempt to focus on the Brand awareness, Brand preference and Brand loyalty of rural consumers of Hair care products of Anand district.

Key words: Brand Preference, Brand Awareness, Brand loyalty, rural consumers

Introduction

At a time when most FMCG (fast moving consumer goods) categories are inching along, personal products are being seen as the harbinger of prosperity. And hair care products is the fastest-growing category within personal products. Between 1994 and 1998, the market size of products such as skincare and toothbrushes doubled in value. But the size of the shampoo market expanded two-and-a-half times over the same period. Not surprisingly, shampoos is a high priority area for major players such as Hindustan Lever. The current size of the shampoo market, according to ORG-MARG, is Rs 850 crore -- equivalent to 30,000 tonnes in volume terms.

Unlike other FMCG categories such as soaps and detergents, which boast of a penetration level of more than 90 per cent, shampoos remain a low penetration category. Industry sources estimate that the urban market penetration of shampoos is a modest 36 per cent. Shampoo usage in the rural markets is even more infrequent, with a penetration level of 12 per cent. Thus, even for the largest player in this industry, there is considerable scope for volume expansion by converting non-users. The major players in hair shampoo category are HUL, Marico, and Dabur India.

The shampoo market is valued at Rs 4.5 billion and has the penetration level of only 13% in India. The market is expected to expand due to increased marketing by players, lower duties, and availability of shampoos in affordable sachets. Sachet makes up to 40% of the total shampoo sale. The Indian shampoo market is divided in two parts:-

- * Cosmetic
- * Anti-dandruff

The major players are HUL, and Procter & Gamble. For a market with high potential, the shampoo market in India is dominated by just a few players. From scores of brands five years ago, the shampoo market has now been whittled down to a handful. Hindustan Lever (HUL), with a 65 per cent volume share (68 per cent share by value), dominates the market with brands such as Sunsilk, Clinic Plus and Clinic All Clear. CavinKare Limited, an unlisted company from Chennai, with brands such as Chik and Nyle follows with a 19.8 per cent volume share.

Procter & Gamble (P&G) is the only other large player in this category with brands such as Pantene Pro-V and Head & Shoulders. P&G discontinued its shampoo manufacturing operations in India in 2000. Most of its brands are today directly imported from other Asian countries such as Thailand, Taiwan and Vietnam. New entrants are probably discouraged by the formidable task of establishing a distribution network from scratch. HUL's long established ties with retailers and its extensive distribution reach probably acts as an entry barrier for new entrants.

Calvin Kare Limited, which has managed to garner a significant share of the shampoo market despite this handicap, has focussed on scaled-down versions of its brands and herbal shampoos -- two segments where the market leader did not have a presence. Calvin Kare's shampoo business has grown faster than the overall market, at 20 per cent in 1998, 4 per cent in 1999 and 34 per cent over the past four quarters.

Despite its undisputed potential, the rapid expansion of the shampoo market was interrupted in 1999. Overall growth rates in the market slowed to 1.7 per cent in 1999, from 16 per cent the previous

year. Between January and November 2000, however, the market appears to have recovered some, and the shampoo category has grown by around 10 per cent. The company has identified three major barriers to shampoo use in India -- the perception that shampoos contain harsh chemicals that could damage hair, high price and the view that the shampoo is more of a glamour product rather than a hygiene

According to the Neilsen's January-February data 2011, HUL's market share (volumes) in shampoo segment declined by 1.3 percentage points to 47.3 per cent while P&G gained by 2.4 percentage points with a market share of 17.7 per cent. Dabur on the other hand gained 0.8 percentage points capturing 6.7 per cent market share in the estimated Rs 3,000 crore Indian shampoo market. The company's brands 'Clinic Plus', 'Dove' and 'Pantene' competes against the likes of P&G's 'Head & Shoulder' and Dabur's 'Vatika', ITC's 'Fiamsa Di Wills'. The company had recently revised prices upwards of its 'Lux' and 'Liril' soap brands by up to 10 per cent. In the last couple of years, the company has revamped its entire portfolio in an effort to attract customers. It has been heavily spending on advertising and promotional activities in the last one year. HUL spent around Rs 2,140.95 crore on advertising and other promotional campaigns.

Literature Review

S. L. Gupta & Arun Mittal found that the rural market is quite innovative in uses of the product. Several products are being used successfully for doing jobs what they are not meant for, like using washing machines to make "lassi" in Punjab and "Iodex" on animals to relieve them from muscular pains. They concluded that the loyalty status of the Brand is moderate than urban market. Customers of rural areas do not bother more about purchase decision of FMCG product. They also influenced by the different types of family and social reference groups.

Anupam Jain & Meenakshi (2012) Sharma indicated that the Brand Awareness in rural areas particularly in respect of beauty care and health care products are showing increasing tendency. It is also concluded by this study that there is a positive impact of media among consumers regarding brand preferences.

Md. Enayet Hossain(2007) concluded that there is a strong relationship between brand image and each of the preference measures utilized in the study. Across this category, the brand with the greater market share yielded substantially higher levels of brand acceptability. In turn, the brand with the higher image in the category generated significantly greater preference. It might have been expected that brand name may have greater importance than overall preference for the brand.

Bhimrao M. Ghodeswar(2012) revealed from his study that Companies need to ensure that the brand remains strong even during difficult times and offers value that is consistent with the brand promise.

B.V.N.G. ChandraSekhar (2012) studied that Brand names in rural areas should be small, simple and easy to pronounce. He also studied that Brand loyalty is very low in rural areas as rural consumers are price sensitive and found illiterate.

Denford Chimboza and Edward Mutandwa (2007) indicated in his study that promotional vehicles could be used to increase brand awareness like radios, TVs, newspapers, road shows and also e-commerce. In addition, the program should focus on ensuring product availability at strategically located markets to increase convenience to local consumers.

Surinder Singh (2003) concluded in his study rural buyers perceived that TV commercials followed by print advertisements and word of mouth plays a significant role for taking the decision to purchase these FMCGs. Further, they consider their own experience, display at shops; incentive schemes for the

purchase of these FMCGs, whereas they do not fully agree that advice of beautician influences their decision towards the purchase of these FMCGs. On the other hand, rural buyers perceived that social factors are not so strong that those may influence their decision to purchase these FMCGs. Therefore, it may be recommended that the producers or marketers should frame ethical advertising strategies keeping in mind that rural people are fond of electronic and print media advertisements.

Liping A CAI (2002) found rural communities can especially benefit from cooperative branding. A common challenge for tourism development in a single rural community is its limited drawing power. Coupled with the absence of a distinctive image, individual rural destinations are often too small to form a critical mass required of a primary destination. In order to make the most of rural tourism resources, communities must approach their marketing activities from a cooperative perspective. Rural tourism marketing through cooperative branding, as practiced by OWC, helps individual rural communities increase efficiency in the use of tourism resources and synergizing drawing power of their attractions.

Sarita Bahl (2012) had concluded in her empirical study that celebrity endorsements of brands do not affect consumer perception and behaviour. In case of rural respondents a majority could not express their views towards celebrities' endorsement. Therefore, it can be concluded that people have some considerations other than celebrities' endorsement. It has been noticed that education has no relevance to form perception of the people regarding the quality of the product being endorsed by the celebrities. She found that celebrities have a dominating influence in all the educated groups in both the urban and rural consumers. It was also found that gender has no influence on the perception of quality of products being endorsed by celebrities in rural and urban category.

Nguyen, Thi Hong Yen (2012) have concluded that Brand Key Vision as its backbone to guide branding activities. Competition-based brand reconsiders brand benefits brainstormed in the Brand Key Vision model to choose most competitive benefits and appropriate rational benefits aligned with the frame of reference. He also found that customer-based branding strategy completes the action plan by setting up brand meaning, brand identity and brand relationship. These brand elements transform brand core values into real life customer experience with the assistance of communication activities. Finally, range architecture and corporate level marketing acquire re-organising to fit new brand positioning and create improvement on the corporate brand.

Vinod Kumar Bishnoi and Bharti (2008) have concluded that only rich and well educated consumers utilise the top national brands but even low income consumers were found to be absorbing such brands. Similarly the consumers have been found well exposed to the different media primarily to the television and newspapers. The younger rural consumers have been found more variety seeking in comparison to their old aged counterparts. Once satisfied they become loyal to the brand. The rural consumers can be convinced on the utilitarian value of the product. In nutshell the

study can be concluded that though the rural market is full of complexities yet accessible if tapped through well-conceived and properly designed marketing programmes which are a bigger challenge but equally rewarding.

Objectives of the study

1. To study the brand awareness and preference of rural consumers for Hair care products.
2. To find out the relation of brand awareness and preference for Hair care products.
3. To study about the Brand loyalty of Hair care products of rural consumers.

Research Methodology

The study contains descriptive research design. The data contains primary as well as secondary. Primary data have been collected through structured questionnaire. Secondary data have been collected from journals, books, magazines and from websites. The sample size for the study was 70. Data have been collected from three talukas of Anand district namely Borsad, Petlad and Sojitra. Convenience sampling method has been used for collection of data from rural areas of Anand district.

Data Analysis and Interpretation

Table 1: Awareness and Preference of Brands of Shampoo

Brand	Awareness		Preference	
	Responses	Percent of Cases	Responses	Percent of Cases
Chick	67	95.7%	38	55.9%
Sunsilk	53	75.7%	15	22.1%
Pantene	53	75.7%	17	25.0%
Shikakai	21	30.0%	2	2.9%
Clinic Plus	67	95.7%	34	50.0%
Meera	5	7.1%	4	5.9%
Head and Shoulder	51	72.9%	16	23.5%

Garnier	30	42.9%	6	8.8%
Dove	32	45.7%	9	13.2%
Revlone	9	12.9%	2	2.9%
Himalaya	24	34.3%	1	1.5%
Loreal	16	22.9%	2	2.9%
Nyle	12	17.1%	4	5.9%
Tresemme	7	10.0%	2	2.9%
DaburVatika	34	48.6%	20	29.4%
Patanjali	13	18.6%	3	4.4%
BAPS Shampoo	3	4.3%	0	0%
Livon	6	8.6%	1	1.5%
Aqua	3	4.3%	1	1.5%
Total	506	722.9%	177	260.3%
a. Dichotomy group tabulated at value 1.				

The above stated table indicates highest number of rural consumers are aware about chik and clinic plus shampoo and also preferred to use the said brands. DaburVatika, Sunsilk and Head and shoulder brands are also being followed by the rural consumers and have given preference to use after Chik and Clinic plus. Brand of Aqua, Meera and Tresemme and Brand of BAPS Shampoo been have found least aware.

Table 2 : Awareness and Preference of brand of Hair oil

Brand	Awareness		Preference	
	Responses	Percent of Cases	Responses	Percent of Cases
Jasmine	46	65.7%	16	23.2%
DaburAmla	56	80.0%	29	42.0%
Bajaj Almond Drop	52	74.3%	26	37.7%
Mahabringraj	36	51.4%	9	13.0%
Navratna	54	77.1%	17	24.6%
Dove	27	38.6%	5	7.2%
Himalaya	26	37.1%	7	10.1%
Patanjali	19	27.1%	1	1.4%
BAPS oil	12	17.1%	3	4.3%
Sessa Oil	18	25.7%	3	4.3%
Aroma	17	24.3%	0	0%
Castor oil	11	15.7%	2	2.9%
DaburVatika	33	47.1%	7	10.1%
Parachute	31	44.3%	10	14.5%
Total	438	625.7%	135	195.7%
a. Dichotomy group tabulated at value 1.				

The above stated table shows that DaburAmla brand of hair oil have got highest awareness and preference to use by rural consumers. Among them Navratna and Bajaj Almond Drop have also

been given preference by the rural consumers to use.Brands like Aroma, Patanjali,BAPShave been found as least preferable.

Table 9: Awareness and Preference of brand of Hair Gel

Brand	Awareness		Preference	
	Responses	Percent of Cases	Responses	Percent of Cases
Set Wet	57	86.4%	36	70.6%
Loreal	25	37.9%	12	23.5%
Alovera	24	36.4%	7	13.7%
Park Avenue	16	24.2%	5	9.8%
Total	122	184.8%	60	117.6%

a. Dichotomy group tabulated at value 1.

The above table shows that most of the rural consumers have been aware of Set wet and gave preference to use.Park Avenue hair gel has been got least preference.

