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GRIEVANCE HANDLING PROCEDURE AND ITS EFFECT ON EMPLOYEE PRODUCTIVITY

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ABSTRACT

Every organization is sustainable in the market based on the employee productivity; employee productivity can be visible, if they are satisfied. Employee satisfaction can be possible by providing interesting work, job security, appreciation, growth, proper working conditions and organizational support at need. If any one of the above is not satisfied leads to grievance of the employee, which human resource manager must recognize at an early stage and try to resolve it as quickly as possible so that it should not turn into obstacle for the productivity. This paper highlights the importance of the grievance handling procedure and its role in employee satisfaction, which again leads to enhance the productivity of the employee.

Introduction:

In the present scenario of competitive organizations, excellence in employee service is the most important tool for sustained business growth. Employee complaints are part of the business life of any corporate entity as every business has to deal with situations in which things go wrong from the employee's point of view. As a growth oriented organization, imparting good employee grievance handling and enhancing level of employee satisfaction should be the prime concern of any organization, if they are satisfied then only they can satisfy the customers. Providing prompt and efficient grievance handling is essential not only to attract new talented employees, but also to retain existing ones.

Inadequate job performance or a decline in productivity or changes resulting out of job disturbances requires some type of grievances handling procedures. As the job become more complex the importance of the employee development also increases. In a rapidly changing society , grievances handling of employees in the organization is not only an

activity that is desirable but also an activity that an organization must commit resources to if it is to maintain viable and knowledgeable workforce.

Review of Literature:

A grievance may be defined as any dispute that arises between an employer and employee, which relates to the implied or explicit terms of the employment agreement (Britton 1982: 12). Grievance means any real or imaginary feeling of dissatisfaction and injustice which an employee has about his employment relationship. The validity of a grievance depends upon whether or not there is “just cause” or reason for such complaint. (Sonia& Kleiner, 2004).

To understand what a grievances are you must clearly be able to distinguish between dissatisfaction, complaint and grievance. (Torrington 1987) provides us with a useful categorization in this regard are: a) Dissatisfaction- Anything disturbs an employee, whether or not the unrest is expressed in words. b) Complaint: A spoken or written dissatisfaction brought to the attention of the supervisor or the shop steward and c) Grievance: A complaint that has been formally presented to a management representative or to a union official.

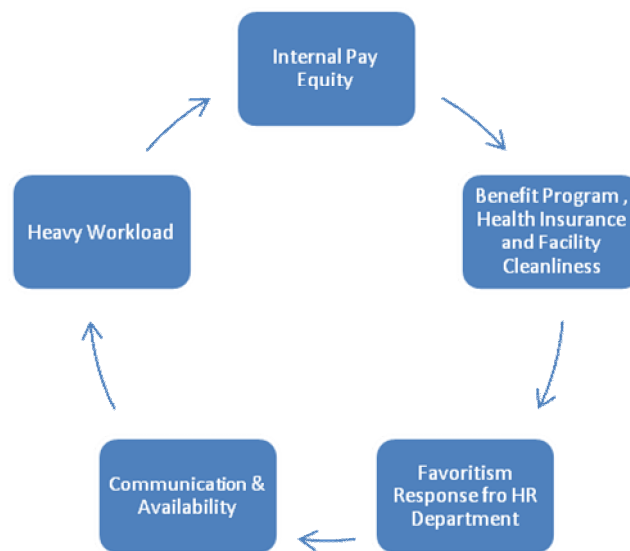
A grievance procedure provides a hierarchical structure for presenting and settling workplace disputes. The procedure typically defines the type of grievance it covers, the stages through which the parties proceed in attempting to resolve matters, individuals responsible at each stage, the documentation required, and the time limits by which the grievance must be presented and dealt with at each stage. Every organization follows different steps which are little bit similar to each to resolve the grievance among their employees.

Different authors trace the causes of grievances as arising from the following issues:

- Working environment e.g., light, space, heat.
- Use of equipment, e.g., tools that have not been properly maintained.
- Supervisory practices, e.g., workload allocation.
- Personality clashes and other inter-employee disputes (work-related or otherwise).

- Behavior exhibited by managers or other employees, e.g. allocation of ‘perks’ such as Sunday overtime working, and harassment, victimization, and bullying incidents.
- Refused requests, e.g., annual leave, shift changes.
- Problems with pay: e.g. late bonus, payments, and adjustments to overtime pay perceived inequalities in treatment: e.g., claims for equal pay, appeals against performance related pay awards.
- Organizational change, e.g., the implementation of revised company policies or new working practices.

Figure 1: Reasons of Grievance's in an Organization



Research studies show that when employees are asked to evaluate different dimensions of their job such as supervision, pay, promotion opportunities, coworkers, and so forth, the nature of the work itself generally emerges as the most important job dimension (Judge & Church, 2000; Jurgensen, 1978). Of all the major job satisfaction areas, satisfaction with the nature of the work itself—which includes job challenge, autonomy, variety, and scope—best predicts overall job satisfaction, as well as other important outcomes like employee retention (e.g., Fried & Ferris, 1987; Parisi & Weiner, 1999; Weiner, 2000). Thus, to understand what causes people to be satisfied with their jobs is compensation, pay, job security, opportunity to use their own skills and ability and communication with management and supervisor.

A review of the literature also suggested that the statistical correlation between job satisfaction and performance was about .17 (Iaffaldano & Muchinsky, 1985). In addition, in a more recent and comprehensive review of 301 studies, (Judge, Thoresen, Bono, and Patton 2001) found that when the correlations are appropriately corrected (for sampling and measurement errors), the average correlation between job satisfaction and job performance is a higher .30. In addition, the relationship between job satisfaction and performance was found to be even higher for professional jobs than for less normal jobs.

Figure 2: Determinants of Job Satisfaction



Likert (1961) and McGregor (1960) were among the first researchers to theorize that employee satisfaction has important implications for organizational productivity and effectiveness. They expressed that job satisfaction influences the extent to which one works to their fullest potential towards organizational goals and cooperates with colleagues. A number of studies have examined the relationship between job characteristics and job satisfaction (Blegen, 1993; Brown & Peterson, 1993; Loher, Noe, Moeller, & Fitzgerald, 1985), and have shown that job satisfaction is related to job performance (Harrison, Newman, & Roth, 2006; Judge, Thoresen, Bono, & Patton, 2001; Riketta, 2008), retention (Tett & Meyer, 1993), and organizational commitment (Riketta, 2002).

Inadequate job performance or a decline in productivity or changes resulting out of job disturbances requires some type of grievances handling procedures. As the job become more complex the importance of the employee development also increases. Every employee has certain expectations, which he thinks must be fulfilled by the organization he is working for. When the organization fails to do this he develops a feeling of dissatisfaction. When an employee feels something is unfair in the organization he is said to have a grievance. In their working life, employees do get dissatisfied with various aspects of working may be with the attitude of the manager, policy of the company, working conditions, or behavior of colleagues.

Methodology

The present study highlights the importance of the grievance handling procedure and its role for employee satisfaction, which again leads to enhance the productivity of the employee. The study is based on the descriptive design. The data was obtained from the four different pharmaceutical companies, where the information regarding the satisfaction level of the medical representatives and their grievance handling procedure was collected through two close ended questionnaires (one about the grievance procedure and productivity from the human resource department and other about the employee satisfaction from the medical representatives). The sample of 100 was collected based on random sampling.

Objectives of the Study:

1. To analyze the level of employee satisfaction and employee productivity bases on grievance procedure
2. To find out the relation between the determinant of satisfaction and employee performance
3. To study the impact on grievance handling on employee productivity

Interpretation

Effective analysis and interpretation on satisfaction of grievance handling procedure data is necessary in order to understand the results and, in turn, take appropriate actions to improve

employee satisfaction and productivity. Reliability of the data collected was also calculated by applying the Cronbach Alpha. Table 1 shows the values of Cronbach Alpha of all the determinants of the employee satisfaction. Table 2 shows the correlations of eight variables of employee satisfaction some of variables were almost significantly correlated. Some of the are variable correlated significantly at the 0.01 level and some are correlated at the 0.05 level of significance, calculated through t –test.

Table 1: Reliability Analysis of determinant of job satisfaction

S. No	Variables	Cronbach's Alpha
1	Opportunity to use skills & abilities	0.763
2	Job security	0.724
3	Compensation & Pay	0.676
4	Communication between employee & Senior Management	0.657
5	Relationship with immediate supervisor	0.661
6.	Appreciation and Growth	0.580
7.	Organizational support	0.632
8.	Discipline	0.752

Table 2: Correlation between the variables of determinants of satisfaction

		Variables											
		1	2	3	4	5	6	7	8	9	10		
1	Opportunity to use skill & ability	-											
2	Job security	-.23	-										
3	Compensation & Pay	.17	-.23	-									
4	Communication between Employee & Mgt	.26	-.06	.66**	-								
5	Relationship with immediate supervisor	-.03	.35	.37	.42	-							
6	Appreciation	.28	.40	.70**	.76**	.78**	-						
7	Growth	-.14	-.24	.36	.23	.30	.16	-					
8	Organizational support	-.12	-.30	.31	.14	.28	.08	.73**	-				
9	Benefits	-.15	-.14	.39	.30	.20	.17	.15	.37	-			
10.	Discipline	.51*	-.02	.26	.18	.14	.41	-.00	.00	-.71	-		

** Correlation is significant at the 0.01 level (2-tailed) * Correlation is significant at the 0.05 level (2-tailed)

Table 3: ANOVA

Model		Sum of squares	Df	Mean Square	F	Sig
1	Regression	0.170	1	0.170	9.47	0.002
	Residual	2.908	18	0.110		
	Total	3.078	19			

- (a) Dependant variable-Employee satisfaction
- (b) Predictor (Constant) Grievance Handling procedure

Table 4: ANOVA

Model		Sum of squares	Df	Mean Square	F	Sig
1	Regression	0.281	1	.280	2.403	0.013
	Residual	2.104	18	0.117		
	Total	2.385	19			

- (c) Dependant variable-Productivity
- (d) Predictor (Constant) Employee satisfaction

Presence of grievance handling procedures will help the employees in addressing their issues and concerns and are important for sustaining high satisfaction high productivity of employee (Huselid 1995; and Huselid &etal 1997) Table 3 states that employee satisfaction is significantly correlated grievance handling procedure. Table 4 state the significant correlation of employee productivity and satisfaction.

Conclusion

This study has revealed that grievance handling procedure was the significant predictor for the employee satisfaction, which further effect on productivity of the employees. These pharmaceutical companies follow very simple method of grievance handling. The most frequent grievance in these companies are compensation and merit pay 45%, heavy workload (target marketing)28%, and organizational support 26%.The interpretation is the data states that grievance handling procedure is directly effecting the productivity of the employees. Companies should adopt easily accessible contact points to lodge grievances and avenues and time limits for appeals to senior management.

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TRIBAL EMPOWERMENT THROUGH COMMON PROPERTY RESOURCES

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ABSTRACT

The spade of developmental plans designed and implemented by the state for the empowerment and enrichment of down trodden tribes has been a practice long in use and some of such plans have yielded positive dividends and some could not fructify the very basic objectives of the ideas conceived by the policymakers. There are innumerable reasons why the plans meant for tribal development are being landed into fiasco and they are well conversant with the think tanks and tribal development agencies of the country. Feeble literature rate, lack of political consciousness, and unawareness on the facilities tendered for the development are very few reasons standing as the stumbling blocks on the developmental path of tribal communities. These problems have been endemic among the major share of tribal population and could not be set aside despite the robust system of reservations granted for the tribal development. Therefore, there is a dire need to think of an instantaneous remedy like creating equity to tribes on Common Property Resources that heals the chronic problems of tribes and helps achieving their economic empowerment. It is the reason why a paper titled “Tribal Empowerment through Common Property Resources” is animated with the twin objectives of studying the present status of tribal development indicators and linking them to Common Property Resources owing to the symbiotic relation existing between the tribal communities and such resources.

Key Words: CPRs, Tribal Development, Economic Empowerment

Introduction

One of the major challenges encountered by Indian Government right from the beginning of independence is to provide social justice to the Scheduled Tribes and Scheduled Castes scattered all over the country. They form the core matrix of poverty in India as they are often deprived of fundamental civic facilities and exploited by all means. There has been a historic background coupled with the unique cultural identity which kept tribal communities secluded from the normal process of socialization for very long time in India. For example, British India had enacted Scheduled District Act 1884 which prevents normal process of administration in the notified districts. Similar provisions are traceable in Government of India Act 1919 and that of 1934. These statutory provisions have forbidden the government bodies from undertaking developmental plans and programmes in the tribal areas for a period of seventy five odd years during the colonial regime and led to the enhancement of socio economic rifts between the tribal and other communities. This fact is very much reckoned by the Government of India at the advent stage of planning and started granting constitutional protection to the tribal development plans. Articles 15(4), 46, 244 and 339 speak about the provisions for the administration and welfare of tribal areas which are supplemented by many other statutes at both central and state level jurisdictions. Unfortunately, the statutory efforts could not bring much change in the lives of tribes owing to the pragmatic conditions prevalent in the rural arcades. Rather, such provisions are often misused by the crony capitalists to exploit the common property resources in the quest of production components. This phenomenon has been pent up with the foray of corporate houses into mining and agrarian sectors and challenging the very existence of tribal communities on their own soil. More meticulously, the mining sector requiring forest land in thousands of hectors has been destroying the pastoral tranquility of forests and converting common property resources into corporate property resources which are highly detrimental to the survival of tribal communities. Therefore, there is a need to review the available literature and advocacy made by the nesters of tribal studies in order to establish a strong linkage between the tribal empowerment and common property resources.

Review of Literature:

Kulamani (2005)¹ has identified that the major reason why tribal communities are deprived from accessing the common resources though they only have legitimate powers in some areas notified by the government is the lack of intensive approach. He drew his conclusion that tribal development shall be occasioned only when the cognitive levels of tribes on their entitlements is augmented. His argument is evinced to be true in many other articles citing tribal issues.

Suresh Devath(2014)² who conducted a study on tribal development during the five year plans has aptly observed that the survival of tribals is largely dependent on the biological resources like plants, animals birds and other species and discarding tribals from such resources in the name of intellectual property rights and biological inventions will adversely impact the livelihood of tribals which should not be allowed to proliferate.

Naik (2014)³ has conducted an anthropological study on the tribes and their endogenous linkage with the forest land drew a conclusion that land alienation in the form of forceful acquisitions, fraudulent transfers, encroachments and illegal mortgages has been making tribal communities economically more aggrieved. He stayed among in the tribal hamlets for quite some time and observed that tribes not only depends on forest land for the livelihood but also developed an emotional relationship with that land and felt lifeless when efforts are made by the government, industries and land lards to acquire such land.

Deshpandey (2011)⁴ has observed in his study that development projects undertaken by the government at the cost of livelihood of the tribal community has shown an immediate impact on the economic and social parameters of tribes. He took the data of three states namely Jarkhand, Chatthisgar and Orissa to illustrate how the destruction of common property resources by the greedy corporate bureaucratic nexus hit the economic means of innocent tribes in long run. These are the three states where lion share of tribals are settled with permanent residence.

Orean(2012)⁵ has observed in his study that the destruction of common property resources especially in the hill terrains and forest lands has been inducing the tribal communities to shift their livelihood pattern from their traditional activities to that of Para agricultural and

industrial; activities. Unfortunately, the skill sets of tribes in these sectors are not compatible with the peers of other communities due to the lack of prior exposure and creating a menace of unskilled production. He offered his conclusion that there should be a very long term approach to train and develop the tribes in order to tune them to new patterns of livelihood.

Gaps in Literature

Most of the authors seem to have focused on the causes and eventual consequences of discarding the common property resources from the tribal communities. But, it must be considered that usage of common property resources in the bulk quantum is unavoidable to cater to the needs of society at large. At the same time, one must think to make the tribal communities as major stakeholders in ensuring the optimum use of common property resources and bestow the maximum proportion of dividends of such usage to the tribals. This focus is hardly found in the early research works and led to the formation of the following two objectives in this research paper.

Objectives of the Study

- To study the present status of CPRs and tribal development indicators in India
- To offer the strategies of using CPRs without discarding them from the tribal communities.

Methodology

The first objective is accomplished with the help of secondary data pertaining to the tribal development released by the Ministry of tribal affairs and CPR data published by the NSS. On the other hand, the second objective which forms the core of this paper is perceived through the expert opinion method.

Sample Size

The second objective requiring primary opinions of experts considers the random sample of twenty experts representing a pool of Professors, Research scholars and other elite either belonging to the tribal communities or involved in tribal studies.

Data Analysis

The broader statistics with respect to the tribal demography in India reveals that the total tribal population is 8.7 crore of which 4.4 crore is represents male population and 4.3 crore of female population with the negligible gender difference of one million. Ninety percent of tribal population is assessed to be finding livelihood in the rural, forest and high altitude areas of the country and spread in fifteen states. Apart from this basic information, the following development indicators are also traceable from the hand book of MTA.

