Volume VI | Number 1 | July 2014 | ISSN No. 0975-1874

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Chanderprabhu Jain College of Higher Studies & School of Law

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An International Journal of Rishi Aurobindo Educational Society

Volume VI **July 2014** **ISSN No. 0975-1874**

CHANDERPRABHU JAIN COLLEGE OF HIGHER STUDIES & SCHOOL OF LAW

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Editorial

CPJ Global Review an International Journal has completed five years of its publication and is entering into the six year with this issue. During these years, this Journal has strived hard to maintain high academic standards and also strict periodicity of annual production. It is dedicated to the dissemination of ideas and concepts of modern day Management and IT for stimulating academic fervor and knowledge encouraging applied and theme based research. The Journal has created a niche for itself as is evidenced by eagerness of reputed academician and industry professionals across the country to contribute the articles written by them for publication in this Journal.

We believe that learning is a never ending process and one continues to discover oneself in this journey. However, this process is not an isolated and individual venture. It requires an impetus and environment to thrive and flourish in. Keeping this aim in mind, the Journal seeks to facilitate this learning environment. It is a concerted effort to give academic researcher a platform to present their ideas in front of an erudite community.

This Journal is an acclaimed platform and inspires the young academicians and researchers and motivate them for disseminating their research papers, research articles, literature review, case studies and book reviews etc. Volume VI-Issue I, 2014 of CPJ Global Review covers a regular mix of articles and research papers from Management, Banking, IT, Indian Economy and burning topic of CSR. All the Papers open up new dimension of research in the identified area such as, Envy at Workplace, Tax Revenue Collection and Economic Growth in India, PPP: An Indian Perspective, Volatile Indian Stock Market: Role of FIIS, A Perceptual Study of Branding of Men's Attire in Retail Store, E-recruitment: An Effective Recruitment Strategy and Banking Sector in India.

Finally, we extend our sincere thanks to all contributors/authors for sharing their valuable findings and ideas with us. Further, we wish to encourage more contribution from academicians and Industry practitioners to ensure a continued success of the Journal. We welcome contributors that can demonstrate near/term usefulness, particularly contributors that take a multidisciplinary/convergent approach. Authors, reviewers and guest editors are always welcome. We also welcome comments and suggestions that could improve the quality of the Journal. We hope that CPJ Global Review will serve the intended purpose and will be of immense use for researcher.

Prof. (Dr.) S.P. Narang

(Director General)

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ENVY AT WORKPLACE: PREDICTOR MODELS

* BSL Shilpa ** Dr. C S Sharma *** Dr. R K Singh

Abstract: *Envy is a ubiquitous emotion pervasive in all societies. In an organizational setting, envy is a powerful emotion with a definite impact on the organizational behavior of employees at work. In this research article we examine the previous research on envy and propose a conceptual meaning and nature of envy by pragmatically distinguishing envy from jealousy. Further the paper also takes a survey of the study of the various consequences of envy that have established the framework of malignant envy and benign envy. This paper, rather than treating envy as purely malicious or benign, suggests a new theoretical framework of consequences of envy as being malicio-benign as is found in some by some recent researchers of envy. We also examine the agents that cause envy within a workplace and we in this paper propose a three dimensional predictor model of envy to help us predict the circumstances in which organizational envy is most likely to be triggered. Finally, we have looked into the study of different strategies to manage envy within organizations and suggest the need for further investigation of this area.*

Keywords: *Envy, Jealousy, Work place, Emotion*

Introduction

Griffiths (1970) referring to the Egyptian myth of Osiris, perhaps the oldest recorded myth in human history, identifies envy as one of the important motives that drives Osiris to kill his brother Seth. Long after this Egyptian myth took shape and far from the land of pharaohs, envy finds yet another record in the ancient text of Mahabharata, where again two brothers–Pandu and Dhritarashtra and their sons fight a futile war of annihilation driven by Duryodana's grudging envy against his more successful cousins. Das (2009), in his best selling work of *Difficulty of Being Good*wrote, envy is the defining emotion of Duryodana; he suffers from so many vices: pride, greed, anger, hatred, ego, but his most dangerous defect is envy. And, it is this envy which is at the heart of the calamity of Mahabharata. In another research work, Bailey (2002) refers to an old Russian joke that tells the story of a peasant with one cow who hates his neighbor because he has two. A sorcerer offers to grant the envious farmer a single wish. 'Kill one of my neighbor's cows!' he asked.

These references by envy research scholars to the ancient legends and popular cultural collective humour draw the spotlight on the emotion of envy and reiterate some fundamental principles established by envy research scholars:

First it identifies that, the experience of envy is as old as humanity itself (Parrot, 2001); envy is universal and pervasive in all societies(Foster 1972; Schoeck [1966] 1987; Beckman et al. 2002);); and so not surprisingly, envy has numerous references in religious literature, fairy tales and mythologies, across cultures and across times and hence envy has attracted discussion from philosophers and thinkers as varied as Aristotle, Francis Bacon, Kant, Nietzsche, John Stuart Mill (Mishra, 2009). George Foster (1972), a noted anthropologist, described envy as "a pan-human phenomenon, abundantly present in every society, and present to a greater or lesser extent in every human being."

Secondly, envy is a powerful emotion (Douglas, 1991). It drives people to action. Earlier researchers have found that envy can exert substantial influence on

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interpersonal attitudes and behavior (e.g., Feather, 1989, 1991; Parrott & Smith, 1993; Salovey & Rodin, 1984; Smith, 1991; Smith, Parrott, Diener, Hoyle, & Kim, 1999; Smith, Parrott, Ozer, & Moniz, 1994; Smith et al., 1996; Tesser& Collins, 1988; Vecchio, 1995, 2000). The negative side of envy's impact on attitude and behavior has been long researched. For long it has been documented to be the cause of murder, vandalism, and other forms of crime (Mishra, 2009). However, in the newer approaches to envy, they have recognized the constructive effects of envy such as striving for betterment and achievement (Joffe 1969). More positive views on envy, describe it as benign, admiring, and emulative (Neu, 1980; Rawls, 1972; van de Ven, Zeelenberg, & Pieters, 2009). In contrast to the dominant approach, these scholars have affirmed the adaptive potential of envy, emphasizing that envy can motivate people to excel, thus reducing the gap that exists between them and envied targets by raising themselves rather than by bringing others down (Tai, Narayanan, Mcallister, 2012). So in line with the previous study of envy we confirm that the consequences of envy can be either destructive or constructive or both, but it certainly is powerful and hence consequential to a person's behavior.

In this paper, we are going to define the construct of envy by distinguishing it from an often mistaken construct of jealousy. In the present research we will consider the consequences of envy and that unlike the traditional research of categorizing envy into purely benign or malicious consequences, we would like to draw upon the emerging research trend and consider envy to be a complex emotion that entail both malicious and benign consequences together. We propose a theoretical model to predict the circumstances in which organizational envy is most likely to be triggered. And, finally we draw the spotlight on the different research suggestions on managing envy within workplaces, as an area that needs further study.

Envy – A Conceptual Understanding

In the common parlance, the word *envy* is mentioned less often, and the word *jealousy* is commonly used instead. And for a layperson the words *envy* and *jealousy* are synonymous and hence are interchangeable. Philosophers like Cicero (45 B.C.) have argued that the two emotions are distinct. In the recent times, research scholars like Neu (1980), Taylor (1988), Parrot (1991) have argued that the two emotions are quite different and distinct from one another. And there is a need to differentiate between envy and jealousy.

The word *envy* is derived from the Latin word *invidere* which means to 'look at someone with malice" (Webster's Online Dictionary). In tune with this meaning, envy is elucidated as an unpleasant emotion that is experienced when a person compares oneself with another person or group of persons who enjoy a desired possession, social position, attribute, or quality of being (Parrott, 1991; Parrott & Smith, 1993; Smith & Kim, 2007). The pain of one person may turn into the pleasure of another. But on the other hand, jealousy is an emotion of threat of losing or a feeling of a real loss of an important relationship to a rival (Parrot, 1991). Typically, jealousy is characterized by emotions of fear of loss, anger over betrayal, and insecurity (Hupaka, 1984; Mathes et al., 1985). Parrot (1991) says that the commonest example of jealousy involves a romantic relationship. However, Roachet. al (1979) has said that jealousy can arise not only in a romantic relationship, but also between friends, siblings, employees of the same boss, students of a teacher, so on and so forth; for jealousy to occur the relationship need not be of love and the rival need not even be a person; a husband can be jealous of his wife's love of music, a mother jealous of her child's love of sport, a woman of her brother's new car.

So, consistent with the prior research work we conceptualize envy as an emotion causing pain at another's good fortune and as an emotion that occurs when one perceives some deficiency in ones own self. It is feelings that arouse "when a person lacks another's superior quality, achievement, or possession and either desires it or wishes the other person lacked it" (Parrott &Smith, 1993, p. 906) whereas, jealousy occurs when one is concerned with losing what one already possesses. Jealousy is primarily focused on the relationships shared with others; envy on the contrary is not only about relationships but also of possession. In envy someone's good fortune is not necessarily at ones expense; but typically in jealousy someone's gain is at your expense. Envy is often accompanied with a sense of the irreversible loss, or one's crushed sense of worth" (Frijda, 2007) while jealousy is accompanied with a sense of betrayal and rejection (Parrot,1991) .

So drawing upon the previous research work we establish that envy is feeling of unpleasantness experienced at another's pleasant turn of tide and heightened by perception of some deficiency in ones own self and which is characterized by being homeostatic in nature driving people to act upon it. On the basis of the distinction drawn between the constructs of jealousy and envy, we propose that although envy and jealousy can co-occur within organizational context, envy characterizes our workplaces more than jealousy (Parrot, 1993).

Consequences of Envy

Being a homeostatic emotion, research of envy has focused on implication of envy on interpersonal relations of people and on work organizations with in which these relationships are embedded. The research scholars have studied the consequences of envy and have presented diverse theoretical perspectives that primarily fall under the following catregories:

Envy as Purely Malicious

Cohen-Charash (2009) summarizes the various researches on the negative effects of envy on employee satisfaction (Vecchio, 1995), a positive relationship with propensity to quit (Vecchio, 1995, 2000), a negative relationship with perceived distributive justice and with rival likeability (Schaubroeck& Lam, 2004), and negative implications for work groups (Duffy & Shaw, 2000).

Experimentally the effects of envy on employees have been validated by researchers: Geurts et al. (1994) found that bus drivers who perceived others as better off than themselves did engage more in absenteeism. In a study among Spanish teachers, Buunk et al. (2007) found that a feeling of being defeated in the sense of being overtaken by others predicted burnout among men, but not so much on women. Fischer et al. (2009) found a possible explanation for the negative effect of envy on performance. In these three experiments these authors showed that envious individuals were less willing to share high-quality information with envied colleagues. Since information sharing is crucial for successful corporation, group performance may suffer as a consequence (Buunk et al., 2007).

Because sanctions against open expressions of envy are often present in organizations (Parrott & Smith, 1993), people frequently use covert means to restore balance with envied targets. Social undermining is one behavioral response to envy—focused on bringing down the other (Dunn & Schweitzer, 2006). Similar social undermining was reported by Einarsen and Rakes (1997), who stated that malicious envy often leads to derogation of rivals, which within the workplace takes the form of bullying, harassment, and negative gossip. Vecchio (1995) mentioned behaviors such as harassing the rival, backstabbing the rival to a supervisor, spreading malicious gossip, and providing misinformation and disinformation about the rival as specific outcomes of envy at work.

These studies conclude envy to be a strong negative emotion with a negative impact on the organization and work places and indicates that envy is undesirable in a workplace and hence needs to be avoided.

Envy as Purely Benign

All though there has been research on benign envy it is less in comparison to the malicious envy research. This is an area that is still nascent. Benign envy is characterized by feelings of admiration (Tai et al, 2012). Envy has been found to predict an increased admiration for and a willingness to learn from envied targets (Cohen-Charash, 2009; van de Ven et al., 2009). Schaubroeck and Lam's (2004) experimental study on the impact of envy on the job performance has shown significant improved job performance amongst the employees who felt a greater envy towards their colleagues promoted to positions for which they themselves had applied for. Similarly, enhanced work motivation (Cohen-Charash, 2009), and increased job performance (Schaubroeck& Lam, 2004) have been associated with benign envy. Primarily the benign envy research associates envy with action tendencies focused on raising the self to the level of the envied target rather than bringing the target down (Tai et al, 2012). The benign envy researchers posit that envy can be constructive and can help enhance individual and organizational capabilities.

Envy: A complex emotion – At once both Malicious and Benign

In the recent envy research scholarship envy's implications of being either purely benign or malignant has been negated and a new perspective has emerged on envy's implications. Frijda (1989) affirmed that

complex social emotions like envy, jealousy, and shame are not easily aligned with any singular mode of action readiness. This means that engagement of benign action tendency does not preclude engagement of the malicious actions, and envy may activate both action tendencies (Tai et al., 2012). Thereby, in this research paper we would like to put forward the view that envy is primarily a negative emotion because of two reasons: one because there is no purely benign envy, and that envy does entail a certain extent of maliciousness and hence organizations can no longer ignore envy as a possibility of being purely benign and secondly there is a need to reconsider the positive aspects of envy such as emulation and enhanced work motivation as being overvalued in comparison to the negative consequences(Cohen-Charash, 2009). Therefore, we posit that there is a need for organizations to understand the triggers of envy so that they can detect it and also know these origins of envy for them to frame methods and strategies that help them to manage and contain envy within organizations.

Envy at Workplace: Predictor Models

Scholars have attempted to identify the causes of envy at workplace. They have examined different variables modeling them to predict envy. These models can be classified as individual characteristics models, organizational characteristics models, and situational variable models.

The comprehensive model comprises all these models and is depicted in the figure below:

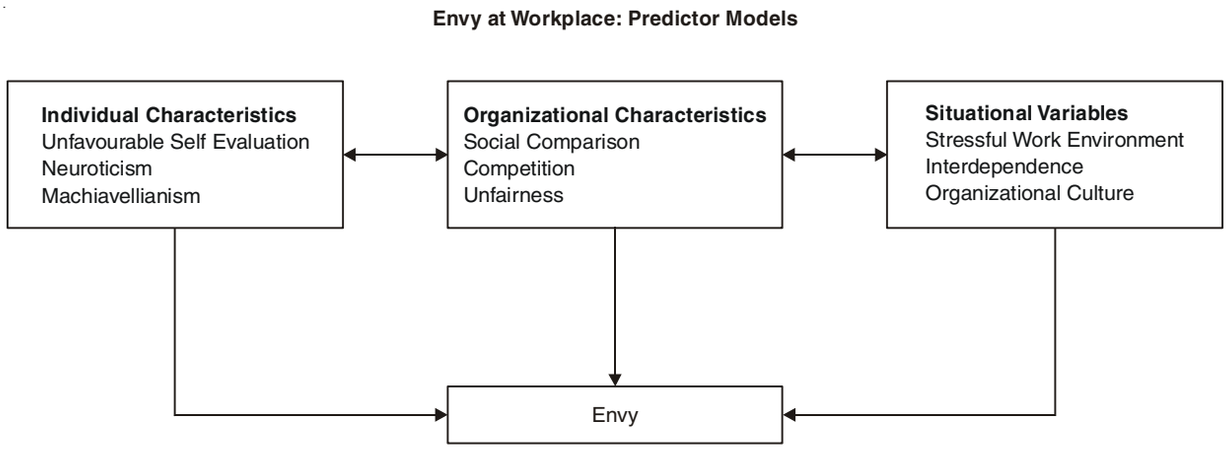

Figure 1.1. *Envy at Workplace: Predictor Models*

Individual Characteristics

Several empirical psychosocial studies have researched the qualities once called "character" (and that social scientists refer to as personality variables) that strongly influence whether a person succumbs to envy. Parrot (2000) says that non-institutional variables also influence the occurrence of envy.

Self Evaluation: Core self-evaluation is a higher-order construct that subsumes four underlying traits: self esteem, generalized self-efficacy, locus of control, and emotional stability (Judge et al., 1997). The core self-evaluations (with underlying traits of self esteem, generalized self-efficacy, locus of control, and emotional stability) moderate the effects of envy on behavior (Smith et al., 1994). Tai et al., (2012) also proposes that core self-evaluations moderate the effects of envy on behavior. People's core self evaluations— their bottom-line appraisals of themselves as competent, worthy, and in control of their lives (Judge, Locke, & Durham, 1997;Judge, Van Vianen, & De Pater, 2004) — shape their orientations to life situations and events.

*Neuroticism:*Neuroticism is generally defined in terms of negative emotions such as being insecure, self-conscious, and temperamental (McCrae & Costa, 1987). Neuroticism (N) is a personality dimension that is described by adjectives such as tense (vs. relaxed), nervous (vs. at ease) and moody (vs. steady) and inversely labeled emotional stability (Denissen and Penke, 2008).

From the dispositional point of view, certain people would be expected to be more envious than others.

From among the Big Five factors, the dimension of neuroticism would be expected to be most related to envy because of its association with negative emotionality (Mishra, 2009). Thus, we propose neuroticism as a second variable among individuals that decide on who is more prone to feeling of envy. People high on neuroticism would be more likely to experiencing the emotion of envy, and tomanifest higher dysfunctional effects of envy. (Mishra, 2009).

Machiavellianism: Employees vary in the extent to which they are politically astute and active. Individuals who are more socially manipulative and who engage in political behaviors can be described as highly Machiavellian (Christie &Geis, 1970; Wilson, Near & Miller, 1996). Machiavellianism is the tendency to be cunning, scheming, and unscrupulous, as assessed by MACH – IV (Vecchio, 1995). Vecchio (1999, 2000) found that self reports of feeling envy at work were associated with lower global self-esteem, higher levels of Machiavellianism, greater sense of workplace competition, lower sense of personal autonomy, and lower quality of working relationship with one's supervisors and lower job satisfaction. According to Vecchio (1995), reports of envy at workplace are associated with greater sense of workplace competition and higher levels of Machiavellianism. Machiavellian employees are likely not to share information or resources (Liu, 2008) and they to maintain positions of strategic power as spanners between groups that would benefit the greater scosial exchanges (e.g. Borgatti and Foster, 2003). Second, Machiavellians are so prone to betray the trust shown to them by others (Harrel and Hartnagel, 1976), hence they are not trusted and are targets of envy.

So on the dimension of Machiavellianism, we can state that study so far indicates a slight correlation between Machiavellianism and envy, it needs further investigation. But certainly higher Mach can trigger envy in others.

Organizational Characteristics

Social Comparison: At the heart of envy is social comparison, a common and powerful influence on self concept (Festinger, 1954; Heider, 1958). *Where there is no comparison there is no envy; and therefore kings are not envied but by kings* said Francis Bacon Characteristically, envy is experienced when a person compares oneself or gets compared with "a person or group of persons who possess something that we desire" (Smith and Kim, 2007). Social comparisons, specially the upward unfavourable comparisons, that provide a diagnostic perspective on self, are the building blocks of envy (Gilbert, Giesler, & Morris, 1995). This is because "much of our self esteem comes from our comparison with others (Morse &Gergen, 1970; Tesser& Campbell, 1980). When one's ability, achievements, or possessions with those of another, there is the potential for a decrease in one's self-esteem and public stature, and surely this is on route to envy (Heider, 1958, Silver & Sabina, 1978).

But interestingly not all upward social comparisons lead to envy. According to Aristotle, envy is felt chiefly towards those who are peers, for reasons having to do with notions of justice (Barnes, 1984). The Greek poet Hesoid depicted this human nature poetically in his lines "*The potter is furious with the potter and the craftsman with the craftsman; and the beggar is envious of the beggar and the singer of the singer"*. Modern researchers have also validated this human propensity. For envy to occur, the "thing" that one lacks should be in a domain that is central to one's self-concept (Lazarus, 1991), and the two persons (i.e., envious and envied) should be in a unit relationship (Heider, 1958); that is, similar or close to each other (Cohen-Charash, 2009).

These researches build the general framework that triggers envy. They stress the importance of three major factors in the development of envy: (a) the other person's performance or achievements should be better than those of the self; (b) the other's achievement must be important and relevant to the self; and (c) the two people must be close or similar to each other (Copen-Charash, 2009).

Competition: Studies have tried to determine the relationship between competition and workplace envy. Competition occurs when two people are striving to obtain a certain outcome, and the success of one person requires the failure of another (Salovey, 1991). Thus, losing in a competition can lead to envy of the winner (Ben-Ze'ev, 1992; Kohn, 1992), and envy can also lead

one into competing with a successful other and wanting to outperform him or her (Bers& Rodin, 1984). Tai et al. (2012)says the main cause of envy in the workplace is that people compete for scarce resources, for the time and attention of organizational authorities, and for preferred job assignments and promotions, and there are always winners and losers in such competitions. Hence we have envied and enviers. Envy is present in the workplace as a natural result of the assignment of limited organizational resources and the frequent opportunities individuals have of comparing themselves unfavourably to their peers (Bedeian 1995; Cohen-Charash 2000).

However, researchers have warned us that competition in itself does not always warrant envy. Ben-Ze'ev (2000) says that competitive feelings, accompanying competitive situations, can have various emotional correlates (e.g., excitement, fear, joy, sadness) and only one such emotional correlate is envy. Hareli& Weiner posit that envy and competitive feelings can occur independently of each other, i.e. envy can occur in the absence of competitive feelings (e.g., when the mere fact that someone has a certain object leads one to want this object), and loss in a competition will not always elicit envy (e.g., when the winner is perceived to be an expert, rather than a similar competitor. So, based on the previous research, we propose that envy and competitive feeling is positively correlated when combined with social comparison but otherwise the two are considered to be independent constructs (Cohen-Charash 2009).

Unfairness: The association between envy and unfairness has been widely studied (e.g., Salovey& Rodin, 1984; Smith, 1991; Cohen-Charash& Mueller, 2007; Lieblich, 1971; Schaubroeck& Lam, 2004; Smith et al., 1994).

The primary theoretical premise behind the perception of unfairness is the equity theory (Mishra, 2009). Similarly Tai et al (2012) echoes similar view when he says "in research on organizational justice, scholars have often used equity theory as one of organizational justice's foundations". Equity theory emphasizes that individuals evaluate their efforts and subsequent outcomes against the efforts and subsequent outcomes of their peers (Adams, 1965). When perceived in context of workplace, this theory suggests that employees compare their efforts and outcomes against their co-workers to find out whether they are being treated fairly. According to the equity theory, if the employees find inequity i.e. either they are being under rewarded or over rewarded, they will be motivated to restore equity (Adams, 1965). Cohen-Charash (2007) has empirically established that envy and feeling of unfairness are positively correlated and hence occur together.

But the association between envy and unjustness is fraught with difficulties. Envy occurs in just and unjust situations alike (Ben-Ze'ev, 1992; Feather & Sherman, 2002; Heider, 1958; Smith et al., 1994). And, hence researchers have hypothesized that although they co-occur, they are distinct and separate and do not share a causal relationship of unjustness leading to envy.

Situational Variables

Besides individual and organizational characteristics, there are other variables that can influence an organization in being prone to experience envy.

Stressful Work Environment: Certain emotions—for example, anger, envy, jealousy, anxiety, fright, guilt, shame, and sadness—could be called stress emotion, because they usually arise from stressful, which refers to harmful, threatening, or challenging conditions (Lazarus, 1999).

Interdependence: The other factors that contribute to increased feeling of envy is that "many workplaces are characterized by close, frequent interaction between individuals and high levels of interdependence, which together often lead to relationships that extend beyond work or task boundaries" (Frost et al. 2000; Horn and Horn 1982). Vecchio (2000) also found a correlation between envy and job interdependence. Employees who operate autonomously experience less envy. Thus, creating conditions of high interdependence among employees may not only increase the prevalence of envy, but it may also exacerbate its harmful consequences.

Organizational Culture: The literature on antecedents of unethical and inappropriate organizational behavior suggests that organizational culture and disciplinary procedures may also play a significant moderating role in curtailing the harmful consequences of envy. Establishing clear disciplinary procedures can effectively deter many forms of undesirable workplace behavior (Trevino & Weaver, 1998). Similarly, creating an organizational culture that promotes ethics has been found to increase employees' sensitivity to potentially unethical behavior and to discourage them from engaging in it (Jansen & Meckling, 1967).

So, those organizational cultures where there are clear procedures and transparency envy is less pervasive, than in organizations with less defined procedures and questionable systems.

Managing Envy With in Organizations

Fortunately there is some research on how to manage envy within organizations. Biniari (2011), in his study of strategies of managing envy has suggested two strategies: *architecturing*and *balancing* as for top and middle management respectively. *Architecturing* primarily focuses on improving the emotional climate by ensuring effective enactment of emotion management routines that help employees overcome the stress of disruptive organizational change (e.g., Huy, 1999; 2002); And, *balancing* focuses on reducing the (negative) emotions and other effects generated by envy that harm the organizational processes in a way that balances the interests and aspirations of both groups, the enviers and the envied. They focus on empathizing with the enviers, calming and helping them to visualize a different perspective; rewarding the sharing behavior of the envied employees; coaching the efforts of the enviers to emulate the success of new and outperforming innovators; or restoring perceived injustice. Vecchio&Dogan (2001) have suggested five strategies to counter envy in workplaces: Remodeling recruitment practices to hire more emotionally matured candidates vis-a-vis candidates with high neuroticism; deliberately restructuring of work environments to foster teams and participative management; implement an incentive system that supports cooperation; encourage open communication that endorses standard fairness and participation to all and encourages employees to discuss any concerns of stress and tension openly with the mangers; put high achievers in mentor positions.

Conclusion

There is a need for researchers to examine the strategies of managing envy within workplaces more closely. In this research paper we have conceptualized the meaning of envy by differentiating it from the construct of jealousy. We have delineated the consequences of malicious, benign, and benign-malicious envy. We have proposed a predictor model of envy by categorizing triggers of envy into individual, organizational, and situational variable factors.

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TAX REVENUE COLLECTION AND ECONOMIC GROWTH IN INDIA

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Abstract: *The paper analyzes the role of taxation in economic growth of India. The objective is to highlight the economic and strategic implications of tax revenue collections in India with regard to economic growth. The present paper highlights the long-term strategic perspective for India as far as tax revenue collection and economic growth is concerned. We have collection the data for last 31 years from Indian Public Finance Statistics (various years) and Reserve Bank of India. We have taken Gross Domestic Product (GDP) as an indicator of economic growth. We analyze Tax/ GDP ratio and deficit faced by government budget. All stakeholders including government, corporate sector, regulatory bodies and citizens need clarity on the role of tax revenue collection in economic growth in India. In India, there is dearth of research in the area of tax revenue collection. This paper aims at highlighting the historical relationship between tax revenue collection and economic growth.*

Keywords: *Tax Revenue Collection, Economic Growth, GDP*

Introduction & Rationality

Economic growth is the basis of increased prosperity in any Economy. One of the most widely discussed issues in economics is how tax rates relate to economic growth. Advocates of tax cuts claim that a reduction in the tax rate will lead to increased economic growth and prosperity. Opponent claim that if we reduce taxes, the benefits will go to the rich, as those are the ones who pay the most taxes. The rate of growth can be affected by policy prescription like taxation. Taxation provides the means to finance the expenditures and indirectly can contribute to an increase in the growth rate of Economy. The role of Fiscal policy in developing economies like India can be traced in the form of resource mobilization, which enables to mobilize a substantial amount of revenue to Exchequer. Taxation policy enables reduction in Inequalities of Income that is it facilitate that each taxpayer contribute his or her fair share to the cost of government. High rate of taxes on luxury goods take away resources from the rich and such resources re-distributed among the poor in the form of subsidies. Further it contributes to foreign exchange in the form of taxing Imports of goods & service under custom Act, Excise Act, Income Tax act, sale tax Acts & other relevant statute, while there is exemption for exports of goods & services under the statutes. This policy is not only advocated by developing countries like India but developed countries follow such route to earn foreign exchange or to achieve other objective. High duties are levied on alcoholic & tobacco products which restrict their easy availability & consumption, diverting savings from being utilized on undesirable products to social welfare activities like infrastructure & education. The provision like tax exemptions for Free Trade Zones, special economic zones, Small scale Industries under various Direct & Indirect statutes in India play a significant role in development of backward regions such as North Eastern States.

The aim of the study is to highlight the economic and strategic implications of tax revenue collections in India with regard to economic growth. The GDPMP has been taken as proxy of economic growth. We have selected 31 years of Fiscal & Growth performance of Indian Economy starting from 1981 till 2012.

Literature Review

Past researchers has showed a wide variety of ways in which the tax structure can affect observed economic growth rates In this section we have tried to explore previous studies.

Burgess and Stern (1993) argued that impediments on taxing personal income in developing countries are many including problems of income measurement,

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administrative capability, low literacy and poor accounting, an economic structure. These problems generate more gap between targeted revenue and collected revenue thereby effect economic growth. Day & Chengyu (2011)[1] analysed macroeconomic effects of fiscal policy using Keynesian growth model & argued that the long-run effects of an increase in public spending and a decrease in taxation on economic growth and government budget balance depend on the relative size of marginal propensity to consume and invest and could be positive under certain conditions. D'souza (1997), discussed that the financial sector reforms have induced high interest rates and increased credit rationing. The paper concluded that unless the composition of government expenditures shifts towards cacpital expenditures, & there is a concerted effort to raise the tax revenue/GDP ratio, direct measures to boost savings are initiated, risk assessment and monitoring skills of banks are upgraded, and banks are separated from their bad loans, there could be adverse consequences for economic growth Eric & Skinner (1996), considered the impact of major tax reform on long term growth rates, suggest modest effects, on the order of 0.2 to 0.3 percentage point differences in growth rates in response to a major tax reform. Government policies have been effective in correcting externalities & encouraging entrepreneurial activity & thereby increasing productivity growth. For e.g Gentry and Hubbard (2000) evidenced that a progressive personal tax structure discourages risk-taking. Gordon (1998) argued that the option to incorporate means that a low corporate tax rate relative to personal tax rates encourages risk-taking. Cullen and Gordon (2002) showed many potential effects of the tax system on entrepreneurial activity, and evidenced strong empirical support for these tax effects.

Geremia Palomba (2004) examined the effect of capital income taxation on the international allocation of capital and on economic growth. The paper showed that domestic capital taxes affect both the international allocation of capital and the rate of economic growth and that the two effects are not necessarily the same. Ilyas & Siddiqi (2010) examined the relationship between revenue gap and economic growth for Pakistan using annual time series data over the period 1980 to 2008. The short and long run results indicate that revenue gap is statistical significant and negatively affect economic growth. Solow (1970) argued that growth simply depends on the accumulation of capital and labor, so that the existing empirical work analysing tax effects on investment and labor supply does capture the relevant effects on growth, however, there would be no effects of taxes on total factor productivity. Wang and Yip (1992) examined the effect of consumption taxes, taxes on capital and on various factors of out-put for Taiwanese economy. They concluded that consumption taxes and factor income taxes has opposing and mutually off-setting effect on growth rates of economic aggregates. Young & Gordon (2005), examined how tax policies affect a country's growth rate, using cross-country data. The study found that statutory corporate tax rates are significantly negatively correlated with cross-sectional differences in average economic growth rates, controlling for various other determinants of economic growth, and other standard tax variables.

Analysis

Hinrichs[2] (1966), advocates that the stage of development of the economy and the economic conditions prevailing in the country account for its tax structure. In the early stage of development of an economy, direct taxes places a dominant position, but as the traditional society disappears and a modern one emerges characterized by the growth of industry and trade, the Indirect taxes become significant & contribute major part of the Tax Revenue to the exchequer.

Level of taxation in a country is traditionally judged in terms of the ratio which taxes bear to some measure of National Income. Ratio of tax revenue to national income provides a crude measure of tax effort of a country. The ratio widely used is Tax-GDP ratio. The ratio signifies the percentage of National Income that is transferred from private pockets to Government Exchequer. Tax-GDP ratio is generally regarded as index of relative tax burden in a country over a period of time or when countries are compared for the same period. The Tax-GDP ratio indicates the percentage of national income that is compulsorily transferred from private pockets to public exchequer and hence the relative share of government in the disposition of national income, it signifies the economic role of a government in the economy. The ratio however does not reflect the importance of government sector as a final purchaser of

1 Report of the committee on roadmap for fiscal consolidation, submitted to Ministry of Finance, GOI, sep 2012

goods and services because a part of tax revenue is returned to the private sector in the form of transfer payments like pensions and scholarships. If such transfer payments are deducted from the tax revenue, the ration of the remaining tax revenue to GDP will show importance of government as a final purchaser of goods and services.

The table I shows the relative share of various taxes in percentage of GDP at Market Price. A principle of tax reform says that share of direct taxation in overall tax revenue should rise. The trend in case of India shows the increasing contribution of both direct & indirect taxes to the National Income till 1990 except other direct taxes which continuously on declining trend on record since 1981. The introduction of economic reforms in 1990 and the subsequent revisions in Indian income tax laws for rationalizing the tax administration of India have resulted in the increase of tax collections.

Direct Taxes

A direct tax is one ultimate burden of which falls on the person on whom it is levied. It is a tax which cannot be shifted from the original payer to someone else. Direct taxes, though administratively inconvenient are preferred because they are can be justified on ability to pay and tax equity grounds and satisfy the principle of certainty and create civic consciousness.

The Gross Direct taxes majorly cover Income tax, corporation tax & other miscellaneous taxes like estate duty; land revenue, wealth tax etc. The Gross Direct Taxes shows relatively stable increasing trend in terms of GDP. The collective direct taxes showed slight declining trend since 1981 till 1990 with ratio of 2.35 in 1981-82 to gradual decline to 2.09 till 1990-91. With new liberalized reforms announced in 1991 the ratio showed promising trend and picked rate of 2.91 in 1995-96. After that keeping increasing momentum it touched 4% in initial year of 2000's then finally recording around 5% in late 2000's. Now the trend is ratio of around 6% is maintained. The significant reduction in tax rates and simplification of tax structure as result of economic reform process of 1991 paved the way for this growth trend in direct taxes. The income tax which constitutes major direct tax has showed stable increasing trend. It appears that despite reforms in the Income Tax Act from time to time, it could not mobilize resources to the tune of growth in GDP. The economic rationality argues that direct taxes should increase with increase in economic activity and increase in GDP and per capita GDP. The ratio of Income tax to GDP was approximately 1% till 1990. It was around 1.5% during the period 2000-2006. And thereafter a ratio of 2% is witnessed for the remaining period. The corporate sector which is assumed as well off entity is taxed on higher rate on the principle of tax equity. The corporate tax to GDP ratio was around 1 % for the period 1981 till 2000, showed marginal performance till 2002 when it was 1.56 percent. There after we witnessed some progressive trend in the ratio and reached to 2.74 in 2005-06. Now after 2006 it maintained the ratio of around 4%

Indirect Taxes

An Indirect tax is one which can be shifted from the original payer to the ultimate consumer of the commodity or service taxed. Indirect taxes are convenient to collect but lack equity attribute. The indirect taxes cannot be justified on ability to pay and tax equity grounds. It is not possible to grant exemption or allow deductions or to have a progressive rate schedule. Indirect taxes are generally borne in relation to the consumption expenditure which constitutes a higher percentage of income for lower income groups than for person in higher income brackets. It is highly desirable that luxuries are chosen for heavy taxation with necessities of life least taxed.

The Gross Indirect taxes covers Excise Duty, Custom Duty, Service Tax & other miscellaneous taxes like stamp & registration fee, tax on vehicle, entertainment tax, tax on electricity etc. In the pre reform period it showed unit increase in the collection. That is it was around 11% in 1981-82 then around 12% in 1985-86 then around 13 % in 1990. It appears that economic reforms of 1991 adversely affected the collection of Indirect taxes collectively. The reforms were targeted at simplifying the procedural part and minimizing license Raaj to keep the pace of economy at global standards but at the same time it was expected that the taxable capacity will rise tremendously. The buoyancy of indirect taxes is adversely affected in the wake of sharp decline in indirect tax rates more specifically custom duties and in the process of simplification of tax structure. The Gross Indirect Taxes observed decline 1990-91 onwards till 2003-04n when it was around 10%, then marginally gained a unit percentage reaching at 11% in the block of 2004-05 to 2006-07, then again recording downward trend from 2007-08 till 2011-12 reaching at 10.80 % of GDP in 2011-12.

Gross Taxes

The overall Tax-GDP ratio also behaved like Indirect taxes. It was around 13% of GDP in five years period of 1981-82 to 1985-86. It increased to approximately 15% of GDP for next five years period of 1986-87 to 1989-90. The buoyancy of the tax in later years in this phase was fuelled by the economy attaining a higher growth path and progressive substitution of quantitative restriction with protective tariffs following initial attempts at liberalization in the late 1980's. Thereafter it remained static around 14% till 2003-04. The reason identified would be recession caused by severe drought of 1987 and followed by economic crisis of 1991 and the subsequent tax reforms in reducing the tax tariffs. Thereafter recovering movement observed showing slight increase reaching at highest statistic of 17.45 in 2007-08. There after again following declining trend. The reason for this trend could be reforms were heavily biased in tax payer favor.

The above trend in direct and indirect taxes also noted by Twelfth Finance commission stated "As result of tax reforms, the indirect taxes relative to GDP started coming down whereas that of direct taxes started increasing. But the magnitude of increase in the direct taxes was less than the fall in Indirect taxes".

Table I

Trends in Tax Revenue of Government of India: 1981-2012 (in percentage of GDPMP)

Year	DT	IT	CT	IDT	ED	CD	ST	GT	ODT	OIDT
1981-82	2.35	0.84	1.12	11.38	4.86	2.45		13.73	0.39	4.08
1982-83	2.28	0.80	1.11	11.57	4.78	2.60		13.85	0.37	4.18
1983-84	2.14	0.74	1.09	11.62	5.07	2.44		13.77	0.31	4.12
1984-85	2.13	0.71	1.10	11.88	5.06	2.74		13.96	0.32	4.07
1985-86	2.16	0.87	0.99	12.78	5.18	3.29		14.94	0.30	4.31
1986-87	2.13	0.89	0.98	13.17	5.21	3.54		15.29	0.26	4.41
1987-88	2.03	0.87	0.93	13.44	5.24	3.72		15.47	0.23	4.48
1988-89	2.23	0.98	1.01	13.09	5.02	3.62		15.32	0.24	4.45
1989-90	2.21	1.01	0.95	13.25	5.23	3.59		15.48	0.26	4.43
1990-91	2.09	0.92	0.91	12.87	5.03	3.52		14.96	0.26	4.32
1991-92	2.47	1.00	1.17	12.84	5.02	3.30		15.31	0.31	4.52
1992-93	2.50	1.02	1.15	12.24	4.83	3.07		14.74	0.33	4.33
1993-94	2.44	1.02	1.13	11.25	4.38	2.49		13.68	0.28	4.38
1994-95	2.61	1.05	1.27	11.20	4.27	2.53		13.81	0.29	4.40
1995-96	2.92	1.27	1.34	11.37	3.98	2.91	0.07	14.29	0.30	4.40
1996-97	2.89	1.28	1.31	11.20	3.80	3.02	0.07	14.10	0.30	4.31
1997-98	2.73	1.09	1.27	10.82	3.78	2.56	0.10	13.55	0.37	4.38
1998-99	2.72	1.12	1.36	10.20	3.70	2.26	0.11	12.92	0.24	4.13
1999-00	3.02	1.27	1.53	10.62	3.83	2.41	0.11	13.65	0.22	4.28

2000-01	3.31	1.46	1.65	10.77	3.89	2.19	0.12	14.08	0.20	4.56
2001-02	3.11	1.36	1.56	10.28	4.57	1.71	0.14	13.39	0.19	3.85
2002-03	3.44	1.46	1.82	10.65	4.74	1.77	0.16	14.09	0.16	3.98
2003-04	3.86	1.46	2.24	10.73	3.90	1.74	0.28	14.59	0.16	4.81
2004-05	4.23	1.52	2.55	11.02	3.74	1.78	0.44	15.25	0.16	5.06
2005-06	4.54	1.65	2.74	11.37	3.73	1.76	0.62	15.91	0.15	5.26
2006-07	5.39	1.87	3.36	11.77	3.45	2.01	0.88	17.15	0.15	5.43
2007-08	6.39	2.24	3.87	11.06	3.20	2.09	1.03	17.45	0.28	4.75
2008-09	5.83	1.88	3.79	10.43	2.69	1.77	1.08	16.26	0.15	4.89
2009-10	5.84	1.90	3.79	9.66	2.38	1.29	0.90	15.50	0.15	5.09
2010-11	5.87	1.84	3.86	10.60	2.57	1.72	0.90	16.46	0.16	5.40
2011-12	6.08	1.86	4.07	10.80	2.67	1.71	0.93	16.88	0.15	5.49

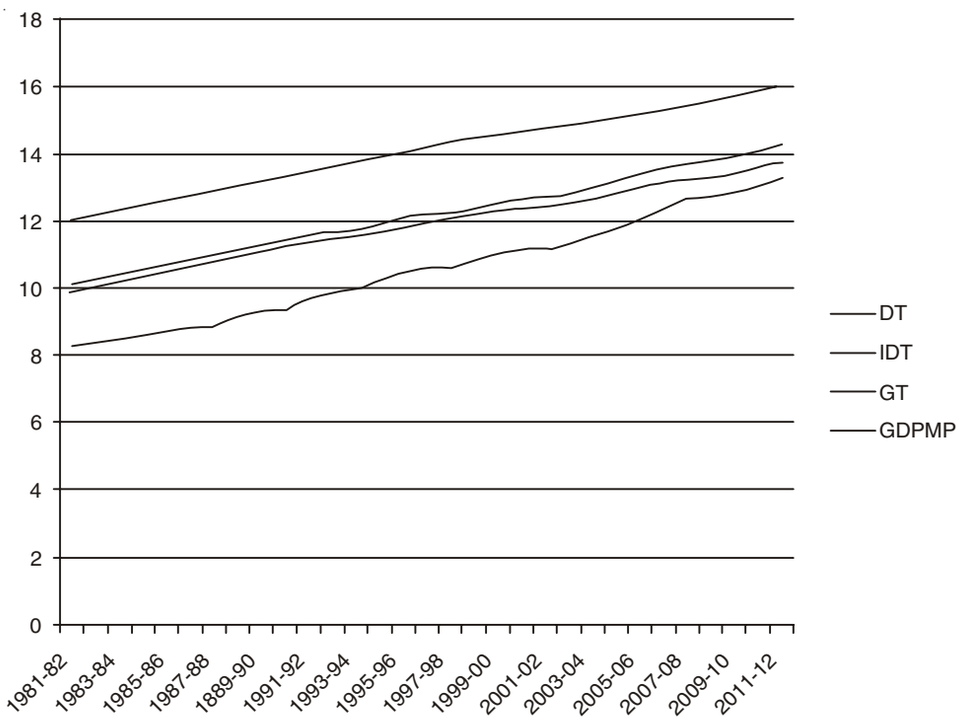

Figure: *1 Trend in Direct and Indirect Taxes (as % GDP)*

Tax performance evaluation

The section presents an analysis of Tax-GDP ratio of the major developed and developing countries. A simple comparison of tax ratios provides some crude indication of the relative levels of taxation in different countries. The following table II has been extracted from IMF publication, Government Finance Statistics. The table records important advanced or developed economies of the world and make a comparison with emerging or

developing nation. The IMF's computation shows Indian's Tax-GDP ratio as 10.24 based on their methodology. Tax-GDP ratio is generally high in developed countries as compared to developing economies. In Denmark, the Tax-GDP ratio was highest as 33.75 percent in 2011. It is 27.4 percent in U.K., 21.31 percent in France and 20.52 percent in Australia. In comparison developing economies are far lagging behind. It is generally said that level of taxation can be linked with the stage of development. Mauritius recording Tax-GDP ratio of 19.06 percent whereas Thailand, Malaysia and China showing 17.34 percent, 15.31 percent and 13.23 percent respectively. India is placed below than its neighboring countries. Even Sri Lanka showed mobilization of revenue to the tune of 12.42 percent of its GDP. India being such a large growing economy and large taxable capacity available can be criticized on the part of efforts in term of Tax-GDP ratio. It is equally true that an inter country comparison of taxation is questionable in terms of economic, political, societal institutional and administrative setups are different. Moreover Tax-GDP ratio is a vague concept as both numerator and denominator are debatable. Despite the limitations the comparison provides an insight to the entire gamut of complex information. Perhaps it can be more meaningful if economies with similar characteristics are compared.

Table II

Tax-GDP ratio in selected Developed and Developing countries: 2012 (% GDP)

Advanced Economics			Emerging and Developing Economies		
1.	Denmark	33.75	1.	Mauritius	19.06
2.	Norway	28.07	2.	thailand	17.34
3.	New Zealand	27.85	3.	Malaysia	15.31
4.	U.K.	27.4	4.	Nepal	13.24
5.	Belgium	24.63	5.	China	13.23
6.	Italy	22.47	6.	Srilanka	12.42
7.	Netherlands	21.73	7.	India	10.24
8.	France	21.31	8.	Bhutan	9.75
9.	Australia	20.52	9.	Pakistan	9.3
10.	Germany	11.81	10.	Bangladesh	8.6
11.	Canada	11.77			
12.	Japan	9.72			

Source: Government Finance Statistics year Book 2012, International Monetary Fund

IV. Deficits & Growth in Economy

Let us take up the discussion on trends in fiscal deficits. There are various ways to represent Government's deficit. The revenue deficit is just the difference between revenue receipts and revenue expenditures. Revenue Deficit = Revenue Expenditure – Revenue Receipts (Tax Revenue + Non-tax Revenue) A more comprehensive indicator of the deficit is the fiscal deficit. This is the sum of revenue and capital expenditure less all revenue and capital receipts. This gives an overall view of the government's funding situation since it gives the difference between all receipts and expenditures other than loans taken to meet such expenditures. Fiscal Deficit = Total Expenditure (Revenue Expenditure + Capital Expenditure) – (Revenue Receipts + Recoveries of Loans + Other Capital Receipts (All Revenue and Capital Receipts other than loans taken to meet expenditure). A primary deficit is the deficit which is derived after deducting the interest payments component from the total deficit of budget estimates. The concern has been expressed from time to time relating to inefficiency of Fiscal Management system. The attention has focused on the size of the government's fiscal deficits (and its various counterparts) and the implications this carries for real interest rates, inflation, investment and growth. The Table II shows the trend in Deficits. First discussing the Pre Reform period, the deficit was as high as 9.78 % in 1986-87, for which debit financing had been

arranged to further add on the expenditure side in the form of interest payments. In 1981-1990 periods the deficit was high & it was obvious that a new fiscal discipline framework was urgently required. The rising revenues from tax administration reforms and expenditure control resulted in the deficits being brought down. In 1992-93, it was 6.96 % of GDP, giving a sigh of relief. From 1997-98 onwards revenue falling short of expenditure to the extent that deficit again start increasing & touched highest figure of 9.57 % in 2002-03. In 2007-08, it is showing idealistic figure of 4.09 % which could be due to shrinking of economic activity & cut in expenditure across the world. The government set idealistic target of around 5% in estimates but the inability to reach the deficit target is attributed to both expenditure overrun and tax revenue shortfall.

V. Tax Reforms & Indian Economy

In recent years, the Indian government has undertaken significant reforms of indirect taxation. This includes State Level VAT on goods & reforming other indirect taxes levied on consumers.

The Fiscal responsibility and Budget Management Act 2003, requires that the Central Government shall take suitable measures to ensure greater transparency in its fiscal operations and minimize secrecy in the preparation of the annual financial statement and demand for grants. Further the Thirteenth Finance commission recommended more transparent mechanism for disclosing tax expenditure. The tax preferences therefore are quantified with name tax expenditure in the union receipt budget since 2006.

The recent major reform to be implemented is Good & Service Tax (GST). In an export-led open economy, the tax system should not only raise the necessary revenues to provide the social and physical infrastructure but also minimize distortions and adjust itself to the requirements of a market economy so as to ensure international competitiveness. The taxation of goods and services in India has, hitherto, been characterized as a cascading and distortionary tax on production resulting in misallocation of resources and lower productivity and economic growth. The GST claims to minimize these distortions & cascading effect so as to achieve international competitiveness. The greatest impact of the implementation of the GST would create a common market across the country and reduce compliance costs and thus, create an equitable distribution. Further claims to augment GDP & Exports as whole & in specific sectors of manufacturing would benefit from economies of scale. Output of sectors including textiles and readymade garments; minerals other than coal, petroleum, gas and iron ore; organic heavy chemicals; industrial machinery for food and textiles; beverages; and miscellaneous manufacturing is expected to increase. The sectors in which output is expected to decline include natural gas and crude petroleum; iron ore; coal tar products; and nonferrous metal industries.

VI Summary & Recommendations

The Economic Reforms 1991 also evidenced its significance of Reforming Indian Economy & contributing to Fiscal Deficit. The contribution of Indirect Taxes to Gross Tax Revenue is major but the result shows their deceasing contribution in the development process of the economy which is contrary to general theory of taxation. Therefore Government of India need to analyze the Tax structure especially Indirect Taxes. The conclusion further substantiate in the form of constant increasing percentage share of Direct Taxes since 1981 whereas Indirect Taxes were contributing as high as 86.87% of Gross Taxes but its share started declining since Economic Reforms 1991. The State needs to re-examine the tax structure & compliance machinery for sufficiently covering every loophole besides providing Progressive & Diversified Tax rate structure to significantly accelerating growth process of Indian Economy.

On Deficit front which is acts as impediment to growth process of Developing Economy like India, the government set idealistic target of around 5% in estimates but the inability to reach the deficit target is attributed to both expenditure overrun and tax revenue shortfall & the most concerning issue is major contributor to Deficit is Debt servicing charge like interest payment. In the last fiscal itself the Gross Deficit is 7% & Primary Deficit is 2.51% only. The Government should restrict towards priority sectors like health, education, irrigation with added focus on infrastructure and investment related activities.

The decline in tax collection is caused in part due to the fiscal stimulus extended by Government through concessionary tax measures, and subsequently by the economic downturn also observed by kelkar committee3. This high fiscal deficit tend to heighten inflation, reduce room for monetary policy stimulus, increase the risk of external sector imbalances and dampen private investment, growth and employment. To achieve a sustainable fiscal consolidation it is essential to return to the highs of Tax-to-GDP ratio which could be possible

if tax base is widened. The Direct Tax Code Bill 2010 needs further comprehensive review so that large revenue continuing losses should not be accepted in the assessment altogether especially in the light of low Tax-GDP ratio & existing fiscal crisis.