Table 3: Awareness and Preference of brand of Hair Dye and Hair Colour

Brand	Awareness		Preference	
	Responses	Percent of Cases	Responses	Percent of Cases
Garnier	59	84.3%	22	37.9%
Indica	57	81.4%	23	39.7%
Colour Mate	30	42.9%	16	27.6%
Loreal	20	28.6%	2	3.4%
Godrej	44	62.9%	14	24.1%
Vasmol	31	44.3%	6	10.3%
Mahendi	25	35.7%	8	13.8%
Streax	22	31.4%	3	5.2%
Total	288	411.4%	94	162.1%

a. Dichotomy group tabulated at value 1.

The above stated table concludes that rural consumers have been aware and given preference to use of Godrej, Garnier,Indica and Vasmol for hair dye and hair color.Streax has been found least aware by the rural consumers.

Table 4: Association of Branded Hair Care Product

	Frequency	Percent	Valid Percent	Cumulative Percent
last six months	11	15.7	15.7	15.7
6 months - 1 years	21	30.0	30.0	45.7
1-2 years	22	31.4	31.4	77.1

More than two years	16	22.9	22.9	100.0
Total	70	100.0	100.0	

The above stated table shows that 15.7 per cent of rural consumers have been using the hair care brands since last six months 30 per cent of the rural consumers have been using the brands since last one year.31.4 per cent of them have been found to use the brands since up to two years.22.9 percent of the rural consumers have been using it since more than two years.

Table 5: Yearly Budget

	Frequency	Percent	Valid Percent	Cumulative Percent
Below Rs. 500	34	48.6	48.6	48.6
Rs. 500 - 1000	21	30.0	30.0	78.6
Rs. 1000 - 1500	12	17.1	17.1	95.7
Above Rs. 1500	3	4.3	4.3	100.0
Total	70	100.0	100.0	

The above stated table stated that 48.6 per cents of rural consumers have been spend their yearly budget below Rupees 500. 30 per cent, 17.1 per cent,4.3 per cent have been found to spend 500-1000,Rs.1000-1500,and above 1,500 respectively.

Table 6: Period of Buying Hair Care Products

	Frequency	Percent	Valid Percent	Cumulative Percent
Daily	27	38.6	38.6	38.6
Once in a Week	3	4.3	4.3	42.9
Twice a Week	9	12.9	12.9	55.7
Fortnightly	7	10.0	10.0	65.7
As require	24	34.3	34.3	100.0
Total	70	100.0	100.0	

Most of the rural consumers 38.6 percent would like to buy hair care products daily and as required.4.3 per cent, 12.9 per cent, 10 per cent would like to prefer the period as once in a week, twice in a week and fortnightly respectively.

Table 7: Reasons to prefer Brands of Hair Care Products

Reason	Family Annual Income					Total
	Less than 1,00,000	1,00,001 to 3,00,000	3,00,001 to 5,00,000	5,00,001 to 10,00,000	Above 10,00,000	
Easy Available	14	8	2	0	2	26
Affordable	10	6	4	1	2	23

Best Quality	34	10	5	1	4	54
Available in Convenient size	3	5	2	2	2	14
Brand Endorsement	9	3	0	0	0	12
Promotional Scheme	2	1	0	0	0	3
Attractive Packaging	3	0	0	0	0	3
Lifestyle	4	3	1	0	0	8
Friends Recommendation	1	1	0	1	0	3
Shopkeepers Recommendation	0	1	0	0	0	1
Unique Features	4	1	0	0	0	5
Highly Beneficial	5	3	0	0	0	8
Total	40	14	9	2	5	70

a. Dichotomy group tabulated at value 1.

The above stated table concludes that most of the consumers would like to be Brand loyal due to qualitative aspect of the product. Many of them also considered easily availability and affordability as one of the important reasons for being brand loyal.

Table 8: Sources of information of Hair Care Products

Source	Responses		Percent of Cases
	N	Percent	
Television ads	53	27.9%	75.7%
outdoor hoardings	11	5.8%	15.7%
Friends and Relatives	50	26.3%	71.4%
Newspapers	28	14.7%	40.0%
Word of Mouth	20	10.5%	28.6%
Exhibition/Mela	2510	5.3%	14.3%
Shopkeeper	18	9.5%	25.7%
Total	190	100.0%	271.4%

a. Dichotomy group tabulated at value 1.

It can be observed from the above table that 75.7 percent rural consumers have been received information from Television ads, followed by 71.4 percent friends and relatives.40 percent have received information through newspapers.28.6 percent have been received it through word of mouth.

Testing of Hypothesis

H01 : There is no significant difference between brand awareness and gender about hair care products.

Ha1: There is significant difference between brand awareness and gender about hair care products.

Table 9: Independent Samples T - Test

Brands	Equal variances or not	Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	Df	Sig. (2-tailed)
Shampoo						
Chick	Equal variances assumed	8.605619	0.004565	-1.35944	68	0.178498
	Equal variances not assumed			-1.77379	43	0.083179
Sunsilk	Equal variances assumed	45.20256	4.45E-09	-2.56923	68	0.01239
	Equal variances not assumed			-2.93943	67.92976	0.00449
Pantene	Equal variances assumed	20.70828	2.27E-05	-1.93559	68	0.057077
	Equal variances not assumed			-2.12263	66.19411	0.03753
Shikakai	Equal variances assumed	8.507062	0.004789	-1.73997	68	0.086389
	Equal variances not assumed			-1.66394	45.64669	0.102977
Clinic Plus	Equal variances assumed	0.076106	0.783483	-0.13759	68	0.890969
	Equal variances not assumed			-0.14019	55.67631	0.889017
Meera	Equal variances assumed	0.072865	0.788028	-0.13526	68	0.892809
	Equal variances not assumed			-0.13303	49.92141	0.894705
Head and Shoulder	Equal variances assumed	15.13772	0.00023	-1.71181	68	0.09149
	Equal variances not assumed			-1.83145	63.29372	0.071741
Garnier	Equal variances assumed	1.452326	0.232332	-1.95282	68	0.054958
	Equal variances not assumed			-1.92777	50.50952	0.059515
Dove	Equal variances assumed	0.114275	0.73637	-2.07643	68	0.041637
	Equal variances not assumed			-2.06594	51.77307	0.043855

Revlon	Equal variances assumed	0.903489	0.345214	-0.47945	68	0.633155
	Equal variances not assumed			-0.46278	47.01945	0.645658
Himalaya	Equal variances assumed	0.953235	0.332358	0.470373	68	0.639594
	Equal variances not assumed			0.474473	54.02268	0.637075
Loreal	Equal variances assumed	49.46855	1.24E-09	-3.88815	68	0.000232
	Equal variances not assumed			-3.40288	34.84429	0.00169
Nyle	Equal variances assumed	10.9709	0.001485	-1.6787	68	0.0978
	Equal variances not assumed			-1.53969	40.03488	0.131503
Tresemme	Equal variances assumed	0.418912	0.519659	-0.32533	68	0.745934
	Equal variances not assumed			-0.31585	47.90518	0.753488
DaburVatika	Equal variances assumed	0.020378	0.886908	-1.16835	68	0.246744
	Equal variances not assumed			-1.16667	52.36184	0.248629
Patanjali	Equal variances assumed	2.086625	0.153186	-0.73735	68	0.463444
	Equal variances not assumed			-0.70931	46.51554	0.481671
BAPS Shampoo	Equal variances assumed	0.076106	0.783483	0.137592	68	0.890969
	Equal variances not assumed			0.140188	55.67631	0.889017
Livon	Equal variances assumed	0.160315	0.690122	0.199123	68	0.84276
	Equal variances not assumed			0.20267	55.50536	0.840134
Aqua	Equal variances assumed	0.076106	0.783483	0.137592	68	0.890969
	Equal variances not assumed			0.140188	55.67631	0.889017
Hair Oil						
Jasmine	Equal variances assumed	35.99715	8.51E-08	-2.65142	68	0.009964
	Equal variances not assumed			-2.87058	64.81464	0.005528

Dabur Amla	Equal variances assumed	8.930242	0.0039	-1.35901	68	0.178633
	Equal variances not assumed			-1.465	64.28484	0.147794
Bajaj Almond Drop	Equal variances assumed	1.99375	0.162509	0.736062	68	0.464224
	Equal variances not assumed			0.716296	48.26317	0.477261
Mahabringraj	Equal variances assumed	0.749943	0.38954	-0.79814	68	0.427566
	Equal variances not assumed			-0.79873	52.71776	0.42803
Navratna	Equal variances assumed	6.030747	0.016619	-1.13874	68	0.258807
	Equal variances not assumed			-1.19967	61.05513	0.234903
Dove	Equal variances assumed	3.848707	0.053879	-1.51314	68	0.134878
	Equal variances not assumed			-1.48231	49.29435	0.144623
Himalaya	Equal variances assumed	0.114275	0.73637	-0.17304	68	0.863138
	Equal variances not assumed			-0.17216	51.77307	0.863981
Patanjali	Equal variances assumed	0.003941	0.950125	0.031329	68	0.975099
	Equal variances not assumed			0.031296	52.42407	0.975153
BAPS oil	Equal variances assumed	0.359254	0.550912	0.295915	68	0.768197
	Equal variances not assumed			0.300468	55.11128	0.764951
Sessa Oil	Equal variances assumed	18.73573	5.05E-05	-2.51618	68	0.014229
	Equal variances not assumed			-2.32657	41.04827	0.025003
Aroma	Equal variances assumed	8.338614	0.0052	-1.55387	68	0.124859
	Equal variances not assumed			-1.46911	44.02003	0.148913
Castor oil	Equal variances assumed	1.468357	0.229799	-0.61419	68	0.541142
	Equal variances not assumed			-0.59129	46.63067	0.557184

DaburVatika	Equal variances assumed	1.03619	0.312317	0.615706	68	0.540144
	Equal variances not assumed			0.616327	52.7619	0.540329
Parachute	Equal variances assumed	1.007074	0.319162	-1.23363	68	0.221589
	Equal variances not assumed			-1.22348	51.25574	0.226744
Hair Gel						
Set Wet	Equal variances assumed	0.045836	0.831115	0.107486	68	0.91472
	Equal variances not assumed			0.106656	51.33805	0.915478
Loreal	Equal variances assumed	2.318338	0.132494	-0.87718	68	0.383476
	Equal variances not assumed			-0.86199	49.78414	0.392829
Alovera	Equal variances assumed	6.077176	0.016224	-1.61504	68	0.110932
	Equal variances not assumed			-1.5651	47.62228	0.12418
Park Avenue	Equal variances assumed	16.12296	0.000151	1.746549	68	0.085231
	Equal variances not assumed			1.906191	65.71667	0.061
Hair Dye and Colour						
Garnier	Equal variances assumed	9.78139	0.002595	-1.41774	68	0.160832
	Equal variances not assumed			-1.56806	66.92443	0.121583
Indica	Equal variances assumed	1.14113	0.289191	-0.5205	68	0.604403
	Equal variances not assumed			-0.53469	57.02728	0.594946
Colour Mate	Equal variances assumed	1.089934	0.300183	-2.50052	68	0.014817
	Equal variances not assumed			-2.46706	50.41976	0.017062
Loreal	Equal variances assumed	11.10839	0.001393	-1.98235	68	0.051482
	Equal variances not assumed			-1.87754	44.26735	0.067043

Godrej	Equal variances assumed	15.43278	0.000202	-1.89332	68	0.062571
	Equal variances not assumed			-1.9728	59.33806	0.053182
Vasmol	Equal variances assumed	1.007074	0.319162	-1.23363	68	0.221589
	Equal variances not assumed			-1.22348	51.25574	0.226744
Mahendi	Equal variances assumed	4.608904	0.035376	-1.40087	68	0.165801
	Equal variances not assumed			-1.36604	48.57957	0.178217
Streax	Equal variances assumed	0.702233	0.40497	-0.43576	68	0.664394
	Equal variances not assumed			-0.43012	50.49077	0.668942

It can be observed from the above table that difference of awareness for hair care product of male and female in Anand district. With the help of two samples t test, it has been found that female are significantly different than male consumers in their preference to use hair care brands such as Sunsilk shampoo, Pantene shampoo, Garnier shampoo, Dove shampoo, Loreal shampoo, Jasmine oil, Sessa Oil.

H02: There is no significant difference between brand preference and gender about hair care product.

H02: There is significant difference between brand preference and gender about hair care product.