Table 1: Present Status of Tribal Development in India

S.No	Indicators	STs	others	Comparison
1	Literacy rate	47.1%	64.84 %	-16.93 %
2	Infant mortality	62/ 1000	40/1000	22
3	Coverage of households in health schemes	2.6/ scheme	7.8/scheme	-5.2
4	Distance to health facility in KM	44	18.5	25.5
5	Worker participation rate	49.1 %	39.1%	10 %
6	Households having permanent houses	24.1%	51.8%	-23.7
7	Basic amenities like water & sanitation	15.6 %	39%	-23.4
8	Rural BPL population	47.3 %	28.3 %	19%
9	Knowledge about the common resources	42.6%	31 %	11.6 %
10	CPR based entrepreneurship	34.2 %	65.8 %	31.6 %

Source: Hand book of Ministry of Tribal Affairs 2013.

It is evident from the above data that all the development indicators except the rate of workers participation and the knowledge on common property resources are not in favor of the tribal communities. Larger participation of the workers in economic activities at lesser rate of wages is nothing but the symptom of exploitation. Therefore, it is not any comfortable strata to consider that the worker participation is more among the Scheduled Tribes. The only parameter favoring the tribal communities is that the knowledge on CPR based activities which are 11.6 % higher than that of other communities. Nevertheless, the process of converting the knowledge of common resources into entrepreneurial activities is 31. 6% less than that of other communities. This can join the tribes only to the bandwagon of skilled workers and not convert them into entrepreneurs.

Table 2: Status of Common Property Resources with Respect to STs in India

S.No	CPR	Estimate
1	Common property land resources in total geographical area	15%
2	Common property land resource per household	0.31 Ha
3	Average household size depending on CPR	5.4
4	Common property land resource per capita	0.06 Ha
5	Community pastures & grazing grounds	3.45%
6	Village forests & woodlots	2.4 %
7	others	9.1 %

Source: NSS Databank

It is very much obvious from table 2 that an average size of household depending on the CPRs is more than five in the case of tribal communities which implies that the major portion of tribal population are endogenous to the common property resources. The most gruesome fact revealed by the NSS data is that the percentage of woodlots available at the disposal of tribal communities is only 2.4 % but the decay rate of the forest is four percent. It means the woodlots available in forests are subjected to disproportionate allocation. Even the quantum of grazing land available for tribes is three percent where as the ninety percent of tribal population resides in the rural areas. The only major share enjoyed by the tribes is other forest and village produce. Thus, Table 12 and table 2 very clearly indicates that the livelihood of the tribal communities is fraught with the vicious circles of poverty and totally depending on the village and forest based common property resources. It is therefore required to study the policy and strategic issues granting more rights to tribes on their resources.

Strategies for establishing linkage between STs and CPRs

- Some portion of forest property resources should be declared as the tribal property resources within the ambit of protected forests.
- Government should form joint ventures with corporate entities excavating mineral resources from the woodland and distribute the dividends only to the local tribes who are victimized through corporate operations in the forest lands.

- Community based management of common property resources should be encouraged and only the local stakeholders must be allowed to manage the resources.
- Tribal empowerment strategies should give much emphasis to the common property resources and their optimum utilization by the tribes.

Conclusion

This paper is only a supplementary endeavour made to elevate the strong nexus existing between the tribal communities and the forest and hill based resources. The data analyzed and conglomerated with the expert opinions enables to draw a novel conclusion that, tribal empowerment may become more expeditious when the legitimate portion of common property resources available at the door step of tribal hamlets is declared as the tribal property resources.

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PACKAGING: IT'S IMPACT ON DECISION MAKING OF PURCHASING MILK PRODUCTS

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ABSTRACT

Packaging plays an important role as a medium in the marketing mix, in promotion campaigns, as a pricing criterion, in defining the character of new products, as a setter of trends and as an instrument to create brand identity and shelf impact in all product groups.

Even though the consumer is not dissatisfied with the packaging available on the market, he would still like to be tempted by functional and attractive packaging ideas, by multisensory appeal and creative design - preferably with packaging ideas made from board. He/She acknowledges additional benefits and appeal and is even willing to pay an extra charge for them. Good starting points for improvements, changes, innovations which optimize the features of packaging that determine buying decisions and thus generate new market potential were discussed in this paper.

The purpose of the study was to examine the consumer perception on different design elements of a milk package and to provide essential information for the companies about the consumer attraction and importance of design attributes from the consumer point of view. The theoretical framework was based on the secondary data (websites, articles and books) and included core concepts of packaging, packaging design, consumer behavior, consumer perception, and consumer attraction. The mixed method was selected for acquiring and analyzing the research results. Quantitative data was collected from 60 questionnaire responses and collected data was analyzed with the appropriate statistical tools. The limitations of the study are respondents are chosen from Hyderabad only, so it may not reflect the behavior of rural consumers.

The results of the study revealed the importance of packaging design in consumer buying behavior. By examining the consumer perception, it was found out that packaging design elements such as graphics, color, and product information play a key role in decision making and ensure consumer's attention. *Keywords: packaging, design, milk packaging, consumer perception*

Introduction: Packaging is the technology of enclosing or protecting products for distribution, storage, sale, and use. Packaging also refers to the process of design, evaluation, and production of packages. It constitutes a vital link between the manufacturer and eventual consumer for the safe delivery of the product through the various stages of manufacture, storage, transport, distribution and marketing. The purposes of the packaging are: Physical protection, Barrier protection, Containment or agglomeration, Information transmission, Marketing, Security, Anti-counterfeiting Packaging, and Convenience.

In marketing literature, packaging is a part of the product and the brand. A product's package represents its characteristics and communicates the product information. For consumers, the product and the package are one and the same when they see it on the outlets. During the purchasing decision, the package assists the consumer by creating the overall product perception which helps the evaluation and the making of the right choice.

Packaging as a communication instrument: Packaging design impacts the consumer at the point of sale as well as at the point of future handling and using the product. It becomes a part of the consumers' experience and influences the future purchasing decisions. The way the package can be opened and closed, the way it fits neatly onto the refrigerator, all these factors and qualities can provide emotional feedback which reinforces the brand value and assists product satisfaction (Stewart 2004, p. 6). The packaged product communicates not only through its appearance elements but even more through the overall experience with the whole package. The packaging design includes many features that give the complete picture of the product. Kupiec & Revell (2001) suggest that consumers' intention to purchase is dependent on the degree to which consumers suppose that the product will satisfy their expectations about its use (Silayoi et al. 2007, p. 1495). Therefore, the task of package communication is to deliver the right message in order to meet the buyer's needs and emotional desires for purchase.

According to Nancarrow & Wright & Brace (1998), in order to achieve the communication goals and objectives efficiently and to optimize the potential of packaging,

companies and manufacturers of fast moving consumer goods (FMCG) need to take into consideration consumer response to the packages they produce, and to integrate the perceptual processes of the consumer into design. (Silayoi et al. 2007, p. 1496.)

Silayoi and Speece (2007) suggest that marketers and designers need to consider consumers past experiences, needs, and wants; understand how packaging design elements get customers attention to the product and get them to notice message on the package; and evaluate packaging design and labeling their effectiveness in the communications effort. (Silayoi et al. 2007, p. 1496.)

There are many ways that a package can be designed to get more visibility. The key is to create contrast against the surroundings. This can be achieved via:

Shape: If the category norm is to use rectangular cartons (as in ready to-eat cereal) and the same shaped carton of every different brand blends together, then something different, such as an oval shaped carton (such as that of Archer Farms) will stand apart quite readily.

Color: Creating a unified block of color can provide visibility, especially if the brand has a limited number of facings. Pillsbury did so with its blue frozen breakfast packaging that had to compete with the more prominent sea of yellow established by Egg-O. And using color consistently can help unify a brand across an array of categories – as the white color of Wal-Mart's Great Value packaging does.

Graphic element: Packaging can be made to stand out by using a strong visual element – typography or device that is noticeable and distinctive, and especially if it can unite a line of products. Duane Reade's recently introduced line of paper products does this brilliantly with the use of iconic New York City-scapes created in a unique black and white style

Packaging design is a critical component even in building a brand's image and identity.

In addition to selling and other functions, packaging also serves four other purposes, all of which influence how a brand is perceived:

1. Brand Identity Expression

If a product or brand is a leader in the industry or category, the design of the packaging — from sleek health & beauty products to utilitarian chemical drums — should reflect that position. High quality printing, distinctive design that supports the brand strategy and unique materials can help engage users and differentiate a brand in today's crowded markets.

2. Relationship Building

Packaging is a core part of building a relationship between a brand and the end user, in some cases, long after the sale has been made. For example, packaging for products like toothpaste or commercial office supply products will impact how the brand is perceived every time the product is used. Is it aesthetically pleasing? Does the package make life easier (or more difficult)? A positive user experience can encourage loyalty and even increase the amount end users are willing to pay for a product.

3. Communication

Good package design makes information easy to find. If necessary information is difficult to locate, read or otherwise use, the package is likely not living up to the expectation of the end user. Consider commercial cleaning products — the packaging doesn't need to sell the product on a retail shelf. But it absolutely must communicate (frequently in more than one language) what the product is, how it's different from other products in the line and how it should be used. Creating an experience with your brand that makes life easier and minimizes frustration will go a long way toward building loyalty.

4. Selling

If your products are marketed through consumer channels, you know the package is your last opportunity to convince someone to buy your product. But when it comes to commercial packaging, the role of selling is more subtle — you're selling the next purchase. If the primary package is one that end users interact with regularly, you have an

opportunity to build favorability between your brand and the user every time they use your product.

5. Protection

The appearance and condition of a product when it reaches the customer impacts their perception of your brand. If the package is torn, crushed or otherwise defective it won't build confidence. This holds true whether it's a box of cereal, can of fruit, tube of adhesive or a toner cartridge. And it's especially important as we consider the repackaging and shipping of products sold via the internet. So, in the quest to design unique packaging that stands out from the competition, it's important not to sacrifice function for the sake of aesthetics. Both are critical.

Packaging of Milk: In case of milk package, it is crucial to have an attractive design in order to gain consumers' attention and to stimulate purchase decisions. In order to deliver fresh, sound and convenient form of milk and to minimize the losses protective packaging is necessary to withstand the hazards of climatic changes, transportation, handling etc. The criteria by which a package is judged are usually the following:

1. It must protect and preserve the commodity from the time it is packed to the point of consumption.
2. It must be suitable for the chosen selling and distribution system.
3. It must be attractive to the consumer, easy to open, store and dispose.
4. It must cost no more than the market can bear.

Literature Review:

Olayinka and Aminu (2006) see packaging as all activities of designing and producing the container or wrapper for a product. Kottler (2003) defines packaging as all materials products used for the containment, protection, hard delivery and presentation of goods. Packaging is the protecting products for distribution, storage, sale and use, packaging also refers to the process of design evaluation and production of packages. Packaging can be

described as a coordinated system of preparing goods for transport, warehousing information and sell. It is fully integrated into government business, institutional, industry, and personal use (Diana, 2005).

Bix et al (2003) highlight objectives of packaging and labeling as follows:

- Physical protection – The objects enclosed in the package may require protection from, among other things, mechanical shock, vibration, electrostatic discharge, compression, temperature (Choi, 2007) etc.
- Barrier protection – A barrier from oxygen, water vapor, dust, etc., is often required. Keeping the contents clean, fresh, sterile (Lee Ki-Eun et al, 1998) and safe for the intended shelf life is a primary function.
- Containment or agglomeration – Small objects are typically grouped together in one package for reasons of efficiency. For example, a single box of 1000 pencils requires less physical handling than 1000 single pencils. Liquids, powders, and granular materials need containment.
- Information transmission – Packages and labels communicate how to use, transport, recycle, or dispose of the package or product. Some packages and labels also are used for track and trace purposes.
- Marketing – The packaging and labels can be used by marketers to encourage potential buyers to purchase the product.
- Security – Packaging can play an important role in reducing the security risks of shipment. Packages can be made with improved tamper resistance to deter tampering and also can have tamper-evident (Severin, 2007) features to help indicate tampering. Packages can be engineered to help reduce the risks of package pilferage: Some package constructions are more resistant to pilferage and some have pilfered indicating seals. Packages may include authentication seals and use security printing to help indicate that the package and contents are not counterfeit. Packages also can include anti-theft devices, such

as dye-packs, tags, or electronic article surveillance (Zabaniotou, 2004) tags that can be activated or detected by devices at exit points and require specialized tools to deactivate. Using packaging in this way is a means of loss prevention.

□ Convenience – Packages can have features that add convenience in distribution, handling, stacking, display, sale, opening, reclosing, use, dispensing, reuse, recycling, and ease of disposal

□ Portion control – Single serving or single dosage packaging has a precise amount of contents to control usage. Bulk commodities (such as salt) can be divided into packages that are a more suitable size for individual households. It also aids the control of inventory: selling sealed one-liter-bottles of milk, rather than having people bring their own bottles to fill themselves.

The Strategic Importance of Packaging:

Chaneta, (2012) sees strategic planning which tries to match target market needs and attitudes with the marketing mix offered and packaging is definitely a part of the mix. In some cases, it may be a vital part. A new package can become the major factor in a new marketing strategy by significantly improving the total product. A better box, wrapper, can or bottle, may even enable a relatively small, unknown firm to compete successfully with the established competitors. A new package change often creates a (new) product by giving either the regular customers or new target markets the existing product in a new form or quantity that is more satisfactory. Packaging frozen vegetables in 1 liter instead of 10 milliliter package served larger families better. The small package held too little for them, while two packages held too much (Chaneta, 2012).

Choi, (2007) believes that better protective packaging is especially important to manufacturers and wholesalers, who may have to absorb the cost of goods damaged in transit. Sometimes the cost of such damage can be charged to the transportation agencies. Moreover, goods damaged in shipment may delay production or cause lost sales. Frankling (2004) also agrees that packaging is vital to retailers, they benefit from both the protective

and promotional aspects of packaging. Packaging which provides better protection, supermarket operators claim, can reduce store costs by lessening breakage, shrinkage and spoiled, preventing discoloration and stopping pilferage (Chaneta, 2012). Packages that are easier to handle can cut costs by speeding price marking, improving handling and display, and saving space. Chaneta,(2012) says that packaging can increase sales by such promotionally-oriented moves as offering smaller or larger sizes more multipacks, better pictures of the product itself, illustrations of the product in use and more effective use of color.

Packaged goods are regularly seen in retail stores and may actually be seen by many more potential customers than the company's advertising. An effective package sometimes gives a firm more promotional impact than it could possibly afford with conventional advertising efforts. Promotionally-oriented packaging also may reduce total distribution costs. An attractive package may speed turnover so that total costs will decline as a percentage of sales. Rapid turnover is one of the important ingredients in the success of self-service retailing. Without packages, self-service retailing would not be possible (Chaneta, 2012).

Chaneta, (2012) agrees that costs may rise because of packaging and yet everyone may be satisfied because the packaging improves the total product, perhaps by offering much greater convenience or reducing waste.

Criticism of Packaging:

In spite of the enormous and growing importance of packaging, some consumers complain about partially filled packages, while others are confused by the many and varied sizes. Critics of business allege that some package designs are misleading, perhaps deliberately so. They feel that

the great variety of package designs makes it difficult for consumers to make value comparisons readily (Chaneta, 2012). Criticisms of packaging as in the public eye today, largely because of environmental issues. Specific concerns are:

- Packaging depletes our natural resources
- Packaging is excessively expensive
- Health hazard occur from some forms of plastic packaging and some aerosol cans
- Packaging is deceptive
- Packaging contributes to or generates solid waste disposal problem.

Objectives of the study:

The purpose of this study is to identify the impact of package on consumer buying behavior and customer perception towards package design. This goal, however, leads to another aim: to provide information for companies about creating and selecting the right design elements and attributes for their product package.

Methodology: for this study we are chosen two Products namely Tirumala milk and Heritage milk. The primary data is collected from 60 respondents who use this milk every day (30 respondents for each milk respectively) by administering the structured questionnaire. The respondents were selected with convenience sampling. The images of the products chosen for study are:



Analysis of data:

1) Age of the respondents:

	Below 15 yrs	16 – 25 (yrs)	26 – 40 (yrs)	Above 40 yrs
Tirumala	3 (10 %)	6 (20 %)	15 (50 %)	6(20 %)
Heritage	4 (13.3 %)	5 (16.6 %)	18 (60 %)	3(10 %)

Source: Primary data

Most of the respondents are i.e. 70% are falls in the age group of 26 years and above.

2) Gender of the respondents :

	Male	Female
Tirumala	12 (40 %)	18 (60 %)
Heritage	14 (46.6 %)	16 (53.3 %)

Source: Primary data

In purchasing decision of milk, females are taking an active part in comparison with males.

3) Milk package design – attention

According to the milk package of Tirumala, the color was noticed first by 60% of the participants. Eighteen (18) respondents were chose the option color as the first thing that caught their attention. Product information was noticed by 23,3% of the respondents which is equal to seven(7) respondents. Only four (4) respondents perceived graphics and images first; which is 13.3% of all respondents. However, there was only one (1) participant whose attention was caught by the shape of the package; it has 3,3% respectively.

According to the milk package of Heritage, Product information was caught first by 56.6% of the respondents i.e by 17 respondents, Shape of the package was noticed first by ten (10) respondents which represents 33.3% of the total respondents. Only two (2) respondents paid attention to the color of the package,i.e 10%. graphics and images were noticed first by one respondent.

The data shows that the two milk package designs have different results. Package of Tirumala attracted with color, whereas package of heritage with product information.

