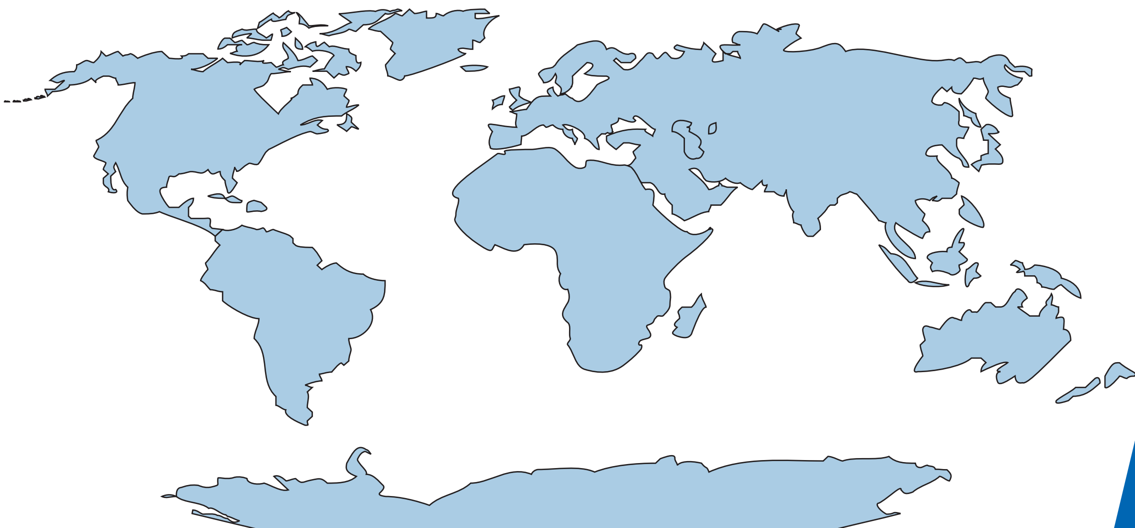
ISSN 2322 - 0899

INTERNATIONAL JOURNAL OF RESEARCH IN MANAGEMENT & SOCIAL SCIENCE



Empyreal Institute of Higher Education
Guwahati
www.empyreal.co.in

Volume 2, Issue 2 (I)
April - June, 2014

International Journal of Research in Management & Social Science

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International Journal of Research in Management & Social Science

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Research Papers

International Journal of Research in Management & Social Science
Volume 2, Issue 2 (I) : April – June , 2014
ISSN 2322 - 0899

IMPACT OF THE CAPITAL STRUCTURE AND FIRM VALUE- EVIDENCE FROM INDIAN CEMENT COMPANIES

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ABSTRACT

The main objective of the paper is to find out the impact of capital structure of Indian cement 6companies on the value of the firm. The data has been collected from the population of more than 50 cement companies from the period of 2004 to 2013 from the listed cement companies in the Bombay Stock Exchange (BSE) .In this study variables Earning per share (EPS) and Price Earning Ratio (P/E Ratio) are used to measure the value of the Indian cement companies. For the imperical result correlation and regression analysis has been used. The result suggests that there is a significant negative relationship between EPS and Debt Ratio.

Key Words : Capital Structure, Earning per share, Price Earning Ratio, Debt Ratio, Equity Ratio

INTRODUCTION

Capital structure is a controversial topic from last 60 years. The Modigliani and Miller theory, proposed by Modigliani and Miller (1958 and 1963), forms the basis for modern thinking on capital structure. The Modigliani-Miller Theorem is a cornerstone of modern corporate finance. At its heart, the theorem is an irrelevance proposition: The Modigliani-Miller Theorem provides conditions under which a firm's financial decisions regarding debt and equity proportion do not affect the value of the firm. In fact what is currently understood as the Modigliani-Miller Theorem comprises four distinct results from a series of papers (1958, 1961, 1963). The first proposition establishes that under certain conditions, a firm's debt-equity ratio does not affect its market value. The second proposition establishes that a firm's leverage has no effect on its weighted average cost of capital (i.e., the cost of equity capital is a linear function of the debt-equity ratio). The third proposition establishes that firm market value is independent of its dividend policy. The fourth proposition establishes that equity-holders are indifferent about the firm's financial policy.

However, other theories such as the trade –off theory (Myers,1984), pecking order theory (Myers and Majluf,1984) and agency cost theory (Jensen and Meckling, 1976) argue that if capital structure decision is irrelevant in a perfect market, then, imperfection which exist in the real world may be adduce for its relevance. Such imperfections include bankruptcy costs (Baxter, 1967, Kraus and Litzenberger, 1982; and Kim, 1998),agency cost (Jensen and Meckling, 1976), gains from leverage-induced tax shields (De Angelo and Masulis,1980) and information asymmetry (Myers, 1984). Taking it turn from the above, Pandey (2004) states that the capital structure decision of a firm influences its shareholders return and risk. Consequently, the market value of its shares may be affected by the capital structure decision.

The firm's capital structure comprises both of equity shares and debentures. The firm uses this finance either to purchase the fixed assets like machinery, land, building etc or it is invested in the day to day functioning of the business ie in the working capital. A company invests its money in the fixed assets to generate a stream of operating cash flows. The earnings which are left after paying tax to the government belong to the providers of firm's capital. But, the firms does not distribute all its earnings to the equity shareholders, some of the earnings are retain in the business for the use in the near future. If company is all equity financed, the entire after-tax operating cash flow each period accrues to the benefit of its shareholders (in the form of dividend and retained earnings). If instead the company has borrowed a portion of its capital, it must dedicate a portion of the cash flow stream to service this debt. Moreover, debt holders have the senior claim to a company's cash flow; shareholders are only entitled to the residual. The company's choice of capital structure determines the allocation of its operating cash flow each period between debt holders and shareholders.

The debate over the significance of a company's choice of capital structure is esoteric. But, in essence, it concerns the impact on the total market value of the company (i.e.; the combined value of its debt and its equity) of splitting the cash flow stream into a debt component and earn equity component. Financial experts traditionally believed that increasing a company's leverage, i.e. increasing the proportion of debt in the company's capital structure, would increase value up to a point. But beyond that point, further increases in leverage would increase the company's overall cost of capital and decrease its total market value.

In fact, the present study seek to answer this question" whether capital structure of cement companies listed in Bombay stock exchange has impact on its firm's value or not?" Which investigate by using major and index factors such as debt ratio (capital structure) and equity ratio (capital structure) are the factors of capital structure. on the other hand, earning per share (EPS) and price earning ratio (P/E Ratio) are variables which are considered as criteria to evaluate the value of the firm. In this research, first we describe research literature, and then indicate hypotheses, analysis methods; variables research models and finally provide research results.

LITERATURE REVIEW

The most controversial topic among the researchers is regarding the capital structure. It is the most challenging and most difficult issue which is faced by many companies. The companies also have to take decision regarding the continued survival of the companies. Many researchers have conducted the researches in this context and many of them have found that the reason behind the failure of many companies is their inadequate and inappropriate financing and investment. The views of many researchers which have been conducted by them is discussed below:

Welch, I.(2010) found two common problem in capital structure research. First whether debt should be considered or equity should be considered. He also explained that increases in FD/AT decreases in non-financial liabilities. Second, equity issuing activity should not be viewed as equivalent to capital structure changes. Empirically, the correlation between the two is weak.

Céspedes et al. (2010) studied on capital structure and its relationship among seven Latin American countries. His period of study was from 1996 till 2005.The sample taken for the study was of 6766 firm-years. They concluded that there is a positive relationship between leverage and ownership concentration. Also, the research results indicate a positive relationship between leverage and growth variable, and a negative relationship between leverage and profitability and larger firms have more tangible assets.

Hatfield, Cheng and Davidson,(1994), Pandey (2004)came up with the same decision that, the capital structure decision of a firm should be examined from the point of its impact on the value of the firm. He claims that the firm would like to have a capital structure which will maximize their firm's value. The aim of a firm should centre therefore on the maximization of its value through capital structure decisions.

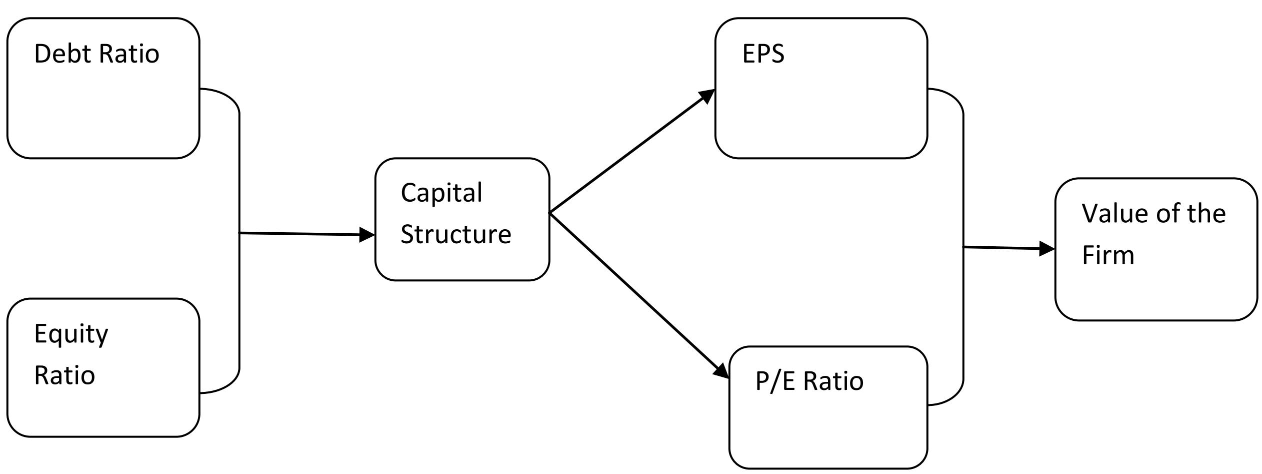
However, there exist conflicting theories on the relationship between capital structure and firm's value that it becomes necessary to capture them into some broad groups.

Harris and Raviv (1991) for example, organized their survey of literature around the driving forces behind financial policy and capital structure. They produce a classification based on taxes, bankruptcy cost, agency cost, information asymmetry, interaction with input/or product and corporate control considerations. Sanders (1998) adopted a different approach and classified capital structure theories base on whether particular theory presumes the existence of optimal financial policy and how the theory describes it. According to his classification, there are theories in support of the existence of an optimal debt-equity mix (that is, the trade-off theory), the existence of optimal financial hierarchy (the pecking order theory) and the Modigliani and Miller irrelevance theory of capital structure in relation to a firm's value. The capital structure in this study means the term used to represent a combination of long-term debt and equity.

Yu-Shu Cheng, Yi-Pei Liu and Chu-Yang Chien(2010), they investigated whether there was an optimal leverage at which point firm is able to maximize its value. An advanced panel threshold regression model is applied to test the panel threshold effect of debt ratio on firm value among 650 A-shares of Chinese listed firms from 2001 to 2006. The results confirm that a triple threshold effect does exist and show an inverted-U correlation between leverage and firm value. This study shows that it is possible to identify the definitive level beyond which a further increase in debt financing does not improve proportional firm value. The essence of financial management is the creation of shareholder value. According to Ehrhard and Bringham (2003), the value of a business based on the going concern expectation is the present value of all the expected future cash flows to be generated by the assets, discounted at the company's weighted average cost of capital (WACC). From this it can be seen that the WACC has a direct impact on the value of a business. (Johannes and Dhanraj, 2007).

CONCEPTUAL MODEL

Based on the research question, the following conceptual model may be constructed. Conceptualization model shows the relationship between capital structure and Firm Value of listed cement companies in Bombay stock exchange.



OBJECTIVE OF THE STUDY

The objective of study is to investigate how the capital structure affects the cement company's values which are listed in Bombay stock exchange of India with the help of various dependent and independent variables. The study also revolves around the determinants of the capital structure.

SAMPLE AND METHODOLOGY

SAMPLE

Our study consists of population of 50 companies of cement sector in India but the sample of 10 cement companies where taken as data for rest 40 companies was not available for chosen period of study. The study has been done empirically to examine the effect of capital structure on firm's value used in Indian cement industry listed in Bombay stock exchange in India. This sector is selected because the firms in this sector have an important role in Indian Economy as they usually depend more on the equity shares and less on short term debt or long term debt for their finance. The period selected for this study consists of 10 years ranging from 2004-05 till 2012-13. Those companies are selected whose data is available throughout the period of study. The study depended on the following sources for collecting the needed data: Profit and Loss account , Balance sheet and Ratio analysis of the selected companies.

The company's names are given below:

S.No	Name of the Company
1	Ambuja Cement
2	Acc Ltd
3	Andhra Cement
4	Birla Corporation Ltd
5	Bheema Cement Ltd
6	Barak Valley cement
7	Deccan cement
8	JK cement Ltd
9	JK Lakshmi cement Ltd
10	Ramco Cement

The data used in the empirical analysis is derived from the data base of www.moneycontrol.com which includes the published financial statements of all the sample firms.

METHODOLOGY

To estimate regression model, the Ordinary Least Squares (OLS) was used to examine the determinants of the capital structure (leverage) and financial performance of the cement companies in India from the period ranging from 2004-05 till 2012-13.

This study tries to explore the impact of the independent variables on dependent variable values over time using the following model:

$Y_{it} = \alpha_i + \beta_1 X_{it} + U_{it}$

Where X represents the dependent variable (debt/equity ratio , debt ratio). i firm, t time; α_i is the individual effect that can be decomposed into fixed individual effect. Y is a vector of explanatory variables: earning per share (EPS) and price earning ratio (P/E Ratio), β_1 parameters, and *u* is a random unobserved component that reflects unobserved shocks affecting the performance of firms. Thus , the regression model to test the hypotheses is as follows:

EPS = $\alpha_1 + \beta_1 Lev_1 + \beta_2 Lev_2 + U$
P/E Ratio = $\alpha_1 + \beta_1 Lev_1 + \beta_2 Lev_2 + U$
Where,

Lev_1 = Equity ratio
Lev_2= Debt ratio
EPS = Earning per share
P/E Ratio = Price earning ratio
U = standard error.
α = Constant factor
Additionally, R^2 or the Multiple Coefficient of Determination is another statistic that shows the amount of dependent variable changes, which explains by independent variables. The amount of R^2 is always between 0 and 1, when it equals 1, means that estimated regression explains the whole changes in dependent variable, and when it equals 0, means that estimated regression could not explain any of the mentioned changes.