Table10 : Independent Samples T - Test

Brands	Equal Variance or not	Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	Df	Sig. (2-tailed)
Shampoo						
Chick	Equal variances assumed	0.114275	0.73637	2.076426	68	0.041637
	Equal variances not assumed			2.065943	51.77307	0.043855
Sunsilk	Equal variances assumed	7.849134	0.006616	-1.4656	68	0.147365
	Equal variances not assumed			-1.37784	43.23815	0.175344

Pantene	Equal variances assumed	8.338614	0.0052	-1.55387	68	0.124859
	Equal variances not assumed			-1.46911	44.02003	0.148913
Shikakai	Equal variances assumed	16.95584	0.000106	-1.8873	68	0.063389
	Equal variances not assumed			-1.44338	25	0.161329
Clinic Plus	Equal variances assumed	0.052292	0.819808	-0.18123	68	0.856727
	Equal variances not assumed			-0.1808	52.20765	0.857227
Meera	Equal variances assumed	1.169318	0.283361	-0.54135	68	0.590038
	Equal variances not assumed			-0.50721	42.77938	0.614613
Head and Shoulder	Equal variances assumed	1.434906	0.235124	-0.61549	68	0.540284
	Equal variances not assumed			-0.5992	48.32474	0.551837
Garnier	Equal variances assumed	5.211448	0.02557	1.079099	68	0.284356
	Equal variances not assumed			1.216031	67.88975	0.228184
Dove	Equal variances assumed	4.316527	0.041523	0.985054	68	0.32809
	Equal variances not assumed			1.065103	64.65973	0.290791
Revlon	Equal variances assumed	5.304	0.024342	1.096686	68	0.276647
	Equal variances not assumed			1.43095	43	0.159672
Himalaya	Equal variances assumed	2.462715	0.121219	0.766404	68	0.446088
	Equal variances not assumed			1	43	0.322905
Loreal	Equal variances assumed	0.567302	0.453933	-0.3767	68	0.707569
	Equal variances not assumed			-0.3522	42.49451	0.726431
Nyle	Equal variances assumed	1.169318	0.283361	-0.54135	68	0.590038
	Equal variances not assumed			-0.50721	42.77938	0.614613

Treseme	Equal variances assumed	0.567302	0.453933	-0.3767	68	0.707569
	Equal variances not assumed			-0.3522	42.49451	0.726431
DaburVatika	Equal variances assumed	2.558723	0.114324	-0.8526	68	0.396877
	Equal variances not assumed			-0.83022	48.35946	0.410496
Patanjali	Equal variances assumed	0.076106	0.783483	0.137592	68	0.890969
	Equal variances not assumed			0.140188	55.67631	0.889017
Livon	Equal variances assumed	2.462715	0.121219	0.766404	68	0.446088
	Equal variances not assumed			1	43	0.322905
Aqua	Equal variances assumed	2.462715	0.121219	0.766404	68	0.446088
	Equal variances not assumed			1	43	0.322905
Hair Oil						
Jasmine	Equal variances assumed	0.004389	0.947376	-0.03318	68	0.97363
	Equal variances not assumed			-0.03306	52.02373	0.973752
DaburAmla	Equal variances assumed	1.007074	0.319162	-0.60972	68	0.544077
	Equal variances not assumed			-0.60471	51.25574	0.548041
Bajaj Almond Drop	Equal variances assumed	3.130932	0.081303	0.840486	68	0.403581
	Equal variances not assumed			0.852647	54.96152	0.397555
Mahabringraj	Equal variances assumed	5.924404	0.017564	-1.22016	68	0.22662
	Equal variances not assumed			-1.12423	40.60075	0.26752
Navratna	Equal variances assumed	0.13033	0.719209	0.178733	68	0.858679
	Equal variances not assumed			0.179632	53.42026	0.858121

Dove	Equal variances assumed	0.072865	0.788028	-0.13526	68	0.892809
	Equal variances not assumed			-0.13303	49.92141	0.894705
Himalaya	Equal variances assumed	8.149129	0.005706	1.316763	68	0.192339
	Equal variances not assumed			1.507419	67.91611	0.136341
Patanjali	Equal variances assumed	7.420635	0.008188	-1.30756	68	0.195426
	Equal variances not assumed			-1	25	0.326892
BAPS oil	Equal variances assumed	8.605619	0.004565	1.359442	68	0.178498
	Equal variances not assumed			1.773793	43	0.083179
Sessa Oil	Equal variances assumed	29.49257	8.14E-07	-2.36118	68	0.021089
	Equal variances not assumed			-1.80579	25	0.083008
Castor oil	Equal variances assumed	0.567302	0.453933	-0.3767	68	0.707569
	Equal variances not assumed			-0.3522	42.49451	0.726431
DaburVatika	Equal variances assumed	0.989313	0.323437	0.488463	68	0.626793
	Equal variances not assumed			0.509974	59.65132	0.611952
Parachute	Equal variances assumed	10.60554	0.00176	-1.62308	68	0.1092
	Equal variances not assumed			-1.47241	38.71633	0.148993
Hair Gel						
Set Wet	Equal variances assumed	0.16682	0.684237	1.678326	68	0.097874
	Equal variances not assumed			1.679394	52.70118	0.098995
Loreal	Equal variances assumed	0.483692	0.489125	-0.35149	68	0.726307
	Equal variances not assumed			-0.34399	49.14219	0.732318

Alovera	Equal variances assumed	0.418912	0.519659	-0.32533	68	0.745934
	Equal variances not assumed			-0.31585	47.90518	0.753488
Park Avenue	Equal variances assumed	2.848756	0.096027	0.815387	68	0.417698
	Equal variances not assumed			0.899302	66.70138	0.371727
Hair Dye and colour						
Garnier	Equal variances assumed	0.03289	0.856627	0.090036	68	0.928523
	Equal variances not assumed			0.09006	52.64032	0.928581
Indica	Equal variances assumed	2.89117	0.093636	0.804656	68	0.423823
	Equal variances not assumed			0.820102	55.72999	0.415652
Colour Mate	Equal variances assumed	1.281158	0.26166	0.54864	68	0.585049
	Equal variances not assumed			0.561059	56.28648	0.576984
Loreal	Equal variances assumed	5.304	0.024342	1.096686	68	0.276647
	Equal variances not assumed			1.43095	43	0.159672
Godrej	Equal variances assumed	8.930242	0.0039	1.359012	68	0.178633
	Equal variances not assumed			1.465003	64.28484	0.147794
Vasmol	Equal variances assumed	22.49464	1.12E-05	1.99699	68	0.04983
	Equal variances not assumed			2.605662	43	0.012546
Mahendi	Equal variances assumed	2.475921	0.120243	-0.79182	68	0.43122
	Equal variances not assumed			-0.7454	43.42185	0.460045
Streax	Equal variances assumed	0.076106	0.783483	0.137592	68	0.890969
	Equal variances not assumed			0.140188	55.67631	0.889017

It can be observed from the above table that there is quite difference of preference for hair care products between male and female in Anand district. With the help of two samples t- test, it

has been found that female are significantly different than male consumers in their hair care brands such as chick shampoo, Sessa Oil, and Vasmol hair dye and colour.

Conclusion

The study concluded that majority of the respondents have been found under the age group of the 15- 30 years, it can be said that as being young their choice might be difference perspective to selection and preference of hair care brands. Affordability or the yearly budget of the rural consumers also affect to the purchasing decisions of branded products as most of the rural consumers have been found under the lowest income group. Most of the respondents have been found as student, so the level of awareness, preference and strong understanding of using a particular brand have been found different compared to the age group of others. Professionally it has been found few consumers who hold good profession or occupation. so low income have been found as major obstacle behind nt to use the branded products. As the mentality of the rural consumers and being price sensitive they would like to use Chik, Clinic plus, Dabur Vatika, Sunsilk, etc. as they all are available in according to their convenient size. Dabur Amla, Navratna and Bajaj almond drop hair oil have been found most convenient to use for the rural consumers. The study revealed that most of the rural consumers would not like to use of hair gel. Only the students have been found to use set wet hair gel rural consumers have been aware about the Brands like Garnier, Godrej, and Vasmol for the purpose of hair dye and hair color. Most of the consumers have been associated strongly with the above stated brands for last more than two years which shows the familiarity and the Brand loyalty of the particular product of hair care. Usually rural consumers would like to buy these products daily as per their convenience. The quality aspect of being loyal to the specific brand has been found as one of the major reason. Of course the affordability and availability of the products couldn't

be considered as negligible one. Television advertisement has been found as one of the major source for the brand awareness. Friends and relatives and other social media also plays a major role for creating brand awareness among rural consumers. It can be clearly shown from the above stated test that there is a major difference between awareness of hair care product between male and female because female has always been in touch compare to male to take care of hair.

References

1. Anupam Jain and Meenakshi Sharma (2012), Brand Awareness and Customer Preferences for FMCG Products in Rural Market : An Empirical Study on the Rural Market of Garhwal Region, VSRD International Journal Of Business & Management Research, VSRD-IJBMR, Vol. 2 (8), pp 434-443.
2. B.V.N.G. ChandraSekhar (2012) Consumer Buying Behaviour and Brand Loyalty in Rural Markets: FMCG, IOSR Journal of Business and Management (IOSRJBM), Volume 3, Issue 2 (July-Aug.), PP 50-67.
3. Bhimrao M. Ghodeswar, (2012) Building brand identity in competitive markets: a conceptual model, IOSR Journal of Business and Management (IOSRJBM), Volume 3, Issue 2 (July-Aug. 2012), PP 50-67. www.iosrjournals.org
4. Denford Chimboza and Edward Mutandwa (2007), Measuring the determinants of brand preference in a dairy product market, African Journal of Business Management Vol. 1 (9), December, pp. 230-237. 2007
5. <http://www.hindu.com/businessline/iw/2001/01/21/stories/0521e051.htm>
6. <http://www.iiimahd.ernet.in/icmpee2005/MktgConfProceeds.pdf>.

7. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3449346/>
8. Liping A. Cai (2002), Cooperative Branding For Rural Destinations, Purdue University, USA Annals of Tourism Research, Vol. 29, No. 3, pp. 720–742.
9. Md.EnayetHossain (2007)An Evaluation of Brands Image, Product Attributes and Perceived Quality of aSelected Consumer Non-durable Product Administration and Management Review, Volume 19, No.2, August, Pp. 55.
10. S.Rameshkumar, Managing Indian Brands Marketing Concepts & Strategies, Second Edition, Vikas Publication.
11. Surinder Singh Kundu (2013), Customers' Perception towards the Fast Moving Consumer Goods in Rural Market: An Analysis, International Journal of Techno-Management Research, Vol. 01, Issue 02, September.
12. www.zenithresearch.org.in

Dr. Hitesh Vyas, Head and Associate Professor, M.J. College of Commerce and Management, Maharaja Krishnakumarsnhji Bhavnagar University, Bhavnagar

Kirit Chavda, Research Scholar M.J. College of Commerce and Management Maharaja Krishnakumarsnhji Bhavnagar University, Bhavnagar
kiritchavda_schola@yahoo.com

Steps Taken By Government to Develop Women Entrepreneurs in India and Expectations of Women Entrepreneurs

Ms. Joe Mary George & Dr. Sanjay R Ajmeri

Abstract

Traditionally 'business' has remained the territory of men in India and also in foreign countries.

With the advent of the modern era, women have redefined themselves adding a myriad of aspects

in their outlook and concerns. The government of India also realized that to get the tag name as

"a developed country" the total population must contribute for the economic development of the country. Out of the total population women comprises of more than 50 per cent. The remaining

50 per cent alone cannot make up the target. Therefore the government of India and the state governments have initiated various schemes and plans for women entrepreneurs for the growth

and development. The present paper focuses on the various government initiatives and schemes for women entrepreneurs.

Key Words: Women Empower, Women Entrepreneur

Introduction:

The government of India and the state governments have initiated various schemes and plans for women entrepreneurs. Traditionally 'business' has remained the territory of men in India and also in foreign countries. With the advent of the modern era, women have redefined themselves adding a myriad of aspects in their outlook and concerns. They have tried their best to carve out a place for them in the Indian social fabric. Some of the women have really mastered the art of 'Killing the Angel in the House'. In the male dominated society they have been able to lay down lanes for them, inspiring other women to follow. In the words of Virginia Woolf, they have owned a room in the male dominated house. There she says that women are in need of help to 'furnish the room'. The governments at union and state levels started helping women entrepreneurship from First Five Year Plan. Since then a number of programs have been introduced and implemented enhancing and empowering women socially and economically.