Further the administration & implementation of taxation in India is still poor. The department should strengthen itself in terms of efficient creation & maintenance of large tax payer database as highlighted by various report on tax reforms by various expert committees & required training of staff to trace the case of non compliance of advance tax payment, TDS, self assessment tax payment & other cases of tax avoidance & evasions. Further there should be continuous reconciliation of tax collection data through tax returns & TDS. To improvise the compliance by large number, it is essentially important that grievances & unnecessary hardship by genuine taxpayer should be minimized like there were cases of delays in refunds orders, notices to tax payers due to mismatching in the tax data base of the department. Moving towards indirect taxes, the excise duty and custom duty are few commodities centric. The list of commodities subject to excise duty at a lower rate should be comprehensively reviewed as many commodities do not justify lower taxation slab. Similarly the negative list of services introduced in the Union Budget, 2012 should be reviewed for further pruning. For instance, there is no case for exempting nonprofit organizations from the Service Tax levy. CBEC should develop a model for comprehensive cross verification of claims for input tax credit like kerala tax department did for VAT regime wherein the dealer must electronically provide invoice-wise details of all sales to, and purchases from, registered dealers. This enables the Department to cross-verify every claim for input tax credit and identify mismatches for further investigation. This will significantly improve the economics of non-compliance in favor of the tax administration. The tax staff should be trained to latest knowledge & equipped enough to match professionalism of the corporate.

New tax regime is proposed namely Goods and service tax (GST) for harmonization of goods and services tax so that both can be levied in a comprehensive and rational manner. The GST has a number of administrative, compliance and other benefits. The vijay kelkar task force suggested levying GST at two levels- centre and state, comprising two rate components, viz central GST and state GST respectively. A dual GST module for the country has also been proposed by the Empowered committee of state finance ministers in their first discussion paper on GST. Under this model, GST would have two components viz, the central GST to be levied and collected by the centre and the state GST to be levied and collected by the respective states. Central excise duty, additional duty of customs (equivalent to excise), state VAT, entertainment tax, taxes on lotteries, betting and gambling and entry tax would be subsumed within GST. We should learn from countries which are successfully operating GST like New Zealand. In New Zealand, the GST model comprises a low uniform rate and zero exemptions. It is a consultative process to settle considerable issues & convince economic agents about the necessity of zero exemption.

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VOLATILE INDIAN STOCK MARKET: ROLE OF FIIS

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Abstract: *By taking monthly data from January 1993- December 2012, we attempted to examine the role of Foreign Institutional Investors (FIIs) flows on Indian Stock Market Volatility. Traditional measures like standard deviation and F-test as well as Conditional measure (GARCG (1)) are used to investigate this aspect. In addition, the study period is divided in to two sub periods viz Early Phase of liberalization period (January 1993- December 1999) and Second Generation Reforms period (January 2000- December 2012) with the objective to clearly assess the impact of FIIs trade on Indian stock market in terms of volatility. We find, on the basis of traditional measures, that variations in Indian stock market returns have reduced considerably during second generation reforms period (January 2000- December 2012). Our conditional measure (GARCH (1)) also supports these findings. Further, we analyze the changes in the structure of the BSE Sensex return volatility by using GARCH (1,1) model and find that the past news about the volatility has significantly affected the Bse Sensex return volatility. We find the evidence of volatility clustering as magnitude of GARCH (1) is comparatively greater and statistically significant than that of ARCH (1). Further, We also analyze the behaviour of FIIs flows during Global Financial Crisis 2008, in Indian stock market and find that FIIs investments were positive for most of the time of the crises period thereby negating the argument that sharp fluctuations in Bse Sensex is the outcome of increased FIIs flows.*

Keywords: *Foreign Institutional Investors, Stock return, Volatility, BSE Sensex, ARCH, GARCH.*

Introduction

The Indian Capital Market has witnessed significant dogmatic changes since 1992 with the creation of an independent capital market regulator, the Securities and Exchange Board of India (SEBI) and subsequent changes such as screen based trading, derivatives trading, trading cycle etc have further developed the market and brought it in line with International Capital Markets. The FIIs (Foreign Institutional Investors) have in the recent past, shown tremendous interest in Indian Stock Markets. These investors regularly participate in the Indian Capital Market by buying and selling large volume of stocks. The FIIs are net buyers in the Indian Stock Market on most of the times. There is a widespread concern among policy makers that growing financial integration and herding behaviour of Foreign Institutional Investors might render emerging markets more susceptible to volatility- including large reversals to capital flows.

It is generally believed that FIIs investment is motivated not only by the domestic and external economic conditions but also by short run expectations primarily shaped by market –sentiments. The element of speculation and fluctuations in FIIs investment can increase the volatility of stock return in emerging markets. In fact, a widely held perception among academicians and practitioners about the emerging equity market is that price or return indices in these markets are frequently subject to extended deviations from fundamental values with subsequent reversals and that these swings are largely attributed to highly volatile foreign capital particularly portfolio flows. The magnitude of fluctuations in the asset return is called its volatility. The prediction of volatility in financial markets has been of immense interest among financial econometricians. Volatility makes investors averse to hold stock due to increased uncertainty. Investors, in turn demand higher risk premium so as to ensure against increased uncertainty. A greater risk premium implies higher cost of capital and consequently lowers physically investment. In addition, higher volatility may increase the option to wait thereby delaying investment. Also weak regulatory system in emerging market economies (EMEs) reduce the efficiency of market

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signals and the process of information which further magnifies the problem of volatility. Financial markets also demonstrate that volatility is higher in a falling market than it is in a rising market. The Indian stock markets are known to be narrow and shallow in the sense that shares of few companies are actively traded on the stock exchanges. This shallowness would also mean that the effect of FIIs activity would be exaggerated by the influence their behaviour has on other retail investors, who, in herd like fashion tend to follow the FIIs when making their investment decisions.

The recent volatility displayed by India's equity markets warrant returning to a set of questions that have been by passed in the course of neo liberal reform in India. The most important of those questions is: whether FIIs investments make Indian Stock Markets volatile?

The results of various studies about the impact of FIIs activities on the Volatility of India's stock markets are mixed. Some studies like Pal, Parthapratim (2005); Bhanumurthy and Rai (2003); and Batra (2003) find evidences of higher volatility in the market due to the arrivals of FIIs. On the other hand, Ghosh (2004), and Kim and Singal (1993) do not find any destabilizing impact on stock prices. Even some researchers such as S.S.S.Kumar (2000) have the view that the FIIs reduce stock market volatility.

Beside the introduction, this chapter is organized as follows section 1.2 describes testable hypothesis; section 1.3 provides data and their resources. Detailed methodology is explained in section 1.4; section 1.5 provides empirical analysis and findings, and section 1.6 deals with world's major Financial Crises and the role of FIIs in Indian stock market. Section 1.7 concludes the paper.

Testable Hypothesis

H0: p = 0 i.e., FIIs flows increased the volatility of Indian Stock Market.

H1: p < 0 i.e., FIIs flows do not increased the volatility of Indian Stock Market.

If the estimated F-statistics is found to be less than the critical value the null hypothesis is accepted otherwise rejected.

Data and Their Source

We investigate the impact of FIIs investment on stock market volatility in the Indian context. The sample period of the study spans from Jan.1993 to Dec. 2012. We use monthly time series data on two variables viz the Net FIIs Investment to India and closing values of BSE Sensex. The Net FIIs investment flows to India are the value of FIIs inflows to equities in India minus that of outflows from the country in a month. The data on monthly Net FIIs flows have been collected from website of SEBI (www.sebi.org). The second variable, BSE Sensex closing values is taken from website of BSE. BSE Sensex return is calculated as follows:

$$r_t = \ln (P_t/P_{t-1}) * 100$$

Where

r_t = returns at time period t.

P_t/P_{t-1} = Closing values of the stock price index (BSE Sensex in our case) at time P_t and

P_{t-1} = FIIs flows in local currency (Rupees) are used.

BSE sensex was chosen as it represent a sample of large well established and financially sound companies. The components of the sensex have been changed after to induct the lenders of the various industries. The index is widely reported to both domestic and international markets. It was initially calculated on the 'full market capitalization' methodology but was shifted to the Free Float Methodology with effect from September 1, 2003. The 'Free Float Market Capitalization' methodology of index construction is regarded as in industry best practice globally. All major index providers like MSCI, FTSE, S&P, Dow Jones uses the Free Float Methodology.

Indian financial sector over the last decade has been transformed into a reasonably classy, assorted and pliant system. However this transformation has been the result of extensive, well sequenced and coordinated policy measures aimed at making the Indian financial sector well-organized, aggressive and steady.

In this background, the whole study period (Jan 1993–Dec 2010) is divided into two sub periods viz

Jan 1993-Dec1999 – Early Phase of Liberalization.

Jan 2000-Dec 2010 – Second Generation Reforms Period.

Methodology

We attempt to investigate the impact of the entry of foreign institutional investors on Indian stock market volatility. The study undertakes a comparative analysis of stock return volatility of two sub periods viz. January 1993- December 1999 and January 2000- December 2012. In order to achieve aforementioned objective, the stock return has been calculated on basis of monthly data of closing index. For analyzing the volatility various volatility measures have been used. Many econometrics models assume that the variance as a measure of uncertainty is constant. Financial time series such as stock returns or exchange rates exhibits volatility clustering. This means that large changes in time series tend to be followed by large changes and small changes by small changes. The technical term given to the behavior is called autoregressive conditional heteroscedasticity (ARCH). It was Engle (1982) who first introduced the time varying conditional variance model with ARCH process that uses past disturbances to model the variances of the series and allows the variances of error term to vary overtime. Bollerslev (1986) generalized the ARCH process by allowing the conditional variance to be a function of past observations as well as of recent news named as GARCH model. Following the introduction of ARCH and GARCH, there have been numerous refinements of the approach to model volatility to better capture the stylize characteristics of the data.

Autoregressive Conditional Heteroscedasticity model is first model designed to model and forecast conditional variances. In this model, the variance of the dependent variable is modeled as a function of past value of dependent variable and independent or exogenous variables like foreign institutional investments, while measuring volatility of returns. While developing an ARCH model, two distinct specifications have to be considered one for the conditional mean equation that may be structured regression equation and the other for conditional variance equation. Here, the simplest mean return is:

$$yt = axt + et \qquad ...(1)$$

Where Yt is the mean return, xt is the independent variable and et is error term.

Variance for the ARCH (q) Model is:

$$h_t = w + \sum_{i=1}^{q} a_i e_{t-1}^2 \qquad ...(2)$$

The specifications of the GARCH (p,q) model is:

$$h_t = w + \sum_{i=1}^{q} a_i * e_{t-1}^2 + \sum_{i=1}^{q} b_i * H_{t-j} \qquad ...(3)$$

i = 1, j = 1 where w, a_1, a_2, …, a_q, b_1, …, b_q are parameters to be estimated. q is the number of squared error term lags in the model and p is the number of past volatility lags included in the model.

$$h_t = w + a_i e_{t-1}^2 + b_i h_{t-j} \qquad ...(4)$$

Where w > 0, a and b 0. The stationary condition for GARCH (1,1) is a + b < 1. If this condition is fulfilled, it means the conditional variance is finite. A straight forward interpretation of the estimated coefficient in above equation is that the constant w is long-term average volatility where a_i and b_i represent how the volatility is affected by current news and past information regarding volatility respectively.

To capture the exact impact of foreign institutional investors on the stock market return volatility, FIIs monthly data analysis has been done because monthly data on the FII investment in India is available since the inception of FIIs in India. So for that the equation used is as follows:

$$h_t = w + a_i e_{t-1}^2 + b_i h_{t-j} + \Psi \text{ FIIN} \qquad ...(5)$$

An Empirical Analysis and Findings

Modeling and forecasting stock market volatility has been the subject of vast empirical and theoretical investigation over the past decade or so by academics and practitioners alike. There are number of motivations for this line of inquiry. Arguably, volatility is one of the most important concepts in the world of finance. Volatility is measured by standard deviation or variance of returns, is often used as a crude measure of the total risk of financial assets.

In the present study both traditional as well as conditional volatility models have been used.

Table 1.1: Daily Return and Volatility (Percentage)

Year	BSE Sensex	
	Return	Volatility
1992	0.1	3.3
1993	0.1	1.8
1994	0.1	1.4
1995	–0.2	1.3
1996	0	1.5
1997	0	1.6
1998	–0.1	1.9
1999	0.2	1.8
2000	–0.1	2.2
2001	–0.1	1.7
2002	0	1.1
2003	0.2	1.2
2004	0	1.6
2005	0.1	1.1
2006	0.2	1.6
2007	0.2	1.5
2008	–0.2	2.8
2009	0.2	2.2
2010	0	1
2011	–0.2	1.3
2012	–0.2	1.3

Table 1.1 indicates that daily returns during 2000-2012, Second Generation Reforms Period, were significantly higher than that of early phase of Liberalization period (Jan 1993-Dec 1999). However, there is a significant reduction in volatility during 2000-2012. *It is appreciable to see from the table that the Second Generation Reforms have brought in more cheers for the Capital Market as the risk (i.e. standard deviation of return) decreased but the stock return went up in the period.*

Table 1.2: Volatility of Stock Market Returns: Traditional Measure

Time Period	Returns (in percentage)	Volatility (in percentage)
Early Phase of Liberalization Jan 1993-Dec 1999	0.027	1.835
Second Generation Reforms Period Jan 2000-Dec 2012	0.049	1.736
Overall Study Period Jan 1993-Dec 2012	0.039	1.767

Table 1.3: Daily Return and Volatility (1992-1999)

Year	BSE Sensex	
	Return	Volatility
1992	0.1	3.3
1993	0.1	1.8
1994	0.1	1.4
1995	-0.2	1.3
1996	0	1.5
1997	0	1.6
1998	-0.1	1.9
1999	0.2	1.8

Table 1.4: Results of Traditional Measures

Time period	Mean	Standard Deviation	Variance (S^2)
Early Phase of Liberalization Jan 1993-Dec. 1999	0.027	1.82	3.3424
Second Generation Reforms period Jan. 2000-Dec. 2012	0.049	1.73	2.6769
F Value (239,239)		6.707	
Table Value		1.00	

We find the variance of monthly stock market returns have worked out of at 2.6769 levels during second generation reforms period as against 3.3424 during early phase of liberalization period. Table 1.4 further indicates that the calculated value of F statistics is 6.70 which is more than the tabulated value one. Hence, we reject the null hypothesis. After examine the volatility of the stock market returns with the use of traditional methods we applied econometric model named GARCH. More specifically we used the GRACH (1, 1) model. To specify the GARCH model two equations viz mean equation and variance equation to be specified. The equation is as followed:

$$C_t = \alpha + a_i e^2_{t-1} + b_i C_{t-j} + \Psi NFII \quad ...(6)$$

Where

C_t = It is conditional variance at time period t.

a_i = Intercept

b_i = Coefficients

$\Psi NFII$ = Net FIIs Flows

In the above equation, first term after the intercept is the ARCH term, which shows the effect of recent news on the volatility of the underlying stock market (BSE in our case) by putting the square of pervious error term and second term is the GARCH which shows the effect of pervious volatility on the current volatility and ΨNFII shows the impact of FIIs investments on the volatility of the stock market. The results of the analysis are shown in the Table 1.5.

Global Financial Crisis 2008: Roles of FIIs

The recent global financial crisis 2008 that finally engulfed almost all economies marked a painful adjustment of a variety of imbalances at the macro level coupled with macro level distortions and incentives created by past policy actions. The global crisis had a pronounced effect on financial markets in general and stock markets in particular through a rapid decline in stock prices and the market Capitalization of listed companies lending to adverse consequences of the wealth effect on macroeconomics aggregates.Indian stock markets also responded, taking their cue from markets in advance economies, the epicenter of the current global crisis and started decelerating from their peace on Jan 8, 2008 (the BSE sensex was at 20873) despite relatively robust macroeconomic fundamentals.

FIIs started withdrawing from Indian stock markets from January 2008 as manifested by their large net negative investments reflecting global deleveraging. The selling pressure by FIIs in Indian stock markets accentuated during October 2008 following heightened turmoil in international financial markets fuelled by Lehman Brother's bankruptcy and stock markets plummeted to a large extent. Further, BSE sensex dipped by about 38 percent to 12860 at the end September 2008 reflecting the initial impact of the crisis. Subsequently, it declined further by about 37 percent to a new low of 8160 on March 3, 2009 from the end September 2008 level. However, during 2009 FIIs bounded back with net purchases. *It may be noted that from January 2009 to December 2009 net FIIs investment in Indian stock market were negative only for first three month of the financial year (Table 1.5).*

Table 1.5: FIIs Behaviour during Global Crisis

Month	BSE Sensex Closing Values	Net FIIs Investment (Rs. Crore)
Sep-08	12,860.43	–5075
Oct-08	9,788.06	–17205
Nov-08	9,092.72	1618
Dec-08	9,647.31	2377
Jan-09	9,424.24	–3443
Feb-09	8,891.61	–3125
Mar-09	9,708.50	–5890
Apr-09	11,403.25	8999
May-09	14,625.25	17405
Jun-09	14,493.84	4899
Jul-09	15,670.31	13182
Aug-09	15,666.64	4523
Sep-09	17,126.84	20573
Oct-09	15,896.28	15973
Nov-09	16,926.22	6181
Dec-09	17,464.81	8711

Conclusion

By taking Monthly data from January 1993- December 2012, we examined the role of Foreign Institutional Investors (FIIs) flows on Indian Stock Market Volatility. Traditional measures like standard deviation and F-test as well as Conditional measure (GARCG (1)) are used to investigate this aspect. In addition, the study period is divided in to two sub periods viz Early Phase of liberalization period (January 1993- December 1999) and Second Generation Reforms period (January 2000- December 2012) with the objective to clearly assess the impact of FIIs trade on Indian stock market in terms of volatility. We find, on the basis of traditional measures, that variations in Indian stock market returns have reduced considerably during second generation reform period (January 2000- December 2012). Our conditional measure (GARCH (1)) also supports these findings. Further, we analyze the changes in the structure of the BSE sensex return volatility by using GARCH (1,1) model and find that the past news about the volatility has significantly affected the Bse Sensex return volatility. We find the evidence of volatility clustering as magnitude of GARCH (1) is comparatively greater and statistically significant than that of ARCH (1).

In addition ARCH (1) values has increased and GARCH (1) values decreased during Second Generation Reforms period implying that the impact of recent volatility news has increased and the effect of previous volatility on the current volatility has decreased during this time period. We can say that the information is quickly disseminated and quality of information has improved during this time period. It should be noted that period from January 2000- December 2012 is the period of substantial increase in FIIs inflows.

We also analyze the role of FIIs flows during Global Financial Crisis 2008, in Indian stock market and find that FIIs investments were positive for most of the time of the crises period thereby negating the argument that sharp fluctuations in Bse sensex is the outcome of increased FIIs flows.

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E-RECRUITMENT: AN EFFECTIVE RECRUITMENT STRATEGY

* Dr. Urvashi Sharma

Abstract : *According to the Managing Director of Kenexa Technologies Mr.Raghuveer Sakuru, "Recruiting online in recent years has become more focused, fast paced, effective and gives a higher ROI (Return on Investment)". Recruitment clearly means recruit right candidate for the right slot in the organization. The e-recruitment has proved very convenient and suitable way for getting the right candidate for filling the right slot in the organization. For the Indian companies e-recruitment has played a vital role for providence of appropriate candidate for filling various vacancies in the companies..*

This paper highlights that there are various job portals online which provide a good amount of applicants who registered themselves and uploaded their Curriculum Vitae on these sites. The portals are- Naukri.com, Monster.com, Timesjob.com, Shine.com & Yuvashine.com etc.

The Human Resource Management of private companies has become more organized than before. Human Resource team of the company doesn't have to perform all that heavy paperwork & get the appropriate applicants required for filling of vacancies through the online job portals.

Keywords*: E-Recruitment, Job portals, Recruitment, Selection, Social Recruitment, Curriculum-Vitae, Human Resource Management*

Introduction

In the terms of Human Resource Management, E-Recruitment has radically changed the perspective of both organizations and job seekers. E-Recruitment has proved to be a boon for the private companies in India. It has helped them a lot in finding of right candidature for a particular vacancy in their organizations. Online recruitment, e-recruitment, or web based recruitment is the use of online technology or the internet to attract candidates and aid the recruitment process. For most recruiters this usually means using one's own company website, a third-party job site or job board, a CV database, social media or search engine marketing as part of the recruitment process. In the views of Mr. Dhruvakant B Shenoy, Vice President (Marketing) – Monster.com, India "The growth in the e-recruitment industry has been fuelled with the adoption of technology by prospective employers and Internet penetration. Organizations have cut costs by almost 80 percent over traditional recruitment modes by moving over to the online recruitment process."

After almost two decades of its existence it still continues to prove itself as a very important part for the recruitment process in the companies through receiving applications by large number of candidates every day. It has proved to be a very convenient and suitable mode for both company and the applicants.

Review of Literature

The words e-recruitment, online recruitment, cyberuiting, or internet recruiting are synonymous. They imply formal sourcing of jobs online (Ganalaki, 2002). Organizational recruitment efforts have increasingly relied on computer technology and one area that has evolved in recruiting via the internet, otherwise known as e-recruitment (Mottl, 1998). From the relevant literature, there is an argument that e-recruitment is needed to be used in conjunction with other techniques. It is a complete process which includes job advertisements, receiving resumes and building human resource database with candidates and incumbents. Vidot (2000), suggested that e-recruitment is the use of internet to attract high quality candidates, screening of

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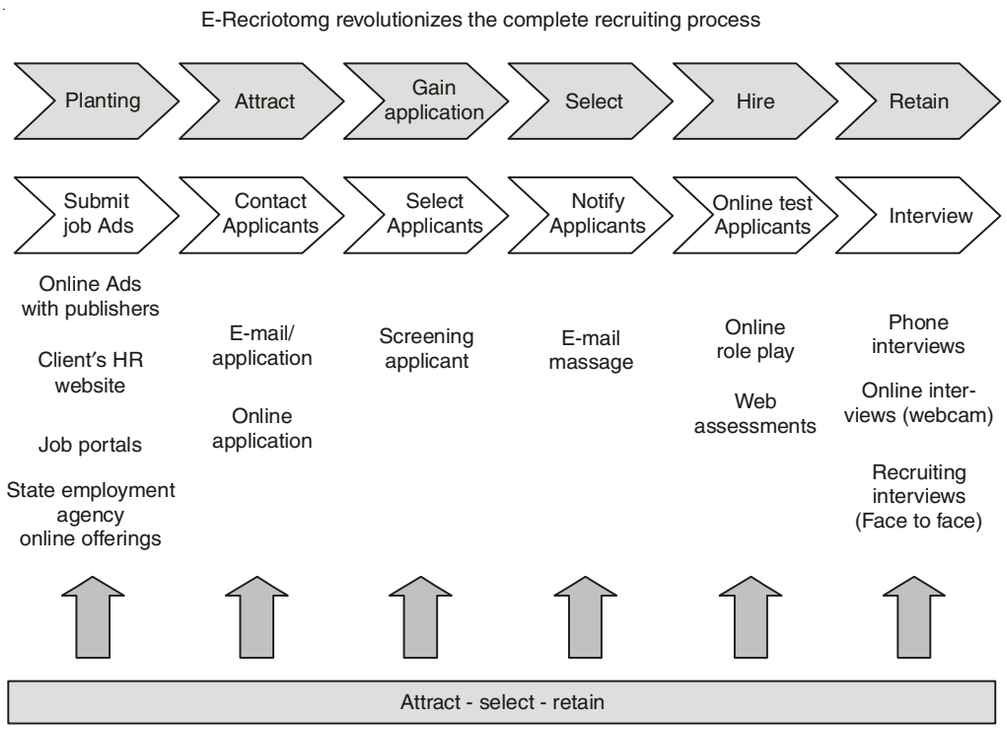
suitable profiles, streamlining the application and selection process. Internet has made an impact on the human resource field (Bussler& Davis, 2002).

E-recruitment Revolution

The internet first emerged as a recruiting tool in the mid-1990s and was hailed by the popular media as the driver behind a "recruiting revolution" due to the benefits it could bring to recruiters (Boydell, 2002). It was predicted that the recruitment industries' "future is on the net" (Edgeley, 1995) and that the internet had brought radical change to corporate recruiting (Cappelli, 2001). The buzzword and the latest trends in recruitment is the "E-Recruitment". Also known as "Online recruitment", it is the use of technology or the web based tools to assist the recruitment process. Online recruitment and the use of new emerging technologies have many advantages for the modern recruiter. It makes the process of finding candidates and new business opportunities quicker, cheaper and more efficient. The internet has caused the largest change to the recruitment process in the past decade acting as a link between employers and job seekers. Technology has enabled corporate websites, suppliers and job seekers to become more sophisticated and interactive (Harris, 2007).

E-recruitment

Gone are the days when you had to rely on local newspapers and advertising agencies to recruit employees. The traditional procedure of recruitment was very hectic, very time consuming, heavy paper work had to be performed and the work procedure was very monotonous. Though these methods are still used, they're becoming obsolete as more people turn to social networks for their hiring and job finding needs. Today a number of companies, both big and small, use this wide web to hunt for potential employees from across the world. The internet thus has taken the shape of a cost-effective and convenient tool used by companies to fill their human resources pool.



Recruiting the right person for the right job is the most critical aspect of human resource management. Starting with high calibre people is the first step. Only then can this be followed by effective performance management and employee development. E-recruitment simplifies this process by providing a sophisticated web-based solution that manages the process of recruitment from start to finish. Using a job centric design with multiple position linkage provides features such as job advert generation, online applications, applicant matching, interview question database and letter of appointment generation. The recruitment

monitor shows at a glance the status of organizational recruitment and provides reports that compare candidate suitability to the job profile. It is one stop shop for organizational recruitment. E-recruitment improves the quality of candidate by ensuring proper recruitment profiles and adverts are drafted and effective interviews are conducted. It also improves quality of interview questions. Potential candidate details are kept electronically. The use of electronic tools for recruitment provides real time reports for managers to monitor recruitment progress through the cycle. It also shows the candidates being most closely matched to the job specification and the standardized conditions of employment clauses.

Nowadays there are various job portals online which provide a good amount of applicants who registered themselves and uploaded their Curriculum Vitae on these sites. The portals are—Naukri.com, monster.com, Timesjob.com, shine.com & yuvashine.com. The Human Resource Management of private companies has become more organized than before. Human Resource team of the company doesn't have to perform all that heavy paperwork & get the appropriate applicants required for filling of vacancies through the online job portals.

Surveys reveal that a major chunk of people these days are recruited through online referrals and company career pages in comparison to conventional approaches such as newspaper advertisements and job boards. Since these conventional means of advertising recruitment have become expensive, organizations have taken to social media to advertise their job vacancies.

Social recruiting falls into two different categories. The first is internet sourcing using social media profiles, blogs, and online communities to find and search for passive candidate data and information. The second is social distribution. This involves using social media platforms and networks as a means to distribute jobs either through HR vendors or through crowd sourcing where job seekers and other influencers share job openings within their online social networks.

Statistics from the Jobvite 2012 Social Recruitment Survey indicate that 92 percent of U.S. companies have used social media networks in 2012 as part of their recruitment efforts. Additionally, 7 out of 10 employers have successfully hired a candidate through social media.

Looking at the top social media sites for recruitment over time, LinkedIn tops the charts (it is, after all, designed for business networking). Linkedin is followed by Facebook and then Twitter, with YouTube and Google+ also on the radar.

Although it might be lacking when it comes to referral traffic, LinkedIn is the top dog for social recruitment. The professional social network was used by 93 percent of companies in 2012, which is up from 78 percent in 2010. Rounding out the top three are Facebook at 66 percent and Twitter at 54 percent.

Jobvite, found that social media recruiting has other benefits. According to the report:

- 49 percent of the respondents say the quality of candidates is higher;
- 43 percent say the quantity is higher;
- 60 percent estimate that the value of the hires they make through social media is greater than $20,000 annually; 20 percent put the figure at better than $90,000 annually

Opportunities of E-recruitment

E-recruitment has provided a large number of opportunities to people who have computer proficiency. It has become a mode of convenience and suitability for the candidates who can easily upload their curriculum vitae on the various job portals available online or on the company's website they are applying at for the job. The concept of E-Recruitment has been praised and adopted by various top-level corporate heads of various companies and are contended the way it has helped their organization some way or the other in attainment of candidates for their empty vacancies in their organizations. E-recruitment saves lot of time for both employers and jobseekers.

In the recent study conducted by a famous magazine related to job hiring claimed that 30% of the employees hired in the U.S. companies are through the internet and 77% who are seeking for a change are using the internet to do so. E-Recruitment has created a great leap in the history of recruitment since its existence in 1995. E-Recruitment has been a excellent mode of finding suitable applicants for the companies desirous of filling the empty vacancies in their organizations. E-Recruitment has proved to be of great assistance to the companies like Taleo and Unicef who

developed their own system for recruitment with help of various job portals like Naukri.com, MonsterIndia.com, etc. It has been helping both the organizations and the applicants in a very crucial way since a very long period of time. Basically the concept of e-recruitment came into existence due to the advancements in the technology and the innovation of the computers. Slowly and steadily computers have a major role in the field of technological development in India. Computers and the internet led to a great technological innovation and hence the birth of e-recruitment took place in the mid 90's and changed the perspective of recruitment of candidates in a company or an organization.

The people who knew computers got a very effective platform to send their curriculum vitae to the company where the vacancies were void. It helped people to get more confident by sending their curriculum vitae or filling the forms online. E-Recruitment in totality is growing very rapidly and will continue to grow more effectively in the years to come.

Traditional Versus e-Recruitment

Recruitment process	Traditional recruitment	E-recruitment
Attracting candidates	Using sources that are not technology supported, like advertisement, flyers, Spokespersons, to draw as many applicants as possible to contact the organization.	Using the organization's Reputation product image, online technology and other methods to draw as many as possible to the organization's websites. There organization can present themselves.
Sorting applicants	Using paper-based test for applicants to create a manageable applicants pool.	Employing sophisticated, standardized online tests to screen candidates, and to winnow the applicant pool to a manageable number.
Making contact	Contacting the sorted applicants by phones and having face to face conversations.	Using automated hiring management system to contact the most desirable candidate very quickly, before they are snapped by another company.
Closing the deal	Making the phone call, setting up the meeting and shaking hands.	Making the phone call, setting up the meeting and shaking hand

Case Studies

Reducing Costs through E-Recruitment: VODAFONE IRELAND

Key drivers for Vodafone Ireland in introducing an e-recruitment strategy were to maximise the value of the strong 'Vodafone' employer brand in attracting quality candidates through the corporate website, in addition to more effectively tracking the success of other methods such as job boards and recruitment agencies. An online application and tracking system allowed Vodafone to greatly reduce their reliance on recruitment agencies due to the volume and quality of candidates applying through the corporate website and other job boards in addition to improving the efficiency and speed with which the internal recruitment team could deal with these applications.

Recruiting from a Global Candidate Pool: ORACLE

Oracle hires some 500 multi-lingual, multi-skilled staff each year and has to process around 12,000 applications to fill these vacancies. Use of an online recruitment system ensures that vacancies are visible to both internal and external candidates worldwide, and ensures a diverse pool of applicants, in addition to helping meet equal opportunity requirements. Oracle is developing their e-recruitment systems to more closely integrate the systems used across EMEA (Europe, Middle East and Africa) thereby facilitating greater sharing of candidate information across regions, and increasing the organisations ability to recruit the best people from a broad and diverse candidate pool.

Targeting Passive Applicants: MICROSOFT

Microsoft recruiters use a range of proactive methods to access and build relationships with potential candidates. Online searches and joining online industry 'chat-groups' enables contact to be made with technical experts in key areas, with a view to raising the profile of Microsoft amongst these professional groups, and building relationships with people who may be potential hires. Although these relationships do not always develop into a recruitment opportunity or hire, the company believes it helps strengthen their employer profile within the relevant technical communities.

Social Media in Recruitment

Social media is a common place where people meet each other, share information and interact. Social networks cover the entire world, linking people together. Because of their wide member base, they can be used as an excellent advertising tool, more and more companies are using them in recruitment. This article focuses on how you can leverage the power of these social networks in job advertising for your business.

Social networks enable recruiters to take a highly efficient, multi-channel approach to hiring, in much the same way as marketers target customers. Through viewing candidates' social profiles and engaging with and nurturing candidates, social media enables recruiters to better understand candidates—and appeal to them—on an individual level. At the same time, by building and maintaining company pages that reflect corporate culture, businesses can more effectively communicate and evangelize their employment brand—a technique that helps build interest even among candidates not currently seeking new employment. Of course, marketers do this all the time to build new business. Now recruiters are catching on—and succeeding.

Jobvite is the only recruiting platform that that delivers real-time recruiting intelligence with innovative technology for the evolving social web. Leading, fast growing companies today use Jobvite's social recruiting, sourcing and talent acquisition solutions to target the right talent and build the best teams. Now in its sixth year, Jobvite's annual Social Recruiting Survey is the most comprehensive survey of its kind. The survey was conducted online in June 2013. 1600 recruiting and human resources professionals completed the survey in response to either an email or a social media invitation.

This sixth survey of recruiters and HR professionals shows the steady increase in the use of social media for recruiting, and especially LinkedIn's dominant position as the network of choice. From 2008, when 78 percent of respondents said they will or are using social media, to today's report when 94 percent say that, LinkedIn's popularity has been a constant.

In that first report, 80 percent of the survey takers said they use LinkedIn to find candidates. Facebook then was used by 36 percent. So thoroughly has LinkedIn pre-empted the field, that in today's survey sourcing doesn't even appear in the top five uses recruiters make of Facebook. LinkedIn, however scores big for just about every activity involved in sourcing and hiring workers. By overwhelming percentages the survey takers said they use LinkedIn to:

- Search for candidates (96%)
- Contact candidates (94%)
- Keep tabs on potential candidates (93%)
- Vet candidates pre-interview (92%)
- Post jobs (91%)

Facebook and Twitter, the two next most popular sites with the survey respondents, aren't even in the same league. Neither site rates anywhere close as a sourcing tool, and even posting jobs to them — one of the earliest Twitter services — is favoured by less than half those using LinkedIn for that purpose.

Instead, both sites are most used for brand building and generating employee referrals. Sixty-five percent of the respondents say they use Facebook for showcasing their brand. That's the top rated use recruiters make of the site.

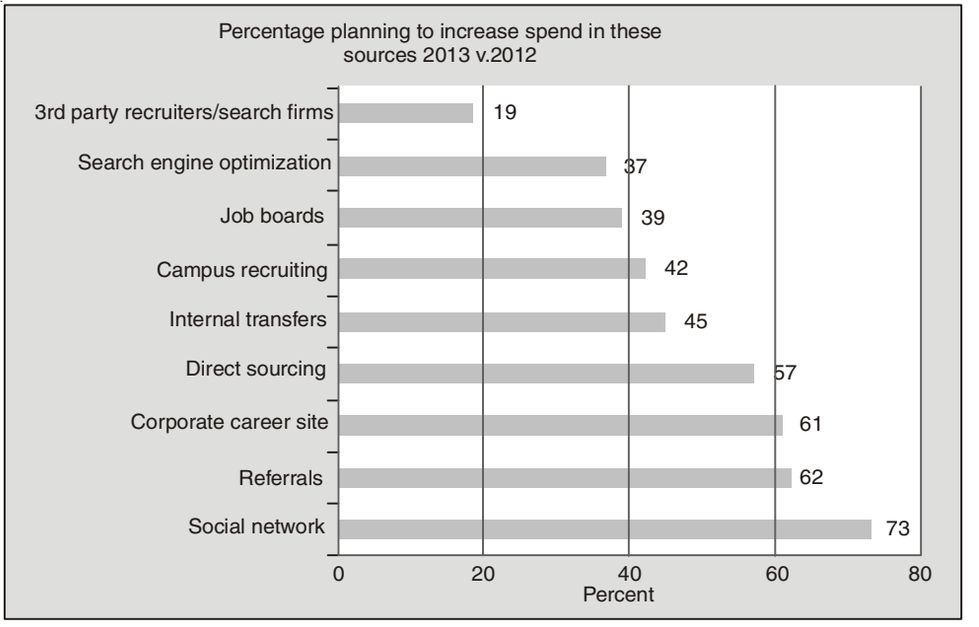
Both Facebook and LinkedIn offer company pages; Facebook calls them Facebook for Business. Using LinkedIn for employer branding didn't make Jobvite's list of the top five uses, but that's most likely because of the high percentage of recruiters who use the site for sourcing and direct hires.

Accounting for the popularity of social media recruiting is that it works. Three years ago, only 58 percent of the Jobvite survey takers said they'd made a hire via social media. In this survey, that number has jumped to 78 percent.

What the survey doesn't report is how many hires employers attribute to social media. Career Xroads, which surveys its roster of clients, most of whom are in the Fortune 500, found employee referrals, company career sites, and job boards to be the source of well over half the external hires. Social media accounted for 2.9 percent.

Jobvite, however, found that social media recruiting has other benefits. According to the report:

- 49 percent of the respondents say the quality of candidates is higher;
- 43 percent say the quantity is higher;
- 60 percent estimate that the value of the hires they make through social media is greater than $20,000 annually; 20 percent put the figure at better than $90,000 annually.



With the advent of social media, the world of work and jobs has changed forever. Social media is here to stay and employers can gain a significant advantage by adopting hiring methods that have a social media element. Social media, however, isn't for everyone. There is no doubt that social media has improved the recruitment process by making it more open and democratic; increasing the visible talent pool from which to engage and recruit.

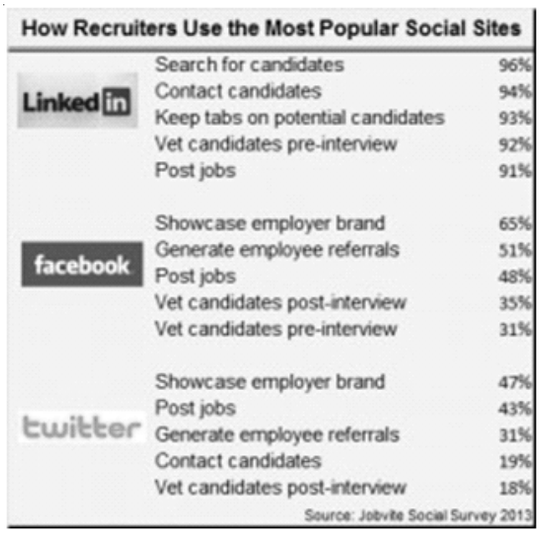
The Jobvite 2013 Social Recruiting Survey Results

- 94% of recruiters use or plan to use social media in their recruitment efforts.
- 78% of recruiters have made a hire through social media.
- Facebook, Twitter and LinkedIn are still the recruiters social networks of choice – but they have company. Blogs, YouTube, GitHub, Stack overflow, Yammer, and Instagram have emerged as channels recruiters also use to source talent.

Recruiters' Most Popular Social Media	
Linkedin	94%
Facebook	65%
Twitter	55%
Company Blog	20%
Google +	18%
YouTube	15%

- Across social channels, recruiters look for professional experience, tenure, hard skills, industry-related voice and cultural fit as part of the hiring process.
- LinkedIn remains the king of searching (96%), contacting (94%), vetting (92%) and keeping tab of candidates (93%).

- Use of social networking sites at each stage:



Social Recruitment in Indian Context

The hiring market in India has witnessed dramatic changes in the past decade with companies facing an increasing talent crunch. While the number of people joining the workforce is still high, "employable" brains are in short supply. Employees are now calling the shots, with companies ready to offer excellent "benefits" packages that promise superb "work-life balance."

The main sector hit by these changes has been the IT-ITES sector which is also considered to be the most lucrative from an employee's point of view. It has become an ultra-competitive market, with soaring employee turnover and a widening supply-demand gap. This has forced the industry to become very aggressive and made it necessary to try more innovative recruitment tactics.

As far as Indian context is concerned, there are multiple views presented by experts about which particular platform is actually leading the way but one thing is for sure, "Social Media Recruitment" has actually taken off and Indian have accepted with open hearts. One thing that favours the use of social media in Indian context is the personalization factor which is the crux of communication through social media channels. Indian are known to support things which have the flavour of human / personal touch in it and the way to success using social media actually follows that only.

Social media recruiting is the most popular recruiting trend in India with a rise of 20% in its popularity in the last 3 years according to the survey performed by LinkedIn. 40% of people surveyed use this method to source candidates. It seems that this trend is here to stay since it has been suggested that those companies and recruiting organizations which will not be using this platform in the next 5 years will be out of business.

Employee referrals and direct hiring channels such as LinkedIn, Facebook, Twitter and company websites, considered fads at one time, now contribute 70% to 90% of hires for companies. The once-dominant HR consultants now hire only for critical and niche roles, adding just up to 20% of the overall pool of hires and resulting in huge cost savings for organizations. Employees too are motivated to refer others due to cash incentives, rewards in kind, the satisfaction of getting someone a job and the opportunity to work with like-minded people. The trend has picked up over the past two to three years, post the Lehman Brothers collapse, as companies began looking for cost-effective, efficient avenues for hiring. If Aircel gets more than 90% of its hires through referrals, LinkedIn, Facebook, direct walk-ins and unsolicited emails, Cognizant gets 80% to 85% of recruits, Crisil 75% to 80% and EXL, 73% through non-consultant channels. Companies like Aircel report saving up to 70% in recruitment costs annually.

"Most companies have institutionalised the process for hiring across levels. People mostly scout for talent through their links with business heads across organisations on LinkedIn, for instance, and ask for referrals amongst their contacts," says Mohinish Sinha, leader, leadership and talent practice, Hay Group, India.

"Employee referrals work faster than consultants," says Aircel's chief human resource officer, Sandeep Gandhi. The turnaround time for closing a position is lesser in case of referrals as recruiters don't need to spend time convincing the candidate, he adds.

Aircel has hired around seven candidates for positions of GM and above in the past three to six months and has reduced its dependence on HR consultants for filling vacant positions to 7% from 30% in 2010. Of the 90 positions that get filled every month, 45 are through referrals.

Across organisations, the incentives for referring candidates are lucrative. Aircel offers cash reward of Rs 10,000 per hire. EXL (with 43% coming through referrals) gives a cash reward of Rs 4000-15,000, gold and silver coins and cars.

The market is currently facing a low tide with companies using internal hiring sources to the fullest but when the tide turns, fishing in a small pond (referrals and direct channels) will not work much, says Manish Sabharwal, chairman, Team Lease. "Most people, especially at the top, are passive job seekers and it needs a lot of ground work to convince them for a switch."

Conclusion

The aims of this paper were to examine the overall concept of e-recruitment. It has been rightly said that recruitment is not only hiring the best amongst those who applied for a particular post rather it's the question to enroll the right candidate in one's human capital. The topic of e-recruitment, if considered as a stem of a tree ,it covers so many other aspects which can be called as its branches i.e. e-recruitment revolution, linkage between HRIS and e-recruitment, e-recruitment market and its players, hiring process in e-recruitment, methods of e-recruitment, difference between traditional recruitment and e-recruitment and lastly the advantages and disadvantages of e-recruitment. E-recruitment has come out to be a significant part of the recruitment strategy.

It can be used to track and manage candidate applications, particularly among larger organizations. E-recruitment can provide some remarkable benefits in terms of efficiency and cost. In the wake of above discussion, a continuous improvement in understanding the technological issues related to e-recruitment is highly recommended. Future research should focus on verifying the identified advantages and disadvantages by using empirical tools such as time-studies and document reviews.

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CORPORATE SOCIAL RESPONSIBILITY: APPROACHES, DRIVERS AND BARRIERS

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Abstract: *The field of corporate social responsibility has grown exponentially in the last decade. More than half of the Fortune 1000 companies issue corporate social responsibility (CSR) reports. A larger number of companies than at any time previous are engaged in a serious effort to define and integrate CSR into all aspects of their businesses. An increasing number of shareholders, analysts, regulators, activists, labor unions, employees, community organizations, and news media are asking companies to be accountable for an ever-changing set of CSR issues. There is increasing demand for transparency and growing expectations that corporations measure, report, and continuously improve their social, environmental, and economic performance. Nevertheless, there remains a protracted debate about the legitimacy and value of corporate responses to CSR concerns. The aim of this paper is to examine how corporations in India interpret corporate social responsibility (CSR). Focusing on four commonly known approaches: the ethical, the statist, the liberal, and the stakeholder approach, the paper seeks to investigate the reported drivers and barriers to implementing CSR practices. The study finds that the CSR approach that is most favored by Indian firms is the stakeholder approach and that the caring or the moral motive, followed by the strategic or profit motive, are important drivers for Indian firms to pursue CSR. Further, the results indicate that the most significant obstacles to CSR implementation are those related to lack of resources, followed by those related to the complexity and difficulty of implementing CSR.*

Keywords: *CSR, Corporate Philanthropy, Environmental expectation, Stakeholder*

Introduction

When it comes talking about **Corporate Social Responsibility**, It is extended form of Social Responsibility which covered donation, charity and philanthropy to society by Company. Traditionally, CSR has been defined much more in terms of a philanthropic model. As time passed, the concept of CSR has undergone changes tremendously. In modern era of business world, Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. It addresses the legal, ethical, commercial and other expectations that society has for business and making decisions that fairly balance the claims of all key stakeholders.

It promotes vision of business accountability to a wide range of stakeholders.CSR is also known as corporate conscience, corporate citizenship, social performance and sustainable responsible business. The term "corporate social responsibility" became popular in the 1960s.India has one of the most richest traditions of CSR among other countries. Indian business tycoons are treating CSR as more important segment of their business activity but yet it has to receive widespread recognition. CSR is not a new concept in India. Modern businessmen are more concerned with it than their predecessors. Since their inception, corporate like the Tata Group, the Aditya Birla Group, and Indian Oil Corporation, to name a few, have been involved in serving the community. Through donations and charity events, many other organizations have been doing their part for the society. J.R.D. Tata was the first leading businessman to explicitly recognize that business does

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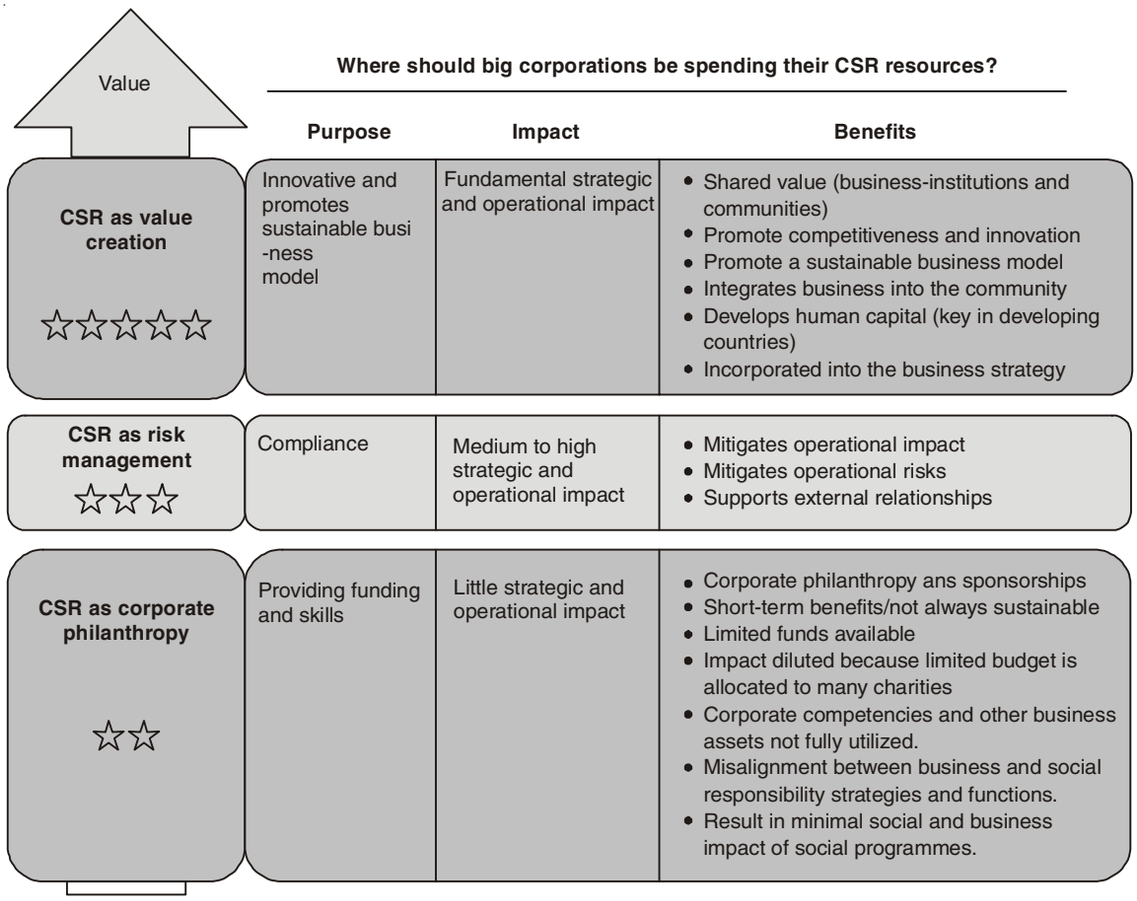
not operate in isolation from society. He remarked, "The most significant contribution organized industry can make is by identifying itself with the life and the problems of the people of the community to which it belongs, and by applying its resources, skills and talents to serve and help them."



Literature Review

The survival and failure of firm is now being judged by their stakeholders - shareholders, analysts, consumers, suppliers, regulators, activists, labour unions, employees, community organizations and news media. Therefore, firms need to do better in non-fiscal domains such as human rights, Quality of Work life, environment, corporate contributions, community development and workplace issues. It is CSR which draws the attention towards good code of conduct and ethical behaviour for corporate reputation (Tang Weiwei1, 2007) in the environment.

In current juncture of corporate world with fierce competition, companies find it ever more difficult to handle the pressure of various external stakeholders without social investment (Margolis and Walsh, 2003). CSR initiatives can contribute to reputation advantages such as increased trust in investors, new market opportunities and positive reactions of capital markets (Fombrun et al. 2000). As the world is integrating, the constant worry for better performance has proliferated the concern of firms for developing more novel ways of defining and understanding CSR.

India in the last decade has realised tremendous growth in various businesses. Due to the globalised and liberalised policy, Indian economy has resulted in a shift of the corporate goals from socio- economic focus towards increasing shareholder value to the welfare of various stakeholders. Though, the CSR still seen as merely a charitable deed in India.

Business should proactively watch out the societal and environmental expectations. There has been a huge

debate on this issue which has seemingly increased the role of strategic CSR by the business globally. Brammer and Millington (2005) stated that firms with higher philanthropic expenditures have better reputation that shapes the favour of stakeholders. The study by Bhattacharyya (2008) guides which CSR initiatives make strategic sense to the firm through building a CSR Strategy- Framework. CSR expenditure though gave strong impact on business operation but has significant contribution outside the business. . Corporations believe that being socially responsible could create value, brand loyalty and positive impact in the mindset of the workforce and also encourages staff loyalty and commitment (CSM, 2003). The present study seeks to understand the CSR concept from the perspective of Indian firms. It is observed that corporations manage relationship with stakeholder groups rather than with society as a whole (Clarkson, 1995). Thus, this research requires differentiating social and stakeholder issues. Corporations consider stakeholders as vital that vary country to country. It is also assumed that stakeholders do have strong influence on overall corporate performance (Chao et al. 2007; Choi et al. 2010; Snider et al. 2003; Mishra and Suar 2010). Firms are increasing more proficient at identifying and prioritizing their stakeholders, and linking CSR programs to business and social outcomes (Knox et al. 2005).

