Women Empowerment through Enterprise Development-A case study of Dakshina Kannada District

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Abstract

In most of the developing countries greater emphasis is being laid on need for empowering rural women and their active involvement in the mainstream of development. A nation cannot be developed if its women are not given enough opportunities. In the developing economies entrepreneurship among women will be right approach for women empowerment. Once a woman feels that she is economically strong, she will feel equal to man in all respect. This is perhaps the need of the hour. SHG enterprise gives immense scope for women to earn their livelihood when they do not have income through beedi rolling and agricultural activities. Women are in need of skill development, managerial empowerment and leadership qualities. In the present scenario what women need is economic independence in all spheres in order to be identified as human beings and to gain their due rights in the society and live their life with self-confidence and dignity on par with men. So a social movement in the form of SHG’s were sponsored and promoted by the government at the grass root level. The main objective of the government is encouraging more enterprise in disadvantaged communities. All Self Help Groups are promoting micro enterprise. Empowering women especially in rural area is a great challenge and micro enterprises in rural area can help to meet these all challenges. In DK district of Karnataka SKDRDP promoted the SHG enterprises. The need for the present study is how the group of rural women empowered in the society through enterprise development.

Keywords: Enterprise development, Self-help group enterprises, women empowerment, rural women, women entrepreneur Entrepreneurship and Economic growth.

1.1 Introduction

India is a developing country with highest percentage of woman population. From the time immemorial women have been considered as a weaker section of the society and they were oppressed in several ways, from enjoying the rights on a par with men. The inherent nature of the society in general is to keep women away from active involvement in the participation of political, economic and social activities because women were considered
as resource less in terms of money, material and managerial ability and as such women were incapable of managing trade and other activities. Single women cannot come out of the house due to social reasons and to be entrepreneurs. Women are in need of skill development, managerial empowerment and leadership qualities. So, a social movement in the form of self help group were sponsored and promoted by the government at the grass root level. All women are given opportunities to join self help groups in their choice in a group irrespective of the caste, region, educational status and other discrimination.

1.2 Enterprise development

Enterprises development among women can be considered a possible approach to economic empowerment of women. Due to exposure to programmes of entrepreneurial development and availability of credit facilities, many of the women and their families have now ventured into pursuing income generation activities. This has allowed for an increase in the household income which has resulted in changing the consumption pattern, thereby improving the quality of life. The family is able to address their basic needs better than before. Through SHG enterprises women not only generate income for her but also will generate employment for other women in other society.

1.3 Need for the study

The purpose of this article is to provide the opportunities for citizens to earn their own livelihood and provide for themselves and their families through enterprise. The Government is already committed to promoting entrepreneurship amongst disadvantaged groups. The Government is already committed to promoting enterprise across society, and particularly in under-represented communities and deprived neighborhoods. In DK district women are basically weaker section in the society. To empower the women SKDRDP promoted SHG enterprise through siri gramodyoga smamste. Most of the women in India are uneducated, poor, unskilled, non-participatory in economic activity and noninvolvement in the economic development of India, with the inherent nature of accepting male domination and decision. Women are not allowed to act with economic independence, self-reliance and independent decision making and thinking and considered as socially excluded groups. The need for the present study is how the group of women empowered in the society through enterprise development.
1.4 Objectives

1. To study the socio economic background of self-help group members

2. To study the role of SIRI gramodyoga samste for the economic empowerment of rural women

1.5 Research Methodology

The study was undertaken in the selected SHG Enterprises identified for the study in D.K Districts of Karnataka. SHG Enterprises located in the districts of Dakshina Kannada, are chosen for the research work on the basis of availability of number of group enterprises for the study. The data required for the research was collected from primary and secondary sources. Preparation of interview schedule to evaluate the contribution of SHG enterprises for the development of socially excluded groups was used as source of primary data. Field survey type of research is undertaken for collecting the primary data.

2.1 Results and discussions

Researcher has analysed and discussed how far self-help group members benefitted from self-help group enterprises. Women are the most marginalized among the excluded community. Poverty is the major problem faced by Indian rural women. They take the responsibility of hunger, education, health and family income. So they required gainful employment to face the situation. For this study researcher randomly selected self-help group enterprises. The population for the current study is the selected SHG enterprises which contribute to the empowerment of rural poor women. Members of SHG’s are taken as respondents for the current study. The researcher has taken ten SHG enterprises of Dakshina Kannada District of Karnataka as samples and 120 respondents of these enterprises were asked to respond to the interview schedule. Here the respondents’ responses were recorded as they were given by them and these responses were analyzed by using various statistical devices and inferences were written on its basis.

Basic information of respondents

2.1.1 Age of members

Age is an important variable of socio-economic status through which one can be
empowered which is an important determinant of empowerment of women. The age of self-help group members influences the enterprise development. Age is an important factor which determines the efficiency of an individual. Younger generation has a significant link with the enterprise development. In the present study an effort has been made to know the age group of respondents. Table 2.1.1 presents the age wise classification of respondents. It terms of the variable of age, the respondents of SHG women have been grouped under four age groups.

Table 2.1.1 Age of the members

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Age</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Below 17</td>
<td>4</td>
<td>3.3</td>
</tr>
<tr>
<td>2</td>
<td>17-22</td>
<td>54</td>
<td>45</td>
</tr>
<tr>
<td>3</td>
<td>22 -27</td>
<td>48</td>
<td>40</td>
</tr>
<tr>
<td>4</td>
<td>Above 27</td>
<td>14</td>
<td>11.7</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>120</td>
<td>100</td>
</tr>
</tbody>
</table>

The above table depicts that 45% of respondents are aged of 17-22 years and 40% of respondents are aged of 22-27 years. Respondent below 17 and above 27 years are very few. The study reveals that younger generation is showing interest in group enterprises. It also reveals that group enterprises are more remunerative than other occupation such as Beedi rolling, beedi labeling and cooly.

The data shown in the above table is presented in the following figure.
2.1.2 Level of education

The performance of self-help group members depends on their educational qualifications. The educational background of members has an impact on the development of group entrepreneurship. The level of education is an instrument for guiding the rural women and develops entrepreneurial abilities. It also helps the members to reach their goals and shoulder higher responsibilities. Education leads to knowledge and self-confidence. Entrepreneurship is also determined by the education. Education plays a vital role in decision making. Table 2.1.2 shows the educational background of the respondents chosen for the study. It reveals that most of the members of the SHG in the study area have only primary and secondary level of education.

Table 2.1.2 level of education
The data shown in the above table is presented in the following figure. Table 2.1.2 reveals that 82.5% of members are having primary education. Only 5.8% are SSLC, 3.3 percent of the respondents are with PUC qualification and there are no degree holders. 8.3% are still uneducated but they are belonging to the age group of above 30 years.

The data shown in the above table is presented in the following figure.
2.1.3 Occupation before joining self help group enterprises

Occupation is one of the factors which determine the standard of living of an individual. The self help group members were engaged in various occupations such as agriculture operations, Beedi rolling, Beedi labeling and any other private job. The occupation of the members helps them to avail themselves of credit from the banks and invest it in their irrespective occupations to earn more. Majority of self help group members was engaged in Beedi rolling before joined to the group enterprises. Self help group enterprises help the women to achieve economic empowerment. Table 2.1.3 reveals the occupation of members before joining self help group enterprises.

Table 2.1.3 Occupation before joining self help group enterprises

<table>
<thead>
<tr>
<th>Sl no</th>
<th>Occupation</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Beedi rolling</td>
<td>67</td>
<td>55.8</td>
</tr>
<tr>
<td>2</td>
<td>Agriculture</td>
<td>21</td>
<td>17.5</td>
</tr>
<tr>
<td>3</td>
<td>Beedi labeling</td>
<td>25</td>
<td>20.8</td>
</tr>
<tr>
<td>4</td>
<td>Any other</td>
<td>7</td>
<td>5.8</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The above table shows that 55.8 percent respondents have taken up Beedi rolling as their main occupation 20.8 percent engaged in Beedi labeling, and 17.5 percent engaged in agricultural activities. Few others are engaged in some other work like cooly. Agriculture in India is considered as the primary sector and it provides the major share of employment opportunity to the Indian population. But agricultural backwardness leads to poverty and low standard of living. The study found that Beedi rolling was main occupation in Dakshina Kannada District before they are engaged in group enterprises. The data shown in the above table is presented in the following figure.
2.1.4 Marital Status

The marital status of the self help group members is important in the light of family life, children education, job security etc. A married woman has higher responsibility than unmarried girls. Table 2.1.4 shows the marital status of respondents.

**Table 2.1.4 marital status**

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Marital status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Married</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>Unmarried</td>
<td>102</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>120</td>
<td>100</td>
</tr>
</tbody>
</table>

**Fig2.1.3 occupational structures**

While discussing the rationale of the reforms, the banking sector became technology savvy and its efficiency, spread and cost are to be evaluated. In the final phase, since 2000, the banks, mobilization of savings and in creating employment opportunities for half a million persons, rather than in the improvement of services process, still its efficiency, spread and cost are to be evaluated.
Future of the country is in the hands of younger generation. So the development of self help group enterprises helps for the growth of rural women. So it contributes to the wealth and development of the nation. Table 2.1.4 reveals that 85 percent of respondents engaged in group enterprises are young unmarried girls. Only few respondents are married. This show that younger generation has interest in group enterprises. It helps them to empower in the society.

The data shown in the above table is presented in the following figure

![Fig 2.1.4 marital status](image)

**Fig 2.1.4 marital status**

**2.1.5 Income level before and after joining self help group enterprises**

The main objective of the self help group enterprises is to improve the income source of the rural women. To give economic freedom to the rural women it is must to provide them enough income sources. After they joined to the self help group enterprises their income level is increased. The rural women are engaged in small scale entrepreneurship programme
with the help of SHGs and through these that they are economically empowered and attaining status in family and community. Table 2.1.5 shows the income level of members before and after joining self help group enterprises.

**Table 2.1.5 Income level before and after joining self help group enterprises**

<table>
<thead>
<tr>
<th>Sl.no</th>
<th>Monthly income</th>
<th>Before joining self help group</th>
<th>After joining self help group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No of respondents</td>
<td>% 9</td>
<td>No of respondents</td>
</tr>
<tr>
<td>1</td>
<td>Less than 1000</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>1,000-2,000</td>
<td>27</td>
<td>22.5</td>
</tr>
<tr>
<td>3</td>
<td>2,000-3,000</td>
<td>54</td>
<td>45</td>
</tr>
<tr>
<td>4</td>
<td>3,000-4,000</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>4,000-5,000</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Above 5,000</td>
<td>3</td>
<td>2.5</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100</td>
<td>120</td>
</tr>
</tbody>
</table>
From table 2.1.5, it is clear that monthly income of respondents after joining the SHGs increased. i.e. 40 percent of members of income belong to the income class of Rs 4,000-5,000, 28.3 percent belong to the income class of Rs 3,000-4,000, 21.67 percent belong to the income class of Rs 2,000-3,000, 10 percent belong to the income class of above Rs 5,000 and also members earning after joining the self help group is at least Rs 2,000 p.m.

The data shown in the above table is presented in the following figure

![Income level before and after joining self help group enterprises](#)
2.1.6 Reasons for joining self help group enterprises

Beedi rolling is a major occupation of the under privileged women in Dakshina Kannada. In Beedi rolling women often have to work very long hours and are likely to be in low paid work. To earn an income even approaching a living wage or when demand is minimal, they may have little hope of earning enough to survive. For this reason majority of rural women joined to self help group enterprises promoted by Shree KshetraDharmastala Rural Development Project (SKDRDP). The major aim of self help group is to promote savings, generate income and credit for the productive and consumptive purposes. Women joined the self help group enterprises for promoting their income and savings, in addition to attaining of social status. The most important reason to join the self help group enterprises was to supplement their family income. It also reveals that there is definite growing awareness in society and women in particular that if the family has to maintain a reasonable standard of living, women should supplement to family income with whatever skill they have. Table 5.8 shows the reasons for joining self help group enterprises.

Table 2.1.6 reasons for joining self help group enterprises

<table>
<thead>
<tr>
<th>Sl.no</th>
<th>Reasons</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Support family income</td>
<td>32</td>
<td>26.7</td>
</tr>
<tr>
<td>2</td>
<td>Job less</td>
<td>54</td>
<td>45</td>
</tr>
<tr>
<td>3</td>
<td>Women empowerment</td>
<td>23</td>
<td>19</td>
</tr>
<tr>
<td>4</td>
<td>Good life to children</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>120</td>
<td>100</td>
</tr>
</tbody>
</table>

Table reveals that majority of rural women are jobless and difficult to lead a life. So self help group enterprises helps to empower the rural women.
Table 2.1.6 reveals that 45 percent of the respondents are joined to self help group enterprises because they are jobless, 26.7 percent joined to self help group enterprises to support their family, 19 percent are joined to achieve the objective of women empowerment and 9 percent are joined to give good education to their children. The study reveals that majority of rural women are jobless and difficult to lead a life. So self help group enterprises helps to empower the rural women.
Suggestions

Based on the above findings the following suggestions are recommended:

• Provide financial assistance to women to improve their entrepreneurial skill. Most of the women entrepreneurs are not able to obtain financial assistance to develop enterprises. If financial assistance is provided to the self help group members, it may contribute to the development of socio economic status.

• In India in most of the rural areas male domination. They are not ready to allow the women to come out of house. Provide opportunities to the women to start group enterprises and motivate their management skills.

• Marketing is the main problem faced by the self help group entrepreneurs. Inability to catch the market for their product rather than industrial product. Government should be supported to provide marketing facility to their products.

• Banks are required to provide greater linkage to SHGs in providing higher amount of loan to extend their business.

• Proper training should be provided to the self help group members to start different group enterprises.

• Motivate the self help group members to join group enterprises and empower them.

Conclusion

Group entrepreneurship plays very important role in Dakshina Kannada district of Karnataka. In fact it gives better life to the rural women. It replaced Beedi rolling over the years. Majority of rural women engaged in self help group enterprises. The concept of self help group enterprises is a new window for development of rural areas. It gives new life to the rural women and empowered in the society. It shows right path to lakhs of young educated and uneducated rural women to lead a better life. Now idle women from rural areas are earning more money for their better being, and it has opened the eyes of the young rural women entrepreneur to start their business in almost each and every field. Self help group enterprises build a good record in improving the saving habits, income.
generation, social status and standard of living. Women in the rural areas are developing social and political relations. They are participated in the gramasabha meetings; develop knowledge about banking business and capable to take decisions in family problems. Self-help group enterprises achieved the objective of women empowerment through enterprise development.

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Green Marketing: Capitalizing on Shared Values

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Mr. Abdul Hameed, Research Scholar, Himalayan University

Abstract

Green Marketing: According to Peattie (2001), the evolution of green marketing can be divided into three phases; first phase was termed as “Ecological” green marketing, to help solve environment problems through remedies. Second phase was “Environmental” green marketing with focus on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was “Sustainable” green marketing came into prominence in the late 1990s and early 2000 where it becomes necessary for companies to produce environment friendly products as the awareness for such products is on the rise as customers are demanding eco-friendly products and technologies. Shared Values: Shared Values are the additional benefits that a consumer gets in terms of contributing to some environmental cause of societal benefit when he/she purchases the product of a particular organization. It is a non-tangible benefit which is of no personal use to the consumer but has a positive effect on the environment or the society directly associated with the consumer. Shared Values as the name connotes are the values that are practiced by the organization for the safety of the environment or the betterment of the society where the organization is operational, a part of which is shared by the consumer through patronizing the products and services of the organization. Capitalizing on Shared Values: Organizations, which practice the concept of shared values have to spend a considerable amount of their earnings on projects that yield no monetary benefits. Hence, the best methodology that can be adopted to minimize these expenditures is to include their consumers and the general public in these endeavors. They can create a marketing strategy specifically targeting the consumers who want their share in saving the environment by emphasizing on how the organization works to protect the environment and help the country move towards a sustainable development stage.

Sometimes the best thing to do with a bandwagon is jump on it. You have to walk the talk and actually implement green policies and act in environmentally friendly ways for green marketing to work, but if you do, you’ve got a powerful selling point with those who are environmentally conscious and want to act to make the world a greener place - a market that’s growing exponentially right now. Whether you run a home-based business
or a brick-and-mortar retail business, there are simple, easy things you can do to go green. And operating a green business is not only good for the environment but good for your business’s bottom line because conserving resources and cutting down on waste saves money.

**Keywords:** Green Marketing, Shared Values, Profit making, Customer Appeal, Society

**Definition:**

Yes, green marketing is a golden goose. As per Mr. J. Polonsky, green marketing can be defined as, “All activities designed to generate and facilitate any exchange intended to satisfy human needs or wants such that satisfying of these needs and wants occur with minimal detrimental input on the national environment.”

Green marketing involves developing and promoting products and services that satisfy customers want and need for Quality, Performance, Affordable Pricing and Convenience without having a detrimental input on the environment.

**Meaning**

**Green marketing** refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in it or produced and/or packaged in an environmentally friendly way.

The obvious assumption of green marketing is that potential consumers will view a product or service’s “greenness” as a benefit and base their buying decision accordingly. The not-so-obvious assumption of green marketing is that consumers will be willing to pay more for green products than they would for a less-green comparable alternative product - an assumption that, in my opinion, has not been proven conclusively.

While green marketing is growing greatly as increasing numbers of consumers are willing to back their environmental consciousnesses with their dollars, it can be dangerous. The public tends to be skeptical of green claims to begin with and companies can seriously damage their brands and their sales if a green claim is discovered to be false or contradicted by a company’s other products or practices. Presenting a product or service as green when it’s not is called green washing.
Definition

According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are Environmental Marketing and Ecological Marketing.

For green marketing to be effective, you have to do three things; be genuine, educate your customers, and give them the opportunity to participate.

1) Being genuine means that

   a) that you are actually doing what you claim to be doing in your green marketing campaign and

   b) that the rest of your business policies are consistent with whatever you are doing that’s environmentally friendly. Both these conditions have to be met for your business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.

2) Educating your customers isn’t just a matter of letting people know you’re doing whatever you’re doing to protect the environment, but also a matter of letting them know why it matters. Otherwise, for a significant portion of your target market, it’s a case of “So what?” and your green marketing campaign goes nowhere.

3) Giving your customers an opportunity to participate means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action.

Evolution of Green Marketing

The green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as “Ecological” green marketing, and during this period all marketing activities were concerned to help
environment problems and provide remedies for environmental problems. Second phase was “Environmental” green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was “Sustainable” green marketing. It came into prominence in the late 1990s and early 2000.

The term Green Marketing came into dominance in the late 1980s and early 1990s, began in Europe in the early 1980s when certain products were found to be harmful to the environment and society as a whole. Consequently new types of products were created, called “green” products, that would cause less damage to the environment.

**Why Green Marketing?**

As resources are limited and human wants are unlimited, it is important for the marketers to utilize the resources efficiently without waste as well as to achieve the organization’s objective. So green marketing is inevitable.

There is growing interest among the consumers all over the world regarding protection of environment. Worldwide evidence indicates people are concerned about the environment and are changing their behavior. As a result of this, green marketing has emerged which speaks for growing market for sustainable and socially responsible products and services.

What is green marketing? Green marketing refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in itself or produced and/or packaged in an environmentally friendly way.

The obvious assumption of green marketing is that potential consumers will view a product or service’s “greenness” as a benefit and base their buying decision accordingly. The not-so-obvious assumption of green marketing is that consumers will be willing to pay more for green products than they would for a less-green comparable alternative product - an assumption that, in my opinion, has not been proven conclusively.

**GLOBAL SCENARIO OF GREEN MARKETING**

According to market researcher Mintel, about 12% of the U.S. population can be identified as True Greens, consumers who seek out and regularly buy so-called green
products. The European Commission’s new “Green Package” of legislation on climate change and renewable energy represents a significant potential opportunity for European utilities, according to a report released by The Brattle Group and Trilemma UK. The Green Package sets targets that represent a step change in the energy market: save 20% of energy, increase the share of renewable energy to 20%, and cut greenhouse gas emissions by at least 20%, all by 2020.

According to Mintel’s report, 66% of consumers in United States do not buy green products because of high cost, while 34% say there is lack of availability of green products in the market. This shows the huge potential for untapped market and customer demand and requirement for eco-friendly products which the companies can exploit for capturing the market share and thereby enhancing the profitability and sustainability of the organisation in the global competitive scenario. Global Companies like Federal Express has taken up several initiatives that help to protect the environment including greenhouse gas reduction, renewable energy and noise reduction, recycling and using alternative fuels in its own transportation fleet for increasing their accountability towards the environment and the society as a whole. Businesses have an impact on the environment as a whole. Plantation and cultivation activities taken up by Intel India is an example of socially responsible firms contributing to preservation of environment. Recycling used products also acts as a step towards minimizing wastes. Many other firms are contributing to conservation of environment through Biodiversity, producing environmentally friendly products, conservation of energy, water and natural resources, climate protection, maintenance of schools, roads, parks, providing assistance for upliftment of the rural sector and the underprivileged, and so on. The Kyoto Protocol is an example of societies coming together to discuss climatic changes issues so that some solutions get incorporated into the negotiating process to create a new agreement that would come into effect 2012.

According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are Environmental Marketing and Ecological Marketing.
INTRODUCTION TO GREEN PRODUCTS:

The majority of green products have one or more of the following health or environmental attributes:

- They promote clean air quality (typically through reduced emissions)
- They are durable and have low maintenance requirements.
- They are recyclable and reusable.
- They are made using natural, renewable or environment friendly resources.
- They do not contain any ozone-depleting substances like green house gases.
- They do not contain highly toxic compounds, and their production does not result in highly toxic by-products or waste products harmful to society and environment.
- For wood or bio-based products, they employ “sustainable harvesting” practices
- They are biodegradable.

INITIATIVES TAKEN UP BY BUSINESS ORGANISATIONS TOWARDS GREEN MARKETING:

India is growing at 9% annually and expected to double its energy consumption between 2005 and 2030, is under pressure to take action for providing clean environment for all future generations to come.

Many Indian companies have come forward for the cause of environmental concerns and issues requiring immediate attention like: global warming, Water and Air pollution, E-waste.

NTPC Limited has decided to allocate 0.5% of distributable profit annually for its “Research and Development Fund for Sustainable Energy,” for undertaking research activities in development of green and pollution free technologies.

In India, around 25% of the consumers prefer environmental-friendly products, and
around 28% may be considered healthy conscious. Therefore, there is a lot of diverse and fairly sizeable untapped segment in India which green marketers can serve through offering eco-friendly products for profitability and survival in the era of globalization.

For example, Mahindra Group has formally announced the launch of project Mahindra Hariyali in which 1 million trees will be planted nation-wide by Mahindra employees and other stakeholders including customers, vendors, dealers, etc. by October 2008. Of these, 1,50,000 trees have already been planted by Mahindra employees since September 2007.

Nokia’s environmental work is based on life cycle thinking. This means that we aim to minimize the environmental impact of our products throughout our operations, beginning with the extraction of raw materials and ending with recycling, treatment of waste, and recovery of used materials.

India is a world leader in green IT potential, according to a recently released global enterprise survey. Indian respondents scored over respondents from 10 other countries in expecting to pay 5% or more for green technology if its benefits for the environment and return on investment (ROI) are proven in a survey conducted by GreenFactor, which researches and highlights green marketing opportunities. Among the companies that have succeeded thus far in their green marketing strategies are Apple, HP, Microsoft, IBM, Intel, Sony and Dell. HCL has a comprehensive policy designed to drive its environment management program ensuring sustainable development. HCL is duty bound to manufacture environmentally responsible products and comply with environment management processes right from the time products are sourced, manufactured, bought by customers, recovered at their end-of-life and recycled.

Potato starch trays made by Dutch PaperFoam protect the new iPhone just launched by Apple Computer which equals 90 percent reduction in the carbon footprint compared to the plastic tray used in the past. Indian Oil also aims at developing techno-economically viable and environment-friendly products & services for the benefit of millions of its consumers, while at the same time ensuring the highest standards of safety and environment protection in its operations.

The legal implications of marketing claims call for caution. Misleading or overstated claims can lead to regulatory or civil challenges. In the USA, the Federal Trade Commission provides some guidance on environmental marketing claims.
Three keys to successful green marketing

Show potential customers that you follow green business practices and you could reap more green on your bottom line. Green Marketing isn’t just a catchphrase; it’s a marketing strategy that can help you get more customers and make more money. But only if you do it right.

For green marketing to be effective, you have to do three things; be genuine, educate your customers, and give them the opportunity to participate.

1) Being genuine means that a) that you are actually doing what you claim to be doing in your green marketing campaign and b) that the rest of your business policies are consistent with whatever you are doing that’s environmentally friendly. Both these conditions have to be met for your business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.

2) Educating your customers isn’t just a matter of letting people know you’re doing whatever you’re doing to protect the environment, but also a matter of letting them know why it matters. Otherwise, for a significant portion of your target market, it’s a case of “So what?” and your green marketing campaign goes nowhere.

3) Giving your customers an opportunity to participate means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action.

The “Rules” of Green Marketing

The first rule of green marketing is the first rule of marketing: focus on customer benefits i.e., the primary reason why consumers buy certain products in the first place. Do this right, and you’ll motivate consumers to switch brands or even pay a premium for your greener alternative. Next, keep in mind that for green marketing to work, it is important that customers:

- Are aware of and concerned about the environmental issues your product addresses
- Feel that by using your product they will make a difference (“empowerment”)
Believe your claims (something that’s a bit challenging to big business these days)

Feel your product will work as well as non-green alternatives (This reflects lingering misperceptions from the days when natural laundry detergents left clothes dingy and fluorescent lightbulbs sputtered.)

Can afford any premiums. (Some can’t afford premiums for any kind of product, green or not.) Of course, the more you offer, the more consumers may be willing to pay.

**Benefits of Green Marketing**

Companies that develop new and improved products and services with environment inputs in mind give themselves access to new markets, increase their profit sustainability, and enjoy a competitive advantage over the companies which are not concerned for the environment.

**Adoption of Green Marketing**

There are basically five reasons for which a marketer should go for the adoption of green marketing. They are -

- Opportunities or competitive advantage
- Corporate social responsibilities (CSR)
- Government pressure
- Competitive pressure
- Cost or profit issues

**Green Marketing Mix**

Every company has its own favorite marketing mix. Some have 4 P’s and some have 7 P’s of marketing mix. The 4 P’s of green marketing are that of a conventional marketing but
the challenge before marketers is to use 4 P’s in an innovative manner.

Product

The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources (Keller man, 1978).

Price

Price is a critical and important factor of green marketing mix. Most consumers will only be prepared to pay additional value if there is a perception of extra product value. This value may be improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price.

Promotion

There are three types of green advertising: -

ü Ads that address a relationship between a product/service and the biophysical environment

ü Those that promote a green lifestyle by highlighting a product or service

ü Ads that present a corporate image of environmental responsibility

Place

The choice of where and when to make a product available will have significant impact on the customers. Very few customers will go out of their way to buy green products.

Strategies

The marketing strategies for green marketing include: -

• Marketing Audit (including internal and external situation analysis)

• Develop a marketing plan outlining strategies with regard to 4 P’s
• Implement marketing strategies

• Plan results evaluation

**Challenges Ahead**

ü Green products require renewable and recyclable material, which is costly

ü Requires a technology, which requires huge investment in R & D

ü Water treatment technology, which is too costly

ü Majority of the people are not aware of green products and their uses

ü Majority of the consumers are not willing to pay a premium for green products

**Some Cases**

O McDonald's restaurant’s napkins, bags are made of recycled paper.

O Coca-Cola pumped syrup directly from tank instead of plastic which saved 68 million pound/year.

O Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution.

O Barauni refinery of IOC is taken steps for restricting air and water pollutants.

The concept of shared values which focuses on the connections between the societal and economic progress has the power to unleash the next wave of global growth. An increasing number of companies known for their hard-nosed approach to business such as google, IBM, intel, Nestle, Unilever and Wal-Mart- have begun to embark on important shared value initiatives. But our understanding of the potential of shared values is just the beginning. There are three key ways in which the companies can create shared value opportunities:

• By reconceiving products and markets
• By redefining productivity in the value chain

• By enabling local cluster development

Every firm should look at decisions and opportunities through the lens of shared values. This will lead to new approaches that will generate greater innovation and growth for companies- and also greater benefits for the society. The concept of shared value recognizes that societal needs not just conventional economic needs, define markets. It also recognizes that social harms or weaknesses frequently create internal costs for firms- such as wasted energy or raw materials, costly accidents and the need for remedial training to compensate for inadequacies in education. And addressing societal harms and constraints does not necessarily raise costs for the firms, because they can innovate, using new technologies, operating methods and management approaches- and as a result, increase their productivity and expand their markets.

At a very basic level, the competitiveness of a company and the health of the communities around it are closely intertwined. A business needs a successful community, not only to create demand for its products but also to provide critical public assets and a supportive environment. A community needs successful business to provide jobs and wealth creation opportunities for its citizens.

The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress. The concept rests on the premise that both economic and social progress must be addressed using value principles. Value is defined as benefits related to costs, not just benefits alone. Value creation is an idea that has long been recognized in business, where profit is revenues earned from customers minus the costs incurred. However businesses have rarely approached societal issues from a value concern but have treated them as a peripheral matter. This has obscured the connection between economic and social concerns.

Not all profit is equal- an idea that has been lost in the narrow, short-term focus of financial markets and in much management thinking. Profits involving a social purpose represent a higher form of capitalism-one that will enable society to advance more rapidly while allowing companies to grow even more. The result is a positive cycle of community and company prosperity, which leads to profits that endure.
Creating shared value presumes compliance with the law and ethical standards, as well as mitigating any harm caused by the business, but goes far beyond that. The opportunity to create economic value will be one of the most powerful driving growths in the global economy. This thinking represents a new way of understanding customers, productivity and external influences on corporate success. It highlights the immense needs to be met the vast market to be served and the internal costs of social and community deficits- as well as the competitive advantages available from addressing them. Until recently companies have not approached their business in this way. Creating shared value will be more effective and far more sustainable than the majority of today’s corporate efforts in the social arena.

Companies will make real strides in the environment, for example, when they treat it as a productivity driver rather than a feel good response to external pressure or consider access to housing. A shared value approach would have led financial service companies to create innovative products that prudently increased access to home ownerships.

Inevitably, the most fertile opportunities for creating shared value will be closely related to a company’s particular business and in areas most important to the business. Here a company can benefit most economically and can benefit over time. Here is also where the company brings its most resources to bear and where its scale and market presence equip it to have a meaningful impact ion a societal problem. Ironically, many of the shared value pioneers have been those with more limited resources-social entrepreneurs and companies in developing countries. Shared value is defining a while new set of best practices that all companies must embrace. It will also become an integral part of strategy. The essence of strategy is choosing a unique positioning and a distinctive value chain to deliver on it. Shared value offers up many new needs to be met, new products to offer, new customers to serve and new ways to configure the value chain. And the competitive advantages that arise from creating shared value will often be more sustainable than conventional cost and quality improvements. The cycle of imitation and zero sum competition can be broken.

The three avenues of creating shared value are mutually reinforcing. Enhancing the cluster will enable more local procurement and less dispersed supply chains. New products and services that meet social needs or serve overlooked markets will require new value chain choices in areas such as production marketing and distribution. And new value chain configurations will create demand for technology that saves energy, conserve resources and support employees. Shared value creation will involve new and heightened forms of collaboration. While some shared value initiatives are possible for a company to seize on its own, others will benefit from insights, skills and resources that cut across profits/nonprofits boundaries. Here, companies will be less successful if they try to tackle
societal problems on their own. Major competitors may also need to work together on pre-competitive frameworks. Successful collaboration will be data-driven, clearly linked to defined outcomes, well-connected to the goals of all stakeholders, and tracked with clear metrics.

The Next Evolution

Shared value hold the key to unlocking the next wave of business innovation and growth. It will also reconnect company success and community success in a way that has been lost in the age of narrow management approaches, short-term thinking, and deepening divide amongst society’s intuitions. Shared value focuses companies on the right kind of profits—profits that create social benefits than diminish them. The moment for an expanded view of value creation has come. A host of factors, such as growing social awareness of the employees and the citizens and the increased scarceness of natural resources will drive unprecedented opportunities to create shared value. We need a more sophisticated form of capitalism, one imbued with a social purpose. But that purpose should arise not out of charity but out of deeper understanding of competition and economic value creation. This next evolution in the capitalist model recognizes new and better ways to develop products and serve markets building productive enterprises.

It is not philanthropy but self-interested behavior to create economic value by creating societal value. If all companies individually pursued shared value connected to their particular business societies overall interests would be served. And companies would acquire legitimacy in the eyes of the communities in which they operated, which would allow democracy to work as government’s sets policies that fostered and supported business. Survival of the fittest would still prevail but market competition would benefit society in ways we have lost. Creating shared value represents a new approach that cuts across disciplines. Because of the traditional divides between the economic concerns and social ones, people in the public and private sectors have followed very different educational and career paths.

Most business schools still teach the narrow view of capitalism, even though more and more of the graduates hunger for a greater sense of purpose and are drawn to social entrepreneurship. The results are being missed opportunities and public cynicism. Business school curricula will need to broaden in a number of areas. For example, the efficient use of stewardship of all forms of resources will define the next generation thinking on value chains. Customer behavior and marketing courses will have to move beyond persuasion
and demand creation to the study of deeper human needs how to serve nontraditional customer groups. Clusters, and the broader location influences on company production and innovation will form a new core discipline in business schools; economic development will no longer be left to public policy and economic departments. Business and government departments will examine the economic impact of societal factors on the enterprise, moving beyond the effects of regulation and macroeconomics. And finance will need to rethink how capital markets can actually support true value creation in the companies.

There is nothing soft about the concept shared value. These proposed changes in business schools curricula are not qualitative and do not depart from economic value creation. Instead, they represent the next stage in our understanding of markets, competition and business management. Not all problems can be solved through shared value solutions but shared value offers corporations the opportunity to utilize their skills, resources and management capability to lead social progress in ways that even the best intentioned governmental and social sector organizations can rarely match. In the process businesses can earn the respect if the society again.

**Conclusion**

Green marketing should not neglect the economic aspect of marketing. Marketers need to understand the implications of green marketing. If you think customers are not concerned about environmental issues or will not pay a premium for products that are more eco-responsible, think again. You must find an opportunity to enhance you product’s performance and strengthen your customer’s loyalty and command a higher price. Green marketing is still in its infancy and a lot of research is to be done on green marketing to fully explore its potential. According to Paul Stoneman, financial incentives are necessary if the market for green products is to improve and grow. Consumers in the United States are expected to double their spending on green products and services in the next year to an estimated $500 billion, according to an annual consumer survey by Landor Associates. Shared value hold the key to unlocking the next wave of business innovation and growth. It will also reconnect company success and community success in a way that have been lost in the age of narrow management approaches, short term thinking and deepening divide amongst society’s intuitions. Not all problems can be solved through shared value solutions but shared value offers corporations the opportunity to utilize their skills, resources and management capability to lead social progress in ways that even the best intentioned governmental and social sector organizations can rarely match. The concept of shared value can be defined as policies and operating practices that enhance the competitiveness
of a company while simultaneously advancing the economic and social conditions in the communities in which it operates so it has the power to unleash the next wave of global growth.

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Introduction

The banking sector plays a crucial role in the economic development of a nation. An efficient, effective, vibrant and innovative banking stimulates economic growth by mobilizing savings and by efficiently allocating funds for productive purposes. The Indian financial system comprising the commercial banks, the financial institutions and the capital markets has undergone a very rapid transformation in the past three decades. The committee on financial system, well known as the Narasimham Committee set up in 1991, to recommend measures for bringing about necessary reforms in the financial sector, did acknowledge the spectacular success of the public sector banks since the major banks were nationalized on 19th July, 1969. But for twenty years after the nationalization, spectacular development was witnessed only in the spread of branch network of banks, mobilization of savings and in creating employment opportunities for half a million persons, rather than in the improvement of services to the customers. Further, the viability of a number of public sector banks became a matter of great concern. The systematic and effective supervision and regulation of the banking and non banking financial systems did not keep pace with the developments in these areas. Hence, the Narasimham Committee was set up by the Government of India in August 1991. The rationale underlying the necessity of reforms in the financial system of the country may be recapitulated as follows.

The rationale of the reforms:

While discussing the rationale of the reforms, it is appropriate to split the Indian banking sector performance into four phases, 1950-1968, 1968-1991, 1991-2000 and since 2000. This classification is justified because in the first phase we experienced the challenges of the Indian banking sector prior to nationalization. In the second phase the banking sector made remarkable progress, but its efficiency, cost and sustainability was doubtful. In the third phase, the Indian banking industry underwent through reforms process, still its efficiency, spread and cost are to be evaluated. In the final phase, since 2000, the banking sector became technology savvy and its implications and consequences are also to be examined.

Trends prior to nationalization:

One of the major problems of the banking industry prior to nationalization was the high urban concentration. Considering the period 1950-68, it is worked out that nearly 76 per cent bank branches were concentrated in urban areas. This high concentration in urban areas led to neglect of agriculture sector. In the pre nationalization era, of the total bank credit, only 11 per cent was disbursed for agriculture. Correspondingly, the share for rural development was also very low, just 3 per cent. Another major limitation of banking operations before 1968 was very high over dues. During this period on an average over dues remained at 43 per cent. As a consequence of these and similar issues, the performance of banks was not satisfactory. To improve the situation, the Government of India decided to nationalize the major banks on 19th July, 1969. But for twenty years after the nationalization, spectacular development was witnessed only in the spread of branch network of banks, mobilization of savings and in creating employment opportunities for half a million persons, rather than in the improvement of services to the customers. Further, the viability of a number of public sector banks became a matter of great concern. The systematic and effective supervision and regulation of the banking and non banking financial systems did not keep pace with the developments in these areas. Hence, the Narasimham Committee was set up by the Government of India in August 1991. The rationale underlying the necessity of reforms in the financial system of the country may be recapitulated as follows.

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LOANS MANAGEMENT IN BANKS - AN EMPIRICAL SURVEY

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Abstract

Credit risk affects banks to bring loss arising from the borrower default by delaying or not making repayments of interest or principal promised transactions. Currently, banks experience high levels of non-performing loans. This trend threatens viability and sustainability of banks and hinders the achievement of their business goals. The contribution of this paper is based on already existing challenge of banks in loans management. The Survey was done in commercial banks in Karnataka state, India. The findings show that there still mis-management of Loan process in banks. Collaterals are being used major means to measure creditworthiness of loans applicant. This point puts away or to a small extent consider other factors in granting Loans. Banks should go as far as checking Loan customer’s details on character, past records, purpose and expected returns of the allocated loan. The significant idea is to recommend on the effectiveness of loan performance of banks.

Keywords: Credit risk management, Credit policy, Non-performing Assets, Loans management

Introduction

Though it is well understood that risk taking is an integral part of banking business but in today’s liberalized scenario, banking is much more risky business. Thus risk management and loan portfolio management has emerged as defining attributes. Credit risk or the risk of loan defaults is the most threatening risk for the banking sector, which can question the existence of the organization.

The issue of Bank Loans has received extensive theoretical and empirical investigation but despite the problem loans being such an important factor impinging on the health of banks, identification and analysis of their determining factors have been paid little attention
Banks should manage Loans because of limited capacity to absorb losses and this losses, can be covered only by using returns generated by other profitable loans or by bank capital (Boffey& Robson, 1995). Loans management process makes simple and ensures the granted loans to be recovered in exact time and if not, a good collateral can be used in replacement of the loan. Credit worthiness of the borrower should be assessed by the bank, loan monitoring is required until when the borrower has finished repaying. Borrower’s identification characteristics are important because of enabling easily assessment and collections, determine the most cost-effective type of customer outreach, and initiate repayment plans before a borrower’s financial situation worsens (Focardi, 2009). Thus, Loan monitoring is essential mechanism to be put in place in order to reduce the frequency and/or intensity of a loss that occurs.

**Review of Literature**

Various researches have been conducted research on the bank loans management in context of repaying the loans, and also looking at the loan policies. The financial viability of any credit institution depends absolutely on selecting applicants who have a high probability of repayment and rejecting those who have a high probability of default Ssewagudde, (2000). The Banks framework of Loans management starts by creating policies and principles that have been put in places by the board of directors on how to manage Loans. Maness &Zietlow, 2005, explained that a credit policy has four major pillars which include; credit standards, credit terms, credit limits and collection procedures.