4) Milk package design – product recognition

The respondents were asked a question “How did you recognize the package as a milk package?” to know the product recognition.

Package of Tirumala was recognized as a milk product by name of the product are Twenty (20) respondents i.e 66.6% .10 respondents were identified the milk package by images; it is equal to 33.3% of all respondents. Package of Heritage was recognized as a milk product by name of the product. Twenty four (24) respondents chose this answer meaning 80% of the total number. The remaining 20% of respondents identified by colors and images.

Comparing the two packages, it can be seen that Package was recognized as a milk product by name of the product. Colors and images on the package may helped to identify the package.

5) Protection of Milk:

The respondents of both milk package of Heritage and Tirumala are expressed their view that, the present packaging design is not useful for storing and preserving for a longer period of time.

6) Packaging design :

The respondents were asked to answer the question to “how is the packaging design of Milk packet”.

	Excellent	Good	Fair	Poor
Tirumala	15 (50 %)	6 (20 %)	6(20 %)	3 (10 %)
Heritage	10(33.3 %)	10(33.3 %)	6(20 %)	4(13.3 %)

Source: Primary data

More than 60% of the respondents were said that, the packaging design is good. But the results are showing that, still design need to be improved

7. Milk package design is telling about Product Quality:

The respondents were asked to answer the question to “Is Milk package design telling you about the product quality” how are the packaging design of Milk packet”.

	Strongly Disagree	Dis agree	Neutral	Agree	Strongly Agree
Tirumala	8 (26.6%)	8 (26.6%)	2 (6.66%)	12 (40%)	Nil
Heritage	4 (13.3%)	7 (23.33%)	1 (3.33%)	12 (40%)	6 (20%)

Source: Primary data

More than 53% of Tirumala brand users and 36.6% of Heritage brand users said that the packaging is speaking about the product quality, where as 60% of Heritage brand users and 40% of Tirumal brand users are said that, the packaging is giving an idea about its quality too.

Findings of the study:

- 1) Above 25 years of people are taking active part in purchasing decision.
- 2) Majority of female people are taking active part in purchasing decision.
- 3) Color and product information may be the eye catching attributes to attract the milk products.
- 4) Name of the product is playing Vitol role in identifying the product as milk product.
- 5) Majority of the respondents are satisfied with present design. But they are ready to welcome the product in modern design.
- 6) The respondents are giving high priority for the milk protection.
- 7) Packaging is not reflecting in terms of its product quality.

Suggestions:

- 1) The packaging of milk products need to be designed to attract Young customers in more number.
- 2) Colors should be chosen very carefully wile designing.
- 3) Designs need to be changed time to time to give fresh look.
- 4) Design of package must reflect the product of quality.

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IMPACT OF CUSTOMER ANTECEDENTS AND COSTS ON CUSTOMER LOYALTY IN ORGANIZED RETAIL PHARMACEUTICAL STORES – A STUDY

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ABSTRACT

Customer loyalty and retention are the key issues for organized retail pharmacy in today's intense competitive retail pharmacy market. Customer satisfaction has become a primary point of differentiation in a dynamic market where consumers have the opportunity to change their shopping behavior as well as store loyalty. The purpose of this study is to explore and examine the antecedents and consequences on customer loyalty with promising modern store formats in meeting the needs and wants of discerning retail consumers. The study focuses upon the customer experience at the organized Pharma retail store and the cost that they have to invest in approaching and fulfilling their requirements. The Questionnaire were logically distributed over Likert scale of (1-5) measuring the levels of comfort, satisfaction and preference of the Retail Pharma stores. Hence this study has a great future scope and can be extended into a diversified manner considering the other Pharma retailers.

Introduction:

The Indian Pharma industry is instrumental in providing affordable health care for the general Indian population, and is generally considered a success story. One of the biggest hallmarks of the Indian pharma sector is the affordability, it has bought for life saving and other necessary drugs, with the result that India is one of the countries with the

cheapest available medicines. Over 95% of the country's demand for pharmaceutical products is met by the Indian industry, and only the remainder 5% is dependent on imports. Over 20,000 units produce the total annual supply of drugs in India, and the industry remains a significant employer, with close to 30 lakh people finding employment in the pharma sector. Another notable feature of the Indian pharma industry is the high indigenouslyness – over 75% of the industry is constituted by Indian players, the remaining being foreign MNCs.

The overall Indian pharmaceuticals market size in 2009 was estimated at USD 21.8 billion, with 60% of this figure being accounted by the domestic market alone. As far as exports are concerned, a major proportion is constituted by bulk drugs. At a global level, Indian pharma industry is 4th largest in volume terms and 13th in value (US Dollar) terms. The industry has grown at well over 10% over the last few years, and is expected to maintain the growth rate for the next few years also.

Traditionally, the Indian pharma industry had operated in an extremely protected environment. The process patent regime was in force till 2005 in India, which meant that any drug manufacturer could produce a patented drug through a different process. This encouraged the trend of reverse engineering, which became the hall mark of the Indian pharma industry. Indian companies have acquired considerable expertise in production of generic drugs. Obviously, there was very little incentive for research and development and new drug discovery.

After India acceded to WTO norms and enforced products patent, the situation has undergone a modest change. There is realization that product innovation has to move beyond mere reverse engineering. As a result, there is a renewed focus on R&D, and discovery of new molecules. Admittedly, the trend is still in its infancy, and only leading companies like Ranbaxy and Dr Reddy's Labs are making any progress on this front.

Review of literature

Performance is effective behaviors, actions, motivations and decisions that capture the full spectrum of job activities (Stathakopoulos, 1998). Interest in performance evaluation has

rocketed during the last few years (Neely and Adams, 2002). Performance is measured in order to improve the efficiency of workforce; it is basically a multi dimensional entity and should be linked to the desired outcomes (Ghobadian and Ashworth, 1994). Evaluation of performance has an important role to enhance individual efficiency (Neely, 1999). It is important that performance evaluation should be relevant and continue to reflect the issues of importance to the business (Lynch and Cross, 1991). In order to guarantee the relevance, organizations need a process in place to ensure that evaluation systems are reviewed and modified as the circumstances of organizations and the business change over a period of time (Dixon, Nanni and Vollmann, 1990). There are multiple, seemingly conflicting, performance evaluation frameworks and methodologies. They all provide unique perspective on performance evaluation. They all provide different set of lenses through which business can assess the performance of employees. The key is to recognize that, despite the claims of the proponents of these various frameworks and methodologies, none of them can be the best and the final way to evaluate the performance, because performance evaluation itself has many dimensions (Neely and Adams, 2002).

Objectives:

- To understand the importance of organized retail formats in Pharmaceutical Industry
- To understand customer satisfaction in terms of their experience at the stores.
- To assess the cost wise customer satisfaction at various Pharma retail stores.
- To study the impact of Antecedents (Experience) and Costs on Customer loyalty at Organized Retail Pharma Stores.

METHODOLOGY

Need for the Study

In the growing importance for Retail Industry and in specific Organized Pharma Retail Industry, there is a great requirement for research to highlight various important issues to maintain good customer relations, gain competitive advantage, improve customer loyalty, etc. Hence, to understand the factors affecting the customer loyalty, the study is taken up to identify the most important aspect of identifying the impact of Antecedents and Cost on

Customer loyalty in organized retail Pharma industry. Antecedents here refer to experiences of customers at the retail pharma stores.

Hypothesis of the Study

- **H₀** – The Antecedents and the Costs do not have impact on Customer Loyalty in Organized Retail Pharma Stores.
- **H₁**- The Antecedents and the costs have significant impact on Customer Loyalty in Organized Retail Pharma Stores

Scope of the Study

The study mainly focuses upon the customer experience at the organized pharma retail store and the cost that they have to invest in approaching and fulfilling their requirements. In spite of considering the important factors for study there are few more factors which need to be considered for a detailed analysis of the customer loyalty towards the stores. Hence this study has a great future scope and hence can be extended into a diversified manner considering the other pharma retailers and geographical locations extending the time span.

Sampling

Sampling method used is Convenient Random Sampling. Prime Residential locations are considered and the customers of the three (Hetero, Apollo, Medplus) Pharma Retail Stores are selected for the study depending upon their availability to cooperate with study.

Sample Size: 200 (40 from 5 different prime residential locations in the twin cities)

Data Collection and Data Collection Tool

The study completely focuses upon the primary data from the samples chosen. The data considered for the analysis is completely from the primary data collected from the identified sample.

Data Collection tool used is a Questionnaire which was also used as a schedule for the customers who would not feel comfortable or convenient in filling the questionnaire on their own. The Questionnaire was a combination of multiple choice questions whose options were logically distributed over Likert scale of (1-5) measuring the levels of

comfort, satisfaction and preference of the Retail pharma stores. The questionnaire also includes few Yes/No questions where customers would mention their preferred choice (Where there is no requirement for 5 degrees of measurement). Thus forms the logical pattern of questionnaire supporting the data analysis and interpretation.

ANALYSIS

Table 1: Correlation Analysis

		Courtesy	Time factor	Availability	Pricing	Cleanliness	Know_of_pharm	Effectiveness	Feedback	Loyalty_cards
fav_pharma	Pearson Correlation	0.784	0.814	0.752	0.32	0.106	0.511	0.036	0.651	0.026
	Sig. (2-tailed)	0.034	0.044	0.027	0.048	0.136	0.03	0.015	0.027	0.712
	N	200	200	200	200	200	200	200	200	200

Ratings	Quality	Private labels	Billing time	Proximity	Returning	Private med	Alerting	Recall	Parking	Home delivery	fav_pharma
-0.063	0.812	0.036	0.029	0.531	0.225	0.794	0.058	0.13	0.037	0.093	1
0.037	0.025	0.09	0.685	0.046	0.049	0.027	0.15	0.068	0.08	0.01	
200	200	200	200	200	200	200	200	200	200	200	200

The correlation of the primary data suggests that the variables like courtesy, Time factor, Availability of medicines, Knowledge of pharmacist, Consideration of Feed back , Quality of medicine, Private labels, Proximity, Private medicines have high and positive correlated values with the overall satisfaction of the customer. But for variables such as Cleanliness, Loyalty cards, Private labels, Billing time, Alerting mechanisms, Recall of the customers and Parking facilities have significance value more than 0.05 which suggests that

those factors cannot be considered to find out the customer satisfaction and its association with other factors.

Chi-Square analysis: Analysis of various variables in comparison with Overall Satisfaction of the organized retail stores is as follows,

Table 2 – Chi – Square

	Apollo	Hetero	Med plus	Others
Courtesy	Significantly associated(Pearson Value is 0.000)	Significantly associated(Pearson Value is 0.011)	Significantly not associated(Pearson Value is 0.436)	Significantly not associated(Pearson Value is 0.061)
Time factor	Significantly associated(Pearson Value is 0.000)	Significantly associated(Pearson Value is 0.005)	Significantly not associated(Pearson Value is 0.676)	Significantly not associated(Pearson Value is 0.282)
Availability	Significantly associated(Pearson Value is 0.000)	Significantly associated(Pearson Value is 0.003)	Significantly not associated(Pearson Value is 0.680)	Significantly associated(Pearson Value is 0.006)
Pricing	Significantly associated(Pearson Value is 0.000)	Significantly associated(Pearson Value is 0.000)	Significantly not associated(Pearson Value is 0.299)	Significantly not associated(Pearson Value is 0.241)
Cleanliness	Significantly associated(Pearson Value is 0.000)	Significantly associated(Pearson Value is 0.001)	Significantly not associated(Pearson Value is 0.402)	Significantly associated (Pearson Value is 0.000)
Know of Pharma	Significantly associated(Pearson Value is 0.000)	Significantly associated(Pearson Value is 0.011)	Significantly not associated(Pearson Value is 0.333)	Significantly not associated(Pearson Value is 0.216)
Effect in substitute	Significantly associated(Pearson Value is 0.000)	Significantly not associated(Pearson Value is 0.270)	Significantly not associated(Pearson Value is 0.335)	Significantly not associated(Pearson Value is 0.143)
Feed Back	Significantly associated(Pearson Value is 0.001)	Significantly associated(Pearson Value is 0.000)	Significantly not associated(Pearson Value is 0.735)	Significantly not associated(Pearson Value is 0.324)
Loyalty Cards	Significantly associated(Pearson Value is 0.002)	Significantly not associated(Pearson Value is 0.368)	Significantly not associated(Pearson Value is 0.106)	Significantly not associated(Pearson Value is 0.179)
Ratings	Significantly associated(Pearson Value is 0.001)	Significantly associated(Pearson Value is 0.000)	Significantly not associated(Pearson Value is 0.182)	Significantly not associated(Pearson Value is 0.164)

Quality	Significantly associated(Pearson Value is 0.003)	Significantly associated(Pearson Value is 0.000)	Significantly associated (Pearson Value is 0.015)	Significantly not associated(Pearson Value is 0.250)
Private Labels	Significantly not associated(Pearson Value is 0.071)	Significantly associated(Pearson Value is 0.000)	Significantly not associated(Pearson Value is 0.499)	Significantly not associated(Pearson Value is 0.493)
Billing Time	Significantly not associated(Pearson Value is 0.060)	Significantly associated(Pearson Value is 0.000)	Significantly not associated(Pearson Value is 0.877)	Significantly not associated(Pearson Value is 0.114)
Proximity	Significantly associated(Pearson Value is 0.000)	Significantly associated(Pearson Value is 0.000)	Significantly not associated(Pearson Value is 0.082)	Significantly not associated(Pearson Value is 0.521)
Returning	Significantly associated(Pearson Value is 0.000)	Significantly associated(Pearson Value is 0.000)	Significantly not associated(Pearson Value is 0.799)	Significantly not associated(Pearson Value is 0.534)
Private med	Significantly associated(Pearson Value is 0.000)	Significantly associated(Pearson Value is 0.000)	Significantly not associated(Pearson Value is 0.203)	Significantly associated (Pearson Value is 0.027)
Alerting	Significantly associated(Pearson Value is 0.000)	Significantly associated(Pearson Value is 0.034)	Significantly not associated(Pearson Value is 0.862)	Significantly not associated(Pearson Value is 0.057)
Recall	Significantly associated(Pearson Value is 0.002)	Significantly associated(Pearson Value is 0.000)	Significantly associated(Pearson Value is 0.029)	Significantly associated (Pearson Value is 0.000)
Parking	Significantly associated(Pearson Value is 0.002)	Significantly associated(Pearson Value is 0.001)	Significantly associated(Pearson Value is 0.032)	Significantly associated (Pearson Value is 0.000)
Home Delivery	Significantly associated(Pearson Value is 0.000)	Significantly associated(Pearson Value is 0.000)	Significantly not associated(Pearson Value is 0.772)	Significantly associated (Pearson Value is 0.000)

Note: If the Pearson value is less than 0.05 then the two Variables are significantly associated with each other and vice versa

Inferences:

On considering different organized retailers and other stores, the primary gave beautiful arena for the testing of hypothesis. Different Pearson values of Chi-Square suggested the association of each variable towards the Overall satisfaction of the Organized Pharma Retail store. The test suggested different results for each organized retailers in different ways.

Apollo: Chi-Square Test for the primary data collected from Apollo pharmacy customers suggested that Excepted for Private Labels and Billing Time all the variables have significant association with the overall satisfaction. This suggests that all other variables have significant association and impact on the Overall satisfaction to the customers at Apollo Pharmacy and they have to focus on the Private Labels and Billing time to improve customer satisfaction including them into the loop of satisfaction.

Hetero: Chi-Square test performed on the data collected from Hetero Stores suggested that the variables Effective substitutes and the loyalty card offers provided at Hetero do not have significant association with the Customer satisfaction. Where as, all other variables have association and impact on the over all satisfaction of Hetero customers.

Medplus: Chi-Square analysis for Medplus data suggests that except Quality of Service, Recall of customers and Parking convenience have significant impact on overall satisfaction where as other variables are not.

Other stores: The Chi-Square analysis suggests that Availability, Cleanliness, Convenience in buying private medicines, Recall of customers, Parking facilities and Home delivery systems have significant association with overall satisfaction where as other variables do not. Hence the other organized and Un-organized retailers to improve their customer satisfaction should focus on all other variables.

Findings

The primary data collected for the study suggested few valuable results as follows,

- Relationship building activities such as Courtesy towards customers, Customer recall, Feedback mechanism, alerting of special offers are considered as like variables, their performances with respect to their competing organized retailers states that Apollo was successful in implementing such activities whereas Hetero and Medplus managed to overtake them at times. But the other organized or un-organized retailers apart from these brands have very less focus towards these parameters.

- Time constraints and Promptness in service when analyzed from the primary data gave the result that Hetero always keep customer satisfied by delivering services on time where as the other retail forma stores should improve their time frames in delivering the service.
- Expertise of the Pharmacist when assessed through various variables suggests that Hetero again manages to satisfy maximum of its customers by equipping the stores with well trained personnel.
- The basic concepts as cleanliness, Pricing, Quality of Service, Purchase convenience of Private medicines. Loyalty cards when analyzed from the data collected suggests that Apollo and Hetero are doing good job in sticking to the basic concepts to improve customer satisfaction. Where as Medplus and Other retailers have to consider the fact that there is a requirement for more focus regarding these variables for better prospects.
- Organized pharma retail stores were successful in being courteous to their customers gaining 71% satisfaction where as the unorganized segment could only react upto 30%.
- 78% of respondents of both organized and unorganized retailers felt satisfied with the time factor in which they are served at the Pharma stores. Hence there is no big difference between organized and unorganized retail stores in pharma in terms time taken for the service provision.
- Availability of the medicines is still not upto the mark in both organized and unorganized retail pharma where the segments could only achieve 65% and 30% levels of satisfaction.
- Government regulations controlling the pricing strategies of the pharma industry lead to a greater amount of satisfaction in both the organized and unorganized retail pharma. It is a miracle to find the pricing strategy of the unorganized retailers gaining more satisfaction compared to organized pharma.