Various dimensions of CSR have been examined globally to assess the important factors of financial growth. Aupperle et al. (1985) examined the relationship between CSR and Profitability while Blazovich and Smith (2010) explored the relationship between ethical corporate citizenship and financial performance (i.e., greater profitability and efficiency, and lower cost of capital). Similarly Bouquet and Deutsch (2008) examined the way CSR affects a firm's capacity to attain profitable sales. Ghoul et al. (2010) found that firms with better CSR scores exhibit cheaper equity financing while examining the effect of CSR on the cost of equity capital. Goukasian and Whitney (2008) observed that CSR firms "outperform" their rivals in satisfying their stakeholder needs and may generate even higher returns for their shareholders in the future and moreover bearing the cost of socially responsible behavior does not have a negative trade off. Webb (2005) also documented positive causal relationship between leverage and certain CSR measures and a lower cost of debt financing for firms with strong levels of CSR. Study of Bedi (2009) reported a positive relationship between CSR expenditure and financial performance on Indian firms.

Research Objectives

- To examine the relationship between CSR and stakeholders.
- To determine the significance of CSR and Ethical Behaviour.
- To understand the relevance of CSR expenditure on social betterment.

CSR Approaches

It has been suggested that there are four models of social responsibility that operate in India:

1. The ethical (Gandhian) model
2. The statist (Nehruvian) model.
3. The liberal (Friedman) model.
4. The stakeholder (Freeman) model (Balasubramanian et al., 2005; Kumar et al., 2001).

Gandhi, Nehru, Friedman, and Freeman respectively were champions of these four models. In the ethical model the focus is on "voluntary commitment by companies to public welfare", in the Statist model, "state ownership and legal requirements determine corporate responsibilities", in the liberal model "corporate responsibilities are limited to private owners", and in the stakeholder model "companies respond to the needs of stakeholders – customers, employees, communities, etc." (Kumar et al., 2001, p. 2). Since the liberalization of the Indian economy in 1991, western-style ethical stances are being promoted hence even though the ethical, statist, and stakeholder models may be "idealized", the liberal (Friedman) model may be more influential in India, according to some authors (Balasubramanian et al., 2005). It is also noted that while these interpretations, or perceptions, help to clarify different approaches, it is important to understand that they are not mutually exclusive (Balasubramanian et al., 2005). Considering institutional changes, particularly to economic sectors, firms in Asian countries can report overlaps between two or more approaches, and in some cases, multiple orientations to these four models.

Researchers have found that there is a definite trend in India towards looking at CSR in a positive manner (Narwal and Sharma, 2008; Reddy, 2006). There

was a perception earlier on was that firms' CSR activities were not motivated by the desire for social service, but was instead motivated by the desire to avail themselves of tax exemptions and other government incentives and therefore society did not really trust business (Narwal and Sharma, 2008; Singh et al., 1980). This skeptical viewpoint is increasingly being replaced by a more objective viewpoint as businesses start to undertake CSR activities voluntarily (Narwal and Sharma, 2008). Post-liberalization, the Indian government, along with NGOs and the media are becoming agents of change with regard to the CSR activities of firms (Narwal and Sharma, 2008). In fact, in a study of companies from 21 emerging markets, Baskin (2006) found that in these markets (particularly South Africa, Brazil, India, and parts of Eastern Europe), CSR was more developed than commonly thought, often exceeding standards in some high-income countries.

Even though CSR in India may be in a more advanced state than previously thought, some studies suggest that much improvement is needed in how CSR strategies are implemented and integrated within Indian firms. For example, Arora and Puranik (2004) concluded that even though several companies in India have climbed on to the CSR bandwagon and are engaged in causes like health care, education, empowerment of women, micro-credit and rural development, CSR seems to be in a confused state in the country. Individual companies define CSR in their own ways, with the end result that activities undertaken in the name of CSR are merely philanthropy or an extension of it (Arora and Puranik, 2004). Baskin (2006) found that even though CSR was more developed than previously thought in emerging market countries including India, it was found to be less embedded in corporate strategies and less pervasive than in higher-income countries. The study also found a wide divergence between emerging market leaders and laggards.

CSR Drivers and Barriers

Regarding what motivates firms to pursue CSR, one study has suggested the existence of two dimensions: strategic motives and moral motives for pursuing CSR (Graafland and van de Ven, 2006). The strategic motive suggests that firms pursue CSR in the hopes of achieving profitability. The moral motive suggests that firms have a moral duty towards society. Another study proposed managers' personal values as an important motivator (Hemingway and Maclagan, 2004). This suggests that CSR is driven by the personal values and beliefs of individual managers. Managers have discretion in whether and what CSR initiatives they adopt and how their own personal belief systems would drive decisions pertaining to this.

In the last decade, several surveys have been conducted to gauge the extent of CSR practices in India. Some of the surveys include those conducted by Tata Energy Research Institute (TERI-Europe); The Centre for Social Marketing; Indian Institute of Management Bangalore; IndianNGOs.com (2002); the United Nations Development Programme, the British Council, the Confederation of Indian Industry and PricewaterhouseCoopers; and the National Stock Exchange. Balasubramanian et al. (2005)analyzed the results of these surveys and found the major motivators for pursuing CSR to be concern for social improvement, ethics, and values, belief in the stewardship philosophy (Gandhian model), corporate reputation, stakeholder relations, responsiveness to local communities, legal compliance, etc. Further, the barriers to CSR implementation that the surveys found include competitive business practices, poor ethical decision making, corruption in the government, lax regulation, confused policy, excessive bureaucracy, lack of executive commitment and unprofessional management, and inadequate evaluation of CSR initiatives.

Based on the above literature, we further explore the current social orientations or CSR approaches by managers, their motivations to pursue CSR, as well as the reported challenges of integrating these practices in the Indian context. d through press releases, which are published in Finnish, Swedish and English and are available on their website.205

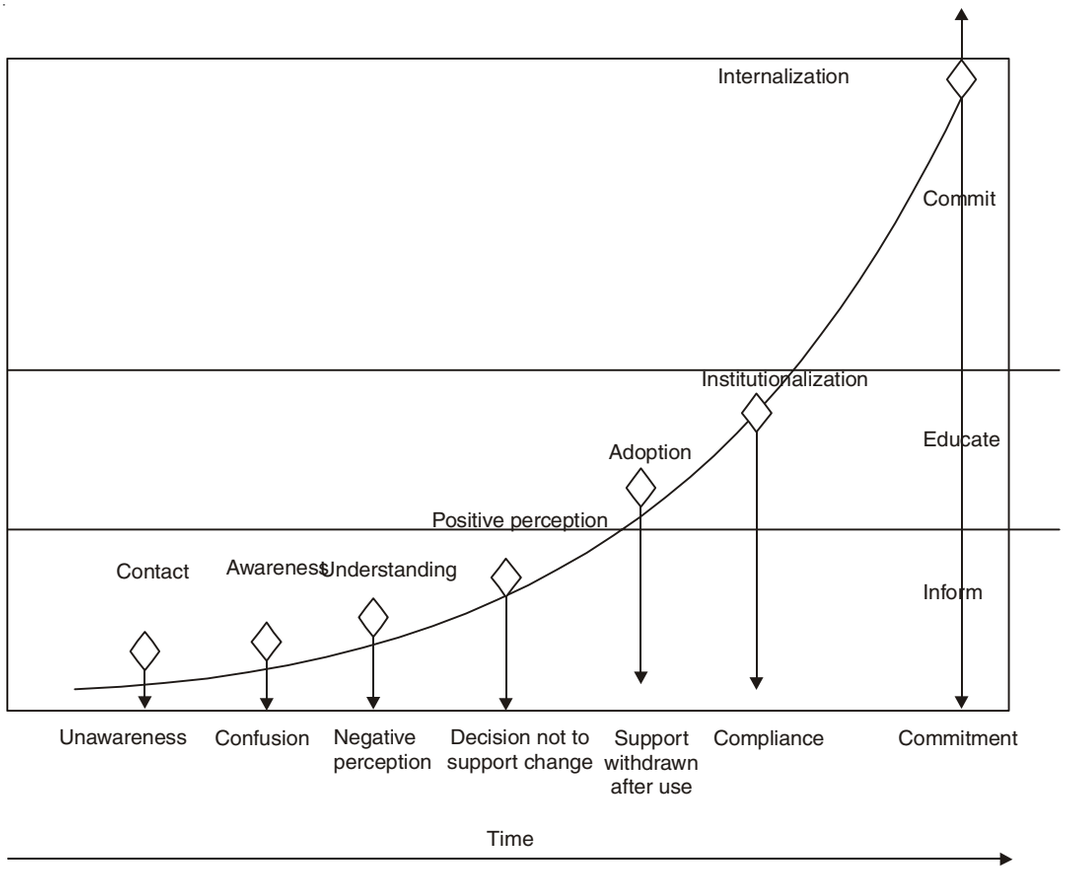
Internal Barriers

Since the company must make profit and new environmental technology can be expensive to develop and install, while customers at the same time may be doubtful about new technology. Further, customers require products that are financially sensible, and may also prefer to use bad fuels, because it is cheaper. Also, fulfilling all requirements proves to be expensive, since it requires more complex technology, automation and filters

External Drivers and Barriers

Companies are obligated to follow national and international legislation concerning the environment. Further, they have to comply with demands from local authorities, as well as directions and agreements made between the company and authorities. This responsibility can then be increased by adopting environmental goals and policies for the company, where international guidelines, voluntary principles and agreements with other organizations can be incorporated. In this study, the drivers for environmental CSR and sustainable development are presented. The external drivers are legislation, availability of natural resources, such as oil and natural gas, climate change, pollution, such as emissions of GHG and changes in lifestyle.

Overcoming or Resolving CSR Barrier



As we have seen there are numerous reasons why CSR implementation may be frustrated or fail if one or more of the key change enablers is missing or impaired. There are several factors like unawareness, confusion, negative perception and decision not to support change that create barriers in the implementation of CSR contribution by Corporations. But these barriers are solvable by generating contact, awareness, understanding, positive perception and adoption.

Conclusion

In a study of CSR perceptions, the Indian society on business found that society holds both positive and skeptic views of CSR activities by their corporations. What is reported as missing is a process of further integration of the society and business so that various stakeholders can share their concern for CSR issues in their own ways . The Indian society views the business

enterprise as making use of the resources of society and continually depends on it for its functioning. Given this scenario, society feels the business enterprise should also contribute to enhance the welfare of the society and expects businesses to discharge CSR activities. Future studies that can examine how the non-business sector, including academic institutions, local and global NGOs and the media, are increasing the societal awareness on CSR in India can offer an understanding of how the corporate sector is responding to various stakeholders' concerns.

CSR in emerging market economies like Brazil, India, and South Africa have been found to be quite comparable to that in developed economies. In this study, we examined the state of CSR in one important emerging economy, India, and found that similar to the dominant Western paradigm, Indian firms also approach CSR primarily from a stakeholder perspective, driven primarily by the "caring" model. Lack of resources to spend on CSR activities is a major obstacle to move CSR forward in India. However, given India's mounting social problems, it is much more urgent for Indian firms to find resources to devote to CSR than for firms in the West in order to address these social issues. We can foresee India as the base for a new focus for CSR, one with a more proactive, optimistic framing. What would complement a more proactive framing is the growing recognition by the business sector to treat CSR and corporate citizenship as an imperative for change.

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EVALUATION OF CELEBRITY ENDORSEMENTS: EMERGING RISKS VS. RETURNS

*Ms. Deepmala Jain ** Dr. Seema Girdhar

Abstract: *The success of every organization depends upon the extent of the market captured by them by influencing the behavior of the customers. To achieve this goal, celebrity endorsed advertisements play a vital role. Through this paper, efforts have been done to ascertain whether celebrities really help in the creation of brand image of the organization in the minds of the customers and the extent of level of effectiveness produced by them in the market by attracting the consumers towards their endorsed products. The researchers have made an attempt to explore the returns and risks of celebrity endorsements for the organization. The researchers have found out whether a celebrity's negative behavior or any controversy weighs more importance in affecting the endorsed product.*

Keywords: *Celebrity Endorsement, Celebrity Credibility, Controversy Risk, Brand Personality, Brand Image.*

Introduction

The instrument of celebrity endorsements has become a pervasive element of marketing communication strategies and media mix strategies of almost every organization. Celebrities hold the status of God in India and they are even worshipped. The advertisers see this as a great opportunity and grab it by using celebrities to promote their products and services in the endorsements. Marketers in India are signing deals with celebrities in the hope of using celebrity power for their product positioning and repositioning in the consumer's mind. Celebrities have the power to give a touch of glamour to the product they endorse through advertisements. Because in today's competitive world people remember only those things which are glamorized by renowned celebrities. Through this paper the researchers want to analyze the returns i.e. benefits and risks of celebrity endorsements.

Celebrity Endorsements and Advertising

A celebrity is a star, leader and icon in any field that has high visibility, public recognition, and huge attention capturing ability and who uses this recognition, visibility and attention on behalf of a product by appearing with it in an advertisement (McCracken, 1989). Celebrities may be film stars, sportspersons, musicians, politicians, company heads and comedians etc. Increased competition for consumer attention and new product diffusion have encouraged marketers to us attention creating marketing strategies by using celebrities for product marketing and promotion. According to Friedman and Friedman, a "celebrity endorser is an individual who is known by the public for his or her achievements in areas other than that of the product class endorsed". Compared to other endorser types, famous people always attach a greater degree of attention, recall and loyalty. The amount of money being spent on celebrity endorsements worldwide is increasing, which shows the effectiveness of celebrity endorsements in creating buzz, reach and appeal for the product.

Marketer uses film stars and sportspersons in the advertisements to grab consumer attention. The Indian cricket team earns roughly more than Rs. 100 crore every year through endorsements.

Objectives of Using Celebrities in Advertisements

Celebrity endorsements are today commonplace across all media and advertising outlets (Television, Print and Radio).Using Celebrities in advertising has been a

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popular communication strategy among marketers. Endorsers can be seen as dynamic, intelligent and with attractive and likeable qualities. Companies want these qualities to be transferred to products via various marketing communication activities. Furthermore it is presumed that respect, fame and charisma the celebrity enjoys are transferred to the brand celebrity is endorsing.

Literature Review:

McCraken (1989) found that the use of celebrity endorsers stand for an effective way of transferring meaning to brands as it is believed that celebrity endorsers bring their own emblematic meaning to the endorsement process and that this cultural meaning residing in the celebrity is passed on to the product which in turn is passed on to the consumer. McCraken (1989) argued there lays a difference between celebrities and anonymous person as it is assumed by him that celebrities have the capability of delivering meanings of extra depth, power and subtlety and also offers a range of lifestyle and personality which cannot be matched by anonymous people.

According to **Soloman (2002)**, the reasons for using celebrity endorsements involve its potential to create awareness, positive feelings towards their advertising and brand. Celebrity endorsers are used to help provide personality to a product or a brand.

Karina P. Rodriguez (2008) in their study explored the effects of endorser type and endorser credibility on consumer's attitudes and purchase intentions. He concluded that an endorser with high celebrity status more positively influence the consumer attitude towards the advertisement and purchase intentions. **Freeman (1957)** reported that, consumers see and read more celebrity testimonial advertisements than non testimonial advertisements.

Katyal (2007) asserts that there is the presence of great potential for celebrity endorsement in India to be seen as truly relevant, thereby inducing customer to purchase the product. He also states that star power in India can be identified by the successful endorsements done by Shah Rukh Khan for three brands namely Santro, Clinic All-clear and Pepsi.

How Celebrity Endorsements Work?

Researchers have been continuously trying to unlock the hidden truths behind the power of celebrity endorsements and it has been an area academic interest for researchers. A number of models have been evolved to show how celebrity endorsements work and what factors contributes in this process. These theoretical frameworks can help in understanding the mechanism behind celebrity endorsements too. The major theoretical frameworks that have been developed are as follows-

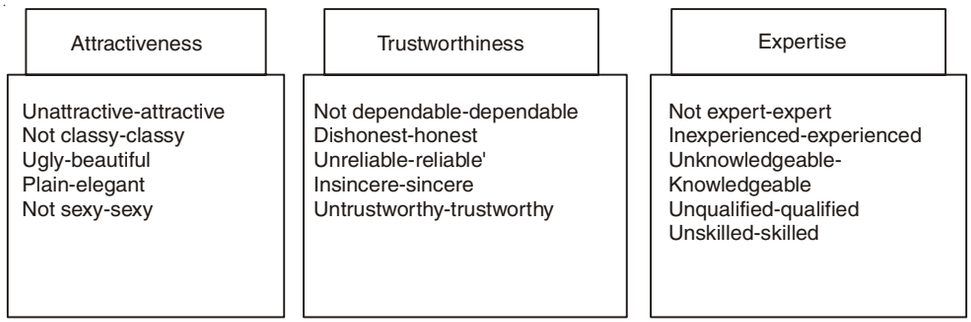
1. Source Models

(a) The Source Credibility Model

A central goal of advertising is the persuasion of customers, i.e., the active attempt to change or modify consumers attitude towards brands (Solomon 2002).

Source credibility and source attractiveness reflect the study of source effect theory/source influence theory, which argues that various characteristics of a perceived communication source may have a positive impact on message receptivity (Kelman, 1961). Source credibility suggests that the effectiveness of a message depends on the "expertness" and "trustworthiness" of the source (Hovland, Janis, and Kelley, 1953).In general, a message source with higher credibility tends to be more effective than one with less credibility (Sternthal et al., 1978). Since higher levels of source credibility tend to be associated with more positive attitudes toward the message and lead to behavioral changes (Craig and McCann, 1978), advertisers will opt to use celebrities if they think that they have a high level of credibility.

Erdogen (1999) suggests that the use of the word "trustworthiness in the celebrity endorsement literature refers to the honesty, integrity and believability of an endorser. Erdogen (1999) findings in the source credibility state that factors which construct source credibility and other important factors in certain situation are still ambivalent. Conversely, the fact that high credible source do not always have more effect when compared low credible source, should me noticed. Sternthal et al. (1978) stated that the low credibility source may have stronger persuasibility than the higher one; when the audience is already inclined to a message.



(b) The Source Attractiveness Model

The source attractiveness model is a component of the 'source valence' model of McGuire (1985).The attractiveness model contends that the effectiveness of a message depends on source's 'familiarity', 'likeability', 'similarity' and 'attractiveness' to the respondent. Attractiveness does not mean simply physical attractiveness—although that can be a very important attribute-but includes any number of virtuous characteristics that receivers may perceive in an endorser intellectual skills, personality properties, lifestyle characteristics athletic prowess and so on. The general concept of attractiveness consists of three related ideas: similarity, familiarity and liking.

2. Product Match up Hypothesis

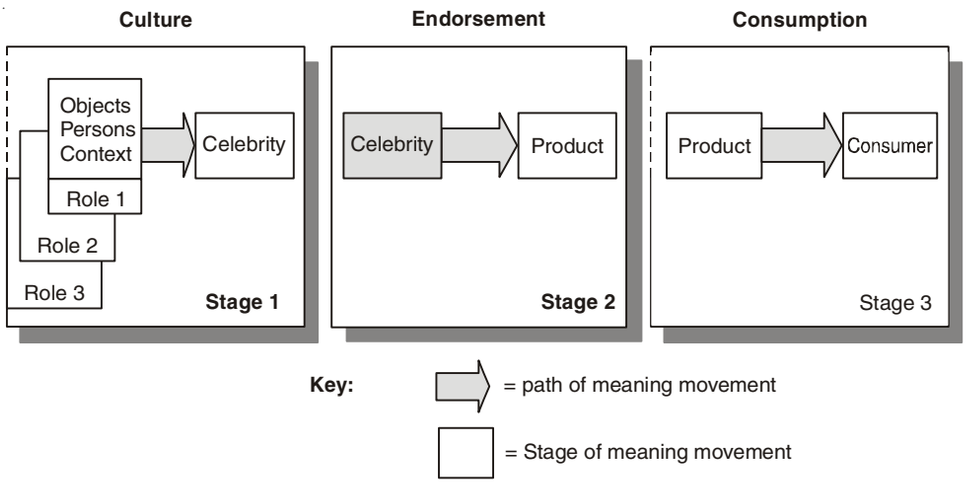
This theory was born out of the observation that using an attractive model is not universally effective for all products. They tend to work better for products that are beauty related (Baker and Churchill 1977; Joseph 1982; Kahle and Homer 1985). In other words, the characteristic of the product must "fit" the image of the celebrity. For instance, Kamins (1990) found that using Tom Selleck as an attractive celebrity endorser is more effective (in terms of spokesperson credibility and ad attitude) for a luxury car which is attractiveness-related, than a computer which is not attractiveness-related. Telly Savalas, on the other hand, as an unattractive celebrity is not effective for either product.

Similarly, Kamins and Gupta (1994) found the match-up effect for computers (i.e., resulting in higher spokesperson believability, attractiveness, and brand attitude) but not running shoes, provided the computer was matched with "scientific" celebrity Leonard Nimoy. However, contrary to the theory, they did not find an effect for a fictitious CEO of an accounting company even though his image "fits" the computer equally well.

In sum, the match-up hypothesis represents an improvement over the other theories because it clearly acknowledges the importance of contingency, and that a "one size fits all" theory is too simplistic. However, this theory has a number of problems. The following is a critique, and we will closely examine some studies specifically designed to test this theory.

3. Meaning Transfer Models

McCracken (1989) brings up the Meaning Transfer Model, which is a rich and comprehensive description process over the endorsement process. The centre premise of the Meaning transfer model is that a celebrity encodes a unique set of meanings that can, if the celebrity is well used, is transferred to the endorsed product. The model is divided into three stages: Culture, endorsement and consumption.



Source: McCracken 1989, p.315

Stage 1: Culture

He declared that celebrities are different from anonymous models (or anonymous actors) that companies normally used to bring value to the advertisement. Celebrities deliver meaning of extra subtlety, depth and power. It is common knowledge that advertisement can carry out meaning transfer without assistance of celebrities but celebrities provide a variety of characteristics and a special life-style that anonymous models cannot offer. Finally, celebrities give configurations of meaning that anonymous models can never have power over.

Stage 2: Endorsement

The second stage is the movement from Celebrity to product. The advertising agency must identify the meaning they want to transfer to a product or in other words what personality they want to give to a product. After this, advertising agency will search for the celebrities and what meaning they make available, considering budget and other availability constraints and finally that celebrity will be selected who can best fit for the purpose.

Stage 3: Consumption

After the meanings are transferred to the products, they should also to be transferred to the consumers. This last transfer is to be done by the efforts of the consumers who are willing to take possession of the meanings. Consumers constantly search for the products that give them relevant and useful meanings.

4. The TEARS Model

According to Shimp (2003) and other extensive research have demonstrated that two general attributes, Credibility and attractiveness play an important role in facilitating marketing communications effectively. These attributes are also important in determining the effectiveness of an endorser.

1. **Trustworthiness:** Honesty, integrity, and believability of an endorser. It reflects the extent to which audience members trust and believe what celebrities say regarding the advertise brand.
2. **Expertise:** knowledge, experience, and skills of an endorser regarding the advertised brand.

   For example, a sport athlete is considered to be an expert when he/she endorses sport related products.
3. **Attractiveness:** All characteristics that make an endorser attractive to audience members (e.g. physical look, personality properties, attractive lifestyle, etc.).
4. **Respect:** Refers to the quality of being admired or esteemed due to endorser's overall accomplishments.
5. **Similarity:** Represents the extent to which an endorser matches target audience characteristics related to the endorsement relationship (sex, age, lifestyle, etc.).

The TEARS model describes the essential qualities of celebrities that are important in determining their effectiveness in endorsement.

Returns of Celebrity Endorsement

The returns of celebrity endorsements for organizations are as follows:

Develop Awareness: Especially the new brands get benefited if a celebrity endorses it. It not only attracts the attention of the customers but will be able to create inquisitiveness among the consumer as well. Higher level of message recall is possible for the products endorsed by the celebrities.

Emotional Connection: Few, world renowned celebrities are there who commands great admiration among the general people and thus they can positively persuade their fans.

Accelerate the Bonding: The communication process can be hastened up and the relationship building process can be accelerated through the presence of the celebrities.

Means of Brand Differentiation: Celebrity endorsement can be considered as the differentiation policy. Through engaging a celebrity for the first time in the industry a company can gain competitive advantage over its competitors.

Source of Imitation: It is a recognized fact that celebrities tend to be the role models and idols for the target audience that is the consumers and they start using those product and services as the name of the particular celebrity they admire is connected with the brand.

Brand Polishing and Enhancement: The authenticity and the credibility attached with a celebrity have been coupled with the brand when he endorses it which is quite adequate to enhance the brand image.

Risks in Celebrity endorsements

1. Negative Publicity

One of the biggest risks associated with Celebrity endorsers is the possibility of negative publicity or information regarding celebrities. If the Celebrities are strongly associated with a brand than negative image of the endorser will harm the image the brand as well. Some Celebrity endorsers get involved into misdeeds like drug scandals, rape, murder, bomb blast, accidents, rash driving, match fixing etc. These scandals have harmed many companies in the past. The harm bought to the reputations of these companies may decrease the trustworthiness and credibility of the consumer (Johansson and Sparredal, 2002).

2. Overshadowing

In this case consumers may focus more on the celebrity rather than the brand. The only way to solve this problem is to use a celebrity who will attract consumer attention and enhance sales message, yet not overshadow the brand. Overshadowing takes place in those cases where celebrity endorser is present in an advertisement with multiple other stimuli which all compete to form a link with the celebrity endorser. Therefore, the brand and the celebrity endorser should be the two strongest elements in the advertisement (Johansson and Sparredal, 2002).

(i) Overexposure

Overexposure occurs when a celebrity chooses to endorse several different products simultaneously and becomes overexposed. This is another risk of using celebrity endorsers in an advertisement because if overexposure happens than the credibility of the celebrity and the brand may suffer. This can confuse the consumers and they may become unable to correctly recall which products the celebrity is endorsing and which brand the celebrity stands for (Johansson and Sparredal, 2002).

(ii) Extinction

This risk is associated with the danger of a celebrity's popularity becoming weak over time. The Celebrity may be very successful in the beginning of the contractual term but he/she may lose the popularity in the long span of time. For example, an athlete might become a successful endorser for a particular category of brand but if that athlete gets injured or loses his fame due to other circumstances or poor performance and disappears from the spotlight, he or she might lose the credibility and does not remain an effective endorser.

3. Financial risk

A major risk associated with the celebrity endorser is financial risk. Whenever the advertisers take the decision to use celebrity endorsers in the advertisements, they have to consider the cost effectiveness of their decision. The celebrity endorsers who have highest potential and credibility tend to be most popular and therefore the

most expensive. In this situation it is very important for the advertisers to decide if a celebrity endorser is worth the investment. In this situation rather than hiring a popular endorser, advertisers can do well by hiring a less known celebrity, a less expensive celebrity endorser who matches directly with the message of the brand and appeal to the target audience

The Trouble Factor

This final factor evaluates the likelihood that a celebrity will get into trouble after an endorsement relation is established. Suppose a celebrity is convicted of a crime or has his or her image blemished in some way during the course of an advertising campaign. What are the potential negative implications for the endorsed brand? Frankly, there are no simple answers to this provocative question; also researchers are beginning to explore the issue in a sophisticated fashion.

Many advertisers and advertising agencies are reluctant to use celebrity endorsers. Their concern is not without justification. Consider some of the celebrity related incidents making news in recent years and during past decades:

(a) Film actor Shiney Ahuja was convicted of a rape charge on his maid which affected the films he was doing along with the endorsements.

(b) Cricketer Ajay Jadeja and Mohammad Ajharuddin's image was tarnished after the match fixing charges on them and they were arrested and investigated for it.

(c) Salman Khan has been in news for controversies and stubborn and arrogant attitude. Salman khan was arrested for rash and negligent driving. He was sentenced to one year in prison for hunting an endangered species. He has been involved in fights with his costars like Vivek Oberoi, Shahrukh Khan Etc.

(d) In 1998, Saif Ali Khan along with Salman Khan, Tabu, Sonali Bendre and Neelam, were charged with poaching two blackbucks in Kankani during the shooting of their film "Hum Saath Saath Hain" which created problems for the film itself. In 2008, a case was reported against Saif Ali Khan to have manhandled a photojournalist in Patiala during the filming of "Love Aaj Kal".

(e) Tennis star Sania Mirza faced severe resistance from Indians on her decision of marrying Shoaib Malik, a Pakistani cricketer which harmed her image in the million dollar advertising and endorsement industry in India.Due to the risks of such incidents in the multimillion dollar celebrity endorsement contracts, there has been increased scrutiny in selecting celebrity endorsers.

Conclusion

In this paper, to evaluate the effectiveness of celebrity endorsement, different theories and models have been demonstrated. There is no doubt on the celebrity's power to give popularity to the brand among masses. It is an effective weapon to meet out the competitors in the markets by differentiating products. Celebrities attract the attention and arouse the interest of the customer by differentiate the products and persuade the customers to buy their product. But there are the possibilities of certain emerging risks which are with celebrities. Organizations have to deal with more rational and knowledgeable customers nowadays, so these controversies can have a major influence on the minds of the customers. Celebrities alone do not guarantee success nor the best advertising campaign or the best product. Celebrities cannot really be blamed if their endorsements fail to push up the brand sales. It is the combinations of different factors which jointly affect the success of the brand. Celebrity's role can't be denied. It is a means to an end, and not an end in them. So in this heavy advertisement clutter and competition, the value of celebrities is still judged by the consumers.

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REDRAWING LESSONS IN GOOD GOVERNANCE FROM MAHABHARATA AND RAMAYANA

*Dr. Pushpraj Singh

Abstract: *The professed objective of all governments, down the corridors of history of man, has been to provide and ensure the welfare and happiness of the people through an efficient and good administration. However, despite the advance of civilisation and progress in science and technology and efforts through international forums like the United Nations to achieve peace and happiness, the world is riddled with strife, misery and tension. Good governance and sustainable development have become major topics for discussion around the world over the last two decades. In fact, good governance is essential for sustainable development in all countries whether developed or developing countries. From the Vedas to Sutra and Smritis texts, from the time honoured epics to the foreigners travelogues and literary classics ,ancient Indian literature carries myriad references, bearing the principles, philosophy and mechanisms of good governance. At a time when there is much conflict of opinion as to the principles of democracy and the travails of autocracy or dictatorship, it is relevant to note the advice given by classical epics of India regarding such matters.*

Any person in charge of administration has to follow certain well tested codes to bless the generation with peace, prosperity and efficiency. In this context, the Mahabharata and Ramayana is very relevant today as the epic has many lessons to offer in the art of administration. A deep study of the epic would not only reflect the high level of civilisation that existed during the epic era but would also furnish meaningful guidelines on Public Administration through the medium of several characters. There is a saying that history repeats itself and another to the effect that one should learn from the experiences of past history. As a result, the objective of this paper is to explore and uncover the intrinsic principles of Governance as contained in classical epics of India.

Keywords: *Good Governance, Epic, Ramayana, Mahabharata.*

Introduction

"In the happiness of his subjects lies the king's happiness; in their welfare his welfare. He shall not consider as good only that which pleases him but treat as beneficial to him whatever_pleases his subjects"

A very long time ago, kings sitting in Pataliputra imagined, directed, strategized and created an empire whose borders look incredibly like those of modern South Asia. They had no telegraph and no modern means of communication and resources. They pulled this empire together through conquest, but their genius lay in holding it together. Rigvedic Aryans did this by propounding the concept of Dharma and making the King liable for upholding the Dharma. The Mauryas did this by creating a clear administrative structure where every level and office knew its jurisdiction and where every functionary knew their work, who was reporting to them when and to whom they were expected to report and on what schedule. Well-established lines of reporting, feedback and information sustained the system. The Rigveda states "*Atmano mokshartham jagat hitayacha*"[1] i.e. the dual purposes of our life are emancipation of the soul and welfare of the world. Thus, the public good should be the welfare of the society; or in other words, the private good or self-promotion should be subservient to the greatest good of all.

In the Bhagavad Gita, a major religious scripture, Lord Krishna prescribes the following as the virtuous path: *Pravrittim cha nivrittim cha karyaakarye bhayaabhaye, Bandham moksham cha yaa vetti, buddhim saa Partha saattviki*.[2] [O Partha! That understanding by which one knows what ought to be

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done and what is not, what is to be feared and what is not, what one can do and what is prohibited, leads to the virtuous path.] Lord Krishna clearly states in Bhagwad Gita: "If I do not perform prescribed duties, the entire universe would be put to ruination. I would be the cause of creating unwanted population, and I would thereby destroy the peace of all living beings".[3]

It is only through prescribed rules and regulations that any aberration in society can be checked that can disturb the order. Once this order is maintained, then society and the individuals become peaceful and organized for its uplift and spiritual progress. One should simply follow the duties and instructions and the laws as these are for our betterment but should never imitate the actions of the powers of nature.

In Mahabharata, the great Indian epic, which narrates the victory of good over evil, Bhishma Pitamaha, who had mastered the art of governance and had dedicated himself to the throne of his kingdom Hastinapur, says: *"the foundation for good governance is righteousness in public affairs. The king, his son—including relatives—his ministers, and the State employees who have taken the oath of their offices to uphold Dharma and to take care of the public needs, must not act unjustly or unethically because if they do so, they will not only destroy the moral basis of governance but will also turn the State into a hell."*[4]

Brihadaranya Upanishad lays the king's duty as follows: *Tadetat kshatrasya kshatram yaddharmaha tasmaddharmatparam nasti, Atho abliyan baliyamsamanshamsate dharmena yatha ragna evam.*[5] [It is the responsibility of the king to protect Dharma, the public good; so that all citizens get equal opportunity and that the weak are not exploited and harassed by the strong].

Dharma, in Sanskrit, means that which sustains the righteous path. This has been explained in Karna Parva of Mahabharata as below: *Dharanat dharma mityahu dharmo dharayate prajaha, Yat syad dharanasamyuktam sa dharma iti nischayaha*.[6] [Dharma sustains the society, Dharma maintains social order, Dharma ensures well being and progress of humanity, and Dharma is surely that which fulfils these objectives].

Governance in Indian scriptures is called raj dharma i.e. righteous duty of the king. Thus, as defined above, the conduct of those involved in governance requires adhering to righteousness which calls for exhibiting the highest standards of morality and ethical behaviour. In a nutshell, the Indian philosophy lays emphasis on the premise that inner spirituality and character must govern the conduct and behaviour of the leaders in the society.

Ramayana and Good Governance

At the outset, the epic opens with the administrative setup prevalent in Ayodhya (the capital city). Further, there are the following three situations where detailed and wholesome advice is rendered on the art of efficient administration. These are: King Dasharatha's advice to Sri Rama on the eve of coronation, Sri Rama's questions and advice to Bharata at their historic meeting at Chitrakut, Surpankha's advice to Ravana and finally Sri Rama's conversation with dying monkey king Baali.

An exhaustive cross-examination of the epic reveals valuable instructions on the art of administration that have a refreshing relevance today. The administrative setup in Ayodhya is designed to provide the maximum happiness for the maximum number of people for the maximum period, based as it is on the principles of Dharma–righteousness and moral values.

King Dasharatha's Advice to Sri Rama

On the eve of Sri Rama's coronation, king Dasaratha summoned his darling son and tendered wholesome and mature advice on Administration based on his experience. King Dasaratha said: "*My son, although you are a storehouse of merits, I wish to offer some friendly advice to you out of sheer affection. Resorting to even greater humility (than before), constantly keep your senses under control. Avoid vices born of lust and anger"*[7] *and rule according to both the direct and indirect methods of governance*.[8]

Indirect method involves *ascertaining the conditions and loyalty of one's own people and the relative strength and intentions etc., of the neighbouring states through a network of spies* and direct method involves *"To make a tour of one's dominions and ascertain things personally, to invite direct petitions from one's subjects, hear their grievances and decide their cases on their own merits."*

Sri Rama's advice to Bharata

The Noble Bharata when he came to know that his mother was responsible for Sri Rama's exile was tortured by the agonies of grief, anger and guilt. Wearing Jata (hair bound in knot) and bark garments he proceeds from Ayodhya, along with its entire population, to pursuade Sri Rama to return. After their momentous and affectionate meeting at Chitrakut, Sri Rama addressed Bharata on the art of administration, which is exhaustively detailed in the Ayodhya Kanda of the epic known as the famous ''Kacchit Sarga'.[9]

As Bharata was to rule the kingdom as per the King's promise to queen Kaikeyi, Sri Rama enquires of Bharata whether he was ruling the Kingdom efficiently. He was also asked to explain by Sri Rama why he had left his post of duty and come to the forest.In this context, Sri Rama enquires of Bharata and instructs him extensively on the finer points of the art of administration. Starting with human relations at home and Bharata's personal conduct and self-discipline, the questions cover his reverence and service to his parents, teachers and elders to ensure domestic harmony. It embraces all Departments of Government activity like Home Affairs, Defence, Foreign Affairs, Finance, Labour Relations, and Agriculture etc.

"Are you rendering service to our father, oh my dear Bharata? Is the celebrated preceptor of Ikshvakus (Sage Vasistha) being duly honoured by you?"

"Do you hold in high esteem gods and manes, dependents, elders, kinsmen of your father's age, the aged, the physicians as well as the Brahmanas? Do you respect Sudhanva, your teacher of the science of Archery who is equipped with knowledge relating to the use of excellent arrows both direct and remote-controlled and well versed in political economy?"

"I hope the ministers you have appointed are valiant like you- full of learning, who have controlled their senses, who are born of high pedigrees (cultured family) and know the meaning of signs (discreet and shrewd)."

"The learned in times of difficulty bring endless glory by solving knotty problems."

"Even if there is a single minister if only he is wise, brave, clever and discreet, he will bring fame and prosperity to a King big or small."

"He who does not get rid of a physician adept in devices of aggravating a disease, a servant intent on bringing disgrace to his master and a gallant warrior seeking kingly power, is himself destroyed by these persons."

"Are the foremost of your skilled warriors being recognised by bestowing suitable honours by you?" (Gallantry awards).

"I hope you distribute (daily) provisions and distribute the monthly salary due to them at the proper time in a suitable manner and do not delay their payment (to prevent discontentment). For, salaried servants surely and positively get enraged even at their master when the distribution of their provisions and the disbursal of their salaries are delayed and that itself is a very great harm done to the State." (Labour Relations).

"Has a man of your own State, who is learned, clever, ready witted and capable of delivering messages correctly, who is able to distinguish between right and wrong, been appointed by you as an Ambassador, O Bharata?" (Foreign Affairs and Diplomatic assignment).

Next Sri Rama instructs Bharata on the defence and protection of Ayodhya and enquires about the various aspects and measures designed for its prosperity (like water storage, well cultivated fields not depending on the vagaries of the monsoon (or rainy season), cattle wealth, peopled by highly delightful men and women, free from violence and fear etc.).

Regarding Financial Management

"Is your income sufficiently large to meet your expenses and your expenditure comparatively less? (Balanced budget without deficit financing). I hope your wealth does not go to undeserving men."

"Do you see to win over the elders, children and foremost physicians by gifts, a loving mind and polite words?" (Human Relations).

"Do you greet your teachers, and elders, ascetics, deities and unexpected visitors as well as the trees standing on cross roads (ecology) and the wise and learned Brahmins who have achieved the object of their life through character and austerities?"

"Do you avoid the fourteen failings of kings?"

" I hope you deal properly, after fully taking into account and knowing the ten evils born of lust, the five kinds of fortifications, the four expedients (recommended for kings), the seven important limbs of a state, the eight evils born of anger or the eight measures (conducive to the welfare of a state), the three worldly objects of human pursuits (Dharma, Artha, Kama) namely religious merit, material wealth and sensuous enjoyment or the three kinds of powers (namely energy or 'Utsaah-Shakti', the power of dominion or 'Prabhu-Shakti', and the power of counsel or 'Mantra-Shakti'. The three branches of learning (viz., the three Vedas or 'Trayi', the knowledge relating to agriculture, commerce and other vocational pursuits, and political science, subjugation of the senses, the six strategic expedients (viz., coming to terms with the enemy, waging war against him, marching against him, biding one's time to seek a favourable opportunity, causing dissension in the enemy's ranks, and seeking the protection of a powerful ally; Adversities brought about by diverse agencies (such as fire, excessive rains or floods, epidemic diseases, famine and pestilence) and human agencies (such as officials, thieves, enemies, a king's favourite and the king himself when motivated by greed).

Sri Rama concludes the illuminating address thus: "Having obtained as his share and ruled in the right way over the entire globe, a wise king holds sway over the earth and administering justice to the people quite in consonance with righteousness, surely ascends to heaven when detached from his body."[10]

Shurpanakha's advice to Ravana

It will be surprising to note that of all the people, Shurpanakha's (Ravana's sister) talks on administration! After her mutilation (cutting off her nose and ears) by Lakshmana for her foolish misadventure, she rushes to Ravana's court and criticizes him on his lapses in Public Administration and tenders him advice on good government. She speaks many paradigms on which many commentaries are declined basing on kings and their vices.

This chapter vies with the 33rd chapter of Kishkindha Kanda in the attitudes of a king and his kingship. These two chapters, as detailed by ancient commentators, equally deal with raja niiti shastra 'political science' and there in Kishkindha the only rescue to Sugreeva is Tara, who saves the face of Sugreeva before Lakshmana, whereas in here Ravana has none to come to his aid when chided by Shurpanakha. Though Shurpanakha is a sultry and harpy demoness, the Sage Valmiki has put some rational words on her tongue in forewarning Ravana.[11]

"Highly infatuated with lustful gratifications you are incontinent and unchecked, thus you are unobservant of a calamitous jeopardy that has surfaced, though you ought to be observant of it as a king.[12]

"If a king deports himself in an overly self-assured manner, that too with self-serving motives, and clings only to dirty pleasures, he will be unhonoured by people as with a crematory fire.[13]

"The king who will not deal with the concerns of kingdom, in person and on time, he and his kingdom and even those concerns of his kingdom will get ruined.[14]

"If a king is inaccessible to spies for exchange of information, unavailable for subjects for an audience for a similar appraisal, more so if he is intemperately not able to impose self-discipline, people will eschew such a king from a distance as elephants will refrain themselves from the mud of river from a distance.[15]

"Without keeping the kingdom under your personal control, you have shuffled the administration onto the ministers and army personnel like Khara, Duushana et al. And these figureheads alone become the tiderips, for they quarrel among themselves about the kingship of Lanka after your ruin, and they alone are floating like oceanic tides up above your head and thus you are a submerged sovereign. In any way, your doom is destined either by Rama, who is an imminent danger, or by your military managers, who are the in-built dangers.".[16]

"Should a king be overweening, an under-payer, an improvident, self-conceited, and dubious, all his subjects bid goodbye to such a king when he is in strife.[17]

Rama's conversation with dying Baali

Rama explains to dying Baali as to why he gave him such a punishment. Rama categorically explains the entire question put by Baali to him from the viewpoint of scriptures that lay down principle for sanaatana dharma, eternal tradition, as well as raaja dharma, king's

duty. Baali finally concludes that there is someone superior to him and thus seeks refuge in Rama.[18]

"He who is virtue-souled, truth-abiding, plain-speaking, and the knower of the import of probity, pleasures, and prosperity, and the one who is concerned in controlling or condoning his subjects, that Bharata is the ruler of earth.[19]

"As for you, you brought virtue to a state of decadence, rendered yourself reprovable by your own decadent behaviour, for carnality alone has become your primary doctrine, and thus you have not abided by the conduct befitting a king.[20]

It will be evident from the foregoing that the rich heritage enshrined in the Ramayana shines through every facet of the epic, like the sophisticated instructions on Public Administration, that have eternal relevance to humanity. That is why the epic 'Ramayana' is described as the ocean full of gems and the prime role of the human Avatara (incarnation) is to educate humans on all aspects of the art of living.

Concept of Good Governance in Mahabharata

Rajadharama, Dandaniti, Arthashastra, Rajyashastra and Nitishastra are some of the terms describing the study of politics in ancient India. Dandaniti is most frequently used among them. Mahabharat is presumably the first Indian treatise on the science of governance. There is one huge Rajadharama section discussing various aspects of governance in Mahabharata. The Rajadharama section constitutes part of Shantiparvam. Shantiparvam of Mahabharat provides a great deal of information about political ideas of ancient India and is indisputably the finest treatise on ancient Indian politics.

After the great Mahabharat war, the winning group of Pandavas headed by the eldest of them, Yudhishthira, approaches their grandfather Bhishma for guidance in running the administration of the state. Bhishma was lying on the shar shayya (the bed of thrones) in the war field and waiting for his death which he was said to be embracing only in Uttarayana. Yudhishthira requests Bhishma to direct him the ways of good governance. The whole episode is embodied in the Shantiparvam of Mahabharat.

The Shantiparvam dedicates over 100 chapters on duties of a king and rules of proper governance. A prosperous kingdom must be guided by truth and justice.21 Chapter 58 of Shantiparvam suggests the duty of a ruler and his cabinet is to enable people to be happy, pursue truth and act sincerely. Chapter 88 recommends the king to tax without injuring the ability or capacity of those who create wealth, just like bees harvest honey from flower, keepers of cow draw milk without starving the calf or hurting the cow; those who cannot bear the burden of taxes, should not be taxed. Chapter 267 suggests the judicial staff to reflect before sentencing, only sentence punishment that is proportionate to the crime, avoid harsh and capital punishments, and never punish the innocent relatives of a criminal for the crime.[22] Several chapters, such as 15 and 90, of the parva claim the proper function of a ruler is to rule according to *dharma*; he should lead a simple life and he should not use his power to enjoy the luxuries of life. Shantiparvam defines *dharma* not in terms of rituals or any religious precepts, but in terms of that which increases *Satya* (truth), *Ahimsa* (non-violence), *Asteya* (non-stealing of property created by another), *Shoucham* (purity), and *Dama* (restraint).[23] Chapter 109 of Shanti parva asserts rulers have a dharma (duty, responsibility) to help the upliftment of all living beings. The best law, claims Shanti parva, is one that enhances the welfare of all living beings, without injuring any specific group.[24]

We know that the Mahabharat is the largest epic and constitutes eighteen parvas (sections). The key ingredient of this treatise is the description of the socio-political conditions of that period leading to the Great War But because of the very nature of Indian writings, the book essentially includes so many aspects of human life inasmuch as it has been said that it incorporates all that had happened on earth till that time. To make it worth reading, there are a number of long and short stories embedded with the philosophical and enumerative body text in such a manner that one can easily get confounded with the variety of issues the book has touched upon.

Conclusion

It is unfortunate to note that Mahabharat as well as the most of the other early Indian writings including the

Vedas, Ramayana, etc. have generally been looked upon as either literary or religious works of early Hindu society. And therefore, serious attempts to look into these grand old treatises for tracing the links of modern issues have largely been ridiculed as parochial, fundamental or otherwise. Some noteworthy works have, nonetheless, been able to put forward the basic ideas of ancient Indian society before the academic world. Eventually, even most of these works are the academic exercises by Western writers with an intention to peep into the socio-political life styles of early Indians and are based on an alien viewpoint. This shortcoming can mainly be attributed to the fact that they were simply unaware of the socio-cultural complexities of Indian society in general. Again, one of the main shortfalls of these works is to trying to locate the present day's concepts and institutions in their raw form and shape in the early Indian society.

Kingship in ancient India may be termed as 'benevolent, paternalistic autocracy bound down by many instructions of service to the people.' King was considered to be a servant of the people. His main functions were protection, prosperity, maintenance of righteousness and Dharma and doing impartial justice. He was not expected to act according to his personal likes or dislikes but only according to the wishes and will of the people. He was expected to devote his life to the service and the welfare of the subjects of his state.

From the above sketch of the characteristics, roles, duties, functions and qualities of the king described and discussed in Shantiparvam of Mahabharat at length, we may very safely conclude that the main duties of the king were maintenance of Varnashram system, protection of the people, establishment of rules and general principles of activity in the state, appointment of royal servants, inspection of the functionaries, economic well being and social welfare of the people of the state. The high standards of professional and personal conduct and a fully functional and rational mechanism of statecraft, administration and good governance envisaged by the Ramayana and Mahabharata are refreshingly relevant in today's world where the state as well as different stake holders of state are desperately searching for alternatives.

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WAVELETS – A USEFUL TOOL TO MANAGE SOCIETY'S PROBLEMS OVER FOURIER TRANSFORM

* Mr. Nikhil Khanna

Abstract: *In this paper, we study the role played by Wavelets—a relatively new signal processing tool in managing various problems of society over Fourier transform. Wavelets are used in a large number of fields. They lead to a huge number of applications in various fields, such as Astrophysics, Geophysics Telecommunications, imagery and video coding. They are the foundation for new techniques of signal analysis and synthesis and find beautiful applications to general problems such as managing compression and denoising. It brings technical innovations and makes it possible to look at traditional information through original easily accessible tools. Fourier transform is a powerful tool for analyzing the components of a stationary signal. But it is failed for analyzing the non-stationary signal whereas wavelet transform allows the components of a non-stationary signal to be analyzed. In this paper, our main goal is to find out the advantages of wavelet transform compared to Fourier transform.*

Keywords: *Wavelets, Fourier transform, Wavelet transform.*

Introduction

Today's world is filled with lots of difficult problems which are not fully solved by previous known techniques so something was needed to eliminate such problems and make them easier to handle and to approach. This gave motivation to a French Geophysicist, Jean Morlet who introduced the concept of wavelets in 1982.This mathematical tool helps us to pave our way in a very easy and smooth manner. Wavelet means small wave and its study provides us with a new tool in signal analysis. Wavelet analysis was originally introduced in order to improve seismic signal analysis by switching from short-time Fourier analysis to new better algorithms to detect and analyze abrupt changes in signal. In time-frequency analysis of a signal, the Fourier transform analysis is inadequate because Fourier transform of a signal contain information of frequency only. This was the major drawback of the Fourier transform. To overcome this drawback, Gabor in 1946, first introduced the concept of Windowed-Fourier Transform, i.e. short-time Fourier transform known later as Gabor transform. Later many great mathematicians like I. Daubechies, A. Grossmann, S. Mallat, Y. Meyer, R. A. devore, Coifman, V. Wickerhauser made useful and eminent contributions to the society through wavelet theory. The modern applications of wavelet theory are as follows denoising and compression of large data, storing large data of finger prints, verification of finger printing.

Transform Analysis

Transform analysis was the technique used in signal analysis to simplify and accelerate the problems. For example, instead of dividing two large numbers, we might convert them to logarithms, subtract them, then look-up the anti-log to obtain the result. While this may seem a three-step process as opposed to a one-step division, consider that long-hand division of a four digit number by a three digit number, carried out to four places requires three divisions, 3-4 multiplications, and three subtractions. Computers process additions or subtractions much faster than multiplications or divisions, so transforms are sought which provide the desired signal processing using these steps.