Developing Loans standards refers to the minimum standards a customer has to fulfill before he or she can be extended Loans. These standards should be set while looking at the customers character (i.e. morals, integrity, trustworthiness and management quality, capital, capacity (i.e. its ability to repay debts when due), conditions (the general economy, the borrower’s environment and the reasons for the loan request), and collateral (the asset which is given as a security to back up the loan). Maness &Zietlow, 2005, opined that any decision on whether to grant a loan and how much credit to give is taken based on four steps; developing credit standards, gathering necessary information about the customer, applying credit standards, and setting limits. Credit terms- This is the credit period stipulating how long from the invoice the customer has to pay, and the cash discount (if any). This refers to the conditions under which banks advances credit to its customers. Westerfield& Jordan (2008) explained that Credit period refers to the period of time in which the credit is granted. The length of the credit period is influenced by Collateral value, Credit risk, the size of the account and market competition.
Loans collection procedures have to be implemented in a good manner. When the borrower delays to repay or defaults, the bank will automatically look for other means to meet up with this financial loophole. The banks have to use efforts while collecting loans also have to make sure the collections of the amount owed as close to the loans terms as possible also must always try to preserve customer goodwill when doing so (Maness & Zietlow, 2005).

Need of the study

As financial distress in the banking sector persists, analysts and banking practitioners needs more knowledge regarding the effective practices to be used in granting loans to customers and the importance of bank loans policies and management. The ideas of this paper would provide useful insights into the effective way of providing loans to the bank customers to avoid massive defaults. The paper serve as a source of added knowledge to all the readers, researchers and banks.

Objectives of the Study

1. To study banking loan management practices
2. To explore challenges facing banks loans management
3. To offer suggestions on better methods to manage bank loans.

Research Methodology

The paper is based on empirical data from 10 randomly selected commercial banks in Karnataka state in India, 170 bank employees in loan department filled the questionnaires. The questionnaires was structured in Likert-type scale. The analysis was also done with the help of SPSS (20).

Data Analysis and Findings

1. Period of working in Loans department

Working experience determine performance of the employees towards loan management. In the banking there are various categories of experienced employees.
**Graph 1**: Opinion of respondents towards working period in Loan department

![Graph showing distribution of working periods](image)

*Source: Field Survey*

The Survey results reveals the period of working in the loans department in bank shows that 31% of the respondents have 11 to 15 years of experience, 24.2% have an experience of 1 to 5 years, 21.9% have an experience of 6 to 10 years, 12.9% have an experience of 16 to 20 years and 10.0% have an experience of more than 21 years.

In view of the above analysis, it is deduced that a good percentage of respondents have an average working experience in loan management in the banks.

**2. Criteria used by your bank to appraise/assess creditworthiness for loan applicants.**

Creditworthiness determine the ability of the loan applicant to repay the loan to the bank at a time.

**Graph 2**: Opinion of respondents towards criteria used to appraise creditworthiness
Survey reveals that 36.5% of the respondents opined that banks relies in collateral to appraise/assess creditworthiness for loans applicants, 18.8% opined that banks use co-signatories, 11.2% opined that banks use business plan, others 9.4%, 8.8%, 8.2%, 7.1% opined that banks used profit and loss statements, corporate reputation, cash flow statement and SWOT analysis respectively.

In view of the above analysis, it is deduced that banks relies on collateral in appraise/assess creditworthiness of loans applicants.

3. **Graph 3 : Time taken to access a loan.**

The time taken for loan applicants to access loans determine the performance of banks in managing of loans.
Survey reveals that, 30.6% of the respondents opined that it takes 9 to 12 days to get loans, 28.2% opined that it takes 5 to 8 days, 23.5% opined that it takes 1 to 4 days and 17.6% of the respondents opined it takes more than 13 days.

In view of the above analysis, it is deduced that, loans applicants have to wait for long time (days) to access loans.
4. Loan management practices

Survey reveals that banks have performed well in maintaining loan files, performs credit investigation on proposed and existing borrowers, requires periodic submission of financial statements to borrowers, with the mean score above 4.0 and have less performed in offering unsecured loans to unsecured borrowers with the mean score of less than 4.0.

In the view of the above analysis, banks have to improve in providing unsecured loans based on loan management policy.

5. Loans review process.

Survey reveals that banks have well performed in rechecks liability ledger to determine new loans, confirms and appraise collateral in assessing creditworthiness of loans applicant, determine that loan approvals are within the limits of banks’ lending authorities with the mean score above 4.0. The banks have less performed in rechecks interest, discounts and maturity dates of loan applicants, maintains a list of loans reviewed indicating the date reviewed and the credit rating with the mean score of less than 4.0.

In view of the above analysis, it is deduced that banks have to review its interest and maturity dates of loans applicant, loans ratings to increase efficiency in loan management.


Survey reveals that banks have well performed in Monitoring loans and prepares summations to substantiate ratings, Loan customers are often given training on loans usage, When loans are not repaid, bank uses other means to recover the loans, with the mean score of more than 4.0. Banks have less performed in monitoring the borrower’s business performance after loan extension with the mean score of less than 4.0.

In view of the above analysis, it is deduced that banks have to continually monitor borrower’s production after loans extension.

7. Challenges encountered during loan management in the bank.

Survey reveals that the major challenges facing banks in loans management are Diversion of loans, inadequate appropriate loan security Customer business failure, and inadequate customer’s loan usage knowledge, with the mean score above 4.0. The less
challenges appears in Inadequate loan appraisals procedures, Inadequate loans monitoring process with the mean score of less than 4.0.

In view of the above analysis, it is deduced that banks have to consider these challenges and make rectifications for effective loans management.

Conclusion

The implementation of loan management starts right from the time the banks conduct assessment of customer loans application. All banks are always concerned about the credit worthiness of the loaning customer and this information is valued differently by the different banks but the sole goal being “to be sure that the customer will repay their money” by avoidance of default or late payment. Banks have to take minimum days in granting loans and creating good sufficient policy to deal with challenges of loan management.

References


Coping patterns among the wives of alcoholic abusers in a rural area

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Abstract

Alcoholism has become a major health issue in Kerala. It has a lot of negative impact on the family and leads to its breakdown. Alcoholism is generally viewed as a physical compulsion coupled with a mental obsession with drinking, which, regardless of consequences, cannot be broken by willpower alone. Alcoholism today is considered as an illness, which affects the life of the individual as well as the family members, and dependences. WHO estimates that there are about 2 billion people worldwide who consume alcoholic beverages and 76.3 million with diagnosable alcohol related disorders. The alcoholic abusers can never safely use alcohol once having lost his self-confidence and self-control. They also feel a mental obsession referred to as “erasing” for alcohol. Physical abuse is also common in many cases. The wives of alcoholic abusers are often victims of fear, helplessness, desperation, insecurity, guilt, and shame. So in the Kerala context research studies such as wives of alcoholic abusers in a rural area have relevance and significance. The major objectives of the study are the coping patterns of the respondents applied to deal with difficult situation and their socio-demographic profile. The study also explores the relationship between selected socio-demographic factors and the coping patterns among the subjects. The research design is descriptive in nature and snowball method of sampling used to identify the samples. 60 samples were collected for the study. Coping among the WOAs was measured by ways of coping questionnaire, a 66-item scale (Folkman& Lazarus, 1988) and interview schedule used to collect the socio-demographic details. The study came up with the results of neglected areas of respondents’ lives which special reference to health and socio economic indicators.

Keywords: Alcoholism, Coping Patterns
Introduction

“First the man takes the drink,
Then the drink takes the drink,
Then the drink takes the man”

–Japanese proverb.

How true! Once man starts to drink, there is no end to it and then the drink not only takes the man but it also takes the entire family along.

Alcoholism is one of the major health and social problems all over the world. The study on Global burden of disease (Murray & Lopez 1996a, 1996b) identified alcohol use as one of the global risk factors, accounting for 1.5% of all deaths in the world, 3.5% of disability adjusted life years and 4.0% of the global burden of disease (Jorgen Rohm, 2004). Alcoholism has been an important problem of global concern. The impact of alcohol not only disturbs the physical health of an individual it also affects are the people who surround him.

Alcoholism is a primary, chronic disease with genetic, psycho-social and environmental causal facts which are influencing its development and manifestation. The disease is often, progressive and fatal. It is characterized by continuous or periodic improved control over drinking. Preoccupation with the drug, alcohol and excessive use of alcohol, despite adverse consequences and distortions in thinking, most notably denial refers to the nature of alcoholism.

Alcoholism has been characterized by four factors:

- Excessive intake of alcoholic beverages.
- Individual’s worrying over his drinking.
- Loss of control over drinking.
- Disturbance in functioning in his social world. (Bacon 1974, p 319-332.)
According to the WHO (1984) "alcoholics are those excessive drinkers whose dependence on alcohol has attained such a degree that it shows a noticeable mental disturbance or inference with their physical or mental health, their interpersonal relations and their smooth social and economic functions. They estimate that there are about 2 million people worldwide who consume alcoholic beverages and 76.3% with diagnosable alcohol use disorder. From a public health perspective, the global burden related to alcohol consumption, both in terms of morbidity and mortality, is considerable in most part of the world.

Alcohol consumption has health and social consequences via intoxication (drunkenness), alcohol dependence and other biochemical effects of alcohol. In addition to the chronic diseases that may affect drinkers after many years of heavy use, alcohol contributes to traumatic outcomes that kill or disable at are relatively young age, resulting in the loss of many years of life due to death or disability. There is increasing evidence that besides a volume of alcohol, the pattern of alcohol consumption can also cause more than 60 types of disease and injury (WHO,2002).

Alcoholism and Family Relationships

Most of the alcoholic abusers family relationships deteriorate day by day. The behavior of married alcoholic abusers can cause much disruption in his marital life. The chronic nature of alcoholic abusers can be noted by its impact on the family. The disruption in marital life ultimately reflects on the wife and children and affects the generation as a whole. The wife of alcoholic abusers suffers the most, and her prestigious position in comes down hindered, while her internal relationship is polluted and the wives are criticized by the society, and family members. Wives of alcoholics are described as ‘alcoholics wife’s sacrifices, adjust, never gives up, but never forgets’.

Alcoholic abuser is always disturbing the entire family structure and can plant the seeds of mental illness, not only in the children in their formative years but in each adult in such a family. But the alcoholic abuser is influenced too, just as much by the attitude of his family towards his illness as he influences them. For the alcoholic whose families’ attitude is negative, condemning, punishing, and hopeless, the chances of issues are decided as not well. (Epstein, 1997, p-547-556).

The children become involved and are bewildered. There is hostility, frustration, fighting, and threats on learning. There are economic difficulties also. The wife may fear for
her family and the emotional effects on the children. Most of the alcoholic abusers arouse anger and will lose the temper after the consumption of the alcohol. If the family members become upset about him, the alcohol abusers respond very negatively and destroy and harm the person mostly the victims are the wives of the alcoholism they face physical abuse from the husband. Consciously or unconsciously the alcohol abusers are projecting an image of self-hatred against the other person. The consequences of alcoholism all too often result in chaotic, disorganized and dysfunctional families (Frisch & Frisch, 2002). Families of alcoholics experience guilt, and shame when husbands were hospitalized for the first time for the addiction. The National association for children of alcoholics, USA state that alcoholic families demonstrate poorer problem solving abilities than non-alcoholic families both among the parents and within the family as a whole. These poor communication and problem solving skills may be mechanisms through which lack of cohesion and increased conflict develop and escalate in alcoholic families (SAMHSA’s National Clearing House for Drug and Alcohol Information, 2000-2003).

The researchers, during an earlier stint of community work in the rural area of Idukki district had come across the families of many alcohol abusers. There alcohol abusers were involved in excessive and very regular alcohol conception. The researchers had opportunities to come across spouses (wives) of such alcohol abusers. These families were ridden with almost all the problems that were discussed so far. Those families of the alcohol abusers were in very tragic and pathetic conditions.

Socially, economically and culturally these families were secluded and suffering. In most of these families, they survived only because of the struggles the wives enduringly carried out, with almost commitment travels. It was always a puzzle to understand the ways the wives of alcohol abusers coped with their very stressful difficulties and problems. This was the context in which the researchers have thought about these wives coping patterns. It was thus that the present research was conceptualized and designed. The purpose of such a planning included mainly identifying the various coping styles of these wives, in order to extend professional support as and when needed by them, and to guide them in ways that could be more helpful to them.

**Materials & Methods**

The major objectives of the present study are find out the coping patterns of the subjects applied to deal with difficult situation and explore the relationship between selected socio-demographic factors and the coping patterns among the subjects. The design of the study
is descriptive in nature, which is to describe the coping patterns among the subjects. The researchers adopted purposive sampling for this study with the criteria of exclusion and inclusion. In the exclusion, the researchers did not include the persons belonging to the group of widows and the group of mentally ill wives and the wives who live separately, with or without divorce. Wives with a marital duration less than five years are also excluded. And in the inclusion, they have included the wives if they have been married for at least five years married for at least three years and whose husbands have started drinking five years back or more. Snowball method was adopted to select the sample area. After identifying the alcohol abuser’s family the locality and collected the information whereabouts of subject was gathered from the last family from who from data was available. The sample size in this study is 60. Interview method was used for the data collection using a socio demographic profile sheet and to assess the coping strategies of alcoholic’s wives. The researchers used coping questionnaire, a 66-item scale (Folkman & Lazarus, 1988).

Results & Discussion

The collected data were analyzed and interpreted with the help of statistical tools. Regarding the demographic data of the respondents, a great majority (83.3%) of the wives of alcohol abusers belonged to Christian families and 8 respondents (13.33%) belonged to the Hindu religion, while two subjects were from Islam religion. This shows that majority respondents were from the Christian religion. One probable reason for this pattern of observation can also be attributed to the predominance of Christian settlers in that geographical area. However, it is worth noting that people from all religions are affected by alcohol abuse.

Concerned with educational background, Most of the husbands had a moderate level education, having at least an SSLC (83.3%) and Majority of the respondents had a minimum education of SSLC (81.6%). The results show that Nearly two-third of them (63.3%) were essentially housewives and the rest were working wives (36.7%). Being wives of alcohol abusing husbands, the working wives carry role overload, which can result in excessive amounts of stress. Regarding the status of respondent’s monthly income, only 12% of the respondents having a monthly income of less than Rs. 2000/- which means that alcohol abuse in the husband can increase the financial hardships of the wives.

Results regarding the number of the children of the respondents were 33.3% of the wives had to take responsibilities of three or more children, while 66.7% of them had the responsibility of bringing up to two children. These results typically show the burden on
the wives in nurturing and educating their children. The wives were supposed to take the lead in all these matters with their lesser family income. The results of the occupation of the respondent’s husbands show that 10 spouses (16.7%) of subjects were drivers, while there were 24 daily wagers (40%), 22 self employed (36.7%), and others were 4 (6.7%). Almost all of them were in moderate occupations with moderate income, except for the 24 daily wagers (40%) who may have very irregular and lower incomes and a large majority (88.3%) of the subjects were members of the nuclear families.

<table>
<thead>
<tr>
<th>Perceived health status of husband</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor / bad</td>
<td>31</td>
<td>51.7</td>
</tr>
<tr>
<td>Good / okay</td>
<td>29</td>
<td>48.3</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 1

The above table explains the health status of the husbands as perceived by the wives. As per the table, 31 (51.7%) wives perceived the health of their respective husbands as in bad or poor condition, while 29 (48.3%) of them perceived the same as in good or okay condition. The majority of the wives were aware of the health problems of their respective husbands. These perceptions may negatively affect the wives also.

Concerned with treatment received, 75% (n=45) of the alcohol abusing husbands didn’t get any treatment to overcome the drinking related problems while 25%
Concerned with the coping strategies, among 60 respondents, 73.33% (n=44) revealed that they never separated from their husbands, while 26.7% (n=16) separated from their husbands, some time or other previously. That’s a fourth of them previously had spells of separation, shows the difficulties they faced; and the way they dealt with it was through brief separations.

<table>
<thead>
<tr>
<th></th>
<th>Confrontive Coping</th>
<th>Distancing</th>
<th>Self Controlling</th>
<th>Seeking Social Support</th>
<th>Accepting Responsibility</th>
<th>Escape - Avoidance</th>
<th>Planful Problem Solving</th>
<th>Positive Reappraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>7.05</td>
<td>8.05</td>
<td>8.53</td>
<td>7.68</td>
<td>6.13</td>
<td>11.28</td>
<td>8.30</td>
<td>8.18</td>
</tr>
<tr>
<td>Range</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>5</td>
<td>9</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Minimum</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>6</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Maximum</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>11</td>
<td>8</td>
<td>15</td>
<td>13</td>
<td>11</td>
</tr>
</tbody>
</table>

Table 2
The above table details about the summarized statistics of the different coping strategies used by the wives of alcohol abusing husbands. These strategies are “Confrontive Coping, Distancing, Self-controlling, Seeking Social Support, Accepting responsibility, Escape-Avoidance, Planful Problem Solving, and Positive Reappraisal”. The wives of alcohol abusing persons seem to have used all these coping strategies varyingly. The mean rating for Confrontive Coping was 7.05 and the range was 6 with a minimum of 4 to a maximum of 10. Similarly, the mean score arrived at for Distancing as a coping strategy was 8.05 and the range was 6 with a minimum of 5 to a maximum of 11. For the coping strategy, namely Self-controlling the mean rating was 8.53 and the range was 7 with a minimum of 5 to a maximum of 12. The average score for Seeking Social support was 7.68 and the range was 7 between a minimum of 4 and a maximum of 11. The mean rating for Accepting Responsibility was 6.13 and the range was 5 with a minimum of 3 to a maximum of 8. Similarly, the mean score arrived at for Escape – Avoidance as a coping strategy was 11.28 and the range was 9 with a minimum of 6 to a maximum of 15. For the coping strategy, namely Planful Problem Solving the mean rating was 8.30 and the range was 9 with a minimum of 4 to a maximum of 13. The average score for Positive Reappraisal was 8.18 and the range was 7 between a minimum of 4 and a maximum of 11. These ratings evidently support that all these strategies were used differentially by the subjects in this study.

The following findings will explain the relationship with coping patterns and some relevant socio-demographic determinants.
The above table depicts the results from a cross-tabulation between two variables such as Family income Groups and Seeking Social Support groups. Seeking Social Support groups are made on the basis of mean ratings, those having a score less than the mean rating from the group 1 and those with a score equal to mean or more is categorized as group 2. The table reveals that there was a statistically significant association between these variables such as the Seeking Social Support strategy and Age factor when categorized ($X^2 = 9.023, p=0.011$).
The above table explains the results from a cross-tabulation between two variables such as Family Types and Seeking Social Support groups. Seeking Social Support groups are made on the basis of mean ratings, those having a score less than the mean rating from the group 1 and those with a score equal to mean or more is categorized as group 2. The table reveals that there was a statistically significant association between these variables such as the Seeking Social Support strategy and Family Types when categorized ($X^2 = 6.934$, $p=0.008$).
Table 5 presents the results from a cross-tabulation between two variables such as Accepting Responsibility strategy and Work Status groups of Wives. Accepting Responsibility groups are made on the basis of mean scores, those having a rating less than the mean rating from the group 1 and those with a score equal to mean or more is categorized as group 2. The table reveals that there was a near statistically significant association, but technically not significant, between these variables such as the Accepting Responsibility strategy and Work Status of Wives, the respondents when categorized ($X^2 = 3.794, p=0.051$).
Table 6

Table 6 presents the results from a cross-tabulation between two variables such as Escape-avoidance strategy and Work Status groups of Wives. Escape-avoidance groups are made on the basis of mean scores, those having a rating less than the mean rating from the group 1 and those with a score equal to mean or more is categorized as group 2. The table reveals that there was a statistically significant association between these variables such as the Escape-avoidance strategy and Work Status of Wives, the respondents when categorized (X2 = 6.170, p=0.013)
Table 7 displays a correlation matrix. It assesses first four determinants such as Confrontative Coping, Distancing, Self controlling and seeking social support. As seen from the matrix, there was a statistically significant positively moderate correlation between distancing Strategy and family Income per month \((r=0.285; p=0.027)\). Age and duration of alcohol drinking by the husband had shown no significant correlation with the coping strategies. Income also did not show any correlation with any other strategies in this table 7.
The Indian financial system comprises purposes. The Indian financial system comprising economic development of a nation. An efficient, sustainable banks, and support for creating industry utilities and service bureaus.

Key Words: Reforms, Regulatory, Interventions

<table>
<thead>
<tr>
<th></th>
<th>Accepting Responsibility</th>
<th>Escape - Avoidance</th>
<th>Planful Problem Solving</th>
<th>Positive Reappraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>r</td>
<td>-.022</td>
<td>.161</td>
<td>.012</td>
</tr>
<tr>
<td></td>
<td>Sig.</td>
<td>.869</td>
<td>.219</td>
<td>.925</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Income</td>
<td>r</td>
<td>.363(**)</td>
<td>-.255(*)</td>
<td>-.201</td>
</tr>
<tr>
<td></td>
<td>Sig.</td>
<td>.004</td>
<td>.050</td>
<td>.124</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Duration of drinking</td>
<td>r</td>
<td>.089</td>
<td>.127</td>
<td>.097</td>
</tr>
<tr>
<td></td>
<td>Sig.</td>
<td>.501</td>
<td>.334</td>
<td>.460</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
</tbody>
</table>

Table 8
Table 8 presents a correlation matrix. As seen from the matrix, there was a statistically significant positively moderate correlation between Accepting Responsibility Strategy and family Income per month ($r=0.0285; \ p=0.027$) and a significant negatively moderate correlation with Escape – Avoidance strategy ($r=0.255; \ p=0.050$). Age and duration of alcohol drinking by the husband had shown no significant correlation with the coping strategies. Income also did not demonstrate any correlation with any other strategies in this table.

**Conclusion**

Alcohol is “used” for celebration, in thanksgiving, to facilitate social intercourse, to reveal the anxiety, as a medicine, as a poison, to please others, to escape reality, and for a variety of other good or bad purposes. But the use of alcohol gradually leads man to destruction. All the responsibilities in the alcoholic’s family are taken care of by the wife. Alcohol abuse husbands hand over all the liabilities which fall on the shoulder of the wife. The pocket of alcoholics is always empty. The wives have no money for personal expenses. This system has traditionally been associated with low income, working class households. In the majority of ‘Kerala families’ women eat last and least. They give importance to the health care of men and children. Moreover, they are compelled to go out for work because the wage of husband is usually not sufficient for education of children and other family needs. Besides, men spend more money on drinking. The findings affirm the fact that mother is the most influential person in the life of the child. Children accept the values from the mother. Hence mother’s role is vital. But in the alcoholic’s family, rarely they have time for children.

The present study reaffirms that alcoholism is a crucial problem faced in society and in many families today. The problems of the wives of alcoholics are often neglected. This aspect has to be given special attention and suitable measures have to be adopted to look into their problems and to find out solutions. The study reveals that the very less percent of respondents were taking treatment and identified as alcoholism as a disease. This situation must change. Treatment facilities should be provided for the alcohol abusing partners in the families, along with counseling services and resource support. While providing treatment, we can provide psycho education to understand that how alcoholism destroy the entire family system. There would be individual and mutual counseling sessions can be adopted to understand each other’s perceptions and problems. We can introduce the AA group meeting and its influence in many people’s lives and encourage them to attend regular group meeting. Many Non governmental organizations have been working in this area for
many years. They must be able to come to the grassroots level to solve these problems. Holding the hand of government, the NGO’s can do so many activities to decrease the alcoholism in our society. We have co-responsibility to pull out the roots of this evil from family and society. When this evil affects the family, it also affects the society. Thus, it spoils the future generation as well. So it is imperative to fight this evil out from our society for a better generation.

References


A STUDY ON INCOTERMS RELATED TO EXPORTERS ON INTERNATIONAL TRADE WITH REFERENCE TO JEYAN TH LOGISTICS PVT LTD., TUTICORIN

S Sriram, Assistant Professor, Department of Management Studies, S VeerasamyChettiar College of Engineering and Technology, Puliyangudi.

Dr. M Arumugam, Professor and Dean, Xaviers institute for Business Administration (XIBA) St Xaviers College Palayamkotai, Tirunelveli

ABSTRACT

INCOTERMS (International Commercial Terms) are the trade terms published by the International Chamber of Commerce (ICC) these terms are commonly used in international contracts and are the principle to lay down the rules to characterize the roles and the compulsion between the buyer and seller involved in an international commercial transaction involving carriage of merchandise globally from one place to another.

The project discusses the proportional responsibilities of buyer and seller under incoterm group and awareness about the exporters related to the incoterm. For this study descriptive research design is used. The primary data was collected by telephone interview method. The secondary data was collected from the company website and other websites. Based on the information collected, by the researcher, findings and suggestions are drawn accordingly.

INTRODUCTION

The incoterm rules or International commercial terms are a series of pre-defined commercial terms published by the International chamber of commerce (ICC) that are widely used in international commercial transactions or procurement processes. A series of three-letter trade terms related to common contractual sales practices, the incoterm rules are intended primarily to clearly communicate the tasks, costs, and risks associated with the transportation and delivery of goods.

The incoterm rules are accepted by governments, legal authorities, and practitioners worldwide for the interpretation of most commonly used terms in international trade. They are intended to reduce or remove altogether uncertainties arising from different
interpretation of the rules in different countries. As such they are regularly incorporated into sales contracts worldwide.

First published in 1936, the Incoterms rules have been periodically updated, with the eighth version – Incoterms 2010 – having been published on January 1, 2011. Incoterms is a registered trademark of the ICC.

**Definition:**

Incoterms are defined as a set of international rules for interpreting the stipulations in international sales contracts. In the field of international transportation, Incoterms are used to establish the respective responsibilities of the signatories. The selection of Incoterms is often viewed as a difficult decision because of the general lack of knowledge on the subject and because the choice of appropriate Incoterms tends to be considered as a constraint rather than as an opportunity to improve the efficiency of an opportunity to improve the efficiency of international deal.

**STATEMENT OF THE PROBLEM:**

To find out problem is the first stage of the process. It represents translating the management problem in to research problem. It rightly said that “a well-defined problem is half solved”

Incoterms is very important terms in every logistics and shipping company. But most of the people are not aware of these terms. So this study is carried out to know the Incoterms. The final study is undertaken after a pilot study.

**OBJECTIVES OF THE STUDY:**

**Primary objective:**

To study the various Incoterms existing in the logistics

**Secondary objectives:**

- To study the theoretical knowledge about the Incoterms
• To know the impact of incoterms for Importers and Exporters.
• To analyze the benefit of the various incoterms for Importers and Exporters.
• To analyze the buyer and seller responsibilities of incoterms.

PERIOD OF THE STUDY:

The study was undertaken during a period of three months during Jan 2014 to April 2014.

During the period the following steps were taken:
• Data were collected and recorded.
• Data were analyzed and interpreted, reports were generated.

AREA OF THE STUDY:

The research was held in Jeyanth Logistics Pvt Ltd., Tuticorin.

SAMPLING DESIGN:

The researcher has gone in for convenience sampling as list of population is available. A sample of 42 respondents was selected according to convenience to collect the information for the study. Before that five respondents were selected for pilot study and the effectiveness of interview.

RESEARCH DESIGN:

Research design is the specification of methods and procedure for acquiring the information need to structure or to solve problem. The present study adopts descriptive research.

DATA COLLECTION

The required data were collected both from primary and secondary sources.
Primary Data:

Primary data were collected from the respondents using a structured close ended questionnaire and telephone interview method is used.

Secondary Data:

**Paper-based sources** – books, journals, periodicals, abstracts, indexes, directories, research reports, conference papers, market reports, and annual reports, internal records of organizations, newspaper and magazines.

**Electronic sources** – On-line databases, Internet, videos and broadcasts.

**TOOLS USED FOR ANALYSIS:**

To analyze the data, tables, diagrams and statistical tools like averages and percentages are used in the appropriate places.

**Percentage analysis:**

This is a basic tool undertaken by the researcher to highlight the dominance of the respondents with regard to socio-economic factors.

**LIMITATIONS OF THE STUDY:**

- The time available to conduct the study was only 3 months. It being a wide topic had a limited time.
- Limited resources are available to collect the information about the incoterms.
- Sometimes there are no responses from the respondents.

**INDUSTRY PROFILE:**

Logistics and Shipping involve managing the transfer of products from the place of their origin to the place of their consumption. It includes activities such as material handling, warehousing, packaging, transportation, shipping security, inventory management, supply
chain management, procurement, and customs service. Logistics and shipping is a part of the supply chain and value chain in most industries. It is an essential component of the supply chain and value chain for any successful business. All manufacturing companies need logistics and shipping activities for the distribution of their products.

Infrastructure development plays a vital role in the economic growth and development of any countries. Transportation networks such as Railroad, road transport, water transport, and air transport networks form the backbone for any country to move ahead toward development. These transportation networks also play a vital role in the Logistics and Shipping industry; and are the segments of the Logistics and Shipping industry infrastructure.

It was anticipated a few years ago that India is going to have fast-growing shipping and logistics industry. The Indian shipping businesses have grown up as per those expectations. The remarkable growth of the Indian economy attracted shipping and logistics businesses from all over the world. And today, these businesses are contributing towards the exponential growth rate of the economy.

Another reason for the growth of the Indian shipping businesses and shipping companies is the improvement in the required infrastructure. The conditions of roads are getting improved with passage of time. Most importantly, the use of information technology has further helped these businesses to serve their customers in the best possible manner.

The simultaneous growth of various industries has also driven the popularity of the Indian shipping businesses. For example, textile and pharmaceutical industrial sectors in the country utilize the shipping and logistics services in a number of different ways. Labeling and packaging and distribution of packaged products are among the main facilities that shipping and logistics businesses in India offer to these industries.

**COMPANY PROFILE**

Jeyanth Logistics Company was started operations in the mid-1990s in Tuticorin, India, Jeyanth Logistics was established by Jeyasingh Raja and ChokalingamMeenakshiSundaram. Jeyanth Logistics has steadily expanded its geographical coverage and range of operations to serve customers around the world. Today, it is a truly global operator serving the shipping, logistics and marine industries on all continents.
Jeyanth Logistics delivers on its promises with day-to-day activities that represent value for money, quality, continuity, innovation and global reach, offering services that seamlessly combine its expertise and experience in the shipping, logistics and marine fields.

Jeyanth Logistics is successful today thanks to the winning combination of Customer Service with a personal touch and local business knowledge.

The organization goal is “our customers to view us as their partner of choice, reflecting quality, continuity, trust and reliability”.

LITERATURE REVIEW

A construction of the expression “International commercial terms”, the word refers to a group of rules proposed by the international chamber of commerce (ICC). These rules define the rights and obligations of buyers and sellers precisely, in a codified language, in the context of international trade (Jimenez, 1998; Chevalier, 2000; Gooley, 2000; Jacquet, 2000). In addition, they define the cost transfer and the risk transfer points associated with a shipment (Sriro, 1993; Legrand & Martini, 1999; Chevalier, 2000).

For Chevalier (2000), Incoterms essentially allow several elements to be precisely defined: the seller’s delivery obligations, the risk transfer from the seller to the buyer, the distribution of costs between the two parties, and the responsibility for the transportation documents.

According to Holley & Haynes (2003), knowledge and understanding of incoterms is vital in international trade. Due to their widespread use, Incoterms have become more and more important; in fact, Freudmann (1999) – considered them to be the “Bible of international commerce”. Incoterms reduce the uncertainty due to the high degree of heterogeneity in international commercial practices by creating a common frame of reference for the signatories (Gooley, 2000). Thus the terms provide a particularly useful structure during the negotiation phase, in that they save time and they tend to clarify the respective responsibilities of the two parties (Sriro, 1993).

Incoterms are also important because those who use them judiciously can potentially increase their profits. According to Gooley (2000), North American companies involved in international trade would benefit enormously by increasing their knowledge of incoterms. This tacit link between Incoterm choice and performance, which will be developed later.
in this article, has also been highlighted by Jacquet (2000) who considers Incoterms to be a factor in improving competitiveness and an important source of company profitability.

As Incoterms 2010 apply from 1 January 2011, it is not possible to provide an extensive literature review as little has been published to date in these terms, as a body of knowledge is still developing, particularly in relation to major changes. Literature of previous Incoterms editions (2000 and earlier) is not considered appropriate due to changes in the relative position of sellers and buyers over successive editions. At the time of writing, apart from International Chamber of Commerce (ICC) publications, there is dearth of literature on this topic. There are two short articles in trade magazines (Reynolds, 2011; Thornley, 2010), that are very general in nature and, consequently, do not particularly focus on any aspects of Incoterms 2010.

ANALYSIS AND INTERPRETATION

TABLE 1: SHOWING THE SPECIFIC INCOTERMS USED FOR EXPORTERS

<table>
<thead>
<tr>
<th>S.No</th>
<th>Parameters</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1 term</td>
<td>8</td>
<td>19%</td>
</tr>
<tr>
<td>2</td>
<td>2 terms</td>
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</tr>
<tr>
<td>3</td>
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<td>2%</td>
</tr>
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<td>5</td>
<td>Above 5 terms</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>42</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

(Source: Primary Data)
INFERRECE:

It is inferred from the above table that 50% respondents are 2 terms, 29% respondents are 3 terms, 19% respondents are 1 term and 2% respondents are 4 terms.

TABLE 2: SHOWING THE BENEFITS OF THE EXPORTERS IN THESE TERMS

<table>
<thead>
<tr>
<th>S.No</th>
<th>Parameters</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EXW</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>2</td>
<td>FCA</td>
<td>3</td>
<td>7%</td>
</tr>
<tr>
<td>3</td>
<td>FOB</td>
<td>21</td>
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</tr>
<tr>
<td>4</td>
<td>CFR</td>
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<tr>
<td>5</td>
<td>CIF</td>
<td>7</td>
<td>17%</td>
</tr>
<tr>
<td>6</td>
<td>DDU</td>
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</tr>
<tr>
<td>7</td>
<td>DDP</td>
<td>4</td>
<td>10%</td>
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<td>Total</td>
<td>42</td>
<td>100%</td>
</tr>
</tbody>
</table>

(Source: Primary Data)

INFERRECE:

It is inferred from the above table that 50% respondents are FOB, 17% respondents are CIF, 14% respondents are CFR, 10% respondents are DDP, 7% respondents are FCA, and 2% respondents are EXW.

TABLE 3: SHOWING THE BENEFITS OF THE IMPORTERS IN THESE TERMS
TABLE 4: SHOWING THE RESPONSIBILITIES OF EXPORT CLEARENCE

<table>
<thead>
<tr>
<th>S.No</th>
<th>Parameters</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EXW</td>
<td>19</td>
<td>45%</td>
</tr>
<tr>
<td>2</td>
<td>FCA</td>
<td>5</td>
<td>12%</td>
</tr>
<tr>
<td>3</td>
<td>FOB</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>4</td>
<td>CFR</td>
<td>6</td>
<td>14%</td>
</tr>
<tr>
<td>5</td>
<td>CIF</td>
<td>3</td>
<td>7%</td>
</tr>
<tr>
<td>6</td>
<td>DDU</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td>7</td>
<td>DDP</td>
<td>6</td>
<td>14%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>42</td>
<td>100%</td>
</tr>
</tbody>
</table>

(Source: Primary Data)

INFORMATION:

It is inferred from the above table that 45% respondents are EXW, 14% respondents are CFR, 14% respondents are DDP, 12% respondents are FCA, 7% respondents are CIF, 5% respondents are FOB and 3% respondents are DDU.

TABLE 5: SHOWING THE RESPONSIBILITIES OF COMMERCIAL DOCUMENTS

<table>
<thead>
<tr>
<th>S.No</th>
<th>Parameters</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Buyer</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>2</td>
<td>Seller</td>
<td>40</td>
<td>95%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>42</td>
<td>100%</td>
</tr>
</tbody>
</table>

(Source: Primary Data)
INFERENCE:

It is inferred from the above table that 95% of the respondents are Seller and others are Buyer.

TABLE 5: SHOWING THE RESPONSIBILITIES OF COMMERCIAL DOCUMENTS

<table>
<thead>
<tr>
<th>S.No</th>
<th>Parameters</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Buyer</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>2</td>
<td>Seller</td>
<td>42</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

(Source: Primary Data)

INFERENCE:

It is inferred from the above table that 100% of the respondents are seller.

TABLE 6: SHOWING THE RESPONSIBILITIES OF PACKING COST

<table>
<thead>
<tr>
<th>S.No</th>
<th>Parameters</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Buyer</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>2</td>
<td>Seller</td>
<td>42</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

(Source: Primary Data)
INFERRENCE:

It is inferred from the above table that 100% of the respondents are Seller.

TABLE 7: SHOWING THE RESPONSIBILITIES OF INSURANCE

<table>
<thead>
<tr>
<th>S.No</th>
<th>Parameters</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
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<tr>
<td>1</td>
<td>Buyer</td>
<td>25</td>
<td>60%</td>
</tr>
<tr>
<td>2</td>
<td>Seller</td>
<td>17</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

(Source: Primary Data)

INFERRENCE:

It is inferred from the above table that 60% of the respondents are Buyer and others are Seller.

TABLE 8: SHOWING THE RESPONSIBILITIES OF PRE-CARRIAGE

<table>
<thead>
<tr>
<th>S.No</th>
<th>Parameters</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Buyer</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>2</td>
<td>Seller</td>
<td>38</td>
<td>90%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

(Source: Primary Data)
INFERENC E:

It is inferred from the above table that 90% of the respondents are Seller and others are Buyer.

TABLE 9: SHOWING THE RESPONSIBILITIES OF VESSELS LOADING CHARGES

<table>
<thead>
<tr>
<th>S.No</th>
<th>Parameters</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Buyer</td>
<td>8</td>
<td>19%</td>
</tr>
<tr>
<td>2</td>
<td>Seller</td>
<td>34</td>
<td>81%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>42</td>
<td>100%</td>
</tr>
</tbody>
</table>

(Source: Primary Data)

INFERENC E:

It is inferred from the above table that 81% of the respondents are Seller and others are Buyer.

TABLE 10: SHOWING THE RESPONSIBILITIES OF OCEAN FREIGHT/AIR FREIGHT

<table>
<thead>
<tr>
<th>S.No</th>
<th>Parameters</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Buyer</td>
<td>7</td>
<td>17%</td>
</tr>
<tr>
<td>2</td>
<td>Seller</td>
<td>35</td>
<td>83%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>42</td>
<td>100%</td>
</tr>
</tbody>
</table>

(Source: Primary Data)
INFERENCES:

It is inferred from the above table that 83% of the respondents are Seller and others are Buyer.

FINDINGS:

- In most of the companies the exporters are not aware of the incoterm.
- In incoterm most of the company use the term FOB and CIF.
- Exporters are mostly benefited in FOB term and for importers EXW.
- Exporters are mostly affected by using EXW term and importers are mostly affected with FOB term.
- Buyer / Seller know only the term what they use. But they are not aware of the other terms.

SUGGESTIONS:

- In companies they are using only limited terms but they should try to use the other terms also which are suitable for them.
- Display boards consist of the terms and their respective abbreviation.
- Frequently conducted workshop regarding the incoterm.
- If the fresher may be appointed after the appointment training must be given.

CONCLUSION

From this study it is concluded that the contract for purchase and sale of goods, they are entitled to freely negotiate the special terms with regard to price, quantity, properties, etc., as well as carriage, risks and surrender of the goods. Businesses involved in exports, however, are frequently faced with different interpretations of identical formula and national commercial practices. To counteract the resulting imponderables, the parties to the contract can use what are known as Incoterms, which offer a range of international rules
for interpreting the main forms of contract used. Specifically, the Incoterm agreed by the parties determines which party is liable for the respective costs in the transport chain, for loading and unloading the goods for delivery.