STUDY HYPOTHESES

The present study examines the following hypotheses:
H1:- There is an inverse relationship between the Equity ratio and earnings per share.
H2:- There is a optimistic relationship between the Debt ratio and earnings per share.
H3:- There is an inverse relationship between the Equity ratio and P/E Ratio.
H4:- There is an optimistic relationship between the Debt ratio and P/E Ratio.

MODE OF ANALYSIS

1) Equity ratio= Total Equity/ Total Assets
2) Debt ratio = Long term Debt/ Total Assets
4) EPS = Net income / No of Equity shares
5) P/E Ratio = Market value of share / EPS

RESULT AND DISCUSSIONS

DESCRIPTIVE STATISTICS

The following table shows the maximum, minimum, mean & standard deviation and also consist of number of samples and variance of each capital structure and financial performance variables.

	N	Maximum	Minimum	Mean	Standard Deviation
EPS	100	343.02	-8.15	25.71	46.264
P/E RATIO	100	1001	-374.5	16.326	110.658
EQUITY RATIO	100	0.996	-0.418	0.552548	0.25197
DEBT RATIO	100	1.418	0.005	0.4467	0.25182

Table 1

CORRELATION ANALYSIS

To find out the strength of relationship between two or more variables correlation analysis is done. In this study the correlation co-efficient analysis is done to find out the relationship between the capital structure variables ie Equity Ratio and Debt Ratio and variables of the Firm's Value ie Earning Per Share (EPS) and Price Earning Ratio (P/E Ratio). It can be said that the what relationship exist among variables

.

	Equity Ratio	Debt Ratio	EPS	P/E Ratio
Equity Ratio	1			
Debt Ratio	-1**	1		
EPS	0.098	-0.098	1	
P/E Ratio	-0.022	0.022	-0.056	1

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

Table2

The above correlation table indicates the relationship between Equity Ratio , Debt Ratio, EPS and P/E Ratio. In this study EPS and P/E Ratio are the dependent variables and Equity Ratio and Debt Ratio are the independent variables. There is a correlation of 9.8% between EPS and Equity Ratio but the correlation between EPS and Debt Equity ratio is -9.8%. This shows that there is negative correlation between EPS and Debt Equity Ratio ie inversely related with each other but in the case of relationship between EPS and Equity Ratio there is positive and direct relationship between each other.This also indicate that there is a weak optimistic relationship between EPS and variables of capital structure.If we look at the correlation between P/E Ratio and Equity Ratio which is -2.2% , indicating that there is a inverse relationship between P/E Ratio and Equity Ratio. We also found the exactly opposite relationship between P/E Ratio and Debt Equity Ratio which is 2.2%, indicating the positive relationship between them. But, it also indicate that there is weak optimistic relationship between P/E Ratio and variables of capital structure which is also found significant at 0.05 level.

REGRESSION ANALYSIS

REGRESSION SUMMARY OUTPUT

Coefficient of determination – R2 is the measure of proportion of the variance of dependent variables about its mean that is explained by the independents or predictor variables. (Hair et al. 1998).The adjusted R square value "indicates how well the independent variables influence the dependent one. (Benjamin 1999).

Regression Statistics	
Multiple R	0.102
R Square	0.010
Adjusted R Square	-0.010
Standard Error	46.49

Table 3

The above table shows the regression analysis where EPS is a dependent variable and Equity Ratio and Debt Ratio are the independent variables. It shows the ability of the capital structure to predict the value of the firm. Adjusted R^2 value is 0.010 which shows that only 1% of the observed variability of value of firm can be explained by the differences in the independent variables. Remaining 99% variance of the value of the firm attributed to other variables.

Regression Statistics	
Multiple R	0.026
R Square	0.001
Adjusted R Square	-0.020
Standard Error	111.755

Table 4

The above table shows the regression analysis where P/E Ratio is a dependent variable and Equity Ratio and Debt Ratio are the independent variables. It shows the ability of the capital structure to predict the value of the firm. Adjusted R^2 value is 0.001 which shows that only 0.1% of the observed variability of value of firm can be explained by the differences in the independent variables. Remaining 99.8% variance of the value of the firm attributed to other variables.

EMPERICAL RESULTS AND HYPOTHESES TESTING

The present study hypotheses are tested with the help of the proposed model.

Dependent Variables	Earning per share			P/E Ratio		
	β	t	Significant	β	t	Significant
Independent Variables						
Equity ratio	377.943	0.284	0.777	-420.577	-0.128	0.899
Debt ratio	360.141	0.271	0.787	-398.940	-0.125	0.901

Table 5

H1 There is a inverse relationship between the Equity ratio and Earning per share

It is focused on the point of view of standardized coefficients between the equity ratio and value of EPS. There is a direct association at 377.943.These relationship is the expected direction. t and significant values are 0.284, .777 respectively. It is reflect the t value is significant at the level of 0.05. Based on the above evidence gathered the H1 was not accepted. Because, research's result is in direct relationship between equity ratio and earnings per share.

H2 There is a optimistic relationship between the Debt ratio and earnings per share.

It is focused on the point of view of standardized coefficients between the debt ratio and value of EPS. There is a optimistic association at 360.141.These relationship is the expected direction. t and significant values are 0.271,0.787 respectively. It is reflect the t value is significant at the level of 0.05.Based on the above evidence gathered the H2 was accepted. Because, research's result is in optimistic relationship between equity ratio and earnings per share.

H3 There is a inverse relationship between the Equity ratio and P/E Ratio.

It is focused on the point of view of standardized coefficients between the equity ratio and value of EPS. There is a inverse association at -420.577.These relationship is not the expected direction. t and significant values are -0.125, .901 respectively. It is reflect the t value is significant at the level of 0.05. Based on the above evidence gathered the H3 was accepted. Because, research's result is in inverse relationship between equity ratio and earnings per share.

H4 There is a optimistic relationship between the Debt ratio and P/E Ratio.

It is focused on the point of view of standardized coefficients between the debt ratio and value of P/E Ratio. There is a inverse association at -398.340 .These relationship is the expected direction. t and significant values are -0.125, 0.901 respectively. It is reflect the t value is significant at the level of 0.05.Based on the above evidence gathered the H4 was rejected. Because, research's result is in inverse relationship between equity ratio and P/E Ratio.

CONCLUSION

This paper been completed with the important objective of to what extend capital structure impact on the value of the firm of the listed cement companies in India, that Correlation analysis showed that Equity Ratio has a positive relationship between EPS and negative relationship with Debt Ratio . On the other hand P/E Ratio has just opposite impact ie P/E Ratio has negative relationship between Equity Ratio and positive relationship with Debt Ratio. Thus capital structure has both positive and negative impact on the value of the firm. The study also shows that cement companies prefer internal or external equity finance to fund the new investment than external debt. The main source of financing in India is by banking sector. The study finding leads to the conclusion that the equity ratio, debt ratio does not have significant impact on market value ratios of the firm. Equity ratio has a direct correlation with earnings per share ratio, and Debt ratio has optimistic correlation with earnings per ratio. The research concluded that there is no relation between capital structure ratios and value of the firm which is explained by the two predictor variables (independent variable) collectively which has taken in the present study remaining 99.8% was unexplained by other variables. In fact other variables, which were not considered in this study, should be the variables that may account for the unexplained variations in leverage level.

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International Journal of Research in Management & Social Science
Volume 2, Issue 2 (I) : April – June , 2014
ISSN 2322 - 0899

THE DETERMINANTS OF INTERNATIONAL TRADE IN INDIA: A GRAVITY MODEL APPROACH

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ABSTRACT

Trade is an engine of economic growth. In case of India also, it has been contributing in economic growth. It has been an important part of the comprehensive programme of structural reforms initiated in India in 1991-92. These reforms have led to a perceptible change in the performance of the external sector in India. This is evident from the increase in trade to GDP ratio in India. However, India's share in world trade still appears unimpressive when compared to other Asian countries, especially to China. There is, therefore, a clear need to enhance the volume of India's trade with the rest of the world. For this it is imperative to identify the main determinants of trade flows in India. In this context an estimation of gravity model is appropriate tool for analysis. The main aim of this study is to investigate the determinants of international trade flows in India. The gravity model of trade is the empirical methodology most commonly used to analyse international trade flows determinants.

In this empirical analysis, India's bilateral trade flows (exports and imports) with 163 countries have been taken. Results show that quantitative variables such as gross domestic products of the trading countries, per capita income and distance between the trading countries are the main determinants of trade flows in India. There are some significant qualitative variables such as boarder, common languages, colonial relationship, landlocked countries and regional trading agreements among the trading partners which affect international trade flows in India.

Keywords: *Determinants, Economic growth, Gravity model, International trade, etc.*

Trade is an integral part of the total development effort and national growth of an economy. In case of India also, it has been an important part of the comprehensive programme of structural reforms initiated in India in 1991-92. These reforms have led to a perceptible change in the performance of the external sector in India. This is evident from the increase in trade to GDP ratio in India. However, India's share in world trade still appears unimpressive when compared to other Asian countries, especially to China. There is, therefore, a clear need to enhance the volume of India's trade with the rest of the world. For this it is imperative to identify the main determinants of trade flows in India. In this context an estimation of gravity model is appropriate tool for analysis. The main aim of this chapter is to investigate the determinants of international trade flows in India. The gravity model of trade is the empirical methodology most commonly used to analyse international trade flows determinants.

Gravity model is one of the most popular empirical tools for modelling bilateral trade flows. This model originates from the universal law of gravitation, propounded by Newton. Newton's gravity law in Physics states that any two bodies in the universe attract each other with a force that is directly proportional to the product of their masses and inversely proportional to the square of the distance between them. The gravity model for trade is analogous to this law. This analogy is as follows: "The trade flow between two countries is proportional to the product of each countries' economic mass, generally measured by GDP, each to the power of quantities to be determined, divided by the distance between the country's respective 'economic centres of gravity', generally their capitals, raised to the power of another quantity to be determined".

When investigating why gravity works so well, Harrigan (2001) differentiates two types of studies: aggregate and disaggregate. Whereas this approach works well with aggregated data, it performs worse with disaggregated data. According to Frankel (2000) it is desirable to disaggregate to get a better estimate since too much emphasis is not put on individual estimates that may be exposed to estimation error. Additionally, heterogeneity issues should be considered when analysing international trade patterns since determinants of international trade flows may differ across both countries and industries. From a gravity context, several authors have analysed whether there are different trade patterns for developed and developing countries (Loungani, Mody and Razin, 2002; Martínez-Zarzoso and Márquez-Ramos, 2005). Sector-heterogeneity has also been taken into account in gravity (Rauch, 1999; Tang, 2006). Feenstra (1998) suggest several factors that explain this growth: Falling transport costs, trade liberalisation, economic convergence of countries and the increase of intermediate goods trade. In the same line, Baier and Bergstrand (2001) analyse what factors account for the growth of trade. Their results show that income growth, tariff rate reductions and lower transport costs have contributed to the growth of world trade. According to these authors, income growth explains 67% of the growth of trade, tariff reductions 25% and transport cost reductions 8%. These authors only use 16 OECD countries in the empirical analysis, and all of them are high-income countries. However, developed and developing countries face different economic characteristics and those play a different role in the growth of international trade. Rahman (2003) has estimated trade potential for Bangladesh using panel data approach with economic factors like openness, exchange rates etc rather than natural factors. Christie (2002) estimates trade potential for Southeast Europe using ordinary least square estimation on cross section data from 1996-99. Kalbasi (2001) has analyzed the volume and direction of trade for Iran in a 76 country sample. The group of countries has been divided into developing and industrial countries and trade flows have been examined to determine the impact, if any, of the stage of development on bilateral trade. Several studies have analyzed the trade enhancing impact of preferential trading arrangements. These studies predict the additional bilateral trade that would be a consequence of the economic integration of a set of economies. Both the cross section and panel data approach has been used by these studies. The cross-section as also the panel data approach is mainly static and refers to a long run relationship. Frankel (1997) has used the gravity model to investigate a host of issues like the estimates of trading blocs, role of currency links etc using cross-section and panel data. Frankel and Wei (1993) have examined bilateral trade patterns throughout the world and analyzed the impact of currency blocs and exchange rate stability on trade.

THE GRAVITY MODEL

The gravity model of trade predicts bilateral trade flows based on the economic sizes and distance between two units. The model was first used by Tinbergen in 1962. The basic model for trade between two countries (i and j) takes the form of:

$$T_{ij} = G. (Y_i.Y_j)/D_{ij}$$

Where Tij is the trade flow, Y is the economic mass of each country, D is the distance and G is a constant. The model has also been used in international economics to evaluate the impact of treaties and alliances on trade, and it has been used to test the effectiveness of trade agreements.

Jan Tinbergen (1962) used an analogy with Newton's universal law of gravitation to describe the patterns of bilateral aggregate trade flows between two countries i and j as "proportional to the gross national products of those countries and inversely proportional to the distance between them."

$$T_{ij} \propto (GDP_i)^{\alpha} (GDP_j)^{\beta}/(Dist_{ij})^{\zeta}$$

where α, β, ζ ≈ 1. The so called "gravity equation" in international trade has proven surprisingly stable over time and across different samples of countries and methodologies. It stands among the most stable and robust empirical regularities in economics. While the role of economic size (α, β ≈ 1) is well understood in a variety of theoretical settings, to this day no explanation for the role of distance (ζ ≈ 1) has been found. This paper offers such an explanation for the first time.
The empirical evidence for the gravity equation in international trade is strong. Both the role of distance and economic size are remarkably stable over time, across different countries, and using various econometric methods.

The gravity equation is a simple empirical model for analyzing bilateral trade flows between geographical entities. The gravity model for trade is analogous to the Newtonian physics function that describes the force of gravity. The model explains the flow of trade between a pair of countries as being proportional to their economic "mass" (national income) and inversely proportional to the distance between them. The model has a lineage that goes back to Tinbergen (1962) and Poyhonen (1963), who specified the gravity model equation as follows:

$$Trade_{ij} = \alpha.\ (GDP_i.GDP_j)/\ Distance_{ij} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(1)$$

Where Trade_{ij} is the value of the bilateral trade between country *i* and *j*, α. is a constant of proportionality; GDP_i and GDP_j are country *i* and *j*'s respective national incomes, and Distance_{ij} is a measure of the bilateral distance between the two countries.
Taking logarithms of the gravity model equation as in (1) we get the linear form of the model and the corresponding estimable equation as:

$$Log\ (Trade_{ij}) = \alpha + \beta_1 log\ (GDP_i.GDP_j) + \beta_2\ log(distance_{ij}) + u_{ij} \ldots\ldots\ldots\ldots(2)$$

Where α, β_1 and β_2 are coefficients to be estimated. The error term captures any other shocks and chance events that may affect bilateral trade between the two countries. Equation (2) is the core gravity model equation where bilateral trade is predicted to be a positive function of income and negative function of distance.