The Need to Empower Women Entrepreneurs:

Since time immemorial we, in India, have been living in patriarchal society. It has denied a myriad of opportunities to the 'fair-sex'. As a result, women have been lurking too far behind the men in almost all the fields. They have been assigned the household chores and other odd, often thankless, duties of families. In some of the communities they have been leading life as painful as 'slaves' even in this age of advanced technologies and egalitarian thinking. The reason why India has lag behind, even though it has the biggest man-force, is that we have failed to utilize our manpower the way it has been put to use by the advanced nations. Women constitute roughly 50% of

the nation's population and a majority of them remain economically dependent, without employment. Empowering women, giving women enough opportunities to show their worth, is the major concern of the government right now. The growth and development of women entrepreneurs are required to be accelerated because entrepreneurial development is not possible without the participation of women. Therefore, a congenial environment is needed to be created to enable women to participate actively in the entrepreneurial activities. There is a need of Government, non-Government, NGOs, SHGs, Women Associations, promotional and regulatory agencies to come forward and play the supportive role in promoting the women entrepreneurship in India.

Objectives and Methodology of the Study:

The present research paper is based on secondary data extracted from research papers and documents published in journals, magazines, newspapers and government reports.

Objectives:

1. To study the factors encouraging women to become entrepreneurs
2. To study the steps taken by the government to enhance women entrepreneurship
3. To study the impact of the government initiatives to enhance women entrepreneurship

Factors Encouraging Women to Become Entrepreneurs

The modern era has revolutionized the concept of 'womanhood'. Formerly, womanhood was motherhood. The modern era has revolutionized the whole concept of 'woman' today. In fact, women themselves have contributed immensely in evolving the new concept. The new era, with all new ways of life, have given new avenues, opportunities and also needs for women to venture into the

realms once dominated by men. The factors encouraging women to become entrepreneurs are as under.

- Flexibility with time
- Frustrated with working for other people or large corporations
- Wanted more control over income
- Wanted to challenge themselves professionally and personally
- Unemployment
- Self Interest
- Self-Prestige
- Encouragement from Family Members
- Use of Idle Funds
- Infrastructural Facilities
- Entrepreneurial Experience
- Social Status
- Family Background
- Increasing support and Help from the Government and Non-Governmental Organisations

Steps Taken by Government for Women Entrepreneurship Development

The government of India has taken a number of steps for the development of the women entrepreneurship in India. The Government has also taken a few steps to ensure that women are properly educated, informed and guided about entrepreneurship and the countless opportunities it has to offer. Here is what the Government is doing to help women start their own businesses. The government of India started programs for the empowerment of women from the first five year plan.

The First Five-Year Plan (1951-56) envisaged a number of welfare measures for women. Establishment of the Central Social Welfare Board, organization of Mahila Mandals and the Community Development Programmes were a few steps in this direction.

In the second Five-Year Plan (1956-61), the empowerment of women was closely

linked with the overall approach of intensive agricultural development programmes.

The Third and Fourth Five-Year Plans (1961-66 and 1969-74) supported female education as a major welfare measure.

The Fifth Five-Year Plan (1974-79) emphasized training of women, who were in need of income and protection. This plan coincided with International Women's Decade and the submission of Report of the Committee on the Status of Women in India. In 1976, Women's welfare and Development Bureau was set up under the Ministry of Social Welfare.

The Sixth Five-Year Plan (1980-85) saw a definite shift from welfare to development. It recognized women's lack of access to resources as a critical factor impeding their growth.

The Seventh Five-Year Plan (1985-90) emphasized the need for gender equality and empowerment. For the first time, emphasis was placed upon qualitative aspects such as inculcation of confidence, generation of awareness with regards, to rights and training in skills for better employment.

The Eight Five-Year Plan (1992-97) focused on empowering women, especially at the grass roots level, through Panchayat Raj Institutions.

The Ninth Five-Year Plan (1997-2002) adopted a strategy of women's component plan, under which not less than 30 percent of funds/benefits were earmarked for women-specific programmes.

The Tenth Five-Year Plan (2002-07) aims at empowering women through translating the recently adopted National Policy for Empowerment of Women (2001) into action and ensuring Survival, Protection and Development of women and children through rights based approach.

The Eleventh Five Year Plan (2007 – 2012) document says that the extent of empowerment of women in the national hierarchy is

determined largely by the three factors – her economic, social and political identity and their weightage. Therefore for holistic empowerment of the woman to happen - social, economic and political aspects impacting a woman's life must converge effectively.

The Twelfth Five Year Plan(2012-2017)is pushing for special dispensation for single women, particularly those who are single by choice, under various government schemes in the 12th five year plan. In addition to reserving a certain percentage of jobs for single women under centrally sponsored schemes, the plan has proposed promoting and strengthening federations of single women at the block and district level.

Government Schemes for Women Empowerment

1. BetiBachaoBetiPadhao Scheme
2. One Stop Centre Scheme
3. Women Helpline Scheme
4. UJJAWALA : A Comprehensive Scheme for Prevention of trafficking and Rescue, Rehabilitation and Re-integration of Victims of Trafficking and Commercial Sexual Exploitation
5. Working Women Hostel
6. Rajiv Gandhi National Creche Scheme For the Children of Working Mothers
7. Ministry approves new projects under Ujjawala Scheme and continues existing projects
8. SWADHAR Greh (A Scheme for Women in Difficult Circumstances)
9. Revision under IGMSY in Accordance with National Food Security Act, 2013 in XIIth Plan
10. Support to Training and Employment Programme for Women (STEP)
11. NARI SHAKTI PURASKAR
12. Awardees of Stree Shakti Puruskar, 2014 & Awardees of Nari Shakti Puruskar

13. Awardees of RajyaMahila Samman & Zila Mahila Samman
14. Archived Maternity Benefit Programme
15. Mahila police Volunteers
16. Mahila E-Haat

Impact of Government Initiatives and Expectations of Women Entrepreneurs

Women entrepreneurs and leaders seem to be not so happy and satisfied with the initiatives taken by the government so far. They expect not ‘alms’ but ‘support’ in the real sense. Though the government has initiated a number of programs and schemes for the development of women entrepreneurs in India, a very few women entrepreneurs in urban areas are aware of the government initiatives and schemes for the development of women entrepreneurship.

On the other hand, most of the women doing business in rural areas are hardly aware of the government initiatives. The women in MSME face the same age-old problems like finance, family problems, low confidence, social barriers, lack of proper training etc. In addition, lack of information and experience, non-availability of raw material, lack of professional marketing expertise, discrimination against women in granting loans, lack of technical assistance and guidance and overall lack of awareness of the different types of facilities available to them are other hurdles faced by women. Banks and other financial institutions lack faith in women’s entrepreneurial abilities.

Some of the leading women entrepreneurs have their own rational thinking and views with respect to the development of women entrepreneurship in India. They have specified expectations from the government. The expectations are not far-fetched, but rather essential to make the country’s economy strong. Women need to be equal contributors and this will become a reality if the central government chooses to reach out to this demographic.

SaireeChahal, Founder and CEO of SHEROES, a career destination platform for women, says that they look forward to more investments in healthcare and education sector. It would also be nice to see some work in reducing tax on women entrepreneurial activities and making the items affordable for them.

Founder of Moya, Rashmi Singh says, “Some perks and benefits for the salaried class and entrepreneurs who mostly belong to middle and upper middle class would really help a lot! We are just endless taxpayers with literally no return on it! A relaxed taxation policy on startups other than IT would be welcome.”

Aditi Balbir, Founder of V Resorts which provide offbeat stays to travellers, says, “I want the impossible – people who travel to offbeat places and contribute towards local economy should get their travel expenses deduction under 80 C! If someone wanted to boost domestic travel, this would be the way.”

According to Usha, Co-founder of SHAH Fund, a VC fund by women and for women, though the government has provided concessions to budding entrepreneurs, including women startups, the tax incentive schemes for Startup India have to be simplified for implementation.

Conclusion

The government sponsored development activities have benefited only a small section of women i.e. the urban middle class women. There should be separate approaches for urban and rural women entrepreneurs. The urban women entrepreneurs avail government support for them. They don’t want micro finance now. They look for a modified system of taxation for them. The problem with rural areas can be solved only through micro-finance. The pressing need for this is to increase the literacy rate of women across the country and also arrange seminars, workshops, etc. to enlighten women about the current scenario. This can help women to reach out to the right authority and audience which otherwise is not

achieved due to lack to resources. Moreover, men should also encourage their female counterparts in the best possible ways. The Indian society and traditional mentality often shut doors in the face of women whenever they try to do something different. It is the need of the hour to do something essential instead of making announcements of schemes for political mileage only.

References

1. Dubey Tanvi, Budget 2017, What Women Leaders and Entrepreneurs Want This Year.
2. Pal Satarupa. "Women in twelfth five year plan in India:An Analysis" A journal of Humanities & Social Science, July 2013 Volume-II, Issue-I P.121-127
3. Pujari Aadishree, Women Entrepreneurship – Steps Taken By The Government To Promote Women Entrepreneurs, 2016
4. S Hariharaputhiran, Women Entrepreneurship Scenarioin India in International Journal of Business and Administration, 2014
5. Shokeen Seema and Banwari Vijeta (2006-07), Promotion of Women Entrepreneurs – An Analysis
6. www.cbsmohali.org/img/three.pdf
7. <http://techstory.in>
8. <http://www.publishyourarticles.net/eng/articles2/step-taken-by-government-to-develop-women-entrepreneurs-in-india/2735>
9. <http://www.publishyourarticles.net>
10. <https://yourstory.com/2017/01/budget-2017-women-entrepreneurs>
11. <http://studymoose.com/women-entrepreneur-essay>
12. <https://www.scribd.com/doc/32063037/1-Concept-of-Entrepreneur-Entrepreneurship>
13. <http://www.jimssouthdelhi.com/sm/BBA6/ED.pdf>
14. <http://www.simplynotes.in/e-notes/mbabba/entrepreneurship-development/importance-of-entrepreneurship>
15. <http://www.preservearticles.com/201101143326/role-of-an-entrepreneur-in-economic-development.html>

Ms. Joe Marry George

Assistant Professor, SEMCOM
joemarry_george@yahoo.co.in

Dr. Sanjay R Ajmeri

Associate Professor, BJVM College, Vallabh Vidyanagar

A Research Paper on Role of FDI in Service Sector in growth of GDP of India.

Sima Patel

Abstract

Foreign Direct Investment (FDI) is measured as a very significant source of economic growth in developing countries. The growth of economic activity and the rise in FDI in recent years has forced a huge deal of research into impact on Gross Domestic Product (GDP). This experiential study reviews both Quantitative approaches explaining international Foreign Direct investment in service sector and its impact on GDP of Service sector. FDI in service sector improve the facilities like business services, services associated with constructions, trade, transport, hotel and restaurants, storage and communication, real estate, financing, insurance and community services. The experimental analysis suggests that there is negative correlation between the variables. Negative relations explain that increase in GDP in service sector is influenced by other factors and not only the inflow of FDI in service sector. There is more possibility of research considering other economic factors like growth in demand of the Service Sector, Government initiatives in FDI.

Keywords :

FDI, Service Sector, GDP

Objective of the Study

The main objective of this study is to examine the role of Foreign Direct Investment in Service Sector and its impact on GDP in service sector.

Literature Review

There are a significant number of studies which identified a positive correlation between FDI and economic growth, both in developed and developing countries. It is found that service sector impact on economic growth, one is service sector helped in economic growth and on the other side service sector is depended the conservative commodities producing sectors like mining, agriculture and manufacturing (Glasmeyer & Marie, 1993). Although since 1950 empirical finding suggests that influenced sector in developed countries is service sector (Warton, 1974). Superiority of service sector accounts to two thirds of employment and production in developed countries, in addition the relationship of service sector and economic growth depends on the size of sector and its effectiveness in economic activity (Economic council of Canada, 1991). Service sector is based on export oriented if measure up to to merchandise producing sector and cause to decline in growth of trading associate (Mansell, 1985). The service sector played important role in national competitiveness schedule its due to strong connection with rest of economy, development is closely connected with service which not directly linked with human capital. As economic growth rose with service sector growth so there is Positive relationship between the service sector and economic growth (Hoekman & F. Eschenbach, 2005). Telecommunication, finance and transport are the main resource of service sector which allowed business and open worldwide market rivalry (Arnold, Mattoo, & Narciso, 2008). India covering insurance, banking,

telecommunication and transport enhanced their services policies which lead to develop in manufacture efficiency, this is the another way that service sector has taken part in improving economic effectiveness, therefore service sector play significant role in the expansion of economy directly and indirectly (Arnold J. , Javorcik, Lipscomb, & Mattoo, 2010) . Prompt productivity growth related with those service sectors which were supplementary release to international rivalry (Miroudot, Sauvage, & Shepherd, 2010). Foreign Direct Investment (FDI), financial markets, and economic growth linked amongst each other. It is been analyzed whether countries with better economic systems can make use of FDI more powerfully. FDI alone plays an indefinite role in contributing to economic development. However, countries with well-developed financial markets gain considerably from FDI. The results were vigorous to different method of financial market development, the addition of other determinants of economic growth can also taken in concern (Alfaro, Chanda, Kalemli Ozcan, & Sayek, 2010).