REFERENCES:

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- Dr. Roberto Bergami, School of International Business, Centre for Strategic and Economic Studies, Faculty of Business and Law, Victoria University, Ballarat Road, Footscray, Vic, 3011, Australia
ANNEXURE
BUYER AND SELLER RESPONSIBILITIES OF INCOTERMS

<table>
<thead>
<tr>
<th>Incoterms</th>
<th>EXW</th>
<th>FCA</th>
<th>FOB</th>
<th>CFR</th>
<th>CIF</th>
<th>DDU</th>
<th>DDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>documents</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
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<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
</tr>
<tr>
<td>Packing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
</tr>
<tr>
<td>Export</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Clearance</td>
<td>Buyer</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
</tr>
</tbody>
</table>
The Indian financial system comprising the commercial banks, the financial institutions and the capital markets has undergone a very rapid transformation in the past three decades. The spectacular success of the public sector banks reforms in the financial sector did acknowledge the Narasimham Committee set up in 1991, to committee on financial system, well known as the transformation.

The Indian banking industry underwent significant reforms over the last decades. These reforms were introduced to make Indian banking industry globally competitive in the context of globalization.

**Key Words**: Reforms, Regulatory, Interventions

**ABSTRACT**: Banking sector reforms in India: A Critique

Dr. Mani K. P (Professor, Department of Economics, Dr.John Mathai Centre, Calicut University Regional Centre)

Vizianagaram, Andhra Pradesh, India

FINANCIAL INCLUSION -"Taking Banking Services to the Common Man"

**Introduction**

The nature of public good, it is essential that availability of banking and payment services to the disadvantaged and low income segments of society. It is argued that as banking services are in the process, still its efficiency, spread and cost are to be evaluated. In the final phase, since 2000, the banking sector became technology savvy and its performance into four phases, 1950-1968, 1968-1991, 1991-2000 and since 2000. This classification is justified because in the first phase of the total bank credit, only 11 per cent was disbursed for agriculture. Correspondingly, the concentration in urban areas led to neglect of agriculture sector. In the pre nationalization era, considering the period 1950-68, it is worked out that over dues remained at 43 per cent. As a consequence, the policy and regulatory interventions and management strategies will determine the implications and consequences are also to be examined.

<table>
<thead>
<tr>
<th>Pre-carriage</th>
<th>Buyer</th>
<th>Seller</th>
<th>Seller</th>
<th>Seller</th>
<th>Seller</th>
<th>Seller</th>
<th>Seller</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessels</td>
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<td>Seller</td>
</tr>
<tr>
<td>Loading charges</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
</tr>
<tr>
<td>Ocean Freight (or)</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
</tr>
<tr>
<td>Air Freight</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
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</tr>
<tr>
<td>Security Information</td>
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<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
</tr>
<tr>
<td>Duty, Custom fees, Taxes</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Seller</td>
</tr>
<tr>
<td>Post-carriage</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Seller</td>
<td>Seller</td>
</tr>
<tr>
<td>Delivery carrier unloading</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
</tr>
</tbody>
</table>
FINANCIAL INCLUSION - “Taking Banking Services to the Common Man”

B. Ashok M.com, MBA, Assistant Professor, Avanthi Institute of Engineering and technology, Vizianagaram, Andhra Pradesh, India

ABSTRACT:

Financial inclusion is the delivery of financial services at affordable costs to sections of disadvantaged and low income segments of society. It is argued that as banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of public policy. The objective of financial inclusion is to deliver banking services at an affordable cost to vast sections of the low-income groups. Indian Finance Minister has set the ball rolling by articulating the Government’s decision to provide essential financial services like savings, credit, micro insurance and remittance, for all villages with population over 2,000 by March 2012. Therefore, the present study attempts to find out the impact of financial inclusion.

Keywords: Financial inclusion, Reserve Bank of India (RBI),

Introduction:

- ‘Financial Inclusion’ ; Unorganized Sector; are the buzz word today.

- Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players. The States like Bihar, Orissa, Rajasthan Uttar Pradesh, Chhattisgarh, Jharkhand, West Bengal and North-Eastern States are under banked. When compared to the developed world, the coverage of our financial services is quite low. Then the Reserve Bank of India has set up a commission (Khan Commission) in 2004 to look into financial inclusion and the recommendations of the commission were incorporated into the mid-term review of the policy (2005–06). In the report RBI exhorted the banks with a view of achieving greater financial inclusion to make available a basic “nofrills” banking account. In India, Financial Inclusion first featured in 2005, when it was introduced, that, too, from a pilot project in UT of Pondicherry, by K C Chakrabarty, the chairman of Indian Bank. Mangalam Village became the first village in India where all households
were provided banking facilities. In addition to this KYC (Know your Customer) norms were relaxed for people intending to open accounts with annual deposits of less than 50,000 rupees. General Credit Cards (GCC) were issued to the poor and the disadvantaged with a view to help them access easy credit.

**What is ‘Financial Inclusion’?**

“Financial inclusion is delivery of banking services at an affordable cost (‘no frills’ accounts,) to the vast sections of disadvantaged and low income group. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy.”

- **The scope of financial inclusion**

The scope of financial inclusion can be expanded in two ways.

(a) through state-driven intervention by way of statutory enactments (for instance the US example, the Community Reinvestment Act and making it a statutory right to have bank account in France).

(b) through voluntary effort by the banking community itself for evolving various strategies to bring within the ambit of the banking sector the large strata of society.

When bankers do not give the desired attention to certain areas, the regulators have to step in to remedy the situation. This is the reason why the Reserve Bank of India is placing a lot of emphasis on financial inclusion.

In India the focus of the financial inclusion at present is confined to ensuring a bare minimum access to a savings bank account without frills, to all. Internationally, the financial exclusion has been viewed in a much wider perspective. Having a current account / savings account on its own, is not regarded as an accurate indicator of financial inclusion. There could be multiple levels of financial inclusion and exclusion. At one extreme, it is possible to identify the ‘super-included’, i.e., those customers who are actively and persistently courted by the financial services industry, and who have at their disposal a wide
range of financial services and products. At the other extreme, we may have the financially excluded, who are denied access to even the most basic of financial products. In between are those who use the banking services only for deposits and withdrawals of money. But these persons may have only restricted access to the financial system, and may not enjoy the flexibility of access offered to more affluent customers.

- **Consequences of Financial Exclusion**

Consequences of financial exclusion will vary depending on the nature and extent of services denied. It may lead to increased travel requirements, higher incidence of crime, general decline in investment, difficulties in gaining access to credit or getting credit from informal sources at exorbitant rates, and increased unemployment, etc. The small business may suffer due to loss of access to middle class and higher-income consumers, higher cash handling costs, delays in remittances of money. According to certain researches, financial exclusion can lead to social exclusion.

- **International experience in promoting financial inclusion**

An interesting feature which emerges from the international practice is that the more developed the society is, the greater the thrust on empowerment of the common person and low income groups. It may be worthwhile to have a look at the international experience in tackling the problem of financial exclusion so that we can learn from the international experience.

The Financial Inclusion Task Force in UK has identified three priority areas for the purpose of financial inclusion, viz., access to banking, access to affordable credit and access to free face-to-face money advice. UK has established a Financial Inclusion Fund to promote financial inclusion and assigned responsibility to banks and credit unions in removing financial exclusion. Basic bank no frills accounts have been introduced. An enhanced legislative environment for credit unions has been established, accompanied by tighter regulations to ensure greater protection for investors. A Post Office Card Account (POCA) has been created for those who are unable or unwilling to access a basic bank account. The concept of a Savings Gateway has been piloted. This offers those on low-income employment £1 from the state for every £1 they invest, up to a maximum of £25 per month. In addition the Community Finance Learning Initiatives (CFLIs) were also introduced with a view to promoting basic financial literacy among housing association tenants.
A civil rights law, namely Community Reinvestment Act (CRA) in the United States prohibits discrimination by banks against low and moderate income neighborhoods. The CRA imposes an affirmative and continuing obligations on banks to serve the needs for credit and banking services of all the communities in which they are chartered. In fact, numerous studies conducted by Federal Reserve and Harvard University demonstrated that CRA lending is a win-win proposition and profitable to banks. In this context, it is also interesting to know the other initiative taken by a state in the United States. Apart from the CRA experiment, armed with the sanction of Banking Law, the State of New York Banking Department, with the objective of making available the low cost banking services to consumers, made mandatory that each banking institution shall offer basic banking account and in case of credit unions the basic share draft account, which is in the nature of low cost account with minimum facilities. Some key features of the basic banking account are worth-mentioning here.

- the initial deposit amount required to open the account shall not exceed US $ 25
- the minimum balance, including any average balance, required to maintain such account shall not exceed US $ 0.10
- the charge for periodic cycle for the maintenance of such accounts to be declared up front
- the minimum number of withdrawal transactions which may be made during any periodic cycle at no charge to the account holder must at least be eight
- a withdrawal shall be deemed to be made when recorded on the books of the account holder’s banking institution
- except, as provided below, an account holder shall not be restricted as to the number of deposits which may be made to the account without incurring any additional charge
- the banking institution may charge account holders for transactions at electronic facilities which are not operated by the account holder’s banking institution as well as other fees and charges for specific banking services which are not covered under the basic banking account scheme
• every periodic statement issued for the basic banking account should invariably cover on it or by way of separate communiqué maximum number of withdrawals permitted during each periodic cycle without additional charge and the consequences of exceeding such maximum and the fee if any, for the use of electronic facilities which are not operated by the account holder’s banking institution.

An interesting feature of basic banking account scheme is the element of transparency i.e. the banking institution should, prior to opening the account, furnish a written disclosure to the account holder describing the main features of the scheme i.e. the initial deposit amount required to open the account, minimum balance to be maintained, charge per periodic cycle for use of such account, maximum number of withdrawal transactions without any additional charge and other charges imposed on transactions for availing electronic facility not operated by the account holder’s banking institution, etc.

• Indian Scenario

Bank nationalization in India marked a paradigm shift in the focus of banking as it was intended to shift the focus from class banking to mass banking. The rationale for creating Regional Rural Banks was also to take the banking services to poor people. The branches of commercial banks and the RRBs have increased from 8321 in the year 1969 to 68,282 branches as at the end of March 2005. The average population per branch office has decreased from 64,000 to 16,000 during the same period. However, there are certain under-banked states such as Bihar, Orissa, Rajasthan, Uttar Pradesh, Chattisgarh, Jharkhand, West Bengal and a large number of North-Eastern states, where the average population per branch office continues to be quite high compared to the national average. As you would be aware, the new branch authorization policy of Reserve Bank encourages banks to open branches in these under banked states and the under banked areas in other states. The new policy also places a lot of emphasis on the efforts made by the Bank to achieve, inter alia, financial inclusion and other policy objectives.

One of the benchmarks employed to assess the degree of reach of financial services to the population of the country, is the quantum of deposit accounts (current and savings) held as a ratio to the adult population. In the Indian context, taking into account the Census of 2001 (ignoring the incremental growth of population thereafter), the ratio of deposit accounts (data available as on March 31, 2004) to the total adult population was only 59%
(details furnished in the table). Within the country, there is a wide variation across states. For instance, the ratio for the state of Kerala is as high as 89% while Bihar is marked by a low coverage of 33%. In the North Eastern States like Nagaland and Manipur, the coverage was a meager 21% and 27%, respectively. The Northern Region, comprising the states of Haryana, Chandigarh and Delhi, has a high coverage ratio of 84%. Compared to the developed world, the coverage of our financial services is quite low. For instance, as per a recent survey commissioned by British Bankers’ Association, 92 to 94% of the population of UK has either current or savings bank account.

- **Steps towards financial inclusion**

  In the context of initiatives taken for extending banking services to the small man, the mode of financial sector development until 1980’s was characterized by

  - a hugely expanded bank branch and cooperative network and new organizational forms like RRBs;
  - a greater focus on credit rather than other financial services like savings and insurance, although the banks and cooperatives did provide deposit facilities;
  - lending targets directed at a range of ‘priority sectors’ such as agriculture, weaker sections of the population, etc;
  - interest rate ceilings;
  - significant government subsidies channeled through the banks and cooperatives, as well as through related government programmes;
  - a dominant perspective that finance for rural and poor people was a social obligation and not a potential business opportunity.

  It is absolutely beyond any doubt that the financial access to masses has significantly improved in the last three and a half decades. But the basic question is, has that been good enough. As I mentioned earlier, the quantum of deposit accounts (current and savings) held as a ratio to the adult population has not been uniformly encouraging. There is a tremendous scope for financial coverage if we have to improve the standards of life of those deprived people.
With a view to enhancing the financial inclusion, as a proactive measure, the RBI in its Annual Policy Statement for the year 2005-06, while recognizing the concerns in regard to the banking practices that tend to exclude rather than attract vast sections of population, urged banks to review their existing practices to align them with the objective of financial inclusion. In the Mid Term Review of the Policy (2005-06), RBI exhorted the banks, with a view to achieving greater financial inclusion, to make available a basic banking ‘no frills’ account either with nil or very minimum balances as well as charges that would make such accounts accessible to vast sections of the population. The nature and number of transactions in such accounts would be restricted and made known to customers in advance in a transparent manner. All banks are urged to give wide publicity to the facility of such no frills account so as to ensure greater financial inclusion.

Further, in order to ensure that persons belonging to low income group both in urban and rural areas do not face difficulty in opening the bank accounts due to the procedural hassles, the KYC procedure for opening accounts has been simplified for those persons who intend to keep balances not exceeding rupees fifty thousand (Rs. 50,000/-) in all their accounts taken together and the total credit in all the accounts taken together is not expected to exceed rupees one lakh (Rs.1,00,000/-) in a year.

**Areas of concern by banks**

- The banking industry has shown tremendous growth in volume and complexity during the last few decades.

- Despite making significant improvements in all the areas relating to financial viability, profitability and competitiveness, there are concerns that banks have not been able to reach and bring vast segment of the population, especially the underprivileged sections of the society, into the fold of basic banking services.

- Internationally also efforts are being made to study the causes of financial exclusion and design strategies to ensure financial inclusion of the poor and disadvantaged.

- The reasons may vary from country to country and so also the strategy but all out efforts are needed as financial inclusion can truly lift the standard of life of the poor and the disadvantaged.

- RBI’s Policy on ‘Financial Inclusion’:
• When bankers do not give the desired attention to certain areas, the regulators have
to step in to remedy the situation. This is the reason why the Reserve Bank of India
places a lot of emphasis on financial inclusion.

• With a view to enhancing the financial inclusion, as a proactive measure, the RBI in
its Annual Policy Statement of the year 2005-2006, while recognizing the concerns
in regard to the banking practices that tend to exclude rather than attract vast sections
of population, urged banks to review their existing practices to align them with the
objective of financial inclusion.

• **No-Frills’ Account :**

  O In the Mid Term Review of the Policy (2005-06), RBI exhorted the banks,
with a view to achieving greater financial inclusion, to make available a basic
banking ‘no frills’ account either with ‘NIL’ or very minimum balances as
well as charges that would make such accounts accessible to vast sections
of the population. The nature and number of transactions in such accounts
would be restricted and made known to customers in advance in a transparent
manner. All banks are urged to give wide publicity to the facility of such ‘no
frills’ account, so as to ensure greater financial inclusion.

• **‘Simplification of ‘Know Your Customer (KYC)’ Norms :**

  O Banks are required to provide a choice of a ‘no frills account’ where the
minimum balance is nil or very small but having restrictions on number of
withdrawals, etc., to facilitate easy access to bank accounts.

  O Further, in order to ensure that persons belonging to low income group both
in urban and rural areas do not face difficulty in opening the bank accounts
due to the procedural hassles, the ‘KYC’ procedure for opening accounts
for those persons who intend to keep balances not exceeding rupees fifty
thousand (Rs. 50,000/-) in all their accounts taken together and the total
credit in all the accounts taken together is not expected to exceed rupees one
lakh (Rs. 1,00,000/-) in a year has been simplified to enable those belonging
to low income groups without documents of identity and proof of residence
to open banks accounts. In such cases banks can take introduction from an
account holder on whom full KYC procedure has been completed and has had satisfactory transactions with the bank for at least six months. Photograph of the customer who proposes to open the account and his address need to be certified by the introducer.

• Ensuring reasonableness of bank charges:

O As the Reserve Bank has been receiving several representations from public about unreasonable service charges being levied by banks, the existing institutional mechanism in this regard is not adequate. Accordingly, and in order to ensure fair practices in banking services, the RBI has issued instructions to banks making it obligatory for them to display and continue to keep updated, in their offices/branches as also in their website, the details of various services charges in a format prescribed by it. The Reserve Bank has also decided to place details relating to service charges of individual banks for the most common services in its website.

• The Way Forward

The banks should come out of inhibited feeling that very aggressive competition policy and social inclusion are mutually exclusive. As demonstrated elsewhere, the mass banking with no-frills etc. can become a win-win situation for both. Basically banking services need to be “marketed” to connect with large population segments and these may be justifiable promotional costs. The opportunities are plenty.

• In the context of India becoming one of the largest micro finance markets in the world especially in the growth of women’s savings and credit groups (SHGs) and the sustaining success of such institutions which has been demonstrated by the success of SEWA bank in Gujarat, low cost banking is not necessarily an unviable venture/proposition.

• The IBA may explore the possibility of a survey about the coverage in respect of financial inclusion keeping in view the geographical spread of the banks and extent of financial services available to the population so as to assess the constraints in extension of financial services to hitherto unbanked sections and for initiating appropriate policy measures.
• It may be useful for banks to consider franchising with other segments of financial sector such as cooperatives, RRBs etc. so as to extend the scope of financial inclusion with minimal intermediation cost.

• Since large sections of low income groups transactions are related to deposits and withdrawals, with a view to containing transaction costs, ‘simple to use’ cash dispensing and collecting machines akin to ATMs, with operating instructions and commands in vernacular would greatly facilitate financial inclusion of the semi urban and rural populace. In this regard, it is worthwhile to emulate the example of ‘e-Choupal’ project brought forth through private sector initiative.
Coverage of Banking Services (Ratio of Demand Deposit Accounts to the adult population) Table: 1

<table>
<thead>
<tr>
<th>Region/State/Union Territory</th>
<th>Current Accounts</th>
<th>Savings Accounts</th>
<th>Total Population</th>
<th>Adult Population (Above 19 years)</th>
<th>No. of acc. Per 100 of population</th>
<th>No. of acc. Per 100 of adult pop.</th>
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</table>
Indian banking industry underwent significant reforms over the last decades. These reforms were introduced to make Indian banking industry globally competitive in the context of globalization. The rationale of the reforms: The financial system of the country may be recapitulated as follows.

The Indian financial system comprising of these and similar issues, the performance of financial systems did not keep pace with the developments in these areas. Hence, the trend prior to nationalization: Three major problems of the banking industry prior to nationalization was the high urban concentration. Considering the period 1950-68, it is worked out that nearly 76 per cent bank branches were concentrated in urban areas. This high concentration in urban areas led to neglect of rural areas. In the pre-nationalization era, the share for rural development was also very low, the disbursed for agriculture. Correspondingly, the concentration in urban areas led to neglect of rural areas. In the pre-nationalization era, the share for rural development was also very low, the agriculture sector. In the pre-nationalization era, the share for rural development was also very low, the agriculture sector.

These reforms brought many achievements and also raised sufficient concerns. The interplay between policy and regulatory interventions and management strategies will determine the performance of Indian banking over the next few years. Legislative actions will shape the regulatory stance through six key elements; industry structure and sector consolidation, freedom to deploy capital, regulatory coverage, corporate governance, labour reforms and human capital development, and support for creating industry utilities and service bureaus.

**Key Words:** Reforms, Regulatory, Interventions
The Indian financial system comprising commercial banks, the financial institutions and the spectacular success of the public sector banks reforms in the financial sector did acknowledge the necessity of reforms. The Narasimham Committee was set up in 1991, to consider the financial system, well known as the committee on financial system, to bring about necessary transformation in the past three decades. The purposes of the financial system are to efficiently allocate funds for productive economic development by mobilizing savings and by promoting effective, vibrant and innovative banking. These reforms brought many achievements and also raised sufficient concerns. The interplay between the regulatory and supervisory authorities and the banks became a matter of great concern. The systematic and effective supervision of public sector banks became a matter of great concern. The systematic and effective supervision of non-banking financial companies became a matter of concern. The rational underlying the necessity of reforms in the banking sector prior to nationalization. In the second phase, the banking sector made remarkable progress, but its efficiency, cost and sustainability were doubtful. In the third phase, the Indian banking industry underwent the reforms introduced to make Indian banking industry globally competitive in the context of globalization.

The banking sector plays a crucial role in the economic growth by mobilizing savings and in creating employment opportunities for half a million people. The viability of a number of banks, mobilization of savings and in creating employment opportunities for half a million people were witnessed only in the spread of branch network. Considering the period 1950-68, it is worked out that nearly 76 per cent bank branches were concentrated in urban areas. This high concentration in urban areas led to neglect of rural areas. This high overdues remained at 43 per cent. As a consequence, the outstanding overdues. During this period on an average over duess. The banks would have to evolve specific strategies to expand the outreach of their services in respect of the different sectors of the economy. The education, and advice on money management, debt counseling, savings and affordable credit. A holistic approach on the part of the banks in creating awareness about financial products, services and support for creating industry utilities and service bureaus. The banking sector became technology savvy and its performance into four phases, 1950-1968, 1968-1991, 1991-2000 and since 2000. This banking sector performance during these areas. Hence, the implications and consequences are also to be evaluated.

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Conclusion

It is becoming increasingly apparent that addressing financial exclusion will require a holistic approach on the part of the banks in creating awareness about financial products, education, and advice on money management, debt counseling, savings and affordable credit. The banks would have to evolve specific strategies to expand the outreach of their services in order to promote financial inclusion. One of the ways in which this can be achieved in a cost-effective manner is through forging linkages with microfinance institutions and local communities. Banks should give wide publicity to the facility of no frills account. Technology can be a very valuable tool in providing access to banking products in remote areas. ATMs cash dispensing machines can be modified suitably to make them user friendly for people who are illiterate, less educated or do not know English.

To sum up, banks need to redesign their business strategies to incorporate specific plans to promote financial inclusion of low income group treating it both a business opportunity as well as a corporate social responsibility. They have to make use of all available resources including technology and expertise available with them as well as the MFI s and NGOs. It may appear in the first instance that taking banking to the sections constituting “the bottom of the pyramid”, may not be profitable but it should always be remembered that even the relatively low margins on high volumes can be a very profitable proposition. Financial inclusion can emerge as commercial profitable business. Only the banks should be prepared to think outside the box!

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A study on Mobile Banking usage pattern of ICICI Bank customers: Dispensed and Expected Services

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Prof Mallikarjuna Doddamane, Assistant Professor, Manipal Global Education Services (MaGE), Bangalore

Prof K Ravi, Senior Associate Professor, Manipal Global Education Services (MaGE), Bangalore

Abstract

The number of mobile phone subscribers in India is increasing by leaps and abounds. This could be a good opportunity to the growth of mobile banking (m-banking). The paper studies usage of mobile banking among ICICI customers, the factors that would influence them to go for mobile banking and their expectations from mobile banking. The study is conducted on the convenience sampling of ICICI customers across the country who visits the branch for various transactions at the branch level. The primary data is collected through a standard questionnaire. The sample size for this study is 543 ICICI customers. Out of them we selected 191 respondents, who are using the downloaded ICICI mobile banking app. The secondary data collected from e-resources such as Ebesco, Jstore and also from books and other financial publications. The data was analysed using statistical tools like percentage analysis, Chi-Square test. The limitation of the study is performed only among ICICI bank customers. The paper concludes stating that factors like network connectivity, safety and security and reliability of transactions are influencing customers on their usage of mobile banking.

Key words: Mobile Banking, Consumer perception, Usage pattern

Introduction

It is evident that the banking sector is growing in leaps and bounds and the banks try to offer differentiated services to cater to the needs of its customers. Technological innovation had prompted the financial service providers to identify new service models to reach out to their customers. The changes are evident even in the Indian banking sector. A survey
conducted by McKinsey which was brought to light in 2011 states that, 83% of customers make use of mobile banking in Asia pacific region, which is expected to grow even further in the future. The ease of paying utility bills, mobile top ups, balance enquiry, fund transfer, cheque book request etc. has been a biggest attraction for the customers to use mobile banking. The same has also been referred as pocket banking (Tanakinjal, Lada, Hamid and Amin, 2006). The mobile banking was rolled out by ICICI bank in late 2000 in the form of mobile banking alerts, where the customers would be receiving messages on their mobile phones for deposits and withdrawals performed in their account. The then executive managing director, Chanda Kochhar (now CMD) explained this as an initiative of any time banking facility to its customers, where the services was limited. Now the situation has changed significantly with modern technology developments which had revitalized usage of mobile banking among customers. Mobile banking basically referrers to information’s such as checking balance enquiry through SMS and the latest technology had expanded it further to exhaustive banking transactions (Tanikanen, Rossi and Mallat, 2004).

Even though the channel is still in nascent stage, mobile phone penetration in India is about 70% according to World Bank. However less than 1% of mobile phone users uses it as a medium for banking shows an opportunity for growth in this channel of business. Mobile banking provides ample untapped fortune for banks to make the channel advantageous in an adequate and cost effective way. However Safety and security are still challenges for banks and also the challenge of providing uniform service to all types of mobile handsets has not yet been resolved.

**Mobile Banking-The Indian Scenario**

The total number of wireless mobile customers in India is 899.86 million as per the Telecom Subscription Data released by the telecom regulatory authority of India in September 2013, which shows a huge market for to spread out banking services through mobile phones.

It can be seen that in India, the number of mobile phone users is more than the number of internet users which is a contradiction when compared to developing countries where mobile banking is an add on to Internet banking. The banks can also utilize mobile banking services offerings to rural areas as mobile penetration is growing rapidly in rural India.

By considering the uptrend on the volume of mobile banking transactions in India, recently RBI had removed the cap of Rs50000/- for transactions through mobile banking
As of now three forms of mobile banking transactions are provided for Indian customers which are in the form of short messaging services, mobile application provided by banks and internet transactions using mobile phones.

With the idea of banking for the masses via mobile, the country’s largest private sector bank offering mobile banking services for more than 18 million customers claims a 100% growth in the number of mobile banking customers with 300% increase in transactions, which is a great leap in India where the mobile banking started through SMS alerts for cheque deposits and ATM withdrawals.

The 90,000 bank branches in India can reach only to 40% of the total population emphasizes the necessity of opening more branches where mobile banking can supersede the requirement of setting up of more branches. Mobile banking is also less expensive compared to a physical bank where 40-60% of total cost incurred for rent, staff and other costs can be saved. More than 60% of Indians doesn’t have a bank account, but a mobile phone is a fortune for the banks to tap the untapped market. According to Mr. Sridhar Iyer, director, digital business, Citibank India, “bank branch is 10 times more expensive than reaching out to the bank on a handset4”

**Review of literature**

Most of the studies conducted in the past have been done in developed counties where internet banking services are predominant and mobile banking is used as an add-on facility for the same. The case is entirely different in India as mobile penetration is more in India than Internet infrastructure. By reviewing the existing literature, it was identified that there exists a requisite for a study that needs to be conducted in Indian context to understand the requirements of Indian consumers and see whether the requirements and expectations are same for a culturally assorted country like India.

India’s central bank says mobile banking adoption in the country has been encouraging, but below expectation, due to key factors such as device incompatibility and lack of industry collaboration.

In its half-yearly financial stability report released in December 2013 (Annexure-1), the Reserve Bank of India (RBI) said mobile could potentially be a key catalyst for expanding banking services across the country, including rural India. Over 50 percent of the population have no access to financial services.
“Helped by the rapid spread of use of mobile telephony, the growth in mobile banking has been encouraging over last three years,” the central bank said. “However, the growth and acceptance of mobile banking as a channel of accessing banking service has been below expectation.”

It cited several barriers to adoption, pointing to low levels of user awareness and acceptance, handsets that were not compatible with mobile banking apps, as well as the lack of collaboration and revenue-sharing models between banks and mobile operators.

Over the past few years, the RBI had taken several steps to drive mobile banking including relaxing its regulations. For instance, in 2010, it allowed banks to undertake transactions valued at up to 1,000 rupees (US$16.23) without the need for end-to-end encryption, helping defray some of the costs of processing transactions. It also allowed the remittance of funds for disbursements in cash, which was targeted to enable rural users to send and receive money through their mobile phones.

India has the world’s second-largest mobile user population with over 900 million subscribers, and 155 million across the country are expected to access the Web via their mobile devices by the first quarter of 2014.

Mobile phones have immense potential of conducting financial transactions thus leading the financial growth with lot of convenience and much reduced cost. and there are many positive factors are introduced such like Cost Reduction, To Control Fraud, Easy to avail Mobile Services and Reminder Facilities and have some Negative Factors are also introduced like Security ,Compatibility and Costly Network Service Charges. (Vinod Kumar Gupta, Renu Bagoria, Neha Bagoria: 2013)

The number of mobile banking users have tripled over last two years. The total transaction value (Cumulative) have been raised to 11 folds in the same period. This is mainly due to sharp increase in the smart phone penetration across the cities in the country. It is evident that despite over 900 million mobile users in our country, there are only 36 million mobile banking customers. Hence there is a lot of potential for leveraging mobile banking technology for offering financial services.

State Bank of India (SBI) has a highest number of mobile banking users.. In 2014, 12.5 million SBI customers transacted on mobile compared to 8.57 million customers in 2013. Arundhati Bhattacharya, chairperson, SBI said, “Mobile banking will also play a large part
in the role of the yet-to-be-launched payment banks, with which SBI plans to have tie-ups.”

In terms of value of transactions, private banks such as ICICI Bank and HDFC Bank are major players in the mobile banking space. According to RBI data, HDFC Bank has logged Rs 3,540 crore at the end of the October quarter(2014) via its mobile application, compared to just Rs 795 crore through mobile banking at the end of June 2014. ICICI bank, the country’s largest private bank, clocked transactions worth Rs 1,416 crore through mobile banking in the October quarter (2014), up from June(2014)’s Rs 1,021 crore.

According to report of Boston Consulting Group, in the last financial year (2013-14) about 6 per cent of the total transactions carried out by Indian banks were done through the digital platform.

The report added that at the end of the last financial year, the number of smartphone users was around 162 million, and is expected to grow to 625 million by 2019-207.

Need of the Study

The mobile banking is the next generation of banking. There is a lot of scope for research in the areas like the critical success factors of mobile banking, customer expectations from the bank and penetration of mobile banking in the rural areas. Since there is no much study on this area in the Indian context, we have selected this stud on mobile banking.

Objective of the study

All most all major banks in India had started providing mobile banking facility and as it can be seen in the review of literature that, 40mn uses mobile banking facility in India. Therefore there occurs a need to study and understand the usage pattern and behavior of mobile banking customers from various angles. As a part of the study, the researches investigate the following things:

1) To investigate the mobile banking usage and preferences of ICICI Bank customers.
2) Main factors influencing the customers on the usage of mobile banking.
3) To find out the customer expectations on mobile banking services.

Methodology

ICICI Bank, the largest private sector bank in India has been selected for the study.
The study has been planned to carry out in India through simple random sampling, where the total population has been divided into 4 regions south, west, north and east. Factors that influence customers on usage of mobile banking was analysed using the variables a) Network connectivity b) safety in transaction c) ease of use.

We have used the deceptive statistics such as data representation with help of pie charts, bar charts and we also used few inferential statics techniques such as chi square test, correlation tests etc.

Primary and secondary data has been used for this study from the users of mobile banking facility and a sample of 543 customers of ICICI Bank were selected for gathering primary data. The primary data was collected using a structured questionnaire and secondary data was drawn from e-resources such as Ebesco, jstore and also from books and other financial publications.

The data was analyzed using 1) Percentage analysis 2) Chi-square test and 3) Conversion of scores into ranks. We assumed the following hypothesis.

**Findings**

The total sample collected was 543 from among the population out of which 75% were men and 25% of them were women. It was interesting that majority of the respondents were between the age of 21-30 and 28% of the respondents are having more than 3 years relationship with ICICI bank. 82% of the survey respondents were having a smartphone and 96% were aware that ICICI Bank is providing mobile banking services. Out of total respondents only 191 customers had downloaded ICICI bank mobile application and since the objective of the study was to analyse the usage pattern on mobile baking application, the further analysis was conducted considering these customers.

**Factors influencing the customers on the usage of mobile banking:**

It was interesting to notice that 43% of the respondents were scared of losing mobile internet network while making a transaction and majority of them were women. Around 90% of the respondents were having security concerns on having banking transactions through mobile. 21% of respondents were of the opinion that, banking through mobile application is difficult compared to other modes of banking.
Customer Expectations on mobile banking services

The below given table provides information on customer expectation on mobile banking services

1. Priority of usage from among various service offerings

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<th>SI No</th>
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<td>1</td>
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<td>2</td>
<td>Booking movie tickets</td>
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<td>3</td>
<td>Balance Enquiry</td>
<td>109</td>
<td>3</td>
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<tr>
<td>4</td>
<td>Pay utility bills</td>
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<td>5</td>
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<td>29</td>
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<tr>
<td>6</td>
<td>fund transfer</td>
<td>8</td>
<td>6</td>
</tr>
</tbody>
</table>

From the above given table it can be seen that, mobile top is the most preferred and used service followed by booking movie tickets and balance enquiry.

The below given table provides information on customer expectation on mobile banking services

2. Utility bill payment

<table>
<thead>
<tr>
<th>Platform</th>
<th>Numbers</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Card payment</td>
<td>67</td>
<td>1</td>
</tr>
<tr>
<td>Mobile bill payment</td>
<td>72</td>
<td>2</td>
</tr>
<tr>
<td>Internet payment</td>
<td>32</td>
<td>3</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>
Out of different utility payment options, most of them use mobile banking for paying credit card bills followed by mobile bill payment.

**Suggestion and Recommendation**

In this modern era, there is a stiff competition between banks to attract the customers and acquire the lion share in the market and banks are looking at reducing cost and provide more services to its customers through banking and hence a bank like ICICI can attract its customers with mobile banking application, which first of its kind in Indian banking can earn more profit and provide quality services to its customers. The bank should make necessary steps to create awareness among the consumers regarding the benefit of using mobile banking and major concerns of customer such as connectivity issue and safety in using mobile banking should be considered while application. As it can be seen that, most of the customers are using mobile banking services for mobile top up and booking movie tickets, there should be attractive offers for these customers to use other services.

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Women Empowerment through the Development of Social Entrepreneurship in Ernakulam District

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Abstract

Kerala has one of the largest social entrepreneur networks of women. Entrepreneurship among women has started spreading in the society only during the recent years, in comparison to male entrepreneurship and has facilitated the employment of a large number of people especially women through social entrepreneurship. A ‘Young Women Social Entrepreneurship Development Programme’ recently introduced in India identified women working in social enterprises and pointed out that currently only 39% of Indian women are formally employed, compared to 81% of Indian men. This paper intends to accentuate women’s participation in entrepreneurial activities, and to highlight the contribution of women to the socio economic development of the society particularly in the district of Ernakulam. The present study has selected 30 women entrepreneurs who own different varieties of small scale entrepreneurial ventures situated in Ernakulam district. The study was undertaken with the objective of understanding the contribution of social entrepreneurship in the empowerment of women. The research design used in the present study is Descriptive. The tool employed for data collection was questionnaire. The samples were selected using convenient sampling technique. The data analysis has underlined that social entrepreneurship helps women to create an opportunity to run small scale industries and assist them to become economically as well as socially empowered. The study revealed that majority of the women social entrepreneurs is able to have improved life situation and permanent source of income. The need for independence, material incentives and achievement seem to be spreading the fire of entrepreneurial spirit among women. The study reveals that care and support from the family is an important factor helping in the success of the enterprise. This paper also identifies the socio-cultural barriers encountered by women to be successful social entrepreneurs.

Key Words: Social Entrepreneurship, Women Empowerment, Small scale enterprises, Socio-Economic Development, Kudumbashree.
Introduction

Social entrepreneurship

Social entrepreneurship refers to the practice of combining innovation, resourcefulness and opportunity to address critical social and environmental challenges. Social entrepreneurs focus on transforming systems and practices that are the root causes of poverty, marginalization, environmental deterioration and accompanying loss of human dignity. In so doing, they may set up for-profit or not-for-profit organizations, and in either case, their primary objective is to create sustainable systems change. (www.sbs.ox.ac.uk, 2015)

Social entrepreneurship is the field in which entrepreneurs tailor their activities to be directly tied with the ultimate goal of creating social value. In doing so, they often act with little or no intention to gain personal profit. A social entrepreneur “combines the passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley” (Dees, 1998) cited in (Abu-Saifan, 2012)

Women empowerment

70% of the people who live in absolute poverty are women. Women in such contexts are not just in deprivation of basic wants, but are also deprived of rights denied, opportunities curtailed and voices silenced. (www.care.org). The position of women and their status in any society is an index of its civilization. Though women have been considered as equal partners of development they have not been able to rise to the expected level due to years of discrimination and suppression. Primarily women are the means of survival of their families, but are generally unrecognized and undervalued, being placed at the bottom of the pile. No country can achieve its potential without adequately investing in and developing the capabilities of women. In the interest of long term development it is necessary to facilitate their empowerment. In many developing countries, including India, women have much less access to education, jobs, income and power than men. Even after five and half decades of planned development Indian women have not achieved expected success in the mainstream of life. Our country will be unable to have a competitive edge over others until and unless the status and role of women is improved. There is the need to strengthen and
streamline the role of women in the development of various sectors by harnessing their power towards nation building and to attain accelerated economic growth. (www.technopreneur.net, 2007)

The term empowerment is currently in widespread use across a range of different organizations from women’s organizations, to NGOs, governments, bilateral and multilateral agencies. The United Nations Development Programme (UNDP) has recently adopted a Gender in Development Goal, which includes a commitment to advocating and promoting the empowerment of women in political and economic decision-making at all levels from the household to national government and in local, national and international administrative structures. Concretely, it is suggested that empowerment will be promoted through increasing women is decision making powers, the support of income generating activities and provision of skills and education to women.

A number of areas of activity in development have become closely associated with the promotion of women is empowerment, such as microcredit, political participation and reproductive health and much innovative work has been done in these areas. (www.un.org)

**Economic development through women’s empowerment**

There is a bi-directional relationship between economic development and women’s empowerment defined as improving the ability of women to access the constituents of development in particular health, education, earning opportunities, rights, and political participation. In one direction, development alone can play a major role in driving down inequality between men and women; in the other direction, continuing discrimination against women can, as Amartya Sen has forcefully argued, hinder development. Empowerment can, in other words, accelerate development. Therefore gender disparity is greatest among the poor and developing countries. (Duflo, 2011)

**Quality of family life of women entrepreneurs**

A study conducted by Lee-Gosselin and Grise (1990), women entrepreneurs recognized that their family lives has been altered by entrepreneurship, with both positive and negative effects. The positive effect on family is a higher quality of life resulting from higher income. However, there may also be some negative effects on the families of women entrepreneurs. Women entrepreneurs may lack the time to fulfill their roles as mother and wife and their stress if integrating family and work life is more acute, since women typically assume
responsibility at home. (Sandra L. Fielden, 2005)

In terms of married life, Watkins and Watkins (1983) argued that business initiation strains marital relationships if women take on the entrepreneurial roles because the men feel threatened by their wives’ greater potential for economic success. Hence women entrepreneurs’ relationships with their spouses may be adversely affected by their entrepreneurial role. (Sandra L. Fielden, 2005)

Small scale enterprises

A small-scale enterprise is a business that employs a small number of workers and does not have a high volume of sales. Such enterprises are generally privately owned and operated sole proprietorships, corporations or partnerships. (smallbusiness.chron.com, 2015)

Women entrepreneurs play an important role in local economies, and a large percentage of microenterprises in developing countries are undertaken by women. Increasingly women in urban and rural areas are successfully turning to self generate employment in small scale enterprise activities in the informal sector to support their households. Rural women frequently have primary responsibility for agricultural production, in addition to domestic responsibilities and childcare. These responsibilities place heavy demands on women’s time, and microenterprise activities can potentially increase the workload of women. Improving access to labor-saving technologies in any of these areas can free up time for income generating microenterprise activities. In many countries, women are the majority of workers in nonstandard work, such as temporary, casual, multiple part time, contract and home based activities.

(yesweb.org)

Research Methodology

General Objective

To study Women Empowerment through the Development of Social Entrepreneurship in Ernakulam District

Specific Objective

1. To study the socio-economic profile of the respondents.
2. To study the skills developed by Kudumbashree members through
4. To study the socio-economic development of women through social entrepreneurship.
5. To study the impact of enterprises on the quality of family life.
6. To find out the challenges faced by Kudumbashree members in starting up and running enterprise.