The gravity model of international trade has a remarkably consistent history of success as an empirical tool. The elasticities of trade with respect to both income and distance are consistently high, signed correctly and statistically significant in an equation that explains a reasonable proportion of the cross-country variation in trade. It is to be noted however, that, in analyzing trade between country A and B, the gravity model makes no provision for third party effects i.e. the model does not take into account the conditions and opportunities that prevail between A and C and B and C.

In addition to the basic gravity model equation we estimate an augmented gravity model equation to first analyze international trade flows and then estimate the trade potential for India with its trading partners. The model is "augmented" in that, several conditioning variables that account for other factors that may affect trade have been included over and above the (the natural logarithms of) income and distance. The models basic and augmented as formulated for estimation are as follows:

BASIC GRAVITY MODEL

As stated in section II, the gravity model in its most basic form explains bilateral trade (T_{ij}) as being proportional to the product of GDP_i and GDP_j and inversely related to the distance between them.

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$Log\ (T_{ij}) = \alpha+\beta_1 log(GDP_i GDP_j) + \beta_2 log(GDP/pop_i.\ GDP/pop_j) + \beta_3 log(Dist_{ij})$.........(3)

To account for other factors that may influence trade levels, dummy variables have been added to the basic model. The augmented gravity equation is thus expressed as follows:

AUGMENTED GRAVITY MODEL

$Log\ (T_{ij}) = \alpha+ \beta_1 log\ (Y_i Y_j) + \beta_2 log(Y_i/pop_i.Y_j/pop_j) + \beta_3 log(D_{ij}) + \beta_4\ (Border_{ij}) + \beta_5\ (Lang_{ij})+\gamma_1(Comcol)+\gamma_2(Col)+\gamma_3(landlocked)+\gamma_4(RTA_{ij})+u_{ij}$………...........................(4)

Where i and j denotes countries and T_{ij} denotes the value of bilateral trade between i and j. The explanatory variables in the gravity model are defined as follows:

*GDP (Y)/Population (Pop)***:** There are two standard ways of measuring the size of countries in the gravity model: GDP (output) or population. We have also attempted to supplement the size variables with a measure of land area. This however does not add any significant value to our analysis. The focus in this chapter is thus on GNP as a measure of size and self- sufficiency with an alternative tests using population.

As regards GNP, the model is estimated using nominal GDP in US dollars and also GDP in terms of purchasing power parity (PPP). The main assumption is that trade usually happens at international prices, and so GDP at PPP has no bearing on trade levels. At the same time, given the strong under-valuation of certain countries' GDP, importantly for India, it is tempting to estimate the model with GDP at PPP and observe if the corresponding coefficients change in any significant fashion.

Per Capita Income: Y/POP: While mathematically, it is precisely equivalent, whether we express the explanatory variables as GDP and per capita GDP, or as GDP and population, we choose the former. In particular the specification with GDP per capita allows us to explore the link between a country's trade and its stage of development. Several explanations have been provided in the literature for inclusion of GDP per capita as an independent variable in addition to GDP. One possible explanation for the independent effect of per capita income is that exotic foreign varieties of goods are superior in consumption. Other possibilities arise out of the literature on endogenous growth. For example the process of development may be led by the innovation or invention of new products that are then demanded as exports by other countries. It is also instructive to focus explicitly on GNP per capita as a determinant of trade. The standard gravity model predicts that countries with similar levels of output per capita will trade more than countries with dissimilar levels. This is true of the Helpman- Krugman sort of theory also, as it predicts that the volume of trade should increase with increasingly equal distribution of national income. This however contradicts the traditional Hecksher-Ohlin theories of trade that predict that countries with dissimilar levels of output will trade more than countries with similar levels. In addition, the Linder hypothesis says that countries with similar levels of per capita income will have similar preferences and similar but differentiated products, and thus will trade more with each other. This hypothesis is often viewed as similar to the Krugman-Helpman theory in its predictions. While the Krugman – Helpman hypothesis predicts that the sum of the logs of (GNP/pop_i) and (GNP/pop_j) will have a positive effect on the log of trade, the Linder hypothesis is associated with the prediction that the absolute value of the difference of the two variables will have a negative effect on trade. A positive value of this falls in the category of Hecksher – Ohlin theories. To distinguish among these influences - Hecksher-Ohlin style factor endowments differences, Linder –style taste differences, and the effect of development on trade and in an attempt to capture the distinctive features of each, we add a term for the difference in per capita GNP in the standard formulation of the gravity model. A negative sign on this term would support the Linder hypothesis, while a positive sign would support the Hecksher-Ohlin hypothesis.

Distance: D is the distance between country i and country j measured “as the crow flies”-technically called the great-circle distance measured between the two latitude-longitude combinations. A major proportion of trade today goes by air (and not by sea or land) and therefore the air routes provide the most convenient justification for using the straight – line or great -circle measure of distance. The ultimate justification is of course given by the fact that this measure seems to be a reasonable measure of averaging across different modes of transportation and works well in practice.

To capture the impact of geographical factors and historical ties between countries on bilateral trade we include dummy variables. These are explained as follows:

Border/ Adjacency: A dummy variable to identify a pair of countries that are adjacent or contiguous or share a border. This dummy is in addition to the inclusion of the distance variable to account for the possibility of centre-to-centre distance overstating the effective distance between neighboring countries that may often engage in large volumes of border trade. The dummy variable is unity if countries i and j share a common border and 0 when they do not.

Common language: $Lang_{ij}$: is equal to one when two countries share a common language (official or commercial): Common language is expected to reduce transaction costs as speaking the same language helps facilitate trade negotiations.

Colonial links: Shared history is expected to reduce transaction costs caused by cultural differences.

Comcol.: is equal to one if i and j were colonies after 1945 with the same colonizer
Col.: is equal to one if i colonized j or vice versa.

Landlocked: number of landlocked countries in the pair.

Regional trading arrangements: Countries often enter into regional trading agreements with the intention of facilitating bilateral trade. The dummy variable is equal to one when both countries in a given pair belong to the same regional group and 0 otherwise. The estimated coefficient will then tell us how much of the trade can be attributed to a special regional effect. On an average it has been found that FTAs impact positively on trade with a study by Frankel and Rose indicating a tripling of trade between partners on account of membership of RTAs.

U_{ij} is a log-normally distributed error term and represents the myriad other influences on bilateral trade. E ($\ln U_{ij}$) = 0.

METHODOLOGY

In the first stage we have estimated (equation 4) for world trade flows. Gravity model Equation (4) has been estimated using the OLS technique with cross - section data for the year 2011. The dependent variable is total merchandise trade (exports plus imports in US$ billion), in log form, between pairs of countries. All estimates are checked for heteroscedasticity.
While panel data has advantages in terms of being able to capture the relevant relationships over time and panels monitor unobservable trading-partner-pairs’ individual effects, classical gravity models have used cross-section data to estimate trade effects and trade relationship for a particular time period, which is invariably one particular year. We have therefore followed the classical tradition of estimation with cross-section data.

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DATA SAMPLE

The dependent variable in our analysis is the natural log of total bilateral trade (exports plus imports) measured in current international prices (dollar value). Our analysis is based on the maximum possible geographical coverage of world trade flows. Data have been taken from International Trade Centre (ITC) that covers 93.5 per cent of world trade. 163 countries report their exports and imports with trading partners drawn from a set of 219 countries. Observations for all variables are for the year 2011. GDP is measured in current international prices (dollars) as well as in PPP terms. Population of all countries is measured in millions. The data source for population and GDP is the World Bank published World Development Indicators. Bilateral distance is measured, in kilometres, as the great circle distance between two capital cities of the trading partners. Bilateral distance is from the data set developed by Haveman and the CEPII. For language, contiguity, colonial background and other such information we have used the CEPII and the CIA World Factbook.

ESTIMATION RESULTS

Table 1: Descriptive Statistics

	TRD	GDPPC	GDP	DIST	COMLANG	COMCOL	COL	BRDR	LNDLCKD	RTA
Mean	4.383	22416897	790951.3	7312.8	0.288	0.276	0.006	0.042	0.202	0.552
Maximum	72.840	1.77E+08	29092462	16936.5	1.000	1.000	1.000	1.000	1.000	1.000
Minimum	0.0002	335670.0	324.0024	683.36	0.000	0.000	0.000	0.000	0.000	0.000
Std. Dev.	10.66	31983911	2791311.	4113.7	0.454	0.448	0.078	0.203	0.403	0.498
Observations	163	163	163	163	163	163	163	163	163	163

Table 2: Simple Correlation

	TRD	GDPPC	GDP	DIST	COMLANG	COMCOL	COL	BRDR	LNDLCKD	RTA
TRD	1.000									
GDPPC	0.333	1.000								
GDP	0.628	0.270	1.000							
DIST	-0.167	-0.106	0.037	1.000						
COMLANG	-0.017	-0.061	0.036	0.198	1.000					
COMCOL	0.022	-0.054	-0.148	-0.078	0.546	1.000				
COL	0.088	0.094	0.107	-0.011	0.123	-0.048	1.000			
BRDR	0.174	-0.126	0.099	-0.279	-0.068	0.072	-0.016	1.000		
LNDLCKD	-0.145	-0.099	-0.121	-0.191	-0.017	-0.072	-0.039	0.043	1.000	
RTA	0.321	0.299	0.239	-0.049	-0.053	-0.050	0.070	0.129	-0.252	1.000

Table 3 presents the OLS estimates of the basic and augmented gravity models.
We analyze the results of the augmented model for both GDP at current international US $ and in terms of PPP.

GRAVITY MODEL ESTIMATION RESULTS USING GDP AT CURRENT INTERNATIONAL DOLLAR

Table 3: Gravity Model Estimates **GDP- Current US$**

Variables/ Models	Model- I	Model- II	Model- III	Model- IV	Model- V	Model- VI
GDP (current US$)	0.88	0.94	0.92	0.92	0.92	0.87
Per Capita Income		0.13	0.21	0.21		0.26*
Distance	-0.76	-0.72	-0.74	-0.76	-0.78	-0.74
Border			0.46		0.49	0.48
Common language			0.42		0.48	0.46
Comcol			0.78	0.72	0.67	0.69
Col			0.20		0.29	0.24
Landlocked			-0.36	-0.67	0.01*	0.05*
RTA			0.55	0.55	0.56	0.54
Int.	-4.05	-2.84	-1.67	-1.56	-3.54	-3.66
Adj. R^2	0.72	0.73	0.77	0.77	0.75	0.74

All variables except dummies are in logs.
All results are checked for heteroscedasticity.
GDP= $Log(GDP_i*GDP_j)$
PCI= $Log(GDP_i/Pop_i*GDP_j/Pop_j)$
*not significant

The model for both the basic and augmented version fits the data well and explains more than 70 per cent of the variation in bilateral trade across our sample of countries. The standard features of the gravity model work well. Distance and income provide most of the explanatory power in all the regressions. The baseline variables (both GDP and distance) are very highly significant, have the expected signs and are of reasonable magnitude.

The coefficient on the GDP variable in our specification is positive, statistically significant and economically reasonable indicating that higher GDP (for the country pairing) increases trade. Given that the coefficient is less than one (0.92), an increase in the size of the country (output) increases trade, though, less than proportionately.

The estimated coefficient on log distance has the anticipated negative sign and is less than one, indicating that trade between a pair of countries falls by a little less than 1 per cent for every 1 percent increase in the distance between them. On controlling for adjacency, i.e. inclusion of the variable for common border, the magnitude of the coefficient on distance is reduced slightly. The coefficient on the dummy variable for a common border itself is estimated to be 0.46. As trade is specified in logarithmic form, we interpret the coefficient on the dummy by taking the exponent. Two countries that share a common border are estimated to engage in 75 per cent more trade than two otherwise similar countries.

We have also included an effect for landlockedness, which may add to transportation costs. The coefficient on the dummy for this effect is estimated at –0.36. This implies that, holding constant for other factors, the lack of ocean ports reduces trade by about 36 per cent.
Sharing a language increases trade by economically and statistically significant amounts. The estimated coefficient of the common language dummy is 0.42. The implication is that two countries sharing linguistic links tend to trade roughly 54 per cent more than they would otherwise. The effect of sharing a common language though positive, is not as much as the effect of sharing a common border.

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Ex-colonies and their colonizers and countries with the same colonizer all have disproportionately intense trade, consistent with intuition and received wisdom. Coefficients on the dummy variables representing these effects are positive and significant.

GRAVITY MODEL ESTIMATION RESULTS USING GDP AT PPP

Table 4: Gravity Model Estimates **GDP- PPP**

Variables/ Models	Model- I	Model- II	Model- III	Model- IV	Model- V	Model- VI
GDP (PPP)	0.95	0.96	0.92	0.92	0.92	0.88
Per Capita Income		0.03	0.13	0.12	0.12	
Distance	-0.70	-0.69	-0.74	-0.71	-0.73	-0.75
Border			0.38			
Common language			0.32	0.31		
Comcol			0.76	0.74	0.68	0.64
Col			0.34*			
Landlocked			-0.64		-0.65	-0.58
RTA			0.65	0.64	0.64	0.64
Int.	-6.57	-6.22	-3.95	-4.45	-4.28	-5.76
Adj. R^2	0.71	0.71	0.75	0.75	0.75	0.75

All variables except dummies are in logs.
All results are checked for heteroscedasticity.
GDP= $\text{Log}(GDP_i*GDP_j)$
PCI= $\text{Log}(GDP_i/Pop_i*GDP_j/Pop_j)$
*not significant

The results reported above (Table 3) are for GDP and per capita GDP at current exchange rates. Alternatively these variables are measured at purchasing power parity rates (PPP). In theory the PPP rates are preferable as large temporary swings in the nominal exchange rate can distort the comparison of incomes across countries. The usual disadvantage cited against measurement of PPP values is that they may be subject to large measurement errors. Considering, however, that India's income is significantly understated in current dollar terms, we estimate the gravity model using the PPP measure also.