Fourier Transform

Other types of transforms include the Fourier transform, which is used to decompose or separate a waveform into a sum of sinusoids of different frequencies. It transforms our view of a signal from time based to

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frequency based. Figure 1, depicts how a square wave is formed by summing certain particular sine waves. The waveform must be continuous, periodic, and almost everywhere differentiable. The Fourier transform of a sequence of rectangular pulses is a series of sinusoids. The envelope of the amplitude of the coefficients of this series is a waveform with a $\frac{\sin x}{x}$ shape. For the special case of a single pulse, the Fourier series has an infinite series of sinusoids that are present for the duration of the pulse.

Wavelet Transform

The Wavelet transform has been evolving for some time. Mathematicians theorized its use in the early 1900's.While the Fourier transform deals with transforming the time domain components to frequency domain and frequency analysis, the wavelet transform deals with scale analysis, that is, by creating mathematical structures that provide varying time/ frequency/amplitude slices for analysis. In wavelet analysis, the scale that one uses in looking at data plays a special role. Wavelet algorithms process data at different scales or resolutions. If we look at a signal with a large "window," we would notice gross features. Similarly, if we look at a signal with a small "window," we would notice small discontinuities as shown in Figure 1. The result in wavelet analysis is to "see the forest and the trees." A way to achieve this is to have short high-frequency fine scale functions and long low-frequency ones. This approach is known as multi-resolution analysis.

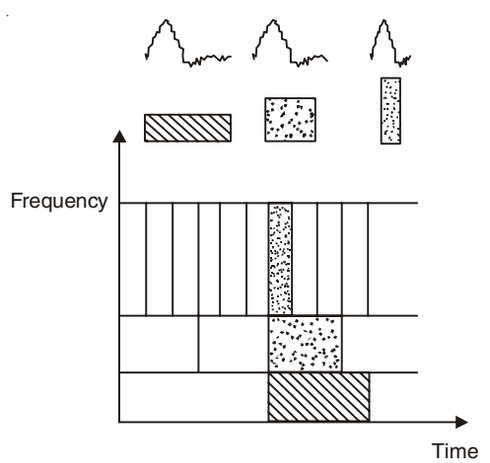

Figure 1: *Wavelet Transform*

The wavelet analysis procedure is to adopt a wavelet prototype function, called an "analyzing wavelet" or "mother wavelet." Temporal analysis (time analysis) is performed with a contracted, high-frequency version of the prototype wavelet, while frequency analysis is performed with a dilated, low frequency version of the prototype wavelet.

They are defined by $\psi_{a,\,b}(t) = \frac{1}{\sqrt{|a|}}\,\psi\left(\frac{t-a}{a}\right)$,

$$a, b \in R, a \neq 0 \quad ...(1)$$

The parameter a is the scaling parameter or scale, and it measures the degree of compression. The parameter b is the translation parameter which determines the time location of the wavelet. If $|a| < 1$ $|a| < 1$, then the wavelet in (1) is the compressed version (smaller support in time- domain) of the mother wavelet and corresponds mainly to higher frequencies. On the other hand, When $|a| > 1|a| > 1$, then $\psi_{a,\,b}(t)$ has a larger time-width than $\psi(t)$ and corresponds to lower frequencies. Thus, wavelets have time-widths adapted to their frequencies. This is the main reason for the success of the Morlet wavelets in signal processing and time-frequency signal analysis.

Analyzing Wavelet Functions

Fourier transforms deal with just two basis functions (sine and cosine), while there are an infinite number of wavelet basis functions. The freedom of the analyzing wavelet is a major difference between the two types of analyses and is important in determining the results of the analysis. The "wrong" wavelet may be no better (or even far worse than) than the Fourier analysis. A successful application presupposes some expertise on the part of the user. Some prior knowledge about the signal must generally be known in order to select the most suitable distribution and adapt the parameters to the signal. Some of the more common ones are shown in Figure 2. There are several wavelets in each family, and they may look different than those shown.

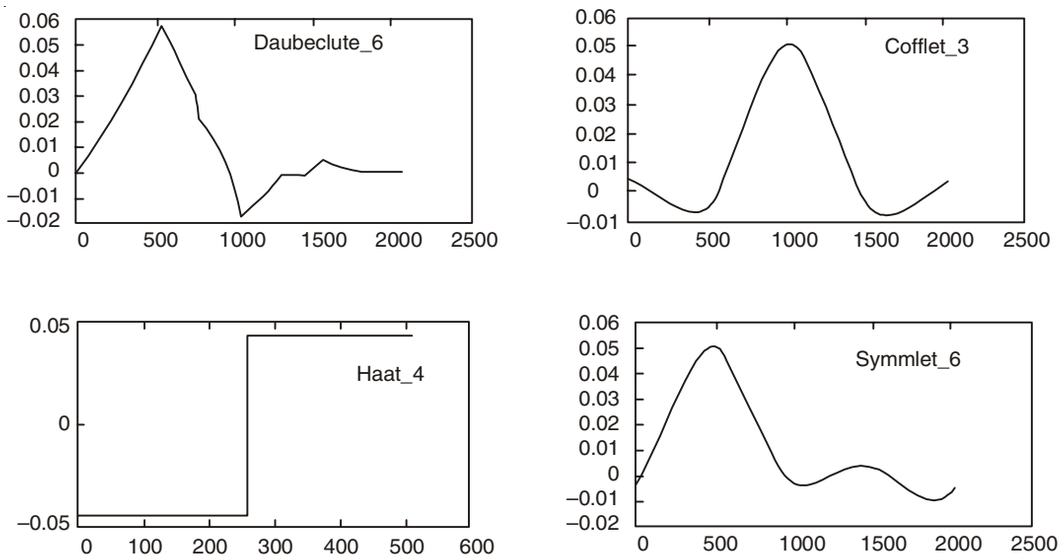

Figure 2: *Types of wavelets*

Definition

Wavelet

A wavelet means a small wave (the sinusoids used in Fourier analysis are big waves) and in brief, a wavelet is an oscillation that decays quickly. Cut up data into different frequency components, and then study each component with a resolution matched to its scale. Analyzing discontinuities and sharp spikes of the signal.

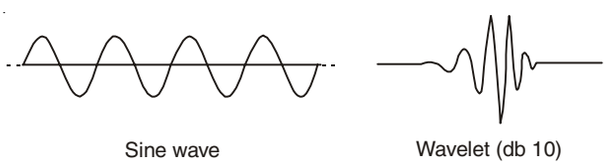

Figure 3

An analyzing function $\psi(t)$ is classied as a wavelet if the following mathematical criteria are satised:

1. $\int_{-\infty}^{\infty} |\psi(t)|^2 \, dt < \infty$

2. $\int_{-\infty}^{\infty} |\psi(t)| \, dt = 0$

3. $\int_{-\infty}^{\infty} \frac{|F(\omega)|^2}{|\omega|} d\omega < \infty$, where $F(\omega)$ denotes Fourier Transform of $\omega(t)$. This is known as admissibility condition.

Wavelet Series and Wavelet Coefficients

If a function $f \in L_2(R)$, the series $\Sigma_{j \in z} \Sigma_{k \in z} \langle f, \psi_{j,k} \rangle \psi_{j,k}(t)$ is called the wavelet series of f and $\langle f, \psi_{j,k} \rangle = d_{j,k} = \int_{-\infty}^{\infty} f(t) \psi_{j,k}(t)$ ...(2)

is called the wavelet coefficients of f .

Signal

A signal is given as a function f which has a series representation $f(x) = \sum_{n=0}^{\infty} a_n f_n(x)$

Then all information about the function f is stored in the coefficients $\{a_n\}_{n=0}^{\infty}$.

Vanishing moments

$$\int_R \psi(x) \, dx = 0$$

The integral given above is referred to as the zeroth moment of (x), so that if this integral holds, we say that $\psi(x)$ has its zeroth moment vanishing. The integral $\int_R x^k \psi(x) \, dx = 0$ is referred to as the kth moment of $\psi(x)$ and if $\int_R x^k \psi(x) \, dx = 0$, we say that $\psi(x)$ has its kth moment vanishing.

Some Applications of Wavelets

Wavelets are a powerful statistical tool which can be used for a wide range of applications, namely

- Denoising
- Compression of large data
- Storing large data of finger prints
- Verification of finger printing

Denoising

Thresholding is a technique used for signal and image denoising. When we decompose a signal using the wavelet transform, we are left with a set of wavelet coefficients that correlates to the high frequency subbands. These high frequency subbands consist of the details in the data set. If these details are small enough, they might be omitted without substantially affecting the main features of the data set. Additionally, these small details are often those associated with noise; therefore, by setting these coefficients to zero, we are essentially killing the noise. This becomes the basic concept behind thresholding-set all frequency subband coefficients that are less than a particular threshold to zero and use these coefficients in an inverse wavelet transformation to reconstruct the data set.

Compression of large data

Compression compacts information to preserve or transmit it. To some extent, it bears a greater resemblance to denoising, with which it shares an end of the technical processing chain. However, apart from noise reduction, it optimizes a criterion which is a direct function of the scarcity of the coefficients preserved – in the sense that it is a question of restoring the original object in the most accurate manner possible with some information given a priori.

Vanishing moments are also essential in the context of compression. Assuming that $\{\psi_{j,k}\}_{j,k \in z}$ is an orthonormal basis for $L_2(R)$, every $f \in L_2(R)$, has the representation $f = \sum_{j,k \in z} \langle f, \psi_{j,k} \rangle \psi_{j,k}$.

All information about f is stored in the coefficients $\{\langle f, \psi_{j,k} \rangle\}_{j,k \in z}$ and above equation tells us how to reconstruct f based on knowledge of the coefficients. However, in practice one cannot store an infinite sequence of non-zero numbers, so one has to select a finite number of the coefficients to keep. This is usually done by thresholding: one chooses a certain $\in > 0$ and keeps only the coefficients $\langle f, \psi_{j,k} \rangle$ for which $|\langle f, \psi_{j,k} \rangle| \geq \in |\langle f, \psi_{j,k} \rangle| \geq \in$. Here the vanishing moments come in again: one can prove that if ψ has a large number of vanishing moments, then only relatively few coefficients $\langle f, \psi_{j,k} \rangle$ will be large. By keeping these coefficients and throwing the rest away we have obtained an efficient compression of the signal f.

Storing Fingerprint Electronically Using Wavelet

The FBI (Federal Bureau of Investigation) in the USA uses wavelets to store fingerprints electronically. Later they use paper format to store their data which occupied a very large area. To compare one's fingerprint with already stored ones, they needed to do it manually which is very slow, tedious and very expensive process. For these reasons, the FBI started to search for ways to store the fingerprints electronically; this would facilitate transmission of the information and the search in the archive. We can consider a fingerprint as a small picture, so a natural idea is to split each square-inch into, say, 256 × 256 pixels, to which a grey-tone on a scale from for example 0 (completely white) to 256 (completely black) is associated. In this way we have kept the information in the form of a sequence of pairs of numbers, namely, the pairs consisting of a numbering of the pixels and the associated grey-tone. This sequence can easily be stored and transmitted electronically, i.e., it can if necessary be sent rapidly to faraway places and be compared with a given fresh fingerprint. The remaining problem has to do with the size of the archive. Since the data is of enormous size, and it is necessary to do some compression in order to be able to handle them, where wavelets enter the scene. It had been known for some time that wavelets are good to represent many types of signal using few coefficients and the end of the story was that the FBI decided to use a variant of the wavelets discussed here. In fact, the FBI uses Daubechies' biorthogonal spline wavelets; here ψ is piecewise polynomial and $f(x) = \sum_{j \in z} \sum_{k \in z} \langle f, \psi_{j,k} \rangle \psi_{j,k}(t)\, dt$ is satisfied with coefficients which are a slight modification of (2). The compression method has the impressive name The Wavelet Scalar Quantization Gray- scale Fingerprint Image Compression Algorithm, Usually abbreviated WSQ. A fingerprint (or almost any other picture) has a certain structure, which implies that the sequence of gray-tones associated with

the pixels are not random numbers. Consider for example a picture showing a house: here the gray-tones will be almost constant i.e. the walls and only around corners and windows will there be large variation, large areas with almost constant gray-tones (and therefore small differences) give good options for compression, excellent results are obtained. See Fig. 4, which show an original fingerprint and its compressed version, respectively.

Figure 4

An FBI-digitized left thumb fingerprint

The image on the left is the original; the one on the right is reconstructed using wavelets with a 26:1 compression.

Fingerprint Verification

Fingerprint verification is one of the most reliable personal identification methods and it plays a very important role in forensic and civilian application. An automatic fingerprint identification system (AFIS) is widely needed to overcome the manual verification which is slow, tedious and very expensive process. In Singapore, a new security system was introduced in Hitachi Tower (a 37-storey office building) in 2003: now, the 1500 employees get access to the building by scanning their fingers. The scanner uses infrared rays to trace the haemoglobin in blood in order to capture the vein patterns in the finger; these patterns determine the person uniquely. After comparing with the scanned data in an electronic archive, it is decided whether the person can get in or not Christensen [6], Meyer [14].

Fourier Transform vs. Wavelet Transform

Fourier Transform	Wavelet Transform
Stationary signal Analysis	Non stationary Transient signal Analysis
Single Basis Function	Many Basis Functions
Computational Cost High	Low computational costs
Analysis Structures: – Fourier Series (periodic functions only). – Fourier Transform and Discrete Fourier Transform.	Numerous Analysis structures: – Continuous Wavelet Transform. – Discrete Wavelet Transform (2 Band and M Band). – Frame structure.
Shortcomings of Fourier Transform: • Loses time (location) coordinate completely. • Analyses the whole signal. • Short pieces lose "frequency" meaning.	Advantages of wavelet transform: • Localized time-frequency analysis. • Short signal pieces also have significance. • Scale = Frequency band.

Some Advantages of Wavelet Theory

(a) One of the main advantages of wavelets is that they offer a simultaneous localization in time and frequency domain.

(b) The second main advantage of wavelets is that, using fast wavelet transform, it is computationally very fast.

(c) Wavelets have the great advantage of being able to separate the fine details in a signal. Very small wavelets can be used to isolate very fine details in a signal, while very large wavelets can identify coarse details.

(d) In wavelet theory, it is often possible to obtain a good approximation of the given function f by

using only a few coefficients which is the great achievement in compare to Fourier transform.

(e) Wavelet theory is capable of revealing aspects of data that other signal analysis techniques miss the aspects like trends, breakdown points, and discontinuities in higher derivatives and self-similarity.

(f) It can often compress or de-noise a signal without appreciable degradation.

Conclusion

In this paper we have tried to show how the wavelet analysis is used for managing and solving various kinds of problems like denoising and compression of large data, storing large data of finger prints, verification of finger printing and help to manage them effectively. From our above discussion of applications it is clear that the wavelet transform based approach is better than the existing old methods such as fourier transform and it takes less time and provides high accuracy in various problems faced by us. We have also tried to comparative discussion of Fourier transform and wavelet transform mentioning the drawback of Fourier transform, besides this we have discussed the advantages of wavelet transform. Of course, we have only scratched the surface of this field of mathematics. Much more information can be found in the references and their bibliographies. Finally, we can say that wavelet transform is a reliable and better technique than fourier transforms and other existing ones and is a boon to our society.

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AN EMPIRICAL ASSESSMENT OF THE STUDY OF RELATIONSHIP BETWEEN ORGANIZATIONAL COMMITMENT AND JOB PEFORMANCE

*Rajni Hira **Preeti Bansal

Abstract *: The present paper is an attempt to empirically analyze and formulate the proposed relationship between two important organizational variables - organizational commitment and job performance. Organizational commitment, being an important parameter in the business settings has far reaching implications in multiple directions. The research work presented here describes its relationship with another very important dimension used to measure the overall productivity of the organization – job performance. Using the technique of multiple regressions over a sample of 125 private sector employees, suitable relationships have been established and validated.*

Keywords: *Organizational Commitment, Job Performance.*

Introduction

The present dynamic, virtual, ever changing and heterogeneous competitive arena is influenced and shaped up by myriad of factors. Some of them are observable and controllable, whereas others are difficult to be traced. Organizational commitment is one such factor which lies at the tacit level, but has far flung implications. Its study and analysis is of utmost importance to the top level managers as it has a direct relationship with many other organizational variables like morale (DeCottis & Summers, 1987), job satisfaction (Cooper-Hakim & Viswesvaran, 2005), motivation (Mathieu & Zajac, 1990), absenteeism (Farrell & Stamm, 1988) etc. In the present paper, the concept has been studied with respect to its different components – Affective, Continuance and Normative (Meyer and Allen, 1984, 1990) and its impact (if any) has been established over another very important organizational variable named job performance.

Literature Review

The present section unfolds theoretical underpinnings and available literature details about our two main topics of study—organizational commitment and job performance.

Organizational Commitment

In this ever changing, dynamic and virtual arena, organizational commitment is an area which is being widely researched due to its nature, scope and applicability. In all sectors and all economies, presence of commitment is a game changing phenomena. Its increasing utility and omnipresence makes it an important and valid topic to be studied.

The etymology of the concept of commitment is out of an article named "The Organization Man", written by Whyte in 1956. It comes into being when a person, links extraneous interests with a consistent line of activity (Dixit& Bhati, 2012). A great deal of attention has been given recently to the study of commitment to the organization (Mowday, Porter & Steers. 1982). Though the essence remains the same, yet it has been conceptualized, researched and measured in various ways (Allen & Meyer, 1990). In many contemporary literature reviews, it has been observed and analyzed that the concept has been given meaning in atleast 10 different ways (Bergman, 2006; Mowday, Porter &Steers, 1982; Reichers, 1985). Kanter (1968) describes commitment as 'cohesion commitment' which is 'the attachment of an individual's fund of affectivity and

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emotion to the group' (p. 507) . While Buchanan (1974) describes it as 'partisan, affective attachment to the goals and values of the organization, to one's role in relation to the goals and values, and to the organization for its own sake, apart from its purely instrumental worth' (p. 533). Historical work done by Porter et al (Mowday, Steers & Porter, 1979; Porter, Crampon & Smith, 1976; Porter, Steers, Mowday & Boulian, 1974) describe organizational commitment as 'the relative strength of an individual's identification with and involvement in a particular organization' (Mowday et al., 1979, p. 226). Organizational Commitment Questionnaire was also developed by Porter and his colleagues. It is a 15 item scale, having psychometric properties and used extensively in research. Commitment may be understood as a multidimensional construct of psychological state describing an employee's relationship with his or her organization and having implication on an employee's decision to remain or leave the organization (Meyer & Allen, 1991). The multidimensionality construct may be explained by the different components of the core concept of commitment - affective, continuance (Meyer and Allen, 1984) and normative (Meyer and Allen, 1990). These are three different areas of commitment which give rise to its different parameters. The first one- affective commitment is the positive emotional belongingness towards the organization (Meyer and Allen, 1997)) which deals with an employee's identification with, involvement in, and emotional attachment to the organization; while the second one deals with an employee's high cost of leaving the organization(Meyer and Allen, 1997). Because an individual has already invested a lot of time, energy and effort that would deem to be worthless in case of leaving this organization, he/ she does not leave the organization. The third one, ie normative commitment, deals with that aspect of commitment which arises out of a sense of moral responsibility or obligation towards the organization. This component makes an employee stay within the organization longer time, be satisfied with work and perform efficiently (Aamodt, 2007). Hall et al (1970) describes commitment as 'The process by which the goals of the organization and those of the individual become increasingly integrated or congruent'. And Salancik (1977) proposed that commitment is that "a state of being in which an individual become bound by his action and through these action to beliefs that sustain the activities of his own involvement". It is a cumulative, synergistic effect of all of these parameters which gives rise to the holistic concept of commitment.

The arena of organizational commitment has been described with respect to three main facets – first, a strong belief in and acceptance of the organization's goals and values; second, a willingness to exert considerable effort on behalf of the organization; and third, a definite desire to maintain organizational membership (Porter et al.,1974)). Historical work done by Porter et al suggests that belief in organizational goals, willingness to work and desire to be a part of the organization are the three major pillars of the concerned concept. Another important distinction deals with the two determining phenomena which describe the notion of organizational commitment. Mowday et al. (1982) noted and described those phenomena as attitudes and behavior . Salancik (1977) and Staw (1977) have put forward similar point of views. According to the behavioral perspective, commitment is observed as a process whereby an employee feels bound to an organization through their past behavior and how they adjust to it. This approach is a stem down effect of social psychological perspective, describing commitment as the strapping of the individual to behavioral acts (Brandilyn, 2010; Salancik et al.,1977, Kiesler and Sakumura, 1966 and Staw, 1977). As per the behavioral perspective, it is also visualized as the product of "side bets" made between an employee and the organization, which holds up the employee and the organization together (Becker, 1960). Becker's work was further conceptualized and extended by Hrebiniak and Alutto (1972) and Alonso (1973) to explain the concept of commitment as process of exchange and accrual which is "dependent on the employee's perception of the ratio of inducements to contributions and the accumulation of the side bets or investments in the employing system" (p. 555).

As against this, the attitudinal perspective of commitment deals with it as an affective reaction. This affective reaction (attitude or point of reference) results from an analysis of the work setting, and deals with an extension of the concept into its three parameters – affective, continuance and normative. It is a positive involvement of the employee with work and work settings which results in desirable organizational behaviors like improved performance, reduction in absenteeism, etc. (Parzefall, M.R. & Coyle-Shapiro, J.,2007; Hall, Schneider, and Nygren, 1970 and Buchanan,

1974). Both attitudinal and behavioral commitment have are two sides of the same coin, which appear to have strong reciprocal effects (Clifford J. Mottaz ,1989).

Organizational commitment has wide ranging implication in corporate arena. There are many performance related parameters which are directly or indirectly related to the core concept of commitment, which makes it even more important to understand and research further the concerned arena. There is evidence of positive correlation between organizational commitment and job performance (e.g., Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989), job satisfaction (Cooper-Hakim & Viswesvaran, 2005), motivation (Mathieu & Zajac, 1990), and organizational. Citizenship behaviors (Riketta, 2002). Low commitment has also been associated with low levels of morale (DeCottis & Summers, 1987) and decreased measures of altruism and compliance (Schappe, 1998). There have been negative negative correlations of commitment established with productivity (Cooper-Hakim & Viswesvaran, 2005), absenteeism (Farrell & Stamm, 1988), and counterproductive behavior (Dalal, 2005). Establishment of such and many more relationships is continuously being explored in the area of research.

Job Performance

Job Performance, an increasingly important area in the field of management, has received considerable attention in the over the past 15-20 years (Sonnentag, Volmer & Spychala, 2010). It is of interest, primarily because of the importance of high productivity in the workplace (Hunter & Hunter, 1984). Researchers worldwide have argued the meaning and implication of the term with varied, yet connected definitions. On one hand, Sinha (2004) states that job performance is related to the willingness and openness to try and achieve new aspects of the job which in turn will bring about an increase in the individual's productivity. Whereas, on the other hand, Howell (2004) states that job performance is actually related to the importance of social standing within the vocation. Greenberg and Baron (2003) have also described the concept by establishing a positive connect between job performance and the status of the vocation. It consists of the observable behaviors that people do in their jobs that are relevant to the goals of the organization (Campbell, McHenry, & Wise, 1990). There have been multiple relevant attempts trying to explore and establish the concept of job performance and its relationship with other dependent and independent variables.

It has been argued and agreed by researchers that performance is a multi dimensional concept (Sonnentag, Volmer & Spychala, 2010). It may be studied at two different levels – process (behavioral) aspect and outcome aspect (Borman & Motowidlo, 1993; Camp bell, McCloy, Oppler, and Sager, 1993; Roe, 1999). The process/ behavior aspect refers to the action component of performance – something that people do while at work (Campbell, 1990). While the outcome component deals with the final result that is achieved as a result of the process. This conceptualization implies that only actions that can be scaled (i.e., counted) are regarded as performance (Campbell et al., 1993). In continuation to the ever going debate and discussion of the behavior vs outcome aspect, some researchers claimed that Performance definitions should focus on behaviors rather than outcomes (Murphy, 1989). Others preferred focus on the outcome aspect because it is that which leads employees to find the easiest way to achieve the desired results, which is likely to be detrimental to the organization because other important behaviors may not be performed. As against the strictly behavior or outcome based definition of performance, , Motowidlo, Borman, and Schmit (1997) have mention that rather than mere independent behaviors, performance is associated to behaviors with an evaluative aspect. This adds a relative dimension to the component, hence making it more independent. . This is consistent with the dominant methods used to measure job performance, namely performance ratings from supervisors and peers (Newman, Kinney, & Farr, 2004).

Performance, as an organizational parameter is different from effectiveness as well as productivity/ efficiency (Campbell et al., 1993; Pritchard et al., 1992). Effectiveness refers to the evaluation of the performance results, like financial value of sales, targets etc; whereas productivity refers to the ratio of output vs. input ie. Effectiveness vs. cost of attaining the outcome. Performance, on the other hand is different from both, and deals with measurement of individual job performance. Many of such measure have been used over several years (Campbell et aI., 1990; Viswesvaran et aI., 1996). Performance parametric difference has also been established at two levels - task and contextual performance. The main differences between the two are (Borman and Motowidlo, 1997; Motowidlo et al., 1997;

Motowidlo and Schmit, 1999): First, task performance based activities are precise and specific where as contextual ones are generalistic in nature. Second, contextual performance is driven by one's innate motivation and personality; whereas task performance is driven by ability. And last, but not the least, the first one is discretionary in nature and deals with extra role behavior, whereas the later one is a part of the formal job description and includes all the 'in role' behavior.

Job performance and its impact on various organizational parameters has been studied at various levels, by various authors. In relation to the same, one of the most researched areas is the relationship between job satisfaction and job performance (Judge, Thoresen, Bono, & Patton, 2001). Due to its importance and applicability in behavioral sciences, this relationship has been termed as the "Holy Grail" of Industrial psychology (Landy (1989). Brayfield & Crockett (1955) have found that there is only a minimal relationship between job performance and job satisfaction. However since 1955, there have been studies by Locke (1970), Schwab & Cummings (1970), and Vroom (1964) that have shown that there is at least some relationship between them. Studies with a relationship of personality and job performance have also been carried out (Goffin, Rothstein, & Johnston, 2000). Job performance is found to be positively correlated with job satisfaction, whereas effort is assumed to be a disutility in the theory (Pugno, 2009). There is also a positive correlation between cognitive ability of an individual, and his/ her job performance (Hunter & Hunter, 1984; Schmidt & Hunter, 1998). Studies have also been carried out with reference to emotional stability and its impact on job performance (Barrick, Mount, & Judge, 2001). Emotional instability, which deals with being restless, anxious, depressed, irritable etc inhibits stable job performance, hence lowering down the employee's productivity (Barrick & Mount, 1991).

Research Objective

This study determines the relationship between organizational commitment i.e. affective, continuance and normative commitment and employees' job performance for 125 private sector employees in India in the age group of 20 – 50 years of both males and females.

Variables

This study is an attempt to establish relationship between organizational commitment as an independent variable and employee's job performance as a dependent variable. Commitment has been further subdivided into three parts affective, continuance and normative commitment.

Hypothesis

The above research objective leads to the following proposition (hypotheses).

H_0 (Null Hypothesis): An employee's job performance is not explained by organizational commitment

H_1: An employee's job performance is explained by organizational commitment.

H_2: An employee's job performance is explained by affective commitment.

H_3: An employee's job performance is explained by continuance commitment.

H_4: An employee's job performance is explained by normative commitment.

Research Methodology

In order to establish the relationship between job performance and organizational commitment, a Google document was created and link was sent to about 200 private sector employees, falling in the age group of 20 to 50 years. The tool used for the measurement of organizational commitment is that of Allen and Meyer (1991). For the study of employee's job performance, the four item scale developed by Williams & Anderson (1991) based on five point Likert scale was used.

The questionnaire consisted of 28 questions on a five point Likert scale. A total of 125 filled questionnaires were received. Descriptive statistics suggests that the sample comprised of 64.2% males and 35.8% females.

The techniques of correlation and multiple regression has been used, the details of which are discussed in the following section.

Statistical Tools

Table 1: Descriptive Statistics

Variables	Mean	Standard Deviation	N
Dependent Variable			
Employee's Job Performance	27.752	5.377	125
Independent Variables			
Affective Commitment	22.928	5.612	125
Continuance Commitment	22.168	5.492	125
Normative Commitment	23.648	3.903	125

Table 2: Correlation Matrix for the Selected Variables

Variables	Job Performance	Commitment	Affective Commitment	Continuance Commitment	Normative Commitment
Job Performance	1	-	-	-	-
Commitment	0.664043831	1	-	-	-
Affective Commitment	0.391666179	-	1	-	-
Continuance Commitment	0.39687995	-	0.159736209	1	-
Normative Commitment	0.657580603	-	0.184025707	0.339570707	1

The Pearson correlation matrix has been developed to show the correlation between job performance and organisational commitment. As it is evident from the Table 2, the correlation coefficient of job performance and organisational commitment is 0.66404 which is on a higher side. Moreover, the components of organisational commitment also show positive correlation with organisational commitment. Of all the three, normative commitment shows the highest positive correlation, i.e., 0.6576.

For further analysis of relationship between organizational commitment and job performance, multiple regression analysis has been undertaken. The analysis has been undertaken with 95% confidence level.

Regression Analysis

Since the study involves three independent variables and one dependent variable, the technique of multiple regression has been employed. While performing a multiple regression, a number of assumptions are made and it is inevitable to validate them before proceeding ahead.

The first assumption relates to the number of observations and the number of explanatory variables. It requires the number of observations to be greater than the number of explanatory factors. The number of observations in this study is 125 which is much greater than the number of explanatory factors, i.e., 3.

The second assumption relates to normality of the Ordinary Least Squares (OLS) residuals. When the residuals were calculated using 95% confidence and plotted by using histogram, the data was approximately normally distributed.

The third assumption relates to absence of correlation between the independent variables. While

performing a multiple regression, the most crucial assumption which is made is that the independent variables are not correlated with each other. If they are correlated, then the regression coefficients cannot be estimated. This problem is called multi colinearity. The correlation coefficients in this study are very low. As it is evident from Table 2, the correlation coefficient of Affective Commitment and Continuance commitment is 0.159 and that for Affective Commitment and Normative commitment is 0.18 and that for Normative Commitment and Continuance commitment 0.3395. Thus, it can be stated that there is no problem of multi co linearity in the independent variables.

The fourth assumption relates to absence of autocorrelation which is tested by Durbin Watson Statistic. The DW statistic comes out to be 1.98644, which is approximately equal to 2, which suggests that there is complete absence of autocorrelation between the residuals.

The fifth assumption relates to linearity and the sixth assumption relates to homoscedasticity. Both these assumption are reviewed under Residual Analysis.

Residual Analysis for Multiple Regression Model

In the stated multiple regression model with three independent variables, the following residual plots were constructed and analyzed:

1. **Residuals versus predicted job performance:** Here, the pattern of residuals versus the predicted values of job performance was examined. Since, the residuals do not show any pattern for different predicted values of job performance, there is sound evidence that there is no possible quadratic effect. Thus, the data doesn't violate the assumption of equal variance, and there is no requirement of transformation for the Y variable, i.e., job performance.
2. **Residuals versus Affective Commitment:** Similarly, when residuals were plotted against Affective Commitment, no pattern was evident in the graph. Existence of patterns indicates the existence of a quadratic effect and, therefore, indicate the need to add a quadratic independent variable to the multiple regression model.
3. **Residuals versus Continuance Commitment:** When the residuals were plotted against Continuance Commitment, no pattern was evident. Patterns in the plot of the residuals versus an independent variable may indicate the existence of a quadratic effect and therefore violates the assumption of homoscedasticity.
4. **Residuals versus Normative Commitment:** When the residuals were plotted on Y axis and Normative Commitment on X axis, there seemed no such pattern which could invalidate the independence assumption.

Thus, in all the above four plots, there was no evident pattern. This indicates that there is linearity in the data and there do not appear to be major differences in the variability of the residuals when plotted against job performance, affective commitment, continuance commitment and normative commitment. Thus, we can conclude that there is no apparent violation in the assumption of equal variance and the assumption of homoscedasticity holds true.

From the above analysis we can conclude that the multiple regression model is appropriate for predicting job performance.

Table 3: Regression Statistics

Multiple R	0.72987118	**ANOVA**			
R Square	0.53271194		*Coefficients*	*t Stat*	*P-value*
Adjusted R Square	0.521126285	Intercept	0.340845648	0.144155263	0.885618
Observations	125	Affective Commitment	0.252253629	4.141549339	6.42E-05
F	45.98030647	Continuance Commitment	0.163782469	2.517615866	0.013122
Significance F	6.64041E-20	Normative Commitment	0.761026445	8.277666114	1.93E-13

The coefficient of multiple determination (r^2 = 0.5327) indicates that 53.27% of the variation in job performance is explained by the variation in the affective, continuance and normative commitment.

It is highly recommended that while dealing with multiple regression models, one should use the adjusted r^2 as it reflects both the number of independent variables in the model and the sample size. So, if adjusted r^2 = 0.5211, it indicates that 52.11% of the variation in job performance is explained by the multiple regression model—adjusted for number of independent variables and sample size.

The correlation coefficient between job performance and normative commitment is 0.657580603. This correlation is significant and positive as p value is 1.93E-13, which is much lesser than the level of significance, i.e., 0.05. The correlation coefficient between job performance and affective commitment is 0.391666179. This coefficient is also significant and positive as p value is 6.42E-05, which is much lesser than the level of significance, i.e., 0.05. The correlation coefficient between job performance and continuance commitment is 0.39687995. This is relatively less significant and positive as p value is 0.013122, which is lesser than the level of significance, i.e., 0.05.

Since the sample size is 125, the sample distribution follows Z distribution. The t Stat values in the table are indeed Z Stat Values. At 95% level of significance, since, they are more than 1.96, we reject the null hypothesis and conclude that there is a positive and significant relationship between job performance and three components of organisational commitment, i.e., affective, continuance and normative commitment.

We can also use an F test to determine whether the slope in simple linear regression is statistically significant. Since the p value (shown in the table as Significance F) is approximately equal to zero, we can conclude that the job performance is significantly related to the organisational commitment.

Conclusion

As evidently clear from the above discussion, by incorporating the techniques of correlation and regression, some meaningful relationships have been established. The correlation analysis concludes that there is significant and positive correlation between job performance and organisational commitment. The regression analysis concludes that out of the three components of commitment, the normative commitment is most relevant in explaining job performance, followed by affective and continuance commitment. The regression results have been further substantiated by using t test and F test. Hence there exists a strong and meaningful relationship between job performance and organizational commitment.

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EFFECTS OF VIRAL MARKETING ON CONSUMER BUYING BEHAVIOR THROUGH VARIOUS SOCIAL MEDIA CHANNELS

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Abstract: *Viral messages and videos that are shared on various social media platforms are being utilized by marketers to introduce their company, products and services; spread awareness about their brand; generate conversation about their products; create positive word of mouth about their products and services etc. Viral marketing, viral advertising, or marketing buzz are buzzwords referring to marketing techniques that use pre-existing social networks to increases brand awareness or to achieve other marketing objectives (such as increased product sales) through self-replicating viral processes, analogous to the spread of viruses or computer viruses (memes and mimetic). Viral marketing makes use of various social media platforms like Facebook, Twitter, LinkedIn, blogs, emails, chartrooms, discussion forums etc. for business promotion. Moreover, a new form of viral marketing i.e. viral video marketing through YouTube has also gained popularity in the last decade and YouTube has become the most popular tool for viral video marketing. This research paper aims at exploring the effects of viral marketing on consumer buying behavior through various social media platforms i.e. Facebook, blogs and YouTube. The researchers have designed a conceptual model to highlight the effects of viral marketing campaigns on consumer buying behavior that reach to the consumers through various social media channels.*

Keywords: *SocialMedia, Viral Marketing, Buying Behavior, Marketing Communication*

Introduction

The concept of viral marketing is not new. Word-of-mouth marketing, viral's forefather, has been existing for ages. The principle behind word-of-mouth marketing is simple; use influencers to generate peer-to peer product recommendations or buzz. Viral marketing has gained popularity over the global network in last two decades and businesses are adopting this marketing strategy to increase their market share. Viral marketing aims at using the internet to promote a product or company through a web site, video, game or other message spread by the internet users. In current turbulent global economic scenario, viral marketing has emerged as one of the most preferred medium for marketing as it is a low cost tool of marketing. Viral marketing is a cost effective method of marketing as through viral marketing campaigns marketers can reach billions of consumers worldwide in a very short span of time.

Benefits and Challenges of Viral Marketing

Viral marketing offers following benefits to the organizations for marketing purpose:

Category	Benefit
Financial	• Inexpensive
Diffusion speed	• Reaches audiences within a short period of time • Rapid, fast diffusion • Boosts adoption speed • Exponential
Peer-to-peertransmission	• Voluntary transmission by sender
Audience reach	• More effective targeting • Access to diverse audience through social contacts

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Yet, besides these significant benefits, there are risks and challenges that marketers have to face when engaging in viral marketing campaigns. Following table provides an overview of the risks associated with viral marketing.

Category	Challenges
Lack ofControl	• Uncontrollable nature, in particular loss over content and audience reach and few possibilities to measure success • Total loss of control in particular content and timing • Spam • Lack of control mechanisms
PotentialNegative Impact	• Negative WOM leading to boycott, ruin, unfavorable attitudes • May lead to negative perceptions of brands • Negative word-of-mouth can happen
Consumer dependency	• Consumers unwilling to provide referrals unless there is some return
Lack of legal standards	• Emerging legal issues have to be considered
Lack ofEthical standards	• Consumers may feel exploited, cheated, used • Consumer privacy invasion

Objectives of the Research

This research is an attempt to find out the impact of Viral marketing on consumer buying behavior through various social media platforms. The major objectives of this research paper are:

- To study the role of social media platforms in viral marketing.
- To evaluate the impact of viral marketing on consumer buying behavior through various social media platforms.

Literature Review

Internet has several characteristics like global reach, real time interactivity, instant feedback etc. The interconnectivity with internet is a global phenomenon that facilitates the dissemination of both positive and negative word-of-mouth (Shankar, Smith, & Rangaswamy, 2003). The goal of viral marketing is to use consumer-to-consumer (or peer-to-peer) communications—as opposed to company-to-consumer communications—to disseminate information about a product or service, thereby leading to more rapid and cost effective adoption by the market (Krishnamurthy, 2001). The term "Viral Marketing" was coined by Rayport (1996) and was then made popular by Tim and Steve (1997). The short history of viral marketing is generally agreed to have been launched by Hotmail's tag line "Get your private, free e-mail from Hotmail at http://www.hotmail.com" (Helm, 2000, Porter & Golan, 2006) and the resulting successful widespread diffusion of Hotmail. This tag line, added automatically to every email sent from a Hotmail account, was passed on from existing Hotmail users to the recipients of their email messages in the way that viruses spread, hence the term viral marketing was coined. David Meerman Scott (2007) cited the "dancing baby," spread through e-mail, as an early example of a viral video. According to Helm, Sabrina (2000), "Viral marketing can be understood as a communication and distribution concept that relies on customers to transmit digital products via electronic mail to other potential customers in their social sphere and to animate these contacts to also transmit the products." The idea of a viral situation is that when a user sees the message, he or she will pass it along to his or her friends through online communication or verbal word of mouth; the message spreads like a virus and its goal is to "infect" as many users as possible (Lodish, Morgan, & Archambeau, 2007). According to Tim and Steve (1997), for a successful viral marketing, the strategy, since inception, must include an element

that is viral. However most of the viral phenomenon start, not knowing that it will become viral. Somebody creates an interesting ad, a funny e-mail or joke, a video clip, a sketch, or an incident to amuse friends or inform consumers, and sends it to someone. The receiver, getting impressed of it, sends it to others in his reference groups and like this it becomes a virus! One classic paper is that by Milgram (1967), which estimated that every person in the world is only six acquaintances away from every other. Viral marketing has become an increasingly popular promotional tool (Kirsner 2005; Walker 2004). Advertising Age reported that viral campaigns average 35% of their total viewer ship in their first week, experience 20% growth in the next two weeks, and finally settle into a steady 10% rate in subsequent weeks (Cutler, 2009).

Role of Social Media Platforms like Facebook, Blogs and Youtube in Viral Marketing

The existence of social media platforms such as Twitter, Facebook, blogs and YouTube can also have a huge effect on pre-purchase activities. Not only can consumers find valuable and reliable reviews on products by previous users, they can also find bargains for products by accessing their accounts. Due to the heavy increase of users, companies have come to notice the power of social media as a marketing tool and now spend a significant amount of time and money on social media marketing. On the other hand, some users can see the benefits of this type of direct marketing, since it offers the user an opportunity to find products that might interest them most without excessive amount of research. The ads also attract consumers by attaching additional value to using the link, such as special discounts, gifts with purchase and free deliveries (Chaffey et al. 2006). Social media marketing also aims at monitoring and participating in the conversations about companies, products and services and finding evangelists and influencers who can help marketers build their business.

Viral Marketing through Facebook

Facebook drives more traffic than any other social network, seven times as much as twitter. People share messages, videos, audios, pictures and other content with their friends on Facebook. Marketers can exploit this channel for making their viral campaigns popular. According to marketers, if the content of a company's message about a product or service on Facebook is compelling enough, than people will definitely share it with others. People share the content with others that can trigger emotion e.g. joy, humor, fear etc. Companies can create their own Facebook page and marketers can have one-on-one conversation with their customers; who can like the page, read posts and share them with their friends. Facebook can help marketers reach large groups of consumers frequently, with messages tailored to their needs and interests.

Viral Marketing through Blogs

Viral marketing can increase the potential of a company's blog posts to attract traffic. The idea behind using blogs for viral marketing is to get people to spread the word about a company's posts and making them do it willingly. This can be an approach that can have an extremely widespread outcome, generating traffic that spans over multiple niches and covering various social groups. Marketers can get better exposure for their posts and can harness this traffic potential to collect more subscribers/leads.

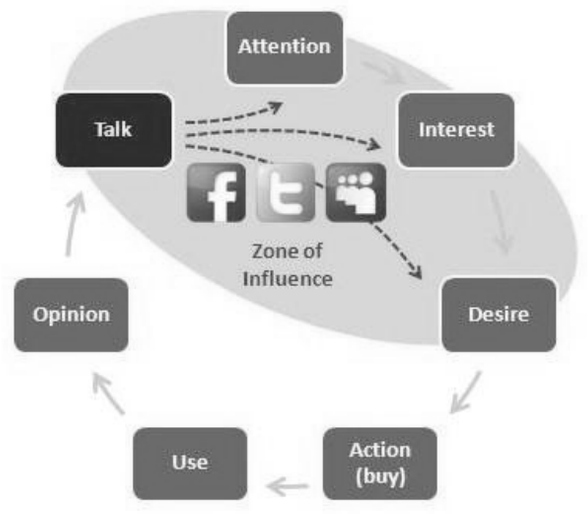
Viral marketing through YouTube

YouTube as a vehicle of viral marketing has brought revolution in the field of online sharing of videos, which makes it one of the most effective medium for marketing. YouTube is "a video sharing website where users can upload, view and share video clips. It has quickly grown as the world's largest sharing website on the Internet. YouTube measures the number of times a clip was viewed and the viewers' ratings, while it allows qualitative feedback through the viewers' comments. The trend of viral marketing through social media channels including YouTube is getting popular. According to Nielsen Net Ratings, the site serves almost 13 million users a month and serves up to 50 million videos each day" (Fisher, 2006). With the help of YouTube, marketers and consumers can post videos, view videos, comment on videos and share videos with others. Marketers can even advertise on YouTube. They can place their own ads on videos that match their criteria.

Buying behavior in social media platforms like Facebook, Youtube and blogs etc

As Figure below indicates, the influence of social media and hence viral marketing is larger in the beginning stages of the buying process. The users of various social media platforms have the opportunity to see messages and videos that can show consumers previous experiences with specific product details. This can lead to getting the user attention, raising interest for the mentioned product or an actual desire to go and purchase the item. As the gray arrows indicate, even if the product achieves to gain just the attention of the user, it can later lead to creating an interest and desire to get the item. (Evans 2010).

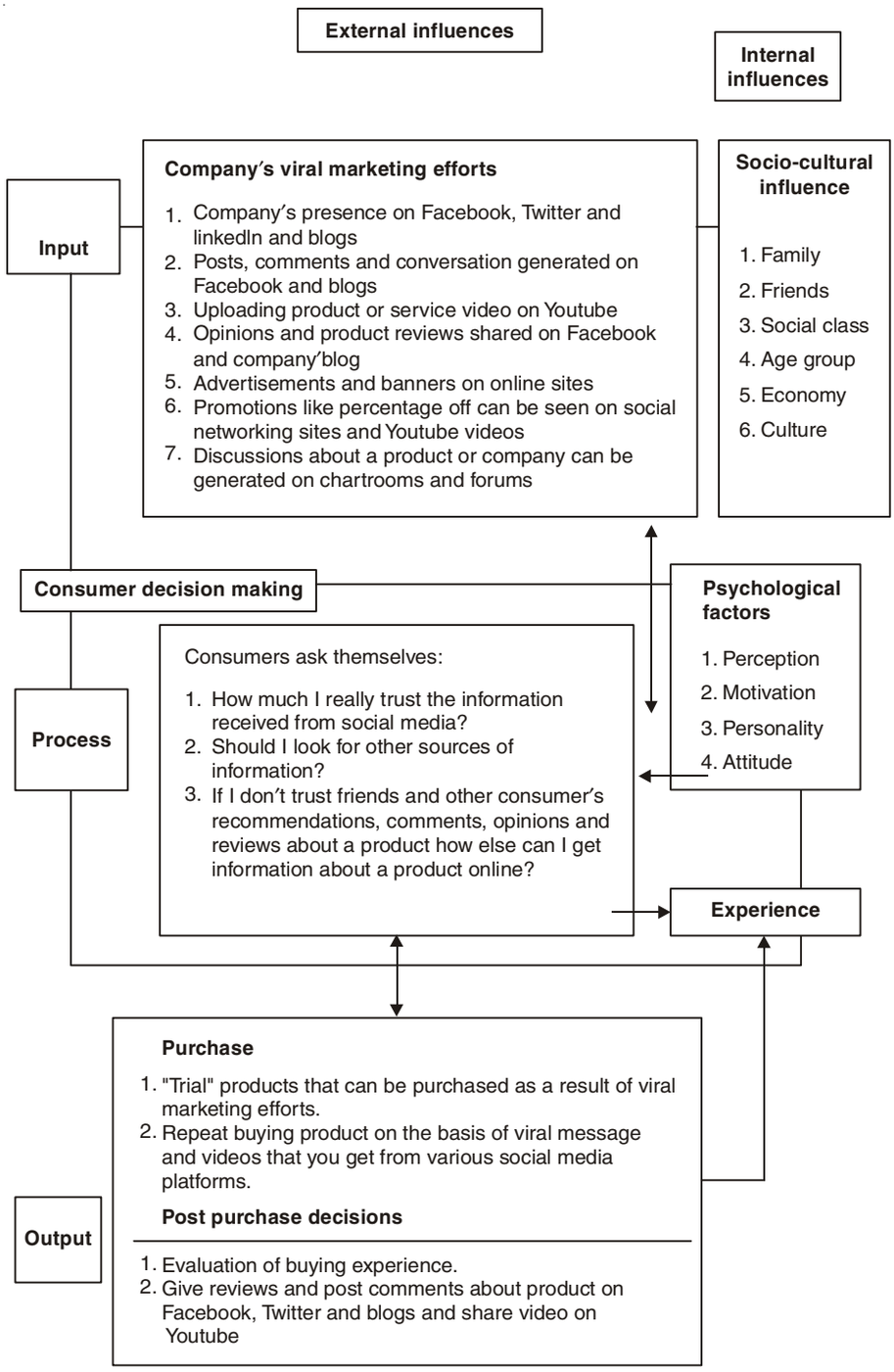
Consumer buying cycle influenced by Social Media (Evans 2010)



Since the users of social media are mostly people with no stake in the company and who are just expressing their opinions and experiences with products, the reviews can also be negative. This can lead to avoidance by the readers of the review, affecting product sales, making it a very unwanted situation. Because of the fact that comments on Facebook, blogs and videos on YouTube can spread like a virus, companies today need to work a lot harder to satisfy their consumers and make sure that they return for another purchase.

Effects of viral marketing on consumer buying behavior through social media channels

Buying behavior that occurs as a result of viral marketing can differ significantly from the buying behavior that occurs without considering viral messages and videos. As stated before, viral marketing includes several different tools of social media marketing that appeal to the consumers. Written from an unbiased point of view, consumers tend to put more weight into the opinion of other consumers than they would in other forms of advertisement such as banner ads or PR statements. The marketing efforts that can be found in social media can have a huge impact on a consumer and therefore on the buying process in itself. (Solomon 2011). In order to find out what types of factors in viral marketing affect the behavior of consumers in buying situations, it is important to consider both internal influencers and external influencers. The consumers are unconsciously affected by both every time they make buying decisions, and it is therefore vital that both are considered when studying the topic. As it is an already established fact that the consumer buying process is influenced by several different factors. The diagram, a modified version of input-process-output model, portrays what kind of thought process occurs when consumers buy after getting influenced from a company's viral marketing efforts. The model has been modified to portray the strategic buying process from the view point of an Indian consumer who is using social media and other online channels as a source of information. The original diagram, which considered the effect of various inputs (factors) on a buyer, was something that was closely related to the topic of the paper. The figure was altered in order to gain perspective on how viral marketing efforts of a company in specific can affect the buying behavior of a consumer.



Conclusion

Web 2.0 social media is a potentially powerful medium for finding key consumer influencers, engaging them, and generating brand advocates. However, in order to build viral campaigns and foster online WOM, trust must be established and subsequently reinforced in order to overcome any reluctance on the part of the would-be consumer. With the help of social media channels, consumers are able to pass on product or

service recommendations to other users, creating a viral message that can be received by thousands of internet users within a short amount of time. Marketers can also connect to consumers on Facebook, Twitter, blogs and YouTube to generate word of mouth about their products and services. By tapping into or creating their own online social networks, social media marketers can influence a brand community and potentially influence consumer behavior. To capitalize on currently available opportunities, marketers need to find or establish real brand communities, listen to them, and then create special programs and tools that will empower potential and existing community members, rewarding existing consumers and eliciting behavioral change from potential consumers.