The researcher has made use of descriptive design. Descriptive designs are those concerned with describing characteristics of a particular individual or group.

**Participant of the Study**

30 women entrepreneurs who own different varieties of small scale entrepreneurial ventures in collaboration with Kudumbashree mission situated in Ernakulum district. The samples were selected based on convenient sampling.

**Measures Used**

The tool for data collection was Questionnaire. The Questionnaire was based on the 5 different objectives. They were: Socio-economic profile, Skills Developed, Socio-economic development, Impact of Enterprises, Challenges faced.

**Major Findings**

- **Problem Solving Chart**: 1

![Problem Solving Chart]

<table>
<thead>
<tr>
<th>Capability</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Capable</td>
<td>20%</td>
</tr>
<tr>
<td>Beginner</td>
<td>7%</td>
</tr>
<tr>
<td>Quite Capable</td>
<td>73%</td>
</tr>
</tbody>
</table>
73.3% of the total 30 respondents felt that they were quite capable in problem solving. 20% of the respondents mentioned that they are very capable in problem solving and 6.7% of the respondents are beginners in problem solving. This indicates that social entrepreneurship helps to develop problem solving skills.

- **Planning and research Chart :2**

46.7% of the respondents are quite capable of planning and research. 30% of the respondents are very capable of planning and research and 23.3% of the respondents are beginners in planning and research. A higher proportion of the respondents indicated that they are quite capable of planning and research.

- **Decision making Chart :3**
A larger proportion of the respondents indicated that they are quite capable of decision making which comprises of 56.7% of the total respondents. 6.7% of the respondents indicated that they are beginners in decision making which a comparatively small percentage. 36.7% of the respondents are very capable of decision making.

- **Setting priorities Chart :4**

46.7% of the 30 respondents are quite capable of setting priorities and 30% of the respondents are very capable of setting priorities. 16.7% of the respondents have not developed skills in setting priorities and a very small percentage of respondents 6.7% are beginners in setting priority. This shows that a large proportion of respondents are quite capable of setting priorities.

- **Speaking clearly and effectively**

Out of 30 respondents 15 are very capable of speaking clearly and effectively and 11 respondents are quite capable of speaking clearly. 4 respondents of the total are beginners in speaking clearly. This indicates that social entrepreneurship has provided with a platform to improve their speaking skills.

- **Writing clearly and effectively**

15 respondents are quite capable of writing clearly and effectively and 9 respondents are very capable of writing clearly and 6 respondents of the total are beginners in writing clearly and effectively.
60% of the total respondents are quite capable in team building and 40% of the respondents are very capable of team building. This shows that most of the respondents have good team building skills.

**Marketing Chart :6**

- Team building Chart :5

[Diagram showing team building skills distribution]

**Abstract**

The rationale of the reforms:

- Introduction
- Trends prior to nationalization:
  - 1968
  - since 2000
- Implications and consequences are also to be evaluated.
- In the final phase, since 2000, the banking sector became technology savvy and its efficiency, cost, and sustainability are to be improved.
12 respondents of the total 30 are very capable of marketing, 11 respondents are quite capable of marketing, and 6 of the respondents are beginners in marketing.

- **Finance Management**

46.7% of the respondents are quite capable of financial management and 36.7% of the respondents are very capable of financial management and 16.7% of the respondents are beginners in financial management. Financial management skill helps the respondents for better functioning of their family.

- **Record Keeping**

13 of the 30 total respondents are quite capable of record keeping and 11 are very capable of record keeping. A trend that is evident is that 1 of the total respondent have not developed the ability of record keeping.

- **Delegate responsibility Chart :7**
70% of the total respondents are quite capable of delegating responsibility and 16.7% of the respondents are very capable of delegating responsibility.

- 76.7% of the family members have a very good opinion towards the participation in social enterprises. Family is one of the biggest pillar of strength for the women.
- 100% of the total respondents have stated that they improved their financial status.
- 80% of the respondents feel that their personalities have been developed through social entrepreneurship.
- 100% have felt improvement in their social interaction.
- 100% of the respondents could repay their loans on correct time.

**Challenges**

- 73.3% of the respondents face problems due to lack of education regarding the function of microenterprises.
- 86.7% of the respondents indicated that they are able to find out good markets in selling the product.
- 86.7% of the respondents face competition with other products in the market.

**Conclusion**

The need for independence, material incentives and achievement seem to be spreading the fire of entrepreneurial spirit among women. One of the major finding is that the women in such entrepreneurial activities have developed their social interaction levels and financials status as well. One of the challenges to be highlighted is the competition with other producers in the market though they are able to find good markets to sell their products. The study reveals that care and support from the family is an important factor helping in the success of the enterprise.
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Relevance of Accounting for Inventory – Comparison of International Accounting Standard - 2 and Indian Accounting Standard – 2

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Ms. Usha, Student, Department of Commerce, Kuvempu University,

Abstract:

Accounting standards are used as regulatory mechanisms for presentation of financial reports in almost all the countries of the world. Accounting standards are written policy documents issued by expert accounting body or government or other regulatory body covering the aspects of recognition, measurement, treatment, presentation and disclosure of accounting transaction in the financial statement. The main objective of the accounting standard is to standardize the diverse accounting policies and practices with a view to eliminate to the extent the non-comparability of financial statements and add reliability to the financial statements. Every manufacturing concerns need to maintain inventory and value it in an appropriate relevant method. This can be valued under either IAS (International Accounting Standard) 2 and AS (Indian Accounting Standard) 2, and choosing the accounting standard among them is very significant because the valuation method will impact on the cost, profitability, goodwill of the concern. So this study has made an attempt to know about the relevance of accounting standard 2 by comparing IAS and AS by considering the respondents (Charted Accountants, accounting trainees, academicians, researchers) opinion about the relevant accounting standard for valuing inventory.

Key words: IAS (International Accounting Standard), AS (Indian Accounting Standard), significant, recognition, treatment.

1. Introduction

Accounting standards is based on a meaningful conceptual framework, are a pre-requisite to achieving intra country and inter country uniformity in accounting procedure and disclosure practices for accounting items and events. Currently, it’s used as one of the main compulsory regulatory mechanisms for preparation of general purpose financial reports and subsequent audit of the same, in almost all countries of the world and its
mainly concerned with the system of measurement and disclosure rules for preparation and presentation of financial statements, such as shareholders, creditors, lenders, management, investors, suppliers, competitors, researchers, regulatory bodies and society at large so on. In fact such statements are designed and prescribed so as to improve and benchmark the quality of financial reporting.

In India, the statements an accounting standards are issued by the institute of chartered accountants of India (ICAI) to establish standards that have to be complied with no ensure that financial statement are prepared in accordance with generally accepted accounting standards in India (Indian GAAP). Adopting IAS in India it is taking average 6.13 years for one accounting standard. The deviation Indian accounting standard from international accounting standard are mainly due to the legal and/or regulatory framework prevailing in the country and state of economic environment in the country however, to reap the benefits of globalization and liberalization, it is necessary the Indian accounting standards may be converged with international accounting standards. Hence the purpose of present study is to know the relevance of inventory valuation by compare Indian accounting standards with international accounting standards.

2. Review of literature

Vijay, IFRS and Indian AS – important comparison, article highlighted the major differences between Indian accounting standard and International accounting standard is specifically deal with cost of inventory while Indian Accounting Standard exclude from scope. Indian Accounting Standard requires lesser disclosure of accounts compared to international accounting standards. International accounting standard provide separate measurement requirements for the inventories held by broker – trader, Indian accounting standard does not contain any such separate provision. Indian accounting standard excludes selling and distribution cost from cost of inventory, while International Accounting Standard excludes only selling cost not distribution cost.

Vivekananda pote, Difference in International Accounting Standard and existing Accounting Standard, stated that Indian AS deals with various provision in recognition of cost and carrying amount of inventory as an expense. While AS does not contain any such provision. AS provides an explanation to inventories of service providers, While AS does not contain any such explanation. International accounting standard provides distinction between net realizable value and fair value, AS does not contain the definition of fair value international accounting standard requires more disclosure the AS. International
accounting Standard deals with reversal of write down value of inventory to net realizable value while AS does not deal with any reversal. International accounting Standard excludes the measurement of inventory held by producer of agricultural and forest products in AS excludes from its scope such type of inventories.

Jagannath K.M. and Nanjegowda, An empirical study on compliance of accounting Standard – 2 in India, opined that, now a days most of the companies are using uniform financial reporting treatment across the countries irrespective of the national accounting Standard, and the author made a study on 100 manufacturing companies in India with random selection and opined that accounting Standard have a positive impact on the disclosure level, and also the majority of the company using accounting standard 2 also increased, more companies are using weighted average method and some companies are using FIFO method. By the adoption of accounting standard by the various companies increased there substantial improvement in the disclosure level and improvement in usage of uniform financial reporting treatment across countries.

Rajuchoudhary, Accounting Standard – 2 [Valuation of inventory] opined that, when goods are sold on contract Net Realizable value will be estimated sales price – estimated sales expenses of contract. When goods remain unsold till the approval of accounts the Net Realizable value will be estimated sales price as per management estimate – estimated sales expenses. Raw material is valued at cost price only when finished goods of such raw material is to be sold at cost or above raw material at cost price or sold below cost value of raw material cost at replacement price and also there are various costing techniques in the valuation of inventory.

Siddarthkadakia, Accounting standard -2 simplified, paper is a part of inventory, ink and packing boxes are consumables used in the production process. In the case of cost of inventory of finished goods includes cost of raw materials + cost of conversion + packing cost and for work in progress includes cost of raw materials + cost of conversion till the date and other fixed costs are not included in the cost of inventories, valuation of inventory as per FIFO is more theoretical than particle as paper will be stocked one above the other the paper on top will be used than the paper in the bottom. Weighted average method is the most appropriate for inventory valuation as it considers the fluctuations in prices. Inventory valued at lower cost or NRV means when Inventory sold above the cost the NRV is high and inventory sold below the cost i.e., inventory is low hence NRV is not relate to cost.

Sudha Krishnan and pnglin, Inventory valuation under IFRS and GAAP, this article is
based on a study supported by the IMA[R] research foundation. Opined that IFRS and GAAP is common in inventory valuation requirements, but they differ in initial measurement, subsequent measurement disclosure requirements and tax impact. GAAP uses specific cost, LIFO average cost and FIFO. while IFRS does not uses LIFO. Interests cost are not to be capitalized In GAAP all inventory having similar nature and use are measured using same method, while in IFRS FIFO is used for international inventory. Under GAAP inventory is valued lower the cost or market value, while in IFRS lower of cost or net realizable value. In GAAP no tax is calculated until the goods sold, but in IFRS tax is calculated at buyer tax rate. IFRS requires specific detailed disclosure while GAAP not, under GAAP if LIFO is used for income tax reporting LIFO must be used for financial reporting, IFRS firms must switch to either FIFO or average cost, IFRS adoption will impact most of the companies using LIFO to value inventory and also auditor, corporate accountants, corporate executives and accounting students are educated about differences between GAAP and IFRS.

3. Objectives of the Study

- To know about the relevance of inventory valuation under accounting standard 2.
- To compare IAS (International Accounting Standard)2 and AS (Indian Accounting Standard) 2.
- To suggest the relevant standard for valuation of inventory.

4. Scope of the Study

This study mainly focused on the relevance of valuation (accounting treatment) of inventory under Indian accounting standards and International accounting standards, and compare IAS2 and AS2. The geographical area for collecting the required data is restricted to Shimoga city only.

5. Methodology

The required data for the study is collected from primary sources and secondary sources.

The primary data has collected by distributing questionnaire to chartered accountants, trainee accountants, academicians and researchers in the study area and interview method is also used to collect required information where ever necessary.
The secondary data has collected from books, journals, financial report of the company and websites.

6. Sample design

- Population: Chartered accountants, accounting trainees, academicians and researchers in the study area.
- Sampling technique: convenient sampling technique is used to collect the data.
- Sample size: 60 respondents are taken for the study. Out of 60 respondents 18 are chartered accountants, 20 are trainee accountants and remaining 22 are academicians and researcher.

7. Tools of Analysis

The collected data is analyzed and interpreted with the help of percentage.

8. Analysis and Interpretation

Table 8.1: Opinion of respondents towards need for inventory valuation in the companies

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Highly important</th>
<th>Important</th>
<th>Moderate</th>
<th>Less important</th>
<th>Not important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock valuation</td>
<td>48</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Material handling</td>
<td>16</td>
<td>40</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>To adopt JIT approach</td>
<td>16</td>
<td>12</td>
<td>26</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Preparation of financial statements</td>
<td>36</td>
<td>16</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

(Source: Survey result)
The above table shows that, inventory valuation is very much needed for every organization for stock valuation, material handling, to prepare financial statements. Because inventory is one of the major part of current assets.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Net realizable value</td>
<td>38</td>
<td>63</td>
</tr>
<tr>
<td>Book value</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 8.2: Opinion of respondents towards recognition of inventory

(Source: Survey result)

The above table shows that, majority of the respondents opined that inventory should be recognized in net realizable value because as per the principle of accounting standards inventory should be recognized at lower of the cost or net realizable value.

Table 8.3: Opinion of respondents about the reliability of accounting

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAS 2</td>
<td>32</td>
<td>53</td>
</tr>
<tr>
<td>IND AS 2</td>
<td>28</td>
<td>47</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

(Source: Survey result)
This shows that, inventory valuation is more reliable in International accounting standards because it applies to all the companies over the world.

**Table 8.4: Opinion of respondents towards effect of inventory valuation in maintaining goodwill of the company**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>16</td>
<td>27</td>
</tr>
<tr>
<td>Agree</td>
<td>32</td>
<td>53</td>
</tr>
<tr>
<td>Neutral</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>Disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(Source: Survey result)

This shows that, inventory valuation affect the goodwill of the company because inventory is the second largest element of asset after the fixed assets. So its need to be valued under relevant method of accounting standard.

**Table 8.5: Opinion of respondents towards bringing uniformity on inventory valuation**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apply IND AS issued by ICAI</td>
<td>22</td>
<td>37</td>
</tr>
<tr>
<td>Converge with IFRS</td>
<td>24</td>
<td>40</td>
</tr>
<tr>
<td>Strictly follow IAS2</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(Source: Survey result)
This shows that, majority of the respondents suggested to the companies to converge with IFRS because by converging with IFRS which can find uniform accounting treatment for inventory.

**Table 8.6: Opinion of respondents towards implementing IFRS will reduce compliance cost**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>50</td>
<td>83</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(Source: Survey result)

This shows that, IFRS will reduce the compliance cost compared to Indian accounting standard because IFRS provide single and uniform accounting policy all over the world.

**Table 8.7: Impact of different methods of valuation on the profit of the company**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>54</td>
<td>90</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(Source: Survey result)

The table shows that, inventory valuation impact on the profit of the company because different method of valuation results in difference in cost of inventory this will effect on amount of profit.

**Table 8.8: Impact of inventory valuation on the financial performance of the company**
The table shows that, method of valuation of inventory reduces the cost of production this leads to increase in profitability of the firm. But it won’t impact on tax benefits to the company because of this reason the company can achieve economies of scale.

![Table](image)

(Source: Survey result)

The table shows that, majority of the respondents are in favor of IAS 2 because inventory valuation is more reliable in international accounting standard than Indian accounting standard.

![Table](image)

(Source: Survey result)

The table shows that, majority of the respondents are in favor of IAS 2 because inventory valuation is more reliable in international accounting standard than Indian accounting standard.

Table 8.10: Respondents opinion about effect of inventory valuation on the company
Inventory valuation is needed for every manufacturing industries because inventory is an asset and its value should be determined accurately. The method of valuation will affect the financial position of the company because different methods will affect different components of the balance sheet.

Table 8.10: Respondents opinion about effect of inventory valuation on the company

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>Financial position of the company</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>Profit</td>
<td>16</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

(Source: Survey result)

The table shows that, change in method of valuation of inventory will effect more on the financial position of the company because different method will effect on different components of balance sheet.

Table 8.11: Respondents opinion about improvement of Ind AS 2

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>Agree</td>
<td>38</td>
<td>63</td>
</tr>
<tr>
<td>Neutral</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

(Source: Survey result)

The table shows that, there is a need for improvement of Ind AS 2 because there are some deficiencies in the context of Ind AS 2 like measurement, recognition and disclosure.

Table 8.12: Respondents opinion towards deficiency in Ind AS 2

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognition</td>
<td>20</td>
<td>33</td>
</tr>
<tr>
<td>Measurement</td>
<td>24</td>
<td>40</td>
</tr>
<tr>
<td>Disclosure</td>
<td>16</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

(Source: Survey result)
The table shows that, majority of the respondents opined that measurement, recognition and disclosure are the major deficiency in Ind AS 2 because inventory should be measured at net realizable value.

**Table 8.13: Respondents opinion towards satisfaction of provisions under IAS**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>56</td>
<td>93</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(Source: Survey result)

The table shows that, majority of the respondents are satisfied with the provision of international accounting standards than Indian accounting standard.

**9.1 Findings**

Major findings of this study are based on the respondents’ opinion and inventory valuation practice of the company.

- Inventory valuation is needed for every manufacturing industries because inventory is the major part of the working capital.
- Majority of the respondents opines that inventory should be recognized at net realizable value because net realizable value is the estimated selling price – estimated cost of completion and sales expenses.
- Majority of the respondents’ advice that IAS is more suitable accounting for inventory compared to Ind AS.
- Inventory valuation is needed for stock valuation, material handling, and preparation of financial statements.
- Majority of the respondents’ advice that proper method of valuation of inventory will positively effect on the goodwill of the company because inventory is the second largest element of asset after fixed assets.
9.2 Suggestions

Based on the above findings and survey analysis for the valuation of inventory, the following suggestions depending on the opinion of the professionals regarding accounting standards.

- Every manufacturing industries need to value inventory.
- Even inventory valuation is needed for stock valuation in the secondary market.
- It is suggested that Indian companies need to go for IAS through IFRS to avoid contradiction between IAS 2 and Ind AS 2 and to bring uniformity in accounting policy.
- It is preferable for the company to adapt IAS2, as it provides reliable information.
- Proper method of inventory will reduce the cost of production which in turn increases the profitability for the company.
It is suggested for the companies to value the inventory at net realizable value, as it gives fair value of inventory.

Suitable methods should be adopted for the measurement of inventory.

It's suggested for Indian MNCs to use IAS than Ind AS for valuing inventories.

The accounting bodies need to update recent amendments made under IAS2 and Ind AS 2.

ICAI and MCA jointly have to work on eliminating the carve-outs in IAS2 and Ind AS 2 to make more reliable.

9.3 Conclusion

Inventory is one of the important elements of the assets after fixed assets and also it is one of the major elements of working capital management. Working capital is the life blood of every business organization so proper and relevant method of inventory valuation should be adopted, the companies should adopt IAS through IFRS to avoid confederation between IAS2 and Ind AS2, and need to value inventory at lower of the cost or net realizable value. Valuation of inventory is one of the major elements to determine the cost and also profitability of the firm.

IFRS will lead to the worldwide use of single set of accounting standard for both domestic and cross-border financial transactions. IFRS provides opportunity for comparability of financial statements prepared all over the world for cross-border transactions.

Reference:
2. CA Kamal Garg, Practical guide to IFRS &Ind – AS, Bharat law house Pvt ltd New Delhi 2013, pp. 252 – 62
4. Jacob Wolinsky, GAAP versus IFRS
The banking sector plays a crucial role in the economic development of a nation. An efficient, effective, vibrant and innovative banking stimulates economic growth by mobilizing savings and by efficiently allocating funds for productive purposes. The Indian financial system comprising the commercial banks, the financial institutions and the capital markets has undergone a very rapid transformation in the past three decades. The committee on financial system, well known as the Narasimham Committee set up in 1991, to recommend measures for bringing about necessary reforms in the financial sector, did acknowledge the spectacular success of the public sector banks since the major banks were nationalized on 19th July, 1969. But for twenty years after the nationalization, spectacular development was witnessed only in the spread of branch network of banks, mobilization of savings and in creating employment opportunities for half a million persons, rather than in the improvement of services to the customers. Further, the viability of a number of public sector banks became a matter of great concern. The systematic and effective supervision and regulation of the banking and non banking financial systems did not keep pace with the developments in these areas. Hence, the Narasimham Committee was set up by the Government of India in August 1991. The rationale underlying the necessity of reforms in the financial system of the country may be recapitulated as follows.

The rationale of the reforms:

While discussing the rationale of the reforms, it is appropriate to split the Indian banking sector performance into four phases, 1950-1968, 1968-1991, 1991-2000 and since 2000. This classification is justified because in the first phase we experienced the challenges of the Indian banking sector prior to nationalization. In the second phase the banking sector made remarkable progress, but its efficiency, cost and sustainability was doubtful. In the third phase, the Indian banking industry underwent through reforms process, still its efficiency, spread and cost are to be evaluated. In the final phase, since 2000, the banking sector became technology savvy and its implications and consequences are also to be examined.

Trends prior to nationalization:

One of the major problems of the banking industry prior to nationalization was the high urban concentration. Considering the period 1950-68, it is worked out that nearly 76 per cent bank branches were concentrated in urban areas. This high concentration in urban areas led to neglect of agriculture sector. In the pre nationalization era, of the total bank credit, only 11 per cent was disbursed for agriculture. Correspondingly, the share for rural development was also very low, just 3 per cent. Another major limitation of banking operations before 1968 was very high overdues. During this period on an average overdues remained at 43 per cent. As a consequence of these and similar issues, the performance of

6. Rajuchoudhary, Accounting standard-2[valuation of inventory
7. Siddartha kadakia, Accounting standard 2 simplified, CA club India September 2013.
8. Sudha Krishnan and Ping Lin CMA, Inventory valuation under IFRS and GAAP
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12. www.icai.in
A STUDY OF FINANCIAL PERFORMANCE: A COMPARATIVE ANALYSIS OF ANDHRA BANK AND SBI BANK

Md.KhajaMoinoddin, Research Scholar, Commerce Department, Telangana University, Nizamabad

Mrs.AsmaBushra, Research Scholar, Commerce & Business Management, Kakatiya University, Warangal

ABSTRACT:

Banking Sector plays an important role in economic development of a country. The banking system of India is featured by a large network of bank branches, serving many kinds of financial services of the people. The State Bank of India, popularly known as SBI is one of the leading bank of public sector in India. SBI has 14 Local Head Offices and 57 Zonal Offices located at important cities throughout the country. is a medium-sized public sector bank (PSB), with a network of 2507 branches, 15 extension counters, 38 satellite offices and 2232 automated teller machines (ATMs) as on 31 Mar 2015 and planning to open 300+ branches by 31 March 2016.. The purpose of the study is to examine the financial performance of SBI and Andhra Bank. The research is descriptive and analytical in nature. The data used for the study was entirely secondary in nature. The present study is conducted to compare the financial performance of SBI and Andhra Bank on the basis of ratios such as credit deposit, net profit margin etc. KEYWORDS: Credit Deposit Ratio, Net Profit Margin, Net worth Ratio, Advances, SBI.

INTRODUCTION:

An efficient banking system is recognized as basic requirement for the economic development of any economy. Banks mobilize the savings of community into productive channels. The banking system of India is featured by a large network of bank branches, serving many kinds of financial needs of the people.

The State Bank of India, popularly known as SBI is one of the leading banks in India. The State Bank Group, with over 16,000 branches provides a wide range of banking products through its vast network of branches in India and overseas, including products aimed at Non-Resident Indians (NRIs). The headquarter of SBI is at Mumbai. SBI has 14
Local Head Offices and 57 Zonal Offices that are located at important cities throughout the country. It also has around 130 branches out of the country. It has a market share among Indian commercial banks of about 20% in deposits and loans. The roots of the State Bank of India rest in the first decade of 19th century, when the Bank of Calcutta later on renamed the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal was one of three Presidency banks, the other two being the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843). With the result of the royal charters all three Presidency banks were incorporated as joint stock companies and received the exclusive right to issue paper currency in 1861 with the Paper Currency Act. They retained this right till the formation of the Reserve Bank of India. The Presidency banks amalgamated on 27 January 1921, and renamed Imperial Bank of India. The Imperial Bank of India remained a joint stock company. The State Bank of India was constituted on 1st July 1955, pursuant to the State Bank of India Act, 1955 (the “SBI Act”) for the purpose of creating a state-partnered and state-sponsored bank integrating the former Imperial Bank of India. In 1959, the State Bank of India (Subsidiary Banks) Act was passed, enabling the Bank to take over eight former state associated banks as its subsidiaries. The State Bank of India’s is largest bank, with approximately 9,000 branches in India and 54 international offices. Its Associate Banks have a domestic network of around 4,600 branches, with strong regional ties. The Bank also has subsidiaries and joint ventures outside India, including Europe, the United States, Canada, Mauritius, Nigeria, Nepal, and Bhutan. The Bank has the largest retail banking customer base in India.

State Bank of Bikaner & Jaipur

State Bank of Hyderabad

State Bank of Mysore

State Bank of Patiala

State Bank of Patiala

State Bank of Travancore

**Andhra Bank** (BSE: 532418) is a medium-sized public sector bank (PSB), with a
network of 2507 branches, 15 extension counters, 38 satellite offices and 2232 automated teller machines (ATMs) as on 31 Mar 2015 and planning to open 300+ branches by 31 March 2016. During 2011–12, the bank entered the states of Tripura and Himachal Pradesh. The bank now operates in 25 states and three Union Territories. Andhra Bank has its Headquarters in Hyderabad, India.

The Government of India owns 58% of its share capital and is going to increase it to 62.14% by infusing 2 billion (US$30 million) in capital. The state owned Life Insurance Corporation of India holds 10% of the shares. The bank has done a total business of 2230 billion (US$33 billion) for the fiscal year ended 31 March 2013.

Andhra Bank is 100% CBS as on date. This will benefit the customers, who will have access to banking and financial services anytime, anywhere through multiple delivery channels. Andhra Bank is a pioneer in introducing Credit Cards in the country in 1981.

Andhra Bank has ranked No.1 in terms of number of Life Insurance Policies mobilized amongst all the agency banks dealing with the Life Insurance Corporation of India. The bank also has tie-up with United India Insurance Company Limited under Bank assurance (Non-Life).

**OBJECTIVE OF THE STUDY**

1. To compare the liquidity position of SBI and Andhra Bank.
2. To compare the profitability position of the Banks.
3. To compare the EPS, DPS, and Earnings Retention ratios of the Banks.

**NEED OF THE STUDY**

Financial analysis is mainly done to compare the growth, profitability and financial soundness of the respective banks by diagnosing the information contained in the financial statements. Financial analysis is done to identify the financial strengths and weaknesses of the two banks by properly establishing relationship between the items of Balance Sheet and Profit & Loss Account. It helps in better understanding of banks financial position, growth and performance by analyzing the financial statements with various tools and evaluating the relationship between various elements of financial statements.
SCOPE OF THE STUDY:

The present study confined to only select Public sectors banks only. And only the Financial performance of the banks taken into the consideration no other aspects covered in the study.

RESEARCH METHODOLOGY:

The study is based on secondary data that has been collected from annual reports of the respective banks, magazines, journals, documents and other published information. The study covers the period of 5 years i.e. from year 2010-11 to year 2014-15. Ratio Analysis was applied to analyze and compare the trends in banking business and financial performance. Average have also been deployed to analyze the trends in banking business profitability.

LIMITATIONS OF THE STUDY:

Due to constraints of time and resources, the study is likely to suffer from certain limitations. Some of these are mentioned here under so that the findings of the study may be understood in a proper perspective. The limitations of the study are:

1. The study is based on the secondary data and the limitation of using secondary data may affect the results.

2. The secondary data was taken from the annual reports of the SBI and Andhra Bank. It may be possible that the data shown in the annual reports may be window dressed which does not show the actual position of the banks.

DATA ANALYSIS AND INTERPRETATION

TABLE 1.1-CURRENT RATIO
The Average current Ratio of the banks are 0.028 & 0.040 respectively.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>.03</td>
<td>.04</td>
</tr>
<tr>
<td>2011-12</td>
<td>.03</td>
<td>.05</td>
</tr>
<tr>
<td>2012-13</td>
<td>.03</td>
<td>.04</td>
</tr>
<tr>
<td>2013-14</td>
<td>.03</td>
<td>.03</td>
</tr>
<tr>
<td>2014-15</td>
<td>.02</td>
<td>.04</td>
</tr>
<tr>
<td>Average</td>
<td>.028</td>
<td>0.04</td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Andhra Bank & SBI

Graph:1.1
INTERPRETATION:

From the above analysis it has been observed that the current ratio of Andhra Bank and SBI is not healthy as compared to the standard current ratio i.e., 2:1.

The Average current Ratio of the banks are 0.028 & .040 respectively.

**TABLE 1.2-QUICK RATIO**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>31.05</td>
<td>10.78</td>
</tr>
<tr>
<td>2011-12</td>
<td>27.10</td>
<td>13.88</td>
</tr>
<tr>
<td>2012-13</td>
<td>36.56</td>
<td>12.15</td>
</tr>
<tr>
<td>2013-14</td>
<td>33.59</td>
<td>12.05</td>
</tr>
<tr>
<td>2014-15</td>
<td>28.67</td>
<td>8.50</td>
</tr>
<tr>
<td>Average</td>
<td>31.394</td>
<td>11.472</td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Andhra Bank & SBI
INTERPRETATION:

From the above table it is cleared that the Quick Ratio of the banks is too high when compared to the standard quick ratio i.e., 1:1.

The Average quick ratio of the Andhra Bank and SBI are 31.394 & 11.472 respectively.

**TABLE 1.3-EARNING PER SHARE (EPS)**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>53.9</td>
<td>319</td>
</tr>
<tr>
<td>2011-12</td>
<td>57.22</td>
<td>454</td>
</tr>
<tr>
<td>2012-13</td>
<td>54.85</td>
<td>547</td>
</tr>
<tr>
<td>2013-14</td>
<td>18.53</td>
<td>352</td>
</tr>
<tr>
<td>2014-15</td>
<td>27.16</td>
<td>423</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>42.47</strong></td>
<td><strong>419</strong></td>
</tr>
</tbody>
</table>

*Source: Annual Reports of the Andhra Bank & SBI*
CALCULATION:

Formula: Net Profit/ No. Of Equity Shares *100

Andhra Bank (2010-11) \( \frac{1267.02}{23.50} = 53.9 \)

State Bank Of India \( \frac{8264.52}{25.78} = 319 \)

INTERPRETATION:

The above table reveals that the EPS of the SBI is more when compared to the Andhra Bank. In the Year 2013-14 the EPS of the Andhra Bank is low i.e. 18.53 when compared to the Previous Years. In the year 2012-13 the EPS of the SBI is High i.e. 547, when compared to the Previous Years.

**TABLE 1.4-DIVIDEND PER SHARE (DPS)**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>2.3</td>
<td>11.6</td>
</tr>
<tr>
<td>2011-12</td>
<td>2.3</td>
<td>13.57</td>
</tr>
<tr>
<td>2012-13</td>
<td>2.1</td>
<td>16</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.46</td>
<td>9.7</td>
</tr>
<tr>
<td>2014-15</td>
<td>5.10</td>
<td>1.53</td>
</tr>
<tr>
<td>Average</td>
<td>2.45</td>
<td>10.48</td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Andhra Bank & SBI
FORMULA: DPS = DIVIDEND PAID / NO. OF EQUITY SHARES *100

Andhra Bank (2010-11) (in Crores) 55/23.50 = 2.3

State Bank Of India (2010-11) (in crores) 300/25.78 = 11.6

INTERPRETATION:

The above table reveals that the EDPS of the SBI is more when compared to the Andhra Bank. In the Year 2013-14 the EPS of the Andhra Bank is low i.e. 7.39 when compared to the Previous Years. In the year 2012-13 the EPS of the SBI is High i.e. 206.20 when compared to the Previous Years.
**TABLE 1.5-NET PROFIT MARGIN RATIO**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>14.45</td>
<td>9.05</td>
</tr>
<tr>
<td>2011-12</td>
<td>11.44</td>
<td>10.99</td>
</tr>
<tr>
<td>2012-13</td>
<td>9.98</td>
<td>11.78</td>
</tr>
<tr>
<td>2013-14</td>
<td>3.04</td>
<td>7.98</td>
</tr>
<tr>
<td>2014-15</td>
<td>3.90</td>
<td>8.59</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>8.562</strong></td>
<td><strong>9.678</strong></td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Andhra Bank & SBI

Graph:1.5
INTERPRETATION:

Net profit margin is an indicator of how efficient a company is and how well it controls its costs. The higher the margin is, the more effective the company is in converting revenue into actual profit.

The above graph showing that the net profit margin of the both the banks are low. During the years 2010-11 to 2012-13 the ratio was high then the ratio came down in the later years. The average ratio of the banks is 8.56 & 9.68.

### TABLE 1.6-TOTAL INCOME / CAPITAL EMPLOYED RATIO

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>9.22</td>
<td>8.54</td>
</tr>
<tr>
<td>2011-12</td>
<td>10.39</td>
<td>9.45</td>
</tr>
<tr>
<td>2012-13</td>
<td>10.29</td>
<td>9.35</td>
</tr>
<tr>
<td>2013-14</td>
<td>9.97</td>
<td>9.22</td>
</tr>
<tr>
<td>2014-15</td>
<td>10.14</td>
<td>9.11</td>
</tr>
<tr>
<td>Average</td>
<td>10.002</td>
<td>9.13</td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Andhra Bank & SBI
The average Ratio of the Andhra Bank is 10.02 and SBI is 9.13.

The above table showing that the Ratio of Total income / Capital Employed of the Two Banks. The ratio of the Andhra Bank in between the 9 to 10 during the study period. Whereas the Ratio of SBI is in between the 8 to 9.

The average Ratio of the Andhra Bank is 10.02 and SBI is 9.13.
The total Asset Turnover Ratio of the Andhra Bank is between the 0.09 to 0.10 during the study period. Whereas the Ratio of SBI is in between the 0.08 to 0.09. The average ratio of the Andhra bank is 0.094. The ratio of the SBI is in between the 0.07 to 0.08. The average ratio of the bank is 0.39.

The asset turnover ratio is an efficiency ratio that measures a company's ability to generate sales from its assets by comparing net sales with average total assets. The total asset turnover ratio calculates net sales as a percentage of average total assets.

### TABLE 1.7-TOTAL ASSETS TURNOVER RATIO

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>.09</td>
<td>.07</td>
</tr>
<tr>
<td>2011-12</td>
<td>.10</td>
<td>.08</td>
</tr>
<tr>
<td>2012-13</td>
<td>.10</td>
<td>.08</td>
</tr>
<tr>
<td>2013-14</td>
<td>.09</td>
<td>.08</td>
</tr>
<tr>
<td>2014-15</td>
<td>.09</td>
<td>.08</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>.094</strong></td>
<td><strong>0.39</strong></td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Andhra Bank & SBI

**Graph:1.7**

- ANDHRA BANK
- SBI

![Graph showing total assets turnover ratio](image-url)
INTERPRETATION:

The asset turnover ratio is an efficiency ratio that measures a company’s ability to generate sales from its assets by comparing net sales with average total assets. The total asset turnover ratio calculates net sales as a percentage of assets to show how many sales are generated.

The total Asset Turnover Ratio of the Andhra Bank is between the 0.09 to 0.10 during the study period, average ratio of the Andhra bank is 0.094. Where the ratio of the SBI is in between the 0.07 to 0.08. The average ratio of the bank is 0.39.

### TABLE 1.8-CAPITAL ADEQUACY RATIO

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>14.38</td>
<td>11.98</td>
</tr>
<tr>
<td>2011-12</td>
<td>13.18</td>
<td>13.86</td>
</tr>
<tr>
<td>2012-13</td>
<td>11.76</td>
<td>12.92</td>
</tr>
<tr>
<td>2013-14</td>
<td>11.18</td>
<td>12.96</td>
</tr>
<tr>
<td>2014-15</td>
<td>10.63</td>
<td>12.00</td>
</tr>
<tr>
<td>Average</td>
<td>12.23</td>
<td>12.744</td>
</tr>
</tbody>
</table>

*Source: Annual Reports of the Andhra Bank & SBI*
Capital adequacy ratio is the ratio which determines the bank's capacity to meet the time liabilities and other risks such as credit risk, operational risk etc. In the most simple formulation, a bank’s capital is the “cushion” for potential losses, and protects the bank’s depositors and other lenders. Banking regulators in most countries define and monitor the capital adequacy ratio (CAR) to protect depositors,

The capital adequacy Ratio of the Andhra Bank in the year 2010-11 14.38. And it is decreased to 11.18 in the year 2013-14, and to 10.63 in 2014-15, the average ratio of the Andhra Bank is 12.23. The Capital adequacy Ratio of the SBI is 11.98 and it is increased to 13.86 in the year 2011-12 and continuously decreased in the subsequent years as 12.92, 12.96, and 12.00. the average ratio is 12.74.

**INTERPRETATION:**

Capital adequacy ratio is the ratio which determines the bank’s capacity to meet the time liabilities and other risks such as credit risk, operational risk etc. In the most simple formulation, a bank’s capital is the “cushion” for potential losses, and protects the bank’s depositors and other lenders. Banking regulators in most countries define and monitor CAR to protect depositors,
TABLE 1.9-ADVANCES/LOAN FUNDS (%)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>77.93</td>
<td>77.19</td>
</tr>
<tr>
<td>2011-12</td>
<td>78.21</td>
<td>78.01</td>
</tr>
<tr>
<td>2012-13</td>
<td>79.01</td>
<td>82.25</td>
</tr>
<tr>
<td>2013-14</td>
<td>74.25</td>
<td>82.04</td>
</tr>
<tr>
<td>2014-15</td>
<td>77.43</td>
<td>77.39</td>
</tr>
<tr>
<td>Average</td>
<td>77.37</td>
<td>79.378</td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Andhra Bank & SBI

Graph: 1.9
INTERPRETATION:

From the above table it has been observed that the Andhra bank advances/loan funds ratio in the year 2010-11 is 77.93, 2011-12 is 78.21, 2012-13 is 79.01, 2013-14 is 74.25 and in 2014-15 it is 77.43. Where SBI ratios are 77.19, 78.01, 82.25, 82.04, and 77.39.

The averages Ratio of the Banks are 77.37 and 79.34 respectively.

**TABLE 1.10-CREDIT DEPOSIT RATIO**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>75.10</td>
<td>79.90</td>
</tr>
<tr>
<td>2011-12</td>
<td>78.32</td>
<td>82.14</td>
</tr>
<tr>
<td>2012-13</td>
<td>79.26</td>
<td>85.17</td>
</tr>
<tr>
<td>2013-14</td>
<td>77.55</td>
<td>86.84</td>
</tr>
<tr>
<td>2014-15</td>
<td>78.69</td>
<td>84.47</td>
</tr>
<tr>
<td>Average</td>
<td>77.78</td>
<td>83.70</td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Andhra Bank & SBI
From the above table it has been observed that the Andhra bank advances/loan funds ratio is 77.37 and the SBI ratio is 77.19.

The averages of the Banks are 77.43 and 79.34 respectively.

The average credit deposit ratios of the two banks are 77.78 and 83.70 respectively.

**INTERPRETATION:**

It is the ratio of how much a bank lends out of the deposits it has mobilized. It indicates how much of a bank’s core funds are being used for lending, the main banking activity. A higher ratio indicates more reliance on deposits for lending and vice-versa.

At present, the credit-deposit ratio for the banking sector as a whole is 75 per cent. In the case of Indian banks, a credit-deposit ratio of over 70 per cent indicates pressure on resources.

The average credit deposit ratios of the two banks are 77.78 and 83.70 respectively.
The average credit deposit ratios of the two banks are 77.78 and 83.70 respectively. Indian banks, a credit-deposit ratio of over 70 per cent indicates pressure on resources.

From the above table it is observed that the Average Ratio of the both the banks is very close, i.e. 6.022 and 6.88.

The increase in deposit rates will induce depositors to deposit more, thereby leading to a decrease in the Cash to Aggregate Deposit ratio. This will in turn lead to a rise in Money Multiplier.

At present, the credit-deposit ratio for the banking sector as a whole is 75 per cent. In the case of ANDHRA BANK and SBI the ratios are 6.88 and 6.022 respectively. The Cash to Aggregate Deposit ratio for ANDHRA BANK and SBI is 5.81 and 5.05 respectively.