- In terms of cleanliness organized retail pharma gained 92% customer satisfaction where as unorganized segment has to satisfy itself with 39%. This is an added advantage to the organized retail pharma stores to improve customer satisfaction.
- In spite of gaining 60% customer satisfaction for the knowledge of the pharmacist it is still very critical that no customer of unorganized segment is happy about the knowledge of the pharmacist at the store.
- Even in providing effective substitutes to the prescribed medicines organized pharma retail stores could manage to gain 61% satisfaction where as the unorganized segment managed to compete with 56% satisfaction over the substitutes.
- Only 67% of the customers were with the feedback mechanisms the organized pharma stores have maintained where as it is 52% in terms the unorganized stores.
- 78% of the organized retail pharma respondents felt that the loyalty cards distributed were satisfactory where as surprisingly the unorganized retail pharma segment gained 63% satisfaction in terms of the loyalty programmes.
- 78% of the organized retail pharma customer felt the rating points to be satisfactory where as in unorganized retail pharma segment 43% felt the rating points for loyalty cards satisfactory.
- In terms of Quality in health care service delivery both organized and unorganized segments could manage a score around the average level of satisfaction in the minds of their consumers. Their percentages were a77% and 66% respectively.
- 60% of the organized retail pharma customers felt to be satisfied by the customers where the unorganized segment could manage to get 68%.
- The time taken for billing in both organized and unorganized segments is expected to improve as they could score only 60% and 54% levels of satisfaction.
- 62% of the organized retail pharma customers were happy with the proximity of the stores but it was more in the unorganized segment which was 70%.

- 64% felt that returning the purchased medicines at organized pharma retail stores satisfactory where as in the unorganized segment the satisfaction went up to 73%.
- The convenience in buying private medicines at organized retail pharma was 67% satisfactory where as it was 55% in the unorganized segment.
- 68% of the organized retail pharma customers were satisfied by the alerting mechanism of the retail stores where as In the unorganized pharma segment 61% were satisfied.
- Both in the Organized and unorganized segments the recall of customers by the pharmacist was 80%. i.e. in either of the cases they are trying to manage customer relationship.
- 68% of the organized retail pharma customers were satisfied about the parking facilities available at the retail stores where as 61% of the unorganized segment were satisfied.
- 54% of the organized retail pharma customers felt that the home delivery option satisfactory where as it came down to 52% in unorganized segment.
- In terms of overall satisfaction towards their frequently purchased favorite stores 68% were satisfied by their overall performance in organized retail outlets where as in the unorganized retail segment 61% were satisfied by.
- In terms of monetary costs involved in purchasing the medicines 61% were satisfied in both the segments.
- 72% of the organized retail pharma customers were happy with the time they spend for their medicines, in unorganized segment 61% felt it to be satisfactory.
- The cost benefit analysis for the customers regarding retailing services is 62% satisfactory for the organized retailers where as it was 60% in case of unorganized retail stores.

Suggestions:

- Customers expect the organized pharmacy retail stores to possess most of the medicines suggested by the doctors. Hence the organized pharmacy retailers have to focus on improving their availability of different medicines.
- Still there is a lot of dissatisfaction among the customers about the knowledge of the pharmacist. Hence the organized pharmacy retailers should place trained pharmacists in the stores.
- Effective substitutes should be available at the stores so that in case of emergencies customer wouldn't return back dissatisfied.
- Organized retail pharmacy companies should come out with appropriate and transparent feedback mechanisms.
- Should develop qualitative services by meeting customer expectations.
- The organized retail pharmacy stores should focus on reducing the billing time to improve customer satisfaction.
- It is known that in case of medicines and scheduled drugs doctors would some times ask patients to stop using a drug in the due course so the to ease the customers returning medicines returning mechanisms, the organized outlets should come out with a mutual comfortable process of return medicines management.
- As the present day customers are growing busy in the artificial lives it becomes comfortable for them to provide medicines at their door step. Hence the organized stores need to focus upon the home delivery options.

Conclusion

The study got a huge insight into the minds of customers of the organized and unorganized retail stores considering 23 different attributes which effect customer satisfaction. The results of the study suggest that all the organized Pharma retail store brands should understand the growing need for the organized retailers and develop themselves to the

levels of efficiency. The finding of the study suggests that the organized pharma stores should focus upon few important basics as improving the availability of medicines more. Improving recall of customers and should also focus upon the proximity and user convenience in various aspects of the services that they provide.

Till date in the pharma segment the reign was of the unorganized retail pharma stores in India where as even in future there is a growing interest for the same. Hence understanding such facts, the organized retailers should focus on various factors which trouble them in gaining customer satisfaction and working out good relationship with satisfied customers and making them loyal to the stores. In comparison to all the companies Apollo was successful and holds good corporate image succeeded by Hetero and then Medplus tried to show its great health care services and was competitive with other brands.

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A STUDY ON WOMEN PARTICIPATION IN MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (MGNREGA)

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ABSTRACT

The Mahatma Gandhi National Employment Guarantee Act of the UPA government in India was introduced primarily to enhance the livelihood of households by providing 100 days of employment in development works. The primary objective of the Act is augmenting wage employment and its auxiliary objective is strengthening natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and so encourage sustainable development. Keeping this view, the authors have made an attempt to review women participation in MGNREGA and also economics and social empowerment of women as the main objective of this paper. It also reviews the reasons for high participation of women in the scheme and inter-state variations in participation. In the year 2012-13 Kerala had the highest women participation at 92.62 per cent while Jammu & Kashmir and Uttar Pradesh showed low levels of women participation at 19.82 and 18.76 respectively. Thus MGNREGA recognised the relevance of incorporating women participation and empowerment in its design.

Key words: Job card Holders, Employment opportunities, Minimum Wages Act, Panchayati Raj Institution, Rural Connectivity

Introduction

The Indian government has taken up various measures to overcome the problem of poverty. Poverty alleviation programmes comprising of wage employment programmes, rural housing schemes and a public distribution system have been initiated from time to time. Some were partially successful in addressing the issue of poverty

whereas others suffered from major flaws in their implementation. National Rural Employment Programme (NREP) 1980-89; Rural Landless Employment Guarantee Programme (RLEGP) 1983-89; Jawahar Rozgar Yojana (JRY) 1989-99; Employment Assurance Scheme (EAS) 1993-99; Jawahar Gram Samridhi Yojana (JGSY) 1999-2002; Sampoorna Grameen Rozgar Yojana (SGRY) since September 2001; National Food for Work Programme (NFFWP) since November 14, 2004 (SGRY and NFFWP now merged with NREGS 2005) were national level rural employment generation schemes. However these programmes could not provide social security to the rural poor. The Central Government launched NREGA on February 2, 2006. The Act guarantees the right to work to by providing 100 days of guaranteed wage employment in a financial year to every rural household whose adult members are willing to do unskilled manual work. NREGA is the first ever law internationally, that guarantees wage employment on an unprecedented scale. Its auxiliary objective is to strengthen natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and so encourage sustainable development.

The outcomes include strengthening grassroots processes of democracy and infusing transparency and accountability in governance. NREGA covers the entire country with the exception of districts that have 100 percent urban population. NREGA provides a statutory guarantee of wage employment and is demand driven which ensures that employment is provided where and when it is most needed. The legal mandate of providing employment in a time bound manner is underpinned by the provision of an Unemployment Allowance. The right to work brings security in people's lives. Today, labourers cannot count on employment being provided to them during the lean season. An employment guarantee gives labourers more confidence in the prospect of local employment, and discourages seasonal migration.

Table 1: Time-Line of MGNREGA

August 25th, 2005	NREGA enacted by legalization
September 5th, 2005	Assent of the President
September 7th, 2005	Notified in the Gazette of India
February 2nd, 2006	Came into force in 200 districts
April 1st, 2007	113 more districts were notified
May 15th, 2007	17 more districts were notified
April 1st, 2008	Notified in the remaining rural districts
October 2nd, 2009	Renamed as MGNREGA

Source: Compiled from various reports of MGNREGA

As the Table 1, depicts that the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is an Indian job guarantee scheme, enacted by legislation on August 25, 2005. The Act received assent of the President on September 5, 2005 and was notified in the Gazette of India on September 7, 2005. The law was initially called the National Rural Employment Guarantee Act (NREGA) but was renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) on 2 October 2009. The Act was legalized and notified in 200 districts in the first phase with effect from February 2nd 2006 and then extended to an additional 130 districts in the financial year 2007-2008 out of it 113 districts were notified with effect from April 1st 2007, and 17 districts in Uttar Pradesh were notified with effect from May 15th 2007. The remaining districts have been notified under MGNREGA with effect from April 1st 2008. Thus, the MGNREGA covers the entire country with the exception of districts that have a hundred percent urban population.

Objectives of the Study

- To explain the concept, evolution and current status of MGNREGA;
- To discuss about the objectives and salient features of MGNREGA; and
- To review the performance of MGNREGA;
- To assess the present status of women’s participation in MGNREGS.

Literature Review

The impact of NREGA on the economy is not uniform throughout the country. On some of the aspects it has created a position impact on the households in terms of female participation rates and increase in the number of days of employment (Reetika Khera, Nandhini Nayak) In his study observed that the participations of women in NREGA is high in states like Rajasthan and Madhya Pradesh. However it was low in states like Chhattisgarh, Jharkhand, Bihar and Uttar Pradesh (less than 25 %). In terms of women participation rates Rajasthan and Madhya Pradesh were at the top and UP were at the bottom. For many of the men (45%) and women (55%) NREGA becomes the only sources of income women constituted 46% of all persons working in 2007-2008. Only in Uttar Pradesh (14%), Bengal (16%), Bihar (19%) and Assam (23%). Another achievement of the NREGA was the increase in the number of days of employment .The preparation guaranteed 100 days of in a year, on practice in provided 43 days of employment on average in India during 2006-2007 and 2 days during 2007-2008 in the target districts. This guarantees only 25 days of employment, NREGA has generated many number of days of employment. The earlier employment Programmes, which covered the whole country, generated 748 million person days in 2002-2003 and 856 million in 2003-2004 under NREGA, the Figure was 905 million in 2006-2007 for only 200 districts and 1437 million in 2007-2008.

The highest number of person days is for Rajasthan 85per household whereas in Uttar Pradesh it is only 32 days and in Bihar 35 days. It is also interesting to note that in just 200 districts, there are 2.1 million household completed 100 days of work (10% of all household that demanded work). This number increased to 3.5 million (11% of all household getting work) in 2007-2008. The poor states like Chhattisgarh, Madhya Pradesh, Andhra Pradesh and Rajasthan have the highest number of households completing 100 days of work. Statistics on the generation of employment showed vast variations in status like West Bengal and Kerala, the number of man day of employment generated was 14 and 23 during 2006-2007. During 2007-2008 it has increased 22.2 days West Bengal and 28.6 days in Kerala. But states like Orissa, Tamil Nadu and

Karnataka have generated 57.5 days, 57 days and 41 days during the first year, during the second year these generated 37 days, 57 days and 44 days.⁷ However it is not clear why the impact of NREGA is very low in West Bengal which has the significant share of the poor of the country. The distribution analysis of the generation of employment by the author also shares a differential pattern in different states.

The districts in Chattisgarh, Andhra Pradesh, Tamil Nadu, Rajasthan and Uttar Pradesh experienced an increase in the number of man days generated by the NREGA. However employment generated showed a decline in states like Bihar and Maharashtra. In some of the states there was an increase in the number of man days generated during phase -I and a decline during phase -II. The number of man days generated also declined even in states with high level of poverty.

Patnaik (2005) pointed out the following drawbacks of the program. They are (i) The restriction of its implementation in presently the programme is implemented in all the districts of India. (ii) Financing of the program of the world bank or the Asian Development Bank or foreign lenders in return for further concession for foreign capital and (iii) Off loading part of the financing of the state government which are already very hard pressed for fund.

In Kerala, Tamil Nadu and Rajasthan, history of women mobilisation for schemes and campaigns seems to have contributed to their higher participation. In Rajasthan, the campaign for social audits, in which women play a major role, has contributed to enhanced awareness and increased participation under MGNREGA. The State's MGNREGA worksites have good facilities for children and women. In Kerala, management of worksites and other logistics for implementation is placed in the hands of women self- help groups under the poverty eradication mission, Kudumbasree. He also mentioned that it is mandatory to have 50 per cent women panchayat representatives who have nodal role to play in the programme's implementation, including preparing the village development plan. So, if the supervisory roles of panchayat members and the dominant presence of workers converge, it will be a win-win situation for the programme as well as villages.

Performance of MGNREGA

Table 2 reveals that increases in MGNREGA Notified wages from 2006-07 to 2011-12 and Compare to Minimum Agriculture wages. One significant observed from the table the MGNREGA wage is higher than the legal minimum agriculture wage in 19 States. The MGNREGA notified wage rates have increased across States over the years, with some states like Maharashtra registering an increase of over 200 per cent and Andhra Pradesh an increase of 71.25 percent. Since its inception, the Act has generated 1370.87 Crore persondays. In the current financial year upto February, 2013 MGNREGA has provided employment to 4.48 Crore households generating 163.38 crore persondays. Almost 75% of the expenditure is on wages. Over the last seven years (Upto February, 2013) Rs. 132034.73 crore has been spent on the wages of Mahatma Gandhi NREGA labour. The average wage earned has risen from Rs. 80 per person day in 2006-07 to Rs. 168 by 2011-12 in Andhra Pradesh. The share of SC/ST families in the work provided under MGNREGA over the previous seven years has ranged between 51-61%. Women workforce participation under the Scheme has surpassed the statutory minimum requirement of 33%. Over the previous seven years it has ranged between 40- 48%.

The overall performance of MGNREGA during the year from 2006-07 to 2012-13 (Upto 12-02-2013) is presented in table-3. The table reveals that the performance of MGNREGA has been significant in quantitative terms in the study period. The Number of households has increased significantly from 2.10 Crores in 2006-07 to 4.48 Crores in 2012-13 and upto February'2013 MGNREGA has provided employment to 2.10 Crore households generating 163.38 crore persondays. Total Job Cards issued were doubled during the study period i.e. 3.78 crores in 2006-07 and 12.59 Crores in 2012-13. The number of Districts have also increased from 200 to 632 during the period from 2006-07 to 2012-13. In 2009-10, number of person-days created was 283.59 Crores which declined to 216.34 Crore person-days in 2011-12. In total person-days, Scheduled Castes' share has decreased from 31 per cent in 2010-11 to 22 per cent in 2011-12. The share of Scheduled Tribes in total person-days created has continuously declined from 36 percent in 2006-07 to 16 per cent in 2012-13. Women-days decreased from 136.40 Crores in 2009-10 to 86.42 Crores in 2012-12 (upto february 2013). Budget outlay was

Rs.40100 Crores in the year 2010-11 and decreased to Rs.33000 Crores in 2012-13. The expenditure against available funds ranges between 69 to 82 percent during the study period from 2006-07 to 2012-13 and expenditure on wages occupied the lion share throughout the study period. Total works taken up ten times increased during the study period. Out of the total works taken up, works for water conservation occupied the major share and other works shared the remaining work more or less the same. Any other activity approved by MoRD is negligible during the study period. Rajiv Gandhi Seva Kendra was commenced in the year 2012-13 and occupied 0.43 percent share in total work taken up by MGNREGA.

Table 2: Increases in MGNREGA Notified Wages from 2006–07 to 2011–12 and Minimum Agriculture Wage (Rs per day) 2011–12

State	2006-07	2007-08	2009-10	2010-11& 2011-12	Wage (revision with effect from 1/4/2012)	Minimum Agriculture wage (Min Wage Act)2011-12
Andhra Pradesh	80	80	100	121	137	168
Arunachal Pradesh	55-57	64-67	80	118	124	135-154
Assam	66	76.35	100	130	136	100.42
Bihar	68	77	100	120	122	120
Chhattisgarh	62.63	62.63	100	124	134	100
Gujarat	50	50	100	124	134	100
Haryana	99.21	135	141.02	179	191	173.19
Himachal Pradesh	75	75	100	120-150	126-157	120-150
Jammu & Kashmir	70	70	100	121	131	110
Karnataka	69	74	100	125	155	145.58
Kerala	125	125	125	150	164	200
Madhya Pradesh	63	85	100	122	132	124
Maharashtra	47	66-72	100	127	145	100
Manipur	72.4	81.4	81.4	126	144	122
Meghalaya	70	70	100	117	128	100
Mizoram	91	91	110	129	136	170
Nagaland	66	100	100	118	124	-
Odisha	55	70	90	125	126	90
Punjab	93-105	93-105	100-105	153	166	153.8
Rajasthan	73	73	100	119	133	135
Sikkim	85	85	100	118	124	100
Tamil Nadu	80	80	100	119	132	100
Tripura	60	60	100	118	124	100
Uttar Pradesh	58	58	100	120	125	100
Uttarakhand	73	73	100	120	125	121.65
West Bengal	69.4	69.4	100	130	136	167

Source: Mahatma Gandhi National Rural Employment Guarantee Act (official website), <http://www.mgnrega.nic.in>.