Most of the coefficients are left largely unaffected in terms of sign and significance. The coefficient for GDP per capita was statistically significant and positive. This was in contrast with the model with income measured at the current exchange rate. In that case per capita income was insignificant and was later dropped on account of high multi collinearity (Table 2).

CONCLUSION

A number of authors have focused on the determinants of the trade flows, however further research is needed for a better understanding of what goods and with which countries developed and developing economies trade. This chapter focuses on the determinants of international trade flows of India. In the empirical analysis, 163 countries have been considered. Results show that quantitative variables such as

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gross domestic products of the trading countries, per capita income and distance between the trading countries are the main determinants of trade flows in India as these variables explained more than 70 per cent of trade flows is determined by these factors. There are some significant qualitative variables such as boarder, common languages, colonial relationship, landlocked countries and regional trading agreements among the trading partners which affect international trade flows of India. When we take all these variables (quantitative as well as qualitative), trade flows of India is explained 75 to 77 per cent. According to Baier and Bergstrand (2001) the main factors explaining world trade growth are income growth, tariff and transport cost reductions (distance is taken as proxy for transport cost). In relation to multilateralism, The WTO Ministerial Conferences are of great importance since various issues discussed their impact countries, especially poor ones, and their economic futures. In the last years, WTO talks have collapsed. High-income countries want to talk about new issues that are part of the free trade and liberalisation ideas that they promote. Otherwise, low-income countries want to talk about old issues mostly on agriculture that affected them the most.

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Model Description:

Model-I:	$Log\ (Trade_{ij}) = \alpha + \beta_1 log\ (GDP_i.GDP_j) + \beta_2\ log(distance_{ij}) + u_{ij}$
Model-II:	$Log\ (T_{ij}) = \alpha+\beta_1 log(GDP_i GDP_j) + \beta_2 log(GDP/pop_i.\ GDP/pop_j) + \beta_3 log(Dist_{ij})$
Model-III:	$Log\ (T_{ij}) = \alpha+\beta_1 log\ (Y_iY_j) + \beta_2 log(Y_i/pop_i.Y_j/pop_j) + \beta_3 log(D_{ij}) +\beta_4\ (Border_{ij})+ \beta_5(Lang_{ij})+\gamma_1(Comcol)+\gamma_2(Col)+\gamma_3(landlocked)+\gamma_4(RTA_{ij})+u_{ij}$
Model-IV:	$Log\ (T_{ij}) = \alpha+ \beta_1 log\ (Y_iY_j) + \beta_2 log(Y_i/pop_i.Y_j/pop_j) + \beta_3 log(D_{ij})+ \beta_4(Lang_{ij})+\gamma_1(Comcol)+ \gamma_2(RTA_{ij})+u_{ij}$
Model-V:	$Log\ (T_{ij}) = \alpha+ \beta_1 log\ (Y_iY_j) + \beta_2 log(Y_i/pop_i.Y_j/pop_j) + \beta_3 log(D_{ij})+ \beta_4(Lang_{ij})+ \gamma_1(Col)+\gamma_2(landlocked)+\gamma_3(RTA_{ij})+u_{ij}$
Model-VI:	$Log\ (T_{ij}) = \alpha+\beta_1 log\ (Y_iY_j) + \beta_2 log(D_{ij}) + \beta_3(Lang_{ij})+ \gamma_1(landlocked)+\gamma_2(RTA_{ij})+u_{ij}$

 ISSN 2322 - 0899

Annexure 1A: Sample Countries taken for Gravity Modelling:

United States	Yemen	Panama	Belarus
United Arab Emirates	Colombia	Lebanon	Niger
China	Mozambique	Cameroon	Gabon
Singapore	Poland	Norway	Botswana
Hong Kong	Jordan	Zambia	Nicaragua
Netherlands	Ghana	Slovenia	El Salvador
Saudi Arabia	Sudan	Korea	Bolivia
United Kingdom	Denmark	Guatemala	Swaziland
Germany	Sweden	Guinea	Armenia
Japan	Qatar	Libya	Mongolia
Brazil	Mauritius	Ecuador	Mauritania
Indonesia	Chile	Bhutan	Fiji
Belgium	Ethiopia	Sierra Leone	Brunei Darussalam
France	Peru	Madagascar	Burundi
South Africa	Bahrain	Lithuania	Jamaica
Bangladesh	Angola	Bulgaria	Seychelles
Italy	Myanmar	Uruguay	Papua New Guinea
Korea	Ukraine	Zimbabwe	Eritrea
Sri Lanka	Argentina	Malawi	Tajikistan
Israel	Senegal	Maldives	Lao P.D.R.
Malaysia	Portugal	Congo	Iceland
Kenya	Afghanistan	Georgia	Belize
Turkey	Uganda	Liberia	Chad
Viet Nam	Benin	Croatia	Guyana
Thailand	Côte d'Ivoire	Honduras	Suriname
Spain	Morocco	Uzbekistan	Equatorial Guinea
Egypt	Djibouti	Cambodia	Comoros
Nigeria	Ireland	Dominican Republic	Lesotho
Australia	Greece	Latvia	Albania
Nepal	Hungary	Estonia	Guinea-Bissau
Oman	Austria	Azerbaijan	Luxembourg
Russian	Finland	Trinidad and Tobago	Central African Republic
Canada	New Zealand	Burkina Faso	Barbados
Pakistan	Malta	Mali	Bosnia and Herzegovina
Tanzania	Tunisia	Costa Rica	Timor-Leste
Mexico	Togo	Paraguay	Vanuatu
Iraq	Romania	Turkmenistan	Dominica
Switzerland	Kazakhstan	Rwanda	Antigua and Barbuda
Philippines	Czech Republic	Haiti	Samoa
Kuwait	Venezuela	Cyprus	Kiribati
Algeria	Solomon Islands		
	Namibia		

International Journal of Research in Management & Social Science
Volume 2, Issue 2 (I) : April – June , 2014
ISSN 2322 - 0899

CORPORATE SOCIAL RESPONSIBILITY: RESPONSIBILITY TOWARDS STAKEHOLDERS

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Too often the community views the businessmen's aims as selfish gain rather than advancement of the general welfare. That impression can be removed only if business is fully alive to its social responsibilities and helps our society to function in harmony as one organic whole."

- Late Prime Minister Lal Bahadur Shastri

"Business has a responsibility beyond its basic responsibility to its shareholders; a responsibility to a broader constituency that includes its key stakeholders: customers, employee, NGOs, government - the people of the communities in which it operates."

- Courtney Pratt, Former CEO Toronto Hydro

'What is that life worth which cannot bring comfort to others'

- Dr. S K Burman, founder, Dabur India Ltd.

ABSTRACT

The connotation of corporate social responsibility has been changing from the days ofIndustrial revolution. The differentiation between liberty of action for the few and responsibility for the many was prevalent in the middle ages, before and after the industrial revolution, and even today.

Due to the changes in the environment of business world, the necessities for success and competitiveness are also changing. The consequence of this is that large organizations are emphasizing the maintenance of strategic relationships with different sections of the society and this is how corporate social responsibility is gaining prominence. It is the matter of commitment on the part of organizations to frame certain social criteria and administer the business activities by taking strategic decisions. Socially responsible companies should consider various issues, from the organization of the firm to building relationships with the society.The issue of corporate responsibility has come into focus through industrial revolution.

Business and society are bound by contract in which they operate. While businessis anticipated to generate wealth and provide opportunity for employment, society is expected to provide an environment conducive for business. As business depends on the society in which it operates, society also expects businessto make its contribution to the community.

The present paper attempts to describe a number of tasksviz. financial, political, environment, adaptive, economic and social that a business has to fulfill towards societyand the responsibilities that an organization has to discharge towards its stakeholders – both internal (shareholders, employees) and external(consumers, suppliers, creditors, competitors). In addition to this, CSR initiatives of few IT companies viz. -Zensar Technologies, HCL and Infosys are also depicted.

Keywords: Corporate responsibility, charitable contributions,financial tasks, economic tasks, political risks

INTRODUCTION

In the past, corporate responsibility has taken the form of codes of conduct written by public relations departments, without serious involvement of employees or other stakeholders, and without any process for monitoring and verification of implementation. Too often it has been measured on terms of charitable contributions, consultations with stakeholders chosen by the corporation, and the corporation's own definitions of "best practices" with regard to worker safety or environmental impact.

Corporation no longer exist to earn only profits, but also strive to satisfy various societal needs. Thus, corporations need to be socially responsible, for their business activities. Also, they need to be socially conscious and consider the social and ethical implications of their decisions.

Corporate social responsibility (CSR) is:

- An obligation, beyond that required by the law and economics, for a firm to pursue long term goals that are good for society
- 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 that of the local community and society at large
- About how a company manages its business process to produce an overall positive impact on society

Corporate Social Responsibility is the sense of obligation on the part of companies to build certain social criteria and manage the business activities by taking strategic decisions. Socially responsible companies should consider various issues, from the organization of the firm to building relationships with the community. The issue of corporate responsibility has come into focus through industrial revolution.

Keith Davis defined social responsibility as "Social Responsibilities refer to the businessman's decisions and actions taken for reasons atleast partially beyond the firm's direct economic or technical interest."

The effectiveness of an organization depends on its ability to develop itself into a social organization. Corporate responsibility and accountability are considered the building blocks for any organization. As a result, organizations have evolved overtime to perform a number of functions or tasks in society. These tasks include:

FINANCIAL TASKS

With the rise of corporations and joint stock corporations, companies have realized the need to assure shareholders that they are acting in their interests. The auditing profession adopted the generally accepted accounting principles, likewise stock exchanges have established the rules and regulations for governing the functioning and trading of shares. The rules and regulations help investors to invest their savings with confidence. Billions of dollars are misused and misallocated because of poor or non-existent regulations. Thus, to bring in transparency and accountability in finance there is a need for adequate supervision and regulation.

ECONOMIC AND PRODUCTION TASKS

All the tasks that are related to the creation and maintenance of wealth are referred to as economic and production tasks. They include production and manufacture of goods and services, distribution of goods, and the identification of the new products.

Manufacturers, distributors, retailers, service providers and all business that make up the commercial world are associated with the economic and production tasks. Companies, while trying to maximize returns for their shareholders, may monopolize the market through buyouts, mergers, and unfair practices like market manipulation. Economically responsible corporation will always refrain from monopolizing the market.

MAINTENANCE TASKS

These tasks help in ensuring the normal flow of communication in society. Activities that help shape the society and culture by transmitting knowledge fall into this category. The best examples of such activities are educational, religious, and health and welfare service. These institutions are helpful in transmitting information to society, communicating knowledge and shaping the culture of the society. Print and electronic media also help in transforming society and can thus be regarded as examples of maintenance activities. For example Microsoft Corp. announces donation of more than $7.1 million in software to 10 national nonprofit organizations. Awarded annually, Nonprofit Technology Leadership Grants provide large-scale contributions of software to nonprofit organizations that have offices in at least three states. The grant programe is a central component of Microsoft’s mission to equip nonprofit organizations with technology solutions, enabling them to achieve increased operational efficiency, enhanced internal and external communications, and better program and service delivery. The recipients include well-known organizations as the American Red Cross, American Lung Association and Habitat for Humanity International and the National Multiple Sclerosis Society.

THE ADAPTIVE TASKS

The task by which a society responds to change is referred to as the adaptive function. It also means the way organizations adapt to the changes in the society. Organizations respond to these changes by stepping up their R & D activities. Organizations create products that are useful for society and these products are designed in accordance with changes in consumer preferences.

THE MANAGEMENT OR POLITICAL TASKS

Corporations are expected to (1) support and promote human rights (2) not to suppress basic freedom of speech, association, etc. Political responsibility is a difficult task to perform in comparison to financial, social, and environmental tasks, where human rights are respected and freedom of speech is allowed. In some countries, businesses encounter problems because of the violation of human rights. Since the primary responsibility of any business is to operate efficiently, respecting the interests of the stakeholders, it should now become more proactive in seeking solutions to global problems and in developing the necessary cooperation with governments and other institutions. Companies can achieve this if they uphold local news in which their business is operating. A business must frame policies that are towards corporate social responsibility and these should be made available to all the stakeholders of the organization. It is often seen that the list of companies that exploit labour, cause environmental destruction and ride roughshod over human rights (often with the complicity of various governments) is immense. The best example is that of Shell and its operations in Nigeria. Shell’s operations in the Niger Delta in southeast Nigeria is the best documented case of the environmental and human impact of oil exploitation. Shell has extracted oil from the Niger Delta since 1958.

ENVIRONMENTAL TASKS

Environmental laws and agencies are necessary to curb certain unethical practices. Most companies have now established regulations to limit pollution by their factories. These are essential to prove a company's commitment corporate social responsibility. Companies should adopt self-regulations so that a business operates with corporate responsibility. Most of the industry associations have also established environmental codes of conduct. Companies have to develop detailed guidelines policies to govern their activities and behaviors. These standards have to become a part of company's everyday practice. Environmentally responsible businesses, non-profit organizations and activists have joined hands to create voluntary codes of conduct or principles that businesses can adopt. The coalition for Environmentally Responsible Economies (CERES) is one such partnership. The CERES Principles, embraced by more than 50 companies including American Airlines, Coca-Cola USA, General Motors, Polaroid, and Sunoco, represent a voluntary commitment to continual environmental regulations. The CERES Principles address issues such as informing the public about hazardous materials, reducing risk of buying unsafe products, restoring the environment, and manufacturing safe products and services. The CERES Principles, a ten point code of environmental conduct encourages companies to commit to continual improvement in activities that protect the environment.

SOCIAL RESPONSIBILITY

A corporation is said to be socially responsible if its treatment of employees, customers, suppliers and community is unbiased. For example in employee relations, a corporate is said to be socially responsible if it does not discriminate against women, minority groups and the disabledand adopts policies that ensure equitable treatment of the employees. And by getting involved in community building activities like providing healthcare, promoting education or civic amenities a company shows that it is a socially responsible corporation.Providing employees with a healthy and safe working environment also demonstrates a company's commitment to social responsibility. Companies that have established regulations limiting pollution and voluntary codes of conduct have always been recognized internationally. International institutions have also been playing a crucial role in promoting socially responsible corporation. The international labor organization (ILO) has laid down certain standards and codes for labour rights. The 174 member countries of ILO, which is governed by representatives of business and labour standards around the world, is committed to elevating labour standards. The successful implementation of these standards needs active support of labour unions and governments around the world. Non-governmental organizations also play an important role in promoting social responsibility. Nike and Reebok have come under severe criticism from labour organizations as they employ workers as young as 13 years, who earn as little as 10 cents an hour toiling up to 17 hours daily in enforced silence. Nike does not manufacture its own products, but buys goods from independent subcontractors in places where wages and working conditions are poor. The average salary for a Nike contract worker in Indonesia is $2.60 a day. Such acts indicate an organization's lack of commitment to human rights and also lack of responsibility towards the community in which they work.