Introduction

The services sector is not only the principal sector in India's GDP, but has also attracted considerable foreign investment inflows, contributed extensively to exports as well as provided foremost employment. The services sector is the means of India's economic growth. India's services sector include a wide variety of activities such as business services, services associated with constructions, trade, transport, hotel and restaurants, storage and communication, real estate, financing, insurance and community services. According to the Department of Industrial Policy and Promotion (DIPP), The Indian services sector which includes financial, non-financial/business, banking, insurance, outsourcing, research and development, courier and technical test analysis, has attracted the highest amount of FDI equity inflows about

US\$ 58.345 billion which is about 17.99% of the total foreign inflows in the period April 2000-December 2016 (FDI Fact Sheet, 2000-2016). The services sector contributed almost 66.1% of its gross value added growth in 2015-16 becoming the significant net foreign exchange earner and the most attractive sector for FDI inflows (Economic Survey , 2015-16). KPMG says India is currently the second fastest growing services economy in the world. The government is paying attention on the services sector which contributes 53% of the country's Gross Domestic Product, 51% of foreign direct investment and 28% of employment. The government had earlier stated that almost 50% of its current account deficit was met from exports in services (Tax Flash News, 2016). As per the report generated at the second Global Exhibition on Services, India's services sector contributed about 61% to India's Gross Domestic Product, growing strongly at approximately 10% per annum in 2015-16 (GES Show Report, 2016).

As per the DIPP statistics, India is in the eighth place currently amongst the top ten exporters of service in the world. Information technology, in which the country is a global leader, accounted for \$ 108 billion worth of services exports in the last financial year, exporting primarily to the United States, United Kingdom and Europe. The report also pointed to the large growth in the tourism sector's, whose contribution to GDP was \$125.2 billion in 2014, and is expected to reach \$ 259 billion in 2025 (accounting for 7.6 per cent of India's GDP). Other sectors like healthcare and logistics have also performing very good. The healthcare sector, attracting medical tourism from western nations and parts of South East Asia is expected to reach \$160 billion in 2017, accounting for about 4.2 per cent of GDP, and is poised to grow to \$280 billion by 2020. On the other hand, the logistics market, currently valued at \$123 billion, is poised to reach \$160 billion by 2018, growing at a CAGR of about 9 per cent.

GDP is a very strong measure to test the economic strength of a country. It reflects the total of the production of a country, all purchases of goods and services produced by a country and services used by individuals, firms, foreigners and the governing bodies.

The Gross Domestic Product in the country like India is experiencing a faster rate of expansion in the recent years. In connection to the composition of GDP, the percentage shares of various sectors have mostly changed. The percentage share of the agriculture in the total GDP has turn down; on the opposing the percentage share of services in the GDP is growing faster. With this move, the Indian economy which was considered to be agriculture based economy but with economic reforms of 1991, has become principally services-based.

Research Methodology

Data and Variable

A lot of research has been done in order to understand the impact of FDI on the economic growth. In this study we have collected the data set from the databank of DIPP for the FDI Inflow in service sector. The data set consists of FDI inflow (US\$ million) and Percentage growth of GDP (in Service Sector) through FDI. The data set is annual and covers the time period of 2006-2016.

Hypothesis:

Null Hypothesis: FDI in Service Sector do not have positive impact on GDP in Service Sector.

Alternate Hypothesis: FDI in Service Sector have positive impact on GDP in Service Sector.

Problem Formulation

The major objective of this paper is to analyze the impact of FDI inflows on the GDP growth in India especially in service sector. To estimate whether the relativity between FDI inflows and GDP (in Service Sector)

is positive or not, we have used correlation analyses. And to analyze its collision, we have used regression model. For this growth model which takes the form as:

$$GDP = f(FDI) \dots(1)$$

where,

GDP as a dependent variable represents percentage growth of GDP (in service sector) through FDI.

FDI is the foreign direct investment inflow in India, which is explanatory variable.

Methodology of the Research Work

Correlation Analysis

We used the technique of correlation to test the statistical significance of the association between FDI and GDP (in service sector). Correlation helps to measures the strength and direction of a linear association between two variables. For X variable represent FDI inflow in service sector and Y represent % of GDP in service sector, the correlation coefficient between them is given by

$$r = \frac{\sum(X - \bar{X})(Y - \bar{Y})}{\sqrt{\sum(X - \bar{X})^2 \sum(Y - \bar{Y})^2}} \dots (2)$$

	Amt. in Rs. Million (X)	Share in % (Y) GDP
Amt. in Rs. Million (X)	1	
Share in % (Y) GDP	-0.015874942	1

Two variables can be positively correlated or negatively correlated. Here, correlation is less than 0.10 which shows relationship between Inflow of FDI in service sector and growth of GDP is very weak.

Regression Analysis

Regression analysis is one of the most commonly used statistical techniques used in almost all fields. Its main objective is to explore the relationship between a dependent variable and one or more independent

variables (which are also called predictor or explanatory variables).

Linear regression explores relationships that can be readily described by straight lines or their generalization to many dimensions. In our case the link between Economic Growth (measured in terms of GDP growth in service sector) and foreign direct investment in India described by using Linear Regression Model. $GDP = a + byx (FDI) \dots(3)$

where,

FDI Foreign Direct Investment, net inflow which is the explanatory variable

GDP Gross Domestic Product which is the dependent variable.

a Intercepts the Y-axis.

b Regression Coefficient (to be estimated) measures how much units of GDP would be changed with a unit change in FDI.

Regression Statistics

Multiple R	0.015874942
R Square	0.000252014
Adjusted R Square	-0.110831096
Standard Error	2.683959514
Observations	11

ANOVA

	df	SS	MS	F	Significance F
Regression	1	0.016342865	0.016343	0.002268696	0.963050675
Residual	9	64.83274804	7.203639		
Total	10	64.84909091			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	54.35970634	1.65563404	32.83317	1.1099E-10	50.61440195	58.10501074	50.61440195	58.10501074
Amt. in Rs. Million (X)	-2.51658E-07	5.28351E-06	-0.04763	0.963050675	-1.22038E-05	1.17005E-05	-1.22038E-05	1.17005E-05

Recommendation

The regression analysis has been used to illustrate the accuracy between dependent (GDP in service sector) and independent variables (FDI in service sector). If the R-square value is more than 50 percent it is used to represent as significant and if the R-square is less than 50 percent it is used to represent as insignificant. The regression result of Foreign Direct investment in Service Sector and GDP in Service Sector in India shows negative correlation. The regression coefficient value is -0.015874942 between foreign direct investment in service sector and GDP in service sector. The R value 0.015874942 and R square value 0.000252014 evidently lower than the level. It means the foreign direct investment (independent variable) is not influences

to the dependent variable GDP during the study period. Negative relations explain that increase in GDP in service sector is influenced by other factors as well and not only the inflow of FDI in service sector. R square equals to 0.000252014 which is not good fit. Significance F (p value) is 0.963050675 which is higher than 0.05 which interpret we cannot reject the null hypothesis. A insignificant p value suggest that changes in Inflow of FDI in service sector are not connected with GDP. There is more scope of research considering other economic factors like growth in demand of the Service Sector, Government initiatives in FDI etc.

Conclusion

The rapid growth and development of Service Sectors in India is a major global player to invest foreign money in this sector. The Service Sectors in India has experienced exponential growth over the past few years and has been an important contributor to economic growth. The services sector is not only the principal sector in India's GDP, but has also attracted considerable foreign investment inflows, contributed extensively to exports as well as provided foremost employment. GDP is a very strong measure to test the economic strength of a country. It reflects the total of the production of a country, all purchases of goods and services produced by a country and services used by individuals, firms, foreigners and the governing bodies. The percentage share of the agriculture in the total GDP has turn down; on the opposing the percentage share of services in the GDP is growing faster. Indian economy which was considered to be agriculture based economy but with economic reforms of 1991, has become principally services-based. The study observed that changes in Inflow of FDI in service sector are not connected with GDP. There is more scope of research considering other economic factors like growth in demand of the Service Sector, Government initiatives in FDI etc.

Bibliography

- Economic council of canada. (1991). Employment in the service sector. Ottawa, Canada: Ministry of Supply & Services.
- Alfaro, L., Chanda, A., Kalemli Ozcan, S., & and Sayek, S. (2010). How Does Foreign Direct Investment Promote Economic Growth? Exploring the Effects of Financial Markets on Linkages. *Journal of Development Economic* , Vol. 61.
- Arnold, J., Javorcik, B., Lipscomb, M., & Mattoo, A. (2010). Services reform and manufacturing performance : Evidence from India. Discussion Paper No. 8011, CEPR.
- Arnold, J., Mattoo, M., & Narciso, G. (2008). Services inputs and firm productivity in sub saharan Africa : Evidence from fFirm level data. *Journal of African Economies* , 578-599.
- Economic Survey . (2015-16). Retrieved from indiabudget.nic.in
- FDI Fact Sheet. (2000-2016). Retrieved from www.dipp.nic.in
- GES Show Report. (2016). Retrieved from www.gesdelhi.in
- Glasmeier, & Marie, A. H. (1993). Service led rural development. *International Regional Science Review* , 197-229.
- Hoekman, B., & F.Eschenbach. (2005). Services policy reform and economic growth in transition economies . Research working Paper No. 3663, World Bank.
- Mansell, R. (1985). The service sector and western economic growth. *Canadian Public policy*.
- Miroudot, S., Sauvage, J., & Shepherd, B. (2010). Measuring the cost of International trade in services. *GEM Sciences*.
- Tax Flash News. (2016, February). Retrieved from www.kpmg.com.in
- Warton, D. (1974). *The Service Industries in Canada*. Macmillan of Canada.

Sima Patel

Research Scholar, BAOU, Ahmedabad
Asst. Prof (BFSICOM),
Sardar Patel Education Trust, Anand
see_sfp@yahoo.com

Demonetisation and Its Impact on shell companies of Indian economy

Dr Saroj Vats

Abstract

8/11, 9/11, 26/11, all the dates are unforgettable till date for Indian people. Out of these one was fight against black money. The old currency notes were no more the legal tender as per declarations by Prime minister. It put the people in long queues across India. Narendra Modi is one of the Prime Ministers who dare to curb the black money. An initiative of Note bandhi is now justified as Note Badli. The current government is trying to encash demonetisation as a tool against corruption where as the opposition is attacking with reference to 99% deposit of cash in to banks. Reasons may be political but demonetisation was a courageous step. No doubt after demonetisation there is a significant increase in online transactions but whether the purpose is fulfilled?

This paper tries to find out the impact of demonetisation over Indian economy especially on shell companies. The current government is determined to curb corruption. But is demonetisation really helpful in curbing the black money though nailing of shell companies.

Key words:

Demonetization, Economy, Impact

Introduction

Demonetisation is a term when the present legal currency of any country is declared as an illegal tender either spontaneously or will be demolished after a period of time. Sometimes some government give time to exchange it, sometimes even time is not given. In India we saw both of the examples. Interestingly there were two demonetisation in this country and both of them are having their Gujarat connection. The first demonetization of Indian currency is related to Prime Minister Morar ji desai who cancelled big notes immediately just after he get a “ Note Maala” (as per Indian tradition and practice people greet politicians with a necklace made of big currency notes) from the diamond merchants in Gujarat. The second demonetisation which is done by Modi government resulted in hilarious movement in the whole country. Modi government gave at least 50 days time to get one’s note exchanged; the earlier government even did not gave that. Time is different and the purpose is also different for demonetisation. The basic reason of demonetisation is to nail the black money. The general tendency of people is to keep their unaccounted money in big notes as it is easy to carry and easy dispose. In India earlier in 1954 banknotes of Rs 1,000, Rs 5,000 and Rs 10,000 were reintroduced and all of them were demonetized in January 1978 as corruption, black marketing and food stock hoarding was increasing day by day. The whole society was fed up with it. In November, 2016 the situation was almost same. Real estate has become biggest place for shrouding the black money. Even in small cities it was its hype.. Poor and honest people just stopped dreaming of their own house as the conversion of black into white was easy in these real estate properties. There was a 50-50 or 60-40 trend was going on in all the sectors to hush up the black money. New currency note are issued which more secure than the old notes. Demonetization is not a new

concept. It has been tried by other countries of the world too. Ghana, Nigeria, Myanmar, Soviet Union, under the governance of Mikhail Gorbachev in 1991, the Soviet Union demonetized the higher bills, the 50s and 100s ruble bills. The move did not go well and resulted in takeover of Mikhail's leadership within eight months of the plan. In 2010, North Korea faced demonetization of which led to major economy breakdown as people were left to starve for basics. Surprisingly Norway is a country who never did demonetisation. This trend of demonetization is high in Asian countries rather than European countries though taxes are high in European countries. Majorly Indian economy is dependent on cash. Through people have their bank account and debit cards but there is merely use of debit card other than the withdrawal of cash from ATM. Less use of digital payment method hilted the economy hard as small vendors do not accept any other mode of payment except cash or better say they were not even having any! This immediate cash crunch crashed down the supply of necessary goods and services for a limited period of time. It was difficult for the Indians to accept the situation where their own cash is lying in bank but they can't withdraw it. All they can do is – digital payment. And half of the population is not knowing how to do it. People know ATM but CDM is not their cup of tea yet.