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THE EFFECT OF EMOTIONAL INTELLIGENCE ON JOB PERFORMANCE

* Ms. Kriti Kohli

Abstract: *Diversity of work force with respect to gender, geography, training and working hours are creating a new work environment at the work place progressively. Technical, conceptual and analytical skills which are a necessity for efficient execution of one's job responsibilities are proving to be inadequate in the milieu of present dynamic, ever changing business environment. In addition to what may be referred to as the basic skills, non-intellective factors and interpersonal intelligence are increasingly gaining importance for organizations across the world. Work place challenges which are progressively turning emotional challenges in a relatively young work force need to be addressed as a separate issue under the very recently defined Emotional Intelligence. This phenomenon is a response to fierce business competition in part and realization of inevitable importance of congenial human relationships at the work place. Emotional Intelligence (EI) needs its due share of research and discussion in view of its increasing importance for every interest group. This paper deals with the variables of EI affecting job performance. In the first part of the paper, basic concepts related to EI have been explained, followed by detailed exposition of the variables of EI that impinge upon one's job performance. Effort has been made in the paper to itemize and compile a mutually exclusive and fairly comprehensive list of such variables, and their intended effect on job performance. Insights developed due to this elaboration of EI related variables have been further described subsequently. The paper ends with learning issues and guidelines for fostering emotional intelligence among employees so as to improve their performance levels which will in the end improve productivity, both at material as well as intellectual levels.*

Keywords*: Emotional Abuse, Emotional Exaggeration, Emotional Outbursts*

Introduction

An Emotion is defined as a conscious mental reaction subjectively experienced as a feeling usually directed toward a specific object and typically accompanied by physiological and behavioral changes. Emotional Intelligence (EI) can be defined as the ability to identify, understand and manage the emotions of one's own self and those of others'.

In the words of David Caruso, *"EI is the unique intersection of the mind and heart"*. It does not imply the prevalence of heart over head, as is ordinarily believed. In this paper, an attempt has been made to discuss the variables of EI, so as to identify their impact on work and formal on the job relationships. Emotional Intelligence has become a vital part of how today's managers meet the significant challenges they face. Emotional Intelligence can help leaders in a difficult leadership role, one that fewer and fewer people seem capable of fulfilling. In the middle of the "Talent War", especially at the top level in organisations, emotional intelligence can give developing leaders a competitive edge. Emotional intelligence improves an individual's social effectiveness. The higher the emotional intelligence, the better will be the social relations. This subject has become important as an emotionally intelligent individual is better off than others in following respects:

- He understands others and is empathetic.
- He can facilitate conflict resolution, leadership and act as a collaborator.
- He is trustworthy and has self control.
- He is also more adaptable than others.
- There is also a good chance of such person being committed to work and organization.

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A recent study conducted by Zerorisk HR Inc. a correlation between EI and theft and shrinkage has been established. This is one of many examples in business world which suggest a need for emotionally intelligent employees to gain a competitive advantage over business rivals.

Variables of EI Affecting Job Performance

Self Awareness

Self awareness refers to the extent to which a person is aware of his strengths, weaknesses and the manner in which his/her perceptual mechanism works. It is the first and the most important variable of EI to have an impact on job performance. The emphasis is on a basic level of awareness about self. Some of the important advantages which accrue to a self aware individual are:

- There is a greater possibility for him to gauge his strengths.
- He knows his weak points, so he can manage them.
- A good possibility of accepting one's *'total self'*.
- Acceptance of one's mistakes and willing to rectify them.
- Ability to differentiate between peculiarities of different situations and hence react accordingly.
- Ability to catch up on others' social cues.
- Identifying individual growth and developmental needs.
- Greater inter-personal effectiveness through higher confidence.

As the business environment today changes quickly, self aware employees understand and accept the fact that they need to change accordingly. They might also very well understand the implications of changes for others also. At crucial times they might act as change agents, fostering good communication and decision making. Their inherent or learnt ability to identify the pros and cons of a situation will make it possible for organizations to chalk out a well contemplated solution to problem that arises without knocking. They are easier to get along with, as they have considerate of other people. Once they reach a responsible position in an organization, they can mentor subordinates and prove to be their role models. As opposed to individuals who are self-aware, people who are low on their awareness quotient display the opposite characteristics and take a narrow view of things.

Emotional Honesty

Emotional Honesty implies truly expressing one's emotions. Emotionally honest employees are a very critical type, who might be difficult to handle at times. Their utmost desire is to clearly tell people around them as to how do they feel. Intentionally or unintentionally they end up being like an open book for others as far as their emotions are concerned most people who fall in this category have a strong need for emotional support and emotional validation, while the rest simply find it difficult to keep their feelings to themselves. Amongst the latter, another sub-group exists. These members believe that telling others about how they feel is justified and right. To them, it implies utter honesty, and not emotional honesty. When emotionally honest employees work for an organization, it will have very strong and lasting implications, unless taken care of.

Though emotional honesty is desirable, complete honesty will have a negative impact on the performance of such employee. If an employee seeks emotional support, lack of it will make him loose confidence or give him a feeling of dejection. If he seeks emotional validation and fails to establish it, he will start doubting his own ideologies or pursuits. In both cases the impact on performance of work will be unconstructive. Such employee might start finding it unpleasing to work at the particular place and with one or more particular people, who do not support or validate him emotionally. In both cases, concentration of employees will get affected and effectiveness will get reduced. The problem increases when he has to work with others, as he might come across as having lost focus at work. His peers might blame him for his diminished performance, his boss might believe that he let him down, his subordinates will not get the required guidance and directions, and the last but most important, customers might perceive it as a plunge in customer service.

An emotionally honest employee who is in a habit of venting his emotions in front of his peers, just for the sake of it, might be looked upon as having little regard for others, unintelligent in being able to behave in a discreet manner. His colleagues will be unhappy to hear him reveal too much. He will never name his emotions directly, but will blame others for whatever wrong happens to him. Most of his peers will avoid him for purposes other than work, his boss will identify him as a mediocre in performance, his subordinates will

always be blamed for mistakes and undoubtedly, he will talk enough in front of the customers so as to drive them away. Liberation of emotional honesty will be desirable only in such organizations where everyone respects everyone else's emotions and have a mature bent of mind.

Psychologists world over suggest that emotional honesty is very important, but since any two people have different thinking and perceiving patterns, regular and continuous sharing of emotions might make it all the more difficult for people to get along at the workplace.

Emotional Outbursts and Emotional Exaggeration

Emotional Outbursts are sudden, uncontrolled expressions of feelings, lacking restraint or moderation. When instantaneous, they are caused by panic, grief, stress, anger, excitement, unrest, etc. Though emotional outbursts are acceptable if rare, they are considered a clear sign of lack of self control or for worse, low Emotional Quotient. Since the intensity of expressions is extremely high, its impact is clearly felt by others around the one going through it. An emotional outburst caused by any reason is bound to disrupt the normal flow of work or even cause a temporary stoppage of it in an organization, at the individual or group level. Following are the implications of outbursts associated with respective emotions:

Grief: An outburst caused by grief is perceived as a sign of being emotionally weak, losing hope easily and low will power. Such persons might be deemed to be unfit to face personal and/or professional challenges. The boss of such employee will avoid assigning challenging work to him, either because of genuine concern for him, or thinking him incapable to execute the task.

Anger: An anger pang is an indicator of aggression. Going by the unwritten code of conduct, an outburst in front of a senior is totally unacceptable. It might result in dim after effects or strong ones such as transfer, suspension, etc. If at peers, they might stop or limit talking to such individual or retaliate with blunt responses. It at subordinates, they might start feeling frustrated and pressurized if they become the object of being fired at all the time.

Excitement: A sudden spurt of excitement will distract an employee from his work. Even those around him might get intrigued and stop working for some time in order to find out the reason of such joy. If this outburst continues for long the person will be perceived as silly and dominated by his child ego. This can also make other people believe that such person can lose interest in work very easily. The boss of such a person might believe that he needs to learn a lot and grow mature before he is allowed responsibility or autonomy.

Emotional Exaggeration is the tendency of an individual to overemphasize and overdo the expression of his emotions, which provides a multiplier effect to the intensity with which emotions are felt. Some people while interacting others project false, overwhelming and pretentious behavioral pattern of excessive emotional attachment and attempts to get attention in strange and unusual ways. This tendency is more common among women. Normally they pose such behavior during times of extreme stress or external pressure as a result of responsibility. At times, such symptoms can gain strength and seriously interfere with their ability to function adequately. Such people are marked by the following characteristics:

- Desire to be the centre of attention
- Desire to coerce, manipulate others
- Shallow expression of emotion
- Provocative behavior
- Use of looks to attract attention
- Attempt to impress others by modulation of tone of talking
- Easily influenced by others' ideas or personality
- Trying to control others by exploiting their emotions.

For such people it is difficult to establish long term relationships with people at the professional front. The more exaggerated the emotions of an individual; higher will be the possibility of his being pretentious. Their efforts will be directed towards attracting attention of people with whom they work. They might get along with people easily, but the bonds are not long lasting. They also have a tendency to become depressed if they fail to draw attention of people towards them. Towards the execution of their job responsibilities, they will pay the minimum required attention and effort.

Non Clinical, Non Pathological Mood Swings

Mood swings being referred to here are those which are caused without any medical reason. They are caused by dissatisfaction with personal or professional life. A person who experiences mood swings often will be a subject of mystery for those around him. Problems will be much more during the start when his colleagues do not know how he will react to a particular situation. Unexpected responses and reactions might make people wonder what the reason of such erratic behavior is. In some time some of them might get used to it and alter their own way of interacting with him, others might talk comparatively lesser. He would get along with his subordinates only if they are of a calm temperament. If his boss can sense his mood swings directly or indirectly two possibilities arise. Firstly, because of genuine concern for him, he might support him and discuss things. Secondly, if the boss has little concern for the feelings of the subordinate, he will decide to come across as stern and mean strictly business.

Things might be relatively easier for females in this case, as the general perception about them is that they are emotional and sensitive. In case a female has mood swings many people do not show grim reactions thinking that it comes naturally to her. But, in any case the impact of mood swings on performance of job will be bad. Effectiveness, efficiency and motivation of such employees will show downward trend, while stress and absenteeism will be on the rise over a period of time.

Emotional Abuse

Emotional Abuse refers to the use of fear, humiliation, intimidation, guilt, coercion, etc to manipulate a situation according to one's suitability. Over some time, it causes a brain wash for the victim, leaving him under confident or lacking self esteem. At the end he becomes dependent on the abuser for all his emotional needs. The types of emotional abuse are:

- Aggressing
- Denying
- Dominating
- Emotional blackmail
- Invalidation
- Minimizing
- Unpredictable responses
- Verbal assaults

Recipients of abuse often struggle with feelings of powerlessness, hurt, fear, and anger. Ironically abusers tend to struggle with these same feelings. Abuser is also likely to have been raised in emotionally abusive environments and they learn to be abusive as a way to cope with their own feelings of powerlessness, hurt, fear, and anger. Consequently, abusers may be attracted to people who see themselves as helpless or who have not learned to value their own feelings, perceptions, or viewpoints. This allows the abuser to feel more secure and in control, while the victim avoids dealing with his own feelings, and self-perceptions.

Emotional abuse victims can become so convinced that they are worthless and that they mean nothing to anyone else. They stay in abusive situations because they believe they have nowhere else to go. Their ultimate fear is being all alone.

Understanding the pattern of relationships, especially those with family members and other significant people, is a first step toward change. A lack of clarity about one's place in a relationship to significant others may manifest itself in different ways. For example, one may act as an "abuser" in some instances and as a "recipient" in others. He may find that he tends to be abused in his professional relationships, allowing peers/boss to define and control him. In friendships, however, the same person might play the role of abuser by withholding, manipulating, trying to "help" others, etc. Knowing self and understanding past can prevent abuse from being recreated in life.

At a workplace, such abuser might turn out to climb the ladder of hierarchy must faster, not because he has done anything wrong, but because he is surrounded by people who are emotionally dependent on him. Also, practically speaking it will be impossible to emotionally abuse one's boss.

Can Bosses Set Emotional Standards?

Knowingly or unknowingly, every boss sets emotional standards for his subordinates. This is implicitly communicated to them by way of talking and responses of the boss to his subordinates. Any employee in an organization, irrespective of his position cannot be expected to take the sole responsibility for having a consideration of the emotions of his subordinates. But since a boss is in a commanding role, he should keep

the following tips handy for valuing emotional sensitivity and dealing with the emotional rigidity of his subordinates as well as peers:

- Say only what you mean and mean what you say
- Recognize the emotions of others
- Connect with others using appropriate as well as strong non-verbal communication
- Be open to discussions even with subordinates
- Realize when others are stressed, then act accordingly
- Be ready to provide professional as well as emotional support to those who might need it
- Forgive others for minor mistakes and do not hold on to the past for long
- For situations that cannot possibly be resolved, get over them and only mind 'your own business'
- Accept responsibility for what you say or do
- Provide a validation to others' feelings also
- Do not advise, command, control, judge or lecture others
- Label your feelings, not other people
- Help others identify their feelings.

Some important points have been discussed in detail:

Paying attention to one's own emotions. They cause a person to focus on what is happening around him and they put him in touch with how he responds to a particular situation. Emotions should not be ignored thinking everything will work out on its own *Emotions are a part of the workplace*. Some emotions are critical to business success. Enthusiasm, for example, can produce workers who are more productive. But employees who let their negative emotions run rampant can hurt themselves and the company. *Determine the source of feelings*. This is very important because if the root cause of emotions is not known it is impossible to manage emotions. Talking about feelings to someone dear is helpful in determining the source. Also, this will help in developing specific desired behaviours in future. *Express feelings in a non-confrontational manner*. This can be done by using "I" messages. For e.g. saying "I feel angry…." Is better than saying "you made me feel angry…"*Acknowledge others' feelings as genuine*. Although one may feel differently about a situation, his opponent's feelings are also real, and denying their existence or validity is likely to intensify them. Allowing feelings to be expressed and recognized helps release those feelings so that both persons can move on.*Request a "time out."* This allows for regrouping emotionally and for reflection. For some time, one can walk away from the situation. Removing oneself will enable the other to regain control and also give him time to think about how he can best handle the emotional outburst. But a time limit should be set to resume talks.*Maintain a neutral body and voice*. By keeping one's body loose and tone neutral, he is more likely to remain calm. The other person will also not get irritated.

Focus on the positives. Rather than asking what one does not like about the environment, he can ask people what they do like about their work.if both persons can focus on the positives, the negatives will subside and ultimately become unimportant reasons of conflicts.*Be non-judgmental*. One should listen actively without interruption to what his colleague, boss or customer has to say without determining whether it is right or wrong, good or bad. If he has to disagree, he can do it politely.*Don't let tensions reach the boiling point*. If one senses that things are getting uncontrollable, direct discussion becomes important. A major mistake in dealing with emotions is letting them grow to the degree that people are no longer talking to each other*Treat everyone fairly and equally*. The set up policies and procedures should be clear. Having rules in place minimizes emotional conflicts.*Offer help when it's needed*. When a colleague has a difficult job before him one should not shy away from offering help or guidance. *Ask others what is on their minds*. Particularly what can be done to make the workplace a more positive environment? A meeting that addresses workplace problems serves as an outlet for employees to share their complaints and come up with solutions. Use your acceptance of what they say as a way to get employees to open up more. Take all feedback in positive stride and make sure it is used to some positive purpose.

Conclusion

One of the biggest dangers which haunt all organizations is miscommunication of emotions. Also, this is an exceptionally common phenomenon in most organizations. This issue which might appear minor at the start becomes complicated with time. There might

be an entire row of events which will divide the attention of employees in the organization. It is for this reason that emotional honesty is desirable and appreciable at workplace. But the most important pre-requirement for allowing emotional honesty is Emotional Intelligence in employees. Neither is it possible, nor desirable that every employee in an organization will have a similar EQ, but it is suggested that they would understand the need for EI and work towards improving it. This requires the working of employees in collaboration with EQ trainers with willing cooperation. The importance of managing emotions and taking Emotional Initiatives cannot be understated.

Research has supported the fact that EQ together with IQ can provide better results to an individual as well as an organization. People with a higher EQ are easier to work with, as they understand the emotional needs of others. They support others and help out in solving others. This facilitates smooth flow of work and lesser arguments, fights and misunderstandings. If we try to think, we will surely be able to identify one such person who is comfortable as well as easy to work with, such person has a good EQ, which automatically complements our EQ.

Future Scope

By the time a person starts working, he has already learned hiding and manipulating his feelings, as his conditioning is such that his parents, family and teachers tell him to be strong, behave properly and conform to the social norms. He is told to be strong and competitive because of which he learns how to hide and manipulate his feelings over time. Research shows a positive relationship between EI and leadership, hence for organizations that want to develop strong leadership for its employees, this becomes an important issue, requiring attention and hence research. The future holds a lot of scope for research in the area of EI, as this has been embarked upon only during the last 12 years. Also, this is a dynamic subject, something which keeps changing, posing challenges at the work place, there can be no one definite solution for it. Thinking over matters of EQ on a regular basis, researching again and again and implementing innovative solutions can prove to be beneficial to individuals and organizations. The most important area which needs immediate attention is Emotional Honesty, which is like 'Fool's Gold' in today's competitive business times. The benefit from time and money invested in research related to this topic can only be reaped after a due course of time, sufficient to study as well as guide others in this regard.

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A PERCEPTUAL STUDY OF BRANDING OF MEN'S ATTIRE

* Ms. Shefali

Abstract: *This study contains the analysis and discussions in order to understand the customer perception regarding branded men's wear, the advertisement effect and store effect. This study suggested positioning of the brand in the minds of the customers, which helped marketers and retailers to plan and promote their sales and accordingly give same product and feature what customer desired in the branded clothes in their retail showrooms. The survey was conducted on the basis of convenient sampling. It is to know that which brand is most preferred among the given brands those are Reebok, Adidas, Levi's, Nike, Lee and Will's lifestyle to respondents. The raw data obtained was analyzed on the basis of the techniques like Factor Analysis, Percentage Method& Weighted Average method. The questionnaire was administered to the consumers visiting the apparel stores and a large number of respondents were also contacted in their houses, offices and colleges. The findings revealed eight factors, these factors were: Brand performance ,Advertisement and layout theme in store, Store features ,Buying motivators ,Constructive features ,Reliability and convenience, Emotional appeal, Price and variety which affects buying behavior of customers in retail sector. Study revealed that customers preferred to shop apparel from Multi branded showrooms and Exclusive showrooms than garment shops. Hence, brand preference should be created through advertisements. The theme of store and advertisement should be according to their offerings, as men like trendy, sporty, and robust look. The entire conclusions were based on the information provided by the respondents according to their perception, experience and will.*

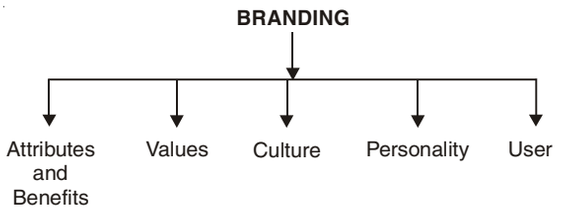
Keywords: *Retail, Perception, Brand, Advertisement, Store, Customer, Men, Attire.*

Introduction

Brand is to make able to choose a name, logo, symbol, package design, or other characteristics that identifies a product and distinguish it from others. (Keller and Kevin, 2003)According to the American Marketing Association (AMA), a brand is a "name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition." Brand is trademark or distinctive name identifying a product or a manufacturer. It is product line so identified. A distinctive category and a mark indicating identity or ownership. (Keller & Kevin, 2003)

Branding Process

Branding is one of the most important issues for any business if it wants to succeed in this field of fierce competition. Branding is collaborative process, which consist of following five stages:



Consumer Perception

Perception is the process by which an individual selects, organizes and interprets stimuli into a meaningful and coherent picture of the world. Perception has a strategy implication for marketers because consumers make decision based on what they perceive rather than on the basis of objective reality. The meaning of a brand resides in the minds of consumers, based on what they have learned, felt, seen, and heard over time.

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Factors Affecting Customer Attitude Towards Brands

Brand Awareness: One of the major components of brand knowledge is brand awareness. This has been defined as the ability of potential buyer to recognize or recall that a brand is a member of a certain product category, to be created and understood selectively

Price: Price has been defined as an important factor which influences the brand image which consumers attach to brands. Consumers generally confirm their standard price with the standard quality of a product and determine whether it is too low or too high.

Quality Perception: Customer attitude towards brands also depends on the consumer's perception of the overall quality of the brand.

Overall Brand Attitude: In addition to specific brand attributes, an important brand association is the overall brand attitude. Brand attitude is based on certain attributes such as durability, incidence of defects, serviceability, features, performance, or "fit and finish

Indian Apparel Market

The Indian apparel industry plays an important role in generating foreign exchange reserves and creating employment opportunities. India is the sixth largest exporter of readymade garments in the world with apparel worth 9.7 billion dollars exported from the country in 2007-08. The concept of readymade garments is relatively new for the Indians. Traditionally, Indians preferred dresses stitched by local tailors, who had tailoring units in townships or cities and catered exclusively to local demand. The growing fashion consciousness during the 1980s and the convenience offered by ready-to-wear garments were largely responsible for the development of the branded apparel industry in India. Other factors which contributed to its growth were: greater purchasing power in the hands of the youth, access to fashion trends outside the country and the superior quality of fabrics. Understanding how involved consumers become in their apparel - that is, their attachments to them- provides a deeper understanding of the dynamics of consumer behavior and the nature and role of the product category of fashion.

The Indian market for branded products such as jeans, trousers, shirts, and other consumer goods is estimated at no larger than 40 million consumers. Indian consumers are typically more loyal to their stores than to brands. About three-fourths of the survey respondents reported that they would revisit the stores where they had previously purchased apparel. The survey also revealed that brand is the second most important factor in purchase decisions. Trade sources estimate that menswear accounts for 25 percent of the readymade apparel market (by quantity); women's wear, 48 percent; and children's wear, 17 percent. Approximately 20 percent of the apparel produced in India consists of branded ready-to-wear garments. Brands are more prominent in menswear, particularly shirts, trousers, and jackets. Most national and regional brands are supplied by the large organized apparel firms.

Current Trends in the Apparel Industry in India

- Changing consumer behavior
- Per capita spending on apparel
- High percentage of shoppers
- Increasing investments
- Rising income & growing economy
- Demographic factors
- Changing retail industry landscape & choice of retail channel
- Competitive advantage
- Global trade liberalization in apparel
- Westernized college students are another large market for foreign brands.
- Cheap labor market
- Liberalization of trade

Men's Apparel

- Men are becoming so comfortable with buying apparel that in addition to building their own wardrobes, they are shopping for their significant others and their children. Men are looking for more ways to define themselves and fashionable clothing. Men spend more on apparel. They have fierce brand

- Men's clothing includes: -Men's Jackets, Men's Pants, Men's Shorts, Men's Shirts, Men's Sweaters, Men's Underwear, Men's Vests, Men's Socks, Men's Swimwear., Men's Headwear, Men's Hats, Men's Gloves and Mittens, Men's Clothing Accessories
- Half of this country's population is men. They did a survey which shows 22.7% men are highly brand conscious, 19.1% are very high, 30% are moderate, 19% are somewhat low and 9.3% are very low. This shows that there was a huge demand in this segment in our country. Almost 42% of men surveyed are highly brand conscious

Major Retailers in the Market

ADIDAS: In 1949 Adidas is registered as a company, named after its founder: 'Adi' from Adolf and 'Das' from Dassler. In 1995 Adidas goes public flotation of the company on the Frankfurt and Paris Stock Exchange. It is a clothing and consumer goods manufacturer. They are in footware, sportsware, sports equipment, and toileteries.

REEBOK: It was founded in 1895 in Bolton, England by J.W. Foster. In its first incarnation, the company was called simply J.W. Foster and Sons. During the 1980's Reebok's popularity exploded into international markets, with the brand ultimately becoming available in over 170 countries. Mission statement: -We act with integrity

LEVIS: 1853 Levi Strauss arrives in San Francisco and opens a wholesale dry goods business, selling clothing, blankets, handkerchiefs, etc. 1873 Levi Strauss & Jacob Davis are granted a patent on the process of riveting pants by the U.S. Patent and Trademark. Mission statemen: To sustain responsible commercial success as a global marketing company of branded casual apparel.

NIKE: Incorporated in 1968 as blue ribbon sports. sales: are $8.78 billion (1999) men's and boys' cut and sew apparel manufacturing; women's and girls' cut and sew apparel manufacturing, sporting and athletic goods manufacturing, footwear wholesalers, other clothing stores, shoe stores. 1980s growth through international expansion and aggressive marketing market dominance in the early to mid-1990s Mission Statement: To be the world's leading sports and fitness company. The world's largest marketer of athletic footwear and apparel.

LEE: Lee Apparel Company, Inc. is the second largest manufacturer of jeans in the United States. Lee was founded in 1889 by Henry David Lee and several business associates in Salina, Kansas. The company, which got its start in the dry goods business before moving into the production of denim clothing, leads in sales of jeans and holds a significant share of other clothing markets as well. Lee moved to identify itself more fully with the Western world of cowboys and rodeos by forming the Rodeo Cowboys Association.

Online Men's Apparel Indian Market

The men of this era are fashion conscious. There are different types of men's wear like Indian and Western, formal and casual. The Indian market provides a wide range of men's wear that caters to variant occasions and moods. The following is a list of sites which provides comprehensive information about the different types of men's wear and the latest trends in men's wear fashion.

Infibeam.com, **Mapleclothing.com, Homeindia.com, Bharatplaza.com.**

Literature Review

Richards and Sturman (1977) revealed that there is effect of lifestyle segmentation in apparel market. Apparel marketing had long been considered in a class by itself. Consumer acceptance of alternative fashion, style and materials often seen unpredictable. Design and manufacturing decision typically are of a year or more in advance of actual retail sales **Prasad and Chandrasekhar (1998**) revealed that brands are created and fought in consumer's mind, through effective communication, these key attributes are built to determine brand power—its recognition, reputation, affinity and expertise. There are five perceived levels of benefits that accrue from brand to its promoters and users, they are: Functional, Emotional, Producer's value, Brand personality and Consumer identity. **Guerrero, L. et al. (2000)** the consumption of store brands is increasing in the European Union. In Spain it represents 12.4% of the total food shopping. In order to understand this phenomenon better a consumer study was undertaken using 610 consumers from all over Catalonia. Most consumers believe that store brands are reliable,

different from the brands of the manufacturer and are good value for money. Their quality perception depends on the store, and in general, when the price is the same, the brand of the manufacturer is chosen in accordance with its higher quality image. **Goswami (2007)** revealed that Indian textile industry has a tradition of over 5000. According to this study apparel reaches the ultimate consumer through retailing. This study in the context of the apparel industry of India and the steady increase in consumer spend on apparel examine the apparel orientation of the urban Indian shoppers by way of segmentation on psychographic, and demographic variables. There are various apparel shopping orientation like brand conscious orientation, enjoyment orientation, time convenience orientation.

Objectives of the Study

1. To study the brand loyalty in case of men's apparel
2. To find out the influence of advertisement for branded clothing.
3. To find out the exclusive retail store for men's wear and factors affecting their purchase

Research Methodology

Secondary data analysis: The secondary data was collected from various journals, articles, newspapers, magazines and books. The research journal articles related to visual display of various apparel stores were examined to gain an insight regarding the problem in hand and develop the variables for the study

Method of collecting the Quantitative data

The consumer survey was conducted to gather the required information. The questionnaire was administered to the consumers visiting the apparel stores and a large number of respondents were also contacted in their houses, offices and colleges.

Universe of the study

The universe of the study is city of Amritsar. The most of the target population was the males who are the apparel consumers.

A comprehensive list comprising of different variables which influence the customer perception towards branded men's apparel. Total numbers of twenty one variables were classified into eight factors

F1: Brand Performance		
Label	**Variables**	**Loading**
V1	Branding makes easy to identify	**.704**
V2	Branding supports your buying behavior	**.680**
V4	Trustworthiness of brand	**.516**
V6	Good quality products	**.699**

F2: Advertisement and Layout theme		
Label	**Variables**	**Loading**
V12	Image, language and music used in advertisement effects the buying.	**.563**
V14	Modern looking store	**.533**
V15	Physical facilities at store are visually appealing	**.753**

F3: Store Features		
Label	**Variables**	**Loading**
V16	Store ambience	**.539**
V17	layout of store makes it easy for you to move around and find out what you need	**.750**

F4: Buying Motivators		
Label	**Variables**	**Loading**
V8	Celebrity endorsement in advertisement	**.605**
V5	Value for money	**.683**
V7	Price range	**.755**

F5: Constructive Features		
Label	**Variables**	**Loading**
V10	Expert knowledge to improve advertisement quality	**.629**
V18	Reputation of the company	**.488**
V19	Credit card facility available at retail outlet	**.711**

F6: Reliability and Convenience		
Label	**Variables**	**Loading**
V9	Reliable promises made by co. in advertisement	**.739**
V13	Store located near to residence	**.733**

F7: Emotional Appeal		
Label	**Variables**	**Loading**
V3	Brand associates with your image	**.643**
V11	Emotional supportive ads. are better	**.763**

F7: Price and Variety		
Label	Variables	Loading
V20	Price range	**.815**
V21	Variety and product range	**.425**

Bartlett's Test of Sphericity

The findings of the bartlett's of sphericity listed in the table shows that the sample selected for the study is adequate and factor analysis can be applied. The test was conducted on the entire set of variables.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.586
Bartlett's Test of Sphericity	Approx. Chi-Square	372.786
	Df	210
	Sig.	.000

Kaiser-Meyer-Olkin (KMO) Test

The KMO test measures the sampling adequacy and examines the appropriateness of factor analysis. The findings of the test are listed in the table. The test coefficient is 0.586. The high coefficient values i.e. between 0.5 to 1.0 indicate that factor analysis is appropriate for study.

Extraction of the Factors

The extraction of the factors was done by applying the Principal Component Analysis Method, in which the total variance in the data is considered. The total numbers of factors determined were six, which accounted for maximum variance in the data. Initially the unrotated component matrix was formed but a meaningful pattern of variable loadings was not found. Hence, to achieve theoretically more meaningful factor solution, rotated component matrix was formed with VARIMAX rotation.

Total Variance Explained

The table shows that the total variance explained by all the factors. It can be observed from the table that the cumulative percentage of variance is 62.398%. Although, the satisfactory level of cumulative variance depends upon a particular problem, it is recommended that the factors extracted should account for at least 60%of the variance. In this study it is far above 60% hence study is justified.

Rotation Sums of Squared Loadings			
Component	**Total**	**% of Variance**	**Cumulative %**
1	2.205	10.501	10.501
2	1.803	8.585	19.086
3	1.664	7.926	27.012
4	1.592	7.579	34.590
5	1.575	7.499	42.090
6	1.470	6.998	49.088
7	1.440	6.858	55.946
8	1.355	6.452	62.398

Findings and Summary

To achieve these objectives a survey was conducted with the sample size of 100 respondents in Amritsar city. The following facts & conclusions were derived from the findings of the study. They are as follows:

- The sample consisted of 100% of male. The respondents were classified into different age groups. Majority of respondents belonged to 20-30 years i.e. 66%, this is an age group which makes maximum purchase and use of branded men's apparel.
- The respondents selected belong to different educational qualifications so as to cover the different segments of the market. Majority of the respondents who wore branded men's apparel were students 68% and majority of the respondents have monthly family income Rs. 20000-30000

- Every respondent (100 percent) purchased the branded wear. This study reveals that people now days are fully aware of the brands of men's wear available in the market and therefore they prefer branded men's clothing as compared to unbranded.
- Levi's was the most preferred brand and least preferred brand was Will's lifestyle. This shows that Levi's menswear brand is very famous among the respondents of Amritsar city.
- The findings revealed eight factors, these factors were:
  - Brand performance
  - Advertisement and layout theme
  - Store features
  - Buying motivators
  - Constructive features
  - Reliability and convenience
  - Emotional appeal
  - Price and variety
- Research revealed that men considered promotional activities (90%). It also provided information which is the best source to promote the branded men's apparel, i.e. T.V (1.58, weighted average mean) and least source to promote is Radio (4.82, weighted average mean). Men considered mostly T.V before purchasing apparel for themselves. So companies should use T.V. advertisements more to promote their brands.
- Study revealed that customers preferred to shop apparel from Multi branded showrooms (40%) and Exclusive showrooms (30%). Public of Amritsar city rarely visit garment store to shop men's apparel.
- Percentage of variance shown by the data is 62.398 which means the data was adequate and respondents have sincerely filled the questionnaire.
- Kaiser-Meyer-Olkin Measure of the sample is .586 which is above .5 which is required condition to apply the factor analysis.

So these were some of the conclusions derived from the study. The entire conclusions were based on the information provided by the respondents according to their perception, experience and will.

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THE IMPACT OF EMOTIONAL INTELLIGENCE ON JOB PERFORMANCE

* Ritika Kaur

***Abstract**: Relationship between emotional intelligence and performance is the main subject of emotional intelligence under organizational circumstances. Emotional intelligence is essential factor responsible for determining success in life and psychological wellbeing seems to play an important role in shaping the interaction between managers and employees in their work environment. Here we aims at investigating the effect of emotional intelligence on the job performance of the individuals from a theoretical viewpoint. We study two important variables: emotional intelligence and job performance. Emotional intelligence is crucial factor for organization's performance and growth and plays an important role in performance of today's competitive organizations.*

***Keywords:** Emotional Intelligence, Job performance*

Introduction

The pursuit of performance is one of the highest organization's goals. So the way of management to improve the level of employee performance becomes the most important issue in the modern enterprise. The level of emotional intelligence can affect a person's physical and mental health, success and so on. Emotional intelligence is an important factor in the individual success among organizational background. The staff's emotional intelligence training is also more and more widely used in major companies. Due to globalization and competitiveness, many organizations began to spontaneously consider the emotional intelligence in the employee recruitment and selection process. The application of emotional intelligence in the organization includes the areas like personnel selection, development of employees, teams and the organization. The organizations must coach their employees in developing their interpersonal skills and coach them to perform effectively on the job with other employees in the organization.

Literature Review

In the past fifteen years, much has been written about emotional intelligence and its role in the workplace. The experts in the field of emotional intelligence have offered definitions and models to understand the concept of emotional intelligence and its impact on employee and manager's life and work. The theory of emotional intelligence is developed and conceptualized into three models ability model, traits model and mixed model.

According to John Mayer and Peter Salovey (1993) emotional intelligence is the ability to accurately identify and understand one's own emotional reactions and those of others. It also involves the ability to regulate one's emotions to use them to make good decisions and to act effectively. Further, Reuven Bar-On (2000) defined emotional intelligence as being concerned with effectively understanding oneself and others, relating well to people and adapting to and coping with the immediate surroundings to be more successful in dealing with environmental demands. Daniel Goleman (1995) defined emotional intelligence as a capacity of recognizing our own and others feeling for motivating our self and for managing our emotions, both within ourselves and in our relationship. (Neal M. Ashkanasy et al, 2000). The above definitions indicate that, for manager and employee to perform effectively on the job emotional intelligence abilities are required by the manager and employee. The managers and employees who have the ability to manage their emotions in an effective way are more successful on the job. Models of emotional intelligence have been developed on three aspects that is, ability, traits and

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combination of ability and traits called as mixed model of emotional intelligence. Ability model of emotional intelligence described emotional intelligence as the "ability to monitor one's own and others' feelings and emotions, to discriminate among them, and to use the information to guide one's thinking and actions. Traits model of emotional intelligence viewed emotional intelligence and included non-cognitive competencies such as self- esteem, self-actualization, general mood, and general well-being. As would be expected, measures based on trait approaches to emotional intelligence do not correlate highly with measures of intelligence. However, they strongly correlate with personality measures, leading researchers to refer to this approach as emotional intelligence as personality. Mixed Model of emotional intelligence is a combination of ability model and traits model of emotional intelligence. The mixed model denotes the idea that emotional intelligence assesses aspects of personality and cognitive intelligence in addition to the emotional intelligence. (Schutle,2006).

Emotional Intelligence

Emotional intelligence was first proposed in the management literature by Salovey and Mayer in 1990. Over the last fifteen years the emotional intelligence construct has gained significant popularity, resulting in the construct being discussed in newspapers, (Goleman, 1998) magazines (Druskat & Wolff, 2001) books (Cherniss & Adler, 2000) and a range of academic journals (Ciarrochi, Chan, & Caputi, 2000; Dulewicz & Higgs, 2000). This interest has however, led to a series of differing definitions being put forward (Jordan, Ashkanasy, & Härtel, 2003; Mayer & Salovey, 1997). On the whole, the definition proposed by Mayer and Salovey (1997) is recognised as providing the definitive model of the emotionalintelligence construct as it sufficiently differentiates emotional intelligence from traits, focusing on a narrow set of emotional skills (Jordan, Ashkanasy, & Härtel, 2002; Lopes, Salovey, & Straus, 2003). According to Mayer and Salovey (1997:5) emotional intelligence includes "the ability to perceive accurately, appraise, and express emotion; the ability to access and or generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth".

Performance

As more organizations look to make use of work teams to meet organisational outcomes (Beyerlein, Freedman, McGee, & Moran, 2003) it seems appropriate that theoretical contributions into the relationship between emotional intelligence and work team performance should be explored in depth (Jordan et al., 2002). Within this study, the two aspects of job performance will be examined. These are task performance and contextual performance (Borman & Motowidlo, 1993). Task performance includes two classes of behaviour; the process of producing goods and services from raw organisational materials; and service and maintenance activities that enable the organisation to run efficiently and effectively (Motowidlo& Van Scotter, 1994; Van Scotter, Motowidlo & Cross, 2000).

Van Scotter and Motowidlo (1996) state that contextual performance comprises interpersonal facilitation and job dedication. Interpersonal facilitation is defined as "deliberate acts that improve morale, encourage cooperation, remove barriers to performance, or help co-workers perform their task-oriented job activities" (Van Scotter & Motowidlo, 1996: 526). Job dedication is concerned with behaviours related to self-discipline and includes following organisational rules and regulations, and using one's own initiative to solve work related problems (Van Scotter & Motowidlo, 1996).

The links between emotional intelligence and both contextual and task performance emerge from the relational nature of working in teams. If teams rely on personal interactions to achieve goals (West, 1991), then variables that contribute to better relationship skills will enhance the performance of teams. Mayer and Salovey (1997) identify that the abilities linked to emotional intelligence contribute to enhanced relational skills. In the following section of this paper, the hypotheses for the interpersonal skills training (Study 1) and the emotional intelligence intervention (Study 2) will be presented.

Theories and models of Emotional Intelligence

As it is stated above, researchers in the field of emotional intelligence did the classification of their defection based on either an ability model or mixed model.

Ability model of EI

Ability models conceptualize emotional intelligence to the traditional intelligence similarly (cognitive intelligence). Salovey and Mayer (1990) have established and developed the ability model by assuming the emotional intelligence which develops overtime, has correlation with measures of IQ, and can be measured through a performance-based test (Rosete&Ciarrochi, 2005). Proponents of the ability model usually explain the emotional intelligence as "the ability to perceive and express emotion accurately and adaptively, the ability to understand emotion and emotional knowledge, and the ability to use feeling to facilitate thought, and the ability to regulate emotions in oneself and in others" (Salovey& Pizarro, 2003,p.265). Mayer et al. (2004) also give this definition to the EI as one among other "hot intelligences" including those that pertain to social, pragmatic and subjective intelligences. (p.197).These intelligences involve many names as they are deemed to include cognitive processes encompassing urgency personally and emotionally (Mayer et al., 2000b). Cobb and Mayer (2000) choose the ability model of EI implying perception and the ability to make it rational in an abstract realm from awareness of one's feelings. Though, this meticulous model does not have any claim regarding the special ability of EI and its value of prediction. Cobb and Mayer (2000) believe that the ability model focuses on the existence of EI. "If emotional intelligence exists and qualifies as a traditional or standard intelligence (like general IQ), people who are labeled bleeding hearts or hopeless romantics might be engaged in sophisticated information processing" (p.15). In addition, EI is conceptualized in a way that it is legitimized in the school and organizational environments where emotions are reflected as relationships. Cobb and Mayer (2000) refers to this model and state that "emotional intelligence is predictive of life's success or that it leads to good behavior" (p.15) but, organizational policies about EI have more progress than the scientific basis in a pragmatic view.

Mixed model of EI

Referring to the second approach of EI, the "mixed model", it is defined as the view of emotional intelligence socio-economically (Mayer, Caruso & Salovey, 2000). This view encompasses abilities in addition to a pattern of features, skins and vital personality components. This category includes the articles accepted widely and a host of inputs in the study of EI. Daniel Goleman (1995) and Bar-On (1999)'s work represent the mixed method approach, which developed and concentrated on the "non-cognitive intelligence". Bar-On (1996) and Goleman (1999) argue that the abilities of the emotional intelligence possess some skills in the affective realm, as well as skills in whatever cognitive elements have a role in each ability. They commence t with emotional abilities and then merge them with personality, motivation, and affective dispositions, such as a need for achievements, assertiveness, self-esteem, impulse control, happiness, and emotional awareness, and empathy.

These models possess good standardized, reliable and factorial valid scales. Their main measure of emotional intelligence is likely to be self-report inventories (Mayer, Roberts, & Barsade, 2008). EI is a mixture of skills including emotional realization and characteristics such as perseverance, commitent, and desirable behavior in the mixed model (e.g., Bar-On, 1996; Cooper & Sawaf, 1997; Goleman, 1995; Ryback, 1998; Schutte, 1998). Intelligence quotient and cognition are not stressed in the mixed model (Cobb & Mayer, 2000), but Goleman (1998) claimed that EI has more power than IQ twice (Goleman, 1998, p. 94) and it can be considered as a sign future success and achievements in life (Goleman 1995, 1998).

Emotional Intelligence and Job Performance

Emotional intelligence develops innovational creativity in individuals and as a result, helps in the improvement people's job performance (Ganji, 2011; Hasanzadeh, 2009). In addition, what is of paramount importance in the process of job performance is facilitating the communication within organization which is another function of emotional intelligence (Ganji, 2011). Emotional intelligence has the power to better explain the people's workplace performance. It's role is to change attempts, management effectiveness, training and the performance of organization within the organization (such as bank, school, company).

It is of paramount importance to do the studies on emotional intelligence, its impacts and the total influence in the improvement of the performance to better understand the domain of Human Resource Development (HRD) and the role it plays in the promotion of the strategic ability of organizations.

Regarding the profession choice, the emotional intelligence assists people to choose their job properly in a right way and helps them to succeed in the organization by augmenting the extent of their job performance. According to Mayer et al. (2000a), outcomes which relate to the work such as job performance may be affected by emotional intelligence. Goleman (1995, 1998) believes that the prediction of emotional intelligence for individuals is successful life and work. Due to the influence of emotional intelligence on each aspect of individuals' work life, high-level possessed emotional intelligence employees are considered as "star performers". As a result, as stated in the previous sections, there exist a positive correlation between emotional intelligence and job performance.

As such, a majority of probes done previously have supports for the relationship between these two variables, namely emotional intelligence and job performance (Cavallo&Brienza, 2002; Duleciwz&Higgs, 2003; Law, Wong & Song, 2004; Day & Carroll, 2004; Millet, 2007; Rieck, 2008; Harris, 2009; Jacques, 2009).

The Significance of Job Performance

Based on the ability of the bank branch's manager that must handle his branch properly as a whole and also his employees as a team, the banking industry, especially in each bank branch can be effective. The branches of Bank must have the ability to do their responsibilities in a good way because performance is a key characteristic to the triumph of organizations and must therefore be measured.

Performance measurement has numerous implications and they are different based on the organization's aims such as improving the productivity, guided-action based promotion, the payment for performance, employees' assistance to promote their capability for higher level of responsibility and performance.

For examining the whole productivity of the organization, measuring the performance of a bank branch's manager is of paramount importance to the persons and organizations. Improving each manager's performance and developing the individual and team's potential are measured by assessing their performance. As a result, understanding the present position of individual and team job performances is necessary. The studies in the domain of performance have attracted researchers and business practioners' attention for many years. A majority of these studies have been done to have an understanding of the effect of different independent factors on the performance individuals and organizations. Among these independent variables, we can name some such as motivation, conflict, communication competencies, leadership, emotional intelligence, and values (e.g. Vroom, 1964; Luthans, Rosenkrantz, & Hennessey, 1985; Robertson & Gibbons, 1999; Tubre & Collins, 2000; Wong & Phooi-Ching, 2000; Sy, Tram, & O'Hara, 2006; Bipath, 2007; Rieck, 2008).Following the previous studies, this article intends to extend a model to have an explanation of the relationship between two variables of the emotional intelligence, and job performance among the bank managers.

Conclusion

The most important aim of all organizations should be to attain the most feasible performance. As such, organizations are required to concentrate on the emotional intelligence as a challenging variable for the sustainment of the high performance and the development of the competitive privilege. According to the previous studies, emotional intelligence has a key role in the increase of performance. Different studies are illustrative that high-level possessed emotional intelligence individuals have also excellent job performance. Individuals that promote emotional intelligence have success in their career as there is a relationship between success and emotional intelligence and they are influenced by each other.

Achieving emotional intelligence skills for managers are very vital in the augmentation of efficiency and job performance and it is especially of utmost importance for bank managers. As there is a relationship between the nature of the bank manager's job and personnel's knowledge level, attitude, motivations, and have an understanding of client views, emotional intelligence is closely associated with job efficiency. Stressing the organizations' need to have an understanding of the importance of emotional intelligence in the increase of job performance, this study can have a contribution to the Human Resource Development body of knowledge. HRD practitioners might better implement the mentoring, particularly within a different workforce by means of the application of the proposed model. By applying emotional intelligence,

they can improve manager's and employees' job performance and effectiveness and efficiency of the organizations.

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INCORPORATION OF AMBIGUITY COMPUTING FOR SOLDIER'S SECURITY ON BATTLEFIELD

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Abstract: *Pervasive computing is still in its infancy and is mainly used in tightly constrained situations and environments. Defeating terrorism requires a more nimble intelligence apparatus that operates more actively. Pervasive Computing Environment consists of various casually accessible, mobile embedded, handheld devices capable for environment sensing around it and reacting intelligently to simplify the User Interface. The addition of Pervasive Computing Devices to Infrastructure based networks makes the Intrusion Detection harder. The impact of field planning issues with the help of pervasive computing is discussed, along with ideas on overcoming the challenges posed by unrecognized things entering into the field and constraints. The organization of this Research Paper is as follows. Section I introduction about the topic, Section II presents other approaches related to the work done in this research. Section III describes the characteristics of IDSs for pervasive computing environments. Section IV presents our approach for intrusion detection. Section V concludes the paper and discusses some future work.*

Keywords: *Battlefield, Pervasive Computing, Context-Aware, Environment, Intelligence, Wireless Network, Soldiers.*

Introduction

The concept of pervasive computing is based on a simple idea that with advances in technology, computing equipment will grow smaller and gain more power; this would allow small devices to be ubiquitously and invisibly embedded in the everyday human surroundings and therefore provide an easy and omnipresent access to a computing environment. The fundamental principles of pervasive computing systems available anytime and anywhere evolved from the convergence of the same diverse technologies and concepts comprising the system envisioned by Weiser. In the chaos of battle, the ability to manage and control events at combat level and influence situations as they evolve is key to mission success. Today, soldiers are facing a fast changing and challenging battlefield where information is key. Configured to meet the needs of the dismounted soldier, The Tracker will enhance your ability to provide the right information to the right place at the right time. By ensuring that individual soldiers are kept informed, the system makes it possible for them to perform more effectively, be more synchronized and achieve greater operational security. Pervasive computing can be used not only to motivate behavior but to teach at the moment when the behavior is undertaken Context-aware computing refers to a general class of mobile systems that can sense their physical environment, and adapt their behaviour accordingly.

Context-aware systems are a component of a ubiquitous computing or pervasive computing environment. [Citation needed] Three important aspects of context are: (1) where you are; (2) who you are with; and (3) what resources are nearby. Although location is a primary capability, location-aware does not necessarily capture things of interest that are mobile or changing. Context-aware in contrast is used more generally to include nearby people, devices, lighting, noise level, network availability, and even the social situation, e.g., whether you are with your family or a friend from school.

Pervasive alone means something that is present everywhere. Thus, pervasive computing would suggest that computer technology is spreading throughout a place, it is also referred to as ubiquitous (existing everywhere at once) computing.

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Objective of the Study

This research is aimed at securing the battlefield from the unauthenticated person who might try to harm our country. Till now a lot of researches have been done to study the battlefield management using other technologies but little research has been done on battlefield planning in order to secure the filed from outsiders with the help of pervasive computing. It is a new technology which can sense the environment and can send the signal to the controller of the field. When computing becomes ubiquitous it will not need to manually set preferences. Therefore the object interacted with will learn from and provide information based on the environment. Through this it will provide a continuous stream of information without being distracting and will only provide the information you need at the time.

Literature Review

According to Weiser [2], pervasive computing systems create or are a part of an immersive, completely connected environment which becomes completely integrated with normal surroundings and become indistinguishable from them. Therefore, pervasive computing is for computing available where it's needed. It spreads intelligence and connectivity to more or less everything. So conceptually, ships, aircrafts, cars, bridges, tunnels, machines, refrigerators, door handlers, lighting fixtures, shoes, hats, cameras, packaging clothing, tools, appliances, home and even things like our coffee mugs, and even human body and will embedded with chips to connect to infinite network of other devices and to create environment where the connectivity of devices is embedded in such a way that it is unobtrusive and always available. Pervasive computing, therefore, refers to emerging trend toward numerous, easily accessible computing devices connected to an increasingly ubiquitous network infrastructure. Security issues increase in pervasive computing environments as it provides a user access to computing resources and services from any location and at any point of time [1]. Lightweight Pervasive Computing Devices like PDAs (Personal Digital Assistants), Mobile Phones and Laptops are very portable devices and can be carried anywhere by the user. These portable devices can be connected to the Internet via Wired or Wireless Technology. This body of knowledge spans many areas that are foundational to pervasive computing and is now well codified in textbooks [8, 19, 20]:

- Remote communication, including protocol layering, remote procedure call [3], the use of timeouts, and the use of end-to-end arguments in placement of functionality [8].
- Fault tolerance, including atomic transactions, distributed and nested transactions, and two-phase commit [6].
- High availability, including optimistic and pessimistic replica control [5], mirrored execution [4], and optimistic recovery [10].
- Remote information access, including caching, function shipping, distributed file systems, and distributed databases [9].
- Security, including encryption-based mutual authentication and privacy [7].

Research Methodology

Research Design

This research will be based on the combination of the exploratory research and experimental approach. The exploratory research approach will be helpful in identifying and defining a problem or question.

Research Methods

This research will use the primary as well as secondary data to address the research objectives and test the hypothesis developed. This study will use both the qualitative and quantitative methods of primary data collection.

Findings and Suggestions

Today the uses of Internet are limited as its users look for read-mostly information. As we move to a world where the Internet is used as an infrastructure for embedded computing, all this will change. We can hypothesize that the individual utility of mobile communication, wireless appliances and the respective mobile services - pervasive technologies in general—will be exploited through a digital environment that is–

- Aware of their presence.
- Sensitive, adaptive and responsive to their needs, habits and emotions and ubiquitously accessible via natural interaction.