TABLE 1.11-CASH DEPOSIT RATIO (%)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>8.17</td>
<td>8.96</td>
</tr>
<tr>
<td>2011-12</td>
<td>6.44</td>
<td>7.51</td>
</tr>
<tr>
<td>2012-13</td>
<td>5.05</td>
<td>5.34</td>
</tr>
<tr>
<td>2013-14</td>
<td>5.25</td>
<td>5.81</td>
</tr>
<tr>
<td>2014-15</td>
<td>5.20</td>
<td>6.76</td>
</tr>
<tr>
<td>Average</td>
<td>6.022</td>
<td>6.88</td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Andhra Bank & SBI

Graph: 1.11
INTERPRETATION:

Cash Deposit ratio (CDR) is the ratio of how much a bank lends out of the deposits it has mobilized. It indicates how much of a bank’s core funds are being used for lending, the main banking activity. It can also be defined as Total of Cash in hand and Balances with RBI divided by Total deposits. An increase in cash deposit ratio leads to a decrease in money multiplier. An increase in deposit rates will induce depositors to deposit more, thereby leading to a decrease in Cash to Aggregate Deposit ratio. This will in turn lead to a rise in Money Multiplier.

From the above table it is observed that the Average Ratio of the both the bank is very close i.e. 6.022 and 6.88.

**TABLE 1.12-EARNINGS RETENTION RATIO**

\[
\text{Retention Ratio} = \frac{\text{Total Net Profit}}{\text{Number of Total share}} - \frac{\text{Dividend}}{\text{Share}} \\
= \text{Total Gross Profits} - \text{Payout ratio} \\
= \frac{(\text{Total Net Profit} / \text{Number of Total share})}{\text{-} (\text{Dividend} / \text{Share})}
\]

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>75.70</td>
<td>76.95</td>
</tr>
<tr>
<td>2011-12</td>
<td>77.10</td>
<td>79.94</td>
</tr>
<tr>
<td>2012-13</td>
<td>78.30</td>
<td>79.88</td>
</tr>
<tr>
<td>2013-14</td>
<td>85.11</td>
<td>79.44</td>
</tr>
<tr>
<td>2014-15</td>
<td>81.18</td>
<td>80.49</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>79.48</strong></td>
<td><strong>79.34</strong></td>
</tr>
</tbody>
</table>

*Source: Annual Reports of the Andhra Bank & SBI*
INTERPRETATION;

Higher retention ratio of a company suggests that it may generate higher growth in future periods resulting in higher share price and potential capital gain. A lower retention ratio means that the company’s management is not so confident about future profitability and has elected to pay back cash to the investors.

Retention ratio and future growth potential are so much linked that future sustainable growth rate is calculated as a product of retention ratio and return on equity of the company.

From the above table it is observed that the Average Ratio of the both the bank is very close. i.e. 79.48 and 79.34.

CONCLUSION: The liquidity position of the two banks not healthy when compared to the standard current Ratio and both the banks are investing more in the quick assets rather than requirement which may leads to Idle funds. The earning Per share of the SBI is more than the that of Andhra Bank it results in SBI DPS is more than the Andhra Bank. Both
the Banks are maintaining the low net profit Margin which is indicating that the banks are not that efficient in controlling the costs and converting into the revenues, the banks are not using the income for capital purpose very less margin they are using for the capital employment. Capital Adequacy Ratio of the both the banks are the same. both the banks are maintaining the healthy relationship between the loans and advances. the credit deposit ratio of the both the banks is very high. Which is indicating that the banks are more relying on the deposits for lending purpose. the cash deposit ratio of the two banks is less which maximises the money multiplier. the earnings return ratio of the both the banks is high and almost similar which is revealing that the banks are more confident about the future growth.

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Information Memorandum: SBI and Andhra Bank annual report 2011-1
ATTITUDE TOWARDS ALCOHOL AND DRUG USE AMONG ADOLESCENTS IN RELATION TO CERTAIN DEMOGRAPHIC VARIABLES

Lima Raj, PhD Scholar, Department of Psychology, SreeSankaracharyaUniversity of Sanskrit, Kalady

Abstract

The use and misuse of alcohol and other drugs is one of the most controversial issues in our society, and often a source of conflict between generations and between sections of society. It is unfortunate that alcohol and drug use is increased in a startling rate among adolescence as never before. Substance abuse are one of the major risk factors for antisocial activities, health problems and diseases including early sexual involvement, HIV infections, sexually transmitted diseases, fast driving, traffic accidents, date rape and even murders. The present study focuses on the standpoint about the attitude of adolescents to substance use and how one develops a favorable or soft attitude towards alcohol or drug abuse during early ages. Sample consisted of 100 college students of age group 17 -19. It was found that significant gender difference exists in the attitude towards alcohol and drug use among adolescent boys and girls. Significant difference observed in the stream of the study and found age was not a significant determinant of developing favorable attitude towards alcohol and drug use.

Key words: Substance Use Disorders, Alcohol, Gender, Adolescent, Drug

INTRODUCTION

Alcohol and drugs are the oldest substances abused by man and women in almost every society around the world. The use and misuse of alcohol and other drugs is one of the more controversial issues in our society, and often a source of conflict between generations and between sections of society. Nowadays it was found that alcohol and drug use has increased in a startling rate among adolescence as never before. Alcohol and drug abuse are one of the major risk factors for antisocial activities, health problems and diseases including early sexual involvement, HIV infections, sexually transmitted diseases, fast driving, traffic accidents, and even murders. The present study focuses on the standpoint about the attitude of adolescents to substance use and how one develops a favorable or soft attitude...
towards alcohol or drug abuse during early ages. The increasing problem of substance abuse and dependence in our society has drawn both public and scientific attention. Hence it is essential to understand the factors that contribute to the abuse and dependence on alcohol and other substances including drugs.

Adolescence is a crucial period in a person’s life span and it is considered as a period of ‘stress and storm’. Many physical and mental health problems of adulthood have their origin in habits that are formed during adolescence (example smoking, exercise, eating habits etc.) as well in maladaptive coping styles that are consolidated during this time. In addition during adolescence and young adulthood, many consequential life decisions are made concerning educational attainment, occupational choices, relationship and family formation, and lifestyle options, making this a formative period in regard to health and wellbeing across the life span. Thus adolescence can be viewed as a sensitive period with respect to all life stages. Drug abuse is a complex phenomenon, which has various social, cultural, biological, geographical, historical and economic aspects. The disintegration of the old joint family system, absence of parental love and care in modern families where both parents are working, decline of old religious and moral values etc lead to a rise in the number of drug addicts who take drugs to escape hard realities of life. In spite of being aware of the harmful effects of substance use, adolescents take up this habit. ‘Easy availability’ and ‘relief from tension’ were the most frequent reasons for continuation of substance use. Level of knowledge on harmfulness of substance use among students was very high (urban — 84.6% and rural — 61.5%) and they stated media as the most frequent source of information. Users were successful in influencing their peers into taking up this habit (urban — 15.4% and rural — 26.9%) (Tsering, Pal & Dasgupta, 2010).

Attitude plays an important role in developing both positive and negative behavior. Parents and other significant adults influence attitudes and behavior of adolescents. If adolescents see their parents or other significant adults using alcohol and drugs or if the attitude of the prominent figures are tolerant of alcohol and drug use, adolescent is more likely to experiment with drugs, acquire accepting attitudes towards alcohol and drug use and choose friends who drink or use drugs. The development of attitude towards alcohol and drug abuse is addressed from mainly two theoretical perspectives. According to Social Learning theory, an individual learns to take drugs in small, informal groups (Akers & sellers, 2004). It is in these intimate settings that people are taught, through intimation and reinforcement, to hold attitudes that are favorable or unfavorable to drug use (Reed & Rountree, 1997). Within families where alcohol is used, adolescents may observe alcohol use, acquire favorable attitudes towards alcohol use, and begin using alcohol themselves.
In the context of adolescent drug use, social control theorists maintain that when adolescents are close to their parents, they feel obligated to act in non-deviant ways that please their parents (Rankin & Kern, 1994). Hence they are likely to refrain from drug use if their parents are opposed to their drug use. When they are not close to their parents, however, adolescents may not feel as constrained to conform to the desires of their parents and they are more likely to experiment with drugs. Clark, Thatcher & Maisto (2004) states that parental responsibilities to adolescents include supervision and emotional support, and variations in these parenting behaviors have been demonstrated to influence adolescent alcohol involvement. Also found that neglect adolescents were significantly more likely to be influenced by social pressure to drink alcohol. Chilcoat & Anthony (1996) found that children in the lowest quartile of parent monitoring initiated drug use at earlier ages and inferred that effective supervision and monitoring in middle childhood by parents or guardians might induce a delay or prevent onset of drug use among youths living in urban areas. Thus, families and peers are important source of developing soft attitude alcohol and drug use among adolescents.

People drink and abuse drugs for many reasons such as peer pressure, genetic predisposition, physiological factors, media influences, to cope with life stress, family conflict etc. The influence of media is worth nothing despite of statutory warnings displayed in the advertisement. Even there is a belief that drunkenness is considered as part of masculinity. But youth must be aware that alcohol and drug abuse end up in physiological, psychological and behavioral problems.

NEED AND SIGNIFICANCE

Young people in any country represent the future of that country. They are the future
workforce and leaders of our global community. It is true that today’s youth are facing many challenges, such as HIV/AIDS, unemployment and drug abuse, but there also exist opportunities to gradually overcome some of these challenges. A large number of problems in today’s competitive life are due to drinking and drug abuse. The epidemic of substance abuse in young generation has assumed alarming dimensions in India. What started off as casual use among a minuscule population of high-income group youth in the metro, has permeated to all sections of society. Everyday media has reported that most of the traffic accidents, alleged rapes, peer violence robberies and other crimes are due to alcohol and drug abuse. Alcohol and drug use is often associated with many physiological, psychological and behavioral problems. Such problems can be prevented by early identification of favorable attitude towards these substances. Very little attention has been given to how attitude towards alcohol and drug influences adolescent alcohol and drug use. If one has a favorable attitude towards alcohol and drug abuse at early ages, it is likely that he/she is more likely to take alcohol or drugs at that time or later. Hence identifying youths with positive attitude towards alcohol and drug use should be the primary objective of school authorities so that their attitude towards substances could be modified for further involvement in incurable diseases like HIV infection. Early detection of such potentialities can be very effective in controlling such attitude which in turn, is linked with many antisocial activities and health problems among adolescents.

OBJECTIVES

1. To assess the attitude of adolescents towards alcohol and drug use
2. To understand the relationship between age and attitude towards alcohol and drug use among adolescents
3. To examine the gender difference in attitude of alcohol and drug use among adolescents
4. To understand the relationship between academic course and attitude towards alcohol and drug use among adolescents

HYPOTHESIS

1. There is no significant relationship exists between age and attitude towards alcohol and drug use among adolescents
2. There is no gender difference in the attitude of alcohol and drug use among adolescents
adolescents

3. There is no significant relationship exist between academic course and attitude towards alcohol and drug use

METHOD

Participants: The participants of the present study were undergraduate students from different colleges of Ernakulam district. The students were in the age group of 17-19 years. 100 students (boys and girls) were participated in the study, among them 60% were males and 40% were females. The samples taken were from different academic disciplines of first year BA, B com and MBA.

Instrument: Alcohol and Drug Attitude Scale (ADAS): This is a uni-dimensional scale which was developed by Sunil Saini & Sandeep Singh (2010) to assess the attitude towards alcohol and drug use of an individual. ADAS consists of 28 items in which the participants were asked to go through the statements and respond in given five options, i.e., Strongly Disagree, Disagree, Can’t say Agree and Strongly Agree. High score is interpreted as positive attitude towards use of alcohol and drug use and low score indicates negative attitude towards alcohol and drug abuse.

Procedure: The study adopted group administration to collect responses from participants. Scoring was done as per the manual of the instrument used.

RESULT AND DISCUSSION

The aim of the present study was to assess the attitude of adolescence towards alcohol and drug use. Study consisted of 100 college students in which 60% were males and 40% were females. The scores of the individuals ranged from 38 to 104. Based on the scoring manual the maximum and minimum score range is 28-140. The results of the statistical analysis are detailed below.

Table: 1
The above table gives an account of the central tendencies and standard deviation of the scores. The mean, median and mode are calculated and found to be 66.94, 69.00 and 70 respectively. The standard deviation is obtained as 17.047.

Table 2

<table>
<thead>
<tr>
<th>N</th>
<th>Valid</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Missing</td>
<td>0</td>
</tr>
<tr>
<td>Mean</td>
<td></td>
<td>66.94</td>
</tr>
<tr>
<td>Median</td>
<td></td>
<td>69.00</td>
</tr>
<tr>
<td>Mode</td>
<td></td>
<td>70</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td></td>
<td>17.047</td>
</tr>
<tr>
<td>Skewness</td>
<td></td>
<td>.174</td>
</tr>
<tr>
<td>Std. Error of Skewness</td>
<td></td>
<td>.241</td>
</tr>
<tr>
<td>Kurtosis</td>
<td></td>
<td>-.774</td>
</tr>
<tr>
<td>Std. Error of Kurtosis</td>
<td></td>
<td>.478</td>
</tr>
</tbody>
</table>

The banking sector plays a crucial role in the economic growth by mobilizing savings and by effectively allocating funds for productive purposes. The Indian financial system comprising efficient, vibrant and innovative banking stimulates economic development of a nation. An efficient, systematic and effective supervision of the financial system of the country may be recapitulated as follows. The rationale underlying the necessity of reforms in the financial sector, did acknowledge the spectacular success of the public sector banks reforms in the financial sector, did acknowledge the capital markets has undergone a very rapid transformation in the past three decades. The capital markets has undergone a very rapid transformation in the past three decades. The commercial banks, the financial institutions since the major banks were nationalized on 19th July, 1969. But for twenty years after the Dr. Mani K.P Narasimham Committee set up in 1991, to the customers. Further, the viability of a number of banks, mobilization of savings and in creating employment opportunities for half a million persons, rather than in the improvement of services witnessed only in the spread of branch network nationalization, spectacular development was introduced to make Indian banking industry globally competitive in the context of globalization. These reforms brought many achievements and also raised sufficient concerns. The interplay between policy and regulatory interventions and management strategies will determine the performances of Indian banking over the next few years. Legislative actions will shape the regulatory stance through six key elements; industry structure and sector consolidation, freedom to deploy resources, financial inclusion, financial innovation, economic stability and minimum score range is 28-140. The scores of the individuals ranged from38 to 104. Based on the scoring manual the maximum use. Study consisted of 100 college students in which 60% were males and 40 % were females. The aim of the present study was to assess the attitude of adolescence towards alcohol and drug use and low score indicates negative attitude towards alcohol and drug abuse. High score is interpreted as positive attitude towards use of alcohol and drug. The scoring was done as per the manual of the instrument used. The procedure: 

1. Say Strongly Disagree if you strongly disagree with the statement.
2. Say Disagree if you disagree with the statement.
3. Say Undecided if you are undecided on the statement.
4. Say Agree if you agree with the statement.
5. Say Strongly Agree if you strongly agree with the statement.

The results of the statistical analysis are detailed below.
The mean score of subjects below 18 is found to be 16.535 and that of the subjects above 19 is 17.499. This indicates that the mean score of the subjects above 19 is slightly more than the mean score of below 18 age group subjects. From the table 2, it is found that the calculated t value is less than the tabled t value of 1.64 which indicates that there is no significant relation exists between age and attitude towards alcohol and drug use among adolescents. As a result the null hypothesis (H0) is accepted. Irrespective of age the attitude towards alcohol and drug use among adolescents could be influenced by some other factors. Hence we can say that alcohol is not a significant determinant on the attitude of substance use among youths.

Graph 1. Illustrates the results of the statistical analysis of score and age
Table 3

SCORE * GENDER

<table>
<thead>
<tr>
<th>GENDE R</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>t</th>
<th>df</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>77.65</td>
<td>60</td>
<td>12.240</td>
<td>12.075</td>
<td>98</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Female</td>
<td>50.88</td>
<td>40</td>
<td>8.358</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>66.94</td>
<td>100</td>
<td>17.047</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The mean score of the male is 12.24 and that of the female is 8.358 which indicate that the mean score of male is more than that of the female. To test whether the significant difference that we observe here holds in the population or not we formulate the following hypothesis. H0: the mean score of the female and male are the same against H0: the mean score of the male score is more than that of the female. The one sample T test is calculated and the result is exhibited in the table 3. From the table since the calculated t value is greater than the tabulated t value of 1.67 we conclude the mean score of males is more than that of female. This indicates that males show more favorable attitude towards alcohol and drug use as compared to females. Hence it is proved that there is gender difference among adolescent boys and girls in their attitude towards alcohol and drug use. The results are found to be in line with the social expectation that however in our society the adolescent boys tend to possess more favorable attitude towards the use of alcohol and drugs than adolescent girls. In our society boys enjoy more freedom and opportunities while girls have more restrictions at home and schools. This might be leading boys to engage in such tabooed pleasures as consuming alcohol and drugs. Graph 2, given below represents the statistical analysis of score and gender.

Graph 2
Indian banking industry underwent significant reforms over the last decades. These reforms were introduced to make Indian banking industry globally competitive in the context of globalization.

The rationale of the reforms:

One of the purposes of the reforms is to bring about transformation in the past three decades. The Indian financial system comprising the commercial banks, the financial institutions and the capital markets has undergone a very rapid transformation in the past three decades. The spectacular success of the public sector banks reforms in the financial sector, did acknowledge the need for the sector to develop more efficiently allocating funds for productive economic growth by mobilizing savings and by supporting economic development of a nation. An efficient, effective and competitive banking sector will be able to meet the aspirations of the customers. Further, the viability of a number of banks, mobilization of savings and in creating employment opportunities for half a million persons, rather than in the improvement of services and support for creating industry utilities and service bureaus.

The systematic and effective supervision and regulation of the banking and non banking sectors is necessary for the development of the Indian financial system. The Government of India in August 1991, 1991-2000 and since 2000. This classification is justified because in the first phase the emphasis was on the rapid expansion of the number of banks. In the second phase the banking sector made remarkable progress and considerable improvements were made in the efficiency of the commercial banks. However, the lending performance of commercial banks and the share of the total bank credit was very low. Another major limitation of the performance of these and similar issues, the performance of the banking operations before 1968 was very high and the non performing loans and dues remained at 43 per cent. As a consequence of the rapid expansion of the number of banks, the performance of commercial banks underwent through reforms

Trends prior to nationalization:

One of the major problems of the banking industry prior to nationalization was the high concentration in urban areas. This high concentration was doubtful. In the third phase, the Indian banking sector became technology savvy and its viability is doubtful. In the third phase, the Indian banking sector became technology savvy and its viability is doubtful.

The performance into four phases, 1950-1968, 1968-1991, 1991-2000 and since 2000. This classification is justified because in the first phase the emphasis was on the rapid expansion of the number of banks. In the second phase the banking sector made remarkable progress and considerable improvements were made in the efficiency of the commercial banks. However, the lending performance of commercial banks and the share of the total bank credit was very low, only 11 per cent was disbursed for agriculture. In the pre nationalization era, the share for rural development was also very low, just 3 per cent. Another major limitation of the performance of these and similar issues, the performance of commercial banks underwent through reforms

The banking sector plays a crucial role in the economic development of a nation. An efficient, effective and competitive banking sector will be able to meet the aspirations of the customers. Further, the viability of a number of banks, mobilization of savings and in creating employment opportunities for half a million persons, rather than in the improvement of services and support for creating industry utilities and service bureaus.

The systematic and effective supervision and regulation of the banking and non banking sectors is necessary for the development of the Indian financial system. The Government of India in August 1991, to set up the Narasimham Committee. The Narasimham Committee was set up by the Government of India in August 1991 to look into financial reforms. The Narasimham Committee was set up by the Government of India in August 1991 to look into financial reforms. The systematic and effective supervision and regulation of the banking and non banking sectors is necessary for the development of the Indian financial system. The Government of India in August 1991, to set up the Narasimham Committee. The systematic and effective supervision and regulation of the banking and non banking sectors is necessary for the development of the Indian financial system.

**Table 4**

**SCORE * EDUCATION**

<table>
<thead>
<tr>
<th>EDUCATION</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>F</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCA</td>
<td>64.34</td>
<td>38</td>
<td>17.194</td>
<td>3.705</td>
<td>.028</td>
</tr>
<tr>
<td>BCOM</td>
<td>69.79</td>
<td>48</td>
<td>14.954</td>
<td></td>
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</tr>
<tr>
<td>MBA</td>
<td>64.21</td>
<td>14</td>
<td>22.481</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>66.94</td>
<td>100</td>
<td>17.047</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The mean score of the BCA, BCOM and MBA students are found to be 17.194, 14.954 and 22.481 respectively. Table 4 shows that the p value (p= .028) is less than 0.05 which indicates that there is significant relationship exists between the education and attitude towards alcohol and drug use among adolescents. Hence the null hypothesis H0 is rejected on the grounds of the statistical results. Significant difference exists in the scores of participants on the basis of the course they study. Of course students in different streams of study (Arts, Professional courses) differ in their perception and outlook towards life and future prospects. MBA students are usually more career oriented and engaged than students of art subjects who are mostly relaxed and have relatively more leisure time. All these aspects do have a significant influence on their character, attitude and behaviors. Below given graph 3, illustrates the results.

Graph 3
Prevention planning

Family Involvement

Family is the first school of any child and hence appropriate learning must start from the parents itself. Children must be guided and motivated from the childhood. Enhancing family bonding and relationships is a strong substance abuse preventive measure. Improving parental skills and being supportive of one’s children help to increase their self-image and confidence which helps them to stay away from drugs and alcohol. Parents need to develop discuss and enforce family policies on substance abuse. Parents need to take time to monitor what their children are doing. They need to set reasonable rules and watch to see that they are. Above all parents must remember that they are the role models to their children.

School Programs

Teachers have a significant role to play in shaping and molding the habits and behavior of their students. The school should help children develop good study habits, communication, peer relationships, and alcohol and drug resistance skills. They should continue to provide academic support as needed, teach children to be self-sufficient and assertive in resisting drugs, reinforce anti-alcohol and drug attitudes and help children strengthen their personal commitment against the use of such harmful substances.

Community programs

Community based interventions can certainly reduce commercial sales of alcohol to minors and this can affect the overall drinking by the older adolescents. Conducting training programs, awareness classes, counseling and strict enforcement of law are essential to prevent the abuse of alcohol and drug among adolescents.

Hence parents, educators and community should join hands together to successfully carry out the strategies. It is important to realize that it takes a combination of efforts from parents, institutions and community to effectively keep adolescents from alcohol and drugs.

Summary and conclusion

The purpose of this study was to understand the adolescent’s attitude towards alcohol and drug use. The results showed that there is significant gender difference exists in the attitude towards alcohol and drug use among adolescent boys and girls. Not only that, significant difference observed in the stream of the study (BA, BCA, and MBA) and
attitude towards alcohol and drug use among the students. It was also found that age was not a significant determinant of developing favorable attitude towards alcohol and drug use. Lastly prevention plans were also suggested to reduce the chances of adolescents being engaged in such antisocial behaviors.

References


Wills, T.A., Mariani, J., & Filer, M. (1996). The role of family and peer relationships
Introduction
The banking sector plays a crucial role in the economic development of a nation. An efficient, effective, vibrant and innovative banking stimulates economic growth by mobilizing savings and by efficiently allocating funds for productive purposes. The Indian financial system comprising the commercial banks, the financial institutions and the capital markets has undergone a very rapid transformation in the past three decades. The committee on financial system, well known as the Narasimham Committee set up in 1991, to recommend measures for bringing about necessary reforms in the financial sector, did acknowledge the spectacular success of the public sector banks since the major banks were nationalized on 19th July, 1969. But for twenty years after the nationalization, spectacular development was witnessed only in the spread of branch network of banks, mobilization of savings and in creating employment opportunities for half a million persons, rather than in the improvement of services to the customers. Further, the viability of a number of public sector banks became a matter of great concern. The systematic and effective supervision and regulation of the banking and non banking financial systems did not keep pace with the developments in these areas. Hence, the Narasimham Committee was set up by the Government of India in August 1991. The rationale underlying the necessity of reforms in the financial system of the country may be recapitulated as follows.

The rationale of the reforms:
While discussing the rationale of the reforms, it is appropriate to split the Indian banking sector performance into four phases, 1950-1968, 1968-1991, 1991-2000 and since 2000. This classification is justified because in the first phase we experienced the challenges of the Indian banking sector prior to nationalization. In the second phase the banking sector made remarkable progress, but its efficiency, cost and sustainability was doubtful. In the third phase, the Indian banking industry underwent through reforms process, still its efficiency, spread and cost are to be evaluated. In the final phase, since 2000, the banking sector became technology savvy and its implications and consequences are also to be examined.

Trends prior to nationalization:
One of the major problems of the banking industry prior to nationalization was the high urban concentration. Considering the period 1950-68, it is worked out that nearly 76 per cent bank branches were concentrated in urban areas. This high concentration in urban areas led to neglect of agriculture sector. In the pre nationalization era, of the total bank credit, only 11 per cent was disbursed for agriculture. Correspondingly, the share for rural development was also very low, just 3 per cent. Another major limitation of banking operations before 1968 was very high over dues. During this period on an average over dues remained at 43 per cent. As a consequence of these and similar issues, the performance of...
A STUDY ON SOURCES OF INCOME AND SPENDING HABITS AMONG YOUNGSTERS WITH SPECIAL REFERENCE TO ANGAMALY MUNICIPALITY

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Varghese Kuriakose, Delvin Francis, M Com (Finance) 14 batch, DiSTAngamaly.

Abstract

The spending and savings of youth in India has changed drastically in past few years as a result of westernization and higher spending power. The studies have shown that youth spends more money on shopping and especially on branded items. Many studies have been carried out on this topic at international, global and national level. The spending behaviour of youth combined with their limited understanding of money management promotes habits that may lead to costly financial mistakes today and in the future. While youth’s financial literacy is low, their spending power is increasing. To increase financial literacy and better money management practices, educators need to understand the financial behaviours and attitudes of the current generation of youth. This research was done to study and determine the source of income and spending habits among youngsters with special reference to Angamaly Municipality. Hundred (100) sample were taken in Angamaly Municipality within the age of 20 to 30 years. Data obtained were analysed with the use of descriptive statistics such as percentage and graphs. It was discovered that the variables which best represent spending habits of youth in Angamaly Municipality were shopping, transportation, household items, mobile phone expenses and fast food among others. The analysis showed that the major source of their income was pocket money got from relatives and family and from part time jobs. It was also reported that a significant positive relationship existed between pocket money and spending pattern.

Keywords: Youth, Spending Pattern, Economic Challenge, unemployment, income source

Introduction

The significance of monitoring and controlling ones spending habit cannot be overemphasized for an individual, including the youths that have financial motives (Ochei, 2012). This is necessary because there is a convincing desire to balance income with spending behaviour. Also, numerous individuals in youth category start their first jobs leading to a career, and consequently, they face many new challenges. Achieving and
maintaining financial independence can be difficult and has long-term ramifications for youths and others in society. Income and spending patterns imbibed by youths can affect youth’s ability not only to save for the purchase of assets like a home, provide for a family—including future children’s education when get married—and live well in retirement age, but also to contribute toward programmes such as Social Security for current retirees like contributory pension schemes. Clearly, understanding the spending and economic status of youth and/or young single adults is important for society as a whole, because it has substantial structural implications in the economy (Paulin, 2008).

With cultural shift to westernization in India and advent of mall culture, the spending and savings habits of the students have changed over the years. Youth has started to spend more money on entertainment and lifestyle and has become more brand conscious. With the increase in standard of living of adults, the young have also been empowered with more money and have got more spending power.

A decade ago, India didn’t have a single mall. A year ago, there were less than a half-dozen. But within two years, more than 250 are expected to be operational. It’s an enormous shift in a nation that for decades, proclaimed itself as a socialist state. After independence in 1947, India celebrated Swadeshi, or locally produced goods, and Mohandas Gandhi dreamed of a nation of small villages earning their living through cotton spinning and farming. So, not everyone is happy about the new consumerism. Rights activists worry that the poor are being abandoned and nationalists wonder if India’s native industries are being swallowed by global giants [Joshi, 2005].

In the last decade we have seen a development for our country. The main reason for development of our country is the rise in income of the people of our country. But the expenditure habits of people also increased. They are like the two sides of a coin. People also use their income for savings. We have seen more savings habits in countries like India and China but less in European countries. If there is income there will be savings and also expenses. Now a day the main sources of income for youngsters are through employment part time jobs and business. As for students who are not employed they depends on pocket money’s given by their relatives and family. The youngster mainly focuses on their leisure factors when it comes to expenditure. The savings habits of youngsters have increased. They save to make their future safety. Most of them prefer banks and insurance for their investments. The main preference for youngsters is quality of the products. Shopping malls and online shopping are the main medium of purchase among youngsters. The amount spends for charities and social purposes have increasing trend among them. The youngsters
are loyal towards their society. Some of them make budgets through this they control their expenses.

This research will reveal how youngsters in Angamaly Municipality proportionate their income to handle their daily expenses. The reason that this research is done is to better understand the purchasing power of these subset of society in hopes that it can benefit in law and policy making as well as insight to the culture and trends of spending among youngsters today. There has been statement made by young adults that their source of income is not sufficient to sustain them over the constant increment of prices in goods and services in this country. Therefore this research is done to determine where they spend their money as to better understand the reason why they are having financial shortages. Based on the preliminary hypotheses, this study can determine that there are four areas that can be potentials research fields. These four areas will hopefully reveal significant relationship between the insufficient source of income and the spending pattern.

**Statement of the Problem**

Through this scenario of source of income and spending habits among youngsters have increased during the past years. The type of source of income has been increased too. When income increases expenses also increases. Youngsters tend to spend more than their income. They focus on their leisure. Youngsters like to live in present. They change according to new trends. In this research the problem deals with how the youngsters with special reference to Angamaly Municipality spend their incomes and savings habit using various descriptive analysis techniques.

**Objectives**

- To analyze the spending habit among the youngsters in Angamly municipality.
- To find the source of income among the youngsters.
- To examine the relation between the source of income and spending habit.
- To find the most preferable investment opportunity in Angamaly Municipality.

**Research Methodology**

The study is descriptive in nature. It is based on primary data. The data required for the study are collected from youngsters in Angamaly. The number of youngsters in Angamaly
Municipality is not known well and therefore data collected from 100 samples by using questionnaire. The questions included the items on which spending is done frequently by young population like shopping, household expenses, movies, cosmetics, beauty care, mobiles, transportation, charity, investments, etc. Data obtained were analysed with the use of descriptive statistics such as percentage and graphs.

**Period of Study**

The period of study is the months of November & December 2015.

**Limitations of Study**

- Sample size of 100 is a limitation; the findings may differ with higher sample size.
- Sample unit and the city can be a limitation as the spending habit may differ in Metro city, Tier 2 and semi urban areas.
- Collected data may include personal bias.
- Respondents were not willing to cooperate.

**Literature Review**

It is noted that both the male and female youth have different spending patterns with a slight similarity. Thus, this paper is a healthy insight for the marketing professionals focusing their brand inventions for the youth as their target market [Hasan et al., 2012].

Spending & saving habits of youth in the city of Indore were studied and addressed the question of why, where and how the youth spend? The youth referred to here are of the age group 14-30 years. The west depicts this youth as financially and emotionally free; bit in India the case is not same. Despite being financially dependent on the parents till about the age of 25-26 years, there is a radical difference observed in the spending behavior of the youth of our country. The study concludes that there is a huge influence of peer group in the youth below nineteen years while making purchase decisions. This is more so in the smaller age group i.e. for respondents below 15 years and those in the age group of 15-19 years. With the maturity of the respondents this influence of friends and family decreases and he/she relies more on evaluating product/service features and characteristics and hence makes an independent decision. A difference was also observed on the gender wise purchase behavior and their saving habits. The youth also does not believe much in saving and believes in spending more on entertainment, gadgets, eating out and personal...
grooming [Dr. RekhaAtri, 2012].

The age group of 17-25 year spent more on apparel and was becoming more brand consciousness because of the easy availability of information on just a click away [Kamath, 2006]

According to the NSSO survey, Indians seemed to be spending more on trendy clothes, mobiles and cars. Major change has been seen in ready-made apparel showing a massive growth as 75% of Indians purchase ready-made garments. Increment in the demand of cars and motor bikes had also seen substantial increase over 11 years. About 4.6% urban households owned motor cars in 2004–05 compared to 1.2% in 1993-94 [The Times of India, 2007].

Teen spending reached $175 billion in 2003 through parental allowances and youth’s personal job earnings [Teenage Research Unlimited, 2003].

According to Global youth panel, a survey was conducted on spending habits of youth all over the world and the age group was 14 – 29 years. Their main aim to conduct this survey was to find out the factors influencing youth decision-making process. The results pointed that 43% respondents liked to purchase only after carrying out online research about the product, 40% were influenced by family or friends and 17% were influenced by TV/magazine advertisements, product design or just make ‘on-a-whim’ purchase decisions. They also came up with three major areas of spending in various countries. In Singapore and South Korea, youth spends more on Food (45% and 30% respectively), Clothing (27% and 25% respectively) and Entertainment (14% and 15% respectively). In UK and Amsterdam youth mostly liked to spend on going out i.e. 52% and 32% respectively and in Hong Kong and US, youth spent mostly on Clothing i.e. 40% and 52% respectively [Mobile Behavior, 2008].

Today’s youth are growing up in a culture of debt facilitated by expensive lifestyles and easy credit. Like no other generation, today’s 18- to 35-year-olds have grown up with a culture of debt — a product of easy credit, a booming economy and expensive lifestyles. They often live paycheck to paycheck, using credit cards and loans to finance restaurant meals, high-tech toys and new cars they couldn’t otherwise afford, according to market researchers, debt counselors and consumer advocates [Dugas, 2001].

A survey on the spending habits of young people in Guangzhou, Hong Kong and
Macau found that Hong Kong youths have the most pocket money but spend it mostly on entertainment, clothes and accessories. Hong Kong youths would borrow from friends or take up part-time work, in order to earn enough money to spend. The survey concluded that the more pocket money an average Hong Kong youth is given; the chances are that the proportion spent on enjoyment will be greater. In addition, nearly 20% of Hong Kong youths say they —spend all they have. When they run out of pocket money, they either borrow from friends or take up part-time work [MSE, 2004].

According to Young Asian survey by Synovate, today’s young Asian is a multi-tasking, interactive, digital-driven consumer. Conducted in conjunction with MSN, MTV and Yahoo!, Young Asians surveyed over 7,000 respondents aged 8 to 24 across Hong Kong, Singapore, Taiwan, Malaysia, Thailand, Indonesia, Philippines and India. The study revealed the hearts and minds of Asia’s connected youth, exposing their favorite brands, spending habits, dreams and aspirations [Change Agent, 2005].

According to a survey conducted by Keycorp (2005), 55% of the people surveyed said that they were decent savers. The survey also found that 49% respondents said that cable T.V and satellite television were essential for their lifestyle, 46% need cell phones, 44% high speed internet access, 32% spent on entertainment, movies & dinning.

In 2009, when recession hit all over the world, the researchers were keen to know about the spending habits and reactions of teens towards the recession. 75% of teens behaved in the same way and spent in the same way as they were spending in the previous year. The research results of seven countries including India showed that, teens are basically focusing on saving for three things i.e. Clothes (57%), College (54%) and a Car (38%) [Meredith, 2009]. It was also pointed out that the young generation rarely practiced basic financial skills, such as budgeting, developing a regular savings plan or planning for long term requirements. [Rajasekharan Pillai et al., 2010].

Different households have different way of living and similarly different spending patterns. In the western culture, the young individual are more independent at the age of 18 and start their earning and living separate than their parents home and this is known as the transitional nature of the young individual [Jones & Martin, 1997].

Other research studies have indicated the age and compulsive buying are strongly related to each other in respect to the younger consumers. It is also seen that when there is impulse and compulsive buying situation then the younger consumers are the answer
With the passage of time, the percentage of younger consumers has increased in compulsive buying and overall buying behavior [O’Guinn & Faber, 1989]. This certain behavior is due to their impulsive tendency towards unrestrained ability towards the advertising and marketing activities they are surrounded by. They have not much of self-control on their actions. One can see less compulsive buying/spending pattern in the collectivist cultures than individualist cultures [Kacen & Lee, 2002].

The amount that is the budget of the young individual was ascertained by segregating the variables, which are basically the factors on which the young individual is spending his/her money. The most significant factors out of the lot were income, satisfaction, friends’ information, advertisements information, entertainment and age of respondents [Subhani et al., 2011].

**DATA ANALYSIS**

1. **Respondents of this research work belongs to student category, government employee, business and private employees.** The main source of income of student/unemployed persons are from parents or their guardians (49%) and 14% are for part time job and from other source. Scholarship are not the source of income for the students or unemployed person and through agriculture is 13%.

Table: 1

Table showing the profession of respondents.
The banking sector plays a crucial role in the economic development of a nation. An efficient, effective and well-developed financial system is essential for economic growth by mobilizing savings and by efficiently allocating funds for productive purposes. The Indian financial system comprising of two major components, the banking sector and the capital markets has undergone significant changes over the last few decades. These reforms were introduced to make Indian banking industry globally competitive in the context of globalization. Abstract

Key Words

- Capital, regulatory coverage, corporate governance, labour reforms and human capital development

Introduction

Parents/Guardians

Source of money

Source: Primary Data

Table: 02
Table showing the source of money.

<table>
<thead>
<tr>
<th>Source of money</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parents/Guardians</td>
<td>49</td>
<td>49</td>
</tr>
<tr>
<td>Scholarship</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Agriculture</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Part time job</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Others</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data

Table: 02
Table showing the source of money.
2. Generally youngsters spend their money for buying household expenses and for personal care and apparel. They like to travel and 27% of them spend their money for travelling. There is an increased statistics of mobile top up and electronic and entertainment. It is found that the investment avenue preferred more is bank and insurance followed by real estate, gold and share market.

Table: 03
Table showing the head of expenditure

<table>
<thead>
<tr>
<th>Heads</th>
<th>Frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal care &amp; Apparels</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Mobile Top Up</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Travelling</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Household Expenses</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>Electronic &amp; Entertainment</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data
Table showing most preferred Investment Avenue

<table>
<thead>
<tr>
<th>Avenues</th>
<th>Frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank &amp; Insurance</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Real Estate</td>
<td>06</td>
<td>6</td>
</tr>
<tr>
<td>Gold</td>
<td>05</td>
<td>5</td>
</tr>
<tr>
<td>Share Market</td>
<td>04</td>
<td>4</td>
</tr>
<tr>
<td>Others</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data
3. Monthly expenditure for day to day living is a surprising thing. A good number of youngsters spend more than 4000 to purchase their necessary items. Youngsters are generally following trend and fashion but there is some exemptions.

Table: 05

Table showing amount of expenditure per month

<table>
<thead>
<tr>
<th>Rupees</th>
<th>Frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 1000</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>1001-2000</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>2001-3000</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>3001-4000</td>
<td>09</td>
<td>9</td>
</tr>
<tr>
<td>More than 4001</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data
Table : 06
Table showing the purchase as per Trend & Fashion

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Sometimes</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Less often</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Never</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>No opinion</td>
<td>07</td>
<td>07</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Conclusion

This study is concerned with the sources of income and spending habits among youngsters with special reference to Angamaly Municipality. The study showed that there was no significant difference in saving and investing habits among the youth. This is because most youngsters are fully aware of the saving and investment options opened to them. The only setback for not utilizing these options is the lack of reliable source of income. Majority of them received money from parents and relatives because they are students. It is now necessary to encourage entrepreneurship through self-employment. This is because youths are the active agents for productive output in the economy. If youth savings and investments improve, the economic growth expands. Uremadu (2000) showed that there is a positive association between savings and economic development; if income increases it would induce savings in an economy; the relationship between savings and income growth rates is positive.

Therefore, it can be concluded that the current spending habits of youngsters in Angamaly Municipality focus on personnel care & apparels, transportation, shopping, Household
expenses, Mobile phone while little are have savings and investment. Continuous studies and research need to be done to understand and determine the change in spending Habits of the public.