Table 3: Performance of MGNREGA (National Overview) During 2006-07 to 2012-13

Indicator	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 till 12/02/2013
No. of Districts	200	330	615	619	626	626	632
Total Job Cards Issued (in Crores)	3.78	6.48	10.01	11.25	11.98	12.39	12.59
Employment provided to households (in Crores)	2.10	3.39	4.51	5.26	5.49	5.04	4.48
Persondays (in Crores)	90.5	143.59	216.32	283.59	257.15	216.34	163.38
SC-days(in Crores)	22.95	39.36	63.36	86.45	78.76	47.70	36.05
% SC-days	25	27	29	30	31	22	22
ST-days(in Crores)	32.98	42.07	55.02	58.74	53.62	39.59	26.59
% ST-days	36	29	25	21	21	18	16
% Women-days	40	43	48	48	48	48	53
Women-day (in Crores)	36.40	61.15	103.57	136.40	122.74	103.81	86.42
Others (in Crores)	34.56	62.16	97.95	138.40	124.78	129.06	100.74
% Others	38	43	45	49	48	60	62
Persondays per	43 days	42 days	48 days	54 days	47 days	43 days	36 days
Budget Outlay (Rs. In Crores)	11300	12000	30000	39100	40100	40000	33000
Central Release (Rs. In Crores)	8640.85	12610.39	29939.60*	33506.61	35768.95	29189.77	26533.06
Total available fund (including OB) (Rs. In Crores)	12073.55	19305.81	37397.06	49579.19	54172.14	48832.49	42464.26
Expenditure (Rs. In Crores)	8823.35	15856.89	27250.10	37905.23	39377.27	38034.70	29422.22
Percentage of Expenditure against available funds	73	82	73	76	73	78	69
Expenditure on Wages (Rs. In Crores)	5842.37 (66%)	10738.47 (68%)	18200.03 (67%)	25579.32 (70%)	25686.53 (68%)	24860.91 (69%)	21127.10 (75%)
Total Works taken up (in Lakhs)	8.35	17.88	27.75	46.17	50.99	82.51	64.54
Works break up:							
Water Conservation	4.51 (54%)	8.73 (49%)	12.79 (46%)	23.43 (51%)	24.26 (48%)	44.09 (53%)	37.71 (58%)
Provision of irrigation facility to land owned by SC/ST/BPL and IAY beneficiaries	0.81 (10%)	2.63 (15%)	5.67 (20%)	7.73 (17%)	9.15 (18%)	9.52 (12%)	7.50 (12%)
Rural Connectivity	1.80 (21%)	3.08 (17%)	5.03 (18%)	7.64 (17%)	9.31 (18%)	17.87 (22%)	11.50 (18%)
Land	0.89 (11%)	2.88 (16%)	3.98 (15%)	6.38 (14%)	7.04 (14%)	7.69 (9%)	5.30 (8%)
Any other activity approved by MoRD	0.34 (4%)	0.56 (3%)	0.28 (1%)	0.98 (2%)	1.06 (2%)	3.06 (4%)	1.79 (3%)
Rajiv Gandhi Seva Kendra	-	-	-	-	0.17 (0.33%)	0.23 (0.37%)	0.27 (0.43%)

*Remaining Rs.60.59 Crores spent on minor heads in FY: 2008-09

Source: Official website of MGNREGA (<http://mgnrega.nic.in>)

Table:4 Percentage of Women Person-days from FY 2006–07 to FY 2011–12*

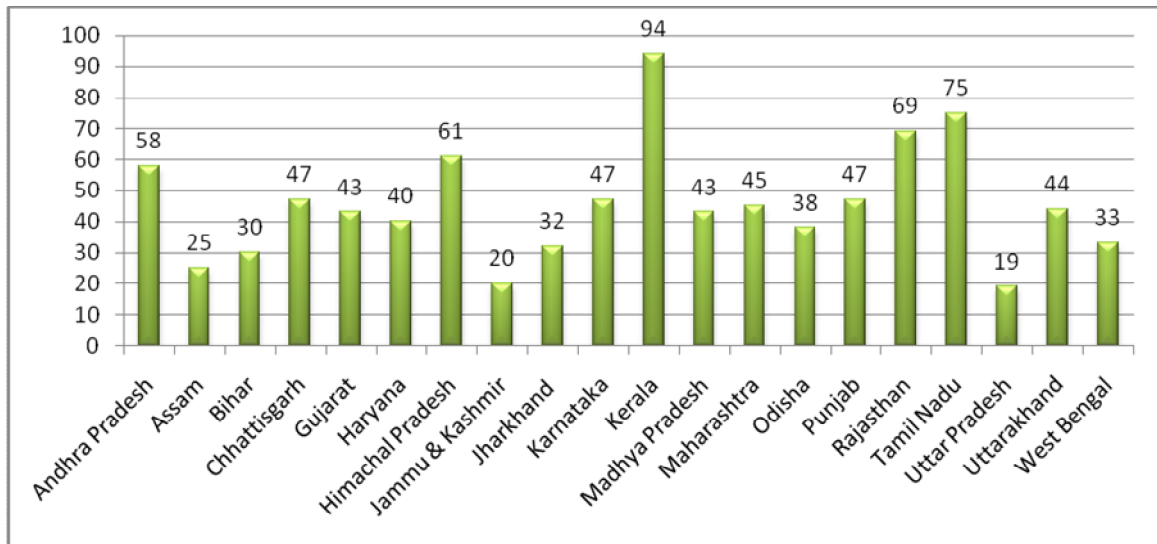
State	Women person-days (% of total persons in the state) 2006-07	Women person-days (% of total persons in the state) 2007-08	Women person-days (% of total persons in the state) 2008-09	Women person-days (% of total persons in the state) 2009-10	Women person-days (% of total persons in the state) 2010-11	Women person-days (% of total persons in the state) 2011-12	Women person-days (% of total persons in the state) 2012-13 (up to Dec-12)
Andhra Pradesh	55	58	58	58	57	58	58
Assam	32	31	27	28	27	25	25
Bihar	17	28	30	30	28	29	30
Chhattisgarh	39	42	47	49	49	45	47
Gujarat	50	47	43	48	44	45	43
Haryana	31	34	31	35	36	36	40
Himachal Pradesh	12	13	39	46	48	60	61
Jammu & Kashmir	4	1	6	7	7	18	20
Jharkhand	39	27	29	34	33	31	32
Karnataka	51	50	50	37	46	46	47
Kerala	66	71	85	88	90	93	94
Madhya Pradesh	43	42	43	44	44	43	43
Maharashtra	37	40	46	40	46	46	45
Odisha	36	36	38	36	39	39	38
Punjab	38	16	25	26	34	43	47
Rajasthan	67	69	67	67	68	69	69
Tamil Nadu	81	82	80	83	83	74	75
Uttar Pradesh	17	15	18	22	21	17	19
Uttarakhand	30	43	37	40	40	45	44
West Bengal	18	17	27	33	34	32	33
All India	40	43	48	48	48	47	53

Note: (1) Union Territories and some States are not included in the table. (2) All-India total is for all States and Union Territories. *Provisional Data. At the time of the preparation of the report, data entry for States was still open for the year 2011–12.

Source: Mahatma Gandhi Rural Employment Guarantee Act (official website), www.mgnrega.nic.in.

The table 4 reveals that the percentage of women participation from FY 2006–07 up to FY 2011–12. One Significant observation from the table is that women share on works under MGNREGA is greater than their share of work in the casual wage labour market across all States. Women are participating in the Scheme much more actively than they participated in all forms of recorded work. Thus MGNREGA creates decent and favourable work conditions for women.

Figure 1: Share of Women (in persondays) in FYI 2012-13 (Upto December 2012)



Conclusion

India's MGNREGA is the only Act which gives its rural people such a right and that too in the era of Liberalization, Privatization and Globalization (LPG). It has a vital role to play because of its humane approach. It serves as an effective safety net for the unemployed especially during famine and drought. It has enabled them with sufficient purchasing power and they are able to at least to supports their basic necessity i.e. food. The Act has confined the rural poor to their areas and stopped migration to the cities. It is not only giving rural livelihoods but also involving them in other non-agricultural work. This has helped in handling disguised workers. Employment in other non-agricultural work will also improve the rural infrastructure i.e. rural asset building. It will ultimately lead to sustainable development.

Women participation in MGNREGA showed impact not only in the quality of living of the beneficiary but also the factors contributing to the empowerment within and outside the environment they deal with. Few indicators of empowerment are leadership qualities, mobilising skills, negotiation skills, decision making skills,

financial management skills, resource mobilisation, political participation, mobility, membership in VDOs, self-confidence, competence and self-esteem. Thus, the study is evident that women are participating in the Scheme more actively than in other works. Research also indicates that MGNREGA is an important work opportunity for women who would have otherwise remained unemployed or underemployed.

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ANALYSIS OF OPINIONS OF VOLUNTARY RETIREMENT SCHEME OPTTEES – A STUDY

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ABSTRACT

In the present study, an attempt is made to analyze the opinions of voluntary retirement optees in select undertakings. In this regard, VR-employees by their age, type of family, level of education, organizational service v/s nature of employment of VRS optees were analyzed besides their post-VRS employment nature. With this study the researcher has found that the majority of technical employees of below 40 years age group are attracted by VRS as they could get attractive employment elsewhere without much difficulty. On the other hand, majority of non-technical employees of above 40 years age group are also tempted to accept VRS. Similarly 54.58% belong to joint family system and 42.08% respondents possessed primary education as their level of education. Regarding to length of service Majority of the VRS optees with technical background have organizational service of 20 years and above. Further, the respondents (67.08%) are satisfied with the benefits of the VRS. Category wise data also reveal that majority of technical respondents (87.77%) of HAL are satisfied and this percentage is higher than corresponding percentage in other undertakings. It is also observed that, VRS optees and non-technical are more satisfied than the technical VRS optees.

Further, the study is also revealed that unlike the private sector undertakings, the public sector undertakings are established not only to earn profits but also to bring social justice. Therefore, the inefficiency and economy of the organizations should be viewed from this perspective. And The VRS may be is only a temporary measure but not the long-term solution to improve the efficiency and economy of the PSUs. Many of the optees have opined that, there should be a well equipped exit interview mechanism to counsel the VR optees to proper use of compensation received on VR to lead respectable life after VR and to overcome certain problems arise in old age.

(Key words: VRS, Nature of employment, Optees, opinions, level of education)

Introduction:

For India, the closing decade of the Twentieth Century has been crucial in ways more than one. It would be called that early nineties were denoted by “**unprecedented economic crisis**”. Doubts were expressed about the viability or effectiveness of planning approach for a ushering in change and development. The search for alternative model of social and economic reconstruction gained momentum. At present the Government is concerned with the problem of surplus manpower in the central and state public sector undertakings. It was estimated that the labour force in these undertakings is of the order of 3.2 Million unskilled, semiskilled, skilled secretarial and executive works. Not all of them are having appreciable marginal productivity. Of all the CPSU workers about 4 Lakhs are employed in chronically sick enterprises. To do away with this the Government proposed voluntary retirement scheme (VRS), so as to prune the workforce and make it optimally productive.

Genesis of VRS:

The exact genesis of the concept i.e. VRS is not known. However it emerged from a globally practiced convention of gifting Golden watches to refuse employees. Signifying remembrances of Golden moments at work and gratitude to the employee for the invaluable service put in by him/her. However in its present context, VRS in India is not a post NEP Phenomenon though it gained momentum after 1990. It has been in operation in the armed forces since long. The purpose of VRS as it is known in the forces was basically to give option to employees to voluntarily retire. To the organization it would help do away with older and unproductive employees to pave way for younger, enthusiastic and productive. However, here the decision to grant VRS rested only with the employer. The right to refuse or grant VRS to an employee enables the employer to retain productive employees. In the industrial Sector VRS has started by the name of Golden hand shake from public sector undertakings (PSUs) in 1986, more significantly from National Textiles Corporation (NTC). This novel scheme has gained momentum in the entire Industrial sector as the NEP statement of 1991.

Objectives of the present Study:

Following are the important objectives of the present study:

- To analyze the policy implications of VRS in select Organizations.
- To examine the perceptions of VRS optees.
- To derive findings and to made necessary conclusions.

Sample Design:

During the period of study, a total of 2102, 252 and 97 employees had voluntarily retired from the three selected units - HAL, IDPL and HMT, respectively. For the purpose of present study a sample of 240 employees, who have taken VRS has been selected on the basis of convenience sampling. A purposive sample of the optees was taken with a view to making the study expedient, time saving and manageable.

Methods and tools of data collection and analysis:

Interviews coupled with observation have been used to receive optees response which is essential for qualitative data and developing case study. Secondary source like official documents, Articles, books were also studied to get the factual data. For official data that had to be gathered, appropriate Performa were developed interview guide and interview schedule were developed so as to collect data properly and profoundly. Interview schedule has consisted of open ended questions. To analyses the data and to make inference thereon advanced statistical tools such as percentages, ratios were used.

Studies on VRS:

Paul and Alenys (The sociology of retirement, 1980), discussed on problems related to retirement and describe Three factors that influence successful adjustment to retirement are having retirement plans, having a realistic picture of retired life and availing professional help in case of psychological stress. Alton and Hilary in their study in sociology of retirement (1985) on 50 retired people with a survey questionnaire assessing the standard of living, Leisure time activities feeling towards retirement, pre-retirement plans adjustment to be made to a change in residence or the death of spouse, coping with old age and retirement courses. Fisher and Paul (1990) in their study “Managing mental and emotional aspects of Retirement”, have observed that the relationship of the old age benefit

to pre-retirement income and the expectation regarding the purchasing power of the pension in future years are major factors affecting the retirement life. Appelbaum (Jan, 1991) in his study “Strategic downsizing: A human resource Perspective”, opined that there are three issues key importance, viz; Reasons lead to the decision to downsize, Duration of the downsize process and Assistance provided to terminated employees. Mishra and Mishra (April-june, 1994) in their study “Implementation of VRS in India” had said that the downsize took place in India to stay competitive regarding human resources and to cut costs to remain competitive in the global market place. Mickinly et.al (1995), in his study “Early retirement Schemes” observed that there are three main social forces that lead to downsizing; Constraining, Cloning, and Learning. Rathan khasnabis and sudipti Banerje (Nov, 1996) conducted a study on “political economy of voluntary Retirement”. The survey covered 629 rationalized workers out of which 602 reported to have opted for VRS the reason for VR are the compensation package offered. K.G. Desai and Naik (TISS-OCT-1996) conducted a study on “Problem of retired people in greater Bombay”. They found that the retirement related psycho-socio problem is same and high for all cadres of employees. NTC staff college, Coimbatore (April-2000) conducted a study on the socio-economic condition of employees who had retired under VRS form swadeshi cotton mills at pandicharry. AN. Shanbhag, VRS- to take it or leave it (Economic times, Feb-2005) discusses the benefits of VRS.

Importance of present Study:

The review of literature presented above reveals that systematic studies with an empirical base are few and far between. But the present study main thrust is to examine the perceptions of the VRS optees.

Age v/s Nature of employment of VRS optees:

An attempt is made to examine the age of respondents of the select undertakings. The details are presented in Table 1.

Table 1: AGE V/S NATURE OF EMPLOYMENT OF VRS OPTEES

Sl No	Age	HAL		HMT		IDPL		Total
		T	NT	T	NT	T	NT	
1	Below 40 Yrs	65	27	5	4	8	6	115
		(72.2)	(26.7%)	(55.6)	(40.0)	(61.5)	(35.3)	(47.9)
2	Above 40 Yrs	25	74	4	6	5	11	125
		(27.78)	(73.3)	(44.4)	(60.0)	(38.5)	(64.7)	(52.1)
Total:		90	101	09	10	13	17	240
		(100)	(100)	(100)	(100)	(100)	(100)	(100)

Note: Figures in parentheses indicate vertical percentages

The table reveals that majority of VRS optees whose age is below 40 years have technical background. Thus in HAL, 72.2 percent of VR optees who have technical background belong to below 40 years age group. In case of HMT 55.6 percent and incase of IDPL about 61.5 percent of VRS optees with technical background belong to below 40 years age group. On the other hand majority of non-technical VRS optees belong to above 40 years age group. 73.3 percent of non-technical employees of HAL, 60 percent of HMT and 64.7 percent of VRS optees of technical employees of IDPL belong to above 40 years age group.

Thus, it may be concluded that majority of technical employees of below 40 years age group are attracted by VRS as they could get alternative employment elsewhere without much difficulty. On the other hand, majority of non-technical employees of above 40 years age group are also tempted to accept VRS. The reason for this is that a major part of their career they have already spent in the organization and now due to their socio-economic obligations they are attracted by the VRS package.