People were working with the house hold savings only and the FMCG sector was totally in trouble. Demand is on the floor but cash intensive industries faced much problem like- diamond polishing, real estate constructions, cement, retail, automobile(cars and two wheelers), civil aviation. Even e commerce companies get affected for a shorter period of time as there was no COD option in the websites. Later they connected it to the swiping machines.

Objectives of paper:

- To check overall impact of demonetization on shell companies as part of economy
- To cross verify all aspects of the demonetization.
- II. Research Methodology
- The data is totally secondary data in nature and collected from internet, different magazines and books.

Literature Review

E. Kamatchi Muthulakshmi, in their paper Impacts of Demonetisation on Indian Economy- Issues & Challenges,(2016), depicts Impact of demonetization on Indian economy-issues and challenges, that the short term impacts of demonetization creates liquidity crisis as the pile of old cash and lack of disburse of new notes is having a big gap. Due to the complexity in Indian economy structure and multi lateral issues demonization was a daring step. Same way one paper by Rao, Mukherjee, Kumar & Sengupta , tax research team, N.I.P.F.P. New Delhi, mentioned in their research paper, Demonetisation: Impact on the Economy, (Nov.,2016), that the potential credit creation and unaccounted cash is the big problem during demonetization. On the other hand it was helpful for the government to deal with this unaccounted cash as majority of the people did not come out of it. But the other side of the coin was, people took post paid cheques. Banking sector transition was a big issue. S. Patnaik, in his research paper, exploring the effects of demonetization India, (Nov., 2017),

Talks about the other side of the coin , he believes that Demonetisation may not be a huge disaster like the global banking sector crisis of 2007 which resulted in to a worldwide recession ; but at the same time, it will act as a liquidity shock that disturbs economic activities for a limited period of time . but

after a period of time it will accelerate the growth of economy.

Indian Sme Sector

India to the best of its economic, financial, banking and other such structure having a considerable large network of various companies, owing to government, private, public and such other forms.

Some companies may have had operations, but those may have shrunk due to unfavorable market conditions or company mismanagement. A shell corporation may also arise when a company's operations have been wound up, for example following a takeover, but the "shell" of the original company continues to exist

There are various companies on their own do not have significant assets and do not carry out any active business operations i.e. they existed merely to provide a veil of legitimacy to explain the huge amount of money flowing through the bank accounts, such companies are termed out as Shell Companies.

Why shell companies called so

Just like a shell, which has a thick outer covering, while the inside is hollow; Shell Company is a corporate entity without active business operations or significant assets. It is interesting to note that that shell corporations are not illegal. They are deliberate financial arrangements created to either avoid taxes or even promote startups. Most of the shell companies are registered in tax havens, where there is nil or low tax.

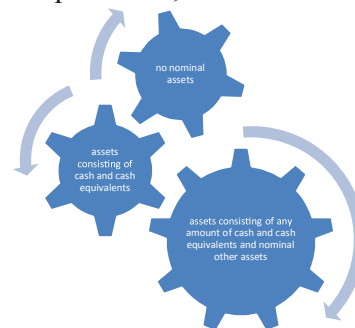
A shell company is a business that is meant to hold funds and manage another entity's financial transactions. Unlike traditional companies, shell corporations do not hire employees. They are not traded on exchanges and they neither make money nor provide customers with products or services. In fact, besides keeping track of the assets inside of them (which usually don't amount to much money), they do not participate in any other normal business practices.

Shell companies are used as vehicle by several large companies to either hideaway business title details from public or law enforcement. As a general conception, Shell Company deemed as an illegal entity has a legal framework, which though engages in illegitimate activities such as tax avoidance, tax evasion, money laundering, terror financing etc.

Shell companies are becoming a more widely used global fraud tool and every anti-fraud professional from every country should expect to come across a shell company at least once in their career. Shell companies nicknamed as- 'Phantom Companies', 'Anonymous Companies', and 'Ghost Companies'.

The traditional definition of a Shell company is essentially a non-trading company which is used as a house for financial manoeuvres.

In India, Shell companies have not been defined in law. However, "Securities Act Rule 405 and Exchange Act Rule 12b-2 [enacted in USA] define a Shell Company as a company, other than an asset-backed issuer, with no or nominal operations; and either:



Now, we are at a good stage to understand what a shell company is and how it defines. So it is virtuous to move ahead to understand what is a nature of shell companies, what are characteristics of shell companies and in addition to such depth consideration about shell companies.

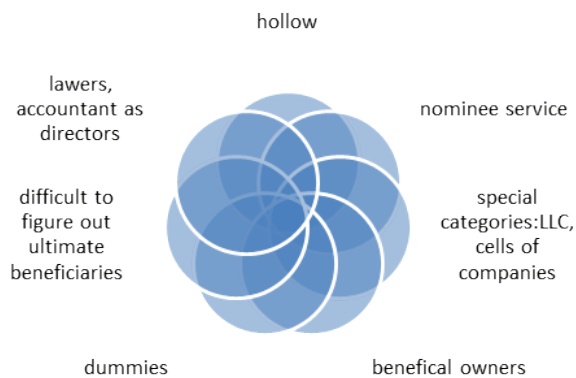
How the shell companies can be created-

Shell companies include multiple layers of companies that have been created for the purpose of diverting money or for money laundering. As per the meaning and definition of shell companies discussed above we

derived to a specific nature of shell companies which is disclosed below;

- Shell corporations are legitimate, legal entities that do not possess actual assets or run business operations.
- They function as transactional vehicles for a variety of firms and for a myriad of purposes.
- Generally, they are used to obtain financing, maintain control over a conglomerate company, allow firms more favorable tax treatment, and occasionally facilitate money laundering as well as other illegal activities.
- Shell companies are often set up to mask the identity of whoever stashes their assets within them. So while they may seem like regular businesses (at least on paper), in reality they're only shells.
- Shell companies remain untraceable and happen to be the vehicle of choice for money launderers, bribe givers and takers, tax evaders and financiers of terrorism.

Why it is difficult to trace them:

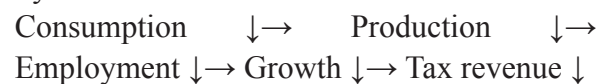


Structure of shell companies:

Indian MSME sector contains 45 % of the industrial GDP, 40% of export is through this sector. But it is source of job creation and present employment too. It gives employment to six crore people in overall India where as 13 crore job annually. Indian textile is having 5 % of share in global market. But it is a labor intensive industry where people are unskilled and daily wagers there are nearly 30 million

SMEs in India, 12 million people are expected to join the workforce in the next three years and the sector will grow at a conservative rate of 8%. Unlike USA Indian MSME having their employee in range of 300 to 500 persons. In India, half of the SME's are private limited firms. Some of them are registered recently. they are making products exclusively for retails chains in Europe and USA. There is an increasing trend seen in US imports that demands from India. But Indian SME sector needs to develop, grow and mature a lot more to start contributing to the core growth story in India. Barring a few sectors like Automotive and select engineering there are no other sectors that can take pride of being robust, dependable and quality focused SMEs which can make for a good supply chain contributor to the sector. India has lately begun to understand that SMEs are the prime movers of growth.

Demonetization has impacted the SME sector in its present form. In the short-term it will have created a lot of uncertainties, but the long-term impact will be positive. In the medium to long-term a lot of SMEs will come into the 'formal' economy. Investments in the SME sector will look up and that will drive overall economic acceleration in the country. System works as



In the Indian context SMEs are primarily companies that do not have more than Rs. 6-7 crore in capital investments. They are primarily family owned, flexible and acutely profit focused businesses. Not much is invested on proactive development and compliance. Decision making is centralized and business practices are predominantly informal. Commercial transactions involve an element of cash both at the input and output points of the business. Some sectors like entertainment, restaurants, tourism, unorganized retail, and agriculture are extremely informal

Business practices in SME need to change with demonetization

Demonetization came like a nightmare to the SME sector. SME sector is like the backbone of the economy. The economy is direct hit by movement in SME because major business class is related to this. The shop keepers, food and beverages, health care and grocery are the few names which are part of Indian SME sector. One would be surprised to know that majority of SME sector deals in cash. Cheques are not easily accepted due to

frauds and dishonor. These people work at a small scale so going to banks is not their cup of tea. Secondly if one business man would like to go for cash less transactions the other denies. Actually this sector is a easy source of curbing the black money. There is demand push and cost push elements of this sector. The major demand in this sector is unrecorded. This sector is basically labor intensive not technology Intensive. So the advantage is taken by shell companies. Major shell companies were found in the following sectors.

Sectors Segments	Betting	Hospitality	Real Estate	Jewellery	Consumer Goods
Size of the Economy	Rs. 3 lakh crore (2012)	Rs. 2.38 lakh crore (2013)	Rs. 6.5 lakh crore (2014)	Rs. 3.1 lakh crore- Including Gems (2015)	Rs. 83,127 crore (2016)
% of GDP	No estimate	2	11	6-7	2.5
How much 'Black' (%)	100%	No estimate	30% of a transaction (Jan- June 2012)	70-80% of transactions	Over 50% of Indian consumer market's revenue is unreported.
Impact	Without unaccounted cash, match fixing will not be possible.	Mid-sized establishments ask customers to pay part of the bill in cash. It makes part of the transaction untraceable.	Black component in property buying would end. Tax evasion controlled.	Converting black money into gold will be curbed	Transactions with the end customers are in cash, most of which go unaccounted for. Fake product makers dodge taxes, which cannot be done more.

Source- Times of India, Ahmadabad addition, 18th jan., 2017

Impact of demonetisation on shell companies-

Reduction in the number of shell companies. As per records –

Month	Number of companies
May, 2017	3,05,386
June, 2017	4,09,188
Number of companies closed down in a month	1,03,802
Source- dainik bhaskar, 15th July, 2017	

These companies were involved in corporate tax evasion by politicians, businessman and bureaucrats, due to strict attitude of present government they themselves are closing down these companies.

Modi government hit the shell so hard that the bureaucrats, politicians and black money

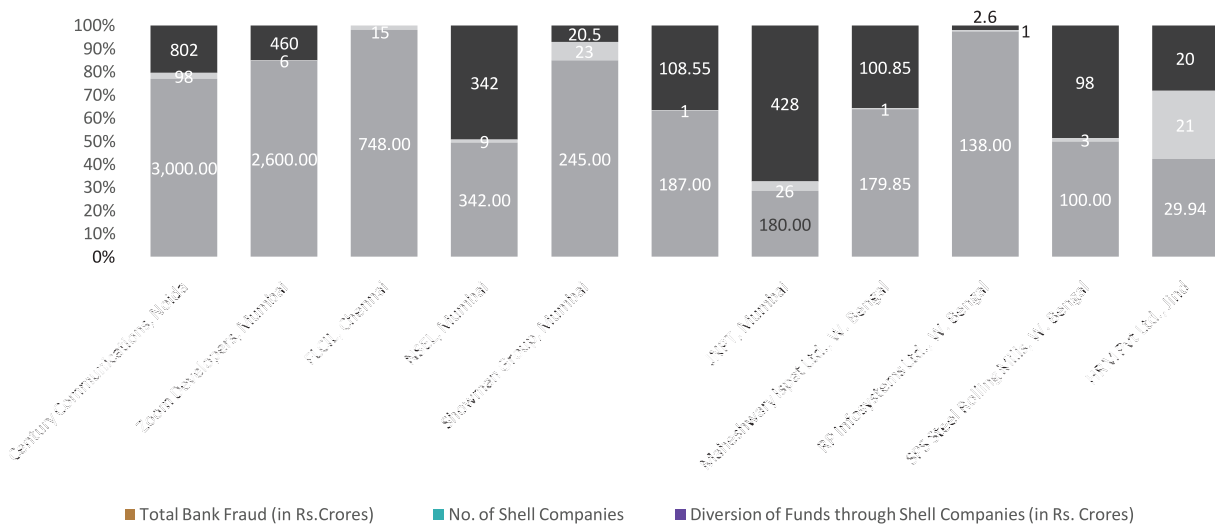
holders cannot find a way out rather than closing down the doors of these companies.