The traditional computing environment that requires users to come to a wired computer may be ineffective or inefficient in many situations. The solution is to make computers small enough that they are easy to carry or even to wear. Such mobile devices can communicate with traditional systems and infrastructure via wire line or, even better, wireless networks. The ability to communicate and collaborate any time and from anywhere provides with strategic advantage by increasing productivity, speed, and security. It spreads intelligence and connectivity to more or less everything. So conceptually, ships, aircrafts, cars, bridges, tunnels, machines, refrigerators, door handles, lighting fixtures, shoes, hats, packaging clothing, tools, appliances, homes and even things like our coffee mugs and even the human body and will embedded with chips to connect to an infinite network of other devices and to create an environment where the connectivity of devices is embedded in such a way that it is unobtrusive and always available. Pervasive computing, therefore, refers to the emerging trend toward numerous, easily accessible computing devices connected to an increasingly ubiquitous network infrastructure.

Key Players

1. Tracker

A handheld system providing individual dismounted soldiers with precisely the information and communication tools they need to accomplish their mission. Soldiers are the outermost node in a network, which means they are not only receiving information, but also generating information to others. The Tracker configuration is a one computer stand-alone system including functionalities such as blue force tracking, tactical messaging and alerts. Functions especially suitable for Special Forces and similar units operating at the absolute forefront.

2. Integrator

The Integrator is a standard configuration providing all the functionality of the Tracker with the extension of sensors and multiple operator capabilities. It contains a server and a number of connected workstations and it can be design for both fixed and mobile applications. The Integrator configuration supports tactical units with multi-role functionalities and can be integrated in vehicles as well as with weapons and sensors.

3. Net Commander

A flexible, multilevel HQ configuration that extends the functionality of the Integrator configuration with support for advanced mission planning, after action review, connectivity with higher command, inter operability, interaction with coalition forces, logistics and command and control. It also supports multi-node configurations of one server as well as one or more workstations. The Net Commander solution is suitable for a wide range of mission types and supporting the usage of all kinds of unit types.

Why to do battlefield planning using pervasive computing?

Key Features

Role Based Decision Support

In order system supports the operator in choosing the right operation. Messaging and order distribution are based on roles, not persons or installations.

One Database, Multiple Views

Creates prerequisites for enhanced situational awareness and provides spatial, time and association views in one and the same system. Information filtering protects against information overload.

System Configuration through "Basic Data"

The system can be configured for a multitude of missions and operations and customized on a daily basis to meet operational requirements.

Efficient Communication Support

Automatic replication capabilities remove the burden of communication and manual messaging capabilities provide total control to the operator.

Decentralized Architecture

The architecture caters for loss of systems or vehicles without loss of functionality, which means there is no single point of failure. A feature that strengthens the system's tactical battle capabilities.

Face Detection

It determines the locations and sizes of human faces in arbitrary (digital) images. It detects facial features and

ignores anything else, such as buildings, trees and bodies.

Suggestions

Pervasive computing encompasses following salient features which are to be understood to understand the challenges associated with securing pervasive computing environment

1. **Extending Computing Boundaries:** It extends the boundaries of computing to include physical spaces, building infrastructures, and the devices contained within. This aims to transform dull spaces into interactive, dynamic, and programmable spaces that are coordinated through a software infrastructure and populated with a large number of mobile users and devices.
2. **Invisibility and non-intrusiveness—**In current computing models, computers are still the focus of attention. In effect, people have to change some of their behaviour and the way they perform tasks so that these tasks can be computerized. To boost productivity, it is important that computing machinery disappear and leave the spotlight. Computers should blend in the background allowing people to perform their duties without having machines at the centre of their focus.
3. **Creating smart and sentient spaces:** A dust of invisible embedded devices and sensors are incorporated to turn physical spaces into active, smart surroundings that can sense, "see," and "hear," effectively, making the space sentient and adaptable. Ultimately, the space should become intelligent enough to understand users' intent and become an integral part of users' everyday life.
4. **Context awareness:** A pervasive computing environment should be able to capture the different context and situational information and integrate them with users and devices. This allows the active space to take on the responsibility of serving users and automatically tailoring itself to meet their expectations and preferences. Mobility and adaptability- To be truly omnipresent, the pervasive computing environment should be as mobile as its users. It should be able to adapt itself to environments with scarce resources, while being able to evolve and extend once more resources become available.

Conclusion

The main benefits of using pervasive computing are:

(a) To provide a surveillance on the battlefield.

(b) To increase the awareness of the environment to the soldiers at front.

(c) To sense the environment at high alert zone.

(d) To generate a kind of signal when something unusual occurs.

(e) Providing more secure surroundings as everything is under supervision.

(f) Devices are completely connected and constantly available.

(g) To use smart products that communicates unobtrusively.

(h) To have an authentication check by sensing out the environment.

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PUBLIC PRIVATE PARTNERSHIP: AN INDIAN PERSPECTIVE

* Ms. Prachi Jain

***Abstract**: PPP is a contract between government and private sector for the purpose of provisioning of public services. With the common vision in place, the public and private sector bring to the table their own experiences and strengths resulting in accomplishment of mutual objectives.*

In some types of PPP, the cost of using the service is borne exclusively by the users of the service and not by the taxpayer. In other types (notably the private finance initiative), capital investment is made by the private sector on the weakness of a contract with government to provide agreed services and the cost of providing the service is borne wholly or in part by the government. Government contributions to a PPP may also be in kind (notably the transfer of existing assets).

The Government of India has been focusing on the development of enabling tools and activities to encourage private sector investment in the country through PPP format. As a part of meeting the financing gap , the PPP model is increasingly been seen as a means of harnessing private sector investment and seeking operational efficiencies in the provision of public assets and services.

***Keywords:** PPP, Government Sector, Private Sector, Investment.*

Introduction

"PPP means an arrangement between a government or statutory entity or government owned entity on one side and a private sector entity on the other, for the provision of public assets and/ or related services for public benefit, through investments being made by and/ or management undertaken by the private sector entity for a specified time period, where there is a substantial risk sharing with the private sector and the private sector receives performance linked payments that conform (or are benchmarked) to specified, pre-determined and measurable performance standards". Recent data suggests that the governments in developing countries increasingly rely on the PPP model to plan, nance, build, and operate infrastructure projects under contractual agreements (PPI database, 2010). PPPs provide several advantages and opportunities in terms of scal stabilization, fund ows and efficiency gain to the developing countries (Estache, 2006).

Why PPP?

- **Growing popularity:** PPP is becoming the preferred method for public procurement of infrastructure and infrastructure projects throughout the world. Limitations of govt. resources and capacity to meet the infrastructure gap
- **Need for new financing and institutional mechanisms:** Since neither the public sector nor the private sector can meet the financial requirements for infrastructure in isolation, the PPP model has come to represent a logical, viable and necessary option for them to work together.
- **Benefits and strengths of PPP** like faster implementation, reduced life cycle costs, optimal risk allocation, increased accountability, maintenance of required service standard etc have made PPP a viable and attractive option.
- **Access to project finance:** PPPs allow Govt. to overcome their budgetary and borrowing constraints and raise finance for high priority infrastructure projects. Rigorous risk appraisal and optimum allocation results in better cost estimation and better investment decisions. Poor infrastructure has proved to be a major barrier to FDI and is also affecting inclusive growth in India.

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Research Synthesis

In the related literature, it has been shown that infrastructure has a direct impact on economic growth (Aschauer, 1989; x; Canning and Pedroni, 2004), on productivity and efficiency (Mitra et al., 2002; Sharma and Sehgal, 2010) and on poverty (Ali and Pernia, 2003; Bartholomew et al., 2006). Similarly, studies of Raj (1993), Hanmer et al. (2000), Willoughby (2004), Estache (2006) and Bartholomew et al. (2006) found that a lack of infrastructure provision has a negative impact on economic activities. On these issues, a large volume of studies specically focused on developing countries. For example, in the case of India, Hulten et al.(2006)and Sahoo and Dash (2009) have found that infrastructure provisions are one of the most important determinants of industrial performance and growth, which is also conrmed by Sharma and Sehgal (2010) in a recent study using advanced panel time series techniques. Ravallion and Datt (2002) and Raj (1993) show that in India, economic development is restricted by lack of provisions of infrastructure. Using the case study method, Edwards and (2003) examine the effectiveness of PPPs. Water Aid and Tearfund (2003) found that PPP can contribute to improve services in the environment with quality governance, and political commitment. Nevertheless, it was also observed that in developing countries these qualities, along with the regulatory and enabling functions of governments, are likely to be extremely critical (Sader, 2000; Kessler, 2004; Kirkpatrick and Parker, 2005). Some others have also shown that, it is difficult to balance the interests of the poor against the interests of the private sector (Nkhoma-Mbawa, 2006). Nataraj and Geethanjali (2007) examined the existing infrastructure facilities and infrastructure needs of the South Asian region. She found that there are some aws in government enabled policies and regulatory framework. She went on to suggest that substantial work needs to be done to improve the sector's policies and regulations for the PPP implementation. Further, her study also observed that there is a lack of credible, bankable infrastructure projects, which could attract the private sector nancing.

Common forms of Public Private Partnership

While the preferred forms of PPP mode; is the one in which the ownership of underlying asset remains with the public entity during the contract period and project gets transferred back to public entity on contract termination, the final decision on the form of PPP is determined using the Value for Money Analysis.

1. **Modified design built (turnkey) contract:** The design-build contracts yield benefits in the form of time and cost savings, efficient risk sharing and improved quality.
2. **BOT model:** The BOT form of model and its variant is the most common form of PPP model used in India accounting for almost two-third of PPP projects in the country. The two major forms of BOT models are:
   - User—free based BOT model: commonly used in medium to large scale PPP's for the energy and transport sub sectors (road, ports, and airports)
   - Annuity—based BOT model: Commonly used in sectors/projects not meant for cost recovery through user charges such as rural, urban, health, and education sectors.
3. **Performance based management/ maintenance contract:** The PPP models the lead to improved efficiency are encouraged in an environment that is constrained by the availability of economic resources. The sectors meant for such form of PPP models include water supply, sanitation, solid waste management, road maintenance etc.

Policy Framework

Significant growth in the number of PPPs in the past 15 years has made India one of the leading PPP markets in the world. As a result, a proper PPP eco-system comprising institution, developers, financiers, equity-providers, policies and procedures has emerged.

In the light of growing PPP trends and policy / institutional intervention the National PPP policy proposes to focus on assisting central and state government agencies and private investors by:

- Undertaking PPP projects through streamlined processes and principles.
- Ensuring adoption of value for money approach through optimization of risk–return allocation in project structuring.
- Attaining apt public oversight and monitoring of PPP projects.

- Developing governance structures to facilitate competitiveness, fairness and transparency.
- Extending financing support through development funds.

The PPP process should comprise of four phases

- **PPP identification stage:** Consists of strategic planning, project prefeaseability analysis, value for money analysis, PPP suitability checks, and internal clearance to proceed with PPP development.
- **Development Stage:** Consists of project preparation, project structuring, preparation of contractual document, and obtaining of project clearance and approval.
- **Procurement stage:** Consists of procurement and project award.
- **PPP contract management and monitoring stage:** Consists of project implementation and monitoring over the life of PPP project.

Challenges in PPP in India

- **Regulatory Environment:** There is no independent PPP regulator as of now. In order to attract more domestic and international private funding of the infrastructure, a more robust regulatory environment with an independent regulator is essential.
- **Lack of information:** The PPP program lacks a comprehensive database regarding the project to be awarded under PPP. An online database, consisting of all the project documents including feasibility report, concession agreement and status of various clearances.
- **Project development:** The absence of adequate project development by authorities leads to reduced interest by the private sector, mispricing and many times delay at the time of execution.
- **Lack of institutional capacity:** The limited institutional capacity to undertake large and complex projects at various central ministries and especially at state and local bodies level, hinder the translation of target into projects.
- **Financing availability:** With commercial banks reaching the sectoral exposure limits, and large Indian infrastructure companies being highly leveraged, funding the PPP project is getting difficult.

Experiences of Various Indian states

- The top five states (Uttar Pradesh, Gujarat, Maharashtra, Karnataka, Andhra Pradesh, and Karnataka) account for 58.3% of total value of PPP in India.
- The major sectors being targeted for PPP format by leading states are roads, ports and airports.
- Gujarat, Maharashtra, and Karnataka average around 11% of the total value of PPP of the country.
- The bottom 10 states represent only 3.5% of the total value of PPP—indicating difference in attractiveness of investment by private sector.

Global Experience

Experience of other countries suggests that Between 2012 and 2017, the government hopes that the private sector, through public-private partnerships or PPPs, will invest around $350-400 billion in infrastructure sectors such as roads, ports, railways and airports.

Mexico

Mexico has succeeded in increasing its infrastructure investments to a level of 8% of GDP, in good part through encouraging private participation in almost all infrastructure sectors.

Chile

Investments and operations in power, gas, telecom, airports, major highways, rail freight services and water and sanitation are mostly in the realm of the private sector, and the presence of the government in service provision is limited to a few areas, such as passenger rail services and small airports. In the United Kingdom a focused effort by the government was required to expand the program, resulting in the signing of over 700 PPP projects in various sectors by 2006. The volume of transactions has meant that a new class of investors has come in to invest in them through the secondary market.

Brazil

Opted for private participation in roads like many other countries, as a way to overcome its budget constraints and its experience has been very encouraging. Today, nearly 6% of its paved roads (164,000 km) are under private administration through 36 state and federal toll

road concessions, and the share of the private sector is expected to be doubled in the near future. In

Korea

PPPs in roads form part of a wider government initiative, called Private Participation in Infrastructure (PPI), which led to an increase in the share of private investment in infrastructure from 0.2% in 1995 to 14.4% in 2005. Of the total 141 Build-Transfer-Operate (BTO) projects under various stages of implementation and review across different sectors, road sector projects account for 27% in terms of number and 57% in terms of volume.

Capacity of Private Players

Another emerging challenge for achievement of the targets set by the Twelfth Plan (of INR 40 trillion) will be the capacity of the private sector to undertake or implement projects. This is evident from the fact that the NHAI solicited a bid for around seven PPP projects in the first quarter of FY13 and received bids for only two projects. The current economic uncertainty has further amplified the risks for project developers. The bulk of the infrastructure industry is unorganized with many small companies, and most of these are contractors rather than developers. Many medium-sized contractors are now foraying into PPP projects, mainly in roads, as developers. This trend is positive for infrastructure, since it will enable more projects to be undertaken in the PPP mode and increase private investment. However, many of these players do not have the ability to execute complex high-value projects. In some cases, they have formed joint ventures to qualify for large projects on paper and have been awarded projects. Subsequently, these projects have suffered due to the inadequate capacity of these developers-contractors, which has not only resulted in time and cost over runs, but also lowered the quality of work and resulted in disputes.

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HR MANAGEMENT IN 21st CENTURY: CHALLENGES FOR THE FUTURE

* Ms. Hema **Mr.Sanur Sharma

Abstract: *Over the last two decades, every organization adapts the policies, rules & regulations of internationalization in their operations. This international movement expanded the business across the border & also increases the issues associated with the management of HR .In this modern era Globalization have forced the organization & their HR functions to define their strategies. It is mandatory for the management to invest money, considerable time & amount to learn the changing scenario of HR in 21st century. In order to survive the competition & to be in a race HR department should update itself & their technologies with the transformation in HR policies. HR practitioners should learn the new method for realizing the importance of HR & understand the need to build up effective HR strategies & policies for retaining their employees & to make more turnovers.*

Now-a-days, Successful organizations are becoming more adaptable, resilient and quick to change directions and custom centered with in the 21st century. HR professionals must learn how to manage effectively through planning, controlling, organizing and leading the HR Practices. In this article these trends will continue to present both challenges & opportunities for the HR & HRIS Professions. The four categories include the following:

(i) To find out the challenges for HR managers in 21st century.

(ii) To study the HRM practices adopted in India.

(iii) To find out the impact/trends of HRM.

(iv) Cross cultural challenges to HR managers in 21st century.

Keywords*: Human Resource Management, Competitiveness, Issues & Challenges in HRM,*

Introduction

Human beings are social beings and hardly ever live and work in isolation. We always plan, develop and manage our relations both consciously and unconsciously. The relations are the outcome of our actions and depend to a great extent upon our ability to manage our actions. Since in global HRM where the modern business can not effectively operate in the business world if the human force not well equipped with the latest technology and techniques. This is the responsibility of the human force manager to properly train the work force and to see what is the basic need for the human force to achieve the competitive advantages of business in 21st century.

No doubts human is an important part of any organization but due to rapid changes in the business world, globalization, change in customer taste and habits, new techniques of production, human in the organization now facing different kind of problems, to cope this situation the today's HR manager also facing a variety of issues and challenges that how they can best mange and solve all these issues and challenges with splendid ways. Today, companies that offer products with the highest quality are the ones with a leg up on the competition & challenges they faced by the international MNC's but the only thing that will uphold a company's advantage tomorrow is the calibre of people in the Organization. In this modern world the

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HR people should focus on new strategized terms which hold our workforce in stable & growing environment provide them a platform where they can learn new techniques on their workplace & compete with the global competitors. The rapid increase in globalization of businesses has created a fiercely competitive environment where the only effective way to remain in competition is to develop and improve the workforce. Organizational flexibility is vital for survival in these competitive markets and through the rapidly changing consumer trends. As a result there is a greater need for recruiting and retaining skilled workforce with multiple competencies than in the past. Employee commitment and loyalty to the organization are also still problematic management issues to be solved almost on a daily basis. More and more people are working on project basis jobs, in flexible hours, and often even working from home. Hence, changing nature of careers and work demand changes in the way human resources are managed. This demand increases the importance of HRM and makes HR an essential function not only on the organizational but also on strategic levels in this era of globalization.

Literature Review

The priorities for human resource in future what should be? The answer to this question is very difficult but there are many factors contributing to HR managers functions and these activities are constantly changing. By keeping in view, these entire situation, the organization's HR department is continuously being changed also. (Marshal and paalvast, 2008) Some of the researchers also found out that the most of the challenges which facing by the HR in 21st century are retention of the employees, multicultural work force, women work force, retrenchment of the employees, change in the demand of the government, technology, globalization, and initiating the process of change.

The world federation of personnel management association (WFPMA, 2009). Survey pointed out the most important top ten HR challenges are leadership development, organizational effectiveness, change management, compensation, health and safety, staff retention, learning and development, succession planning, staffing, recruitment and skilled labor.

Liz Weber (2009) has pointed out that the most important challenges of HR in business are Layoffs. The most of the owners and managers facing this hard issue. This laid off may be due to several reasons which include the economic uncertainty, the employee's job instability and less HR Effectiveness.

In the view point of Decenzo and Robins (2001) and Gary Dessler (2000) the most important challenges of HRM, are technology, E commerce, and work force diversity, and globalization, ethical consideration of the organization which may directly or indirectly affect the organization competitive advantages, especially with technological advancement the affect on recruitment, training and development and job performance with great extent can be study in organization.

We can sum up these from the following points as the foremost challenge faced by HRM is the globalization.

Foster (2005) in the view point of macky and Johnson (2003) the work force diversity in the modern organization now a days growing question, similarly the labor mobility, political pressure, stream of investment capital, information transfer using electronic means and currency exchange are all new challenges.

Baruch, Harel (2004) stability and good environment and core values are very crucial for both organization and employees. They need to understand each other well, and fulfill the emotional agreements with each others. Some internal issues may bring instability between the employer and employees' relation but HR is responsible to see and hold on these circumstances.

Miller (2000) ethics in the organization while performing job, is also a big issue and challenge for organization. Focusing on ethics, organization can become more adaptable, ethics enhances the performance and support and facilitate the organization for achievement goals, through enhancing social and psychological environments.

Wong and Snell (2003)HR practices such as recruitment, training, development, and organization communication may also have a great impact on organization success, and still these are the main trends of HR. by developing sound organizational culture.

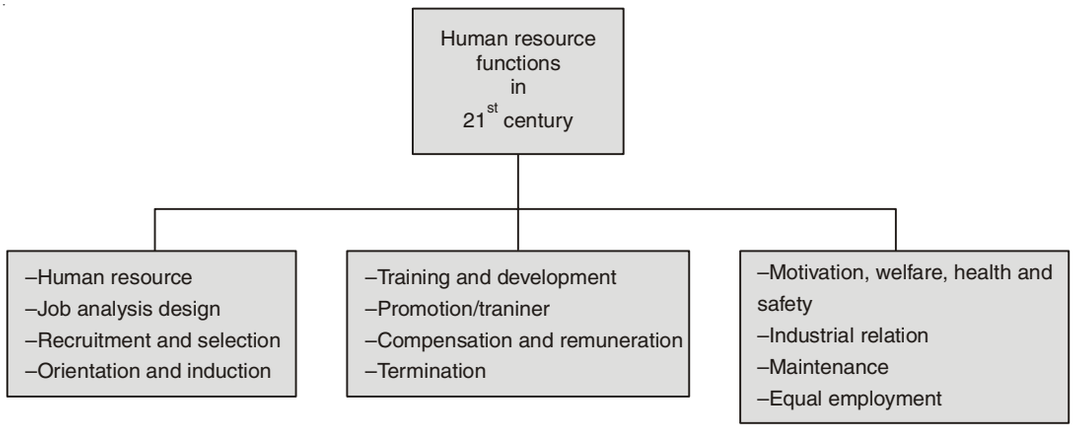
The HR can overcome these issues, because culture is the brand of organization, which represent company to out side people, good culture can only be maintained while acting upon the culture norms (Losey, 2005).

HR main functions with the help of following charts:

The foremost challenges and functions of the today HR managers shown as under, the challenges can be overcame by HR managers by giving much concentration to their functions, if they are performing their functions well, so it can be said that the challenges can overcome with some extent, the HR mangers built such a strategies which are flexible one, and train the workforce so they can work for the betterment of the organization.

HR 21st Century issues & challenges

HR functions in 21st century



Recommendation

- In the present era most of the organizations are competing globally for their best reputation, by keeping in view the above issues and challenges the HR mangers are responsible to train all the young workers, to provide them best rewards as a result they will show their commitment and loyalty.
- Technology has changed each and everything with great extent, the methods of production, the process of recruitment, the training techniques, new equipment and technology should be introduced and purchase by the organization and training should be provided to young and educated workers.
- Keeping in mind by HR manager the issue of Globalization, to cope this issue the concept of Globalize Human Resource Management (GHRM) should be implemented to prepare the skill people or manager worldwide. This way the trend of globalization can be minimized with some extent.
- Human resource manager should develop such a HR system which consistent with other organization elements such as organization strategies, goals and organization style, and organization planning.
- One of the great debate also going on work force diversity, the HR manager responsible to make such a broad strategies which help to adjust employees

in global organization, HR must develop the ability to compete in the international market.

- Organization culture is also another important element which must be consider by the HR manager, the culture must be like to shape their behavior and beliefs to observe to what is imperative.
- To provide more talented people into the organization the HR manager must re-decide and re-arrange the staffing functions. For recruitment selection, training and transfer, promotion, dismissals, placement, demotion and layoffs of the employees separate strategies should be developed and implemented.

Conclusion

The study reveals the dominant issues and challenges which are facing by HR mangers and organization. The first and foremost work by the HR is to develop sound organizational structure with strong interpersonal skill to employees, and also to train employees by introducing them the concept of globalize human resource management to perform better in the global organization context. All these issues and challenges like, Work Force Diversity, Leadership Development. Change Management, Organizational Effectiveness, Globalization, E-Commerce, Succession Planning and Compensation etc can be best managed by HR manager when they will work with HR practices, such as rigid recruitment and selection policy, division of jobs, empowerment, encouraging diversity in the workplace, training and development of the work force, fostering innovation, proper assigning of duties and responsibilities, managing knowledge and other functions as are shown. In a nutshell, when HR Managers works enthusiastically by keeping all the practices in mind, competitive advantages can be accomplished, the value of human resource can be improved, organization efficiency can be enhanced, and the organization will sustain to survive.

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TRADE LIBERALIZATION AND MACROECONOMIC PERFORMANCE IN INDIA AND CHINA

* Ms Kiran Devi

Abstract: *India and China are two emerging giants in the world economy. China adopted export promotion policy in line with East Asian countries in 1978 whereas India adopted comprehensive economic liberalization programme after balance of payment crisis in 1991.After trade liberalization economic growth performance of both countries improved. So main objective of the present paper is to analyze comparatively the trade openness level and impact of trade liberalization programme on economic growth performance of both countries.*

Keywords: *Trade Liberalization, Economic growth, Export, Import, Balance of Payment*

Introduction

The debate on the role of openness of international flows, technology and capital in development is as old as economic science itself. Adam Smith (1776) and J.S.Mill (1848) praises virtues of openness to international trade almost two century ago. India and China are two emerging giants of Asia and it is argued that their economic liberalization policies are behind their improved performance. China has been a very rich nation in the past as China's national output was on par with that of Europe are economic stagnation and subsequent around 14oo. In the Wealth of Nation (1776), Adam Smith traced the economic stagnation and subsequent decline of China to its policy of virtual isolation and self-sufficiency after 1433, a policy that was not abandoned until 1978[1]. China was richer than India in 1820, but thereafter India was the one that grew more rapidly and had one third higher output per capita than China in 1950. Since then China has grown more rapidly than India[2]. China opened its economy in 1978 for rest of the world whereas India started partial liberalization in 1980s. India liberalized its economy fully on both internal and external front in 1991 after a severe balance of payment crisis. The growth trajectory of both nations improved after their economic liberalization programme. In Economic literature it is generally considered that export promotion and trade liberalization improved the growth performance of various countries. So the primary objective of the study is to investigate the relationship between trade liberalization and economic growth in India and China. Therefore study investigates more specifically the contribution made by international trade on economic growth.

Literature Review

There is growing empirical literature that link trade openness and higher volume of trade to GDP with economic growth. (Edwards 1992, Dollar 1991, Ben David 1993, Sach and Warner 1995, Ades and Glaeser and Alesina, Spolaore and Wacziarg 2000, Frankle and Romer 1999, Wacziarg 2001, and Wacziarg and Welch 2008). But Rodriguez and Rodrik (2000) raised doubts about the robustness of these results because conclusions remained sensitive to difficulties in measuring openness ,statistically sensitive specifications and collinearity of protectionist policies with other poorly executed policies in developing economies. But there are studies that have found little evidence of a relationship between trade liberalization and economic growth (UNCTAD 1989, Agosin 1991, Clarke and Kirkpatrick 1992, Greenaway and Sapsford 1994, Shafaedin 1994, Jenkin 1996 and Sarkar and Bhattacharya 2006). Some studies shows that the countries which went for liberalization programme have improved their export performance (Thomas et.al 1991, Weiss 1992, Joshi and Little 1996, Helleiner 1994, Bleaney 1999 and Ahmad 2000). On import side there is strong positive impact of trade liberalization on growth of imports and this impact is through the sensitivity of price and income changes(Meto and Vogt 1984, Bertola and Faini 1991).

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Dollar and Kray (2004) find that the countries who have liberalized have shown acceleration in their real income and there is a significant difference in growth pattern of globalised and non-globalised countries. Irwin and Tervio 2002 and Frankel and Romer (1999) find that the countries with high trade/GDP ratio, have higher incomes even after controlling for the endogeneity of trade.

Trade Liberalization Policies in India and China

China's major trade reforms:

- Increased the number and type of enterprises eligible to trade beyond handful of centrally controlled foreign trade corporations
- Quantitative restrictions were reduced substantially and even abolished altogether.
- The tariff rates were reduced more broadly and significantly average tariff rate from 43.2 percent in 1992 to 9.9 percent in 2011.
- Exchange rate reforms were implemented as exchange rate unification and currency convertibility at a unifying rate.
- The reform programmers has been extended to service sector and foreign direct investment .The liberalization of service industry combined with FDI encouragement has given a further impetus to development of international trade.
- Major tariff exemptions for processing trade and foreign investment.
- WTO accession in 2001.

Major Trade Reforms in India:

- Significant reduction in tariff rates and their dispersion
- Devaluation of rupee and rationalization of exchange rate policy
- Abolition of import licensing
- Phased Removal of Quota restrictions on imports
- Liberalization of restrictions on capital.

Economic Growth and Trade Openness in India and China

China grows more rapidly during the whole reform period as compared to India. In the following table we measured compound annual growth rates of India and China. China grows at 9.5 percent growth rate during 1970-2012 whereas India grows at 5.6 percent during the same period.

Log Y = AB^t Where t = time period and Growth rate = (antilog of B-1) × 100

Table: 1 Compound Annual Growth Rates in India and China

Year	China	India
1970-74	5.3	1.3
1975-79	6.9	3.0
1980-84	10.0	5.4
1985-89	9.4	6.6
1990-94	12.8	4.6
1995-99	8.7	6.0
2000-04	9.4	6.3
2005-12	10.3	7.7
1970-2012	9.48	5.64

It is clear from the above table that China grows more rapidly than India during the whole reform period .Growth performance of both countries improved after reform era which is 1978—present for China and 1991-present for India. During 1970–2012 period compound annual growth rate of China is 9.5 percent. India's growth performance is also improved after 1990s. Following graph compares the average annual growth rate of both India and China. Chinese growth rate is much higher during the whole period. Figure:2 compare the trade openness ratio(Export-+import/GDP) and it is clear that before 1980s China was more closed economy than

India but after that it continuously become more open but now India is also gaining momentum in trade openness specifically after 2000 .Figure 2 compares the total exports of goods and services of China and India. China's export level in absolute terms is much higher as compared to India. In Figure 4 we compares the import performance of both China and India. Here also China takes the lead, but there is one difference in these two figures (2,3,) China's exports are more than its Imports whereas India's imports grew more rapidly than its exports .which is reflected in figure 4 which compares balance of trade of both nations China have been enjoying surplus in balance of trade since 1980 which Sometimes named as twin surplus, surplus on both current and capital accounts. India is facing a deficit on its balance of trade account because after trade liberalization India' imports grew more rapidly than exports. So it is clear from above analysis that China is much ahead India in all spheres whether its economic growth or trade liberalization and openness. So now we will relate these two things with each other whether trade liberalization plays any significant role in economic growth of these two countries. So firstly we will use dummy variable for trade liberalization dates and try to find out its impact on growth rate which is dependent variable.

Empirical Results

Trade Liberalization and Economic growth

Following regression equation we will use in regression

$$Y = B_0 + B_1D + U_i \quad ...(1)$$

D is dummy variable for Trade liberalization.

D = 0 for pre-liberalization period and D = 1 for post liberalization period.

Hypothesis

Null Hypothesis (H_0) = There is no significant relation between trade liberalization and economic growth.

Alternative Hypothesis ($H_{1)}$ = There is no significant relation between trade liberalization and economic growth.

TABLE-2

Coefficients	India	China
B_0	4.4(6.732)*	5.925(5.514)*
B_1	1.96(2.143)*	3.934(3.294)*
R^2	.155	.213
Adjusted R^2	.141	.194

(*)- 5 percent level of significant in t-test.

Here T-test value is significant at 5% level. So here we reject the null hypothesis and accept alternative hypothesis that there is a significant relationship between economic liberalization and economic growth both in India and China. Constant term shows the growth rate of pre liberalization period which was 4.4 percent before 1990 in India and 5.9 in China before 1978. Trade liberalization improved growth performance by 1.96 points means growth rate in post liberalization period is 6.3 percent in India and 3.9 points means 9.8 in China, which is higher as compared to pre liberalization period in both countries. Our empirical finding shows a significant effect of trade liberalization on economic growth of India.

Conclusion

China is more open as an economy as compared to India .Despite being a communistic economy China learn lessons from other East Asian nations that trade openness and export promotion is a necessary condition for economic development. China became member of WTO in 2001 but it has removed most of restrictions on trade prior to it. However the liberalization process have been gradual as Chinese leaders chose step—by step approach as they do not know what they were doing. By using dummy variable for trade liberalization in regression equation, results shows that after trade liberalization growth rate of China improved 4 percent whereas in India, growth performance after economic liberalization improved to 2 percent. All economic indicators of economic growth and trade openness shows that China is much ahead of India in all spheres. So there is further need of empirical research on channels

through which trade affects these two countries with a relevant measure of trade openness.

Figures:

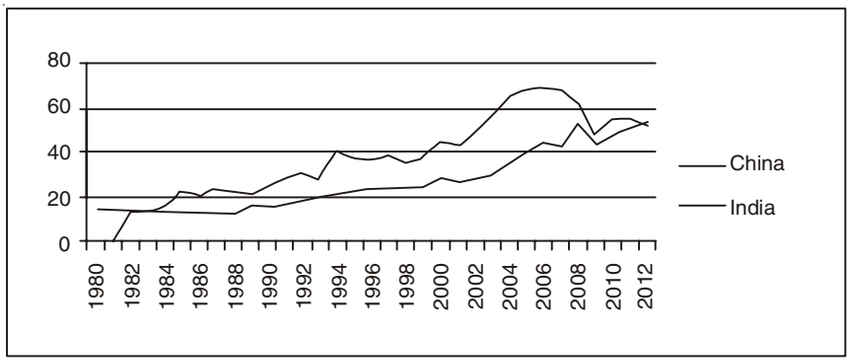

Figure 1: *Trade Openness Ratio in India and China*

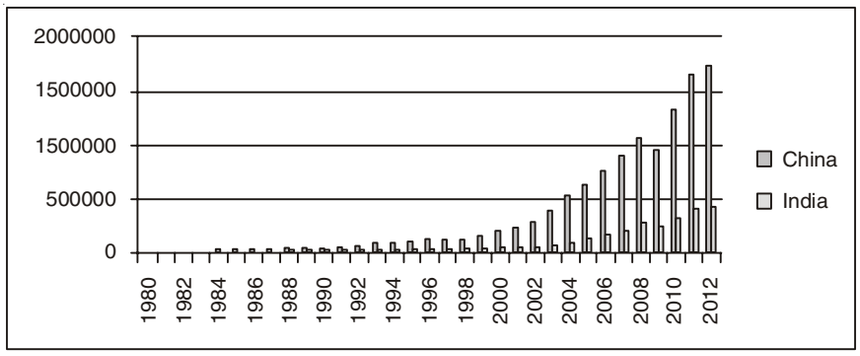

Figure 2: ***Total Exports in India and China in US $ in millions***

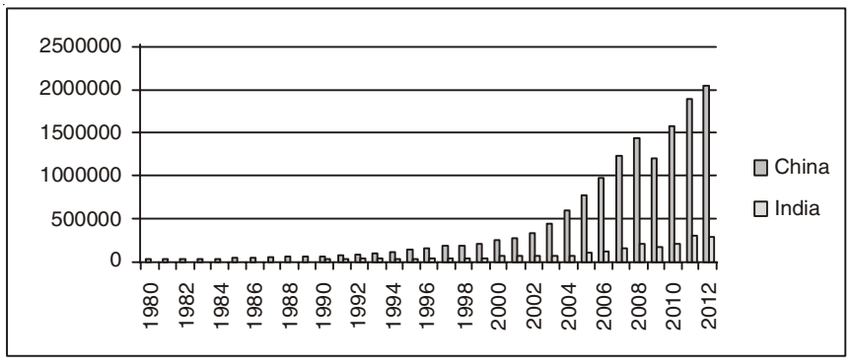

Figure 3: *Total Imports in India and China in US $ in millions*

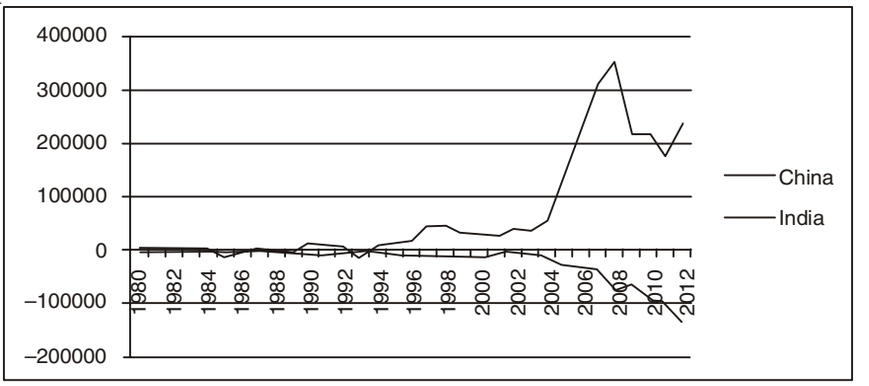

Figure 4: *Balance of trade in goods and Services in India and China in US $ in millions*

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PROBLEMS IN BANKS RELATED TO NON-PERFORMING ASSETS IN INDIA: A STUDY

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Abstract: *Soon after independence, as India embarked upon planned economic growth, like any other country, it needed a strong and efficient financial system to meet the multifarious requirements of credit and development. To achieve this objective, it adopted a mixed pattern of economic development and devised a financial system to support such development. The success it achieved, particularly in taking banking to the masses and making the banking system a potent vehicle for furthering public policy has few parallels in the world.*

The rapid growth of the banking system in terms of presence as well as penetration over the two decades immediately following nationalization of banks in 1969 was impressive. Even as the banking system branch network was growing at a fast pace, by the beginning of 1990s, it was realized that the efficiency of the financial system was not to be measured only by quantitative growth in terms of branch expansion and growth in deposits/ advances or merely by fulfillment of social obligations of development. The Banking Industry has undergone a sea change after the first phase of economic liberalization in 1991 and hence credit management. Non-performing asset (NPA) is one of the major concern and problem for banks in India. NPAs reflect the degree of risk and quality of assets of bank and profitability of a bank. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and net-worth of banks and also erodes the value of the asset. The NPA growth involves reduced income from assets and the necessity of provisions, which reduces the overall profits and shareholders value. The level of nonperforming assets is at the alarming rate in Indian banking comparatively to other countries. This research paper will deal with problems of Non- performing Assets in Indian Banks and the precautions/steps taken by the banks/RBI/Courts/DRT/ Regulatory Authority to resolve.

Keywords: *Non Performing Assets, SARFAESI Act, Economic Liberalization, RBI,*

Introduction

Non-Performing Asset (NPA) is one of the major concern and problem for banks in India. NPAs reflect the degree of risk and quality of assets of bank and profitability of a bank. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and net-worth of banks and also erodes the value of the asset. The NPA growth involves reduced income from assets and the necessity of provisions, which reduces the overall profits and shareholders value. The level of nonperforming assets is at the alarming rate in Indian banking comparatively to other countries. This level is much higher in case of public sector banks due to their directional credit to priority sector projects and social development projects. The public sector banks play an immense role in the development and growth from the very inception. The public sector banks which were operating on social model by mobilizing the huge resources and directing them to social and priority sectors for social and economic development of the country. Due to their socio economic role, there was high level of NPAs s in their asset portfolio. After the liberalization in 1991, they faced high level competition from private and foreign banks. Due to this fierce competition and challenge on their survival, they were forced to improve the performance and weakness. The biggest weakness and problem they faced was huge NPAs in their portfolio. This study aims to check what is the position and level of non performing assets of nationalized banks which is core and heart of public

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sector banking in India and which handles the major portion of banking business in India.[1]

Loans and advances of banks appear on the asset side of the balance sheet are classified as assets. It is expected that the banks recover interest on their loans and advances and that the principal amount comes back as stipulated at the time of sanctioning loans. If the payment of interest is delayed or defaulted and the principal amount or the installments delayed defaulted an account is said to overdue. If the accounts remain overdue or post due beyond the stipulated time the accounts are classified as NPA (Non Performing Assets hereafter will be indicated as NPA).

It is important to remember that in the case of NPA accounts the banks cannot recognize the income. Also if the assets are NPA or some time the banks will have to provide for loan losses. In this regard Banks are required to classify their loans assets as per the regulatory guidelines issued by Reserve Bank of India, namely Standard assets, Sub-standard assets, Doubtful assets, on Loss assets. In fact a strong banking sector is important for flourishing economy. The failure of the banking sector may have an adverse impact on other sectors. Non-performing assets (NPAs) are one of the major concerns for banks in India. NPAs reflect the performance of banks. The issue of Non Performing Assets has been discussed at length for financial system all over the world. The problem of NPAs is not only affecting the banks but also the whole economy. In fact high level of NPAs in Indian banks is a reflection of the state of health of the industry and trade.

Concept of NPA (Non-Performing Assets)

Loans and advances of banks appear on the asset side of the balance sheet are classified as assets. It is expected that the banks recover interest on their loan and advances[2] and that the principal amount comes bank as stipulated of the time of sanctioning loans. If the payment of interest is delayed or defaulted and the principal amount or the installments are delayed defaulted an account is said to be over due. If the accounts remain overdue or past due beyond the stipulated time the accounts are classified as NPA.

Non-Performing Assets (NPAs)—Meaning

Assets which generate periodical income are called as performing assets. Assets which do not generate periodical income are called as non-performing assets. An asset, including a leased asset, becomes nonperforming when it ceases to generate income for the bank. A non performing asset (NPA) is a loan or an advance where;

(i) Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan,

(ii) The account remains, out of order, for more than 90 days in respect of an Overdraft/Cash Credit (OD/CC),

(iii) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,

(iv) The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,

(v) The installment of principal or interest thereon remains overdue for one crop season for long duration crops,

(vi) In respect of derivative transactions, the overdue receivables reporesenting positive market to market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Banks should, classify an account as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter. Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.[3]

[1] International Journal of Marketing, Financial Services and Management Research. ISSN 2277- 3622 Vol.2, No. 8, August (2013) Online available at www.indianresearchjournals.com.

[2] Recovery of Loans from SARFAESI Act, 2002, or through Court and out of court settlements.

[3] Handbook on Debt Recovery, by Indian Institute of Banking & Finance, May, 2008.

Why Risk Management assumes greater significance in banks?[4]

Most business activities[5] and operations are driven by considerations of returns or profitability. However the search for returns exposes the businesses to risks. Also risks escalate and multiply with returns sought – banks are not different; only the element of riskiness in the banks' business and operations is higher as they not only carry out their operations with borrowed money and with high leverage but also attempt to provide a vast range of financial services. Banks perform multifarious functions. However financial intermediation and maturity transformation are by far the most significant activities performed by banks. Banks essentially have a liquid liability profile, as against an illiquid asset profile, which makes them vulnerable to runs and in this process alone, they generate or are exposed to different types of risks. Credit, market and operational risks are the three primary risks that have a substantial bearing on the performance of banks. There are a number of other types of risks, emanating both from within and without that the banks are exposed to in their day to day functioning. The various financial crisis of the past brought to the fore the importance of robust risk management practices in financial institutions including banks. Progressive technological developments and advanced modeling techniques have, however, rendered risk management a highly complex and sophisticated discipline lately.

Perspectives on the Indian Banking Sector

The weakening domestic macroeconomic conditions combined with continuing subdued global growth and its increasing spillover risks posed challenges to the banking sector during 2012-13. Several policy initiatives were undertaken during the year to handle these challenges. On the regulatory and supervisory policy front, the envisaged move towards risk-based supervision, initiatives for improved cross border supervision and cooperation and enhanced oversight of financial conglomerates are important. In the short term, the stress on banks' asset quality remains a major challenge. Many policies are contemplated to expand and strengthen the banking infrastructure. Banks need to capitalize on these and play a major role in supporting economic activity and meeting the financial needs of all the sections of society.[6]

Pressures with regard to asset quality persisted

The NPA ratio increased further during 2012-13. There was a rise in the slippage ratio as well as the ratio of restructured advances to gross advances. Also, the increasing shift of loan assets into the "doubtful" category reflected a deepening deterioration within NPAs. The increased stress in asset quality during the year was primarily on account of industrial and infrastructural sectors.[7]

Literature Review

Meenakshi Rajeev, H P Mahesh (2010) studied banking sector reforms and NPAs in Indian commercial banks to examine the trends of NPAs in India from various dimensions and to explain how immediate recognition and self monitoring has been able to reduce it to a great extent. The study analysed the different aspects of NPAs like NPA in India comparative to other countries, NPAS of Indian banks as per the different sectors and recovery of NAPs through various channels. It was found that NPAs in the contributory factor for crisis in the economy and root cause of the recent global financial crisis. It was observed that NPAs in Priority sector is still higher than that of the non priority sector due to socio economic objectives of banks. Ramesh K.V. Sudhakar. A., (2012) investigated the NPA management in Public Sector Banks a case study of canara Bank and State Bank of India to analysis the NPA of former mentioned banks. Data was collected for

[4] Valedictory address delivered by Shri R. Gandhi, Deputy Governor, Reserve Bank of India on the occasion of National Seminar on Banking at Hotel Taj President, Mumbai on May 8, 2014 organized by the Indian Merchant's Chamber on the topic "Indian Banking at Crossroads – Challenge of Risk Management from Globalisation to Financial Inclusion" vide reference has been taken from the website of Reserve Bank of India poseted on 9th May, 2014.

[5] Loans (Personal Loans, Credit Card Loans and Housing Loans etc.) and transactions of the banks.

[6] Report on Trend and Progress of Banking in India for the year ended June 30, 2013 submitted to the Central Government in terms of Section 36(2) of the Banking Regulation Act, 1949.

[7] Data retrieved from h ttp://rbidocs.rbi.org.in/rdocs/Publications/PDFs/0RTP21112013_F.pdf, dated 5th May, 2014, Report on Trend and Progress of Banking in India for the year ended June 30, 2013

a period of ten years between 2000 to 2010. It is concluded that if the proper management of the NPAs is not undertaken it would be hampers the business of the banks. The NPAs would affect business cycles, legal framework, ethical standards, regulatory and supervisory system and bank specific factors like credit appraisal system; credit recovery procedures risk management system and the motivational level of employees. It is found that there is down trends in NPAs of selected banks by establishing appropriate systems internally to reduce and eliminate at the earliest. PNB and HDFC banks are found superior in management of NPAs comparative to SBI and ICICI and Private Sector banks are much comfortable and efficient comparative to public sector banks.

Legal and Regulatory framework for NPA Recovery

Reserve Bank of India is the regulatory authority for banks and NBFCs. The directives and guidelines on debt recovery agents issued by RBI from time to time are required to be completed by the banks/NBFCs and also by their recovery agents. RBI takes a serious view of the violations of its directives and can impose ban/ penalties on the violating entities.

Indian Contract Act, Legal aspects of Agency contract

Law of agency forms the legal basis of the relationship between the debt recovery agent and the financial institution/bank. We may explain the basic legal aspects an agency contract with reference to Indian Contract Act.

- Agency is a relationship that exists between two persons. One is called principal and other consents to represent the agent. The principal consents that the agent should represented him/her or act on his/ her behalf. The agent also consents to represent the principal and to act on his/her behalf. Any person other than the principal and the agent is referred as third party, who is affected by the acts of the agent done on behalf of the principal.
- In a contract of agency, both the parties to the contract, namely the principal andthe agent, have to be major (above 18 years of age) and of sound mind (Sec 183 and 184 of Indian Contract Act, 1872).
- Consideration is not necessary is an agency contract, in terms of section 186 of Indian Contract Act. However, most agency contract contain a remuneration clause in terms of which the recovery agent will receive his fee for the service rendered to the principal.
- An agent's authority may be express (where it is given by words spoken or written), or implied (Where it is inferred from circumstances of the case).
- In respect of the acts, which the principal expressly or impliedly consents that he/she shall do, the agent is said to have authority to act. This authority constitutes to affect the principal's legal relations with third parties.

SARFAESI Act 2002

SARFAESI Act 2002 provides for the enforcement of security interests in movable (tangible or intangible assets, including accounts receivable) and immovable property without the intervention of the court, by way of a simple, expeditious and cost-effective process, where any borrower makes any default in repayment of secured debt or any installment thereof, and his account in respect of such debt has been classified by the secured creditor as a non-performing asset, then the secured creditor may call upon the borrower, by way of a written legal notice, to discharge in full his liabilities within 60 days from the date of the notice, failing which the secured creditor would be entitled to exercise all or any of the rights set out under SARFAESI Act.

RBI's Draft Guidelines Dated 30th November, 2007[8]

The Reserve Bank of India has issued draft guidelinws on recovery agents employed by the banks in annexure 2 of its circular[9]. While we summarize below the main features of these guidelines, they will be discussed in detail at appropriate places in subsequent units:

[8] RBI Notifications http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=3961&Mode=0

[9] Researve Bank of India Circular, DBOD.No.Leg. 6723/09.07.005/2007-08 dated 30th November, 2007 and revised on 25th March, 2008.

Engagement of Recovery Agents

(i) Banks should have a due diligence process in place for engagement of recovery agents, which should be so structured to cover, among others, individuals involved in the recovery process.

(ii) To ensure due notice and appropriate authorization by the banks, they should inform the borrower the details of recovery agents engaged for the purpose, while forwarding default cases to the recovery agents. The details should include their telephone numbers etc. The recovery agents should call the borrowers only from telephone numbers notified to the borrower.

(iii) Each bank should have a mechanism whereby the borrowers' grievances with regard to the recovery process can be addressed. The details of the mechanism should also be furnished to the borrower while advising the details of the recovery agent as at item (ii) above.

Training for Recovery Agents

Reserve Bank has requested the Indian Banks' Association to formulate, in consultation with Indian Institute of Banking and Finance (IIBF), a certificate course for Direct Sales Agents / Direct Marketing Agents / Recovery Agents with minimum 100 hours of training. Once the above course is introduced by IIBF, banks should ensure that over a period of one year all their Recovery Agents undergo the above training and obtain the certificate from the above institute. Further, the service providers engaged by banks should also employ only such personnel who have undergone the above training and obtained the certificate from the IIBF.

Taking possession of property mortgaged/ hypothecated to banks

In a recent case which came up before the Honourable Supreme Court, the Honourable Court observed that we are governed by rule of law in the country and the recovery of loans or seizure of vehicles could be done only through legal means. In this connection it may be mentioned that the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and the Security Interest (Enforcement) Rules, 2002 framed there under have laid down well defined procedures not only for enforcing security interest but also for auctioning the movable and immovable property after enforcing the security interest. It is, therefore, desirable that banks rely only on legal remedies available under the relevant statutes which allow the banks to enforce the security interest without intervention of the Courts.

Where banks have incorporated a re-possession clause in the contract with the borrower and rely on such re-possession clause for enforcing their rights, they should ensure that such repossession clause is legally valid, is clearly brought to the notice of the borrower at the time of execution of the contract, and the contract contains terms and conditions regarding (a) notice period to be given to the customers before taking possession (b) the procedure which the bank would follow for taking possession of the property and (c) the procedure which the bank would follow for sale / auction of property. This is expected to ensure that there is adequate upfront transparency and the bank is effectively addressing its legal and reputation risks.