To be socially responsible a company must follow certain values like honesty, trust and respect. These values must be reflected in the company's policies and procedures. For example, Unocal is one of the world's largest independent oil and gas exploration and production companies, with major energy resource development, power plant and pipeline projects in Asia, North America and South America and has strict standards of business conduct.

According to the company's Code of Ethics and Compliance Guidelines, "We are committed to meeting the highest ethical standards in all our operations, whether at home or abroad. This includes treating everyone fairly and with respect, maintaining a safe and healthy workplace, and improving the quality of life wherever we do business. It also means conducting our business in a way that engenders pride in our employees and respect from the world community." The company's core values – honesty, integrity, excellence and trust – are evident in the spirit of the law, and perform his or her duties with the utmost attention to ethical business practices. The majority of multinational companies that generate their earnings outside their home spend only a small percentage of their commission in the communities they operate in. Exxon generates 70 percent of its earnings outside USA, but contributes less than 30 percent of this amount in charitable donations outside the USA.

An organization is expected not only to perform certain tasks towards society but also it has to discharge responsibilities towards stakeholders. Businesses can succeed in maintainingand strengthening good relationships with all their stakeholders by fulfilling their obligations towards them.

The stakeholders are all those who participate in some way in the activities of an organization. They can be categorized as:

1. Internal stakeholders - shareholders and employees.(Any decision taken by the management has a direct impact on them)
2. External stakeholders – consumers, suppliers, competitors and community(Individuals and groups who have some claim on the company)

RESPONSIBILITIES OF THE ORGANIZATION TOWARDS INTERNAL STAKEHOLDERS

Shareholders:

1. Managing the company efficiently in order to secure a fair and competitive return on the owners' investment.
2. Disclosing relevant information to shareholders, subject only to legal requirements and competitive constraints.
3. Conserving, protecting and increasing the shareholders' assets.
4. Respecting the shareholders requests, suggestions, complaints, and formal resolutions.

Employees:

1. To provide adequate compensation.
2. To provide working conditions that respect each employee's health and dignity.
3. To be honest in communications with employees and open in sharing information.
4. To listen to and, where possible, act on employee suggestions, ideas, requests, and complaints.
5. To engage in negotiations when conflict arises.
6. To avoid discriminatory practices and guarantee equal treatment and opportunity regardless of gender, age, race, and religion.
7. To protect employees from avoidable injury and illness in the workplace.
8. To encourage and assist employees in developing skills and knowledge that are required for accomplishing the task.

RESPONSIBILITIES OF THE ORGANIZATION TOWARDS EXTERNAL STAKEHOLDERS

Consumers

1. Producing goods according to the specific needs of consumers, their purchasing power etc.
2. Offering quality goods at reasonable prices.
3. Providing prompt and adequate service to consumers.

4. Improving the standard of living by producing goods and services of high quality.
5. Treating consumers fairly in all aspects of business transactions.
6. Ensuring the health and safety of customers.

Suppliers:

Responsibilities of business corporations towards their suppliers are:

1. Seek fairness and truthfulness in all activities, including pricing and licensing.
2. Ensure that business activities are free from coercion and unnecessary litigation.
3. Foster long-term stability in the supplier relationship in return for value, quality, competitiveness and reliability.
4. Share information with suppliers and integrate them in the planning processes.
5. Pay suppliers on time and in accordance with agreed terms of trade.
6. Seek, encourage, and prefer suppliers and subcontractors whose employment practices respect human dignity.

Competitors:

Responsibilities of business corporations towards their competitors are:

1. Foster open markets for trade and investment.
2. Promote competitive behavior that is socially and environmentally beneficial and demonstrates mutual respect among competitors.
3. Refrain from either seeking or participating in questionable payments or favors to secure competitive advantage
4. Respect both tangible and intellectual property rights.
5. Refuse to acquire commercial information by dishonest or unethical means such as industrial espionage.

Community:

A firm responsibility towards the society include:

1. Respecting human rights and democratic institutions.
2. Supporting public policies and practices that promote human development through harmonious relations between business and other segments of society.
3. Collaborating with such activities that aim at improving the standards of health, education, workplace safety and economic well-being.
4. Promoting and stimulating sustainable development and playing a leading role in preserving and enhancing the physical environment and conserving the earth’s resources.
5. Supporting peace, security, diversity and social integration, respecting the integrity of local cultures.
6. Encouraging charitable donations, educational and cultural contributions and employee participation in community and civic affairs.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES OF FEW IT COMPANIES

CSR at Zensar Technologies:

An essential component of Zensar's corporate social responsibility is their care for community. They endeavor to make a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. Many of the community projects and programs are driven by active participation of their employees. The commitment to address important societal needs extends throughout their philanthropic outreach programs.

Established for the purpose of improving, guiding and inspiring the lives of the underprivileged, the Foundation facilitates programs and gives direct assistance and resources to individuals, families and other charitable organizations. Nurturing experiences and personal opportunities are also provided for those in the community who have little or no access to any assistance. The Zensar Foundation has taken up several initiatives to improve living conditions of the underprivileged and make a positive difference in their lives. The Foundation has adopted Ambedkar Nagar, a small community near the Zensar Campus for sustained community development programs.

Health and education have been identified as the primary objectives in the community development process. The foundation works relentlessly to ensure improvement of general health and spread of non-formal education among all members in the community. A number of focused initiatives have been implemented to bring about general health awareness and improve the level of education.

CSR at HCL:

To give back to the society what we received from it has been the constant endeavor at HCL Technologies. They take pride in being a company with a strong social conscience, and this ideology stems out of the fact that they are closely linked to the communities they operate in.

They believe that every drop counts and every step aimed at helping the community is an important step. Their commitment to make a positive difference to the environment or the underprivileged is not about a one off initiative but is a sustained effort to make a visible change to people's lives.

Green initiative at HCL

Every initiative at HCL is conducted or organized with the environment in mind. They believe every organization can play a major role in reducing hazards to the environment, and which is why HCL has joined the national movement of businesses and organizations that are leading the fight against global warming by aligning with Carbonfund.org, one of country's leading carbon offset organization.

The result was that HCL's Global Customer Meet 'Unstructure', organized in November 2008, was a carbon-neutral event as they compensated for the emissions by purchasing carbon credits, which were split equally into carbon offsets of Reforestation, Energy Efficiency and Renewable Energy.

Advancing further into their Go Green initiative, the event was taken as an incentive to plant more than 650 oak trees in 2.8 acres of land in Champawat district of Uttarakhand. The scarves presented to the guests at the GCM were made from "Peace silk", which is called so because it is drawn only after the oak silk worm moth has emerged, with no harm befalling the silk worm itself.

Their employees walk hand in hand in making the organization green friendly by organizing plantation drives across the country, and working with organizations like Green Peace to create awareness on green issues. It is a conscious decision taken by the employees to reduce paper usage, save energy and cost by switching off lights when not required and print only when necessary, as an effort to drive the green movement within the organization.

Employee volunteer programs

Employees at HCL are the real value creators who can make a difference not only to the organization but their collective effort can change the society itself. The Community Service Council at HCL Technologies (CSR) is an initiative driven entirely by employees and completely supported by the management. With over 500 events organized in the last one year, the council is by far the most active of councils in the organization.

The aim of the CSC council is to improve, guide and inspire the underprivileged people, through various assistance programs, and by working with many NGOs and charitable organization. As the Chinese proverb says 'Buy him a fish and you will feed him for a day, teach him to fish and you will feed him for life'.

- **HCL School Intervention Program:** Right to good education is the basic right of every child and SIP is an effort to give life to this belief. Holistic in its scope, over 100 volunteers reach out to 800 students from different schools to conduct classes in basic subjects like English, Mathematics and computers, and carry out health & hygiene and environment awareness programs. Other than this, personality development programs, summer workshops and vocational trainings courses are also organized for these students.
- **Teach @ Office:** It is often said that charity begins at home but, at HCL, social responsibility begins at office. Through this initiative basic awareness, knowledge and skills were imparted to over 250 guards posted at the various HCL facilities with the aim of improving their quality of life, increase their awareness levels and empower them to work better.
- **Child Rescue and Rehabilitation program:** The program is designed to provide voluntary help to rescue and rehabilitate children who are affected by various forms of abuse and are in need of rehabilitative support. In the Bangalore initiative, for example, over 170 employees work closely with the Ministry of women and child development, NGOs like Bosco, Apsa & Child Right Trust and the Bangalore police to conduct field visits and organize awareness programs. Till now over 60 children have been rehabilitated.
- **Fund Raising Events and collection drive:** HCL works with more than 10 NGOs and Self Help Groups like Goonj (a resource mobilization initiative for the underprivileged), Scope plus (working with destitute women), Srijan (working for the welfare of the Tihar Jail inmates) and Petals (working with specially-abled people) to promote causes we strongly believe in, and help these organizations raise funds by organizing bazaars and collection drives at various HCL facilities. In the last one year, employees have raised nearly Rs. 1.25 lakh to support these causes.
- **Encouraging the specially-abled:** The initiative is aimed at helping the specially-abled individuals to earn their livelihood and lead a normal life. As part of the program, couple of kiosks have already being set up at our facilities in Noida and Gurgaon, which will be followed by similar set ups across the country

CSR at Infosys:

Infosys is actively involved in various community development programs. It promoted, in 1996, the Infosys Foundation as a not-for-profit trust to which it contributes up to 1%PAT every year. Additionally, the Education and Research Department (E&R) at Infosys also works with employee volunteers on community development projects. Infosys leadership has set examples in the area of corporate citizenship and has involved itself actively in key national bodies. They have taken initiatives to work in the areas of Research and Education, Community Service, Rural Reach Programme, Employment, Welfare activities undertaken by the Infosys Foundation, Healthcare for the poor, Education and Arts & Culture.. They are aware that growth is inextricably linked to the well being of ecosystem - employees and business partners, local communities and the environment. As the world gets flatter, they have a larger responsibility to achieve a sustainable tomorrow.

Their sustainability policy guides interactions with stakeholders and influences day-to-day actions. As a responsible corporate citizen, they collaborate with customers and governments to develop sustainable solutions and governance frameworks. They engage with the United Nations Global Compact for coordinated action towards sustainable development.

Every year, they publish a Sustainability Report based on the guidelines of the Global Reporting Initiative. The reports focus on our activities - business-as-usual as well as beyond business - and share their progress in the pursuit of sustainable growth. The report for 2009-2010 delineates their sustainability agenda in three areas:

Social Contract
They are committed to an equitable society. Their employees make a difference by taking up social causes in healthcare, education, art and culture, rural rehabilitation and inclusive growth.

Resource Efficiency
They are responsible consumers of energy and natural resources. Their long-term vision is to become water sustainable and are reducing their ecological impact even as they grow their global operations.

Green Innovation
They develop sustainable solutions to reduce the carbon footprint of their customers and combine sustainability with engineering to develop smart and green products.

CONCLUSION

The paper presents an overview of various tasks that an organization fulfills towards society , the responsibilities it discharge towards its stakeholders along with CSR initiatives of few IT companies viz. - Zensar Technologies, HCL and Infosys

International Journal of Research in Management & Social Science
Volume 2, Issue 2 (I) : April – June , 2014
ISSN 2322 - 0899

MOBILE NUMBER PORTABILITY: IT'S IMPACT ON CONSUMER AND SERVICE PROVIDERS

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ABSTRACT

The Indian telecom industry is one of the fastest growing in the world and is estimated that India will have 'billion plus' mobile users by 2015. The research study pull the attention on mobile number portability with the special consideration given on porting, porting time, porting costs/fee, Customer demographics, customer awareness, attractive/aggressive tariff plans, innovative services, quality of service, Voice quality, low call drops and state-of-the-art customer service setup etc. Switching costs are one of the most important economic forces that affect market competition in mobile communications. The research has shown that switching costs reduce market competition leading to higher prices, lower product and service quality, and lower customer welfare. Given their negative consequences, The TRAI policies aimed at reducing switching costs and fostering competition. One of the most important of these, in the mobile communications industry, is mobile number portability (MNP). MNP has been introduced in on all India basis in January 2011. Mobile Number Portability enables customers to switch from his/her existing operator to new operator based on his needs without changing his/her mobile number.

Key words: Mobile Number Portability, TRAI, service providers, consumers.

INTRODUCTION

Mobile number portability has been introduced in India on November 25, 2011 beginning with Haryana State. The MNP roll out in other state started from January 20, 2011. Mobile Number Portability offers the subscriber the flexibility to retain his telephone number even when he switches to another operator in a service area. Number portability is a feature that allows a mobile subscriber to use the same number across different service providers. The person/user has the liberty to opt for any service provider without the time-consuming exercise of letting the rest of the world know about the change of number.

Mobile Number Portability offers the subscriber the flexibility to retain his telephone number even when he switches to another operator in a service area. Number portability is a feature that allows a mobile subscriber to use the same number across different service providers. The person/user has the liberty to opt for any service provider without the time-consuming exercise of letting the rest of the world know about the change of number. Very often subscribers do not switch to another operator even if the competitor is offering lower tariff and better services because they do not want to change their number.

Very often subscribers do not switch to another operator even if the competitor is offering lower tariff and better services because they do not want to change their number. In a consultation paper issued in July 2005, TRAI said that subscribers and operators would benefit from the introduction of the number portability system. As per TRAI, "In most service areas in India, subscribers have a choice of operators, however, the subscriber's inability to retain his telephone number when changing operators is an obstacle to competition. Therefore, MNP will benefit subscribers and increase the level of competition, rewarding operators with the best customer service, coverage, and service quality."

Switching costs are one of the most important economic forces that affect market competition in mobile communications. The different studies have indicated that switching costs reduce market competition leading to higher prices, lower product and service quality, and lower customer welfare. Given their negative consequences, the Telecom Regulatory Authority of India (TRAI) has designed policies aimed at reducing switching costs and fostering competition. One of the most important of these, in the mobile communications industry, is mobile number portability (MNP).