* (FLCIL Diversion of Funds through Shell Companies) Under Investigation

Figures and Names as alleged by the CBI in its Charge sheets and FIR.

Source: PTI (Press Trust of India)

EMBEZZLING THROUGH SHELL



In the month of may, 2017, Income tax department found 400 unaccounted deals worth Rs. 600 crore, across India in different cities.

Cities name	Number of cases found
Mumbai	93
Chennai	61
Bhopal	60
Ahmedabad	59
patna	43
Delhi	35
Kolkata	30
Bengluru	12
Kanpur	10
Kochi	9
jaipur	9
Hydrabad	7
Pune	2
Lucknow	1
Source- PTI	

What measures SME should take to accelerate their growth?

1. Sustainability of businesses

In their present form SME businesses need to de-risk. Work towards a business model that can take any monetary shock and short bust developments. De-risk from local markets by evaluating export opportunities. A stronger dollar will aid in better returns to start with. With cost of capital expected to reduce, SMEs can keep diversifying and investing in newer business areas to keep themselves relevant for longer periods of time. If SME sector need stability then they have to regularize their business. Major problem starts when the businesses are not registered.

2. Improving Efficiency

Demonetization will influence SMEs to secure themselves from shocks of all kinds. The best proven method to do that is to imbibe industry best practices. Invest in technology and

processes that connect supply chains, drive right through operations and reach customers. Collapse time between transactions by adapting the digital medium. SMEs will have to clean up their operations and introduce more technology into manufacturing; financial transaction management.

3. Creation of more financial transparency

Digital India is the initiative taken by Indian government. Cost of transactions and simplicity will improve in making the entire organization transparent, efficient and compliant. Majority of SME sector was doing its transaction with cash dealings only. But now government has put a check on cash withdrawals but the online transactions are free. On the one hand it will help the Digital India mission on the other hand it will provide all the details of transactions does not matter it is national or international. If Going digital will become an imperative and not a choice at some point in time. Regulatory and compliance authorities will now expect transactions to be conducted online. This will mean the organization will not handle more cash than required.

There are more opportunities than challenges for SMEs from demonetisation. For once the short term pain and long term gain slogan reverberates positively.

4. Taking benefits of digitalization of payments

It will force businesses to move from a relatively 'informal' economy to a 'formal' economy. It will not allow SMEs to easily leak 'cash' through the system. Digitalization is having its own benefits. Actually demonetisation is a pre stage of digitalization. It is one of the part of transforming India to a clean and transparent economy like the major economies of the world.

Demonetization of high value currency notes would leave quite a negative impact on SMEs, specially in all the industrial states.

Rural consumption and job creation in a short term is the biggest challenge.. With regard to the sectoral impact of demonetization, it said a majority of industry feels that agriculture, cement, fertilizer, automobile, diamond business and retail will have total negative impact as major dealing of these sector is always in cash. They do not prefer bank or digital transactions. But power, oil and gas, pharmaceuticals, telecommunication and EC and basic infrastructure will have a positive impact in the long term. Diggi dhan melas are the part of awareness programmes of government of India to promote digital payments.

5. Should take a note of shell companies-

Demonetisation, black money and benami property, the three vibrant words in the Indian economy, has impacted the life of people across the country. Efforts of demonetisation notes may give short-term pain but government give relief saying it has long – term gain. Parallel act of issuing new Rs. 500 and Rs. 2,000 during demonetisation and recent issue of new Rs. 50 and Rs. 200 notes may also smoothen the economy and daily cash transactions.

It is also believe that this pro-active government will make the real estate approval process easier and shorter, as a part of its "Ease of business initiative", as subsequently it will allow the entrance of more foreign entities in the Indian market and more liquidity for the Indian developers who have an established track record.

Also Operation Clean Money (OCM) was launched on 31st January 2017, with the mission to "Create a tax compliant society through a fair, transparent and non-intrusive tax administration where every Indian takes pride in paying taxes", which is one more act after demonetisation and Benami Act. Indian Government has taken a tough stand against those who have looted the nation. Indian deposits at Swiss bank at record low.

There has been a 45 per cent drop in Indians' deposits In Swiss banks after demonetisation drive.

Conclusion-

Shell companies are such which vitiate the economy of the country. Every sector get affected by the web of these shell companies. Looking towards the ease of creating a shell companies, a large number of such companies forms in India. This may leads the government towards thoughtful act with the co-operation of demonetisation. Moreover, uses of shell companies are also enormously increases in real estate sectors to hinder the black money through Benami transaction in benami property, force the government to act towards this serious matter and government comes to the battle ground with enacting Benami act. Observing the data, it is clear that after note ban government on a mission to dig out shell companies and search of such spread from cities to state, every possible place get raid by various departments such as I-T, CBI, Serious Fraud Investigation Office (SFIO), etc. Indian Government's vision is very clear i.e. "Finds the Shell, Break the Shell". Post-demonetisation, data mining shows that over 3 lakh registered companies indulged in suspected dealings are found out, which shows the success of this act of government of India. These total steps will stop flow of Black Money. Demonetisation is just a beginning for new India.

References-

1. Daniel D. Swartz GRW and FERmer A (2004)" economies of cash less society: an analysis of cost and benefits of payment instruments, pg- 120-124
 2. Singh P N and Singh J K and Ratnesh K,(2008) : encyclopedia of Indian Economy, Pg- 99-108
 3. Saysik Patnaik, (2017) exploring the effects of demonetization India, manage journal.
<http://files.sasyakpatnaik.com/200000028-6f0e470085/Paper%20Demonetisation.pdf>
 4. Yojana, February 2017, cash less or less cash economy, Pg 54-55
 5. Ms.E.Kamatchi Muthulakshmi,(2016) Impacts of Demonetisation on Indian Economy- Issues & Challenges, IOSR Journal Of Humanities And Social Science (IOSR-JHSS) PP 34-38
 6. http://www.nipfp.org.in/media/medialibrary/2016/11/WP_2016_182.pdf
- (Dr. Kavita Rao, Dr. Sacchidananda Mukherjee, Dr. Sudhanshu Kumar, Mr. D.P. Sengupta, Suranjali Tandon and Sri Hari Nayudu, NIPFP, New Delhi. Demonetisation: Impact on the Economy, No. 182 14-Nov-2016 , Tax Research Team

Dr Saroj vats
Associate Professor,
Swami Sahajanand School of Management,
Bhavnagar
saroj_vats@yahoo.com

“Analysis of Psychological Empowerment and Job Involvement of Employees With Special Reference to Insurance Sector of India”

Dr. Himanshu Sanghavi

Abstract

Employees are the true strength of any Organization. There use to prevail a theory of “Customer First” but simultaneously we cannot ignore the theory of “Employees First”. Today, one of the fastest growing and unexplored sectors called Indian Insurance Sector engages large pool of employees, every player in this Industry has to strike balances amongst employees empowerment, involvement and finally attrition. As such, the future of the Indian insurance sector looks bright. The growth is driven by India’s favourable regulatory environment which guarantees stability and fair play. This environment has given rise to an insurance market which encourages foreign investors to tap into the sector’s massive potential. The researchers have tried to focus on the conceptual aspects of psychological empowerment and job involvement in Insurance Sector of India.

Key words:

Employee Empowerment, Stress, Job Involvement, Attrition, Organizational Goals

Introduction

Psychological empowerment is defined as a set of motivational cognitions shaped by a work environment and reflecting an individual’s active orientation to his or her work role (Spreitzer, 1995). Building on the work of Conger and Kanungo (1988), Thomas and Velthouse (1990) argued that four cognitive assessments represent a comprehensive task-specific evaluation and interpretation that determines intrinsic task motivation, hence, psychological empowerment. These four assessments are meaning, competence, choice, and impact.

Job involvement has been defined as an individual’s psychological identification or commitment to his / her job (Kanungo, 1982a). It is the degree to which one is cognitively preoccupied with, engaged in, and concerned with one’s present job (Paullay et al., 1994, p. 224).

Review of Literature

Literature on Psychological Empowerment

Organizations today are striving to establish themselves as employers of choice or excellent place to work for. In recent years, the concept of empowerment has become a buzzword in management circles and also gained prominence as an individual level initiative. Organizations that are committed to employees’ empowerment are in a position to motivate & retain their employees as employees empowerment is concerned with trust, motivation, decision making and breaking the inner boundaries between management & employees (Ongori, 2009). In recent years, there has been considerable interest in the topic of employees empowerment, which has become a buzzword and recent management trends in both public and private sector (Pitts, 2005). Employees empowerment has

received a wide recognition as an important subject in management circles, mainly, because it is seen as one of the fundamental elements of organizational effectiveness that increases when power and control are shared in organization (Ergeneli et al., 2007).

The growing interest in employee empowerment is the result of studies conducted in leadership and management skills (Bennis and Nanus, 1985), power and control (Kanter, 1979), and team building (Beckhard, 1969). These studies suggest that employee empowerment is a principal component of managerial effectiveness and plays an important role in team development and maintenance (Conger and Kanungo, 1988).

Empowerment has been defined by Conger and Kanungo (1988) as "a process of enhancing feelings of self-efficacy among members of organizations through the identification of conditions that foster powerlessness and their removal both by formal organizational practices and informal techniques of providing efficacy information". Empowerment is classified in terms of five stages. The first stage entails the diagnosis of conditions within the organization that are responsible for the feelings of powerlessness among employees. This leads to the use of empowerment strategies by managers in stage two, directed at removing the external conditions responsible for powerlessness. In stage three, employees are provided with self-efficacy information. As a result of receiving such information, employees feel empowered in stage four. In stage five the behavioral effects of empowerment are noticed.

Spreitzer in 1995 researched Thomas and Velthouse's multidimensional model of empowerment and built a scale measuring Psychological Empowerment. Spreitzer (1995) modified the Thomas and Velthouse's model and she designates meaningfulness as "meaning" and defines it as "the value of a work goal or purpose, judged in relation to

an individual's own ideals or standards". She explains competence as "an individual's belief in his or her capacity to perform activities with skill". She renames the choice component as "self-determination" and defines it as "autonomy in the initiation and continuation of work behavior or processes" and redefines the "impact" component as "the degree to which an individual can influence strategic, administrative or operating outcomes at work". These four dimensions are argued to reflect an active rather than passive orientation to a work role. Active orientation according to Spreitzer is one in which an individual wishes and feels able to shape his or her work role and context. These four dimensions combine additively to create an overall construct of Psychological Empowerment. The lack of single dimension will deflate but not completely eliminate the overall effect of overall empowerment. The four dimensions of Psychological Empowerment (cited in Spreitzer, 1995) are Meaning, Competence, Self-determination and Impact.

Literature on Job Involvement

Different psychologists have defined the concept of Job Involvement (JI) in various ways. Rabinowitz and Hall (1977) concluded that Job Involvement definitions should be concluded in two categories each representing a distinct way of conceptualizing the construct. First category of definitions views Job Involvement as 'Performance - Self-esteem Contingency'. According to these definitions, Job Involvement is the extent to which the level of their performance at work affects self-esteem of the individuals. Thus, higher or lower Job Involvement means higher or lower self-esteem derived from work behavior. The second category of definitions views Job Involvement as 'Component of Self-image', where Job Involvement refers to the degree to which individuals identify psychologically with their jobs (Kanungo 1982b).

(1) Job Involvement as Performance - Self-esteem Contingency

Viewing Job Involvement as “performance - self-esteem contingency” can be traced back to work of Allport (1947) on psychology of participation and ego-involvement, where author suggested that any situation (including the work situation) that “engages the status-seeking motive” of an individual, is ego-involving. Thus, a person’s involvement at work can be viewed as the degree of perceived opportunity at work for status or self-esteem need satisfaction.