Steps taken by the Nationalised Banks to check the NPA

Non-performing asset (NPA) is one of the major concern and problem for banks in India. NPAs reflect the degree of risk and quality of assets of bank and profitability of a bank. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and net-worth of banks and also erodes the value of the asset. The NPA growth involves reduced income from assets and the necessity of provisions, which reduces the overall profits and shareholders' value. The level of nonperforming assets is at the alarming rate in Indian banking comparatively to other countries. This level is much higher in case of public sector banks due to their directional credit to priority sector projects and social development projects. The public sector banks play an immense role in the development and growth from the very inception. The public sector banks which were operating on social model by mobilizing the huge resources and directing them to social and priority sectors for social and economic development of the country. Due to their socio economic role, there was high level of NPA's in their asset portfolio. After the liberalization in 1991, they faced high level competition

from private and foreign banks. Due to this fierce competition and challenge on their survival, they were forced to improve the performance and weakness. The biggest weakness and problem they faced was huge NPAs[10] in their portfolio. This study aims to check what is the position and level of nonperforming assets of nationalized banks which is core and heart of public sector banking in India and which handles the major portion of banking business in India.

Conclusion

Recently news published in 'The Hindu', that the AIBEA[11] released to top 406 defaulter list against whom, banks have initiated legal actions. The association had demanded the regulation to publish the list of bank loans defaulters of Rs. 1 crore and above, and asked it to consider willful default of bank loan as a criminal offence. The association also emphasized from 2001 to 2013 bad loans that were written off by banks, including private and foreign banks, But in the case as mentioned the Bank should not use criminal force in taking over physical possession. In the case of *Bhartia Traders* v. *UCO Bank*[12], it was held that the bank is not entitled to indulge in criminal activities while taking over possession of secured assets by taking steps u/s 13(4) of the Act[13]. But if any secured creditor indulges in any criminal activities, the person aggrieved should approach the appropriate criminal court and not the writ court. The Hindu also stated in the news14 that Central Bank has reported a net loss of Rs. 1,263 crore for 2013-14 as compared to a net profit of Rs. 1015 crore in the previous financial year, due to higher provisioning. Provisions for the year jumped 128 per cent to Rs. 4,233 crore from Rs. 1,853 crore. The Bank reported a 4 percent drop in its net profit for the fourth quarter ended March 31, 2014 at Rs. 162 crore against Rs. 169 crore in the year ago period. Sequentially, the profit increased over 150 per cent from Rs. 62 crore in third quarter of 2013-14. The net profit down due to higher provision for bad loans. The emphasized over the cause of slippage in sectors such as temtile and cemnt which ed to rise in Non performing assests during the period. Similarly**,** Andhra Bank also indicated in increasement of bad debts, costs and higher privisoning for non-perfoming assets (NPAs) resulted to pushed the Andhra Bank profit down by 74 per cent to 88.08 crore in the fourth quarter ended March 31, 2014. Gross NPAs were higher at Rs. 5,857.60 crore against Rs. 3,714.49 crore. Banks should take the precautionary methods to check the NPAs. Therefore, any type of faults such as any individual/expert/staff/senior staffs, those who are involved in corruption, intentional or unintentional processing of fake documents they must be liable for punishment/penalty/any other type of punishment. If the person who has done without intension or by mistake they should be consider as per the negligence cases. In case of fraud by the banks employees in sanctioning the loans. Criminal Laws of the land should be applied. He/She should be also be asked to compensate the bank where the employee is negligent in sanctioning the loan in that case the bank should be very reasonable in imposing kind of civil punishment on the employee viz. stopping of promotion, increments reduction in payment, demotion etc. This punishment depends on the discretion of the management looking to overall facts and circumstances of the case.

[10] According to news published in 'The Hindu' dated 07th May, 2014 "Four Fold rise in bad loans" and "Kingfisher leads list of top defaulters", NPA has risen from Rs. 39,030 crore in March 2008, it rose to Rs. 1.64 Crore by March, 2013

[11] All India Bank Employees Association.

[12] AIR 2007 (Calcutta) 105.

[13] SARFAESI Act, 2002

[14] The Hindu, Central Bank Suffers Loss, Business Page dated 11th May, 2014

A STUDY OF VALUE-ADDED TAX (VAT) REVENUE IN MAJOR STATES OF INDIA

* Ms. Komal Arora

***Abstract**: Value Added Tax (VAT) is a type of indirect tax that is imposed on goods and services. In one of the most important reforms of the country's public finances in over the past 50 years, India has finally launched much delayed Value Added Tax (VAT) from 1st April, 2005 in 21 states. VAT has replaced the existing local sales tax in almost all states of India. The case for state VAT in India has been advocated mainly on the grounds of higher revenue efficiency vis-à-vis the combined revenue from various types of sales/purchase taxes it replaced. The present paper tries to analyse, the impact of VAT on revenue, its buoyancy, and efficiency of states sales tax/value added tax.*

***Keywords:** Sales Tax, Value Added Tax, Revenue Growth, Buoyancy and Indian States*

Introduction

Tax earning is one of the most important sources of revenue for any government. In India tax is basically of two types-Direct Taxes and Indirect Taxes. The direct tax is directly paid to the government by the individuals. Income tax is a good example of this type of taxation. Whereas indirect tax (such as sales tax, Value added tax or Goods and Services tax) is a tax collected by an intermediary (such as retail store) from the person who bears the ultimate economic burden of the tax. There are various kinds of indirect taxes and duties levied in India, at the state and central level. Both the Customs and Excise duties are levied and collected by the government. While the Custom duties are levied, collected and retained by the central Government, the Excise duties are shared by the Central Government with the State Government. The state sales tax is levied and collected by the states on all intra state transactions. Central sales tax is levied by the Central government and collected by the States and such levy is restricted to interstate sales originating in the concerned state. The former is regulated by the concerned state sales Tax Act, 28 while the Central sales tax is regulated by the Central sales tax act, 1956.

Indirect tax system plays an important role in the economic development of a country by influencing the rate of production and consumption. The tax on goods and services in India, contributes almost a quarter of total revenue collected across the nation. In the recent past also commercial taxes has been a significant contributor in the total taxes collected by the Central as well as State government. The Government of India is committed to the world Trade Organization (WTO) regime & has decided to modernize and streamline its indirect taxation in the light of the experience of other WTO member country.

In the budget of 2003, the finances Minister of India, after various rounds of consultation with the States of India, proposed the introduction of VAT in India on a national basis, replacing the State Sales Tax Act (India has 28 states and each states has enacted on sales tax). The main motive of Government behind this move was to introduce transparency and raise the efficiency of the tax collection system. The model of taxation of goods followed in India for more than fifty years post-independence was characterized by cascading and distortionary tax on production. A cascading tax is turnover tax that is applied at any stage in the supply chain without any deduction for the tax paid at earlier stages. Such taxes are distorting because they create an artificial incentive for vertical integration. This leads to misallocations of resources and dampens the economic growths. Such cascading effect ultimately had a negative impact on tax base, there by hindering the process of revenue generation

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and resource mobilization of the Government. To address the above major problem of the prevailing taxation-system Value—added tax was introduced. VAT has replaced the existing local sales tax in almost all the states of India with effect from April 2005. VAT is a multi-point levy affording tax credit on purchases at each stage to be set-off against tax payable. On sales at 0%, 1%, 4%, 5% and 20% except in a few states. Goods other than those notified to be covered under the above rates are charged at a general rate ranging from 12.5% to 15% except in a few states.However, liquor, petrol or diesel are taxable at the minimum rate of 20% and may vary from state to state while, gold and bullion are taxable at the rate of 1% .It is proposed that Central Sales Tax (CST), which has been reduced to 2% with effect from June 2008, will be gradually phased out in order to allow movement of goods freely from one state to another state. Under the VAT regime the VAT paid on goods purchased from within the state is eligible for VAT credit. The input VAT credit can be utilized against the VAT/CST payable on the sale of goods; it is thus ensured that the cascading effect of taxes is avoided and that only the value-addition is taxed. Currently, there is no VAT on imports into India. Exports are zero-rated; this means that while exports are not charged to VAT, VAT charged on input purchase and used in the manufacturing of export goods or goods purchased for exports is available to the purchaser as a refund. The Value-Added Tax makes an evasive attempt on implementation levels as well as execution level. One of the most important requirements is transparency of VAT in all the states of India. It is found that 29 equal channels of distribution of VAT are found among wholesalers, Retailer and Consumers. The tax applicability and e-filling plays a vital role in the VAT system. It gives mutual benefits to the consumers and Government. Services tax, sales tax and other taxes can be easily vivid due to its implementation process. But the transparency is required at the level in order to obtain effective functioning in the VAT system in all states of India. The introduction of uniform product classification across the country is required to exhibit the implementation process with effective return, the adoption benefits of purchasers and sellers equally.

Research Methodology and Data Collection

Data has been obtained from the government source like Reserve Bank of India report (State Finance: A study of Budgets) and, Ministry of statistics and programme Implementation (MOSPI) (2009) & (2012), Government of India. The period taken for the study is 2000-01 to 2009-10. 2000-01 to 2004-05 is Pre-VAT period and 2005-06 to 2009-10 is Post-VAT period. Starting with Haryana and ending with Uttar Pradesh between 2003-04 and 2007-08 VATs on goods were implemented in all Indian States and several union Territories. On April 1, 2005, 21 states implemented state VATs in almost harmonized way with slight deviation. Therefore In this study we have chosen those States in which VAT was introduced on 1 April, 2005 because these states have five years' experience with VAT. We have taken six major States of India, which are Andhra Pradesh, Bihar, Karnataka, Kerala Maharashtra, and Orissa.

Statistical Tools

In this Study we have shown the impact of VAT on revenue, its buoyancy and efficiency of state sales tax/ value added tax. For this we used three statistical tools which are Compound Annual Growth Rate (CAGR), Buoyancy (B), and Co-efficient of Variation (CV). Compound Annual Growth Rate (CAGR) will help us to find the revenue impact of VAT on state sales tax/value added tax. It measures the growth rate of the state sales tax/value added tax. Through Buoyancy test the base impact of a tax is shown. Buoyancy measures the total response of tax revenue to changes in national income. Co-efficient of variation helps us to measures the efficiency impact of revenue.

Revenue Prospect of VAT in India

VAT has direct as well as indirect effects on several economic variables. Effects of VAT are felt all over the economy because the tax influences several macro-economic variables such as saving, investment, employment, distribution, price and efficiency of resources. VAT directly affects some of these variables whereas the effect on other is indirect. One of the most important effects is economic growth which is directly linked to revenue efficiency of VAT. In this section we will particularly discuss the revenue prospect of VAT in India (Sharivastava and Gupta, 2004, p.29).

Revenue efficiency aspect of VAT is a debatable issue and experiences vary from country to country and region to region. Provision of set-off leads revenue losses and these vary from 20 to 40 per cent in different countries. Revenue losses are recouped through base expansion, higher standard rate, by checking tax evasion

or through better tax compliance due to attributes of simplicity and provision of cross—checking. Due to uncertain behaviour of this parameter in different countries, VAT is introduced with the assumption of revenue neutrality. Revenue productivity of VAT may not be judged in isolation- to a great extent it depends upon incidence of other consumption taxes also.

Revenue efficiency of the Value–Added Tax in place of turnover tax or sales tax is based on the assumption of wider coverage, minimum exemptions, a high standard rate, existence of large formal sector, high level of tax compliance and efficient tax administration etc. As all these conditions are not available at a time, revenue prospects from the tax are not to the desired extent (Purohit, 2001, p.22).

The case for State VATs in India has advocated mainly on the ground of higher revenue efficiency vis-à-vis the combined revenue from various types of sales/ purchases taxes it replaced and the central sales tax which is expected to be abolished in phases.During the period 1980-81 to 1996-97 buoyancy co-efficient of sales tax in different States were more than 1 in majority of the states with all India average of 1.02. Sales tax buoyancy with respect to GSDP at factor cost for all States taken together for 1993-94 to 2004-05 was 1.1. The buoyancy of sales tax revenue has been generally higher, as compared to those of other State taxes as well as of excise or custom duties levied by the central government. The crucial issue for the State finance is that the revenue efficiency of State VATs at least will remain the same as compared to the taxes like General Sales Tax (GST) and Central Sales Tax (CST) it will replace (Gupta, 2005, p.3919).

At this time many States have five year experiment of VAT. In this paper we have tried to show the impact of VAT on revenue, its buoyancy and efficiency. To analyse the impact of VAT in major states of India, we have randomly selected six major states out of the 28 states. The selected states namely, Andhra Pradesh, Karnataka, Kerala, Maharashtra, and Orissa represent almost all the regions of the India. Andhra Pradesh, Bihar, Karnataka, Kerala, Maharashtra, and Orissa .In all these State VAT was implemented in 1 April, 2005.

From the Table 1 we can see that all the six States Andhra Pradesh, Bihar, Karnataka, Kerala, Maharashtra, and Orissa have Compound Annual Growth Rate of Sales Tax/VAT greater in post –VAT period as compared to Pre-VAT period. In case of Andhra Pradesh the average CAGR is 6.44% greater in Post-VAT period as Compared to Pre-VAT Period. In case of Bihar the average CAGR is 11.66% greater in Post-VAT Period as compared to Pre-VAT period. In case of Karnataka the average CAGR is marginally 1.93% greater in post VAT period as compared to pre VAT period. In case of Kerala the average CAGR is 6.54% greater in Post-VAT period as Compared to Pre-VAT period. In case of Maharashtra the average CAGR is marginally 1.86 % greater in post VAT period compared to Pre-VAT period. In case of Orissa the average CAGR is marginally 6.93% greater than pre-VAT period.

Table 1 Performance of Sales Tax/VAT in the selected States (Pre and Post VAT Period

Name of States	Compound Annual Growth Rate (CAGR)		Buoyancy		Co-efficient Variation	
	Pre-VAT	Post-VAT	Pre-VAT	Post-VAT	Pre-VAT	Post-VAT
Andhra Pradesh	11.87788618	18.31935179	1.34068	1.016781	18.15743976	25.60774581
Bihar	2.571822338	13.82940141	-7.47022	0.279125	15.04753278	21.82597547
Karnataka	12.81049954	13.82940141	1.129101	0.919509	23.4815782	21.14778016
Kerala	11.73892811	18.28174126	1.021052	1.116665	18.13800549	26.70130743
Maharashtra	12.86085959	14.71763209	0.986338	1.345347	21.99399945	21.02479547
Orissa	11.25644072	18.19254334	1.145274	1.370337	19.44918566	25.98813312

From the above table we see that out of six States; Bihar CAGR of Sales TAX/VAT has maximum gain of 11.66% in post VAT period as Compared to Pre-VAT period. Andhra Pradesh, Kerala and Orissa CAGR have almost similar gain in Post –VAT period. But the performances of Karnataka and Maharashtra are not satisfactory because in these states the gain is below 2% of CAGR of Sales Tax/VAT in Post-VAT period as compared to pre-VAT period.

We can see that out of six states, States Buoyancy of Sales Tax/VAT of Post-VAT period in four States is greater than the Pre-VAT period. Andhra Pradesh and Karnataka have Buoyancy of Sales Tax/VAT less than in Post VAT period as Compared to Pre-VAT period. In case of Andhra Pradesh the buoyancy is 33% less than in post VAT period as compared to Pre- VAT period. In case of Bihar the average buoyancy of sales Tax/VAT is increased by 104.7% in Post –VAT period from the Pre-VAT period. In case of Karnataka the buoyancy of sales Tax/VAT is -18.56%, less in Post-VAT period from the Pre-VAT period. In case of Kerala the buoyancy of sales Tax/VAT is up by 9.36% & increases in Post-VAT period from the Pre-VAT period. In case of Maharashtra the buoyancy sales Tax/VAT is 36.39% & increase from the Pre-VAT period. In case of Orissa the Buoyancy of sales Tax/VAT is 19.65% & increases from the Pre –VAT period.

We can see that out of Six States, five states have Co-efficient Variation greater in post- VAT period as compared to Pre-VAT period. Only Maharashtra‘s Co-efficient of variation is less in Post-VAT period as compared to pre-VAT period. Thus we can say that stability Impact of VAT is not satisfactory. In case of Andhra Pradesh Co-efficient of Variation is increased by 7.45% in Post –VAT period as compared to Pre-VAT period. In case of Bihar Co-efficient of variation is increased by 6.78% in Post-VAT Period as compared to Pre-VAT period. In case of Karnataka Co-efficient of Variation is decreased by 2.334% in Post-VAT period as compared to Pre-VAT period. In case of Maharashtra Co-efficient of Variation is decreased by 0.969% in Post –VAT Period. In case of Orissa the Co-efficient Variation is increased by 6.54% in Post-VAT Period as compared to Pre-VAT period.

Conclusion and Recommendation

Introduction of State level VAT is the most significant tax reform measure at State level. The State level VAT being implemented presently has replaced the erstwhile sales tax system of the States. Under Entry 54 of list II (State List) in the seventh Schedule to the Constitution of India, “tax on sale or purchase of goods within a State” is a State subject. The decision to implement State level VAT was taken in the meeting of the Empowered Committee (EC) of State Finance Ministers held on June 18, 2004, where a broad consensus was arrived at amongst the States to introduce VAT from April1, 2005. Accordingly, VAT has been introduced by all States/UTs by now. Uttar Pradesh is the latest State which has introduced VAT on January 1, 2008.

The initial experience of implementation of VAT has been received well by all the stakeholders. The transition to the new system has been quite smooth. The EC is constantly reviewing the process of implementation of VAT. The revenue performance of VAT implementing States/UTs has been encouraging so far. During 2005-06, the tax revenue of the 25 VAT implementing States/ UTs had registered an increase of around 13.8 percent over the tax revenue of 2004-05, which is higher than the Compound Annual Growth Rate (CAGR) of sales tax revenues of these States for the last five years up to 2004-05. During 2006-07, the tax revenue of the 31 VAT State/UTs had collectively registered a growth rate of about 21 percent over the tax revenue of 2005-06. This indicates that the VAT system is gradually stabilizing and has started yielding the desired result (Economic survey, 2007-08, p.35).

From the above analysis of Five years of Pre and Post VAT period, we can see that average CAGR of Post VAT period of all six majors States of India is greater than Pre-VAT period. The average CAGR in Post-VAT period is 16.35% as compared to 10.52% in Pre-VAT period of all six states. This indicates 5.83% increase in CAGR in the Post-VAT period as compared to Pre-VAT period. Therefore VAT is revenue raiser in the selected States. The maximum gain of Post-VAT CAGR is in Bihar. The main reasons for this to increases were better tax compliances, stronger enforcement measures and steps taken by the State Government to identify and Plug the gap leading to revenue loss. The middle performing States in terms of CAGR are AP, Orissa and Kerala. In case of AP the good performances is on account of revision of rate of tax on the residuary entries under Schedule V of APVAT Act 2005 from 12.5% to 14.5% and on Aviation Turbine Fuel from 14% to 16% and the cost of collection Sales Tax/VAT is

below in Indian average (Audit Report, Andhra Pradesh, 2010, p9). Orissa performed well due to revenue efforts through higher effective rates. Orissa has raised the lower rate from 4% to 5% without the fear of trade diversion. The cost of collection of sales Tax/VAT in Orissa is less than Indian average due to the voluntary tax Compliances mechanism of the OVAT Act and the efficient tax administration (Audit Report, Orissa, 2010, p.9). In case of Kerala VAT revenue rises due to better tax compliance as compared to sales tax (Audit Report, Kerala, 2010, p.9). The least performing States in term of CAGR are Karnataka and Maharashtra. Both of these States have better tax Compliances and cost of collection of VAT/Sales Tax which is less than national average. However, the main reasons for less gain in terms of average CAGR in post-VAT period is the sharp decline in revenue for the year 2008-09 due to economic slow-down (Audit Report, Karnataka, p12to13 and Maharashtra, p.10, 2010). In case of broadening the base of tax revenue the VAT has resulted in some amount of success. Only Bihar, Maharashtra and Orissa improved their tax Buoyancy in Post-VAT period. In case of Bihar the Sales Tax system faces many Problems which is removed by the VAT system. In case of Orissa OVAT improves the tax Compliances mechanism and efficient tax administration. Therefore buoyancy of Sales Tax/VAT with respect to GSDP increases in Post-VAT period significantly (Audit Report, Orissa, 2010, p.9).In other states such as AP, Karnataka the reasons for no improvement in the buoyancy of Sales Tax/VAT in Post –VAT period is because there exist many weaknesses in VAT system. Audit reports, pointed out non/short levy of output tax, incorrect allowance of input tax credit, incorrect/excess allowance of input tax credit, incorrect allowance of tax deducted at source, Non/Short payment of tax deducted at source, Non/short payment of tax, incorrect /excess carry forward of refund, Non/short levy of interest, Non/Short levy of penalty, Non – forfeiture of tax collected in excess and other irregularities involved (Audit Report, Andhra Pradesh, p.16, Karnataka, p.16, 2010). Kerala sales Tax/VAT buoyancy with respect to GSDP slightly increases which is less than satisfactory. VAT failed to have stabilization effect on the above six States. The main reasons for this are the annual growth rate over the previous period is not consistent in these states in Post VAT period. Initially the growth rate increases generally in all states in 2006-07 but decline in 2008-09 due to the economic slow-down and this decline increases in 2009-10. Therefore increasing–decreasing trend of growth make VAT unstable in these states. From the above we see that VAT improve tax compliances and increases the tax administration efficiency of the above states. However, some weakness exists in these States due to which VAT failed to perform up to the mark. Therefore there is need for the improvement in the VAT system and to make it more efficient system.

Although the VAT system of the Indian States is not fully comparable to that of the most developed countries, it is remarkable that a country as vast and diverse as India has successfully introduced State VAT nationwide. The country is now in the process of changing over to GST, which offers an opportunity for the states to address the inadequacies of the present VAT system. Considering the issues involved in also incorporating services in the GST net, it is desirable that the states adopt entirely new legislation, rather than make cosmetic changes to the existing VAT legislation for the purposes of adapting it to GST. The challenge for the States is to put in place a GST system which is both revenue production and tax payer friendly.

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CORPORATE RESTRUCTURING: SINE QUO NON FOR CORPORATE GOVERNANCE

* Mr. Om Krishna

Abstract: *Corporate Restructuring on a large scale is potentially one of the most challenging tasks faced by economic policymakers. The need for large-scale restructuring arises in the aftermath of a financial crisis when corporate distress is pervasive. The successful completion of restructuring requires a government to take the lead in establishing restructuring priorities, addressing market failures, reforming the legal and tax systems and perhaps most important, dealing with obstructions posed by powerful interest groups. Measures should be taken quickly to offset the social costs of crisis and restructuring. Restructuring should be based on a holistic and transparent strategy encompassing corporate and financial restructuring. Its goals should be stated at the outset and sunset provisions embedded into the enabling legislation for new restructuring institutions based on these goals. A determined effort to establish effective bankruptcy procedures in the face of pressures from vested interest groups is essential. The government should pare back its role in the economy after achieving its restructuring goals in order to set the stage for higher growth in the long run.*

Keywords*: Restructuring Priorities, Market Failure, Interest Groups*

Introduction

Some general lessons regarding large-scale corporate restructuring that can be drawn from the experience of the countries examined in this paper are as follows: Governments should be prepared to take on a large role as soon as a crisis is judged to be systemic. A sound supporting macroeconomic and legal environment is essential. Measures should be taken quickly to offset the social costs of crisis and restructuring. Restructuring should be based on a holistic and transparent strategy encompassing corporate and financial restructuring. Restructuring goals should be stated at the outset, and sunset provisions embedded into the enabling legislation for new restructuring institutions based on these goals. A determined effort to establish effective bankruptcy procedures in the face of pressures from vested interest groups is essential. The government should pare back its role in the economy after achieving its restructuring goals in order to set the stage for higher growth in the long run. Corporate restructuring implies activities related to expansion or contraction of operations for changes in its assets or financial or ownership structure.[i]

Restructuring starts with its very purpose. It began with the redefining or researching of the purpose of doing business. Once the purpose is adequately redefined, scope for restructuring surfaces. Sometimes it also happens that realization of the scope for restructuring may bring you back to the purpose and you start rethinking about the purpose. Business restructuring therefore may be approximately defined as a conscious effort to restructure policies, programs, products, processes and people, to serve the redefined purpose on a sustainable basis, because most of the restructuring exercises are carried out with an impulsive reaction to the market variables or internal problems, without a serious attempt of looking at long term results.[ii] Externally the organization must reach for new products, new service and new market opportunities. Working with suppliers, distributors and customers to redefine markets and industries. Internally structures and management styles must be capable of creating and delivering these products and services. Strategic awareness, information management and change are very important if the organization wants to get a head of its competitors. Corporate restructuring, thus involves destroying old paradigms, old technology, old ways of doing things and starting all over afresh.[iii]

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Techniques of Restructuring[iv]

(a) Merger (b) Sell Off (c) Going Private Takeover (d) Demergers (e) Share Repurchasing (f) Joint Ventures (g) Slump Sale (h) Management Buy Out (i) Reverse Merger (j) Franchising (k) Leverage Buy Out (l) Equity Crave Out.

The restructuring process can be divided into two broader parts as detailed below:

1. **HARDWARE RESTRUCTURING:** 1. It involves redefining, dismantling, or modification of the existing structure of theorganization. 2. Identification of core competency. 3. Flattening of organization layer. 4. Downsizing. 5. Creation of self directed teams. 6. Benchmarking.
2. **SOFTWARE RESTRUCTURING:** 1. Communication. 2. Organizational Support. 3. Trust. 4. Stretch – liberating and energizing element of managerial context. 5. Empowering people. 6. Industry Foresights 7. Training.

Reasons for Restructuring[v]

(a) Globalization of business caused restructuring because in this era only the lowest cost producers can survive.

(b) Change in fiscal and government polices like deregulation/decontrol has led many Companies to go for newer markets

(c) Information Technology motivates many companies to adopt new technology for technological advancement of the company.

(d) Irrational divisionalisation of an organization into smaller units has been a cause for Corporate Restructuring.

(e) Quality enhancement and cost reduction has necessitated downsizing of work force both at work and managerial levels.

(f) Economic value of currency and foreign exchange rate implications.

(g) Focus on core business and to develop synergies has established restructured corporate.

(h) To minimize the risk through diversification is also one of the reasons for Corporate Restructuring.

(i) To write off loss and integration of sick unit into successful organization companies also go for restructuring.

(j) The restructuring process will facilitates to have horizontal and vertical integration, thereby the competition is eliminated and the company can have access to regular raw material.

Financial Restructuring[vi]: An imperative for Corporate Governance

Large-scale corporate restructuring made necessary by a financial crisis is one of the most daunting challenges faced by economic policymakers. The government is forced to take a leading role, even if indirectly, because of the need to prioritize policy goals, address market failures, reform the legal and tax systems, and deal with the resistance of powerful interest groups. The objectives of large-scale corporate restructuring are in essence to restructure viable corporations and liquidate nonviable ones, restore the health of the financial sector, and create the conditions for long-term economic growth. Successful government-led corporate restructuring policies usually follow a sequence. First, the government should formulate macroeconomic and legal policies that lay the foundation for successful restructuring. After that, financial restructuring must start to establish the proper incentives for banks to take a role in restructuring and get credit flowing again. Only then can corporate restructuring begin in earnest with the separating out of the viable from nonviable corporations—restructuring the former and liquidating the latter. The main government-led corporate restructuring tools are mediation, incentive schemes, bank recapitalization, asset management companies, and the appointment of directors to lead the restructuring. After achieving its goals, the government must cut back its intervention in support of restructuring.[vii]

Even after the foundation has been laid, corporate restructuring cannot begin to make headway without substantial progress in restructuring the financial sector. The draining of bank capital as part of the crisis will usually lead to a sharp cutback in lending to viable and nonviable corporations alike, worsening the overall contraction. Moreover, banks must have the capital and incentives to play a role in restructuring The first task of financial restructuring is to separate out the viable

from the nonviable financial institutions to the extent possible. To do this work, financing and technical assistance from international financial institutions can be helpful, as in Indonesia following the 1997 crisis. Nonviable banks should be taken over by the government and their assets eventually sold or shifted to an asset management corporation, while viable banks should be recapitalized. Banks should be directly recapitalized for normal operation or else, in the absence of strong competitive pressures, they may impede recovery by recapitalizing themselves indirectly through wide interest rate spreads. At the same time the government should ensure that bank regulation and supervision is strong enough to maintain a stable banking sector.[viii]

An International Perspective[ix]: Role of Government

Mexico, Early 1980s During the early 1980s Mexico adopted a government scheme to restructure corporate foreign debt following the disruption of external debt payments and the drying up of new lending in 1982. The government in early 1983 established the foreign exchange risk coverage trust fund known as **FICORCA**, overseen by the central bank. The main incentive for corporations to participate in FICORCA was that they were able to swap their foreign debt for new peso-denominated debt under a government-guaranteed exchange rate set at the beginning of the operation, and at an extended maturity of 8 years or more with a 4-year grace period.

About $12.5 billion in debt of some 2,000 corporations was restructured under FICORCA. The scheme was run by a staff of around 50, and debt service payments were handled by Mexican commercial banks for a fee. The government assumption of foreign exchange risk resulted in large gains due to the maturity extension of the rolled over debts and the subsequent appreciation of the peso. FICORCA was generally viewed as a success because the large amount of loans rescheduled under the scheme helped to resolve the problems that confronted the private sector in 1982. FICORCA created a stable environment for debt negotiations, fixed the exchange rate exposure for debtors, gave the debtors breathing space, and allowed for a lower interest rate on the foreign debt than the debtors could get on their own. Moreover, the government did not assume commercial risk. The relatively narrow mandate of the FICORCA scheme, however, meant that it did not have to take on many of the complex challenges faced elsewhere, such as the identification of nonviable firms, domestic debt restructuring, and creditor to creditor and creditor to debtor coordination problems. In addition, the government was exposed to exchange rate risk.

Chile[x] recapitalized banks and implemented government plans to restructure corporate debt during the early and mid-1980s. Debt repayment problems were prompted by a recession during 198-83 that followed a decade of financial reform and a remarkable surge of financial intermediation. To provide incentives for debt servicing and reestablish a sound banking system, the authorities improved bank supervision and regulation, recapitalized private banks by purchasing substandard loans at par in 1982, 1984, and 1986, and implemented several schemes giving financial incentives for debt restructuring. Specifically, peso- and dollar-denominated debts were rescheduled at a fixed real interest rate (7 percent in 1983, then 5 percent in 1984), and at a longer maturity (10 years and extendable to 15 years), with a grace period of 5 years for principal and one year for interest. Borrowers were allowed to convert at a discount dollar-indexed loans into peso-denominated loans before restructuring them. The central bank provided large subsidies to the banks because the schemes worsened their liquidity and profitability. The scope of the schemes and bank recapitalization was substantial. By end-1984, 21 percent of domestic credit had been rescheduled on easier terms. Moreover, loans sold by financial institutions to the Central Bank of Chile totaled US$2.9 billion by August 1985. Debt restructuring, complemented by bank recapitalization and financial sector reform, together with a strong economic recovery in the mid-1980s, contributed to a significant improvement in the liquidity and stability of the corporate and banking sectors. However, the measures can be seen as stretching out the impact of the crisis on the corporate and banking sectors, owing to the apparent lack of incentives for banks to separate viable from nonviable enterprises, as well as the need for multiple bank recapitalization, which reflected the insufficiency of the first recapitalization, and the slow pace of improvements in supervision and corporate restructuring. Further, the central bank experienced large operating losses as a result of the schemes.

Hungary[xi] during 1991-95 took several approaches to corporate debt restructuring. Under the tough "**bankruptcy" law of 1991,** firms with arrears of 90 days or more were required to file for reorganization (referred to as bankruptcy) or liquidation. Debtors then submitted reorganization plans to creditors under supervision of a trustee selected from a list maintained by the government. If agreement was not reached, then the debtor was liquidated. During 199293, 5,000 "bankruptcy" cases and 17,000 liquidation cases were filed. Despite the progress under this variation of the government mediation approach, a scheme resembling an asset management corporation was adopted in tandem with the 1993 bank recapitalization (banks were recapitalized four times during 199194 for a total of 9 percent of 1993 GDP). Under the new scheme, 55 firms were restructured by government directly, representatives of line ministries took part in the restructuring negotiations, and the **State Property Agency (SPA)** was given the right to purchase bad debts from banks if no agreement could be reached. All in all, almost one-half of the 603 large loss-making firms were the subject of reorganization or liquidation, but in many cases former managers retained power.

Thus the end result of corporate restructuring in Hungary was mixed; the early mediation approach met with some success, but the high degree of government involvement under the SPA was seen to slow and undermine the effectiveness of restructuring. The multiple and costly bank recapitalizations reflected delays in the improvement of supervision and regulation, the lack of turnover of bank management, and the absence of links between bank recapitalization and corporate restructuring. The slow improvement in corporate performance reflected the inability of the government to restructure or even monitor the corporations that came under its control. However, in the past several years commercial banks have been privatized and progress toward corporate restructuring has been substantial.

Poland[xii] successfully adopted elements of the bank recapitalization and government mediation approaches. Bank and corporate restructuring was addressed together in the Enterprise and **Bank Restructuring Program (EBRP) enacted in 1993.** The large commercial banks were recapitalized only if they carried out a plan of debtor restructuring that was acceptable to the Finance Ministry. Under these plans, banks had to subject each debtor to liquidation or restructuring ("conciliation"). Conciliation agreements for working out bad loans provided for banks to negotiate a workout agreement on behalf of all creditors subject to the agreement of holders of 50 percent of the debt. The bank kept any loan recoveries and had a greater degree of authority under court-run bankruptcy, giving them further incentives to restructure. Technical assistance subsidies funded by donor agencies were provided for bank workout departments. Borrowers accounting for 57 percent of loans classified as nonperforming at end-1991 had made full or partial payments by 1994. Furthermore, banks were in a much stronger capital position and had improved their credit evaluation capability, partly owing to measures that improved competition in the financial sector. Poland's approach appears to have resulted in an economically rational debt restructuring and a healthy banking sector at a relatively low fiscal cost and therefore offers some positive policy lessons. First, corporate debt restructuring and bank reform were effective because they were addressed together in an integrated and transparent plan. Second, conditioning bank recapitalization on corporate restructuring contributed to sounder banks and a more viable corporate sector. Third, government subsidies to banks to develop their debt workout expertise seemed to enhance the timeliness and quality of debt restructuring.

Corporate Restructuring in India

In a growing sign of companies facing difficulties in meeting their financial obligations, the number of corporate debt restructuring cases in India since the beginning of 2012 has crossed the century-mark.A total of 101 cases have been referred for Corporate Debt Restructuring (CDR) in 2012 as on September 30, involving a collective debt amount of close to Rs 64,000 crore, as per the data available with the CDR cell of bankers.

RBI had helped set up CDR system in 2001 to help the corporate facing financial difficulties due to "factors beyond their control and due to certain internal reasons."Besides helping the corporate manage their huge debts, it also seeks to safeguard the interest of banks and financial institutions through restructuring of certain debt cases. High interest costs, along with overall sluggishness in the domestic and global economies have made it difficult for the companies to meet their debt obligations — resulting in a spurt in

CDR cases. As per the latest data available with CDR cell, a total of 466 cases, involving total debt of Rs 2.46 lakh crore, have been referred to it since its inception. Of this, 101 cases involving about Rs 64,000 crore have been referred in 2012 itself. Besides, a total of 51 cases have been approved for restructuring of debt amount totaling nearly Rs 45,000 crore in 2012 as on September 30.In the first two quarters of the current fiscal 2012-13, a total of 74 debt cases have been referred for restructuring debts totaling about Rs 40,000 crore. This is a higher number than the referred CDR cases for an entire financial year ever.

Conclusion

A corporate structure is not immutable. Companies frequently reorganize by adding new Businesses or disposing off the existing ones. They may alter their capital structure and they may change their ownership and control. The corporate restructuring, as the financial strategy, will make an effect on the overall cost of capital or will have an effort to bring it to the lowest so that the changes with respect to various operational and functional activities of the organization will be taken care of by the organizational changes. Corporate restructuring is one of the most complex and fundamental phenomena that management experiences. Each company has two opposing objectives from which it has to choose: to diversify or to refocus on its core business. Financial restructuring involves the redeployment of corporate assets through divestures of business lines that are considered peripherals of the core business strategy. Significant changes in corporate capital structure are termed as financial restructuring.

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BANKING SECTOR IN INDIA: A SUSTAINABLE GROWTH AND OPPORTUNITIES

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Abstract: *Today, We are having a fairly well developed banking system with different classes of banks—public sector banks, foreign banks, private sector banks, regional rural banks and co-operative banks. The Reserve Bank of India (RBI) is at the paramount of all the banks. The RBI's most important goal is to maintain monetary stability (moderate and stable inflation) in India. The RBI uses monetary policy to maintain price stability and an adequate flow of credit. The rates used by RBI to achieve this are the bank rate, repo rate, reverse repo rate and the cash reserve ratio. Reducing inflation has been one of the most important goals for some time. Growth and diversification in banking sector has transcended limits all over the world. In 1991, the Government opened the doors for foreign banks to start their operations in India and provide their wide range of facilities, thereby providing a strong competition to the domestic banks, and helping the customers in availing the best of the services. The Reserve Bank in its bid to move towards the best international banking practices will further sharpen the prudential norms and strengthen its supervisor mechanism. This paper shows how an Indian Economy has grown in last few years.*

Keywords: *Unprecedented growth, Bond markets, Unique Identification Project, Customer Relationship Management*

Introduction

India is one of the top 10 economies globally, with vast potential for the banking sector to grow. The last decade witnessed a tremendous upsurge in transactions through ATMs, and Internet and mobile banking. In 2014, the country's Rs 81 trillion (US$ 1.34 trillion) banking industry is set for a greater change. Two new banks have already received licences from the government. Furthermore, the Reserve Bank of India's (RBI) new norms will provide incentives to banks to spot potential bad loans and take corrective steps that will curb the practices of rogue borrowers. The Indian government's role in expanding the banking industry has been significant. Through the Financial Inclusion Plan (FY 10–13), banking connectivity in the country increased more than three-fold to 211,234 villages in 2013 from 67,694 at the beginning of the plan. Banks are also looking at new ways to attract customers. In September, 2013, ICICI bank leveraged the popularity of the social platform, and launched its Facebook banking service, Pockets. The service enables customers to transfer funds and pay bills from within the website.

Market Size

The revenue of Indian banks increased four-fold from US$ 11.8 billion to US$ 46.9 billion during the period 2001–2010. In the same period, the profit after tax increased from US$ 1.4 billion to US$ 12 billion. In 2012–13, Indian banks had 170 overseas branches (163 in 2011–12) while foreign banks had 316 branches in India (309 in 2011–12).

Credit to housing sector grew at a compound annual growth rate (CAGR) of 11.1 per cent during the period FY 2008–13. Total banking sector credit is expected to grow at a CAGR of 18.1 per cent (in terms of INR) to touch US$ 2.4 trillion by 2017.

Looking Forward and Looking Back

The Indian banking sector has seen unprecedented growth along with remarkable improvement in its quality

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of assets and efficiency since economic liberalisation began in the early 1990s. (From providing plain vanilla banking services, banks have gradually transformed themselves into universal banks. ATMs, Internet banking, mobile banking and social banking have made "anytime anywhere banking" the norm now. (In 2011/12, non-cash payments comprised 91 per cent of total transactions in terms of value and 48 per cent in terms of volume. Within noncash payments, too, the share of payments through cheques has come down from 85 per cent to nine per cent in value, and 83 per cent to 52 per cent in volume between 2005/06 and 2011/12. Banks have taken other measures to improve their functioning, too. As a result, there were 20 Indian banks in the UK-based Brand Finance's annual international ranking of top 500 in 2010, as compared to only six in 2007, according to a report in a leading financial daily.

The growth is not restricted to the metropolitan or urban areas. Financial inclusion has been at the forefront of regulators and policy makers in India, a country where approximately half of the population still does not have access to banking services. There have been occasions when banks have acted beyond their role of finance providers. For example, a financial daily reported that Aryavart Gramin Bank, a regional rural bank sponsored by Bank of India, tied up with Tata BP Solar to finance "Solar Home Lighting System" for village homes in Uttar Pradesh. It extended finance of around Rs 10,000 with Rs 3,000 as margin money to be contributed by the beneficiary.

The equated monthly installment towards the repayment of the loan amount was less than the amount the villagers had to spend on kerosene requirements per month. The bank's initiative resulted in 20,000 houses getting solar power. It also meant an annual saving of about 192 tanker loads of kerosene.

Some of the key developments which could shape the future are:

Basel III:

India figures among the very few countries which have issued final guidelines on Basel III implementation so far. The Reserve Bank of India has given five years for the gradual achievement of Basel III global banking standard. But it seems a tall order for many banks. The challenges of implementing Basel III are further accentuated by the fact that the law mandates the Central government to hold a majority share in public sector banks (PSBs), which control more than 70 per cent of the banking business in India. Further, the high fiscal deficit is likely to limit the government's ability to infuse capital in the PSBs to meet Basel III guidelines, which will require approximately Rs 4.05 trillion to Rs 4.25 trillion over the next five to six years. (One trillion equals to Rs 100,000 crore.) The high capital requirement will also add pressure on return of equity of banks.

New banks:

Although there has been little progress on the draft norms for issuing new banking licences, the entry of new banks could have a significant impact on the Indian banking system. Given the huge unbanked population, there is surely a scope for more banks .

Foreign banks:

RBI has been keen on allowing foreign banks a larger role in the Indian banking system since February 2005, when it first issued the road map for presence of foreign banks in India. In May 2012, the government also facilitated the process by proposing to exempt foreign banks from the 30 per cent tax on capital gains and stamp duty while converting branches into a new entity. RBI has also mandated foreign banks with 20 and more branches to achieve priority sector targets and sub-targets at par with their domestic counterparts.

Developing corporate bond markets:

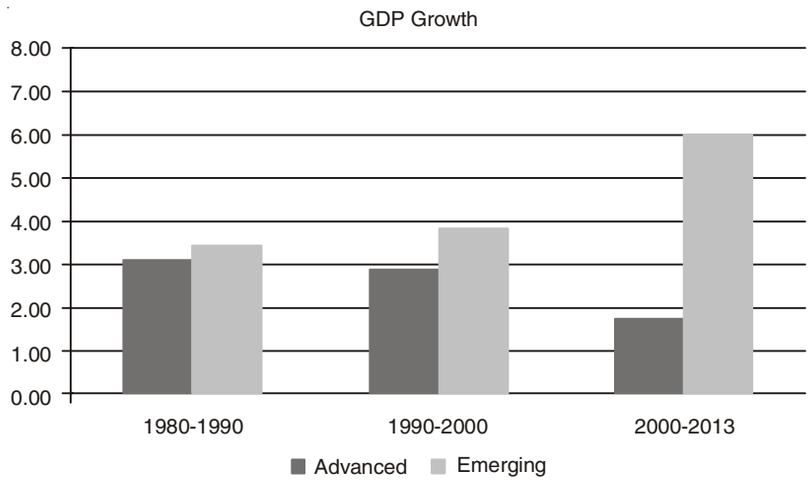
Developing corporate bond markets is an important link in a well developed financial market. Although the government has taken some steps in this direction, a lot more needs to be done.

Unique Identification (UID) project:

Among the many initiatives, the government's UID project is likely to have significant impact. Given the numbers out of the reach of organised banking, it can prove to be transformational by giving banks an access to a large untapped customer base. The whole range of government payments - under subsidies and benefits of various welfare schemes - will be routed through banks. This adds another dimension for banks to manage their relationship with customers. It already had over 45 million users in India in 2011, which is expected to grow to over 88 million by the next year with over 75 per cent under the age of 35, according to media reports. Although banks in India have been a little late in using

social media, they have been making fast progress. With increasing volume and complexity of the banking business, it will be imperative for the regulator to move gradually towards more offsite monitoring than onsite. Technology will play a much larger role in the overall supervision of the banking system. There are likely to be transformational changes in the entire regulatory system for financial services.

Given the significant overlap between various sub-sectors, the Financial Sector Legislative Reforms Commission, headed by former Justice B.N. Srikrishna, in its approach paper, had suggested large scale consolidation. This is expected to lead to reduced intermediation cost, benefit from the economies of scale and consistent treatment across sub-sectors.



Role of Information Technology (IT) and Customer Relationship Management (CRM) in Banking

IT plays an important role in the banking sector as it would not only ensure smooth passage of interrelated transactions over the electric medium but will also facilitate complex financial product innovation and product development. The application of IT and e-banking is becoming the order of the day with the banking system heading towards virtual banking. Banks, who strongly rely on the merits of 'relationship was banking' as a time tested way of targeting & servicing clients, have readily embraced CRM, with sharp focus on customer centricity, facilitated by the availability of superior technology. CRM, therefore, has become a new mantra in service management, both relationship & information wise.

Foreign Direct Investment (FDI) in India

Investment made to acquire lasting interest in enterprises operating outside of the economy of the investor. Maximum FDI permitted in Indian private sector banks – 74 percent, under the automatic route which includes Portfolio Investment i.e. FII's and NRI's, Initial Public Issue (IPO), Private Placements, ADR/GDRs; and Acquisition of shares from existing shareholders; Maximum FDI permitted in Indian public / nationalized banks – 20 percent; Automatic route is not applicable to transfer of existing shares in a banking company from residents to non-residents. This category of investors require approval of FIPB, followed by "in principle" approval by Exchange Control Department of the RBI. The "fair price" for transfer of existing shares is determined by RBI, broadly on the basis of the Securities and Exchange Board of India guidelines for listed shares and erstwhile CCI guidelines for unlisted shares. After receipt of "in principle" approval, the resident seller can receive funds and apply to RBI, for obtaining final permission for transfer of shares.

A foreign bank or its wholly owned subsidiary regulated by a financial sector regulator in the host country can now invest up to 100% in an Indian private sector bank. This option of 100% FDI will be only available to a regulated wholly owned subsidiary of a foreign bank and not any investment companies. Reserve Bank of India (RBI) governor Raghuram Rajan, a former chief economist with the International Monetary Fund

(IMF), has been talking about offering banking licences on tap. This might happen in the future, but, until now, this has been a once-in-a-decade phenomenon. Following the nationalization of 14 large banks in 1969 and six in 1980, RBI has so far given licences to only 12 banks in two phases, including the conversion of a cooperative bank into a commercial bank. In the first round, the banking regulator issued licences to 10 private sector banks in 1994, shortly after the nation embraced economic liberalization under the P.V. Narasimha Rao-led Congress government. In the second round, licences were issued to two banks—Yes Bank Ltd and Kotak Mahindra Bank Ltd—in 2004.In the past, RBI's stated objective behind giving licences to new banks was to introduce competition in the sector, largely dominated by government-owned banks. This time, the prime focus is to promote so-called financial inclusion, or increasing the reach of financial services to the unbanked population. Then finance minister Pranab Mukherjee, in his February 2010 budget speech, had announced that RBI would open up the sector and issue fresh licences with the objective of spreading banking services wider in a nation where roughly 50% of the adult population does not have access to them. After issuing a discussion paper and receiving public feedback on it, RBI issued the guidelines on new banking licence in February 2013 and set a 1 July deadline for applications. A panel of four, headed by former RBI governor Bimal Jalan, has been scrutinizing the applications.IMF's financial access survey of 2011 gives us a fair idea about how critical financial inclusion is in India. In every 1,000km stretch, India has 30.43 bank branches and 25.43 automated teller machines (ATMs). In contrast, China has 1,428.98 branches and 2,975.05 ATMs. Similarly, there are 10.64 bank branches and 8.9 ATMs for every 100,000 of the population in India. The comparable figures for China are 23.81 and 49.56. Finally, bank deposits in India constitute 68.43% of the nation's gross domestic product (GDP) and credit 51.75% against China's 433.96% and 287.89%, respectively. To expand banking services in a nation of 1.2 billion people, one needs deep-pocketed promoters, and this is why corporations have been allowed to apply for banking licences, but not too many of them seem to be interested. The Tata group withdrew its application for a banking licence, leaving 25 applicants in the race and only three of them belong to the corporate sector—the Aditya Birla Group, the Bajaj Group and Anil Ambani's Reliance Group. Tata is not the first business house to have a change of heart. The Mahindra and Mahindra Group, too, decided not to apply for a banking licence, saying RBI's norms were not conducive for large and successful non-banking financial companies to turn into banks. According to the licensing norms, the new bank will have to be listed within three years, bringing down the promoters' shareholding to 40%. Within 10 years, this holding must be further pared to 20%, and by the 12th year to 15%. This is a big deterrent as the promoters will not be able to reap the benefits of the value they create. How many licences will be given is anybody's guess at this point, but one thing is for sure: armed with technology, the new banks will shift the playing field from the cities to rural India and add a new dimension to the rural consumption story. At a parallel level, some old and big foreign lenders may set up wholly owned subsidiaries in India because they will get "near national" treatment by the regulator when it comes to opening branches. Foreign banks with "complex structures" and banks that do not provide "adequate disclosure" in their home jurisdiction as well as "systemically important" ones will have to convert their local units into subsidiaries. Systemically important banks are those whose assets account for at least 0.25% of the total assets of all commercial banks. At least 12 foreign banks, including Bank of America Corp., Barclays Plc, Citibank NA, Deutsche Bank AG, Hong and Shanghai Banking Corp. Ltd, DBS Bank Ltd and Standard Chartered Plc, fall into this category. Those banks that started operations in India before August 2010, however, have the option to continue their business through the branch mode, but they will be "incentivized" to follow the local incorporation route. One of the incentives is allowing foreign banks to buy private sector banks in India. If indeed that happens, banking will never be the same in India.

While new banks and locally incorporated foreign banks will rewrite the rules of the game, RBI's initiative to clean up bad loans will add strength to the banking system. The combination of bad and restructured loans is at least 10% of total banking assets in India. The new norms will give incentives to banks to detect the first sign of a loan turning bad and take remedial steps and, at the same time, they will make life difficult for rogue borrowers. At the next stage, RBI will probably focus on reforming state-run banks that account for about 70% of banking assets, but lack the skill to manage them and aren't smart enough to say no when it comes

to taking exposure to some sectors. Overall, 2014 will be action-packed; banks cannot ask for a more exciting time.

At the beginning of the 21st century, the biggest banks in the industrial world have become complex financial organizations that offer a wide variety of services to international markets and control billions of dollars in cash and assets. Supported by the latest technology, banks are working to identify new business niches, to develop customized services, to implement innovative strategies and to capture new market opportunities. With further globalization, consolidation, deregulation and diversification of the financial industry, the banking sector will become even more complex.

Although, the banking industry does not operate in the same manner all over the world, most bankers think about corporate clients in terms of the following:

- Commercial banking—banking that covers services such as cash management (money transfers, payroll services, bank reconcilement), credit services (asset-based financing, lines of credits, commercial loans or commercial real estate loans), deposit services (checking or savings account services) and foreign exchange;
- Investment banking—banking that covers an array of services from asset securitization, coverage of mergers, acquisitions and corporate restructuring to securities underwriting, equity private placements and placements of debt securities with institutional investors.