The push for MNP implementation in the industry has always been led by market regulators in an effort to provide mobile consumers with the freedom to move between service providers, with eventual hopes that it will lead to healthy competition in the mobile industry. Meanwhile, mobile service providers have been generally adverse to MNP for fear that its deployment would lead to greater increase in subscriber churn rates. Nevertheless, while MNP reduces one of the main barriers to subscriber churn, which is the custody of the same mobile number, its potential negative effects to subscriber retention are likely to be over-rated. Service providers should also realize that MNP brings competitive opportunities for intrepid service providers to leverage on.

The present paper is an attempt to understand the impact of the mobile number the present paper is an attempt to understand the impact of the mobile number portability (MNP) in India in general and Delhi in particular

LITERATURE REVIEW

Indian Telecom market has the world's lowest call rate and fastest growing subscriber rate is, yet a mobile penetration rate is very low (37.94%, as in April 09). This is because majority of population resides in the rural areas where the service providers find it hard to provide services at these remote places. Another major reason is the economic status of the people. Still this is a growing market with around 12-13 service providers spread across the nation while a few others only providing services in selected few areas.

The Telecom Authority of India (TRAI), in the year 2006 among other plans and reforms came up with the plan of implementation of Mobile Number Portability (MNP). It was suggested that by April 2007, MNP will be implemented. But it has been delayed due to several reasons, the major ones among them being,

- Opposition from the mobile service providers asking TRAI to implement fixed number portability before MNP.
- Regulatory authority taking a lot of time in the analysis and planning.
- Delay due to bidding for the MNP service providers.
- Opposition from the Department of Telecommunication stating the technical difficulties in MNP implementation.

Absence of number portability was a major reason for customers not being able to switch from their existing access providers even if they are not satisfied with the services of the operator specially to the business person, for whom a change in number means communicating the new number to the clients and other business associates and also requires modification in stationary and other media through which the number is displayed.

On September 23, 2009 TRAI released the "Telecommunication Mobile Number Portability Regulations, 2009". This regulation clearly defined the roles of each of the involved operator, criteria for a customer to be able to use MNP, technology to be used for implementing MNP and other details based on the inquiries and comments the authority had received from the different parties involved in this project.

It has been made mandatory that all the service providers or operators provide MNP to their customers. By Nov 26, 2009 all the mobile service providers were required to be ready with the facilities to automate the porting process automatic and SMS based. A set of criteria for customer's eligibility to apply for

 ISSN 2322 - 0899

porting are specified which state that a customer could only submit a porting request if it's been ninety or more days since the activation of the number if the number has not been ported earlier or the same duration since the previous porting request. Some other legal clauses and bill clearance conditions have also been included.

And now after a series of consultations and surveys, the MNP has been launched across India from Jan 2011. Telecordia's joint venture company MNP Interconnection Telecom Solutions India Pvt Ltd (MITS) will manage India's Mobile Number Portability solutions in South and East of India, while Syniverse Technologies in the North and the West.

MOBILE NUMBER PORTABILITY IN THE WORLD

Mobile number portability (MNP) has been implemented in different countries before its introduction in India . The developed markets of Hong Kong, Australia, and Singapore were the early adopters. Singapore was the first to implement MNP in April 1997, followed by Hong Kong in 1999, Australia in 2001, USA in 2003,South Korea in 2004, and Taiwan in 2005, United kingdom in 2006, Ireland and Canada in 2007. These markets had already achieved, or were near, the 50 percent mobile penetration rate during its implementation period. The idea was to prevent market stagnation by urging service providers to offer more services that are competitive and compelling. Developing markets that are currently very close to, or have recently passed the 50 percent mobile penetration rate, such as Thailand, Malaysia, India, and the Philippines, are starting to consider, or are already planning the implementation of MNP.

Table 1: Mobile Number Portability in World

Year	Countries where MNP was Introduced
1997	Singapore
1999	England (The first user in Europe), the Netherlands, Hong Kong
2000	Spain, Switzerland
2001	Denmark, Sweden, Norway, Portugal, Australia
2002	Italy, Belgium, Germany
2003	Finland, France, Austria, Greece, Ireland, Iceland, Luxembourg
2004	Lithuanian, South Korea, Slovakia, America (as a whole)
2005	Czech Republic, Estonia, Latvia
2006	Croatia, Malta, Poland, Slovenia
2008	Bulgaria, Macedonia, Romania, Turkey
2011	India

Source : ECC Report 2003, (2004-2008);Institution of Information Technologies and Communication, 2009

Both theoretical and empirical researches show that switching costs reduce the market competition, result in less product quality with higher prices and lead to less consumer welfare as well. (Maicas et al., 2009). Mobile number portability system is introduced by governments to alleviate these costs and barriers. But the sufficiency of the system especially for early years is always controversial. When the introduction of MNP in America is reviewed, 30 million subscribers were expected to switch the operators within the first year of MNP introduction. However, only 7.8 million Americans switched from one carrier to another (Shin, 2005). Similar experiences occur also in other countries and the need of understanding the reasons of such unwanted situations appears to obtain better results from the application.

 ISSN 2322 - 0899

Some European countries delayed the implementation of MNP for various reasons. For example, Germany postponed the initiation because of the lack of appropriate technical solution. Also, Austria delayed the introduction of this service for several times, because while smaller Austrian operators like Tele-ring and Tele2 agreed on MNP, the larger operators, including Mobilkom and T Mobile, were uncertain about introduction of MNP (Shakouri et al., 2004). Nera (2003) (National Economic Research Associates) examined the usage of MNP for

England and for the first two years after implementation, only %12 of subscriber changed the operator.

It is suggested that the difficulty of using MNP during the first years after implementation may explain its unpopularity: porting a number originally took an average of 25 days. When the delivery time was reduced to five days on average, take-up increased to about 18% for residential customers and 80% for businesses (Lyons, 2006).

The telecommunications sector, as other service sectors such as banking and insurance, is often characterized by the presence of factors that restrict consumers' mobility. These factors include costs related with the search and comparison of offers (search costs) and costs related with the process of switching suppliers (switching costs).

Search costs include the set of costs faced by a consumer when trying to identify and understand alternative offers' characteristics.

There is a wide range of types of tariffs, namely, linear tariffs, flat rates, two part tariffs (a mixture of linear and flat rates), or even multiple part tariffs that increase the difficulty of comparing prices.

Switching costs are borne by a consumer whenever he chooses to switch from his previous service provider to a new one. Switching costs (OFT (2003) can be categorize into: (i) *transaction costs*, (ii) *contractual costs*, (iii) *psychological costs*, (iv) *uncertainty costs*, (v) *learning costs*, and (vi) *compatibility costs*.

Transaction costs related to the disclosure of a new mobile number. These costs may be substantial, especially for non-residential customers who have to contact all their clients and suppliers and to change their marketing and promotional material.

Contractual costs are generally introduced by service providers in order to create switching barriers.

Psychological costs are one of the most difficult categories of switching costs to identify. In fact, when a consumer engages in a long-medium term contractual relationship he develops a close "emotional" link towards his provider which may constitute a barrier when deciding to switch to an alternative one.

Uncertainty costs emerge when services are not fully standardized. Often, consumers only become aware of the services' quality after purchasing and trying them, i.e. these services are what it is generally called "experience goods".

Learning costs are another switching cost category which arises whenever a consumer contracts a service from a new provider and has to learn how to use it. For instance, when switching from a mobile network operator to another the consumer has to learn the new access numbers to voice-mail and to other customer support services.

Compatibility costs are frequently faced by consumers of mobile voice services with SIM-locking being the best example. Indeed, if a mobile voice services consumer wants to switch to an alternative provider and keep the same handset, he usually has to pay a fee to the original supplier in order to unlock it.

Impact of Switching Costs on Competition

All these mobility restrictive factors increase the probability of a consumer keeping the same mobile service provider, even in contexts where other providers are offering the same service at a lower price. According to Klemperer (1987a), switching costs make individual demand more rigid since consumers become less sensible to changes in prices, therefore reducing competition intensity. Switching costs are therefore a source of market power to mobile service providers.

(a) Impact on prices and market shares : Concerning the impact on prices when price discrimination between old and new customers is not possible, there are two opposite effects, as identified by Klemperer (1995). On one hand, firms have an incentive to take advantage of the presence of switching costs to charge higher prices to "harvest" the rewards from their locked-in customer base. As old customers are generally locked-in, they only switch to an alternative provider if the price charged by their current provider is higher than its rival's price added by the switching cost value.
(b) Impact on entry : One of the most relevant aspects of switching costs is their effect on entry, as stressed out by Farrel and Klemperer (2007). When switching costs are high, entry into a market with a high proportion of locked-in customers may become difficult.
However, and as suggested by Beggs and Klemperer (1992), when switching costs are neither too high nor too low, entry into the market can be facilitated by their presence, albeit on a limited scale. Indeed, when switching costs determine the setting of higher prices, markets become more profitable, and thus more attractive

THE EFFECTS OF MOBILE NUMBER PORTABILITY BENEFITS
Because of many reasons, like changes in the service innovations, demand structure, learning the similarity between offerings of service providers and the demand, changes in the price and quality problems, significant number of consumers change the operator at a particular time after the first mobile subscription at least one time. (Lyons, 2006). Thanks to the mobile number portability system, the sensitivity of consumers to these factors increases and consumers can chose the company that best fills their expectations.

It is clearly seen that MNP system creates costs for operators rather than subscribers. Operators
encounter both direct and indirect costs. Direct costs are the costs associated with the founding and performing the new system. If we mention these set up costs more comprehensively which associated with such activities, they are developing and designing activities of the required software, updating costs of the software, building the procedural and functional methods and developing a functional support system.

MAJOR TRENDS IN MNP IN INDIA

CDMA operators are facing a huge exodus of subscribers to the GSM service providers. It has been observed that the CDMA service providers have lost nearly 10 lakhs subscribers in the last six months. (TRAI & the Cellular Operators Association of India, 2011) The Reliance Communications, followed by state-owned BSNL have lost the maximum number of subscribers. With MNP launch, the CDMA subscribers who were facing problems like connectivity and bad services are feeling relieved.

The huge number of subscribers had opted for mobile number portability in the first three months of its launch. The trend saw a huge shift from CDMA to GSM; hence have shaken the foundations of CDMA service providers in the telecom market. The market experts say that the inclination of subscribers towards the GSM services after MNP can put the future of CDMA service provider in dark.

The figures as per July 7, 2011 estimate that the CDMA service providers have lost 9.89 lakh subscribers to old and established GSM service providers.

The major affected service providers are :

- BSNL has also lost over six lakhs of subscribers.

 ISSN 2322 - 0899

- The Reliance Communications Ltd (RCom) has lost approximately 5.42 lakh CDMA and GSM subscribers to the old and established GSM services.
- The Tata Tele services lost 4.47 lakh subscribers.

THE MAJOR GAINER ARE

The Idea Cellular has emerged as the biggest gainer, 8.59 lakh new subscribers, followed by Vodafone and Bharti Airtel.

The huge number of subscribers had opted for mobile number portability in the first three months of its launch. The trend saw a huge shift from CDMA to GSM; hence have shaken the foundations of CDMA service providers in the telecom market.

Some other important trends from the data released by the India's Telecom regulator TRAI:

- MNP porting requests in India crossed 10.57 million by May 2011.
- Gujarat leads with more than 1 million porting requests by May 2011 .
- March 2011 saw a 67.56% increase in requests for MNP in India, compared to the previous month: about 6.42 million subscribers have submitted requests for changing their telecom service provider by the end of March 2011.

- MNP requests in India increased from 8.54 million in April 2011 to 10.57 million in May 2011, an increase of 23.7% in a month.
- As a result more than 1.8% of total active mobile users in India submitted request for change in mobile service provider since November 2010

- India had around 579.39 million active connections at the same time. Out of these requests around 4.33 lakh pertains to Haryana wherein MNP was first piloted on 25th November 2010.
- Delhi tops among the metropolitan cities with 77.88% growth rate in MNP with 308,515 total porting requests.
- Both the zones – Zone 1 for Northern & Western India and Zone 2 for Southern & Eastern India, have shown an increase in MNP requests by over 65%, Zone 1 saw 1,426,449 in total, while Zone 2 saw 1,163,112 in all.
- In Zone-I, the maximum number of requests have been received in Gujarat (1,052,582) followed by Rajasthan (825,432).
- In Zone-II maximum number of requests have been received in Karnataka (794,865) followed by Tamil Nadu Service area

- If we compare the data of February 2011 and March 2011, we can see an exponential jump in MNP requests in North East(154.05%, 4,733in total as compared to 1,863 in February) and Assam(113.79%, 17,762 in total as compared to 8,308 in February) followed by Orissa(91.62%, 109,203 in total than that of 56,989 in February).
- Among larger mobile telecom markets, Bihar and U.P. (East) experienced lesser churn rate at 0.6% and 1.1%, respectively.

OBJECTIVE OF THE STUDY

- To find out the consumer perception and behaviour towards MNP.
- To find out the awareness level, its uses and its level of success in the Indian market scenario.
- To identify the most preferred service provider (SP).

- To identify the service provider which has got the maximum switch over and has lost the business because of MNP.

Hypothesis

H01- Age no significant impact on MNP.

H02- Gender has no significant impact on MNP.

H03- Occupation has no significant impact on MNP.

H04- Education has no significant impact on MNP.

RESEARCH METHODOLOGY

Sources of Data : The study has used both primary and secondary data for this research . The secondary data has been obtained from the reports of TRAI and The Cellular Operators Association of India.

Sample Size
The sample size for conducting the study was taken as 200 in order to form an opinion. **Methods of Data Collection**

Primary as well as secondary sources of data collection were used to conduct the research. A qualitative research was done by interviewing using a structured questionnaire designed by the authors. An interview was conducted on 200 mobile users to understand their awareness level about the MNP, benefits incurred by them and the usefulness of this concept in the Indian market scenario.. Secondary data was collected from the presentations, internet, and various other files which actually helped a lot in knowing the concept of MNP, which guided a lot on how to proceed with the project.

Techniques Used in the Analysis

The research instrument used in the project for conducting the research was Questionnaire and physical Interview. People were interviewed and their responses were recorded, sorted, categorised and processed in the SPSS-16 to derive the results. The customers' analysis have been analysed using ANOVA on the basis of age, gender, occupation and education.