References


Religious Broadcasting: Viewing Behavior of Young Audience in the light of Deprivation Theory

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Abstract

Media and religion incorporate each other at various levels and television is no exception. Religious institutions and organizations across the globe utilize the potential of television for propagation of faith and providing religious training. Christians, both traditional churches and evangelical groups, were the pioneers in religious broadcasting who flourished in the form of televangelism. As par with the growing television industry of India, Christian broadcasting grew in the form of exclusive religious television channels. The fundamental questions about religious television are who watch, how they watch and for what purpose people watch. The audience of the religious broadcast comes from different demographic status and the earlier studies identified age of viewers as one of the predictors of religious broadcasting viewing behavior. The “privilege-deprivation” theory of religious participation(Alston and McIntosh, 1979; Davidson, 1977; Gaede, 1977) associates SES (Socio-economic Status) with the viewing of religious broadcasting. This study is poised to explore the religious broadcasting viewing behavior among young people and its association with SES.

Key Words: Religious television, Televangelism, Deprivation Theory

Introduction

Communication technologies and mass media agenda have evolved over the years with numerous sociological implications. Religious groups and organizations employed diverse types of media platforms intended for religious communication. Realizing the prowess of television as daily and family medium, religious organizations adopted it for propaganda intentions. Media firms attempted religious content eying on the potential massive audience and religious organizations identified the possibilities of religious propagation and reinforcement of faith through television. The youth audience was never counted as a prime target of religious broadcasting from the initial years of Christian broadcasting. But Indian media scene projects of a sizable youth watching religious television. Assessing the religious television viewing behavior of young people is relevant in the demographic
Mediated Religion

Media and religion meet at different layers and both complement each other at functional level. The initial reserve of traditional religions in consuming mass media due to the attributed profane tag subsided and later religious groups turned to be major players in media sector. In the process of mutual incorporation, both religion and media were influenced by each other. Modern media affect religion to the point where the institutional strategies of religion are changed after modern media. Swaying to be the part of the media culture, modern religion functions on the media logic; and researchers point to the media influence on the religious behavior (Altheide & Snow, 1979; Gaddy & Pritchard, 1985; Hoover, 1984). Several theories are on the effects of mediated religion like privatization of religious experiences where “religious expression may have become less public, less organized, less relational, leaving individuals radically alone in their experience of the divine” (Wuthnow, 1987, p. 126). The consequential centrality of media might challenge religious authority by the process of relativization of religion.

Being a family medium and everyday medium, television occupies significant role in the cultivation of social and moral fabrics of the society and wields huge popularity and influence on society. Viewers contain television among the priorities for allocation of time due to its influence and functional engagements (Camstock & Scharrer, 1999). Scholars point to the close association of religion and television by stating that they are natural partners of cultivation of culture; both the platforms are mediated by cultural meaning. Walter Davis et al. concludes the similarity between the two by pointing out four elements of religion; a world view composed of a web of mutually reinforcing beliefs and values; a moral code; periodic public rituals; and a community of believers who practice these rituals. Television acts in the similar pattern of religion and television provides all the four elements of religion (Davis, Blythe, & Gary, 2001).

Religious content was incorporated to the functional agenda of television from its early years owing to the demand of the Federal Communications Commission (FCC) on license obligation for religious programmes broadcast on commercial networks as public service programming. Religions (religious organizations and groups) and television have contributed to each other’s interest and the flourishing of Christian broadcasting in the US reality of present ‘young India’. The multi-religious social frame of India and the role of religious broadcasters as ‘cultural story tellers who can create religious ethos’ (Schuetz, 2009) call for studying the influence of religious broadcasting on young people.
in 1960s (later known as ‘televangelism’ and ‘electronic church’) proved that a financially intent medium like television could be utilized by religious preachers backed by personal charisma and media strategy.

Religious communication in India, especially through mass media, has grave repercussions on the social fabric for two reasons; deep religious sensitivity of the people and the possibility of religious divide. The studies on religious broadcasting of the West were about Christian television due to the Christian identity of the land. In India, the diversity of culture, religion and language pose serious threats in developing parameters and tools for assessing the gratifications and influence of religious broadcasting in general. Religions differ on doctrine, faith and practices.

The demographical stature of India depicts a bright dimension of a significant number of youth population (27.5% of the total population, is between the age of 15-29), median age to be 28 by 2020 (National Youth Policy 2014, 2014). The likes of young people is vital to the social setting of the future and their religious orientations will have implications on their world view and decisions.

Privilege-Deprivation theory

The privilege-deprivation theory of religious participation (Alston & William, 1979; Davidson & James, 1977; Gaede, 1977) is associated with social stratification where socio-economic status influence social pressure to the religious participation. According to the deprivation part of this theory, people with low socio-economic status feel deprived, alienated, powerless, and dissatisfied with their current life. They get active in religious activities for comfort and strength; and for better times in the future in the form of afterlife. Thus, socioeconomic status is negatively correlated with the viewing of religious television programs (Litman & Bain, 1989).

Relevance of the Study

A number of studies have been done across the globe about the media exposure and its consequent influence on the society. The role and impact of Television had been studied by many researchers on different levels of perception and religious broadcasting is one of them. Religion being one of the important factors of the social fabric, the implications of mediated religion is a significant extension of television studies. Religious television is not a new phenomenon: it was a part of the schedule since television’s early years of operation in America, just as religious programs were some of the earlier types of broadcasts on the
first radio experiments. Global studies have identified two predictors of regular audience of Christian religious television as socio-economic status—less educated, female and rural and personal religiosity which corresponds to private prayer, religious practices and Bible reading (Pettersson, 1986). The nature of the Indian audience of Christian television is not yet studied in detail. India is a deeply religious land and with the social reality of religious pluralism where there are religious traditions that differ deeply in terms of their doctrines, practices, institutions, scriptures and experiences. This social setting calls for the assessment of the veracity of religious broadcasting in India. The demographic setting of large number of young population and the findings of previous studies that project a sizable number of young religious television audience justify the selection of the population for study.

Statement of the Problem

Affirmation of any religion has its significant influence on the social fabric of a multi-religious society. Mediatisation brings about its own changes on the function and process of religion. Christian television in India, carrying the trail of televangelism, has several platforms and broadcasters. Religious television has a unique audience segment which differs significantly from the audience of mainstream television programmes. The religious broadcasting viewing behavior is significantly related to the Socio-economic status of the audience.

Specific Objectives of the Study:

1. To observe the socio-economic status of young Christian Television viewers
2. To study the frequency of watching Christian broadcasting among youth
3. To compare the personal religiosity and faith practices of the viewers with the viewing behavior
4. To assess the association between the viewing behavior and socio-economic status of the young religious broadcasting viewers

Methodology

Christian television programmes in India are language specific and majority of them are in regional languages, predominantly from South Indian states of Andhra Pradesh, Tamil Nadu and Kerala. This study is made on the young viewers of Christian broadcasting
from the state of Kerala. The researcher identified five locations of Christian concentration across the state. 380 samples were randomly selected from the communities identified as Christian concentration. Respondents are from the age group of 19 to 30 years of age. 187 (49.2%) respondents were male and 193 (50.8%) were females; 165 (43.4%) were from urban area and 215 (56.6%) from rural area. With regard to the monthly family income of the respondents, 250 (65.8%) have income less than INR15000, 110 (28.9%) have between INR15000-30000 and 20 (5.3%) respondents have family monthly income more than INR30000. Structured questionnaires were served for collecting data.

Review of Literature

Several studies on media and religion indentify the liaison between both the fields, leading to strengthening religious structure and practices (McDonnel, 1993), commodification of religion (Eisenlohr, 2012), cultural invasion of religious groups in the public sphere (Dasgupta, 2006) and privatization of religion (Wuthnow, 1990).

The Annenberg Study, one of the most significant studies on religious television, revealed several significant observations on the nature and size of viewers of religious broadcasting (in the Unites States of America), the viewing pattern of audience and on the nature of religious television programmes. Identifying a coherent and well defined audience of religious broadcasting, the study established two predictors of the viewing behavior; socio-economic status and personal religiosity. The programme genre of religious broadcasting is assimilated from general television channels and a consistent cultivation of traditional values is a distinctive nature of religious television programmes(Gerbner, et al., 1984).

Audience seek for both religious and non-religious gratifications from religious broadcasting. Spiritual goal of improving relationship with the divine and getting more knowledge of religion are the major reasons(Ispuruyanto, 1999; Dennis, 1962). Several non-religious gratifications are provided on religious television like inviting viewers to decide on social and political issues(Ostling, 1986). Viewing religious broadcasting have functional similarity with church attending as viewing on television provides similar gratifications from going to church (Gaddy & Pritchard, 1985). The gratifications gained from viewing religious broadcasting vary to the characteristics of the audience. Non-religious gratifications are gained from frequent viewing of religious television among regular church/service attendees and occasional church/service attendees achieve more religious gratifications from viewing(Pettersson, 1986).
The earlier studies on the audience profile of religious broadcasting draw similar characteristics of lower social class, frequent church goers (Parker, Smythe, & Barry, 1955), active participants of religious activities and who hold conservative views (Gaddy & Pritchard, 1985).

Regular and receptive, religious broadcasting in India has a stable audience and there is increase in the number of young people among them (Shukre, 2014). The brand image created is a ‘life style/spiritual channel’ and a good number of young people are attracted to them as a means of overcoming the stress of life (Shukla, 2013; Kasim, 2012),

**Data Analysis**

**Table 1: Indicators of personal religious practices of the respondents**

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicators</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Attending Church regularly</td>
<td>344</td>
<td>91.5</td>
<td>36</td>
<td>9.5</td>
</tr>
<tr>
<td>2</td>
<td>Read Bible regularly</td>
<td>300</td>
<td>78.9</td>
<td>80</td>
<td>21.1</td>
</tr>
<tr>
<td>3</td>
<td>Have regular family prayer</td>
<td>336</td>
<td>88.4</td>
<td>44</td>
<td>11.6</td>
</tr>
<tr>
<td>4</td>
<td>Believe that Jesus is the only Savior</td>
<td>376</td>
<td>98.9</td>
<td>4</td>
<td>1.1</td>
</tr>
<tr>
<td>5</td>
<td>Subscribing Christian publications</td>
<td>261</td>
<td>68.7</td>
<td>119</td>
<td>331</td>
</tr>
</tbody>
</table>

Viewers of Christian broadcasting exhibit high personal religiosity according to all the indicators which look about both personal faith and faith practices.

**Table 2: Frequency of watching Christian broadcasting**
Viewers of religious broadcasting are divided into light viewers, moderate viewers and heavy viewers according to the viewing pattern. This study follows the classification employed by George Gerbner and team about religious television broadcasting; who considered regular viewers as heavy viewers, who report viewing frequently as moderate viewers and those who watch off and on as light viewers (Gerbner, Gross, Hoover, Morgan, Signorielli, & Cotugno, 1984). Table 2 shows that around half of the respondents are moderate viewers.

**Table 3: Association of viewing behavior and locale**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily</td>
<td>101</td>
<td>26.6</td>
</tr>
<tr>
<td>Frequently</td>
<td>181</td>
<td>47.6</td>
</tr>
<tr>
<td>Off and on</td>
<td>98</td>
<td>25.8</td>
</tr>
<tr>
<td>Total</td>
<td>380</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Viewers of religious broadcasting exhibit high personal religiosity according to all the indicators which look about both personal faith and faith practices. As females watch religious television with higher frequency compared to male respondents. Significant difference is observed in viewing behavior of the respondents with regard to gender (Asymp. Sign. = 0.000, Significant at 5% level). There is a significant difference observed in the religious frequency of watching Christian television. There is significant difference observed in the religious frequent in watching Christian television. There is significant difference observed in the religious viewing behavior of the respondents (Asymp. Sign. = 0.000, Significant at 5% level). Table 2 shows that around half of the respondents are moderate viewers.

**Table 3: Association of viewing behavior and locale**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Daily</th>
<th>Frequently</th>
<th>Off and on</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>45</td>
<td>96</td>
<td>24</td>
<td>165</td>
</tr>
<tr>
<td></td>
<td>27.3%</td>
<td>58.2%</td>
<td>14.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Rural</td>
<td>56</td>
<td>85</td>
<td>74</td>
<td>215</td>
</tr>
<tr>
<td></td>
<td>26.0%</td>
<td>39.5%</td>
<td>34.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td>181</td>
<td>98</td>
<td>380</td>
</tr>
<tr>
<td></td>
<td>26.6%</td>
<td>47.6%</td>
<td>25.8%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
The data available from the present study point to the trend of urban respondents are more frequent in watching Christian television. There is significant difference observed in the religious broadcasting behavior between urban and rural respondents.

Table 4: Association of viewing behavior and gender

<table>
<thead>
<tr>
<th></th>
<th>Daily</th>
<th>Frequently</th>
<th>Off and On</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Male</strong></td>
<td>39</td>
<td>84</td>
<td>64</td>
<td>187</td>
</tr>
<tr>
<td></td>
<td>20.9%</td>
<td>44.9%</td>
<td>34.2%</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td>62</td>
<td>97</td>
<td>34</td>
<td>193</td>
</tr>
<tr>
<td></td>
<td>32.1%</td>
<td>50.3%</td>
<td>17.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>101</td>
<td>181</td>
<td>98</td>
<td>380</td>
</tr>
<tr>
<td></td>
<td>26.6%</td>
<td>47.6%</td>
<td>25.8%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Asymp.Sign. =0.000, Significant at 5% level

Significant difference is observed in viewing behavior of the respondents with regard to gender as females watch religious television with higher frequency compared to male respondents.
Table 5: Association of viewing behavior and family monthly income

<table>
<thead>
<tr>
<th></th>
<th>Daily</th>
<th>Frequently</th>
<th>Offand on</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;15,000</td>
<td>93</td>
<td>100</td>
<td>57</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>37.2%</td>
<td>40.0%</td>
<td>22.8%</td>
<td>100.0%</td>
</tr>
<tr>
<td>15000-30000</td>
<td>8</td>
<td>65</td>
<td>37</td>
<td>110</td>
</tr>
<tr>
<td></td>
<td>7.3%</td>
<td>59.1%</td>
<td>33.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td>&gt;30001</td>
<td>0</td>
<td>16</td>
<td>4</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>.0%</td>
<td>80.0%</td>
<td>20.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td>181</td>
<td>98</td>
<td>380</td>
</tr>
<tr>
<td></td>
<td>26.6%</td>
<td>47.6%</td>
<td>25.8%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Asymp.Sign. = 0.000, Significant at 5% level

Monthly family income is important factor in assessing the religious broadcasting viewing behavior and Table 5 shows that respondents from lower income groups have more frequency in watching religious broadcasting.

Findings and Discussion

Personal religiosity is found as a predictor of the viewing behavior of religious broadcasting in this study among young viewers. Respondents mark high on the indicators of both personal faith and faith practices. When frequency of watching religious broadcasting is concerned, around half of the respondents are moderate viewers (47.6 %) while other half is almost equally shared by light viewers (25.8 %) and heavy viewers (26.6 %). Significant difference is observed between urban and rural respondents pertaining to
the frequency of viewing religious broadcasting (p=0.000) at 5% level of significance that go with the first part of privilege-deprivation theory (socio-economic status influence religious participation). But the finding of this study that urban viewers watch religious television more frequently than the rural viewers defies the second part of the theory (less privileged – rural- go for more religious participation). Gender difference has significant influence on the viewing behavior of religious broadcast as male and female respondents vary significantly in the frequency of watching (p=0.000) at 5% level of significance. Female audience exhibit more frequency in watching religious television [daily (32.1%), frequently (50.3%), off and on (17.6%)] than male viewers. Economic status too affects the frequency of watching religious television programmes. This study points to significant difference among respondents from different income groups in the viewing behavior of religious broadcast (p=0.000) at 5% level of significance. Highest percentage of heavy viewers are from the lowest income group(37.2%) and the highest income group do not have heavy viewers.

**Recommendations**

Religion is considered as a sacred part of one’s personal life and therefore collecting data on people’s religious experiences is a tough task. It is not easy to develop tools for assessing the gratifications gained from religious participation. There are very few studies made on religious media which is sociologically very relevant in Indian reality. The actual size of audience and the influence of religious broadcasting are yet to be studied. The reality of religious and cultural diversity of India calls for regional studies while the core differences of doctrine and practices of religions of the land entail religion-wise researches.

**Conclusion**

Religion penetrates to all spheres of society and employs all the possible tools for affirming presence. Mediated religion has come more to the public sphere calling for transparency and public discourse. Meanwhile religious organizations and groups employ all the possible media platforms for propagation of faith. Television has been employed for the affirmation of religious expression from the early years of the inception of the medium. Affirming its deep religious ethos, Indian audience showed good response to religious broadcasting of different religions. The present study is made on the young viewers of Christian broadcasting. The viewing behavior of the population under study is generally similar with the findings of the audience researches on religious broadcast in other countries. Two predictors of personal religiosity and SES are visibly at work in the
results of the present study. Major part of the young viewers of religious broadcasting is moderate viewers. Gender, locale of residence and financial status influence the viewing behavior of religious broadcasting affirming the assumptions of the privilege deprivation theory.

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Introduction

The banking sector plays a crucial role in the economic development of a nation. An efficient, effective, vibrant and innovative banking stimulates economic growth by mobilizing savings and by efficiently allocating funds for productive purposes. The Indian financial system comprising the commercial banks, the financial institutions and the capital markets has undergone a very rapid transformation in the past three decades. The committee on financial system, well known as the Narasimham Committee set up in 1991, to recommend measures for bringing about necessary reforms in the financial sector, did acknowledge the spectacular success of the public sector banks since the major banks were nationalized on 19th July, 1969. But for twenty years after the nationalization, spectacular development was witnessed only in the spread of branch network of banks, mobilization of savings and in creating employment opportunities for half a million persons, rather than in the improvement of services to the customers. Further, the viability of a number of public sector banks became a matter of great concern. The systematic and effective supervision and regulation of the banking and non-banking financial systems did not keep pace with the developments in these areas. Hence, the Narasimham Committee was set up by the Government of India in August 1991.

The rationale underlying the necessity of reforms in the financial system of the country may be recapitulated as follows.

The rationale of the reforms:

While discussing the rationale of the reforms, it is appropriate to split the Indian banking sector performance into four phases, 1950-1968, 1968-1991, 1991-2000 and since 2000. This classification is justified because in the first phase we experienced the challenges of the Indian banking sector prior to nationalization. In the second phase the banking sector made remarkable progress, but its efficiency, cost and sustainability was doubtful. In the third phase, the Indian banking industry underwent through reforms process, still its efficiency, spread and cost are to be evaluated. In the final phase, since 2000, the banking sector became technology savvy and its implications and consequences are also to be examined.

Trends prior to nationalization:

One of the major problems of the banking industry prior to nationalization was the high urban concentration. Considering the period 1950-68, it is worked out that nearly 76 per cent bank branches were concentrated in urban areas. This high concentration in urban areas led to neglect of agriculture sector. In the pre-nationalization era, of the total bank credit, only 11 per cent was disbursed for agriculture. Correspondingly, the share for rural development was also very low, just 3 per cent. Another major limitation of banking operations before 1968 was very high overdues. During this period on an average overdues remained at 43 per cent. As a consequence of these and similar issues, the performance of banking sector was significantly impacted.

Files:


A STUDY ON THE APPLICATION OF MINDFULNESS IN MODERN PSYCHOLOGY

Babu George, Coordinator, De Paul, Finishing School

Abstract

As stress has become a matter of discussion of this age, mindfulness also can be suggested as a technique in controlling over-stress and balancing different aspects of life. Many relaxation techniques practiced by people around the world include mindfulness knowingly or unknowingly. The relevance of Buddhism, which is considered widely as a science of mind, cannot be ignored while the history of mindful awareness is studied. Psychologists and psychotherapists of the day, directly or indirectly, use the technique in order to ease the distress of their clients or patients. People, however, often find it difficult to be mindfully aware of the present moment in times of mental agony or physical illness.

Key Words: Mindfulness, stress, modern psychology, present moment, Buddhism

Introduction

Mindfulness, in other words, being mindful of one’s surroundings and one’s own physiological and emotional aspects without judging them, is suggested even by modern psychologists on many occasions. It has been found to reduce the symptoms of many psychological disorders and has been extremely useful in reducing stress-related problems. This type of mindfulness was explained by the Buddha in his teachings to escape worries and pains. Buddhists, along with other rituals, have been practicing mindfulness and experiencing the benefits of it for centuries. The study about this practice is relevant in today’s world of worries and stress.

Mindfulness

Since the present moment is the only time allotted to us, we need to be fully aware of it in order to savor each moment. The past is no more and the future is unpredictable and is yet to come or will never come. It is deeply satisfying to remain fully conscious in the present moment (Tolle, 2010). People often complain that they are unable to remain in the present for long due to external (environmental) and internal distractions (thoughts). Different thoughts, associated with positive and negative emotions, interfere with the silence in the mind. It has to be realized that human mind cannot escape the flow of...
thoughts and feelings. Actual mindfulness is not stopping this flow, but is just watching the flow without categorizing them as good or bad (Mindfulness, 2015). This awareness of the present moment can keep the mind neutral and maintain a balance between positives and negatives. Real meditation is focusing on the present moment with proper awareness (Back to the Present: How to Live in the Moment, 2015). Being mindful of the present moment can be done easily by focusing on one’s own breath. The important factor in this is not the air that is inhaled and exhaled, but since a person breathes every moment, observing the breath makes the person aware of the present moment. It has been proved with concrete evidence and data that regular practice on concentrating on breath can be effective in mental wellbeing and in controlling different psychological disorders to a great extent.

**Mindfulness and Modern Psychology**

Even though control of mind is often demanded, practically it becomes impossible, because the activities of the mind are almost unpredictable and is beyond the deliberate control of our will. Failure is certain if we fight against our mind (Coelho, 1999). This can be read in connection with “pink elephant syndrome”. If we are asked not to imagine pink elephants, pink elephants will rush into our mind. To explain further, when we are forbidden from something, we will have a natural tendency to have or do the same (What is Pink Elephant Syndrome?, 2015). Because of this nature of human mind, attempts to control it would be proved ineffective. If we are able to escape from any mental pain by distracting the mind, it would only be temporary or would remain deep in the subconscious or unconscious areas of mind creating more impairment in the personality. The psychoanalytical theories are giving a lot of importance to such repressed feelings, which would come out in the form of different complexes and might affect the smooth occupational and social functioning of a person.

This is where mindful awareness can help a person. Here, the person is not trying to suppress or repress any of the emotions or feelings that arise in the mind. Rather, whatever arises in the mind is observed without any judgment or intentions to change them. A gradual disappearance of negative emotions can be seen when they are watched continuously as a witness. Mindful awareness contribute to mental health as it helps in reducing stress and makes a person able to enjoy every moment to the fullest extent. Life becomes more fulfilled when one is aware of oneself and the surrounding in depth (Dhiman, 2012).

Many relaxation techniques advised by modern psychologists are mindfulness practice in different ways. The technique to focus on each part of the body, one by one, being aware
of even the subtle movements and changes in them is really helpful to relax the body and mind. Here the person becomes aware of each part of the body, thereby relaxing the whole body and mind. In addition to this type of formal mindful practice, it can be extended to the whole life of a person, though not fully practicable. This practice helps one to anchor oneself to the present moment, making each moment meaningful (Tolle, 2010).

History of Mindfulness

“Vipassana” is a kind of meditation practiced in many Buddhist traditions. This meditation practice enables the meditator to view things nonjudgmentally, which is nothing but mindfulness training (Mindfulness, 2015). Even though different techniques can be applied depending on the convenience and approach of the candidate, the core of all of them is to be aware of things without judging them or classifying them. In “vipassana” meditation, the meditator observes the physical sensations of the body, the indicators of life flow, through which the person achieves a balanced and calm mind. This activity, as it is observatory in nature, without being identified with them, contributes to a serene mind, finally changing it into a compassionate and loving one (Vipassana Meditation, 2015). Good self-control can be achieved through this practice and is not different from mindfulness. Almost all the other types of meditation practiced in the past, though age-old, were not different from it.

Conclusion

In conclusion, mindful awareness of the present moment saves a person from the pain in the past and the worries about future to a great extent. Even though it cannot be suggested as a panacea to solve all the worries of the mind, its ability to cope with everyday problems has made it worth practicing. Even people who have psychological disorders can practice it in their daily life by themselves or under the guidance of a trainer. Moreover, life is not just solving problems. Enjoying each moment of the short life contributes to the wellbeing of an individual, where mindfulness is highly effective.

Reference:


https://www.psychologytoday.com/blog/brainstorm/200812/back-the-present-how-live-in-the-moment
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The Impact of Transformational, Transactional and Passive Avoidant Leadership Characteristics of Managers on Employee Empowerment- An Empirical Study

Rev. Alex Chalangady VC-Educational Councillor of the Marymatha Province of Vincentian Congregation

1. Introduction

The concept of leadership was ever a topic of discussion among philosophers and managers. It is also a focus of research in the dominion of industry due to the fast changing scenario in the industrial world. Many organizations, irrespective of size and type, compete against each other for creating a unique space for existence while operating in an environment that is more challenging and complex than in the yester years. Lewis, Goodman, and Fandt (2004) point out that the contemporary managers face significant challenges and shall have to reconsider the way they strategize for their operational leadership requirements. Along with their technical expertise and exposure, managers shall also develop certain leadership skills and traits that help them in leading the organization to success through the process of employee empowerment. Studies reveal that empowered employees are more productive, effective, and cooperative in their work environment (Stone, 1992; Quinn &Spreitzer, 1997). Employee empowerment enhances work motivation and work satisfaction of the employees and they feel self respected (Robbins, Crino, &Frendal, 2002; Chu, 2003). Many scholars opined that employee empowerment is positively related to employee’s job satisfaction (Kim, 2002; Lee, Cayer, &Lan, 2006; Park & Rainey, 2007). This study presents the impact of Transformational, Transactional and Passive Avoidant Leadership Characteristics of Managers on Employee Empowerment, which is an important factor to lead any organizations towards the success. This study conducts among the managers of IT and manufacturing sectors.

2. Transformational Leadership (TFL)

Transformation Leadership is one of the components of the Full Range leadership proposed by Bass and Avolio (1994). The Transformational leaders do more with colleagues and followers than simple exchanges or agreements (Bass & Avolio, 1994). They look at the development of the followers along with accomplishment of organizational goals.

Transformational leaders motivate their associates to perform beyond expectations. They inspire their subordinates to transcend their own immediate self-interest for the sake of the mission and vision of the organization. Bass (1985a) derives four factors
(four I’s) of transformational leadership empirically: idealized influence, inspirational
motivation, intellectual stimulation, and individualized consideration. Avolio, Waldman, 
and Yammarino (1991) observe that transformational leaders achieve superior results 
by employing these four factors of transformational leadership. The components of 
transformational leadership are 1) Idealized Influence (II), 2) Inspirational Motivation 
(IM), 3) Intellectual Stimulation (IS), and 4) Individualized Consideration (IC).

Transformational leaders motivate the followers to view beyond their own interests. 
They stimulate interest among followers to see things from a different perspective. They 
create an awareness of the mission and vision of the organizations and inspire the followers 
to accomplish the goal of the organizations. They act in such a way as to obtain superior 
results by employing one or more of the “Four I’s” (Avolio et al., 1991).

3. Transactional Leadership (TAL)

Transactional leadership, the second aspect of full range leadership, focuses on 
transaction or exchange of relationship between leader and followers (Bass & Avolio, 
1994). The transactional style involves negotiation between the leaders and subordinates 
(Bass & Avolio, 1990, Bass, 1990). Transactional leader rewards or punishes the followers 
according to the performance of the followers (Bass & Avolio, 1994; Bass & Riggio, 
2006; Bass & Bass, 2008). The Leaders reward the followers when they meet agreements 
and standards, or, punish them when they fail in what is supposed to be done (Bass & Bass, 
2008).

In transactional leadership, leaders motivate their followers via specific benefits provided 
to them. Subordinates are persuaded to work for the accomplishment of organizational 
goals by exchanging rewards for their productivity (Bass & Riggio, 2006). Transactional 
leadership depends on contingent reinforcement, either contingent reward or management 
by exception (active). The two components of transactional leadership are 1) Contingent 
Reward (CR), and 2) Management by Exception-Active (MBE-A),

4. Passive Avoidant Leadership (PAL)

Passive/avoidant, the last aspect of the full range leadership model, is the behaviour of 
those individuals who do not care about what happens, avoid shouldersing responsibilities, 
and are satisfied to sit idle and wait for others to take the necessary initiatives. Passive 
leaders avoid situation of involving in the potential problem areas, to set standards and to 
monitor for results. Avolio (1999) mentions such types of people “social loafers”. In passive/
avoidant style, the leader rejects control and allows subordinates to take decisions (Bass, 1990). This style of leadership creates negative impact on both leader and subordinates. Hence for a better output, leaders need to avoid the passive style from their leadership characteristics. The components of passive/avoidant leadership style are 1) Management by Exception-Passive (MBE-P), and 2) Laissez-Faire Leadership (LF)

5. Employee Empowerment

Conger and Kanungo (1988: 474) define employee empowerment as “a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information”. According to Pearson and Chatterjee (1996) empowerment is to give more authority to employees to exercise the duty in the organizations. Cunningham and Hyman (1999) suggest that employee empowerment is the handing over of the decision making power to different levels of the employees in the organization.

Studies reveal that empowered employees are more productive, effective, and cooperative in their work environment (Stone, 1992; Quinn & Spreitzer, 1997). Employee empowerment enhances work motivation and work satisfaction of the employees and they feel self respected (Robbins, Crino, & Frendal, 2002; Chu, 2003). Many scholars opined that employee empowerment is positively related to employee’s job satisfaction (Kim, 2002; Lee, Cayer, & Lan, 2006; Park & Rainey, 2007).

Doherty and Danylchuk (1996) observe that transformational leaders inspire and motivate subordinates and in turn create emotional attachment with the leader and his/her ideas which further create an environment where the followers work towards achieving organizational objectives. Klagge (1997) explains that the present day organizational managers require leadership skills for developing high performing teams and further points out that the flattening of organizations across the world has accelerated the momentum. Bartram, and Casimir (2007) examine the mediating effects of empowerment and trust in the leader on the relationship between transformational leadership and the in-role performance of followers.

Shaw (1976) explains the concept of cohesion as the degree to which the team members remain motivated within the team environment and states that cohesion within the team is highly critical in an organization. Dess and Miller (1993) observe that the concept of
team empowerment has gained more popularity since the late 1980s and has gone much beyond the objectives of establishing Quality circles. As pointed out by Stout, Salas, and Fowlkes, (1997) teams shall produce better results if they are properly managed and trained. Moye and Henkin (2006) explore the relationship between employee empowerment and interpersonal trust in managers and, observe that employees who feel empowered in their work environment have higher levels of interpersonal-level trust in their managers. Pelit, Ozturk, and Arslanturk’s (2011) study determines the impact of employee empowerment on job satisfaction. The results show that empowerment has significant effect on job satisfaction, and the effect is much higher while psychological and behavioral empowerment aspects are also taken into consideration.

6. Leadership and Employee Empowerment

Hypothesis

H0: Transformational leadership, Transactional leadership and Passive avoidant Leadership are not predictors of Employee Empowerment.

H1: Transformational leadership, Transactional leadership and Passive avoidant Leadership are predictors of Employee Empowerment

Table 1

<table>
<thead>
<tr>
<th>Employee Empowerment</th>
<th>Transformational Leadership</th>
<th>Transactional Leadership</th>
<th>Passive/Avoidant Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>.869**</td>
<td>.430**</td>
<td>-.207**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

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

Source: Survey data
Table 1 explains the correlation between Transformational Leadership, Transactional Leadership and Passive/avoidant Leadership (predictor variables) with Employee Empowerment (dependent variable). It is found that the different leadership characteristics are highly correlated with employee empowerment. (Transformational Leadership Correlation = 0.869, p < 0.05, Transactional Leadership Correlation = 0.430, p < 0.05, Passive/ Avoidant Leadership Correlation = - 0.207, p < 0.05).

Hence, the next step is to enquire about reasonable and hierarchical dependence of these variables. Thus, the following relationships are proposed and established using appropriate multiple regression analysis.

**Table 2**

**Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.871a</td>
<td>.758</td>
<td>.756</td>
<td>2.26903</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Passive/ Avoidant Leadership, Transformational Leadership, Transactional Leadership
b. Dependent Variable: Employee Empowerment

Table 2 gives an explanation about the model by keeping Transformational Leadership, Transactional Leadership and Passive/ Avoidant Leadership as predictor variables and employee empowerment as the dependant variable. R square explains the proportion of variance in the dependent variable (employee empowerment) which can be explained by the independent variables. This is an overall measure of the strength of association and does not reflect the extent to which any particular independent variable is associated with the dependent variable. Here the R square is seen to be 0.758, which means 75% of the variance in employee empowerment is addressed by the predictor variables.

The next step is to decide whether this is a reasonable explanation to consider the equation as acceptable for use in prediction. This is given by the ANOVA test depicted in table 3.
Empowerment is depicted in the figure 1 and Passive/Avoidant Leadership are predictors of Employee Empowerment. Hence, the researcher proves that Transformational leadership, transactional leadership, and support for creating industry utilities and service bureaus.

From the ANOVA table, the regression is found to be significant with $F = 313.165$, $df = 3$, $p<0.05$. Finally a decision to be made on the coefficients estimated in Table 4.

### Table 3
ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>4836.998</td>
<td>3</td>
<td>1612.333</td>
<td>313.165</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>1544.552</td>
<td>300</td>
<td>5.149</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6381.549</td>
<td>303</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Passive/ Avoidant Leadership, Transformational Leadership, Transactional Leadership

b. Dependent Variable: Employee Empowerment

Source: Survey data

From the ANOVA table, the regression is found to be significant with $F = 313.165$, $df = 3$, $p<0.05$. Finally a decision to be made on the coefficients estimated in Table 4.

### Table 4
Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>4.654</td>
<td>1.757</td>
<td>2.648</td>
<td>.009</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>.405</td>
<td>.015</td>
<td>.871</td>
<td>.000</td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td>.042</td>
<td>.044</td>
<td>.032</td>
<td>.038</td>
</tr>
<tr>
<td>Passive/ Avoidant Leadership</td>
<td>-.104</td>
<td>-.052</td>
<td>-.060</td>
<td>.048</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Empowerment

Source: Survey data

The regression equation can be formed as

**Employee Empowerment = 4.65 + (0.405 TFL) + (0.042 TSL) + (-0.104 PAL)**

Hence, the researcher proves that Transformational leadership, transactional leadership, and Passive/Avoidant Leadership are predictors of Employee Empowerment. The model which shows the relationship between leadership characteristics and employee empowerment is depicted in the figure 1.
Second, further study can be conducted on the impact of employee empowerment on interesting to use other instruments to measure leadership and employee empowerment. Avolio’s (2004) MLQ to measure leadership characteristics of managers. It would be characteristics of managers for empowering the employees in the organizations. Considering principles emerging from this study, the organisations have to develop various the study illustrates that 75% of the variance (R square= 0.758) in employee empowerment Transformational Leadership and Transactional Leadership are positively correlated the employee empowermentin organizations. The result of this study elucidated that the transformational leadership and transactional leadership are the positive predictors and passive avoidant leadership is the negative predictor of Employee Empowerment. Further, the study illustrates that 75% of the variance (R square= 0.758) in employee empowerment is addressed by the predictor variables (Transformational, transactional and passive avoidant leaderships). The study also implies that the managers with transformational and transactional leadership characteristics empower the employees in their organizations. Considering principles emerging from this study, the organisations have to develop various methods and programmes to improve the transformational and transactional leadership characteristics of managers for empowering the employees in the organizations.

Further study shall be conducted in several directions. First, this study used Bass and Avolio’s (2004) MLQ to measure leadership characteristics of managers. It would be interesting to use other instruments to measure leadership and employee empowerment. Second, further study can be conducted on the impact of employee empowerment on organizational success.
8. References


Impact of Leadership on Team Work, Culture, and Emotions and Moods of Employees: A Case Study in a Government Bank in Sri Lanka

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Abstract

Organizational behavior is the study of how people behave both individually and within informal and formal groups, and in organizations. Every organization’s performance is ultimately dependent on the motivational level of its human resources and the willingness and ability of people to work harmoniously and effectively towards the accomplishment of shared goals. Identifying the organizational behavior concepts is more important to make resolutions for the issues that emerge within organizations. Banking industry is an industry where problems are intense and the management should understand the human behavior in order to manage them to excel in the competitive market. Culture, emotions and moods, and teams are much more important concepts in Organizational Behavior and the banks and the leaders therein must have knowledge on these concepts in order to achieve the goals and objectives effectively. This article is developed by identifying an issue which occurred in a government bank in Sri Lanka and the case has been analyzed through culture, emotions and moods, and teams which are important perspectives of Organization Behavior.

Key Words: Emotions, Team Work, Culture
Introduction

Issues are inevitable wherever human beings exist, as the behavior, attitudes, emotions, thinking pattern, and perception are different from each other. So, it is important to understand each other. Accordingly, this article is based on an issue in a government bank in Sri Lanka and the company name is withheld. Even though the efforts put towards achieving the success of the bank, issues are inevitable. As the every human being is no alike, there are several problems that will occurred in an organization, it is the same in this bank as well.

The case is analyzed through organizational behavior perspectives namely, culture, emotions and moods, teams.

Introduction to the Organization

ABC Bank is a leading government bank in Sri Lanka, established with the objective of improving the living standards of the rural masses by providing them accessible and affordable credit/loan facilities which contribute to strengthen the rural economy and the lives of the rural people. The focus of the bank is ‘barefoot banking concept’, where the bank is in the process of attempting to provide innovative and simple financial services to the middle and low-level income holders. The bank is keen on empowering its’ customers in the micro, small and medium scale industries, women as well as the agriculture, livestock, and fisheries industries, who contribute towards the country’s economic development. Bank has also taken steps to inculcate the savings habit amongst the rural people providing higher returns on savings and fixed deposits, and encourages schoolchildren and minors to save. Currently the bank has established an over 4 million customer base with 266 branches all over the country covering all corners with more than 3,000 staff members.

The bank is carefully trying to drive the workforce towards an atmosphere where the customers are satisfies with the bank by developing long lasting relationships with customers where the employees are hold the hands with the customers as a family.

To provide a extensive service to the customers the head office comprises of five divisions as; Human Resource Development and Administration, Information Technology, Credit and Recovery, Risk Department and Finance and Planning. These departments work together to enhance the customer as well the employee satisfaction and performance of the employees to drive towards achieving the goals and objectives of the bank.
Issue

As the bank is to enhance their customer base and improve facilities to the customers, the top management of the bank has decided to implement a core banking system where all the branches are connected together through a network which costs about 30 million rupees. This core banking system will enhance the transaction facilities of the customers where they can access to their accounts in any branch within the country and customers can debit money through an automated teller machine with debit cards.

The total responsibility of the installation of this core banking system is up the Information Technology department of the bank. Hence, the corporate management decided to strengthen the IT department by recruiting talented workers to be success in installing the core banking system. First they recruited a Deputy General Manager (DGM) who is an engineer in the information technology stream and with a respective years of experience in the field. Next, they decided to recruit a Network Administrator, System Administrator and a Data Base Administrator who will show the path and handle the IT team for the new installation. This recruitment procedure conducted more carefully by identifying academic, professional qualifications and with vast area of experience in installing such a big system. Also they have promoted two chief managers in the IT department, placed two management trainees, five banking assistants within the bank to the IT department and recruited two trainees who have IT knowledge from outside to help in the installation.

As the corporate management of the bank was satisfied with strength of the team, the core banking system installation was started. It was a task with a huge risk as the migration of the data to a new network amalgamated with a wide range of secret information. If there an error occurred during system migration, the risk of corrupting the data can be encountered which is a huge risk. In addition the system worth 30 million rupees, which cost a huge amount of money. So that the team had to put their fullest effort to success in installing this new core banking system.