Type of Family v/s Nature of employment of VRS optees:

An attempt is made to examine the relationship between type of family and nature of employment of VRS optees in select undertakings. The details are presented in Table 2

Table 2: TYPE OF FAMILY V/S NATURE OF EMPLOYMENT OF VRS OPTEES

Sl No	Type of Family	HAL		HMT		IDPL		Total
		T	NT	T	NT	T	NT	
1	Nuclear Family	45 (50.0)	40 (39.6)	4 (44.44)	6 (60.0)	5 (38.46)	9 (52.9)	109 (45.4)
2	Joint Family	45 (50.0)	61 (60.4)	5 (55.56)	4 (40.0)	8 (61.54)	8 (47.1)	131 (54.58)
	Total:	90 (100)	101 (100)	09 (100)	10 (100)	13 (100)	17 (100)	240 (100)

Note: Figures in parentheses indicate vertical percentages

It is clear from the table that 50 percent each of technical employees belong to nuclear and joint families. In case of HMT majority i.e., 60 percent of non-technical employees and in case of IDPL, 52.9 percent of non-technical employees belong to nuclear family. On the other hand, while 60.4 percent of non-technical employees of HAL belong to joint families, 55.56 percent of technical employees of HMT and 61.54 percent of technical employees of IDPL belong to joint family structure.

Thus, from the above table it may be inferred that the majority of the respondents (54.58%) from the select undertakings belong to joint family system. Further, it may be also inferred that majority of the HMT and IDPL technical respondents belong to the joint family system.

Level of Education v/s Nature of employment:

An attempt is made to examine the relationship between the level of education and the nature of employment of VRS optees in select undertakings. For the purpose of present study, the level of education has been classified as Primary, Secondary, Diploma and Degree & Others. The details of the analysis are presented in Table 3.

From the below table it can be seen that the majority of the respondents (42.08%) are possessed Primary Education as their level of education followed by 28.75 percent of Diploma, 21.67 percent of Secondary Education and 7.5 percent of Degree & other. Category-wise analysis state that there are more number of respondents(47.78%) in HAL

and Technical, than HMT and Technical(44.44%) and IDPL and Technical(46.15%) as Primary Education as their level of education.

Table 3: LEVEL OF EDUCATION V/S NATURE OF EMPLOYMENT

Sl. No	Level of Education	HAL		HMT		IDPL		Total
		T	NT	T	NT	T	NT	
1	Primary	43 (47.78)	43 (42.57)	4 (44.44)	2 (20.0)	6 (46.15)	3 (17.65)	101 (42.08)
2	Secondary	23 (25.56)	18 (17.82)	1 (11.11)	3 (30.0)	2 (15.38)	5 (29.41)	52 (21.67)
3	Diploma	24 (26.66)	40 (39.6)	1 (11.11)	1 (10.00)	1 (7.69)	2 (11.76)	69 (28.75)
4	Degree & Others	-	-	3 (33.33)	4 (40.00)	4 (30.77)	7 (41.17)	18 (7.5)
Total:		90 (100)	101 (100)	09 (100)	10 (100)	13 (100)	17 (100)	240 (100)

Note: Figures in parentheses indicate vertical percentages

Regarding to VRS optees and Non-Technical, there are more respondents (42.57%) in HAL with Primary Education, followed by 40.00 percent in HMT and 41.17 percent in IDPL with Degree & others as their level of education. Hence, it may be inferred that the majority of VRS optees are belong to the Primary Education status. Further, it may also inferred that among the three select undertakings, respondents of HAL and technical (47.78%) are more than to HMT and technical (44.44%) and IDPL and technical (46.15%) regarding to the primary education status. From the table it is also seen that the VRS optees and Non-technical with Degree & others as their education level are more in HMT and IDPL than any other level of education with non-technical group.

Organizational service v/s Nature of Employment:

An attempt is made to examine the relationship between the organizational service and nature of employment of VRS optees in three select undertakings. The details are presented in table 6.4. It is clear from the table that majority of non-technical employees of HAL (48.51%); HMT (40.00%) and IDPL (47.05%) have put in up to 10 years of service. On the other hand, majority of technical employees of HAL (35.56%), HMT (55.56%) and IDPL (53.85%) have put in service between 11-20 years. Further, in all the three select

companies, majority of the VRS optees with technical background have organizational service of 20 years and above.

Table 4 : ORGANIZATIONAL SERVICE V/S NATURE OF EMPLOYMENT

Sl. No	Organizational Service	HAL		HMT		IDPL		Total
		T	NT	T	NT	T	NT	
1	Up to 10 years	36 (40.0)	49 (48.51)	3 (33.33)	4 (40.0)	4 (30.77)	8 (47.05)	104 (43.75)
2	11-20 years	32 (35.56)	14 (13.86)	5 (55.56)	3 (30.0)	7 (53.85)	5 (29.41)	66 (27.5)
3	20 years and above	22 (24.44)	38 (37.62)	1 (11.11)	3 (30.0)	2 (15.38)	4 (23.53)	70 (28.75)
Total:		90 (100)	101 (100)	09 (100)	10 (100)	13 (100)	17 (100)	240 (100)

Note: Figures in parentheses indicate vertical percentages

Post-VRS Employment:

An attempt is made to examine the nature of post VRS employment of the respondents of the select undertakings. For the purpose of the study, post VRS employment has been categorized as Reemployed, Self-employed and Unemployed. The details are presented in table 5.

Table 5: DETAILS OF POST-VRS EMPLOYMENT

Sl. No	Present Employment Position	HAL		HMT		IDPL		Total
		T	NT	T	NT	T	NT	
1	Re-employed	38 (42.22)	60 (59.41)	5 (55.6)	4 (70.0)	7 (53.85)	12 (70.58)	129 (53.75)
2	Self-employed	49 (54.44)	38 (37.62)	3 (33.33)	2 (20.0)	4 (30.77)	4 (23.53)	100 (41.67)
3	Un-employed	3 (3.33)	3 (2.97)	1 (11.11)	1 (10.0)	2 (15.38)	1 (5.88)	11 (4.58)
Total:		90 (100)	101 (100)	09 (100)	10 (100)	13 (100)	17 (100)	240 (100)

Note: Figures in parentheses indicate vertical percentages

The table shows that majority of the respondents (53.75%) are re-employed after VRS. Category wise analysis reveals that 70.58 percent of non-technical employees of IDPL, 70.00 percent and 59.41 percent of non-technical VRS employees of HMT and HAL respectively are reemployed. It is very clear from the table that non-technical VRS optees

are more reemployed than technical VRS optees. Further, it is also observed from the table that (54.44%) of technical employees of HAL are self employed, followed by HMT (33.33%) and IDPL (30.77%).

Findings:

From the present study the researcher has emerged with following findings: Majority of technical employees of below 40 years age group is attracted by VRS as they could get attractive employment elsewhere without much difficulty. On the other hand, majority of non-technical employees of above 40 years age group are also tempted to accept VRS. Majority of the VRS optee respondents (54.58%) from the select undertakings belong to joint family system and the respondents (42.08%) possessed primary education as their level of education. Regarding to length of service Majority of the VRS optees with technical background have organizational service of 20 years and above. Further, the respondents (67.08%) are satisfied with the benefits of the VRS. Category wise data also reveal that majority of technical respondents (87.77%) of HAL are satisfied and this percentage is higher than corresponding percentage in other undertakings. It is also observed that, VRS optees and non-technical are more satisfied than the technical VRS optees.

Suggestions:

The NRF assistance is so far limited to PSEs only. It has to be extended to private sector also since a large number of enterprises referred to BIFR for rehabilitation package belong to this sector. The company must have a genuine reason for the downsizing. It should not be 'slogan of the week' nor should it be to oblige blindly the conditions of the global partner. The company must be having some genuine reasons to offer the VRS and this is the first step in getting the things right. The company must conduct its manpower planning to analyze the manpower inventory it has in terms of number and skills and also the manpower inventory to operate at the optimal level. The company should make an explicit announcement of the scheme all over the organization at the same time so as to prevent the spreading of any rumours. The trade union also should be taken into confidence and all the facts of the scheme should be explained to them.

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GOVERNMENT POLICY AND SMALL SECTORS IN INDIA

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ABSTRACT

The small scale industry sector constitutes a vibrant and dynamic sector of the industrial economy of India. This sector has recorded consistently good growth in terms of production, creation of employment and phenomenal growth in exports over the years. The post liberalization era in the Indian economy has enhanced the opportunities and challenges for the SSI Sector. With their dynamism, flexibility and innovative drive they are increasingly focusing on improved production methods, penetrative marketing strategies and management capabilities to sustain and strengthen their operations. The government has taken keen interest in the development of the small sector in India by way of various measures and schemes. The affairs of small sector are looked after by Ministry of Micro, Small, and Medium Enterprises. Within the department of MSME, there is Micro Small Medium Organization under a development commissioner. MSMEDO with its service institute and branch institutes play an active role in the development of small enterprises. This paper is an attempt to familiarize the evolution of the policy framework and support measures of the government over the years.

KEYWORDS: Micro Small Medium Organization, policy framework and support measures.

INTRODUCTION

The small scale industry sector, as an important segment of the Indian economy, accounts for around 95 per cent of the industrial units, 40 per cent of the manufacturing sector output and 36 per cent of exports. It provides direct employment to 282.57 lakh persons in around 118.59 lakh registered SSI units in the country. The sector enjoys the pride of being second largest employer in the country and offers a wide spectrum of products for consumers and industry-users. The sector serves as a Greenfield for the

nurturing of entrepreneurial talent enabling the small scale units to graduate into medium and large scale over a period of a time. India's concern and support for small-scale enterprises has focused excessively on the small-scale industry. This can, perhaps, be traced back to Mahatma Gandhi's special concern for handicrafts and village-based industries. Various measures taken by the Central and State governments, for the development of the SSI have included product reservations, fiscal concessions, preferential allocation of credit and interest subsidy in a credit-rationing framework, extension of business and technical services, preference in government procurement, marketing assistance. It also includes export promotion by institutions such as National Small Industries Corporation, Small Industries Development Organization, Handicrafts and Handloom Promotion Corporation, and Khaki and Village Industries Commission, as also promotion of ancillarisation, and so on. The government has recognized the importance of SME sector and has strongly come out with various policy measures from time to time. From the direct intervention and excessive protection methods, there has been a shift in the role of the government as that of a friend, facilitator and guide. All efforts are intended to enhance the competitiveness of India's small scale sector, enabling the enterprise to attain global standards.

SCOPE OF THE STUDY

The scope of the study has been limited to the evolution of policy framework and support measures of the government by classifying them into three periods; 1948-1991, 1991-1999 and 1999 onwards.

OBJECTIVES OF THE STUDY

To familiarize the evolution of policy frame work and support measures of the government.

RESEARCH METHODOLOGY

Exhaustive literature survey regarding the topic and related concepts has been done. Secondary data were collected from various sources including books, research papers, newspapers, magazines and websites.

EVOLUTION OF POLICY FRAMEWORK AND SUPPORT MEASURES FOR SSI DEVELOPMENT

The evolution of policy framework and support measures of the government can be broadly grouped into the following three periods: 1948-1991. In all the policy resolution from 1948-1991, recognition was given to the micro and small enterprises termed as an effective tool to expand employment opportunities, ensure equitable distribution of the national income and facilitate effective mobilization of private sector resources of capital and skills. The micro, small and medium enterprises development organization was set up in 1954 as an apex body for sustained and organized growth of micro, small and medium enterprises. Within next two years, the National Small Industries Corporation, the Khaki and Village Industries Commission and the Coir Board were also set up. The era provided the supportive measures that were required to nurture SSIs, in the form of reservation of items for their exclusive manufacture, access to bank credit on priority through priority sector lending programmed of commercial banks, excise exemption, reservation under the government purchase programmer and 15% price preference in purchases, infrastructure development and establishment of institutes for entrepreneurial and skill development. MSME Development institute (earlier known as Small Industries Service Institute-SISI) were set up all over India to train youth in skills and *entrepreneurship*. Tools rooms were established with German and Danish Assistance for providing technical services essential to MSEs as also for skill-training. At the state level, District Industries Centers were set up all over the country.

The new policy for Small Tiny and Village Enterprises of August 1991 laid the framework for government support in the context of liberalization, which sought to replace protection with competitiveness to infuse more vitality and growth to MSEs in the face of foreign competition and open market. Supportive measures concentrated on improving infrastructure, technology and quality. Testing centers were set up for quality certification and new tool rooms as well as subcontracting exchanges were established. The Small Industries Development Bank of India (SIDBI) and a Technology Development and

Modernization Fund were created to accelerate finance and technical services to the sector. A Delayed Payment Act was enacted to facilitate prompt payment of dues to MSEs and an Industrial Infrastructure Development (IID) scheme was launched to set up mini industrial estate for small industries.

Onwards the ministry of MSME (earlier known as Ministry of Small Scale Industries and Agro & Rural Industries –SSI&AR) came into being from 1999 to provide focused attention to the development and promotion of the sector. The new policy package announced in August 2000 sought to address the persisting problems relating to credit, infrastructure, marketing and technology more effectively. A credit linked capital subsidy scheme was launched to encourage technology up gradation in the MSE sector and a credit guarantee scheme was started to provide collateral-free loans to micro and small entrepreneurs, particularly the first generation entrepreneurs. The exemption limit for relief from payment of central excise duty was raised to Rs.1 crore and a Market Development Assistance Scheme for MSEs were introduced. At the same time, consultation were held with stakeholders and the list of products reserved for production in MSE sector was gradually reduced each year. In 2006, the long-awaited enactment for this sector finally became a reality with the passage of the Micro, Small and Medium Enterprises Act. In March 2007, a third package for the promotion of micro and small enterprises was announced which comprises the proposals/schemes having direct impact on the promotion and development of the micro and small enterprises, particularly in view of the fast changing economic environment, wherein” to be competitive is the key of success”.

MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 seeks to facilitate the development of these enterprises as also enhance their competitiveness. It provides the first ever legal framework for recognition of the concept of ‘enterprise’ which comprises both manufacturing and service entities. It defines Medium enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely micro, small and

medium. The act also provides for a consultative mechanism at the national level with balanced representation of all sections of stakeholders, particularly the three classes of enterprises with a wide range of advisory functions.

FOREIGN DIRECT INVESTMENT POLICY

With the promulgation of the MSMED Act, 2006 the restrictive 24 % ceiling prescribed for equity holding by industrial undertakings whether domestic or foreign in the MSEs has been done away with and MSEs are defined solely on the basis of investment in plant and machinery (manufacturing enterprises) and equipment (service enterprises). Thus the present policy on FDI in MSE permit FDI subject only to the sectoral equity caps, entry routes and relevant sectoral regulations.

LIMITED LIABILITY PARTNERSHIP ACT, 2008

The LLP is viewed as an alternative corporate business vehicle that provides the benefits of limited liability but allows its members the flexibility of organizing their internal structure as a partnership based on a mutually arrived agreement. The LLP form would enable entrepreneurs, professionals and enterprises providing services of any kind or engaged in scientific and technical disciplines, to form commercially efficient vehicles suited to their requirements. Owing to flexibility in its structure and operation, the LLP would also be a suitable vehicle for small enterprises and for investment by venture capital. The LLP Act has provided a fillip to the small sectors as it combines the advantages of both partnership and companies.

DE-RESERVATION

The issue of de-reservation has been a subject of animated debate within the government for many years. The approach to eleventh Five year plan noted the adverse implication of reservation of products for exclusive manufacture by MSEs and recommends the policy of progressive de-reservation. This helped the sector in enlarging the scale of operation and

also paved the way for entry of large enterprises in the manufacture of reserved products in keeping with the global standards.

CREDIT/FINANCE

Credit is one of the critical input for the promotion and development of the micro and small enterprises. Some of the features of existing credit policy for the MSEs are;

PRIORITY SECTOR LENDING

Credit to MSEs is part of the priority sector lending policy of the banks. For the public and private sector banks, 40% of the net bank credit (NBC) is earmarked for priority sector. For foreign banks however 32% of the NBC is earmarked for the priority sector of which 10% is earmarked for the MSE Sector.

INSTITUTIONAL ARRANGEMENT

SIDBI is the principal financial institution for promotion, financing and development of the MSE sector. Apart from extending financial assistance to the sector, it coordinates the functions of institutions engaged in similar activities. Commercial banks are important channels of credit dispensation to the sector and play a pivotal role in financing the working capital requirements. At the state level, State Financial Corporation and State Industrial Development corporation s are the main sources of long term finance for the SME sector.

MARKETING AND PROCUREMENT

Under Government Store Purchase Program me, various facilities such as issue of tender sets free of cost, exemption from payment of earnest money deposits...etc are provided to enterprises in order to assist them for marketing their products in competitive environment. To assist the MSEs in marketing their products, section 12 of the new MSME Act has formulated a scheme of preferential procurement of goods produced by MSEs at the Central and State/UT level.

EXPORT PROMOTION

Export promotion from the MSEs has been accorded a high priority. Products from MSE exporters are displayed in international exhibition and the expenditure incurred are reimbursed by the Government. Under the MSE Marketing Development Assistance is provided to individuals for participation in overseas fairs and also conducts training programmer to get acquaint with latest packaging standard and techniques.

PROVISION TO CHECK DELAYED PAYMENT

Provisions related to delayed payments to micro & small enterprises have been strengthened and period of payment to MSEs by the buyers reduced to 45 days.