ANALYSIS

Table : 1 MNP Statistics in India as on March 2011

Sl. N	Operators	Total Subscribers in Millions	Subscribers Ported In	Ported In %	Subscribers Ported Out	Ported Out %	Net Addition	Net Addition %
1	Vodafone	127.36	488,250	0.38	295,489	0.23	192,761	0.15
2	Idea	84.29	391,191	0.46	240,402	0.29	150,789	0.18
3	Bharti Airtel	155.80	530,615	0.34	382,400	0.25	148,215	0.10
4	Aircel	51.83	162,664	0.31	117,822	0.23	44,842	0.09
5	Uninor	20.31	31,019	0.15	24,689	0.12	6,330	0.03
6	Videocon	6.01	5,404	0.09	11,633	0.19	-6,229	-0.10
7	MTNL	5.43	3,793	0.07	14,851	0.27	-11,052	-0.20
8	TTSL	86.05	197,404	0.23	236,793	0.28	-39,389	-0.05

9	BSNL	88.82	107,724	0.12	257,817	0.29	-150,093	-0.17
10	Reliance	128.87	44,753	0.03	351,170	0.27	-306,417	-0.24

Source: Press Release of Cellular Operators Association of India, Dated 18th March 2011

The table indicates that the Vodafone is major gainer of MNP with the 192,761 increase in number of customer followed by Idea, Bharti Airtel, Aircel and Uninor . The Reliance has lost maximum number of customer (306417) followed by BSNL, TTSL, MTNL and Videocon. This shows that MNP has played a major role in switching over behaviour of customer due to lost cost of switch over and ease of porting from one service provider to another

DATA ANALYSIS AND INTERPRETATION

Table-2 Demographic profile of Respondents

Variable	Characteristics	Frequency	Percentage
Gender	Male	110	55
	Female	90	45
Occupation	Government service	54	27
	Private service	66	33
	Business	22	11
	Student	58	29
Education	Post Graduation	50	25
	Graduation	112	56
	Senior Secondary	38	19
Age group	18-30 yrs	82	41
	31-40 yrs	64	32
	41-50 yrs	44	22
	51 yrs & above	10	5

The respondent profile as displayed in table 2 indicates the current scenario of telecommunication sector and their user's profile. Most of the respondents (60%) are employed in either private or government services, are either graduate (56%) or post graduate (25.5%) in the age group of 18-40 years(73%). The profile of respondents indicates they are young, educated and decently employed, which is the new generation who are tech savvy and are willing to experiment with new technologies and equipments.

 ISSN 2322 - 0899

Table - 3 Computation of ANOVA

	Age group		Gender		Occupation		Education	
	F	Sig.	F	Sig.	F	Sig.	F	Sig.
Satisfaction with current mobile connection	1.531	.219	.375	.543	.307	.872	2.291	.112
Interested to switch mobile connection	1.248	.303	.075	.785	1.180	.333	1.497	.234
Reason for switching the connection	1.713	.177	.620	.435	.354	.840	4.113	**.023**
With which connection interested to switch	.634	.597	.001	.976	.465	.761	.882	.421
Option you will choose as a consumer from MNP	.851	.473	.299	.587	.677	.611	1.015	.370
How important MNP is	.768	.518	.108	.744	1.151	.345	.569	.570
Awareness about the procedure of MNP	.817	.491	.526	.472	2.371	**.067**	1.699	.194
All providers are virtually same so MNP is hype	.677	.571	.919	.343	.361	.835	.120	.887
MNP not so useful	.188	.904	.028	.869	2.193	.085	1.232	.301
MNP not for Indian Market due to customer loyalty	.421	.739	.005	.944	.422	.792	1.215	.306

The study shows that none factor is significant except education. Responses reveal that education plays a significant role in switching the mobile connection. The significant value is .023 which is less than p-value 0.05, hence proved that null hypothesis is rejected and education has a significant impact on MNP.

CONCLUSION

The study clearly point out that the customers are aware of MNP , and they are opting for it because they are not satisfied with the services of existing customers in terms of poor network coverage, call dropping and poor customer service. However it is also found that a large number of customers are satisfied with their existing service provider and they are not willing to switch over despite having the facility of MNP. The service providers such as Airtel and Vodafone are able to retain their customer because of better network coverage and customer service. These two service providers are the major beneficiaries of MNP. Idea and MTNL are the service provider from who lost maximum number of customer .These service provider need to augment their network coverage, remove the poor connectivity and improve the customer service in order to prevents further porting out of their customers. The Vodafone and Airtel should continue to focus on customer service and good network coverage so that they can attract more dissatisfied customers of other service providers. From customers point of view MNP is a win-win situation which has given them the choice of changing their service provider without changing their mobile number. The finding also resembles to the overall country analysis based on the report of the Cellular Operators Association of India.

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International Journal of Research in Management & Social Science
Volume 2, Issue 2 (I) : April – June , 2014
ISSN 2322 - 0899

ATTITUDE AND BEHAVIOUR OF CONSUMERS TOWARDS GREEN MARKETING: A CONCEPTUAL PAPER

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ABSTRACT
In the modern era of globalization, it has become a challenge to keep the customers as well as consumers in fold and even keep our natural environment safe and that is the biggest need of the time. Environmentalism has fast emerged as a worldwide phenomenon. Business firms too have risen to the occasion and have started responding to environmental challenges by practising green marketing strategies. Environment friendly, so called green marketing has become a discussed subject and companies are constantly trying to find the best ways to reach the customers with their green message. Customers are becoming more demanding and they have started to pay more attention to the environment. The aim of this study is to find out how consumer behavior is influenced by Green Marketing by Companies. Green consumerism has played a catalystic role in ushering corporate environmentalism and making business firms green marketing oriented. For a company to be successful in implementing green marketing strategy, it should not forget attitude and behaviour of consumers towards green marketing. This paper discusses the concept of green marketing and its interface with changing attitude and behaviour of consumers.

Keywords: Green marketing, Consumer attitude, Behaviour, Green products and Environmental concerns.

1. INTRODUCTION

Both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services. While the shift to "green" may appear to be expensive in the short term, it will definitely prove to be indispensable and advantageous, cost wise too, in the long run. A variety of literature discuss about green marketing and pays attention to the relationship between customers‟ attitudes and environmental strategies in relation to the company use of marketing. Green marketing is the marketing that includes environmental issues in the marketing efforts. The basic idea is that customers are provided with information of the environmental effect of the products and they can and use this information while deciding which product to purchase. Those aspects will in turn make companies more inclined to produce products that are better from an environmental point of view (Rex & Baumann, 2007).

Green Marketing can be viewed both as a type of marketing and a marketing philosophy. As a type of marketing it is like industrial or service marketing, and is concerned with marketing of a specialized kind of product, i.e. green product (including green goods such as fuel efficient cars or recycled products as well as green ideas such as "save oil" or "conserve natural habitat"). As a philosophy, green marketing runs parallel to the societal marketing concept and espouses the view that satisfying customers is not enough and marketers should take into account ecological interests of the society as a whole. It is a part of Corporate Social Responsibility (CSR).
Green marketing concept emerges from societal marketing (Kotler, 1999). Green marketing is an attempt to characterize a product as being environmental friendly (ecofriendly). It holds the view that marketing

which is a part of business not only has to satisfy customers in particular, but also has to take into account the interests of society in general. That is, all those who are affected by the activities of a business should be kept in mind when setting the objectives and the policies of an organization. This has already helped to increase the recent trend towards the “greening” of the companies.

It is only since 2000’s that the researchers have started academically and seriously analysing consumers attitude and behaviour towards green marketing.

2. REVIEW OF LITERATURE

Early literature indicates shift in consumer attention to green product a precursor to green marketing. There was a great deal of empirical research carried out to identify interest among consumers, in using and purchasing green products (Mintel 2011). In the early 00s, green marketing approach was researched from a corporate interest point of view, which says that 92% of MNCs from Europe changed their products to address growing concerns of environmental pollution (Vandermerwe & Oliff, 2008). Green marketing research has come a long way since then, indicating a growing consciousness among the consumers about the environment in developed part of the world like USA and Western Europe (Curlo, 2009). Research in the last decade (Lee, 2009; Rahbar & Wahid, 2011; Lee, 2008; D Souza, 2004) has further pointed out that purchasers of goods and services are aware and are willing to pay more to "go green". Nevertheless not much research on these lines has been done in developing countries like India (Bhattacharya, 2011). “Green” is the buzzword that is gaining popularity in the contemporary generation. According to a popular survey, 87% of people from various nations like Brazil, Canada, China, France, Germany, India, the UK and the US have shown an interest in reducing their impact on the environment (McKinsey, 2007). Nonetheless, showing interest and actually acting on it are two different things.

In a study by Kangis (2012), it is proposed that the challenges both for marketing specialists and for consumers, raised by the concept of green marketing, are due to several issues, such as the lack of an acceptable definition for green marketing, the absence of a clear understanding of cause-and-effect relationships in matters affecting the environment, and the overt and covert reasons for concern about such issues. One of the best ways to make people learn how they could give their contribution through changing their behavior and consumption pattern is to generate the need for green marketing and its understanding. Despite of having a great influence in every part of our life there are only few work done in the field of green marketing. Further, research done by Grant (2008) aims to look at how companies obtain a greener strategy and what is the future of green marketing. There have been many researches on environmental consumerism one of the earliest ones dating back to the 1970s (Henion & Kinnear, 1976). Practitioners and marketing academics have done much work on the concept of the impact on marketing on promoting and maintaining ecological balance (Chammaro et al., 2009; Bhattacharya, 2011). According to (Mainieri et al., 1997), the relationship between environmental attitudes and behavior may be confounded by situational factors (social norms, other attractive choices or economic constraints) and personal factors (knowledge, motivation or attitudes).

3. DEFINING ATTITUDE

“Attitudes are usually represented as being positive or negative, favorable or unfavorable to an object, idea, or other entity”(Foxall, R et al 1998). This quotation clearly shows that consumers will have positive / negative attitudes towards green products. Furthermore, an attitude is a “psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor” (Eagly and Chaiken, 1993). According to Perloff (2003) “attitudes are learned, enduring, global and typically emotional and are strongly linked with behavior.” If attitudes are learned this means that people learn attitudes as they are growing up, throughout the socialization and educational processes in childhood and adolescence: “The process by which an individual learns the norms, values, beliefs attitudes and behavioral patterns of the group to which they belong" (Knott D. J). People learn by looking at what others are doing and imitate, behave or act according to what they see.

Attitudes are enduring, they do not leave after you have acquired them. Attitudes act as a reflex in your mind. You behave, act or think according to the situation in which you are and according to the knowledge and habits that you have acquired throughout your childhood and your education. Nothing can change your thoughts: "They do not disappear after you have made an evocative speech in defense of children's rights" (Knott D. J).

Attitudes are global, typically emotional: you have your own opinions, judgement about beliefs. You are not neutral: "You are for or against an object" (Sherif C W et al 1965). You can either like or dislike something, you have many feelings on a special topic or you can even mix your feelings and have different emotions at once. Attitudes are expressed through thoughts, feelings and behaviour and can be contradictory relating to the same issue.

3.1 ATTITUDE FUNCTION

According to Maier (1965), "attitudes determine meanings, reconcile contradiction, organize facts and select facts". This view has been supported by Foxall R. et al (1998, pp. 103). Furthermore Katz (1960), psychologist and sociologist, argues that there are four functions to attitudes:

- *The adjustment function*: consumer assesses the device or product and its utility in order to achieve her / his goals.
- *The ego-defensive function*: people or consumers use attitudes in order to enhance her / his place in a social world and protect her / his image.
- *The value expressive function*: people or consumers express her / his feelings or opinions to others.
- *The knowledge function*: people or consumers define and build her / his own world in terms of knowledge, or the knowledge function "gives explanation to both physical and metaphysical phenomena" (Katz, 1960).

The foregoing functions in relation to attitudes are among many others but the main objective is to adapt ourselves to our society.

Attitude is about how consumers behave or react to new brands, products, ideas or even opinions and in some cases attitude can be a trigger for consumption or purchase behaviour. In that way, attitude can be defined as a predictor of behaviour.

3.2 THE LINK BETWEEN ATTITUDE AND BEHAVIOUR

While there is a clear and demonstrative link between attitudes and behaviour, there is one school of thought, whereby, some researchers claim that attitudes can result from what the consumer has learned about the product and its effect and decides if he/she will or will not buy the product. However, there is another school of thought, whereby, researchers think consumers" attitudes are related to their beliefs and perceptions.

3.3 STRUCTURAL MODELS OF ATTITUDE

(A) TRICOMPONENET ATTITUDE MODEL

This model emphasizes three components such as (Quinn, 2008):

Cognitive component: knowledge that the consumer acquires through experiences and information related to the suitable product.

Affective component: when the consumer has a strong feeling for a particular product.

Conative component: probability that the consumer will act or behave in a particular way towards a product.

(B) MULTIATTRIBUTE ATTITUDE MODELS

This model assumes that a consumer's attitude about an object will depend on the beliefs they have about several or many attributes of the object. In that case attitude is a mix between attributes, beliefs and importance (San Francisco State University, 2008). There are different approaches:

-*Attitude-toward-Object Model*:

This approach emphasizes that attitudes are based on "consumer beliefs about the attributes and benefits of a brand" (Fishbein, 1975). Before the consumer undertakes behaviour, he evaluates the product's attributes: what are the benefits the consumer would get from this product?