(2) Job Involvement as a Component of Self-Image

The second definition which views Job Involvement as a psychological identification with one’s job was first proposed by Lodahl and Kejner (1965) and later adapted by Lawler and Hall (1970). According to Lawler and Hall (1970), Job Involvement refers to ‘psychological identification with one’s work’ or ‘the degree to which the job situation is central to the person’s identity’. The two distinct conceptual ways of defining job involvement were incorporated into a single questionnaire measure of Job Involvement by Lodahl and Kejner (1965), according to whom Job Involvement can be defined in two ways. First, it refers to “the degree to which a person’s work performance affects self-esteem”. Second, it also refers to “the degree to which a person is identified psychologically with his work or the importance of work in his total self-image”. These are two distinct definitions, and yet Lodahl and Kejner (1965) combined the two into their questionnaire instrument and made no attempt in their study to show how the two are related. The questionnaire scale developed by Lodahl and Kejner (1965) to measure job involvement has been widely used by the psychologists in Job Involvement studies, suggesting that most researchers have uncritically accepted the notion of Job Involvement reflecting both

‘performance-self-esteem contingency’ and ‘component of self-image’, without seeing any need to integrate the two components in any meaningful way. In view of the above construct-validity problems (associated with the past researchers), Kanungo (1979) argued for re-formulation of the construct of involvement that eliminates the problems of ‘excess meaning’. An individual’s psychological identification with a particular job (or work in general) in turn depends on (a) the saliency of his or her needs (both extrinsic and intrinsic) and (b) the perception he/she has about the need-satisfying potentialities of the job (or work). Viewed in this way, Job Involvement (and work involvement) cannot be measured with existing instruments (Lodahl and Kejner 1965; Saleh and Hosek 1976). Kanungo (1982a) necessitated and developed valid and reliable new measures of Job Involvement and Work Involvement for use in future research with more cross-cultural validity.

Objectives of the Study

The objectives of this research are mentioned as under

1. To study the relationship between employees’ psychological empowerment and organizational recruitment policy.
2. To study the relationship between employees’ psychological empowerment and job involvement.
3. To examine the relationship between employees’ job involvement and self-image.
4. To examine the relationship between employees’ job involvement and performance.

Hypotheses

1. There is no significant relationship between employees’ psychological empowerment and organizational recruitment policy.
2. There is no significant relationship

- between employees’ psychological empowerment and job involvement.
- There is no significant relationship between employees’ job involvement and self-image.
 - There is no significant relationship between employees’ job involvement and performance.

100 by considering convenient sampling technique. The structured questionnaire was administered to respondents by consisting factors such as; Job involvement, Psychological Empowerment, Performance, Self-esteem. Total variables are 34 and all are considered as valid respondents. The collected data are analyzed by IBMSPSS20.0 as statistical tool. Demographic profile, scale reliability, measurement of items, descriptive statistics of factors and chi-square test to test the hypothesis are taken into consideration to conclude.

Research Methodology

The population for this study is employees of the organizations. The sample size is

Analysis

Table: 1 - Demographic Profile

Sr.No	Demographic	Category	Frequency	Percentage%
1	Gender	Male	86	86
		Female	14	14
2	Age	21-35years	12	12
		36-44years	17	17
		45-50years	34	34
		51-60 years	37	37
4	Education	Graduate	90	90
		PG	10	10
		PG+	0	0
5	Position	Executive	25	25
		Non-executive	75	75
6	Experience	< 10 years	50	50
		10- 20 years	40	40
		>20 years	10	10
7	Salary	, < 5 lakh Rs	80	80
		5-10 lakh Rs	20	20

Table: 2- Scale Reliability

Sr.no	Factor	Items	Exclud- ed Items	Valid Items	Measured Cronbach Alpha	Standard Internal Consistency	Decision
1	Job Involvement	7	0	7	0.713	$0.7 \leq \alpha < 0.8$	Acceptable
2	Empowerment	7	0	7	0.902	$\alpha \geq 0.9$	Excellent
3	Performance	8	0	8	0.870	$0.8 \leq \alpha < 0.9$	Good
4	Image	8	0	8	0.718	$0.7 \leq \alpha < 0.8$	Acceptable

Table: 3- Measurement of Items

Sr.no	Factor	Items	Excluded Items	Valid Items	Scale	Source
1	Job Involvement	7	0	7	5 point Likert Scale	Employees
2	Empowerment	7	0	7	5 point Likert Scale	Employees
3	Performance	8	0	8	5 point Likert Scale	Employees
4	Image	8	0	8	5 point Likert Scale	Employees

Table: 4 - Descriptive Statistics

Sr. no	Factor	Items	Excluded Items	Valid Items	Mode		Standard Deviation
					variable	value	
1	Job Involvement	7	0	7	GR1	5	1.98
					GR2,GR3,GR5	1	
					GR4,GR6	4	
					GR7	2	
2	Job Involvement	7	0	7	OPM1-OPM8	1	1.98
3	Empowerment	7	0	7	TD1-TD1	1	1.98
4	Performance	8	0	8	GP1-GPR-8	1	1.86

Table: 5 - Chi-square Test

Sr. No	Hypotheses	Contingency Coefficient	Sig. (p<0.05)	Decision
1	H01: There is no significant relationship between employees' psychological empowerment and organizational recruitment policy. H ₁ 1: There is significant relationship between employees' psychological empowerment and organizational recruitment policy.	0.811 to 0.830	0.000	H01 is rejected and H11 is accepted
2	H02 There is no significant relationship between employees' psychological empowerment and job involvement. H12: There is significant relationship between employees' psychological empowerment and job involvement.	0.812 to 0.850	0.000	H02 is rejected and H12 is accepted
3	H13: There is no significant relationship between employees' job involvement and self-image. H13: There is significant relationship between employees' job involvement and self-image.	0.811 to 0.878	0.000	H03 is rejected and H13 is accepted

4	H04: There is no significant relationship between employees’ job involvement and performance. H14: There is significant relationship between employees’ job involvement and performance.	0.845 to 0.857	0.000	H04 is rejected and H14 is accepted
---	---	----------------	-------	-------------------------------------

Results and Discussion

- » H01 There is no significant relationship between employees’ psychological empowerment and organizational recruitment policy.
- » H11 There is a significant relationship between employees’ psychological empowerment and organizational recruitment policy. Employees’ psychological empowerment and organizational recruitment policy have significant relationship by registering contingency coefficient at the range of 0.811-0.830 for the following items with significant value 0.00(p<0.05). That is why H01 is rejected and H11 is accepted.
H01 is rejected and H11 is accepted
- » H02 There is no significant relationship between employees’ psychological empowerment and job involvement.
- » H12 There is significant relationship between employees’ psychological empowerment and job involvement. Employees’ psychological empowerment and job involvement have significant relationship by registering contingency coefficient at the range of 0.812-0.850 for the following items with significant value 0.00(p<0.05). That is why H02 is rejected and H12 is accepted.
H02 is rejected and H12 is accepted
- » H03 There is no significant relationship between employees’ job involvement and self-image.
- » H13 There is significant relationship

between employees’ job involvement and self-image. Employees’ job involvement and employees’ self-image have significant relationship by registering contingency coefficient at the range of 0.811-0.878 for the following items with significant value 0.00(p<0.05). That is why H03 is rejected and H13 is accepted.
H03 is rejected and H13 is accepted

- » H₀4 There is no significant relationship between employees’ job involvement and performance.
- » H₁4 There is significant relationship between employees’ job involvement and performance.

Employees’ job involvement and performance have significant relationship by registering contingency coefficient at the range of 0.811-0.878 for the following items with significant value 0.00(p<0.05). That is why H04 is rejected and H14 is accepted with the following interpretation.
H04 is rejected and H14 is accepted

Discussions

- Job involvement can directly be measured with the level of participation of employees in the job.
- It is observed that most core or non-core employees in Insurance Companies are found more participative.
- Psychological involvement in the job is a crucial input for employees’ performance as employee cannot be isolated from society and family.

- Participative behavior with team for a common task is a key indicator of Job involvement but in Insurance Sector Group task is not much undertaken.
- Performance-self-esteem contingency is a buzz word in today’s service sector especially Insurance Sector.

Reference Books/Journals

- Allport, G.W. (1947). “Psychology of participation”. *Psychological Review*, 52, 117-132.
- Bandura, A. (1989). “Human agency in social cognitive theory”. *American Psychologist*, 44, 1175-1184.
- Conger, J.A. and Kanungo, R.N. (1988). “The Empowerment process: Integrating theory and practice”. *Academy of Management Review*, 13, 471-482.
- Dubin, R.J. (1956). “Industrial worker’s world: A study of the central life interest of industrial workers”. *Social Problems*, 3, 131-142.
- Elloy, D.F., Everett, J.E. and Flynn, W.R. (1995). “Multidimensional Mapping of the Correlates of Job Involvement”. *Group and Organization Studies*, 16, 160-177.
- Ergeneli, A., Saglam, G. and Metin, S. (2007). “Psychological Empowerment and its relationship to trust immediate managers”. *Journal of Business Research*, 60, 4-49
- French, R.P. and Kahn, R. (1962). “A Programmatic approach to studying the industrial environment and mental health”. *Journal of Social Issues*, 18, 1-47.
- Kanter, R.M. (1979). “Power Failures in Management Circuits”. *Harvard Business Review*, 57(4), 65-75.
- Kanungo, R.N. (1979). “Concept of alienation and involvement revisited”. *Journal of Applied Psychology*, 86, 119-138.

- Kanungo, R.N. (1982a). “Measurement of Job Involvement and Work Involvement”. *Journal of Applied Psychology*, 67, 341-349.
- Kanungo, R.N. (1982b). “Work Alienation: An integrative approach”. New York: Praeger Publishers.
- Lawler, E.E. and Hall, D.T. (1970). “Relationship of job characteristic to job involvement, satisfaction and intrinsic motivation”. *Journal of Applied Psychology*, 54, 305-312.
- Lodahl, T. and Kejner, M. (1965). “The definition and measurement of Job Involvement”. *Journal of Applied Psychology*, 49, 24-33.
- Mackey, A., & Gass, S. M. (2005). *Second language research: Methodology and design*. Mahwah, NJ: Lawrence Erlbaum Associates.
- Maurer, J. (1969). “Work Role involvement of Industrial supervisors”. East Lansing: Michigan State University, Business Studies.
- Patchen, M. (1970). “Participation, Achievement and Involvement on the job”. Englewood Cliffs, N.J.:Prentice-Hall.
- Rabinowitz, S. and Hall, D.T. (1977). “Organizational Research on Job Involvement”. *Psychological Bulletin*, 84(2), 265-288.
- Saleh, S. and Hosek, J. (1976). “Job Involvement: Concepts and Measurements”. *Academy of Management Journal*, 19, 213-224.
- Sengupta, D. and Basu, S.D., “Life Insurance companies struggling to retain employees, pursue change”, *The Economic Times* dated March 31, 2010.
- SleeSmith, P.I. (1973). “Job Involvement and Communication”. London: Business Books.
- Vroom, V.H. (1962). “Ego-involvement, Job satisfaction and Job performance”. *Personnel Psychology*, 15, 159-177.

- Wickert, F.R. (1951). “Turnover and Employee Feeling of ego-involvement in the day-to-day operations of the company”. *Personnel Psychology*, 4, 185-197.

Research Papers/Articles

- Phillips, L. (2007) ‘Go green to gain the edge over rivals’, *People Management, Policy in the Rover Group*, in Wehrmeyer, W. Pollack, S. (1996) ‘Learning to Change: Implementing Corporate Environmental Program’, *Total Quality Environmental Management*
- Ramus, C.A. (2001) ‘Organisational Support for Employees: Encouraging Creative Snape, E., Redman, T., and Bamber, G. (1994) ‘Remuneration and the Manager’, in Synder, J.D. (1992) ‘More Execs Find Pay Linked to EHS Goals’, *Environment Today*,
- Spreitzer, G.M., Kizilos, M.A. and Nason, S.W. (1997). “A Dimensional Analysis of the Relationship between Psychological Empowerment and Effectiveness, Satisfaction and Strain”. *Journal of Management*, 23(5), 679-704.

- Thomas, K.W. and Velthouse, B.A. (1990). “Cognitive elements of Empowerment”. *Academy of Management Review*, 15, 666-681.
- Vora Milind and Mandeep Singh (2013) “A Study of Psychological Empowerment and Job Involvement of Employees with Special reference to Insurance Sector of India; A Conceptual Study Research Matrix, ISSN: 2321-7073, Vol.-1, Issue-9, April 2014, pp. 77-80”
- Wehrmeyer, W. and Vickerstaff, S. (1996) ‘Analysis for Environmental Training
- Weise, B. (1992) ‘Integrating Total Quality Principles into an Environmental Training

Websites

- http://www.irda.gov.in/ADMINCMS/cms/NormalData_Layou.aspx?page=PageNo264&mid=3.2.10
- <http://www.oxforddictionaries.com/definition/english/insurance>
- <http://www.irdaonline.org>
- <https://www.licindia.in>

Dr. Himanshu Sanghavi

Assistant Professor

C Z Patel College of Business & Management
himanshusanghavi1978@rediffmail.com