Rate of interest on outstanding amount is increased to three times of the prevailing bank rate of Reserve Bank of India compounded on monthly basis. Declaration of payment outstanding to MSE supplier has been made mandatory for buyers in their annual statement of accounts. Moreover, interest (paid or payable) to buyer is disallowed to suppliers for deduction for income tax purposes.

NATIONAL BOARD FOR MICRO, SMALL AND MEDIUM ENTERPRISES

An apex consultative body with wider spread representation of stake holders has been established to examine the factors affecting the development and promotion of MSMEs and review the policies and programmers' of the central government. An advisory committee has been established to advise the state government regarding various policies and also looks into cases referred by the National Board

CONCLUSION

The emerging economic scenario in the changed liberalized, and competitive economic environment necessitated structural and fundamental changes in the policy framework, causing a shift in focus from protection to promotion. The government of India has been planning various schemes and policies to develop the favorable environment for the new entrepreneurs in India from time to time. The result of these economic policy interventions is very favorable. Major focus has been in the field of small and medium level industries

where entrepreneurship is being mainly emphasized. World over, Micro and Small Enterprises (MSEs) are recognized as an important constituent of the national economies, contributing significantly to employment expansion and poverty alleviation. Recognizing the importance of micro and small enterprises, which is an important segment of Indian economy in terms of their contribution to country's industrial production, exports, employment and creation of entrepreneurial base. Development and promotion of MSEs are vital for economic development that is why the modern era describes the MSEs as "the most employment-intensive segment".

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ROLE OF REGULATORY IN INDIAN FINANCIAL MARKETS

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ABSTRACT

In terms of operations of financial markets the word “Regulatory” can be understood as “taxes and subsidies of all sorts as well as explicit legislative and administrative controls over rates, entry, and other facets of economic activity”. The rules laid down by regulation are supported by penalties or incentives designed to ensure compliance. India started developing financial market regulatory institutions with the introduction of reforms in 1991. But the regulatory environment which was developed over a period of time does not seem homogeneous across sectors. India is on tenterhooks, as far as, regulatory mechanism concerned in the case of business and investors. The present paper is to project the Indian financial markets regulatory structure, status and underlying regulatory issues concerned with growth and development of the market.

Key Words: Financial Markets, Regulator, SEBI, RBI

Introduction

In terms of operations of financial markets the word “Regulatory” can be understood as “taxes and subsidies of all sorts as well as explicit legislative and administrative controls over rates, entry, and other facets of economic activity”. The rules laid down by regulation are supported by penalties or incentives designed to ensure compliance. Indian economy is liberalized, privatized and globalised. The process of liberalization many changes were made to regulate business in India such repealing of Capital Issues Control Act - 1947, Import & Export (Control) Act – 1947 etc. In the

process of strengthening the regulatory the Government of India established Reserve Bank of India, Securities and Exchange Board of India, Forward Market Commission, Securities Appellate Tribunal etc. The competition commission of India has been established to promote and sustain competition in markets; to protect the interest of consumers; and to ensure freedom of trade. There are three sets of justifications for regulatory interventions – prevention of market failures, restriction of anti-competitive practices and promotion of public interest.

Regulation Rationale:

Since regulation can have important consequences for economic efficiency and private incentives, it is usually justified only under special conditions.

- A) **To prevent market failures:** - Market failure is a condition in which the market mechanism fails to allocate resources efficiently to maximize social welfare. Market failures occur in the provision of public goods, in case of natural monopolies or asymmetric information, and in the process of externalities.
- B) **To check anti competitive practices:-** Firms may resort to anti competitive practices such as price fixing, market sharing or abuse of dominant or monopoly power.
- C) **To promote the public interest:** - A third set of justification arise from concern about the promotion of public interest which is an important policy objective for government. Ensuring fair access, non-discriminations, affirmative action, or any other matter of public importance can provide an important reason for regulation.

Financial Markets Regulation:

India' s financial sector is diversified and expanding rapidly. It comprises commercial banks, insurance companies, non-banking financial companies, cooperatives, pension funds, mutual funds and other smaller financial entities. Ours is a bank dominated financial sector and commercial banks account for over 60 per cent of the total assets of the financial system followed by the Insurance. The regulation and supervision of the

financial system in India is carried out by different regulatory authorities. At present, financial regulation in India is oriented towards product regulation, i.e. each product is separately regulated. For example, fixed deposits and other banking products are regulated by the Reserve Bank of India (RBI), small savings products by the Government of India (GoI), mutual funds and equity markets by the Securities and Exchange Board of India (SEBI), insurance by the Insurance Regulatory Development Authority of India (IRDA) and the New Pension Scheme (NPS) by the Pension Fund Regulatory and Development Authority (PFRDA). India has a legacy financial regulatory architecture. The present work allocation between RBI, SEBI, IRDA, PFRDA, and Forward Market Commission (FMC) – was not designed; it has evolved over the years, with a sequence of piecemeal decisions responding to immediate pressures from time to time. Each regulator has their own rules on registration, code of conduct, commissions and fees to monitor.

Problems with multiple regulators in India: there are varying regulatory requirements which often lead to regulatory arbitrage. An example of this is the similarity between mutual funds and ULIPs, the first which is regulated by the SEBI and the second which were regulated by the IRDA. SEBI imposes very different levels of disclosure and ongoing transparency on the outcomes of mutual funds compared to the standards of disclosure required by the IRDA. In an example on differing standards of regulation on distributors, employees of banks who come under regulation by the RBI can distribute financial products such as mutual funds and insurance products, without adhering to the rules and regulation of SEBI and IRDA.

The present arrangement has gaps for which no regulator is in charge – such as the diverse kinds of schemes that periodically surface in India, which are not regulated by any of the existing agencies. Organizations such as chit-funds appear to be completely out of the purview of any financial sector regulator. The existing framework also contains overlaps between laws and agencies leading to incidences in which conflicts between regulators has consumed the energy of economic policy makers and held back market development. Securities and Exchange Board of India's (SEBI) extended litigation against the Sahara group, and the recent investigations on alleged money laundering by

some banks using insurance products are good examples of both regulatory gaps as well as opportunities for arbitrage reflecting these difficulties.

FINANCIAL SECTOR REFORMS IN INDIA:

The role of the financial system in India, until the early 1990s, was primarily restricted to the function of channeling resources from the surplus to deficit sectors. Whereas the financial system performed this role reasonably well, its operations came to be marked by some serious deficiencies over the years. The banking sector suffered from lack of competition, low capital base, low productivity and high intermediation cost. After the nationalization of large banks in 1969 and 1980, public ownership dominated the banking sector. Banks also did not follow proper risk management system and the prudential standards were weak. All these resulted in poor asset quality and low profitability. In the insurance sector, there was little competition. Financial markets were characterized by control over pricing of financial assets, barriers to entry, high transaction costs and restrictions on movement of funds/participants between the market segments. Against this backdrop, wide-ranging financial sector reforms in India were introduced as an integral part of the economic reforms initiated in the early 1990s. Financial sector reforms in India were grounded in the belief that competitive efficiency in the real sectors of the economy will not be realized to its full potential unless the financial sector was reformed as well.

Challenges and Outlook of the Financial Regulatory:

India has been a late starter in the process of reforming financial markets. Nevertheless, beginning the 1990s, a package of reforms comprising measures to liberalize, regulate, and develop the country's financial sector by adopting best international practices has been initiated. The results of these reforms have been encouraging and the country now has one of the most vibrant and transparent capital markets in terms of market efficiency, transparency, and price discovery process. However, there are still certain challenges in the development of the Indian financial sector which need to be addressed to make it an important avenue for productive channelization of savings by domestic investors and a preferred investment destination for international investors. Due to lack of co-ordination

and slow reforms in regulatory framework in India many scams are on record which creates panic amongst the stakeholders in the market. Few of the scams like security scam of shortfall in the Government Securities held by the SBI in 1992, Ketan Parekh manipulated a large amount of funds in the capital market through a number of his own companies in 2001, National Spot Exchange scam in 2013 - in which the regulatory control is the prime point of the entire gamut.

The prime regulators like RBI and SEBI issuing regulatory guidelines to the participants from time to time to control the market. But the regulation of financial market depends on continuous focus on systematic risk motive, clearing and settlement, market liquidity, insider trading, externalities, consumer protection, money laundering etc. Most of them are interlinked with each other and related to the institutions like Stock Exchanges, Banks and Companies etc. Recently, SEBI started focusing on safety features of MCX-SX tech platform and Stock Exchanges disclosures. But this piece meal based and individual issue based regulatory may not boost the confidence of the market. Keeping in view, Government of India contemplating to implement FSLRC recommendations..

The Financial Sector Legislative Reforms Commission (FSLRC) presented its Report to the Finance Minister in March, 2013. . The Commission looked at two important aspects of the Financial Sector- the numerous laws governing the financial sector and the multiple regulatory setups across the sector. Among the most important of the recommended changes by FSLRC are: (i) The decision to merge the roles of the Securities and Exchange Board of India, the Forward Markets Commission, Insurance Regulatory and Development Authority, and Pension Fund Regulatory and Development Authority into a single regulator called the “Unified Financial Agency” (UFA), on the grounds that all financial activity other than banking and the payments system, which would continue to be regulated by the Reserve Bank of India (RBI), should be brought under a single authority. (ii) The continuation of the Financial Stability Development Council (FSDC) with the mandate to monitor and address systemic risk, which is to be led by the finance ministry. (iii) The creation of a Resolution Corporation that would identify institutions that are threatened by insolvency and resolve the problem at an early stage. (iv) The creation of a

Public Debt Management Agency that would take the responsibility of public debt Management away from the RBI. The Commission believes that this proposed financial regulatory architecture is a modest step away from present practice, embeds important improvements, and will serve India well in coming years.

Conclusion:

Regulatory reforms in India have been initiated as these have become essential in the light of changing and expanding financial markets. At the level of the central government, the progress is quite satisfactory but the state government level initiatives are expected to have a better mechanism. Finally, creating independent regulatory in the true sense is equally important.

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EDUCATION AND THE ABILITY TO ATTRACT PRIVATE CAPITAL FLOWS

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Introduction

Should education be focused on trade, growth and poverty reduction versus should education be more general and aim at nation building. While this paper has discussed a very little about whether or not there is a choice, it is clear that if education is expected to help trade and growth performances, there needs to be more focused attention on how to encourage interaction between public and private sectors on education planning and provision. More interaction will help to solve market and coordination failures, and while this seems trivial in theory, it is not in practice. It is also clear that the focus of support for education should not be limited to primary education. On the contrary, this paper has emphasised the importance of secondary and post-secondary education in participating successfully in globalisation processes, and thus poverty reduction.

Some developing countries have been successful in attracting foreign (private) providers of higher education. This can constitute a significant source of income. However, it does not follow that this solves the education provision for locals, or that a country needs to bind this liberalisation in GATS. Many foreign schools cater for foreign students and not the local population. Determining whether or not more transparency in the provision of education services should be bound in international trade negotiations requires an examination of expected and intended consequences – as would ideally be available for any policy decisions. Most developing countries are unlikely to have done this. But most countries are also unlikely to have been asked to commit an education sub-sector to GATS. On the other hand, not binding may limit the ability to attract foreign providers of education services somewhat, though not much, given the experiences so far.

Higher Education in India

India's higher education system is the third largest in the world, after China and the United States. The main governing body at the tertiary level is the University Grants Commission (India), which enforces its standards, advises the government, and helps coordinate between the centre and the state. Accreditation for higher learning is overseen by 12 autonomous institutions established by the University Grants Commission.

As of 2011, India has 42 central universities, 275 state universities, 130 deemed universities, 90 private universities, 5 institutions established and functioning under the State Act, and 33 Institutes of National Importance. Other institutions include 16000 colleges as Government Degree Colleges and Private Degree Colleges, including 1800 exclusive women's colleges, functioning under these universities and institutions. The emphasis in the tertiary level of education lies on science and technology. Indian educational institutions by 2004 consisted of a large number of technology institutes. Distance learning and open education is also a feature of the Indian higher education system, and is looked after by the Distance Education Council. Indira Gandhi National Open University is the largest university in the world by number of students, having approximately 3.5 million students across the globe.

Three Indian universities were listed in the Times Higher Education list of the world's top 200 universities — Indian Institutes of Technology, Indian Institutes of Management, and Jawaharlal Nehru University in 2005 and 2006. Six Indian Institutes of Technology and the Birla Institute of Technology and Science - Pilani were listed among the top 20 science and technology schools in Asia by Asiaweek. The Indian School of Business situated in Hyderabad was ranked number 12 in global MBA rankings by the *Financial Times* of London in 2010 while the All India Institute of Medical Sciences has been recognized as a global leader in medical research and treatment.

It is significant that despite these impressive statistics the system caters to hardly 6 percent of the relevant age group, as compared to more than 80 per-cents in the developed

countries. This is partly because the expansion has been offset by the growth of the population in the relevant age group. Nevertheless, the fact illustrates how difficult it is for developing countries to bridge gaps and to keep pace with the developed world.

The Centre, State, Institutions and Regulatory Bodies have taken initiatives in order to face the challenges of globalization. The National Policy on Education 1986 and the revised policy, 1992 have made no reference to the operating of foreign universities in India or promotion of Indian Higher Education abroad. In fact there is a need for evolving a clear policy on these aspects of transnational education. However, in the recent past, an attempt has been made to work out the possibility of regulating the entry of the foreign universities. In doing so, UGC has recommended that foreign universities to offer their programmes in India; they should be accredited in their respective country; Degree awarded to the students should be valid for India as well as in the country where degree-giving institution is located; There should be reciprocal arrangements for Indian Universities to operate in those countries from where the institutions/programs have come to India.

An ambitious IT Action Plan with 108 specific recommendations was submitted to Parliament and immediately approved in July 1998. Three general objectives were specified: to build a world class infrastructure; to increase software and IT services exports to \$50billion by 2008; and to make IT available to all Indian citizens by 2008—**"IT for all by 2008."** Never has so much been promised to so many. Despite this explosion of interest and the dramatic growth in use, the glaring fact is that the Internet has had a negligible effect on most Indians, as only .5 percent of the population of one billion can be considered Internet users.

The plan launched **"Operation Knowledge"** with a series of recommendations aimed at accelerating the spread of computers and IT use. Special financial schemes to make computers affordable to students and teachers were promised, along with a commitment that computers and the Internet would be made available in every school, polytechnic, college, university and public hospital by 2003. All universities, engineering

colleges, medical colleges and other institutions of higher learning, as well as research and development organizations, would be networked for distance education programs to improve the quality of education. Virtual institutes would be set up in different parts of the country for distance education.

National Knowledge Network and National Mission on Education

Special financial schemes to make computers affordable to students and teachers were promised, along with a commitment that computers and the Internet would be made available in every school, polytechnic, college, university and public hospital by 2008. To achieve this target, ministry of HRD is providing 75% aid for Broadband VPN connections to colleges, Broadband internet connectivity to schools under NME Project. Recently Tablet PC “**Aakash**” has been launched, which will be made available at cost of Rs. 1500/- for students and teachers in colleges and Universities.

Various initiatives to promote IT literacy were indicated, including a "**Teach the Teachers**" program. Connectivity is coming to Universities, and distance education is making available new learning opportunities under NKN (National Knowledge Network) Project. HPU Shimla, CU Dharmshala, Dr.RPMC Tanda, IHBT Palampur and Agriculture University Palampur has already been covered under NKN project. For this 1Gbps connectivity has been provided by BSNL and Internet Bandwidth is provided by National Informatics Centre (NIC).

Besides these, several other policy interventions have been made in various Five Year Plans of the country and by the UGC to improve access, retention and better performance of the disadvantaged groups. These include:

- Reduction in fee charged at the time of admission
- Scholarships and Free ships
- Book Banks and Book Loan Facility
- Boarding and Lodging facilities

- Reservation of seats for SC/ST in general hostels, in addition to the provision for separate hostels for SC/ST, etc.
- Boarding and Lodging facilities are also provided for women and physically challenged
- Relaxation in admission criteria i.e. such as lowering of minimum marks and increasing of maximum age; and
- Exemption in respect of duration of course, papers, marks etc.

WTO- GATS and Indian Higher Education

Educational service is one of the twelve groups of services which are to be negotiated under the GATS of WTO. India being one of the founding members in WTO, it has to accept latter's condition (Article 13 of GATS) of successful international trade of educational services with minimum restriction tariff and regulation. Bill was passed in the parliament to permit to start private universities including foreign universities or their franchisees in India from 01- 4 - 2005 onwards. At present more than 100 foreign universities, mostly from UK, USA, and Australia are marketing their higher education in India in different forms of their presence distance education, collaboration with local universities and research and development organizations, and lateral entry into their universities located in their countries.

Within the WTO framework, the GATS consist of three components:

- A framework of rules that lays out the general obligations governing trade in services, which it does in much the same way as the GATT does for trade in goods;
- It provides disciplines on transparency, most favoured nation treatment, market access, and national treatment;
- Annexes on specific services sectors; and
- Schedules detailing the liberalization commitments of each WTO member.

These result in a combination of top-down rules where all measures and sectors are covered unless they are explicitly excluded (MFN, Transparency, Domestic Regulation,

government procurement, subsidies) and bottom-up rules where measures and sectors that are specifically identified are included (market access, national treatment) (Sinclair, 2000). In theory this means it gives countries a chance to pace their liberalization of trade in services (Eglin, 2003), however the overall direction is nonetheless toward liberalization.