But while the way of installing the system, some issues were coming in to the surface. People had started to show their true colors, which not showed in the selection interviews. The DGM was a person who never takes responsibility for anything happen/done in the department and he was the sole authority to take decision within the department. No member in the department had got the chance to suggest and they have to listen and accept what the DGM decides. Always he was trying the pass the bucket to another person. Although he was an engineer in the IT field, he doesn’t have much knowledge regarding installation.
of the core banking system. Yet the DGM was listening to the tales told by others and he believed those tales. Not only that he tried to take revenge from those people who show good colors in the department by listening to tales from a one management trainee who has negative attitudes. So the people who have poor attitudes in the department take the advantage from this behavior of the DGM and started to make trouble to the dedicated people in the department.

In addition to that, the DGM never helps or speaks on behalf of the subordinates in the department at any moment, and he never appreciates for the good work done and never encourages them at all. Also, everyone in the department should obey to his words, no one can raise a word against him at any second, if such thing happened he definitely takes actions against that person by blaming them in front of others, giving work which not suits for the position and humiliates the subordinates. Furthermore, if a subordinate works in a satisfactory manner, the DGM gives all the burden of work for that person which is unbearable and consequently the employee got stressed, frustrated and dissatisfied. Also there was no any system to focus and measure the employees performance in the IT department and there were only focusing on implementing the processes. As this was a government bank, the structure was rigid and bureaucratic, the DGM was using his legitimate power, so that the subordinates not given the chance to express their selves much.

The members of the department were frustrated and not supported each other, which was a huge impact on the installation of the new core banking system. They were not able to manage their emotions, so that they were against each other, not being together for the installation and not having a good relationship with each other. As they were not able to respect others emotions, the members of the department were quarrelling, each other, making problems for others, manipulate the DGM’s emotions and use his emotions to make troubles to the people in the department. So, managing emotions as well as moods were also in a poor manner.

It department was in the process of installing the new core banking system which is a huge change for the exiting culture. A new technological change is to implement within the bank, as this change is very important to have competitive edge in the market. As the bank was a government organization and the people were use to the status quo. They were not in a situation to change them or to convert them in to a new technological interface. Every member of the bank should support for this change to be successful, otherwise installing the core banking system will not be successful. But there were no support from the ground level to up, since they were no willing to change.
Also IT department should work as a team, because this change of the technology associated with huge risks. So, everyone should take the responsibility to every task of the installation. But since the people of the department and the bank does not possess positive attitudes, they were not willing to work as a team and also most of the tasks are designed around individuals, but not teams.

So that most of the people of the IT department who genuinely supported for the installation were frustrated, stressed and dissatisfies as the DGM and the others doest possess good attitudes. In addition, they have never managed their emotions in a positive manner. Although some were working hard others were to passing the bucket where does not possess a teamwork and that leads to dissatisfaction and frustration. Nevertheless, people were rejecting to adopt the new change as they valued the status quo and there were not a good culture within the organization. With these all issues, ultimately what happened was the most talented chief manager, and the network administrator who make their best effort in installing the system, left the bank. This puts the bank in crisis where the others were not able to install the system successfully and lost 30 million rupees which was a huge loss.

Literature review

Culture

Organizational culture refers to a system of shred meaning held by members that distinguishes the organization from other organizations (Robbins & Judge, 2013). Organizational culture has been defined as patterns of shared values and beliefs over time which produce behavioral norms that are adopted in solving problems (Owens 1987, Schein 1990 as cited in Marcoulides & Heck, 1993).

There are seven primary characteristics of an organization’s culture. They are,

- Innovation and risk taking: the degree to which employees are encouraged to ne innovative and take risks.
- Attention to detail: the degree to which employees are expected to exhibit precision, analysis, and attention to detail.
- Outcome orientation: the degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve them.
• People orientation: the degree to which management decisions take in to consideration the effect of outcome on people within the organization
• Team orientation: the degree to which work activities are organized around teams rather than individuals
• Aggressiveness: the degree to which people are aggressive and competitive rather than easygoing
• Stability: the degree to which organizational activities emphasize maintaining the status quo in contrast to growth

These characteristics exist in a continuum from low to high and give a picture of the culture of an organization and basis for shred understanding members and how things are done.

Most of the large organizations have dominant culture and a sub culture where dominant culture expresses its core values and the majority of members share those values, and sub cultures tend to develop to reflect common problems or experiences members face in the same department or location. In a strong culture, the organization’s core values are both intensely held and widely shared. The more the members accept the core values the greater their commitment towards the organization and also turnover will be reduced by developing the strong culture within an organization.

Creating an Ethical Organizational Culture

If the culture is strong and supports high ethical standards, it will have a powerful influence on employee behavior. The following principles help the managers to create a more ethical culture within the organization. Be a visible role model: employees make the top management as a benchmark for appropriate behavior. Therefore, the management should be a role model for the employees of the organization, Communicate ethical expectations: the management should reduce or minimize the ethical ambiguity by sharing the organizational code of ethical that states the organizational values and ethical behavior which employees must follow, Provide ethical training: organize seminars, workshops and training programmes to motivate the employees to follow the organizational standards of conduct, clarify the practices and to address the ethical problems of the organization, Visibly reward ethical acts and punish unethical acts: appraise the employees and visibly rewarding them and punishing for unethical acts is more important is that the employees
will be attentions towards the ethical conduct of the organization, and Provide protective mechanisms: the organization should develop proper mechanisms to discuss the ethical problems and report unethical behaviors to the management.

When an organization creates a positive ethical culture within the organization, the employees will be motivates and also be satisfied consequently enhance their job performance.

Creating a Positive Organizational Culture

A positive organizational culture emphasized building on employee strengths, rewards more than it punishes and emphasized the individual growth. To create a positive culture we can Build employee strengths: a positive organizational culture helps the employees to capitalize and discover their strengths by reducing their weaknesses, Reward more than punishing: most of the organizations focuses on the extrinsic rewards such as pay and promotions. But the organization with a positive organizational culture uses power of appraising where employees are more satisfied and Emphasize vitality and growth: a positive organizational culture helps the employees to contribute to the organizational effectiveness personally and professionally by recognizing the job as well as the career of the employees. This will enhance the creativity and growth of the employees.

organizational culture reflects the orientation of classical management theory toward the goals of the organization and how tasks must be best organized to meet those goals (Mackenzie 1986, Thompson 1967 as cited in Marcoulides & Heck, 1993). Bolman and Deal (1984) argue, effective organizations share a variety of attributes involving their cultures (Marcoulides & Heck, 1993). The bureaucratic culture that dominates these organizations is not the culture most conducive to the creation of employee commitment, job satisfaction, and work-group cohesion (Odom, Boxx & Dunn, 1990). According to Gupta (2001) cited in (Khan & Afzal, 2011). Organization strategies have connection with the culture, which in turn affects the performance. Robbins (2002) believes that stronger the culture, greater is the impact of organization perceptions on performance. Kotter and Heskett (1992) believe that firms with strong culture outperform other firms lacking values. Rashid, Sambasivan and Johari (2003) suggest that corporate culture and organization commitment influence the organization performance (Khan & Afzal, 2011).
Emotions and Moods

Emotions are inevitable part of a human being. Emotions are the intense feelings directed at someone or something. Moods are less intensive feeling than emotions and often arise without a specific event acting as a stimulus. Affect is a generic term that covers a broad range of feelings people experience including emotions and moods (Robbins & Judge, 2013). Many researchers have agreed on six essential universal emotions, which are anger, fear, sadness, happiness, disgust and surprise.

There will be emotional dissonance in every person means inconsistencies between the emotions people feel and the emotions they project. Emotion regulation refers to deliberate attempts “to influence which emotions we have, when we have them, and how these emotions are experienced or expressed” (Gross, 1998, p. 224) and is deployed in response to discrepancies between how someone currently feels and how they either want to feel or should feel (Carver & Scheier, 1990) cited in (Niven, Sprigg, & Armitage, 2012). So that, the emotional labor takes place where a situation in which an employee expresses organizationally desired emotions during interpersonal transaction at work. Emotion regulation is viewed as a means of dealing with aversive emotions; people use it to help them achieve the emotion state they want to feel (Carver & Scheier, 1990) cited in (Niven et al., 2012). Emotional Labor is critical to individual and organizational outcomes, ranged from employee health and psychological well-being to customer service performance, customer orientation, and customer satisfaction (Grandey, 2003; Groth et al., 2009; Karatepe et al., 2009; Lam and Chen, 2012). Cited in (Kim, 2012).

There are several strategies to regulate the emotions. Automatic emotion regulation (see Ashforth & Humphrey, 1993: genuinely felt emotions; and Hochschild, 1983: passive deep acting) is executed effortlessly: It is the regulation of inner feelings and visible behavior, like facial and body gestures, in an automatic mode because a desired emotion is automatically elicited by the situation (Zapf, 2002). If the required emotion is not felt automatically, there are further possible emotion regulation strategies. One possible strategy, called deep acting, is the regulation of inner feelings to match one’s emotion display and the emotions required. Another possible strategy is surface acting, which is defined as the regulation of visible behavior in order to match one’s emotion display to the emotions required while inner feelings remain unchanged (Hochschild, 1983) cited in (von Gilsa, Zapf, Ohly, Trumpold, & Machowski, 2013).
Emotional intelligence (EI) refers to the ability to perceive and understand emotional information, and to generate and regulate emotions that promote emotional and intellectual growth (Salovey and Mayer, 1990) cited in (Kim, 2012). EI enhances the capability of the individual in dealing with emotional issues effectively. Awareness of emotions results in the ability to manage emotions and influence workplace relationships (Yang and Mossholder, 2004 cited in Self awareness in the fundamental in emotional intelligence. Emotional intelligence is a person’s ability to identify and perceive emotions in themselves and in others, and to understand and manage those emotions effectively (Hopkins & Yonker, 2015). Prior empirical studies report that emotional intelligence is correlated with overall job performance and the influence of emotional intelligence on team performance has also been found to be considerable (Hopkins & Yonker, 2015).

Work Teams

literature recognizes that teams increase, at least, employee satisfaction and commitment to organization (Stewart and Barrick, 2000) cited in (Piña, Martínez, & Martínez, 2008). Work group is that interacts primarily to share information and make decisions to help each member perform within his or her area of responsibility. Work team generates positive energy through coordinated effort. This individual effort results a greater level of performance than sum of those individuals performance (Robbins & Judge, 2013).

Fig: 1

Source: (Robbins & Judge, 2013)
Robbins and Judge (2013) described four common types of teams in an organization. They are; **Self-management work teams**, where group of employees who perform highly related interdependent jobs and take many of the responsibilities of their supervisors, **Problem solving teams**, focuses on figuring out a problem and discuss the ways to improve quality, efficiency and working environment, **Cross-functional teams**, which employees from the same hierarchical level but different work areas/functions come together to accomplish a task, and **Virtual teams**, that use computer technology to tie together but not meeting physically to achieve a common goal.

Attitudes play a major role in performing teams and achieving the tasks effectively. Negative team experiences create negative attitude toward teamwork that are transferred to the workplace (Krug, 1997) cited in (Ulloa & Adams, 2004). Adams et al. (2002) cited in (Ulloa & Adams, 2004), in their study for understanding team effectiveness identified seven characteristics as the main elements that need to be present in the process of teaming in order for the team to be effective. These characteristics are productive conflict resolution, mature communication, role clarity, accountable interdependence, goal clarification, common purpose and psychological safety. Team effectiveness is defined as performance and employee satisfaction (Ulloa & Adams, 2004). Also the organization should provide adequate resources, better leadership, develop a climate of trust and performance evaluation and reward system to be success in teams and enhance its effectiveness.

**Analysis**

The organizational culture has a strong impact on organizational performance as well as the employee commitment, job satisfaction and team cohesion. The ABC bank does not possess a positive culture, which promotes ethical and positive conduct of the employees. The DGM and corporate management had not been role model and they have not communicated ethical conduct within the organization. Also, the employees are not rewarded for ethical conduct and at the same time not punish for the unethical behavior. The management has never pay attention to build up the employee strengths, which the employees have made frustrated. In addition to that the management or the DGM had not praised any of the employees for the good work done. These factors show that the ABC bank bank does not exhibit a positive organizational culture, which promotes the employee’s commitment, satisfaction and team effectiveness.
Managing and identifying emotions is really important to enhance the performance of the individual as well as the organization. The bank has never provided guidelines in managing emotions, as their culture was not in a status to respect each other’s emotions. DGM and some of the members of the IT department were displaying their emotions without thinking about others. They had thinking about their emotions only and had never regulate or manage their emotions. Never pay empathy towards others by identifying the others emotions. Therefore, the members of the bank was frustrated with each other ultimately affect the commitment and the satisfaction of the employees.

As the ABC bank in going towards a technological change, the IT department should work as a team to enhance the cohesiveness rather than working as a group. The people in the department does not possess team attitudes, leads them to work as individuals as they much more individualistic. Also, the management or the DGM never supports to build a team culture within the department. They have never enhanced the communication channels between the employees. In addition, DGM never clarifies the goals to the department, and he himself does not take the responsibility or no accountable for the work done in the department. So, the members don’t feel psychological safe within the department leads them to work individually and ultimately fail in the goals achievement.

Recommendations

The ABC management should promote a culture where it promotes the mechanisms for strengthening the employees with a proper appraising system. Also, they have to communicate their ethical conduct as well as values of the organization. First, the management and the DGM should be a role model for the employees by respecting the values of the employees and respecting to the culture of the organization. Nevertheless, the management and DGM should apprise the employees which will enhance the moral of the employees consequently enhance the commitment and the satisfaction. In addition, the bank should provide the employees the room for growth by providing several training and development programmes and the bank should promote innovations, risk taking, team orientation, and focus on the outcomes which leads achieving the organizational objectives effectively and efficient manner.

The bank should develop a systems to establish emotional intelligence and emotional regulation within the employees and should promote the employees to identify the inner feelings while indentifying others and respecting them. The cooperate management should hire the employees who has higher rate of emotional intelligence, and they have to ensure
that the decisions are taken when they are in a positive mood. If they have taken the decisions in a negative mood, the decision will be a disruptive one. In addition to that, by having emotional intelligence that leads to motivation, better customer satisfaction, and also enhance the citizenship behavior while improving the employee commitment and satisfaction and develop a positive working environment at the end.

The ABC bank should provide developing teams for specific purposes. So that, the achievement of the tasks will be ensured through the team cohesiveness. First of all, the DGM and cooperative management should possess better leadership qualities as well as take the responsibilities for the tasks done within the bank or the IT department. Then they have to clarify the goals and provide adequate resource to achieve the goals defined. Also, the bank should make mechanism that members of the bank promotes integration and accountable interdependence and develop measures for the conflict resolution within the bank. Nevertheless the IT department does not had any processes to measure the performance or a better reward system, so that the only few of were performing and the performers were not appreciated and rewarded. That should not happen in team culture. The bank should do all the above processes to enhance the teamwork within the bank and enhance the commitment and performance of the employees which leads to the employee satisfaction and retention of the employees. If the bank practices these practices, the employees feel psychosocially safe within the bank.

Conclusion

Considering about all the facts discussed above, ABC bank does not possess a positive culture with positive attitudes, also they are unable to manage the emotions in an effective manner. Not only that the bank members are not working as team to accomplish the tasks within the department. Because of that they have failed in installing the core banking system which cost a huge amount of money and also they have lost dedicated and productive employees. This is also a huge loss for the bank. So that the ABC bank should develop a culture where the members display the positive attitudes with team mind set. Also the bank should develop a culture where employees of the organization values and respect the emptions of every member. If the bank develop practices in developing a positive culture with managing emotions and teams the bank can goes ahead by achieving their agreed goals and objectives in an effective and efficient manner.
References


LONG RUN IMPACT OF RIGHTS ISSUE ANNOUNCEMENTS ON THE STOCK PRICES

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ABSTRACT

Rights issues take place, when a company offers existing shareholders a right to purchase additional shares of the company at a given price, which is at a discount to the prevailing market price of the stock. There is a need to study the significance of this emerging trend, its signaling effect on share price and its impact on the wealth of the shareholders. The study aims to check whether efficient market hypothesis holds for Indian stock market or not i.e., whether there is any movement in share prices before or after the rights issue announcements. The study includes Top 100 companies rated by Chartered Financial Analyst Survey 2008 and informational efficiency for last ten calendar periods- January, 2004 to December 2013 has been investigated. The results show that the Indian Capital Market is semi strong efficient as it is using the information relevant for security valuation and for investment decision making. The role of SEBI can be instrumental in preventing insider trading so that the confidence of the investors is maintained and the stock market can become more vibrant and dynamic.

Key Words- Shareholders, Prevailing, signaling, efficiency

INTRODUCTION

The basic premise of carrying out rights offer is to raise additional capital. The company raises money from its existing shareholders, who have seemingly posed their faith in the company by virtue of being its shareholders, to invest in expanding capacities or to explore other investment opportunities. This, in turn, provides the company better leveraging opportunities. A higher equity capital base would assist the company to raise higher debt. This is because a company’s debt-to-equity ratio would stand reduced, putting the company in a comfortable position to raise further debt from the market. A rights issue can offer a quick fix for a troubled balance-sheet, but that does not necessarily mean management will address the underlying problems that weakened the balance-sheet in the first place.

REGULATORY FRAMEWORK OF RIGHTS ISSUE IN INDIA

Section 62 of the Companies Act, 2013 provides: where at any time a company having
a share capital proposes to increase its subscribed capital by issue of further shares then:

(a) Such shares shall be offered to the persons, who at the date of the offer, are holders of the equity shares of the company proportionately to their equity holdings on that date subject to the following conditions

(i) The offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than 15 days and not exceeding 30 days from the date of the offer, with in which the offer, if not accepted, will be deemed to have been declined.

(ii) Unless the Articles of Association of the company otherwise specify, the offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favor of any other person; and the notice referred to in clause (i) shall contain a statement of this right.

(iii) After the expiry of the time specify in the notice referred to the above, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may proceed to dispose of such shares offered in such manner as they consider most beneficial to the company.

(b) To employees under a scheme of employees’ stock option, subject to special resolution placed by a company and subject to such conditions as may be prescribed; or

(c) To any persons, if it is authorized by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered value subject to such conditions as may be prescribed.

REVIEW OF LITERATURE

By employing market model to investigate the rights issues on the NYSE between 1926 and 1966, Scholes (1972) documented excess returns prior to the issues and a little price drop in the month of issues, but no abnormal gains or losses thereafter.
He et al. (2003) evaluated the semi-strong form efficiency of Shenzhen Stock Market by examining the stock price reactions to releases of restructuring information, financial information and rights issues. Year-wise empirical results on restructuring information, financial information and rights issues could not provide support for the semi-strong form efficiency.

Marisetty and Veeraraghavan (2007) examined the securities price reaction to announcements of rights issues by listed Indian firms during the period 1997–2005. They had documented a positive but statistically insignificant price reaction to such announcements. The price reaction was significantly more negative for firms with a family group affiliation compared to firms with no family group affiliation. They had also found that a higher level of individual shareholding in the firm was associated with a more positive price reaction to the announcement.

Khan and Baker (2007) examined the short-term stock price reactions to announcements of equity rights offerings in Singapore between 1983 and 2003. They had investigated whether economic factors lead to different price reactions. The results showed that the cumulative abnormal returns (CARs) associated with rights issues differ significantly across economic conditions at the time of issuance. The CARs vary positively with Tobin’s q-ratios, which indicate the availability of positive net present value investment opportunities of the firms issuing the rights.

Owen and Ann (2007) examined that the abnormal returns result from the announcement of a rights issue of equity in Australia and it was the first study outside the U.S. The determinants of the announcement effect were analyzed using a two-stage approach to control for the endogeneity of the price discount. The discount was positively related to the offer size and negatively related to underwriter quality, supporting underwriter certification models. Finally they had found that announcements made by resource firms generate larger negative reactions than other issuers.

NEED FOR THE STUDY

There is need to study the significance of this emerging trend, its signaling effect on share price and its impact on the wealth of the shareholders. Further, it has been argued that if the capital markets are efficient then they would react immediately to various kinds of rights issue announcements. On the other hand, if the markets are inefficient then such information already gets trickled to the markets much before it is formally announced. This
spreads rumors in the stock market which results in enhanced trading volumes in the shares of companies. This may also lead to insider trading by the management, the directors and the employees of the company. In such a scenario, the market may not react at all when the information is finally made public. This is a likely scenario in the case of emerging markets; as such markets are not believed to be as efficient as the developed markets and are, therefore, not expected to respond to new information about firms in the same way. The study aims to check whether efficient market hypothesis holds for Indian stock market or not i.e., whether there is any movement in share prices before or after the dividend announcements.

**RESEARCH DESIGN**

The study includes Top 100 companies rated by Chartered Financial Analyst Survey 2008 and informational efficiency for last ten calendar periods- January, 2004 to December 2013 has been investigated. The Analyst 500 companies have been ranked on the basis of their Net Sales alone. Besides, Net Sales, other parameters, such as like Profit after tax (PAT), Operating profit or Profit before depreciation and tax (PBDIT), Operating Profit Margin and Market Capitalization have also been considered.

For the present study, secondary data has been used. For exploring the objectives of this study, the information disclosure concerning the rights issue announcements have been collected from BSE (Bombay Stock Exchange) website. Data regarding share prices and Sensex has been taken from BSE (Bombay Stock Exchange) and NSE (National Stock Exchange) websites. The data on daily closing values of market proxy is obtained from Capitaline Database. Capitaline Database is maintained by Capital Market Publishers India Private Limited.

‘Event Study’ methodology has been used for the purpose of analyzing the corporate announcements effect. The event study methodology has been extensively used to assess the impact of an announcement of a particular strategy on the firm’s stock prices. This analytical approach is well accepted and has been widely used in various disciplines such as Finance, Accounting, Marketing, Strategy, E-Commerce and Law. (Lane and Jacobson, 1995).

The event study methodology has been used to estimate Cumulative Abnormal Returns (CAR) for a 15 day window period. Market Model Method (Single factor Model) has been used. The study endeavors to find the Cumulative Abnormal Return (CAR). Market
Model assumes that all inter-relationships among the returns on individual’s assets arise from a common market factor that affects the return on all assets, i.e., the expected return on individual assets. The event study methodology has been extensively used to assess the impact of an announcement of a particular strategy of the firm’s stock prices.

ANALYSIS AND INTERPRETATION

Rights issues takes place, when a company offers existing shareholders a right to purchase additional shares of the company at a given price, which is at a discount to the prevailing market price of the stock, to make the offer enticing for the shareholders and to ensure that the rights offer is fully subscribed to. Rights issue announcement dates for the period of January 2004 to December 2013 were collected using the three data source – Capitaline, BSE and NSE Websites. Rights issue announcements have been collected from www.bseindia.com. Data regarding share prices and Sensex has been taken from BSE and NSE websites. The data on daily closing values of market proxy has been obtained from Capitaline Database. This process revealed 21 observations that met the following criteria:

- The rights announcement date is to be reported in any of the leading financial dailies.
- Daily closing price data for the company over the period from 200 days before to 15 days after the announcement dates is available from the databases.
- The firm has at least 3 years trading history from the date of announcement.
- Companies having conflicting data with regard to various variable in various database like Capitaline, Prowess have been excluded for measuring medium and long run performance.

First of all, the post announcement abnormal performance is measured. The results of post announcement abnormal returns are shown in Table 1.1. Returns up to one week, one month, three months, six months, nine months, one year are considered for medium term performance. Returns at the end of two years and three years are considered for measuring returns in long run.
Table 1.1 ABNORMAL RETURNS AFTER RIGHTS ISSUE ANNOUNCEMENTS

<table>
<thead>
<tr>
<th>DAY</th>
<th>Average Abnormal Returns</th>
<th>Z-VALUE</th>
<th>Cumulative Average Abnormal Returns</th>
<th>Z-VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Announcement Day</td>
<td>−0.0068</td>
<td>0.7596</td>
<td>0.0184</td>
<td>1.4556</td>
</tr>
<tr>
<td>One week after</td>
<td>−0.0034</td>
<td>0.7061</td>
<td>−0.0118</td>
<td>−1.6620</td>
</tr>
<tr>
<td>Announcements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One month after</td>
<td>−0.0371</td>
<td>0.9462</td>
<td>−0.0641</td>
<td>−1.6320</td>
</tr>
<tr>
<td>Announcements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Three months after</td>
<td>0.0014</td>
<td>0.1580</td>
<td>−0.0626</td>
<td>−6.6285**</td>
</tr>
<tr>
<td>Announcements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Six months after</td>
<td>0.0010</td>
<td>0.0922</td>
<td>−0.0615</td>
<td>−5.2386**</td>
</tr>
<tr>
<td>Announcements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nine months after</td>
<td>−0.0048</td>
<td>0.5748</td>
<td>−0.0664</td>
<td>−7.8173**</td>
</tr>
<tr>
<td>Announcements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One year after</td>
<td>0.0098</td>
<td>0.8242</td>
<td>−0.0566</td>
<td>−4.7363**</td>
</tr>
<tr>
<td>Announcements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two years after</td>
<td>−0.0074</td>
<td>0.2314</td>
<td>−0.0512</td>
<td>−3.1599**</td>
</tr>
<tr>
<td>Announcements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Three years after</td>
<td>−0.0024</td>
<td>0.4388</td>
<td>−0.0325</td>
<td>−2.4301*</td>
</tr>
<tr>
<td>Announcements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Significantly different from zero at 1 percent level
* Significantly different from zero at 5 percent level

Z-test was carried out on both Average abnormal returns (AARs) and Cumulative Average abnormal returns (CAARs). The test indicated that Average abnormal returns (AARs) are not statistically significant. However, cumulative earnings give a better indication of the presence of excess abnormal returns.

In case of analyzing medium run performance, the Cumulative Average abnormal returns (CAARs) are significantly negative for holding periods from the three months after announcements and up to three year after announcements. The Cumulative Average abnormal returns (CAARs) are statistically significant at 1% level from the period of three months up to the period of two years after announcements. For the one year period, the Cumulative Average abnormal returns (CAARs) are −0.0566 % which is statistically significant at 1 % level, indicating that share prices having an impact as a consequence of right issue.
announcement. The Cumulative Average abnormal returns (CAARs) are $-0.0325\%$ which is statistically significant at 5\% level. The Average abnormal returns are positive from the three months to six month period and after that it has become negative. The Cumulative Average abnormal returns (CAARs) are negative after the announcement day, but the negative Cumulative Average abnormal returns (CAARs) in the period is statistically significant which demonstrates that the market reacts negatively to the announcement of right issue.

At the time of checking long run performance of right issue announcements, further, in the post announcement period, Cumulative Average abnormal returns (CAARs) improves up to the one year after announcement as it has become $-0.0566$ from $-0.0664$. The Cumulative Average abnormal returns (CAARs) are statistically significant at 1\% level from the period of three months up to the period of two years after announcements. The Cumulative Average abnormal returns (CAARs) are $-0.0325$ i.e. highly significant at 5\% in case of three year after announcements. The values of Average Abnormal Returns and Cumulative Average Abnormal Returns of all the samples are equally statistically significant at 5\% from 3 months up to 3 years which means that the share price reflects due to rights issue announcements.

**FIGURE 1.1 AVERAGE ABNORMAL RETURNS AFTER RIGHTS ISSUE ANNOUNCEMENTS.**
The figure given above highlights the Average abnormal returns for the sub-sample of right issue announcements during the event period. The trend is clearly evident in the graphical representation of Average abnormal returns (AARs) for the sub-sample of right announcement during the event period. The inconsistencies in the investor’s predisposition to bad announcements were recorded. The negative average abnormal returns were reported on the event date. The Average abnormal returns are positive from the three months to six month period and after that it has become negative.

**FIGURE 1.2 CUMULATIVE AVERAGE ABNORMAL RETURNS AFTER RIGHTS ISSUE ANNOUNCEMENTS**

The cumulative average abnormal returns for sub-sample of bad announcements are graphically presented in Figure 6.2. The Cumulative Average abnormal returns (CAARs) are significantly negative for holding periods from the three months after announcements and up to one after announcements. Thus, it is evident that the market reacts sharply to decline on announcement day. On the day of Announcement, the Cumulative Average abnormal returns (CAARs) are 0.0184. However, cumulative earnings give a better indication of the presence of excess abnormal returns.
CONCLUSION

The stock market efficiency is one of the most important areas in finance that is often researched. As no stock market can be efficient in the absolute sense, researchers have categorized the stock market efficiency into weak, semi-strong and strong forms. There is strong evidence in favor of Indian stock market being efficient in the weak form. The limited number of studies on the strong form makes it difficult to conclude either in favor or against the strong form. Numerous studies have examined the semi-strong form of Efficient Market Hypothesis and come to conflicting conclusions. In the light of this fact, this study investigates the semi-strong form of Efficient Market Hypothesis. The results show that investors perceive the right issue by the negatively, as the firm is distributing the shares to the existing shareholders as against floating a new issue in the market. As signaling theory postulates, firm’s actions convey some meaningful information to the investors. The values of Average Abnormal Returns and Cumulative Average Abnormal Returns of all the samples are equally significant at 95% degree of freedom which means that the share price reflects the Rights Issue announcements.

RECOMMENDATIONS AND SUGGESTIONS

From the foregoing analysis, the following suggestions have been made to make Indian capital market more efficient. It is a known fact that reliability of accounting information is important. The regulation of accounting norms and audit practices will improve the reliability of accounting information. The larger the number of analysts, the more efficient will be the market. Thus, market efficiency depends upon the number of investors in the market, particularly the institutional investors and number of analysts. There is need to promote programmes that will produce professional analysts. The more visible a company, the more perfect its market is likely to be. ‘Perfect’ implies that most of the likely factors affecting the price of its securities are presumably known to the market and vice versa. The existence of insider trading or information leakage can erode the confidence of investors in the instrument and may be viewed by them more as a tool to deceive than to benefit them. SEBI should mull over the listing rules, and suitable amendments are the need of the hour to prevent such practices.

SCOPE FOR FURTHER RESEARCH

A bigger sample size adopted in the same area of study can help to get improved results. The study was based on a time series data, which was highly affected by the state of business cycle in the economy. Thus, to get better results the research over a longer
period is recommended. It should be tested on annual or monthly data basis to find whether efficient market hypothesis holds for Indian stock market or not, i.e., whether there is any movement in share prices before or after the corporate announcements.

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Impact of Ethical Sales Behaviour based on Transaction Cost Theory: To Whom Is the Customer Loyal?

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ABSTRACT

This paper, based on transaction cost theory and from the customer’s perspective, examines the relationships between a salesperson’s ethical sales behaviour, the customer-perceived confidence benefits, and customer satisfaction, thereby considering to which party the customer is loyal. The results show that in consideration of transaction cost, the confidence benefits customer perceived from salesperson’s ethical sales behaviour are found a critical factor affecting customer satisfaction/loyalty, and that customer satisfaction has a significantly direct effect on loyalty to the salesperson but has no significantly direct effect on loyalty to the firm, in contrast to the results of previous studies. The finding indicates that the salesperson plays a key role in retaining customer loyalty to the firm.

Keywords: ethical sales behaviour, confidence benefit, customer satisfaction, customer loyalty

INTRODUCTION

In the present competitive environment, one of the most important goals that service marketers must achieve is that of acquiring, maintaining and enhancing their existing market shares, and further retaining customer loyalty in order to develop sustainable competitive advantage through marketing efforts. Therefore, in terms of marketing management, it is critical to ensure customer loyalty and obtain the benefits from extending customer life. Particularly in the service context, customer loyalty is becoming recognized as one of the most critical factors in business operations.

In the service industry, transactions are usually conducted through the customer-salesperson interactions, and thus the salesperson is regarded as a major channel to communicate with customers. However, such a relationship may be destroyed by the salesperson’s dishonest and untrustworthy behaviours (Kelly and Schine, 1992). An unethical sales behaviour may hurt customer satisfaction and trust. Dissatisfaction and distrust will induce customers to take actions to protect themselves, and customer loyalty
will be lost. Previous studies in this field have focused mainly on the sales supervisor’s perceptions with the salesperson’s ethical sales behaviour in firm side (e.g., Ramsey et al.; Strout, 2002). On the contrary, from customer’s perspective, customers are concerned about their perceptions of the salesperson’s ethical sales behaviour, what their intention to maintain a relationship with the salesperson is, and what kind of purchase behaviour will be followed. Service firms have yet to develop and understanding of this issue, and there are few related studies.

In practice, the customer is the final decision maker for maintaining a long-term relationship with a firm, and so it is important to examine the customer-firm relationship from the customer’s perspective. Customers expect to obtain certain benefits from the established relationship with a salesperson, especially in high-contact, and customized personal service contexts (Gwinner et al., 1998). According to the cost-benefit considerations, the reason consumers prefer engaging in certain a transaction is that they perceive the benefits they acquire will be greater than the price they pay (Jones et al., 2002). Prior research suggested that transaction costs include pre-contracting costs for information searching and contract negotiating, and post-contracting costs for supervision of contract implementation (Coase, 1937). Williamson (1981) also pointed out that transaction costs include the direct cost and the opportunistic cost. Once opportunistic behaviour resulting from incomplete information emerges, distrust will raise the cost. Positive ethical sales behaviour may diminish transaction cost and raise the confidence benefits, and help to form a sustained customer-firm relationship. Therefore, the role of customer-perceived confidence benefits on customer-firm relationship should be examined.

As for to whom customers are loyal, Iacobucci and Ostrom (1996) proposed that the customer relationship is different, depending on whether it is person to person, person to firm, or firm to firm. Customer loyalty to the salesperson and to the service firm are not identical constructs (Macintosh and Lockshin, 1997; Palmatier et al., 2007). Loyalty to a salesperson does not necessarily indicate loyalty to the firm, and there have been few studies about to whom customers are actually loyal. The salesperson, who acts to reduce purchasing risk, to increase purchasing convenience, and to provide consulting service, has the key role in maintaining a close customer-firm relationship. Therefore, the purpose of this article, on the basis of transaction cost theory, is from the customer’s perspective to examine the role of confidence benefits in the process of how a salesperson’s ethical sales behaviour affects customer satisfaction and loyalty, and to further examine roles of the salesperson and the pharmaceutical companies in developing customer loyalty.
LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Transaction cost theory

The basic concept of transaction cost theory was posed in Ronald Coase’s classic paper, “Nature of the Firm” (1937). Transaction cost analysis is used to find the optimal governance structure. Williamson (1981) extended Coase’s study and pointed out that the assumption of transaction cost is based on the bounded rationality and opportunism. Bounded rationality implies that any individual in an organization has limited competence to solve complex problems and process information. Hence, the uncertainty exerted from bounded rationality resulting in contract incomplete will increase contract negotiating cost, adapting cost, and enforcing cost. Opportunism implies that the other party will probably lie, steal, cheat, and play tricks for its self-interest; thus the related costs for such opportunistic behaviour will be induced from the confirmation of pre-contracting and monitor of post-contracting. A complete contract with all relevant respects is not achieved, but to prevent opportunistic behaviour from incomplete contract, the transaction costs related to pre-contracting and post-contracting will increase.

An incomplete contract implies that the two parties have reached an agreement to cope with future unanticipated contingencies on a mutually profitable basis. Ganesan (1994) pointed out that hazards of opportunistic behaviour will occur, when a buyer-seller relationship cannot be easily terminated with an incomplete contract. But, if trust exists between the two parties, opportunistic behaviour would be eliminated. In other words, trust will reduce opportunistic behaviours and lower the risk due to opportunistic behaviour. Thus, the related transaction cost will be reduced in the exchange relationship, and when the confidence benefits are perceived, the possibility of long-term relationship will be raised.

Based on the above statement, trust will diminish the pre-contracting and after-contracting costs arising from bounded rationality and opportunism. From the customer’s perspective of confidence benefits, the costs related to information searching, negotiating, and monitoring will decrease while customer has confidence in the salesperson’s ethical sales behaviour. Once customers perceive the confidence benefits from cost reduction, the positive effects on satisfaction and loyalty would occur. Therefore, transaction cost theory could be used to explain the relationship in which a salesperson’s ethical sales behaviour is an antecedent of confidence benefits perceived by customers, and where customer satisfaction and loyalty is are its outcome variables.
Ethical sales behaviour

According to Hunt and Vitell (1986), ethical versus unethical behaviour can be adjusted by the extent to which stress is given to the values of right versus wrong, good versus evil, fair versus unfair, or just versus unjust. Ethical behaviour can also be defined as conformance to social norms, such as fair play, honesty, and full disclosure (Roberson and Anderson, 1993). Moreover, in the aspect of marketing, ethical sales behaviour is regarded as a reciprocal relationship based on fair and just exchange, and when customers perceive the favourable relationship, a feedback action will probably be taken.

As previous studies have pointed out, ethical sales behaviour indicates that a salesperson conveys only authentic messages in their communications with customers, sells only those goods/services which can benefit their customers, promises only what can be provided, and treats customer information as confidential. Unethical sales behaviours include a salesperson giving misleading to customers (such as lying or exaggerating about product availability), lying about competitors’ information, selling unsuitable products or services to their customers, or using high-pressure selling tactics (Hansen and Riggle, 2009; Lagace et al., 1991; Román and Ruiz, 2005).

In practice, from the salesperson’s perspective, salespeople often behave against the firm’s ethical norms in order to meet sales targets, and such unethical sales behaviour could result in arguments and destroy the buyer-seller reciprocal relationship, thus losing customers or even more serious consequences. On the other hand, from the customer’s perspective, customer trust in a salesperson is based on the perception that the salesperson is consistent, dependable, honest, competent, likable, and benevolent (Román and Ruiz, 2005), and that salesperson will do his/her best to provide benefits for customers (Morgan and Hunt, 1994) and further develop a favourable relationship. Thus, through repeated interactions, a positive association between a salesperson’s ethical sales behaviour and customer trust can be established.

Therefore, the choice between ethical and unethical sales behaviour is a dilemma for salespeople. When customers purchase products or services requiring professional knowledge and they are not capable of judging the pros and cons but rely on advices from the salesperson, the salesperson’s ethical attitude becomes especially important (Wray et al., 1994). However, when a salesperson is appraised by his/her short-term sales performance, he/she may behave unethically to increase his/her sales, to the detriment of maintaining a long-term relationship. Some studies have presented evidences that ethical sales behaviour has
direct (e.g., Hansen and Riggle, 2009) or indirect effects on customer loyalty (e.g., Chen and Mau, 2009), and that ethical sales behaviour can earn customer trust, which facilitates the transaction process and further effects on relational outcome.

**Customer-perceived confidence benefits**

Gwinner et al. (1998) developed three types of relational benefits, including confidence benefits, social benefits, and special treatment benefits. Among these, confidence benefits are the most critical factor in the service encounter. Some researchers have pointed out that confidence benefits, stemming from the trust in the service provider or the confidence in the provider’s reliability and integrity, describe the risk reduction in the process of transactions (Morgan and Hunt 1994). In addition, consumers prefer choice reduction (Sheth and Parvatiyar, 1995); and confidence benefits may be earned by facilitating decision-making and simplifying the choice-making process (Gwinner et al., 1998). Due to the conceptual closeness of trust and confidence, these two concepts have been combined into confidence benefits in some studies (e.g., Hennig-Thau et al., 2002; Liu et al., 2010). In contrast, this current study is mainly from the customer perspective, based on the theory of transaction cost, to investigate the confidence benefits which customers perceive from the elimination of opportunistic behaviour and reduction of the anxiety caused by uncertainty, and the effects of these benefits on the customer relationship. According to Gwinner et al. (1998), confidence benefits are feasible for high-contact, customized, and personal service sectors. The life insurance industry, considered in this study, is one of these sectors.

**Customer satisfaction**

There are various definitions of customer satisfaction according to the particular purpose of each study. Some researchers, based on expectancy-disconfirmation theory, have suggested that satisfaction is an emotional reaction that comes from evaluating the perceived discrepancy between prior expectation and actual experiences (Oliver, 1980). Another researcher categorized customer satisfaction into two types: transaction-specific satisfaction and overall satisfaction (Parasuraman et al., 1994). In contrast to the transaction-specific satisfaction assessment for a specific service; cumulative overall satisfaction depicts customer’s overall impression of the past transaction experiences with the service provider (service firm, or salespeople). Previous researchers have assumed that customer satisfaction is an individual subjective evaluation of affective element (Hunt, 1977). Consumer satisfaction may be evaluated with an interpersonal affection from a set of interaction experiences in the past between two parties (Westbrook, 1981). Hence,
this study adopts the concept of affective evaluation based on the customer’s interaction experiences with salespeople.