Over the past decade there has been an increasing convergence between the activities of investment and commercial banks, because of the deregulation of the financial sector. Today, some investment and commercial banking institutions compete directly in money market operations, private placements, project finance, bonds underwriting and financial advisory work.

Furthermore, the modern banking industry has brought greater business diversification. Some banks in the industrialized world are entering into investments, underwriting of securities, portfolio management and the insurance businesses. Taken together, these changes have made banks an even more important entity in the global business community

Factors Promoting Growth of Banking Sector in India

- The banking sector is highly correlated with the economy of the country. The GDP growth is estimated at 7.6 per cent for FY13, so the economy is expected to recover and be back on the growth track in FY13. This will also result in the banking space witnessing a spurt in growth in business next fiscal.
- Increasing disposable income and increasing exposure to a range of products, have led consumers towards a higher willingness to take credit, particularly, young customers.
- Increasing spread of mobile banking, which is expected to become the second largest channel for banking after ATMs, will accelerate growth of the sector
- Financial Inclusion Program: Currently, in India, 41% of the adult population don't have bank accounts, which indicates a large untapped market for banking players. Under the Financial Inclusion Program, RBI is trying to tap this untapped market, and the growth potential in rural markets by volume growth for banks.

Conclusion

In the days to come, banks are expected to play a very useful role in the economic development and the emerging market will provide ample business opportunities to harness. Human Resources Management is assuming to be of greater importance. As banking in India will become more and more knowledge supported, human capital will emerge as the finest assets of the banking system. Ultimately banking is people and not just figures. To conclude it all, the banking sector in India is progressing with the increased growth in customer base, due to the newly improved and innovative facilities offered by banks. FDI has provided a great fillip to the whole of banking sector industry as banks are now competing at a global level. India's banking sector has the potential to become the fifth largest banking sector globally by 2020 and the third largest by 2025. The industry has witnessed discernable development, with deposits growing at a CAGR of 21.2 per cent (in terms of INR) in the period

FY 06–13; in FY 13 total deposits stood at US$ 1,274.3 billion.Today, banks are turning their focus to servicing clients. Banks in the country, including those in the public sector, are emphasising on enhancing their technology infrastructure, in order to improve customer experience and gain a competitive edge. The popularity of internet and mobile banking is higher than ever before, with Customer Relationship Management (CRM) and data warehousing expected to drive the next wave of technology in banks. Indian banks are also progressively adopting an integrated approach to risk management. Most banks already have in place the framework for asset–liability match, credit and derivatives risk management.

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ROLE OF LIBRARIANS AND TEACHERS IN E-TEACHING AND E-LEARNING METHODS

* Mr. Vinod Ghawana ** Mr. Anoop Bisht

Abstract: *E-learning is the mixture of Information Technology and the Information Exchange between the learners and the teacher, it includes all forms of electronically supported learning and teaching. The information and communication systems, whether networked or not, serve as specific media to implement the learning process. The term will still most likely be utilized to reference out-of-classroom and in-classroom educational experiences via technology, even as advances continue in regard to devices and curriculum. E-learning is essentially the computer and network-enabled transfer of skills and knowledge. E-learning applications and processes include Web-based learning, computer-based learning, virtual classroom opportunities and digital collaboration. Content is delivered via the Internet, intranet/extranet, audio or video tape, satellite TV, and CD-ROM. It can be self-paced or instructor-led and includes media in the form of text, image, animation, streaming video and audio. e.g. libraries E-learning is learning which takes place as a result of experiences and interaction in an Internet environment.*

This paper examines the nature of change in Higher Education with respect to the introduction and growth of e- learning E- Resources improve the skills of the learning process suing technology and research based environment. Adequate electronic resource facilities empower and enrich the higher education system in meeting the best academic needs. Users are able to access e- resources either by local or remote locations. We have to build the means for e- learning to evolve and mature as part of the educational change process, so that it achieves its promise of an improved system of higher education. Overall it will be explained about the various E- resources, Characteristics.

Keywords: *Information technology, Communication Technology, Virtual Learning environment, Virtual Class Rooms, E-Learning, E-Teaching.*

Introduction

E-Learning is a technology which supports teaching and learning via computer web technology. It bridge the gap between a teacher and a student in different geographical location. Advancement in internet and multi media technology is the basic enabler for e-learning. E-Learning applications facilitate online access to learning content and administration. Software applications built for planning, delivering and managing learning events has become a crucial need for most the corporate training department of large organizations. Our creative and technology abilities allow us to package the most complex materiel in to a comprehensive and an interactive e-learning application. We work with sophisticated technologies‘ and produce e-learning applications for a variety of situation and deployment methods.

E-learning is learning which takes place as a result of experiences and interaction in an Internet environment. It is not restricted to a regular school day and can take place in a variety of locations including home, school and community locations e.g. libraries, cafes etc.

Various form of documents (Books and journals) have found their way to the desktops of students and research scholars. Thanks to the advent of electronics resources, easy, quick and anytime access to books and

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journals have become the order of the day in higher education. Access to reading and research materials is no longer time- bound for students of higher education – E resources have revolutionize the ways students read and access materials. There has been a paradigm shift in the methodology of reading with the advent of e-resources. Experts feel that e- resources have effected a change in information –seeking in higher education. For Libraries, e-resources have facilitated scores of advantages including occupying less space, enabling multiple access and lack of mutilation or loss as in the case of books.

Characteristics of E-Resources

There is feasibility in full content search ability. The various constraints that are in physical libraries are barred in e- resources. The time, space and cost constrains are not a problem in search strategies. Hyper links lead the users quickly to the required information sources. It‘s very easy in archiving the content. E-Learning stands for electronic learning improving the skills of the learning process using technology and research based environment. E – Learning is a means of way that incorporates knowledge, self motivation communication, economic structure, accuracy in the system efficiency, and technology.

Problems Faced in E-Learning

E-Learning can not be the end to every educational need, because computer can not replace human being. The personal touch, face to face interaction, eye contract in some of the stimulating and motivating factors in the learning process.

Hence, while designing e- learning package it is necessary to realize that the learners are not isolated with technology. Human interactions should be encouraged through audio-based web conferencing programs & the discussion boards, faculty – to student as well as student to student interactions should be encouraged. Discussion groups can also be formed online. The sue of e-boards, e-mails and tele – conferencing may help remove this potential drawback to some extent.

Types of E-Learning

Various types of e-learning can be considered. Use of computers and the Internet for teaching and learning, through classroom aids, such as making classroom lecture PowerPoint slides available to students through a course web site or learning management system, to laptop programs, where students are required to bring laptops to class and use them as part of a face-to-face class, to hybrid learning, where classroom time is reduced but not eliminated, with more time devoted to online learning through to fully online learning, which is a form of distance education.

E-Learning comes in many variations and often a combination of the following:

Video/audio tape

Web-based

Purely online—no face-to-face meetings

Blended Learning—combination of online and face-to-face

Self-study

Instructor-led group

Computer based learning:

Active Learning

Computer Assisted Instruction

Learner Centre

Self Directed Learning

Traditional Instruction

Conventional learning.

E-learning

Online learning

Mobile learning

Role of Teachers and the Class Room Environment

The ability of teachers to communicate via Internet, accessing and publishing information is very diverse. There are some who are pre-e-literate and others who utilize the Internet for regular school and classroom activity. It is not unusual to find teachers storing information so that it is web-accessible but to actually make the move toward e-teaching is the next brave step.

Teachers do not necessarily mind change, what they do mind is being made to change and become

e-teachers in the new e-education environment. Many words have been written about the Internet and the possibilities for its use in e-education but little has been researched about how teachers effectively modify their practice to work in this new environment. Just because teachers in schools have teacher education qualifications, this does not necessarily prepare them to be e-teachers. Being able to teach confidently in one environment is not a precursor to success as an e-teacher in a very different environment.

The e-teacher who is surrounded by rapidly changing e-environments and technologies must at times feel like they are trying to change a tyre on a moving vehicle.

When explaining the challenge and changing roles for e-teachers, it is a little like encouraging them to be information and environment architects. The environment they create may well be totally aligned with the work of the regular classroom so that e-learning becomes an integral part of it. Alternatively it may be a virtual classroom where the students only visit electronically.

Role of Librarians

Today a librarian does not only serve the information needs of people but also helps them develop their professional and personal skills.

The time and Technologies have changed the complete scenario. Today's library has become the centre point of resource-based learning and the role of Librarian is changing rapidly with shifts of education paradigms. The impact of moving from text-based learning to resource based learning will involve heavier use of library materials and a demand for more and varied media resources, including print and non-print. Today information has become a major economic commodity. The Librarian is responsible for locating, acquiring, disseminating and tracking information resources of many types. It might include database searching, interlibrary loans, monitoring Internet newsgroups or maintenance of a computerized library information system. All these tasks involve managerial expertise and information literacy. Every user needs to be educated for productive information use. Libraries and Librarians play an important role in the education of people for effective and efficient information use by teaching them information skills at all levels of education to enable to be informed citizens of the country. Librarians have to identify and select good age-appropriate and age-specific literature.

They have to look more too online and other electronic sources to meet the information needs. Acquisitions and selection criteria take on entirely new meaning when considering access to online services. Traditional materials evaluation measures have little meaning when applied to Internet sites.

Librarians are key personnel in the implementation of resource-based programs. They can design an information literacy curriculum, which matches readers' capabilities, because they have the expertise and knowledge to teach these skills. They are leaders in new information technologies as well as extended resources across many disciplines. Their experience with information-finding tools gives them a context for the application of new tools such as the World Wide Web. They must accept that they are good educators and knowledge managers. Today, librarians are really in the most favorable position to be the leaders in developing an information literate community.

There are gaps between Librarians and the users information needs. To bridge this gap they need to educate and re-educate themselves to acquire new skills and competencies for a new role and need to cultivate the concept of life long learning of information literacy skills.

Conclusion

As India moves towards becoming a knowledge based society with a proliferation of learning and research institutes, the demand for and importance of library science is growing rapidly. With the advent of information technology , the traditional concept is being revised to include new-age tools of information like CDs, internet, e-libraries etc.

E-Learning has been and will be implemented by many, e-learning environment are evolving rapidly in terms of tools, techniques and standard consequently several implementation related critical factors must be carefully evaluated before during and after their adoption. The foremost do the cost benefit analysis and be sure whether the available technical infrastructure is good enough for implementation of e-learning and take the measures accordingly to develop

the skills. The new domain of information in the digital form is rapidly replacing the traditional printed resources, resulting in increased knowledge of computer skills, processing tools and fast communication network connectivity. Digital information or e-information is more abstract, dynamic and vulnerable, that further needs of how to enhance its value and safe handling.

Today, e-learning mainly takes the form of online courses. The e-learning thus can be introduced in the university education system by introducing the programme as a project. By making a project, it intends to design and establish a sustainable and lasting system of support, as well as network of experts to promote and support e-learning programs and promote successful application of e-learning methods and technology as a tool for improvements in education.

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URGE OF EFFECTIVE SCM IN INDIAN FOOD GRAIN SECTOR TO MINIMIZE WASTAGE

* Mr. Mahtab Alam

Abstract: *India is self reliant in production of food grains after Green Revolution in 1960 but still we came across the incidents that people are dying due to hunger and many are suffering from malnutrition. This is just because of one problem that we are unable to provide the entire produced food grains to the people for consumption without facing any kind of destruction in transit, storage and distribution system. In order to minimize the destruction, Pilferage & spoilage we need an effective Supply Chain Management. Indian government has approved the Food security Bill but same bill has consequence for the government and people of India in the form of approx 1.25 million monetary burdens. We can at least minimize the loss of approx 50 thousand crores by effective implementation of SCM. This study will emphasize on the situation of Food Management in India, need to develop an effective SCM and significance of effective SCM.*

Keywords: *SCM, Food Management, Public Distribution System*

Introduction

In India with the Population of 1.2 billion around 350 million peoples are below poverty line. They all need food support to live which can be achieved easily because we have sufficient quantity of food grain production in India. We can reduce the wastage of produced food grain in storage, transit & Post harvesting process. To remove the wastage problem we need a strong supply chain system to be introduced & implemented in an effective way to reduce wastage to a minimum level. Our Study will be based on value addition methods of food products & introduction of much more effective Supply Chain Management for Food grains.

Supply Chain Management

Supply Chain Management is a group of organizations interconnected and interlinked, directly or indirectly in fulfilling a customer order timely & effectively. In the 1980s, the term supply chain management (SCM) was developed to express the need to integrate the key business processes, from end user through original suppliers. Keith Oliver, a consultant at **Booz Allen Hamilton,** is credited with the term invention after using it in an interview for the Financial Times. Supply chain includes sub-suppliers, manufacturer &Physical distribution channel along with the transporter Warehouse firms and other parties who play role in value addition.

Each organization in the chain procures and then transforms materials into intermediate/final products, and distributes these to customers. In Supply Chain, there are mainly three kinds of flows which are:

- **Product Flow**
- **Funds Flow**
- **Information Flow**

All the flows should be in an integrated manner so that effectiveness can be achieved in the process of customer order fulfillment. In short we can say Supply Chain concept should be seen as a whole that is the entire system from the origin of procurement of raw material to the final consumption of goods or services. As such, supply chain management is the process of designing, planning and implementing change in the structure and performance of the' total' material flow in order to generate increased value, lower costs, enhanced customer service and yield a competitive advantage. In effect, the addition of supply chain management to the marketing model created a truly 'systems' approach to

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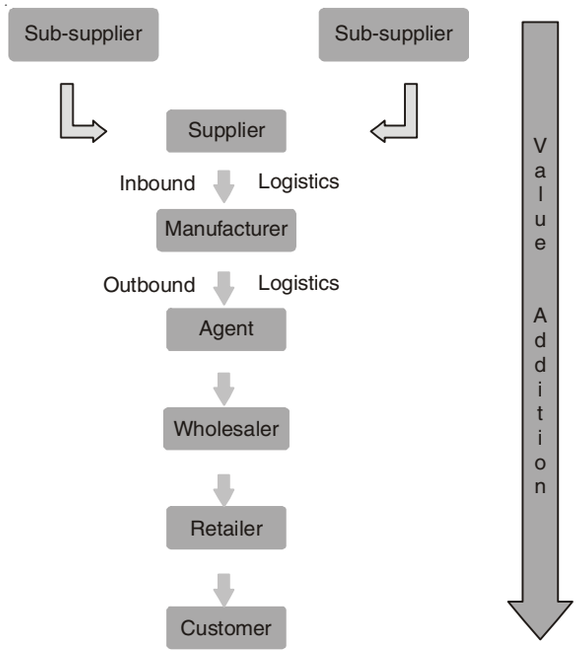
the organization and its direct and indirect trading relationships.



Supply Chain Drivers

There are various points which should be considered while managing Supply chain because these drivers are having great impact on performance of Supply chain. These drivers are:

(1) **Facilities:** The actual physical location in the supply chain network where product is stored assembled or fabricated.

(2) **Inventory:** It includes Raw materials, Work in Progress and finished goods which are to be managed and control though effective use of Inventory management & Control tools.

(3) **Transportation:** It includes modes, routes & cost of transportation to transfer products from point of origin to point of consumption.

(4) **Information:** It means data collection, processing & dissemination related to the customer, pricing, facilities etc throughout the supply chain process.

(5) **Sourcing:** It means selection of appropriate suppliers on the basis of their past performance and trust ability and capability to provide uninterrupted supply of products timely.

(6) **Pricing:** It determines how much a firm will charge for goods and services that it makes available to the customer whenever needed through supply chain.

Indian Food Grain Sector

Agriculture has been a way of life and continues to be the single most important livelihood of the masses. The Performance of the agricultural sector influence the growth of the Indian economy. Agricultural Policy focus in India across decades has been on self-sufficiency and self-reliance in food grains production rose from 52 million tonnes in 1951-52 to 244.78 million tonnes in 2010-11. Food grains consist Rice, Wheat, Maize, Total Coarse Cereals, Total Pulses. As per the 4th Advance Estimates, India Produced 257.44 million tonnes of food grain during 2011-12.

Food Grain Production					
4th Advance Estimates for 2011-12 (in million tonnes)					
Total Food Grain Production	**Rice Production**	**Wheat Production**	**Coarse cereals Production**	**Maize Production**	**Pulses Production**
257.44	**104.32**	**93.90**	**42.01**	**21.57**	**17.21**

Source: Ministry of Agriculture

World Food Grain Leading Producers

Food Grain/ Countries	India	European Union	China	United States of America	Russian Federation	India World Ranking
Wheat	93.9	130.8	117.4	61.8	39.0	**3rd**
Rice	100.0	1.7	141.5	6.3	0.8	**2nd**
Coarse Grain	40.0	138.2	209.8	284.6	30.5	**4th**
Maize	22.5	54.0	201.0	271.9	5.2	**5th**
Cereals	233.9	270.7	470.4	352.6	70.3	**4th**

Source: Food Outlook November 2012

Food Grain Management in India

Food Grain management in India has basic three **objectives:**

(1) **Procurement** of Food Grain from farmers at remunerative prices.

(2) **Distribution** of food grains to the consumers particularly vulnerable sections of the society at affordable prices.

(3) Maintenance of Food Grain **Buffer** for food security & Price stability.

The main Food management Instrument in India are minimum support price (MSP) and central issue price (CIP). The focus is on incentivizing farmers by ensuring fair value for their produce through minimum support price mechanism, distribution of food grains at subsidized rates to BPL families covering all households under Antyodaya Anna Yojana(AAY), establishing grain banks in chronically food scarce areas and strengthening the Public distribution (PDS). The Nodal Agency which Undertake procurement, distribution & storage is Food Corporation of India (FCI).The Stock Position of food grains in the central pool as on February 1, 2012 is 55.2 million tonnes comprising 31.8 million tonnes of Rice and 23.4 million tonnes of wheat. This buffer stock is adequate for meeting the requirements under the TPDS and welfare schemes during 2011-12. In India According to the latest official estimates of poverty based on the Tendulkar Committee poverty line, as many as 29.8 per cent of the population, that is, 350 million people were below the poverty line in 2009–10 In such a country wastage of food should not be acceptable at all when production is sufficient enough but consumers are not getting it.

Food Grain Wastage in India

- Admitting the grave problem of wastage, minister of state for agriculture and food processing industries Tariq Anwar said that every year **India faces a loss of Rs 50 thousand crores worth** of both perishable and non-perishable food item. "After 1960, India went on to become a food surplus country from being a food deficit country but wastage has still not been brought under control.
- Official data has revealed that the amount of **food grains wasted in Food Corporation of India (FCI)godowns** in the state has increased by an astonishing 10 times over the last two years.
- The alarming state was revealed in the Lok Sabha recently after Minister of State for Consumer Affairs, Food and Public Distribution, tabled a statement in reply to a query by member of parliament. MP had asked about the **amount of damaged food grains in various godowns in the country** and the minister's reply revealed that the stock accrued as damaged or non-issuable in FCI godowns in the state had grown from 19 tons in 2009-10 to 99 tons in 2010-11 to **200 tons in 2011-12.**
- A **significant percentage** of food grain is also caused by **transit damage due to leaky compartments** in the trains they are being transported in.
- Food Affairs Minister too admitted that there was a **shortage of storage** space in **FCI** godowns in the

state and said that his department would take steps to rectify this. "The problem is that while the central govt has no problem allotting the funds to built additional storage space, but they are **unable to find the space to build these facilities** on. They have asked officials to identify space to construct more storage facilities immediately.

- A quantity of **wheat equivalent to the entire production of Australia goes waste each year in India,** according to a new report on global food wastage.
- The World Bank has said that South Asia's food grain stock management, especially in India, needs to improve to tackle inflation.

Supply Chain Management in Indian Food Grain Sector

Storage Capacity with FCI

(figures in million tonnes)

Capacity	1st Apr. 2005	1st Apr. 2006	1st Apr. 2007	1st Apr. 2008	1st Apr. 2009	1st Apr. 2010	1st Apr. 2011	1st Apr. 2012	1st Apr. 2013
Covered									
Owned	12.91	12.93	12.94	12.95	12.97	12.97	12.99	13.01	13.00
Hired	10.46	09.90	09.34	08.71	10.12	12.89	15.46	17.21	20.99
Total	23.37	22.83	22.28	21.66	23.09	25.86	28.45	30.22	33.99
CAP (Cover and Plinth)									
Owned	2.25	2.21	2.29	2.20	2.17	2.51	2.62	2.63	2.64
Hired	0.41	0.51	0.63	0.03	0.02	0.47	0.54	0.75	1.10
Total	2.66	2.72	2.92	2.23	2.19	2.98	3.16	3.38	3.74
Grand Total	27.03	25.55	25.20	23.89	25.28	28.84	31.61	33.60	37.73

SOURCE: FCI

- Above stated data shows storage capacity of FCI is of 33.60 million tonne but we have central buffer pool of 55.2 million tonnes which means difference of 21.6 million tonnes of food grain is not having dedicated storage space.
- As on June 2013 Food grain in transit is having quantum of 6.15 lakh mt which can be exposed to leakage, pilferage & decay due to lack of effective Transportation infrastructure.
- Due to lack of improper distribution system food grains are rotting while the poor are dying of malnutrition that's why supreme court has ordered responding to a public interest petition, that government of India to distribute excess food grains to the poorest of the poor free instead of letting them rot in the warehouses of the government.
- Due to lesser participation of private players in the supply chain India is facing problem of wastage.
- All the players of supply chain required effective know how training & effective technology to increase the Supply chain surplus.
- Due to presence of more intermediaries farmers are not getting better prices for their produce as well as customers are also paying heavy price for goods.

Literature Review

(1) **SSCM Article by Sudheer Gupta and Omkar D Palsule-Desai; December 2011:** They developed an integrative framework summarizing the existing literature under four broad categories: (i) strategic considerations; (ii) decisions at functional interfaces; (iii) regulation and government policies; and (iv) integrative models and decisions support tools.

(2) **Green et al. (2012b):** In addition to customer requirements, environmental legislations and regulations have been identified as drivers of the adoption of SSCM practices.

(3) **Cargo Connect-March 2012 (Indian Institute of Management, Lucknow):** Reverse logistics is the process of moving a product from the consumer to the manufacturer, or any other stage in the supply chain, for re-use or proper disposal. It has grown in importance due to many reasons. One of the most prominent reasons is the growing concern for the environment. Consumer demand for clean manufacturing and recycling is increasing, many times leading to legislation as well. Consumers expect to trade in an old product when they buy a new one. Cost is another reason. Research shows that reverse logistics may be a worthwhile proposition even in the contexts where regulatory and consumer pressures are insignificant. It is becoming vital as service management activities and take-back for products such as automobiles, refrigerators and other white goods, cellular handsets, apparels, lead-acid batteries, furniture, televisions, computer peripherals, personal computers, laptops, etc. are on the increase.

(4) **German logistics institutes (Dortmund, Darmstadt, Münster, Erlangen-Nürnberg) carried out a research project entitled "Analysis of the logistics research in India:** An empirical and bibliographical study for the description of the current state of the art in the field of logistics in India 2011/2012". As is the case with the above-mentioned celebration, this project was initiated and supported by the German Federal Ministry of Education and Research (BMBF). The project's main goal was to identify, analyze and describe the scientific and cooperative research in the field of logistics and supply chain management in India.

(5) **Thakur and Hurburgh (2009):**They used a system approach to develop methods for implementing bulk grain supply chain traceability in the United States that includes both internal and chain traceability. They developed a model for information exchange between the supply chain actors.

(6) **Samir K Srivastava, Logistics and Supply Chain Practices in India, Vision: The Journal of Business Perspective, Volume 10, Issue 3, 2006, pp. 69-79:** This paper seeks to comprehensively examine and present the state of logistics and supply chain practices in India. We focus on supply chain collaboration and partnerships, supply chain structure, facilities network design, transportation and logistics and the role of Information and Communications Technologies (ICT). We analyze and assess logistics and supply chain practices in order to discern important issues such as emerging trends and areas of concern. We also highlight and address issues related to supply chain managers, Indian policy makers and other stakeholders.

(7) **(Greenhut, 1959; Hoover, 1948; Losch, 1954):** Supply chain design decisions have historically focused on "where" to locate facilities (e.g., plants, warehouses) The primary objective was to minimize the total cost of transportation. With the advent of integrated logistics, integrated manufacturing, and strategic procurement, the perspective broadened to focus on minimizing the total landed cost and included considerations such as material acquisition, production, inventory, and logistics

(8) **(Closs and McGarrell, 2004):** Supply chain security entails the prevention of contamination, damage, or destruction of products and/or supply chain assets, and includes an acknowledgement that these events may occur from intentional and unintentional disruptions.

(9) **(Chopra and Sodhi, 2004):** A variety of supply chain risk shave been identified including supply disruptions, breakdowns, procurement failures, and forecast inaccuracies.

(10) **Stefan Hoejmose , Stephen Brammer 1, Andrew Millington 2 "Green" supply chain management: The role of trust and top management in B2B andB2C markets:** "Green" initiatives have often been the subject of B2C supply chains, but increasingly this is becoming an important issue for B2Bsupply chains, since business consumers are increasingly demanding sound "green" performance from their suppliers.

Significance of the Study

(1) Effective Supply Chain Management wll enable all the players of food grain sector to minimize the wastage with the integration of SCM drivers.

(2) Modern warehouses fully equipped with latest techniques will increase the storage capacity and life of food grains.

(3) Training and awareness programme will help to update the knowledge of methods to minimize destruction of stocks in storage and transit.

(4) Effective SCM will provide healthy earning value to the farmers for their produce.

(5) More decentralized system of procurement & distribution will help to achieve minimum transportation & minimum handling to avoid destruction.

(6) Highly integrated logistics management will enable to minimize the transportation cost & increase utilization.

Conclusion

An effective SCM Policies and models will be useful for assessing the effectiveness of SCM practices in govt & private firms involved in the management of food grain and other supply chain activities. It may be used as guidelines for quality control in supply chain firms. It can be of useful for maximizing Supply chain Surplus by minimizing wastage with the help of effective Supply Chain Model. It may be used as the basis of Indian govt Policies which focuses on Vulnerable section of Indian society by saving food grain for them with the use of Supply chain.

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AMBUSH MARKETING

* Ms Harjot Kaur Parmar

Abstract: *Ambush means to hit from back & ambush marketing is a strategy adopted by advertisers to connect or involve themselves with a particular event without making any payment. In this the company wants to take advantage of the event's image. It is generally used during sporting events like World Cup, Olympics, and Common Wealth games. The global outreach, sheer size of excited audience and the extreme popularity of the global sports events cutting across cultures has always attracted the attention of the corporate to be associated with events like the Olympics, the World Cup and the Commonwealth Games etc. The organizers to look for a partnership with the corporates to finance these mega events across the world. The rush and competition for earning the much coveted sponsorship and telecast rights of the events resulted in competitive bidding, exclusivity and sometimes the disappointment for the corporate who lost the legitimate opportunity to be associated with the events introduce new sort of phenomenon-ambush marketing, where a competitor of the sponsor might come into play illegitimately and create an association with the event as well as divert the audience's attention to its business. Ambush marketing in India has provoked the debate on the relevance of ambush marketing on moral, ethical, judicial and legal grounds. It is an unethical (profiteering) way of marketing & proper actions should be taken to combat this.*

Keywords: *Ambush Marketing, Advertising, Sponsorship, Endorsement*

Introduction

The word ambush has been derived from a French verb embuschier, having the meaning "to place in a wood". It means to attack from a concealed position. The term "ambush marketing" was coined by the famous marketing strategist Jerry Welsh , while he was working as the manager of global marketing efforts for the American Express Company in the 1980s. It is a marketing technique in which advertisers work to connect their product with a particular event in the minds of potential customers, without having to pay sponsorship expenses for the event. E.g., Selling music merchandise just outside the grounds of a concert without the consent or awareness of the concert promoters, relying on association with the concert to drive sales. Ambush marketing has been defined as the practice whereby another company, often a competitor, intrudes upon public attention surrounding the event, thereby deflecting attention towards itself and away from the sponsor". Often classified as a form of 'Parasite Marketing' or 'Guerilla Marketing', the term was coined by the originator of cause-related marketing – Jerry Welsh - when he was at the American Express. Smaller companies cannot afford the kind of amounts which larger conglomerates and multinationals like LG, Samsung, Coke, Pepsi, Reliance, etc pay for getting the sponsorships, which runs into millions of dollars. This is one of the basic reasons that is perpetrating ambush marketing. It is a practice common to major cultural or sporting events where an advertiser which is not an official sponsor of the event intends to associate itself to the event without paying the organizer for the right to do so. It can be defined as an attempt by an organization to benefit from the goodwill or popularity of a particular event by creating an association between itself and the event, without permission from the relevant organization and without paying the fees to become an official sponsor.

Ambush marketing has received a lot of publicity in the Indian and international marketing arena. The ambush consists of giving the impression to consumers that the ambusher is somehow affiliated with the event. Ambush marketing can provide some, if not most, of the benefits of a legitimate, paid-for sponsorship at

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relatively little cost. It is used by companies to intrude upon public consciousness surrounding a sports property. Thus, ambush marketers avoid the cost of paying expensive sponsorship fees while gaining the benefits of associating with a sports property at the expense of the sponsor.

Examples of Ambush Marketing

- In 2005-06 Australian cricket season hardware brand Selleys ran advertisements during the cricket telecast with a fictional cricket called 'Dave'. At the end of the commercial read a caption: "Selleys- Proud sponsor of the cricket", despite not officially sponsoring the Australian cricket team or telecast? The company was forced to change their ads to avoid confusion.
- During the 1984 Olympics in Los Angeles, where Converse was the official sponsor, Nike built large walls close by the Los Angeles Coliseum and displayed the Nike logo with several athletes wearing the marks clothes; the ads could be seen from inside the Coliseum.
- At the Atlanta 1996 Olympics, the winner of the 100 meters race, Linford Christie appeared at a press conference wearing contact lenses with the Puma logo in the center of same, when Reebok was the official sponsor of the event.
- Pepsi flew a hot air balloon over the Sharjah on the day of the Coca Cola Cup final

Types of Ambush Marketing

Ambush Marketing takes many forms. Two of the main forms are:

- **Association Ambushing/Direct_Ambushing:** The non-sponsor gives the impression of being an official sponsor by using words or symbols associated with the event. It includes measure whereby the unauthorized company suggests to the public that it is an official sponsor of a major sporting event by using signs and terms which are protected by the organizer. It often involves breaching copyrights and trade mark rights against which the organizer can usually defend themselves by means of the respective legal instruments. Example: when the non sponsor uses the official event's logos, symbols or mascots.
- **Intrusion Ambushing/Indirect Ambush Marketing:** The non-sponsor piggybacks on the media and spectator exposure of the event. Ambusher benefits from the increased media presence without making an own contribution. Such marketing measures do not necessarily breach any copyrights or trade mark rights. for e.g., advertising near event venues.

How Is It Done?

The ambush marketing is done in following ways:

- Purchase advertising time on television before, during and after an event;
- Erecting billboards near the event;
- Using planes to fly their banners overhead or handing out free merchandise, like caps or T-shirts, at or near the event so that spectators who are picked up by television cameras become walking billboards;
- Giving away free tickets to the event as prizes in an advertising campaign;
- Sponsoring individual teams or athletes instead of the event itself.

Ambushing Strategies

The companies entering for the ambush marketing of their products usually follow the following strategies to promote their goods through ambushing:

- Sponsor the Broadcast of the Event.
- Sponsor Sub categories within the Event.
- Purchasing Advertising Time Around Relays of the Competitor's Event.
- Engage in Major Non-sponsorship Promotions.
- Pourage Agreements.
- Corporate Hospitality and Ticketing.

Research Methodology

The methodology of the study includes study of library references and latest literature on the various educational sites, compilation of the secondary data and information obtained from various journals. The research methodology has been used here as doctrinal and non-doctrinal in nature and therefore data were collected from secondary sources.

Objective of the Study

Research Goal

The main goal of doing a project on AMBUSH MARKETING is to know that how it take advantage of situations which allow brands/products to get extra exposure at minimal cost.

Research Objectives

1. To examine the unethical issues in the advertising industry.
2. Determine the need of Ambush Marketing.
3. To analyze the measures of Ambush Marketing.
4. To study whether Ambush Marketing is ethical or unethical.

Research Questions

1. What are the measures to combat Ambush Marketing?
2. Is it ethical for a company to ambush an event?
3. Why do brands with excellent reputations get into this?

Case Studies Regarding the Ambush Marketing

CASE 1. Samsung ambushes Nokia in smartphone war

A packed theatre, scores of excited movie buffs sat through a long march of commercials patiently, but the organisers were dismayed. It was an exclusive premier of SRK-starrer Ra.One for mobile phone maker Nokia's premium users at PVR Select City Walk mall in Delhi, but the advertisements that had been running for the previous few minutes were of Samsung mobile. That was in October. Two months later, when Nokia rolled out Lumia cabs in Bangalore as part of its biggest marketing drive in the country to promote its first Windows smartphone, Samsung brought out its own Omnia cab and stationed it outside the Lumia showroom for a few days.

Analysts call it ambush marketing, Samsung says it's not. Whatever, but the cut-throat competition between the country's top two mobile handset players looks like the old Cola War between Coca-Cola and PepsiCo and refreshes memories of Pepsi's 'Nothing official about it' campaign during the 1996 cricket World Cup that introduced the concept of ambush marketing in India.

"We do not acknowledge, react or engage in ambush marketing," a Nokia spokesperson says. "We believe in responsible marketing, where we will disclose more than what is required to our consumers, as we did in the case of the minor software glitch in Lumia 800."

Samsung denies ambushing Nokia, and says both the examples were part of independent marketing initiatives. "We were running a media innovation in October for tablets wherein all screens at Ambience Mall PVR and Inox in Mumbai showed the ads," a Samsung spokeswoman says. And there was no 'Lumia Cab' in Bangalore when Samsung rolled out a convoy of 'Omnia W' cabs for three days, she says, adding they were parked outside Samsung Smartphone Cafes.An email comparing Lumia 800 and Omnia W features and concluding 'Why donate 9,000 extra to Nokia' is in circulation. While Samsung denies any connection with the mail, Nokia says ambush marketing is not about deriding the other brand. "Ambush marketing, if done in a creative manner, appeals to the consumers," says a Nokia spokesperson. "It's not a crude attack on the rival."

Some marketing experts believe Samsung is playing it smart. "Competition is all about being opportunistic and scoring a goal when the rival is least prepared. And that's where Samsung has proved to be a better player," says Saurabh Uboweja, director of brand consulting and design firm Brands of Desire.

CASE 2. Coca cola is deploying ambush marketing tactics

Taking the direct advertising wars and spoof brawls of the cola majors a step further, Coca Cola is deploying ambush marketing tactics during the Indian Premier League's cricket season-II

Both PepsiCo's 'Youngistaan' brand ambassadors — Virender Sehwag, captain of Delhi Daredevils, and Ishant Sharma, member of Kolkata Knight Riders (KKR) — have been formally present at various promotional activities for arch-rival Coca-Cola India, simply because Coca-Cola is the associate sponsor and the official pouring partner for both Delhi Daredevils and Kolkata Knight Riders.

Sehwag, for instance, attended a special send-off ceremony for Delhi Daredevils organized by Coca-Cola India. At the event, Sehwag, along with Coke brand ambassador Gautam Gambhir, unveiled a limited edition bottle of Coca-Cola for IPL.

CASE 3. Nike vs Reebook

This case, set in 2009, attempts to explore how to retain market dominance in sportswear market by not doing the obvious. The entry of foreign players into the Indian sportswear industry post-liberalisation brought in a new sophistication, and increased brand awareness among the Indian sportswear customers. In an intensively competitive environment, Reebok and Nike emerged as sportswear giants. However, in spite of Nike being the No. 1 sportswear company in the world, Reebok swayed away with the lion's share of the Indian market. Among others, Reebok's prime strategy was to associate itself with the cricket frenzy Indians while Nike was wasting dollars on promoting its brand through international sports persons. Reebok roped in top Indian cricket players to endorse its brand, realizing the importance of localizing its brand. In December 2005, Nike won the bid to supply official kit to the Indian cricket team, in spite of this; Reebok grabbed the attention of cricket viewers across India by placing its logo on the bats of the Indian cricket players. While the case gives an insight into the factors that made Reebok's marketing strategies successful, it also questions whether Nike will be able to gain leadership position in Indian market.

CASE 4. ICC v. Philips

- Philips had indulged in a promotional campaign "Philips : Diwali Manao World Cup Jao " and " Buy a Philips Audio system : Win a ticket to the World Cup ".
- The words were accompanied by an image of a ticket with fictitious seat and gate number.
- Philips was not one among the 9 official sponsors of the ICC World Cup.
- The ICC filed suit, citing passing off, unfair competition and ambush marketing.
- The Court held that slogans only pointed that the purchaser of Philips may win a prize and nothing more.
- No likelihood of confusion that Philips was a sponsor or licensee thereof. There was no passing off or unfair trading.
- No element of deceit in ambush marketing. Only opportunistic commercial exploitation of the event.

Not contrary to public interest, as the commercial advertising is free speech protected by the Indian constitution.

Measures to Combat Ambush Marketing

There are various alternatives to take to prevent the association and intrusion activities by non sponsors or, at least, improve the odds against them. The first thing to do is for the organizers to effectively protect –usually via trademark registrations- the official symbols and logos of the event, including the eventual mascot, if existing. This would be helpful to combat ambush marketing by association.

The actual laws of most countries are not adequate to prevent ambushing activities. Most countries – including Argentina- still rely in their traditional IP Laws to protect sponsors against ambushers, however, these laws seem to be ineffective in most cases, due to the creativity of the ambushers and the way they circumvent those regulations. In Germany, if an ambush marketing campaign includes the unauthorized use of any words, symbols, logos or slogans that are similar to or identical with protected trademarks, the mark-owner may ban such use under section 14 of the Trademark Code (Marken G) and seek injunctive relief to end the ambush campaign immediately. He may also sue for damages under the same provision. The UK Position is broadly similar to that in Germany. It is an infringement of a registered trademark for a party without the permission of the trademark owner to apply the trademark to any goods or services. Similarly, in the United States, an event organizer who owns a federal, state or common law trademark can seek an injunction under the Lanham (Trademark) Act, state law or common law against the unauthorized use of the trademark or a colourable imitation.

Such legislation recognizes that there is a public interest that should be protected, despite the usual private interest involved and, thus, the official symbols of the event are reserved to the organizing committee and local authorities (i.e., Portugal).

An alternative to the ad hoc legislations could be found in an extensive interpretation of art. 6ter of the Paris Convention in order to obtain the extension of the prohibition of registering and using State Emblems to

the event's distinctive signs. This alternative is actually existing in Canada. Other alternatives for sponsors and organizers to combat ambush practices can be:

- Placing ads in the media informing who are the official sponsors.
- Control the photo and broadcast rights by the organizer as well as the souvenir hand out on site.
- Acquisition by sponsors of air timing in live and/or recorded broadcasting of the event.
- Acquisition of advertisement spaces close to the event's venues within the realm of common sense.
- Sponsoring the transmissions of the event.
- Sending letters to the competitors well in advance to the event warning them who the sponsors are:
  - Preventing tickets from being used as competition prizes;
  - Policing the event more strictly for "ambushers" and denying them access;
  - Using event regulations and participation agreements to restrict the rights that participants can grant their own sponsors (e.g., what athletes may wear or carry when they compete).
  - Following a spectator ticketing policy that prevents people from bringing certain items into the viewing areas.
  - Entering into additional sponsorship contracts with or securing exclusive rights from key participants and major stakeholder groups (athletes, teams, event organisers and broadcasters); and,
  - Controlling the manufacture and distribution of licensed merchandise.

Conclusion

This issue would raise the question whether this practice is ethical or not. However, it is difficult to draw a conclusion. The answer would depend on who this question is asked to and the facts involved. What seems to be clear is that ambush marketing tactics constitute an ethical issue and a problem for sports organizers and other event organizers who must defend the sponsors which paid millions for the right to exclusively promote their marks, goods and services in association with the event against those who had paid nothing for such exclusivity. In any event, if ambush tactics are to be diminished or eradicated, additional legal tools must be adopted.

The creative use of ambush marketing tactics will probably always be a source of irritation to event owners and their official sponsors. The law as it now stands seems unable to accommodate the concerns of official corporate sponsors. There is no limit to human ingenuity. As such, ambush marketing at the margins will arguably always occur. To maximize the protection sponsors might receive from ambushing activities of all types, the normal commercial protections provided by trademark, copyright and passing off laws need to be supplemented by tighter contractual provisions between all of the parties involved in the sponsorship of an event. Activities not prohibited by law or the terms of the contract, would be legitimate marketing tactics; however, their potential effect should be more explicitly recognized during negotiations between event owners and prospective sponsors.

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INTEGRATION OF INDIAN STOCK MARKET WITH MAJOR GLOBAL MARKETS VIZ. UK AND USA

* Ms Kirti Khanna

***Abstract**: Financial integration is an event in which financial markets in bordering, regional or global economies are directly associated together. Due to globalization or internationalization, several Indian companies have decided to be listed in the stock exchanges of other countries, especially the United States and United Kingdom. In this perspective, quite a lot of issues arise; Indian stock market's integration with global markets, the extent of market integration and influence of the two major markets on Indian stock market. The study considered three major stock exchanges Bombay Stock Exchange, New York Stock Exchange and London Stock Exchange and judged the casual relationship among these For analysis purpose, researchers applied Unit Root test, VAR framework and Granger Causality Test.*

Keywords: *Market integration, Stock market indices, Multivariate VAR,*

Introduction

Financial integration is an event in which financial markets in bordering, regional or global economies are directly associated together. Financial market integration covers a compound interaction of various factors for instance; policy initiatives, configuration and development of financial markets. National stock markets have appeared as the foremost channel for economic combination of rising market with the aim of globalization, deregulation and information technology advancement. It is usually supposed that financial incorporation can be connected with numerous benefits, including growth of markets and society and valuable price detection, primarily focused to high savings, investment and monetary development. Recently, in January 2008, stock markets turned down stridently in the stir of credit market developments in the United States as subprime lending. Due to globalization or internationalization, several Indian companies have decided to be listed in the stock exchanges of other countries, especially the United States and United Kingdom . In this perspective, quite a lot of issues arise; Indian stock market integration with global markets, the extent of market integration and influence of the two major markets on Indian stock market. In this regard the study presents some chronicle of Indian market integration with developed economies and then draws some analytical inferences by using statistical and econometric measures. The rest paper is divided in different parts viz., Literature Review, Research Methodology, Empirical Analysis and Conclusion.

Literature Review

There are some of the reviews of the studies which have been previously undertaken in the related area of research and also enlightened the thought of prospective researchers.

Fratzscher (2001) focused on the role by which EMU and changes in exchange rate volatility have been performed superbly financial mixture by time varying coefficient yield. Mukharjee (2004) investigated the interdependence of stock markets located all over the world, also realized the potential risk and rewards of global diversification. Yang, Min and Kolari (2004) explored the causal link among the different countries during the Asian Financial Crisis. It has been scrutinized long-run affairs and short-run vibrant contributory associations among the U.S., Japanese, and ten Asian rising stock markets, with the particular consideration to the 1997-1998 Asian financial crisis. Bonfiglioli and Favero (2005) explained the movement of stock market in view of the difference between the interdependence and contagion. Mukharjee (2007) capture the trends,

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similarities in activities and pattern of movements of Indian market in comparison to its international counterparts. Raj and Dhal (2008) judged whether the Indian stock market integrated with global and Regional markets and what is the extent of such market integration. Joshi (2008) explored the dynamics of co-movement of stock market of US, Brazil, Mexico, China and India by using daily, weekly and monthly data. The analysis revealed that there was significant over and under reactions in the market and the market become efficient with regard to some regulatory measures taken by SEBI.

Research Methodology

1.1 Research Objective: To explore direction of integration of Indian stock market with the developed stock markets in the world.

1.2 Sources of Data: For the purpose of the study, three countries' stock exchanges viz., Bombay Stock Exchange (India), New York Stock Exchange (USA), London Stock Exchange (UK) have been considered as a source of basic stock prices. In this context, stock market indices; BSE Sensex, DJIA (NYSE) and FTSE100 (UK) have been taken from authentic sites of stock exchanges viz. www.bseindia.com, www.nyse.com and www.londonstockexchange.com.

1.3 Duration of Study: For the purpose of analysis of the data, a period of three year has been taken into consideration from financial year 2008-09 to 2010-11.The researchers has considered that period because during this time most of the factors possessed the impact on different economies. That was the phase of economic meltdown and coping up with these circumstances.

1.4 Tools and Techniques Used: The researcher has used the Causality analysis for the short term study requirement. The study explored causal link between different stock markets by using the Granger Causality Test in a multivariate Vector Autoregressive (VAR) framework. For analyzing data statistical software packages; STATA SE 12, SPSS are used.

2. Empirical Analysis

For the analysis, the study firstly presented the summary statistics of variables in the form of Mean and standard deviations. Along with this, the degree of relationship has also been calculated as to find out the degree and direction of correlation.

Table 1: Summary Statistics and Correlation Analysis

Descriptive	Mean	Standard deviation	CORRELATION			
				SENSEX	DJIA	FTSE 100
SENSEX	.0503	2.05	SENSEX	1.00		
DJIA	.014	1.72	DJIA	.077**	1.00	
FTSE 100	.020	1.68	FTSE 100	.071**	.300**	1.00
*** Correlation is significant at the 0.05 level (2-tailed).*						

Table 1 shows the results of descriptive statistics which illustrate those positively daily returns averaged around 0.05 % over the full period for the Sensex with a volatility of 2.05 %. The result further shows that there is quite positive degree of relationship existed in all three selected markets which are significant at .05 levels of significance. The coefficient of correlation is 0.0713 in case of BSE Sensex and FTSE 100. As UK stock market trend can affect the trend of Indian market in the same direction whereas in case of USA and India, coefficient of correlation is 0.0772.

After this, the study established the causal linkage between India–US, and India–UK. For this purpose, study initially applied the Unit Root Testing. The model form of ADF test is:

$$\Delta y_t = \alpha + \beta_{y_{t-1}} + \delta t + \square_1 \Delta y_{t-1} + \square_2 \Delta y_{t-2} + \ldots + \square_k \Delta y_{t-k} + \in_t$$

Where, k is the number of lag, y_t is the time series data under consideration. The test is based on the null hypothesis that the variable contains a unit root, and alternative hypothesis is that the variables are generated by a stationary process. In ADF test, the null hypothesis is that the variable contains a unit root, and alternative hypothesis is that the variables are generated by a stationary process. This test requires a negative sign and significant test statistic, for rejecting the null hypothesis. Table 2 shows the results of this analysis. This testing of unit root hypothesis, reveals that the selected datasets (variables series); Sensex, DJIA and FTSE 100 are stationary. And researcher has rejected the null hypothesis at different levels of significance; 1%, 5% and 10%.

Table 2: Results Specification of Unit Root Testing

Variable	Test Base	Augmented Dickey Fuller (ADF) Test	
		Z (t)	t statistics
BSE-SENSEX	With Constant	–14.067	–2.580*
			–1.950**
			–1.620***
	With Constant & Trend	–14.089	–3.960*
			–3.410**
			–3.120***
NYSE-DJIA	With Constant	–14.380	–2.580*
			–1.950**
			–1.620***
	With Constant & Trend	–14.492	–3.960*
			–3.410**
			–3.120***
LSE-FTSE 100	With Constant	–13.375	–2.580*
			–1.950**
			–1.620***
	With Constant & Trend	–13.417	–3.960*
			–3.410**
			–3.120***

Note: **(a)** Lag length for case is 3. **(b)** Probability for all cases is 0.000. **(c)** *, **, *** represents the rejection of H_o at 1%, 5%, 10% levels.

After unit root testing, the study further moves towards the multivariate VAR framework. Vector Auto-regression models are used for analyzing causal relationship among time series variables.

$$SEN_t = 1.43 + 1.04SEN_{t-1} - 0.07SEN_{t-2} + 0.03SEN_{t-3} - 0.02FT_{t-1} + 0.06FT_{t-2} - 0.047FT_{t-3} + 0.07DJ_{t-1} - 0.11DJ_{t-2} + 0.01DJ_{t-3} + u_t$$

$$FTt = 7.0 - 0.15SEN_{t-1} + 0.02SEN_{t-2} - 0.00SEN_{t-3} + 0.665FT_{t-1} + 0.09FT_{t-2} + 0.12FT_{t-3} + 0.23DJ_{t-1} - 0.09DJ_{t-2} - 0.11DJ_{t-3} + u_t$$

$$DJt = 7.7 + 0.001SEN_{t-1} + 0.04SEN_{t-2} - 0.03SEN_{t-3} + 0.06FT_{t-1} - 0.17FT_{t-2} - 0.05FT_{t-3} + 0.81DJ_{t-1} + 0.02DJ_{t-2} + 0.16DJ_{t-3} + u_t$$

Table 3 shows the results of Granger Causality Test of all variables. The results of VAR show that the test is highly sensitive and also able to judge behave of market.

Table 3: Results of Granger Causality Test

Null Hypotheses	F-Statistics	P-Value	Ho Rejected/ Not Rejected	Causality Conclusion
SENSEX does not Granger Cause to DJIA	0.936	0.422	Ho Not Rejected	Unidirectional (From DJIA to SENSEX)
DJIA does not Granger Cause to SENSEX	6.900	0.000**	Ho Rejected	
SENSEX does not Granger Cause to FTSE	0.118	0.949	Ho Not Rejected	Unidirectional (From FTSE 100 to SENSEX)
FTSE does not Granger Cause to SENSEX	10.229	0.000**	Ho Rejected	
Note: Null hypotheses rejected at 5% level of significance.				

Results of Granger causality test show the Unidirectional Causality relationship between India and other two developed markets. The result of casual link between the US and Indian stock markets is understandable. The US market is the world's leading securities market and has profound influence on other emerging and emerged stock markets. Thus, US stock markets Granger cause the Indian stock market in the short run. The findings depict the evidence of short-run impact of UK stock market to Indian stock market in the form of trend of stock markets.

Conclusion

The study presented some chronicle of Indian market integration with developed economies and draws some analytical inferences by using statistical and econometric measures. Descriptive statistics illustrated positively daily returns averaged around 0.05 % over the full period for the Sensex with a volatility of 2.05 %. The result further shows that there is quite positive degree of relationship existed in all three selected markets which are significant at .05 levels of significance. After this, the study established the causal linkage between India–US, and India–UK. For this purpose, study initially applied the Unit Root Testing and reveals that the selected datasets (variables series); Sensex, DJIA and FTSE 100 are stationary. Study further moves towards the multivariate VAR framework. Vector Auto-regression models are used for analyzing causal relationship among time series variables. Results of Granger causality test show the Unidirectional Causality relationship from UK to India and USA to India as in both cases null hypotheses have been rejected at 5% levels of significance.Due to the short term analysis, this study could not judge the co integration of different economies on the basis of stock market. In case of integration, the researcher is bound to use Causality Analysis as Co-Integration Test is useful in long term mainly.

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