Commitments under GATS

The general procedure of commitment under GATS is that “countries submit their schedules under five sub sectors of education and four modes of supply of education.”

The five sub-sectors are:

- Primary Education;
- Secondary Education;
- Higher Education;
- Adult Education and
- Other Education.

The idea behind this is the creation of an open, global marketplace where services, like education, can be traded to the highest bidder. GATS cover the educational services of all countries whose educational systems are not exclusively provided by the public sector, or those educational systems that have commercial purposes. Since total public monopolies in education are extremely rare, almost all of the world's educational systems fall under the GATS umbrella.

In India, we cannot get exemption in education from the application of GATS because education at all levels, particularly at higher education level, is not entirely free (i.e. some fees have to be paid).

Education and responding to trade

Education may form an important way to respond to increased trade liberalisation. For instance, following standard trade theory, a reduction in tariffs reduces the domestic prices of imported goods. This will lead to a shift away from demand for domestic products to

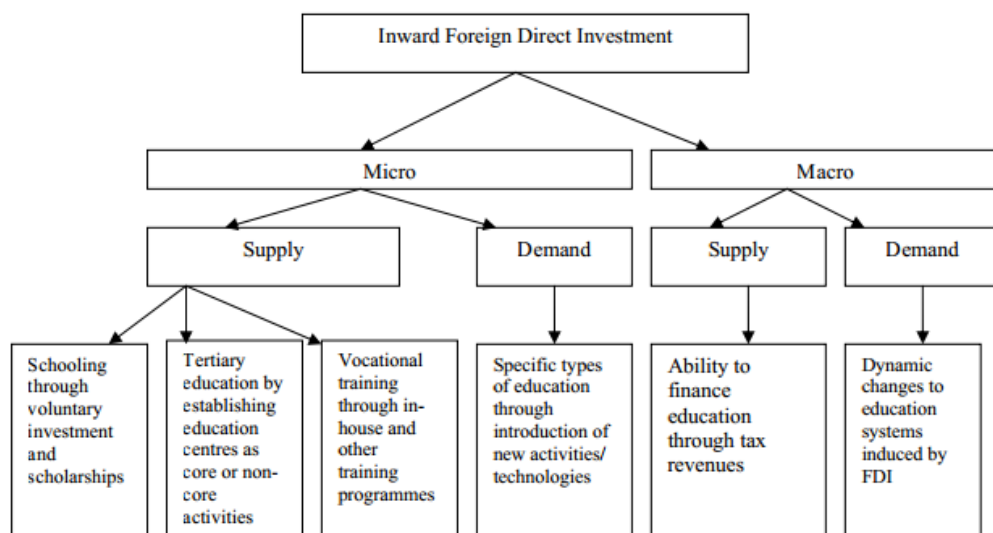
demand for imported goods. The volume of imports will increase and will compete with domestic producers of import-competing goods, who will have to adjust and shift to other sectors. For this to happen, the institutional framework needs to be supportive of firms to raise their productivity and to shift into other activities. This includes a flexible and appropriate education system.

Education and the ability to attract private capital flows

Education helps to attract private capital. We first discuss the importance of human capital in attracting inward investment generally, and then argue that specific types of education are important for attracting certain types of investment (e.g. engineering skills for manufacturing, centres of excellence for strategic asset seeking FDI) and that education plays a different role in different sectors. While local education is key, the presence of nationals abroad which are taking foreign education may also be important because they are a source of investment back into the home country. Finally, education is also important in benefiting from investment.

The effects of trade on education

The following chart shows the effect of trade on Education.



Positive Impact

- Liberalization and Globalization will bring a constant stream of funding which will also facilitate a research-based career and make it a viable option for the future of Indian teachers and students.
- It will expand the supply which is in shortage and the competition among educational institutions will ensure that they do not charge excessive premium for education. Increase in the supply of education will automatically result in the fall in education expenditure.
- The Indian economy which is majorly fuelled by the service industry will get a boost with education sector becoming a large chunk of economic source.
- Hundreds of thousands of Indian students study abroad at an annual estimated cost of around US\$ 1 billion and it can even stem the exodus of thousands of students who left the country to study abroad. This will save India's immense capital.
- Allowing corporatism would ensure the development of better industry oriented graduates with specific skill sets. Increased in educated population implies rapid developments in technology and communications.
- It also implies the shift of society from industrialization based towards information based society.

Conclusions

While this paper has discussed little about whether or not there is a choice, it is clear that if education is expected to help trade and growth performances, there needs to be more focused attention on how to encourage interaction between public and private sectors on education planning and provision. More interaction will help to solve market and coordination failures, and while this seems trivial in theory, it is not in practice. It is also clear that the focus of support for education should not be limited to primary education. On the contrary, we have emphasised the importance of secondary and post-secondary education in participating successfully in globalisation processes, and thus poverty

reduction. Some developing countries have been successful in attracting foreign (private) providers of higher education. This can constitute a significant source of income. However, it does not follow that this solves the education provision for locals, or that a country needs to bind this liberalisation in GATS.

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ROLE OF MICRO FINANCE INSTITUTIONS FOR ACHIEVING FINANCIAL INCLUSION IN INDIA

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Abstract

Microfinance institutions are playing a significant role in achieving the objective of financial inclusion in India. Various steps have been taken by Reserve Bank of India for achieving the objective of financial inclusion and microfinance is one of the major tools that have been used. The present study purposes the performance of selected microfinance Institutions and the overall progress of microfinance program from 2009-12. Sample size taken for the study is 20 institutions selected on the basis of their loan portfolio. The result of the study when analyzed with the help of t-test has shown a significant improvement in the performance of Microfinance Institutions in terms of gross loan portfolio as an indicator. It can be concluded that the objective of Financial Inclusion can be achieved somehow with the help of microfinance program and focused implementation of the guidelines of Reserve Bank of India.

KEYWORDS: *Financial Inclusion, Gross loan portfolio, Microfinance, RBI.*

Introduction

Financial inclusion has been defined as the “Provision of affordable financial services” (RBI, 2006a) to those who have been left unattended or under attended by formal agencies of the financial system. These financial services include “payments and remittance facilities, savings, loan and insurance services” (ibid.). Micro finance has been looked upon as an important means of financial inclusion in India (RBI, 2006b). The Indian concept of micro finance encourages access of SHGs to banks both as means of savings and providers of loan services. However, going a step further, we can say that micro finance has to act proactively not just as a means of financial inclusion and also has to work towards reducing dependence of poor borrowers on various informal sources of credit that are often notorious for the onerous terms at which they offer

credit. Given the definition of financial inclusion, any means for financial inclusion, to begin with, has to be not just easily accessible but also affordable to the borrowers, who do not have access to formal financial system. Secondly, it should ensure that over time the borrowers are able to reduce their dependence on informal sources of finance and a certain degree of loyalty towards SHGs, which can work towards permanent or effective inclusion of these borrowers into the formal banking network. The importance of financial inclusion stems from various factors. First, an inability to access financial services could lead financially excluded entities to deal mostly in cash, with its attendant problems of safe-keeping. Second, the lack of access to safe and formal saving avenues could reduce their incentives to save. When saving occurs, safety and interest rate benefits may not be to the extent available in the formal system. Inadequate savings could lead households to depend on external sources of funds, in times of need. Often these sources are unregulated and carry high interest rates. High interest rates increase the risk of default by borrowers. Third, the lack of credit products means inability to make investments and significantly improve their livelihoods. As a result, small entrepreneurs often lack an enabling financial environment to grow. Fourth, the lack of remittance products leads to money transfers being cumbersome and high risk. Fifth, the lack of insurance products means lack of opportunities for risk management and wealth smoothing. According to C. Rangarajan there are six approaches in the system of Financial Inclusion, they are, as follows. 1) Credit to the farmer households is one of the important elements of financial inclusion among them providing credit to the marginal and sub marginal farmers as well as other small borrowers is crucial to the need the hour. 2) Rural branches must go beyond providing credit and extend a helping hand in terms of advice on a wide variety of matters relating to agriculture. 3) In district where population per branch is much higher than the national average commercial banks may be encouraged to open the branches. 4) There is need for the simplification of the procedures in relation to granting of loans to small borrowers. 5) The further strengthening the SHG-Bank Linkage Programme (BLP), as it has proved to be an effective way of providing credit to very small borrowers. 6) The business facilitator and Correspondent Model Needs To Be Effectively Implemented.

Progress of Microfinance in India

The institutions which engage in microfinance services in India follow three types of approaches namely

- i. The Grameen Bank approach
- ii. The Cooperative Societies (which are members of a cooperative bank) approach
- iii. The SHG Programme approach.

In the four years between 2003 and 2007, small borrower bank accounts (credit) i.e. up to Rs 25,000 increased marginally from 36.9 million to 38.6 million, while SHGs borrowing members grew from 10 million to 40.5 million and MFIs borrowers grew from 1.1million to 8 million. In 2007-08, MFIs have added 6 million clients increasing their outreach to 14 million as per data brought out by Sa Daan. An innovative scheme in rural delivery system launched by NABARD is the linking of SHGs of the poor with banks and bulk lending through NGOs. NABARD considers SHGs a pre-microenterprise stage for majority of the rural population. The linkage project envisages active involvement of NGOs who play a crucial role in formation, nurturing, stabilizing and guiding the SHGs into cohesive and dynamic groups inculcating the habits of thrifts and credit management and ultimately establishing linkage with the banks. Under the SHG-bank linkage programme, three linkage models have broadly emerged. Under the first model, banks directly link SHGs without the intervention of the NGOs. In the second model, banks provide credit to SHGs and NGOs act as Self Help Promoting Institutions (SHPIs). Under the third model, NGOs act both as SHPIs and financial intermediaries for channelizing credit from banks to SHGs. The SHG-Bank Linkage Programme implemented by commercial banks, RRBs and cooperative banks has emerged as the major micro- finance programme in the country. Under the SHG-Bank Linkage Programme, as on March 31, 2009, 61,21,147 SHGs held savings bank accounts with total savings of Rs 5,545.62 crore as against 50,09,794 SHGs with savings of Rs 3,785.39 crore as on March 31, 2008. Thus more than 8.06 crore poor households were associated with banking agencies under the SHG- Bank Linkage Programme.

Table 1: The Progress under SHG bank Linkage Programme in India

Year	New SHGs financed by banks					Bank Loan
	During the Year		Cumulative during the Year			Cumulative Amount
	No.	Growth (%)	No.	Amount	Growth (%)	
2002-03	2,55,882	29	7,17,360	1,022.34	87	2,048.68
2003-04	3,61,731	41	10,79,091	1,855.53	81	3,904.21
2004-05	5,39,365	49	16,18,456	2,994.25	62	6,898.46
2005-06	6,20,109	15	22,38,565	4,499.09	50	11,397.55
2006-07	11,05,749*	-	28,94,505	6,570.39	-	12,366.49
2007-08	12,27,770*	11	36,25,941	8,849.26	35	16,999.90
2008-09	16,09,586*	31.1	42,24,338	12,256.51	38.5	22,679.85

Source: Govt. of India, 2009

* from 2006-07 onwards, data in respect of number of SHGs financed by banks and bank loans are inclusive of SHGs financed under the Swarna Jayanti Gram Swarozgar Yojana (SGSY) and the existing groups receiving repeat loans. Owing to this change, NABARD discontinued compilation of data on cumulative basis from 2006-07. As such data from 2006-07 onwards are not comparable with the data of the previous years. As on March 31, 2009, commercial banks had the maximum share of SHG savings with savings of 35,49,509 SHGs (58 per cent) amounting to Rs 2,772.99 crore (50 per cent); this was followed by RRBs with savings bank accounts of 16,28,588 SHGs (26.6 per cent) and savings amount of Rs 1,989.75 crore (35.9 per cent) and cooperative banks with savings bank accounts of 9,43,050 SHGs (15.4 per cent) and savings amount of Rs 782.88 crore (14.1 per cent). The share of the Swarnajayanti Gram Swarozgar Yojana (SGSY) in SHG savings accounts was 15,05,581 SHGs, forming 25 per cent of the total SHGs having savings accounts in banks. During 2008-09, the average savings per SHG with all banks increased from Rs 7,556 as on March 31, 2008 to Rs 9,060 as on March 31, 2009, varying between a high of Rs 12,218 per SHG with RRBs and a low of Rs 7,812 per SHG with commercial banks. As on March 31, 2009, the share of women SHGs in total SHGs with savings bank accounts was 48,63,921, accounting for 79.46 per cent as compared to the previous year's share of 79.56 per cent. During 2008-09, banks financed 16,09,586 SHGs, including repeat loans to existing SHGs, as against 12,27,770 SHGs during 2007-08—a growth of 31.1 per cent (number of SHGs). As on March 31, 2009, 42,24,338 SHGs had outstanding (cumulative) bank loans of Rs 22,679.85 crore as against 36,25,941 SHGs with outstanding bank loans of Rs 16,999.90

crore as on March 31, 2008. This included 9,76,887 SHGs (6.5 percent) with outstanding bank loans of Rs 5,861.72crore (21.7per cent) under the SGSY as against 9,16,978 SHGs with outstanding bank loans of Rs 4,816.87 crore as on March 31, 2008. Commercial banks had the maximum share of around 70 percent of outstanding bank loans to SHGs followed by RRBs with a share of 23 per cent and cooperative banks with the balance. As on March 31, 2009, the average bank loan outstanding per SHG was Rs53,689 as against Rs 46,884 as on March 31, 2008. It varied from a high of Rs 57,037 per SHG in the case of commercial banks to a low of Rs 31,460 per SHG in the case of cooperative banks.

Literature of Review

In 2011, Priyadarshie and Ghalib describe a process whereby the MFIs not only offered multiple loans to the same borrower household without following due diligence, but also collaborated with consumer goods companies to supply consumer goods such as televisions as part of their credit programmes. These purely consumption loans exacerbated the already worsening indebtedness of poor households and some of them started defaulting in repayment. Several MFIs then resorted to openly coercive methods for loan recovery. Extreme repayment pressure forced borrowers to approach moneylenders to borrow at exorbitant rates of interest simply to repay the MFIs. When the situation became impossible, and no fresh loans were accessible, some of these borrowers committed suicide and the issue attracted widespread media coverage. In 2012 Dr.Christabell. P.J. Vimal Raj A. defined the overall strategy for financial inclusion, especially amongst the poor and disadvantaged segments of the population. It comprises ways and means to effect improvements within the existing formal credit delivery mechanism, as well as an evolution of new models for extending outreach, and a leverage on technology solutions to facilitate large scale inclusion. Only two to five percent of the 500 million poorest households in the world have access to institutional credit. Of which, women receive a disproportionately small share of credit from formal banking institutions. The Women's Self Help Group movement is bringing about a profound transformation in rural areas of India. In 2013 Porkod examine the role of micro finance in the empowerment of people and the realisation of financial inclusion in India. While there are reservations about the efficacy of MFIs in handling public

money, their growth and achievements demand attention and appreciation. Shankar Savita (2013), found that while MFIs do break down many barriers to financial inclusion, there are limitations in the extent of their outreach to those excluded. First, MFI penetration in the country is skewed and excludes some areas neglected by the banking sector, suggesting a need for policy incentives to encourage expansion to those areas. Second, even in areas in which MFIs operate they are unable to provide services to some financially excluded individuals on account of their methods of operation. To provide greater and more long lasting access to more individuals there is a need for MFIs to consider adopting more flexible operating models and to offer portability of accounts. There is also a case for skill based training to enable greater access to MFI membership.

Objectives of the study

To study the performance of selected microfinance institutions on the basis of gross loan portfolio and the progress of overall microfinance program for achieving financial inclusion.

Research Methodology

Descriptive type of study has been done. The sample size include 20 microfinance institutions (NGOs and NBFCs) which provides their data on MIX (mix market) database. The period taken for the study is of 3 years i.e from 2009-12. The statistical tool t-test has been applied to draw the results.

Data Analysis

Table 2

ONE-SAMPLE TEST						
	Test Value= .05					
	T	Df	Sig.(2-tailed)	Mean Difference	95%Confidence Interval of the Difference	
Gross Loan Portfolio	19.742	2	.003	6.29011E9	Lower 4.9192E9	Upper 7.6610E9

The result of the table no.1 depicts that there is significant difference between the loan portfolios of the selected Microfinance Institutions from the year 2009-12. When calculated at 95% confidence level, the t-value comes out to be 19.742 that is more than

the tabulated value (19.742>2.92), showing the performance has increased significantly which in turns helps in achieving Financial Inclusion in India

Conclusion

The Micro Finance Institutions are an integral part of financial inclusion and instrumental in providing “last mile connectivity” but there need to be a balance. They should be kept viable but within certain boundaries. At present, these MFI across the country is under stress. The Reserve Bank of India has set up a committee under the chairmanship of Mr. Y. H. Malegam to examine the issues confronting the microfinance industry, including their interest rate structure and suggest recommendation. For achieving complete financial inclusion and for inclusive growth microfinance institutions are playing their role significantly. Access to financial services could be made more easily and effectively by means of SHGs and MFIs. Financial inclusion is a big road which India needs to travel to make it completely successful. Financial inclusion will be real and successful only when the small and marginal farmers and landless labourers have unhindered access to the financial services like Savings, Credit, Micro insurance and remittance facilities.

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