**Customer loyalty**

Prior literature on customer loyalty has focused mainly on the loyalty to a given brand (Cunningham, 1956), especially emphasizing on the evaluation of actual repeat purchasing behaviours. Subsequently, psychological meaning is also considered (Jacoby and Chestnut, 1978); and consumer beliefs, affect, and intention are assessed in an attitude-based framework. Therefore, composite measures of behavioural and attitudinal loyalty are encouraged and have become the essence of loyalty (Dick and Basu, 1994). Due to the rapid development of the service industry in recent years, it is evident that the exploration of customer loyalty has evolved from tangible product brands into intangible service sectors, and from actual purchasing behaviour into composite measures of behaviour and attitude.

In addition, previous studies presented that customer loyalty includes two different constructs: loyalty to the salesperson and loyalty to the firm (Macintosh and Lockshin, 1997; Palmatier et al., 2007; Reynolds and Beatty, 1999). According to Bitner (1990), service employees act on behalf of their firm to play an important role by their personal contact with customers. Customers usually have intense and frequent interactions with their salesperson, and thus they establish a close relationship with the salesperson instead of the service firm. Therefore, it should be clarified whether customers render their loyalty to the service employees (salespeople) or to the service firm. Even though the salesperson is the main contact point between customers and the service firm, customer loyalty to the salesperson is different from loyalty to the service firm.

**Effect of ethical sales behaviour on customer-perceived confidence benefit**

According to transaction cost theory, opportunistic behaviours enhance the transaction cost; ethical sales behaviour will diminish the costs related to the pre-contracting and post-contracting, and thus the reduction of transaction cost deriving from trust is considered as the confidence benefit. There are empirical evidences in B2C to support the idea that a salesperson’s ethical sales behaviour affects customer trust (e.g., Chen and Mau, 2009; Román and Ruiz, 2005), and the same results are obtained in B2B fields (e.g., Hansen and Riggle, 2009). As a result of the attributes of life insurance, which are intangible and do not occur at the time of selling, it may be difficult for most customers to fully understand and evaluate the products they want to purchase. Similarly, salespeople often find it difficult to
clearly point out what benefits the products they are promoting will offer to their customers in the future. Therefore, it is necessary for a salesperson to provide correct information and proper guidance for customer’s decision-making. Only an honest salesperson can earn customer’s trust. Consequently, confidence benefits will increase. Thus, the following relationship is suggested:

H1: A salesperson’s ethical sales behaviour will have a positive effect on customer-perceived confidence benefits.

**Effect of ethical sales behaviour on customer satisfaction**

Research has indicated that ethical sales behaviour may not be able to enhance performance, a salesperson with good ethics could establish a favourable relationship with the customer, thereby acquiring the customer’s satisfaction and trust (Lagace et al., 1991; Román and Ruiz, 2005; Vesel and Zabkar, 2009). The evidence from pharmaceutical and financial service industries also showed that a salesperson’s ethical sales behaviour is positively related with customer satisfaction (Lagace et al.; Román and Ruiz, 2005). According to Lagace et al. (1991), a salesperson should not disclose false information to influence a customer. Once the customer learns the truth, their trust and satisfaction will be lost. On the contrary, if the salesperson provides correct information, then the customer will feel more satisfied with the service and the trust and satisfaction will be followed by word-of-mouth recommendations. Therefore, it is clear that the positive ethical sales behaviour will decrease the transaction costs that result from false information and thus have a positive effect on customer satisfaction. Thus, the following relationship is proposed:

H2: A salesperson’s ethical sales behaviour will have a positive effect on customer satisfaction.

**Effects of customer-perceived confidence benefits on customer satisfaction/loyalty**

According to the study of Gwinner et al. (1998) on relational benefits, customers will feel satisfied and develop loyalty if they perceive benefits from the service encounter. That study also found evidence that the confidence benefits perceived by customers have a positive, significant and direct effect on customer satisfaction as well as on customer loyalty. Similar results have been found for customer satisfaction in the technology-based self-service sector (Yen and Gwinner, 2003), and for customer loyalty in the airline industry (Chang and Chen, 2007). In terms of self-interested motives and reciprocal principle, when customers perceive the benefits from their relationship with a service provider, they
may provide feedback to demonstrate their satisfaction and loyalty. In the life insurance industry, due to the frequent face-to-face interaction between customers and salespeople, customers will perceive the confidence benefits deriving from the long-term relationship with salespeople or the service firm, which in turn increases satisfaction and loyalty. Thus, the following hypotheses are proposed:

H3: Customer-perceived confidence benefits will have a positive effect on customer satisfaction.

H4: Customer-perceived confidence benefits will have a positive effect on (a) loyalty to the salesperson; and on (b) loyalty to the service firm.

**Effect of customer satisfaction on customer loyal**

Dick and Basu (1994) suggested that individual affective satisfaction will affect customer loyalty and is a critical antecedent of loyalty. Although most studies have indicated that customer satisfaction is the key determinant of loyalty and has a positively significant effect on loyalty (e.g., Bittner, 1990; Han et al., 2008), on the contrary, it has also been found that customer satisfaction has no significant effect on loyalty in some service sectors (Selnes, 1993). Jones and Sasser (1995), however, have pointed out that completely satisfied customers are much more loyal than merely satisfied customers and only the completely satisfied customers would retain rock-solid loyalty to the firm. The relationship between satisfaction and loyalty needs to be further examined.

Some empirical evidence indicates that satisfaction with the salesperson has a direct effect on loyalty to both the salesperson and the firm (Bloemer and Lemmink, 1992; Reynolds and Beatty, 1999); and also has a positive effect on loyalty to the service firm through loyalty to the salesperson (Palmatier et al., 2007; Reynolds and Beatty, 1999). In addition, there is evidence that customers will extend their positive relation with a salesperson to the service firm (Westbrook, 1981). Thus, the following hypotheses are proposed:

H5: Customer satisfaction with the salesperson will have a positive effect on (a) loyalty to the salesperson; and on (b) loyalty to the service firm.

H6: Customer loyalty to the salesperson will have a positive effect on loyalty to the service firm.
METHODOLOGY

Framework of Proposed Research Model

Based on transaction cost theory, the proposed research model is presented as shown in Figure 1. This model is structured from customer’s perspective. Once customers experience cost reduction from salespeople’s ethical sales behaviour in the respects of information searching, negotiating, and monitoring, confidence benefits are perceived. Thus the positive effects on customer satisfaction and loyalty would be followed. Moreover, the question of to whom the customer is really loyal is also further included in this study. This model will examine the relationships that a salesperson’s ethical sales behaviour is an antecedent of customer-perceived confidence benefits, and that customer satisfaction and loyalty are its outcome variables.
Measures

The measured scales of each construct were generated based on related studies, with modifications to the wording as appropriate for practices of the Pharmaceutical industry. The scales of ethical sales behaviour were measured by three items adapted from Lagace et al. (1991) and Wray et al. (1994); three items of customer-perceived confidence benefits adapted from Gwinner et al (1998) and Hennig-Thurau et al. (2002); three items of customer satisfaction adapted from Román and Ruiz (2005); items to measure customer loyalty (to the salesperson, or to the firm) adapted from Palmatier et al. (2007). To ensure that the selected constructs and items are able to measure the effect relationship, further modifications were made based on consultation with four scholars in this field and three senior Pharmaceutical salespeople. Responses were rated using a 5-point Likert scale, anchored at each end by the responses “strongly disagree” and “strongly agree”.

Data collection and sample

This study investigates on private doctors in Trivandrum district. Customers of India’s top-four Pharmaceutical companies like Cipla, Dr. Reddy’s Lab, Ranbaxy and USV are taken as the investigated population. Out of 384 questionnaires distributed, total of 297 were collected and 262 usable questionnaires remained after removing those which were incomplete. The following is the demographic information of the respondents. Approximately 60% of the sample is female Doctors. Approximately 43% of the samples are aged 41-50 and 64% are married.

Data analysis

Coefficient alpha (α) was used to test the internal consistency among the measurement items for a given construct. In this study, coefficient alpha was 0.85 for ethical sales behavior, 0.86 for confidence benefits, 0.93 for customer satisfaction, 0.77 for loyalty to the salesperson, 0.86 for loyalty to the firm. These results reveal that the reliability for each construct exceeds the general recommended criteria of 0.7 (Nunnally and Bernstein, 1994) and meets the requirement of reliability.

Additional measures were assessed using LISREL 8.7. There are two stages to test the proposed research model: testing of measurement model and testing of structural model. In the first stage, CFA is used to assess the measurement model. The overall fit of the measurement model is evaluated on its reliability, convergent validity and discriminate validity, and estimated parameters” significant level. In this study, the overall goodness-
of fit indices for the measurement model include $\chi^2=184.23$, $df=80$ ($p<0.001$, significant), and $\chi^2/df=2.3$ (smaller than 3). These indices demonstrate the model is acceptable (Bagozzi and Yi, 1988). The goodness-of-fit index (GFI) = 0.91, the normed-fit index (NFI) = 0.96, and the comparative-fit index (CFI) = 0.98 are each greater than 0.9; the root mean square residual (RMR) = 0.040 (smaller than 0.05), and root mean square error of approximation (RMSEA) = 0.071 (smaller than 0.08). These findings reveal that the observed variables fit measurement model well (Bagozzi and Yi, 1988).

The reliability analysis is completed by three indices: indicators reliability ($\lambda^2$), composite reliability (CR), and average variance extracted (AVE). As shown in Table 1, most indicators of observed variables are greater than 0.5 (except “loyalty to the salesperson”, which is smaller than 0.5 but with a significant t-value); composite reliability (CR), which is between 0.79-0.93 (greater than 0.6); and Average Variance Extracted (AVE), which is between 0.55-0.81 (greater than 0.5). These results reveal that all reliability indices are within the acceptable criteria and effectively measure their corresponding constructs (Bagozzi and Yi, 1988). For validity analysis, first the convergent validity is examined by two indices: standardized factor loading ($\lambda$) and AVE. Convergent validity can be evaluated by examining factor loadings and t-values. As shown in Table 1, most standardized factor loadings are greater than 0.7 (except “loyalty to the salesperson”, which is smaller than 0.7 but with a significant t-value); AVE is between 0.55-0.81 (greater than 0.5). These results reveal that all convergent validity indices meet suggested criteria and effectively measure their corresponding construct (Fornell and Larcker, 1981). Secondly, discriminant validity is evaluated by confidence interval test to examine the degrees of correlation among the constructs (Anderson and Gerbing, 1988). The results reveal that the correlation coefficient between any two constructs plus or minus two standard errors does not include 1, and thus discriminant validity is achieved.
### Table 1: Testing Results of Measurement Model

<table>
<thead>
<tr>
<th>Measured constructs/items</th>
<th>α</th>
<th>λ</th>
<th>λ²</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ethical sales behaviour</strong> (Reversed coded: R)</td>
<td>0.847</td>
<td>0.85</td>
<td>0.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My Medical Representative is only interested in his/her own interests, not mine. (R)</td>
<td>0.72</td>
<td>0.52</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My agent exaggerates his/her product features and benefits. (R)</td>
<td>0.91</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My Medical Representative lies about the competition in order to make the sale. (R)</td>
<td>0.79</td>
<td>0.62</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Customer-perceived confidence benefits</strong></td>
<td>0.862</td>
<td>0.93</td>
<td>0.81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I believe there is less risk in buying an medicine from my Medical Representative.</td>
<td>0.88</td>
<td>0.77</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel I can trust my Medical Representative.</td>
<td>0.92</td>
<td>0.85</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have more confidence in the Product provided by Medical Representative.</td>
<td>0.90</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Customer satisfaction</strong></td>
<td>0.928</td>
<td>0.86</td>
<td>0.68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am always delighted with my Medical Representative’s service.</td>
<td>0.81</td>
<td>0.66</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am satisfied with the efforts offered by my Medical Representative</td>
<td>0.83</td>
<td>0.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall, I am satisfied with my dealings with my Medical Representative.</td>
<td>0.83</td>
<td>0.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loyalty to the salesperson</strong></td>
<td>0.774</td>
<td>0.79</td>
<td>0.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would consider this Medical Representative as my first choice if I need to purchase more</td>
<td>0.66</td>
<td>0.44</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would recommend this Medical Representative to my friends even if this sales agent changed firms</td>
<td>0.85</td>
<td>0.72</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would purchase less from this firm in the next few years, if my Medical Representative left the firm.</td>
<td>0.71</td>
<td>0.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loyalty to the firm</strong></td>
<td>0.862</td>
<td>0.86</td>
<td>0.68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For my next prescription, I will consider this firm as my first choice.</td>
<td>0.79</td>
<td>0.62</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would recommend this firm to someone seeking my advices.</td>
<td>0.91</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

α: cronbach’s alpha; λ: standardized factor loading; λ²: indicator reliability; CR: composite reliability; AVE: average variance extracted.
The second stage is to analyze the structural model. The overall fit indices are as follows: \( \chi^2 = 195.3, \) df=82 (p<0.001, significant), \( \chi^2/\text{df}=2.39 \) are smaller than 3. The other indices, GFI = 0.91, NFI = 0.96 and CFI = 0.98, are smaller than 0.9; RMR = 0.045 (smaller than 0.05), RMSEA = 0.073 (smaller than 0.08). These findings indicate that the indices are all within the acceptable criteria and the structural model has a good fit (Bagozzi & Yi, 1988). The results are shown in Table 2.

### Table 2: Paths of Structural Model

<table>
<thead>
<tr>
<th>Paths (Hypotheses)</th>
<th>Coefficients</th>
<th>Standard errors</th>
<th>t-values</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Ethical sales behaviour → confidence benefits</td>
<td>0.33***</td>
<td>0.074.89</td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td>H2 Ethical sales behaviour → customer satisfaction</td>
<td>0.07</td>
<td>0.06</td>
<td>1.31</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H3 Confidence benefits → customer satisfaction</td>
<td>0.71***</td>
<td>0.07</td>
<td>10.68</td>
<td>Supported</td>
</tr>
<tr>
<td>H4a Confidence benefits → loyalty to the salesperson</td>
<td>0.27**</td>
<td>0.09</td>
<td>3.00</td>
<td>Supported</td>
</tr>
<tr>
<td>H4b Confidence benefits → loyalty to the firm</td>
<td>0.34***</td>
<td>0.09</td>
<td>3.70</td>
<td>Supported</td>
</tr>
<tr>
<td>H5a Customer satisfaction → loyalty to the salesperson</td>
<td>0.54*</td>
<td>0.10</td>
<td>5.27</td>
<td>Supported</td>
</tr>
<tr>
<td>H5b Customer satisfaction → loyalty to the firm</td>
<td>0.17</td>
<td>0.11</td>
<td>1.56</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H6 Loyalty to the salesperson → loyalty to the firm</td>
<td>0.27**</td>
<td>0.11</td>
<td>2.58</td>
<td>Supported</td>
</tr>
</tbody>
</table>

\( \chi^2 = 195.3, \) df=82, p=0.000, GFI=0.91, NFI = 0.96, CFI=0.98, RMSEA=0.073, RMR=0.045

\( p<0.05; \ **p<0.01; \ ***p<0.001 \)

RESULTS AND DISCUSSION

As shown in Table 2, all the hypotheses are supported except H2 and H5b.

The effect of ethical sales behaviour on confidence benefits is positively significant, but the path from ethical sales behaviour to customer satisfaction is insignificant. Thus H1 is supported, while H2 is not. Based on the transaction cost theory, a salesperson’s positive ethical sales behaviour saving customer’s costs in information searching will increase customer confidence in the process of purchase decision-making and so confidence benefits are perceived. However, although previous studies have presented evidence that a salesperson with positive ethical sales behaviour will earn customer trust and satisfaction (e.g., Lagace et al., 1991; Román and Ruiz, 2005; Vesel and Zabkar, 2009), in the present sales environment, information flows transparently and is difficult to distort or conceal,
and so customers might care more about other aspects of the salesperson’s performance. Therefore, confidence benefits are examined as an important indirect effect factors, although the finding that ethical sales behaviour has no direct effect on satisfaction differs from previous studies.

As expected, confidence benefits positively effect on customer satisfaction, as do customer loyalty. Thus H3, H4a and H4b are supported. The results of this study, which are specific to the life insurance industry, are consistent with prior studies of the technology-based service industry (Yen and Gwinner, 2003) and the clothing industry (Reynolds and Beatty, 1999). Moreover, hypotheses for the direct effects of confidence benefits on both customer loyalty to the salesperson and loyalty to the firm are supported.

As for the relationship between customer satisfaction and customer loyalty, H5a and H6 are supported, but H5b is not. These results reveal that customer satisfaction with the salesperson has a direct effect on loyalty to the salesperson and a further indirect effect on loyalty to the firm; but there is no direct effect on loyalty to the firm. Supplementing previous studies, which suggested that customer satisfaction is a critical antecedent of loyalty (e.g., Bitner, 1990; Han et al., 2008) and that a positive effect exists between satisfaction with salesperson and loyalty to salesperson in automobile and clothing stores (Bloemer and Lemmink, 1992; Reynolds and Beatty, 1999), this study provides the same evidence for the intangible service industry. In addition, the study also finds that customer satisfaction with the salesperson forms his/her loyalty to the salesperson, and this in turn affects his/her loyalty to the firm while customer satisfaction with salesperson has no significantly direct effect on loyalty to the firm. The results are in line with the prior studies that customer loyalty to the salesperson and to the service firm are not identical constructs (e.g., Palmatier et al., 2007). This highlights the importance of the salesperson’s role.

CONCLUSION AND SUGGESTION

This study is to better understand the complex inter-relationships between ethical sales behaviour, confidence benefits, customer satisfaction, and customer loyalty. The findings contribute to the literature in two ways. First, confidence benefit from customer perspective is added into the model and demonstrates the indirect effect between ethical sales behaviour and customer satisfaction/loyalty. Second, this study examines both loyalty to the salesperson and loyalty to the firm as separate outcome variables and demonstrates that customer loyalty to the firm is through customer loyalty to the salesperson.
In practice, life insurance managers should understand the importance of building the customer’s perception of confidence benefits, in addition to fostering salespersons’ professional knowledge. When customers can perceive the confidence benefits, then an ongoing long-term relationship may be built and maintained. In addition, this study indicates that the salesperson plays a critical role in translating the customer’s interpersonal loyalty into firm loyalty. Therefore, managers should be concerned that when a front-line salesperson leaves the firm, the customers will not also leave. In order to prevent customers from defecting to a competitor, life insurance firm should devise feasible strategies to retain excellent salespeople and to make the person-firm relationship closer. When the salesperson stays with the firm, then the customer loyalty is maintained.

Following this study, some further examinations should be taken. One of the study limitations is its relatively specific context, Taiwan’s top-four insurance firms. The model presented here could be extended for comparison with smaller firms. In consideration of the market segmentation for better understanding and service, customer demographic characteristics, such as age, education, income and etc. could be taken as the moderated variables to further examine the differences. Since the sampling of this study is limited to customers of the life insurance industry in Taiwan, future research could test the model in other industries or other areas to generalize the results, which will help strengthen the efficacy of the present results.

REFERENCES


Abstract

Rise in household price is one of the most significant concerns for any families, and for people in Kerala, India, it is increasingly at risk due to drastic rise of price. The rising cost of vegetables, fruits, meat, cooking gas, milk, petrol, diesel, transportation, education and medical expenses have largely led to unmanageable household budget. Between 2008 to 2013, average Kerala household price, relative to income, has almost doubled, in spite of control on inflation (State Planning Board Kerala, 2013). More recent literature has highlighted that if this trend continues, the family life will be affected in meeting the very basic needs of food, education and health (UNICEF, 2010). The impact of rising household price is most strongly felt by middle class, particularly fixed salaried people (Civil Service India, 2014).

This paper explores the relationship between rising household price, and family wellbeing and mental health. The first section examines some recent statistics on rising household price. Some of the potential impacts of price rise on family functioning are examined in the second section. Third part is an analysis of a focused group discussion to cope with the rising household price.

Keywords: Price Rise, Price of Households, Family Wellbeing & Mental Health

Introduction

“Skyrocketing prices of essential commodities hit the common man hard,” particularly the middle class fixed salaried people. The steep rise in the price of fruits, vegetables, milk, cooking gas, petrol, diesel and educational expenses of children severely burdened families to keep the kitchen budget intact, a survey by the Associated Chambers of Commerce and Industry of India (ASSOCHAM, 2013) has revealed. The statistics published in August 2013 in Deccan English daily the index for ‘Food Article’ group rose by 5.3 percent to 250.3 (provisional) from 237.7 (provisional) for the previous month due to higher price of fish-inland (22%), fruits & vegetables (13%), ragi and beef & buffalo meat (3% each), milk (2%) and rice, mutton, poultry chicken and pork (1% each).
Similarly the petrol and diesel price hikes are always in rise which shifts people to use two wheelers or public transportation rather than cars. The below table indicates the Annual Average Consumer Price Index of Agricultural and Industrial Workers of Selected Centres in Kerala 2008 & 2012. Table:1

<table>
<thead>
<tr>
<th>Centres</th>
<th>2008</th>
<th>2012</th>
<th>per cent increase in 2012 over 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thiruvananthapuram</td>
<td>159</td>
<td>212</td>
<td>33.33</td>
</tr>
<tr>
<td>Kollam</td>
<td>158</td>
<td>215</td>
<td>36.07</td>
</tr>
<tr>
<td>Punalur</td>
<td>152</td>
<td>211</td>
<td>38.8</td>
</tr>
<tr>
<td>Pathanamthitta</td>
<td>159</td>
<td>220</td>
<td>38.36</td>
</tr>
<tr>
<td>Alappuzha</td>
<td>151</td>
<td>212</td>
<td>40.39</td>
</tr>
<tr>
<td>Kottayam</td>
<td>151</td>
<td>209</td>
<td>38.41</td>
</tr>
<tr>
<td>Mundakayam</td>
<td>150</td>
<td>217</td>
<td>44.6</td>
</tr>
<tr>
<td>Munnar</td>
<td>144</td>
<td>202</td>
<td>40.27</td>
</tr>
<tr>
<td>Eranakulam</td>
<td>150</td>
<td>202</td>
<td>34.66</td>
</tr>
<tr>
<td>Chalakudy</td>
<td>152</td>
<td>203</td>
<td>33.55</td>
</tr>
<tr>
<td>Thrissur</td>
<td>148</td>
<td>194</td>
<td>31.08</td>
</tr>
<tr>
<td>Palakkad</td>
<td>155</td>
<td>212</td>
<td>36.77</td>
</tr>
<tr>
<td>Malapuram</td>
<td>153</td>
<td>204</td>
<td>33.33</td>
</tr>
<tr>
<td>Kozhikode</td>
<td>148</td>
<td>202</td>
<td>36.48</td>
</tr>
<tr>
<td>Meppady</td>
<td>148</td>
<td>197</td>
<td>33.10</td>
</tr>
<tr>
<td>Kannur</td>
<td>146</td>
<td>204</td>
<td>39.72</td>
</tr>
<tr>
<td>Kasaragod</td>
<td>148</td>
<td>204</td>
<td>37.85</td>
</tr>
<tr>
<td>State Average</td>
<td>151</td>
<td>207.058</td>
<td>37.12</td>
</tr>
</tbody>
</table>

Source: Directorate of Economics and Statistics

Does rise of household price affect the family’s mental health and wellbeing? A qualitative study conducted in VengoorPanchayat, Kerala, India divulge many heartbreaking facts of how the rising household price impact family functioning, child development and it also throws light on the way one can get away from the problems. The participants for the study are selected on a very specific criteria as the fixed salaried husbands between Rs.10,000 to Rs.25,000 with no other income in the family and a minimum of two school going children in each family. Chart:1
Household Price and Family Functioning

The dimensions of family functioning based on the McMaster Family Functioning assessment device proposed by Epstein, Bishop, and Baldwin (1984) are problem solving, communication, roles, affective responsiveness, affective involvement and behaviour control. The six dimensions of family functioning and influence of household price rise in each one of them have been analysed among 10 families in VengoorPachayat, Kerala, India.

The in-depth interview of approximately three hours per family (husband, Wife & Children) revealed many pieces of evidence as follows: -

**Problem Solving:** Problem-solving is the family’s ability to resolve problems on a level that maintains effective family functioning (Epstein, Bishop, Ryan, Miller, & Keitner, 1993). Some problems involve everyday decisions about money or transporting the children to and from school. The problem solving in this study means “the process of working through the details of financial problems to reach solution”. Eight out of ten families have stated that the price rise creates a large impact in the middle class families like them, especially salaried working class, which has to maintain a reasonable standard of living in
clearly stated that increasing price has a very significant impact in family communication. Increasing price affects the family wellbeing and mental health. The major findings of the study very clearly stated that increasing price has a very significant impact in family communication.

Husband and Wife answered; “we have two daughters studying in one of the famous private schools - one is studying at 10th class and another in 8th class. Now, due to rise in prices of commodities especially food, it is becoming difficult for us to bear all the expenses comfortably. Nowadays, the value of 100 rupee currency is like 10 rupee. I recently told my wife that she should also start working. I don’t think inflation would come under control in coming days.”

Most of the husbands in other families who are breadwinners also stated that the price hike of household items forced them to drop buying many items for their family members. Therefore the escalating price affects the unmanageable household budget and also many unmet needs of the family which in-turn affect the family wellbeing. Most of the participants have not found solution to the unmanageable household budget and moreover those who found solution have not implemented it. According to World Health Organisation Mental health is a state of wellbeing and if economic crises intrude into family life, it may lead to high mental health problems.

Communication: Communication in family generally is the expression of respect, affection and concern and this study examines the influence of rising household price on family communication. Communication within the family is extremely important because it enables members to express their needs, wants, and concerns to each other. Six out of ten families have mentioned that the escalating price lowered their marital interaction due to the financial pre-occupation of unmanageable household budget. In one of the families the household budget is prepared and managed by the wife even though the husband is the breadwinner.

She said, “my husband likes to sit alone most of the times and if I consciously make communication with him he immediately gets angry. The reason for all these happenings is my husband is not able to meet the expenses with the present income now. Those happy days, outings, recreational activities all dropped and moreover the quality time that we are together completely reduced. Smiling for the sake of smiling”.

The financial stress in some of the other families even resulted in depression which in-turn affect the family wellbeing and mental health. The major findings of the study very clearly stated that increasing price has a very significant impact in family communication.
Roles: Family roles play an extremely important part in healthy family functioning. Most researchers agree that the establishment of clear roles within a family is directly connected to a family’s ability to deal with day-to-day life, unforeseen crises, and the normal changes that occur in families over time (Rick Peterson, 2009). Role is defined in the context of the study as playing the affective roles such as provide emotional support and encouragement to family members. The researcher enabled participants to think back and recollect whether members play their family roles & responsibilities. All the ten families explained that everyone does their instrumental roles such food preparation, family management, earning income etc. whereas they have trouble meeting out bills and other financial needs which create tensions in the family. More than 50% of wives stated that they were unable to match the rising prices with the present income of their husbands. Some other participants have reduced the quantity of items that they purchased in which some families started to buy cheaper brands. Therefore generally most of the families are finding difficult to manage the changes in day-to-day life and are dissatisfied being not able to meet the basic requirements with the present income resulted emotional disturbances such as quarrels between husband and wives, getting angry with children even for simple things etc. The healthy family functioning is affected due to the financial concerns to meet many needs of the family.

Affective responsiveness: Affective responsiveness is the ability of an individual to respond to another with appropriate feelings (Epstein, Bishop, Ryan, Miller, & Keitner, 1993). Affective (emotional) responsiveness is very important because family members interact with one another on a regular basis and often need to support each other during difficult times. In this dimension of family functioning, the researcher put forward mainly the following questions to the participants: - We are reluctant to show our affection for each other due to financial pre-occupation? Some of us just don’t respond emotionally? We do not show our love for each other? 50% of the wives expressed that due to the stress of not meeting some of the emergency needs such as educational fees of children, health care of grant parents, payment of loan interest, chits etc husbands are always preoccupied with tension and do not smile on us with affection. Some children feel that their fathers are always getting angry with them for simple reasons and moreover they forgot the last moment father kissed or hugged them. Children in some other families also answered rising price influenced their life in getting lack of care and love, a pat on the back, a word of encouragement from the parents.

Affective involvement: How much the family as a whole shows interest in and values the activities and interests of family members is affective involvement (Epstein, et al., 1993).
Healthy families are able to maintain a consistent level of involvement with one another. The few questions raised by the researcher like “Have you anytime dropped buying surprises for your partner due to price hike?” “Too self centered?” “Explain if the rising cost of living influenced your family trip and recreational activities?” “Get only involved with each other when something interests us?” “Family shows interest in each other only when they can get something out of it?” Most of the families do agree that when the income of their family were sufficient to manage the household expenses, they had empathic involvement where the members have an emotional investment in one another and care deeply about each other’s activities and feelings. In one of the families, wife said most of the evenings we used to talk each other together, having fun, getting involved but as the household budget turned out to be unmanageable, husband became too self centered.

She also said, “I know why my husband reduced spending quality time in the family. It’s hard for us to follow the same budget during the whole month because the prices of petrol, vegetable and fruits increase twice or thrice in a month. So we have to change our expenses accordingly. The soaring price of vegetables is really a source of worry. Now, we can’t think of savings and outings because we have to maintain our budget in limited income. Husband has resorted to reducing the quantity of things that usually purchase. We have started compromising with the quantity of nutritious food I used to buy for my children.”

Similarly some other families answered the rising price burdened them to cut down the surprises for their family members especially children. Most of the children also answered that the recreational activities like indoor and outdoor games, and having food from outside once in a while reduced due to the decision to cut down the expenses of the family.

**Behaviour Control:** Behavior control refers to patterns of behavior that a family uses for dealing with family situations (Epstein, Bishop, Ryan, Miller & Keitner, 1993). Families who are able to develop many different ways for dealing with conflict do have healthy family functioning. In one of the families,

_Wife said; when we often ran into problems, we used to call a family meeting including the grandparents and figure out the problems together. But unmanageable household price is an unsolved issue in our family which even turned out to develop an uncontrolled behaviour patterns by the husband. My husband nowadays exhibits a rigid style of behavior which in turn leaves little room for negotiation and change._
Three children in different families said their special tuition for difficult subject put a halt and they were motivated for self study due to lack of tuition fees. Some other children stated that their parents are always reminding them that they are sending them for special tuition even there is no money, so they have to study well. In most of the families, husband is the motivator and when he becomes down or stressed which is affecting the whole members. Almost 60% of the husbands said sometimes they lose their control and make quarrels in the family and moreover they are least bothered in listening to their children. They also think that the financial distress is a salient predictor of family mental health and wellbeing.

Therefore the above facts indicate that there has been a significant relationship between the household price rise and the six dimensions of family functioning. The price rise created unhealthy impacts in the family functioning and this research assumes that the lack of family functioning can lead to absence of family wellbeing and mental health. The consequences of financial crises on mental health are multiple. They can be distinguished in personal morbidity, social morbidity and systemic morbidity. Additionally, there are often irreversible long-term effects and transgenerational effects that should be matters for very serious concern.
Ways to Wellbeing and Mental Health of Families

The following points draw upon from the focused group discussion conducted among the breadwinners of the 10 middle class families, to suggest some strategies to deal with the impact of household price rise on participants’ mental health and wellbeing. The major key points and ideas are: -

- Set a definite, regular time and place to get together and the meeting should include the whole family. A chairperson should be chosen and that role should be rotated among family members who are capable of leading the meeting. The purpose of the meeting is to hear family member’s concerns, find solutions to family problems, or make plans for enjoyable family activities. No one should attack or blame other family members during the meeting.

- Create a platform where everyone can bring up personal issues and discuss concerns that affect the well-being of the family. The family communication must be consciously enhanced because the communication within the family is extremely important because it enables members to express their needs, wants, and concerns to each other.

- Establish a clear role in the family to deal with day-to-day life, unforeseen crisis and the normal changes that occur in families over time.

- As part of creating solutions to the rising household price rise, alternatives suggestions came up from 80% of the participants to grow your own vegetables by developing a kitchen garden, so that the price rise of vegetables never affects the families. The participants also commented that the vegetable garden work can also lead to mental happiness and satisfaction and it reduces health issues due to not buying poisoned vegetables from the market.

- Most of participants suggested that of sending partners for work to increase family income.

- Almost everyone said not to borrow money which would develop financial stress and then to mental health problems

- Very few stated in the discussion that to find out a comfortable part time job to supplement the family income.
• Participants who have more than one vehicle pointed out to use two wheelers and cars only when it is necessary which save high amount of fuel prices

• Everyone agreed in one point that a tentative expected household budget must be prepared in advance every month to get primed with all kind of expenses.

Conclusion

It is evident that rising household price has a considerable impact on family mental health and wellbeing. The present price hike is not at all affordable for the middle class families, and if the price continues to escalate would lead the families in a state of dilemma. Financial issues are clearly a significant aspect of mental stress, similarly psychosocial outcomes are also influenced and these in turn may have an impact on family and relationship functioning.

Considering the growing concerns regarding the rising household price and associated mental stress and wellbeing in Kerala, more research is needed to better define the impact of escalating household price and family mental health and wellbeing. However, it seems important for family and relationship service providers to recognize the issues attached to price raise that place considerable stress on families, including their mental health and wellbeing. General themes regarding participants’ struggles with rising household price may also be useful to consider and promote in ways that may impact on the macro-level of stress.

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Structural Analysis of Collaboration Graph

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Abstract

The past several years have seen an explosion in the interest in properties of large real-world networks. These graphs whether social networks such as collaboration graphs or telephone call graphs, or the links on the World Wide Web, technological networks such as the Internet or biological networks such as protein interactions—do not display the kinds of properties that “almost all” graphs do. Such properties has attracted the attention and imagination of researchers from physics, computer science, engineering, biology, social science and mathematics. Guided by examples of real-world graphs, in particular collaboration graph is taken into consideration; we give an insight into its importance in its own right.

Keywords: Collaboration Graph, Power law, Clustering Coefficient.

1. Introduction

In the past decade, graph theory has gone through a remarkable shift and a profound transformation. The change is in large part due to the humongous amount of information that we are confronted with. A main way to sort through massive data sets is to build and examine the network formed by interrelations. For example, Google’s successful web search algorithms are based on the www graph, which contains all web pages as vertices and hyperlinks as edges. There are all sorts of information networks, such as biological networks built from biological databases and social networks formed by email, phone calls, instant messaging, etc., as well as various types of physical networks[3]

Graph theory has two hundred years of history studying the basic mathematical structures called graphs. A graph G consists of a collection V of vertices and a collection E of edges that connect pairs of vertices. In the past, graph theory has been used in a wide range of areas. However, never before have we confronted graphs of not only such tremendous sizes but also extraordinary richness and complexity, both at a theoretical and a practical level. Numerous challenging problems have attracted the attention and imagination of researchers...
from physics, computer science, engineering, biology, social science, and mathematics

2. Real world Graphs

The new area called “network science” emerged, calling for a sound scientific foundation and rigorous analysis for which graph theory is ideally suited [3]. In the other direction, examples of real-world graphs lead to central questions and new directions for research in graph theory. These real-world networks are massive and complex but exhibits amazing coherence.

Empirically, most real-world graphs have the following properties:

- **Sparsity** - The number of edges is within a constant multiple of the number of vertices.
- **Small world phenomenon** - Any two vertices are connected by a short path. Two vertices having a common neighbor are more likely to be neighbors.
- **Power law degree distribution** - The degree of a vertex is the number of its neighbors. The number of vertices with degree \( j \) (or having \( j \) neighbors) is proportional to \( j^{-\beta} \) for some fixed constant \( \beta \).

To deal with these information networks, many basic questions arise: What are basic structures of such large networks? How do they evolve? What are the underlying principles that dictate their behavior? How are subgraphs related to the large host graph? What are the main graph invariants that capture the myriad properties of such large graphs?

In the past thirty years there has been a great deal of progress in combinatorial and probabilistic methods, as well as spectral methods. However, traditional probabilistic methods mostly consider the same probability distribution for all vertices or edges while real graphs are uneven and clustered. The classical algebraic and analytic methods are efficient in dealing with highly symmetric structures, whereas real-world graphs are quite the opposite. Examples of real-world networks like communication networks, biological networks, social networks etc and its empirical results reveals that more detailed study is required to improvise, extend, and create new theory and methods.

3. Collaboration Graph

A social network is a collection of people, each of whom is acquainted with some
subset of the others. Such a network can be represented as a set of points (or vertices) denoting people, joined in pairs by lines (or edges) denoting acquaintance. In particular, for mathematicians we are considering collaboration graph $\text{Cmath}$, which is based on the data from Mathematical Reviews. In the collaboration graph, every mathematician is a vertex, and two mathematicians who wrote a joint paper are connected by an edge. We believe that these data are important in its own right, and for mathematicians how we can model and analyze the social interactions. The idea of study of collaboration patterns by using data drawn from the publication record is not new. There is a substantial body of literature available in information science dealing with co-authorship patterns and citation patterns. However, no detailed reconstruction of an actual collaboration network has previously been attempted. The nearest thing to such a reconstruction comes not from Information Science at all, but from the mathematics community.

In mathematics and social science, a collaboration graph is a graph modeling some social network where the vertices represent participants of that network and where two distinct participants are joined by an edge whenever there is a collaborative relationship of some kind between them. $\text{Cmath}$ are used to measure the closeness of collaborative relationships between the participants of that network. By construction, it is a simple graph. $\text{Cmath}$ need not be connected. That is, for example, people who never co-authored a joint paper represent isolated vertices in the $\text{Cmath}$. It has “small world topology”. That is, they have a large number of vertices, most of small degree, that are highly clustered, and a “giant” connected component with small average distances between vertices. The distance between two vertices in a $\text{Cmath}$ is called a collaboration distance. Then the collaboration distance between two distinct nodes is equal to the smallest number of edges in an edge-path between them. If no such path exists, then the collaboration distance is defined to be infinite.

4. Properties of $\text{Cmath}$

The Mathematics Collaboration Graph exhibits several interesting properties.

- The number of edges is fairly small when compared to number of Vertices. The average length of the path between vertices in the same component is small.
- There exist a “giant component” of the graph that includes a majority of the authors and the remaining components are tiny.
- Degrees of vertices in the collaboration graph follow “Power Law” pattern.
The clustering Coefficient is fairly large

5. Collaboration graph and Erdős numbers

The following interesting facts about the collaboration graph and Erdős numbers are mostly based on information in the database of the American Mathematical Society’s Mathematical Reviews (MR) as of July, 2004. Internet access to MR data is provided by the service MathSciNet. There are about 1.9 million authored items in the Math Reviews database, by a total of about 401,000 different authors. Approximately 62.4% of these items are by a single author, 27.4% by two authors, 8.0% by three authors, 1.7% by four authors, 0.4% by five authors, and 0.1% by six or more authors. The entire graph has about 676,000 edges, so the average number of collaborators per person is 3.36. In Cmath there is one large component consisting of about 268,000 vertices. Of the remaining 133,000 authors, 84,000 of them have written no joint papers (these are isolated vertices in Cmath). The average number of collaborators for people who have collaborated is 4.25; the average number of collaborators for people in the large component is 4.73; and the average number of collaborators for people who have collaborated but are not in the large component is 1.65. Recent research has indicated that we should expect the nonzero degrees to follow a power law: the number of vertices with degree $x$ should be proportional to $x$ raised to a power, where the exponent is somewhere around $-2$ or $-3$. By 2000, less than half of all mathematics papers were by a single author, about a third were by two authors, about an eighth by three authors, and 3% by four or more authors. The radius of the large component of C (as it existed in Mathematical Reviews data as of July, 2004) is 12, and its diameter is 23. The “clustering coefficient” of a graph is equal to the fraction of ordered triples of vertices $a,b,c$ in which edges $ab$ and $bc$ are present that have edge $ac$ present. The clustering coefficient of the collaboration graph is 0.14. The high value of this figure, together with the fact that average path lengths are small, indicates that this graph is a “small world” graph.

Conclusion

The Mathematical Reviews data provide a wonderful opportunity for further study of the publishing patterns of mathematicians, both as individuals and as a highly and intricately connected corpus. It would be interesting to look at the bipartite graph Bmath and study the number of papers they write. We can also analyze the sub graphs of Cmath restricted to various branches of mathematics or specific subjects. Also we can think about the evolution of Cmath in the sense that what model of random graphical evolution will produce graphs with the above defined properties.
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