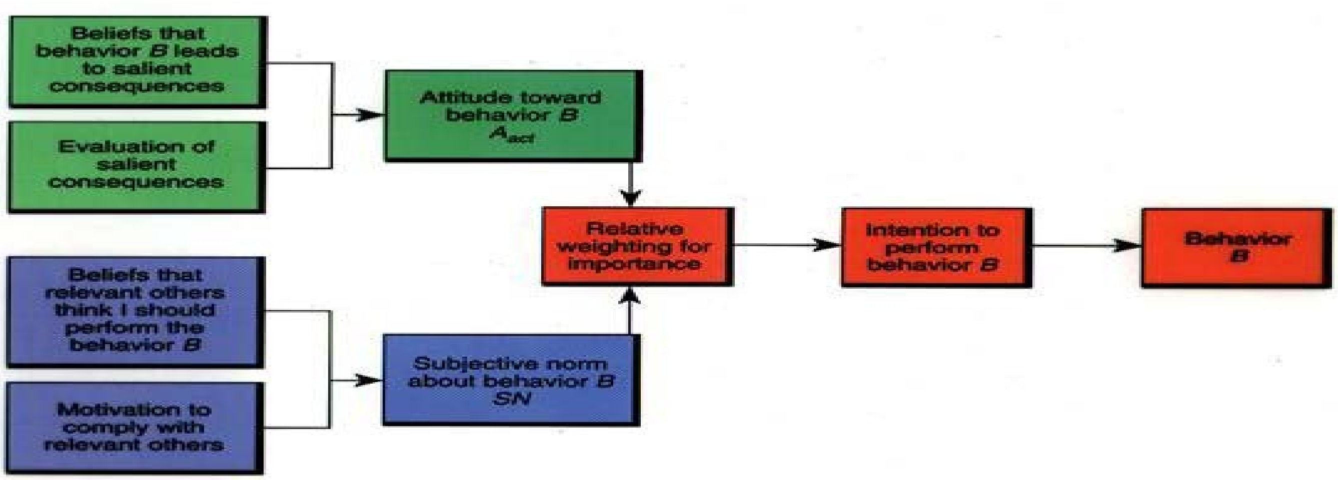
- *Attitude-toward-Behaviour Model*:

"This is the individual's attitude towards behaving or acting with respect to the attitude object rather than the attitude to the object itself" (Quinn, 2008). This approach analyzes attitude towards behaviour. It is concerned with consumers‟ reactions towards a particular product, before consumers familiarize themselves with the product and undertake the purchase process. They are firstly trying to get to know the product, whether or not the product would suit them and their expectations.

- *Reasoned Action*:

This theory suggests that a person's behavioural intention depends on the person's attitude. If a person intends to behave in a certain way it is likely that the person will do so. According to Fishbein (1975), this theory is designed as a process starting by "intention versus behaviour", followed by "social pressure" and finishing by "attitude towards buying". The following diagram below demonstrates the theory:

FIG.1: THEORY OF REASONED ACTION



Source: Mark Fishbein, (1980). An overview of attitude construct, *American marketing association, 3*(2), 9.

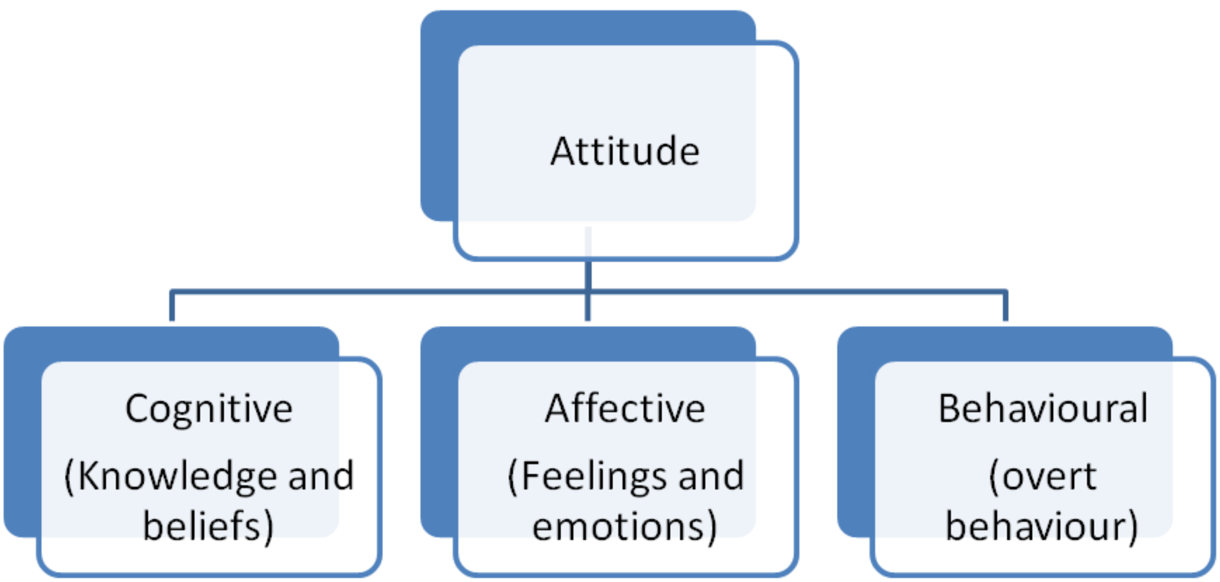
Fishbein's model (1980) is based on the integration of "the separate evaluations of the salient beliefs, weighted by the strength of each belief, to create an overall evaluation or attitude". Individuals can acquire either beliefs through the direct experience with the product or information from friends or from vicarious experiences. This way of evaluating approaches or opinions towards the product influences individuals regarding the adoption of attitudes and behaviour. Moreover, individual's beliefs define individual's attitudes towards that object. In fact, beliefs and intentions compose attitude: "Attitudes always produce pressure to believe consistently with them, but external pressures and extraneous considerations can cause people to behave inconsistently with their attitudes. Any attitude or change in attitude tends to produce behaviour that corresponds with it"(Freedman, J. L. et al, 1970). When subjects have the skills required to enhance the behaviour there is a high relation between attitudes and behaviour, whereas, when there is a lack of those skills the relation is less enhanced. Fishbein has noticed that behavioural criteria have almost never been as much subjected to the same previous and rigorous analysis as verbal attitude measures. He argued that such analysis is required to understand the relation between attitudes and behaviour. Attitudes are tied with thought and action (behaviour).

(C) OTHER MODELS

- ABC Model of Attitudes

According to Solomon et al (2006) attitude has three components: "affect refers to how a consumer feels about an object, behaviour involves a consumer's intention to do something in regard to an attitude object" and cognition refers to the consumers' beliefs in relation to a particular object. These three components are important to understand the process of a consumer's purchase. They have an impact on purchase behaviour which is explained in the following diagram:

Fig.2 ABC MODEL OF ATTITUDE



Source: www.abc model of attitude gallery, last visited 5-02-2014

According to the location of each component in the hierarchy, the result in terms of type of attitude is different. These three components influence the different attitudes which in turn influence purchases and behaviour. In order to measure how attitudes are processed these three components are required to make an accurate link between attitude and behaviour. These "three hierarchies of effects" are implemented only when consumers make an important purchase decision.

- Planned Behaviour

"Planned behaviour" is an extension of the theory of reasoned action. This theory enhances the relationship between attitudes and behaviour and gathering subjective norms and perceived control to influence a person's actions. Attitude towards behaviour requires acknowledgements:

- Acknowledging the potential influence of intentions on behaviour.
- Acknowledging the potential influence of social expectations on behaviour.
- Acknowledging the potential influence of internal constraints on behaviour.

What this theory emphasizes most is the influence of intention on behaviour. The stronger the intention to engage in behaviour, the more likely it is to occur.

Through the different approaches above, we have seen that according to the research, the link between attitude and behaviour is diverse. Behaviour can be influenced by either external variables (e.g Reasoned Action) or by consumers themselves (e.g ABC Model of Attitudes).

In terms of external variables, consumers are undertaking the purchase process because they have a positive or negative belief, an opinion from friends, family, fellow employees or even public opinion.

In terms of consumers themselves, this approach emphasizes the fact that consumers learn about the product personally. They perceive an idea or image regarding products through advertising, newspapers, radio or TV. Also, the habits that they acquired during their childhood or education can influence their purchases.

We have, therefore, seen that behaviour can be influenced by either external variables, (Reasoned Action) or by consumers themselves (ABC Models). Indeed, both approaches are apparent in the purchase process and can even complement each other.

4. GREEN PRODUCT AND GREEN CONSUMERS

In general, green product is known as an ecological product or environmental friendly product. Shamdasami et al., (2010) defined green product as the product that will not pollute the earth or deplore natural resources, and can be recycled or conserved. It is a product that has more environmentally sound content or packaging in reducing the environmental impact (Elkington and Makower, 2008; Wasik, 2006). In other words, green product refers to product that incorporates the strategies in recycling or with recycled content, reduced packaging or using less toxic materials to reduce the impact on the natural environment. Krause (2003), in his research found that consumers were becoming more concerned about their everyday habits and the impact on the environment. The outcome of this is that some of the consumers translated their environmental concern into actively purchasing green products commitment (Martin and Simintiras, 2005).

Consumers who are aware of and interested in environmental issues are called green consumers (Soonthonsmai, 2007). These green consumers usually organized petitions, boycotted manufacturers and retailers and actively promote the preservation of the planet (Fergus, 2001). Ottman (2002) reported that consumers accepted green products when their primary need for performance, quality, convenience, and affordability were met, and when they understood how a green product could help to solve environmental problems. The knowledge gap on the uses and values of green products prevents consumers in committing themselves to any purchase decisions.

5. GLOBAL SCENARIO IN GREEN MARKETING

"Green" is the buzzword that is gaining popularity among the current generation. A number of businesses right from private entities such as Wal-Mart trying to push the concept of organic food to public entities like the London governments congestion charge are all aimed at improving the environment by promoting 'Green' products and issues. 87% of people from various nations like Brazil, Canada, China, France, Germany, India, the UK and the US have shown an interest in reducing their impact on the environment, according to a survey by (McKinsey, 2007). However, showing interest and actually acting on the interest are two different deeds. This fact is proved by a survey that was conducted on a global scale, which was repeated in 2008 with the help of BBC World, which showed that not a lot of people were actually doing something to move their lifestyle to a green lifestyle.

The overall market for green marketing is said to be worth $ 3.5 trillion by the year 2017, according to a report by Global Industry Analysts Inc. of 2011. The report also states that increasing awareness about the environmental issues among the people, businesses and the governments is one of the main reasons for such market potential. Another research study by Mintel, clearly showed that 12% of the American population actively sought green products. There is a growing need to switch over to green products and services by both marketers and consumers. Even though the shift to 'green' will be expensive to both the consumers as well as businesses, it will most definitely pay off in the long run. There are a number of literatures that focus on various aspects related to green marketing and also delves into the various inter relationships between the customers attitudes and environmental strategies

in relation to the organizations use of marketing. Environmental issues are addressed in green marketing efforts.

The core idea of green marketing is to create awareness among people on the environmental issues and how consumers would be helping the environment if they switch over to green products. Thus green marketing aims to provide more information to people and also gives those more choices to switch over to green lifestyle.

According to (Rex and Baumann, 2007), those aspects will spur businesses to develop more products from an environmentally friendly perspective. Green marketing is a part of marketing and therefore shares a number of aspects with traditional marketing such as price, promotions, products and place. Even green marketing requires that businesses develop and maintain a strong relationship with all their suppliers, their market intermediaries and significantly with the consumers, according to (Chan et al., 2012). A number of businesses have begun committing themselves to making their entire operation more environmentally friendly. Thus corporations

are becoming more aware of their responsibilities towards the environment. This has forced the law makers, environment groups, consumers, financial institution, insurers and the organization's own employees to become more aware of environmental aspects and this in turn has led to an increase in the number of policies and schemes and regulations at both the national and international levels.

6. GREEN MARKETING: CONSUMER ATTITUDE AND BEHAVIOUR

(A) CONSUMER ATTITUDES TOWARDS THE ENVIRONMENT

Environmental attitude is identified as the judgment an individual has towards the protection and promotion of the environment. Conflicting results have been published with regards to the relationship that currently exists between attitude towards the environment and the resultant behaviour (Kotchen and Reiling, 2000). There has been other empirical research which has concluded that the relationship is moderate at best (Davis, 1995). Green marketing depends on the consumer's attitude towards the environment. If there is no strong demand for such a shift in consumer attitude, businesses will not put in the extra effort to move towards introducing green products and services. Based on this evidence three different aspects can be arrived at in terms of identifying the relationship between environmental attitude and behaviour:

1) Need for more specific studies identifying the relationship between attitude and behaviour.
2) Need to identify other variables which have a mediating effect on both these attributes.

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(B) PERCEIVED SERIOUSNESS OF ENVIRONMENTAL PROBLEMS

There have been a number of studies that have dealt with the topic of perceived seriousness of environmental problems. According to (Dunlap, 1994), most of these studies concentrated on determining the subjects view of the problem, its seriousness and how is differs from the numerous cultures. The studies found that some of the most common problems were air quality, sewage treatment and water quality. People living in the Asian nations were found to be more concerned with such problems when compared to their counterparts from other Western nations. One reason for this is that the Asian community tends to perceive their local communities in a negative manner than their Western or European counterparts (Dunlap, 1994).

In recent times a lot of attention has been paid to the effect that mass media has on the audience's perceived seriousness of environmental hazards. An example of one such study is the research done by Moser and Uzzell (2003). In that study, the authors stated that the audiences are influenced by the way the mass media interprets the pollution levels. A study on perception of environmental risks by (Bord and O'Connor, 1997) revealed that women were more perceptible to the risks involved in global warming and other related hazardous wastes when compared to the males. Furthermore the study also found that women were more worried about the various negative impacts that global warming could have on their health on their family's health. Businesses have started to understand consumer's attitude towards environmental problems and have therefore started to provide 'Green' products/services that provide an alternative to consumers. Green marketing is done by businesses to increase awareness levels and to show that people worried about the environment can do something to solve some of the issues.

(C) PERCEIVED ENVIRONMENTAL RESPONSIBILITY

According to a study by (Lai, 2000), the citizens of Hong Kong were found to be much more literate when it comes to issues regarding the environmental problems over the past few years. This clearly shows that people living in Hong Kong are more responsible when it comes to protecting their environment. However the study also determined that even though they were more aware of the problems their sense of individual duty towards taking corrective measures was significantly weak. On one hand they expected their government to take full responsibility of ensuring that all environmental related issues were solved through more proactive public policies and on the other hand they were not ready to follow through with the proposals that the government was suggesting in a bid to improve the environmental quality (Lai, 2000). Zelezny et al. (2000) have evidenced in their study that compared to males, females had higher levels of perceived personal responsibility towards environmental protection.

This difference in gender when it comes to the subject of environmental responsibility is explained mostly by the norm activation model that originated from the social psychology context (Schwartz, 1977). According to this model, most individuals are more likely to develop a helping behavior only when they become aware of the dangerous consequences that arise from global warming and when they actually feel responsible for their part in perpetuating this damage to the environment. In a sense, environmental behavior carries an altruistic meaning, whereby individuals may need to have a strong "other" orientation and willingness to sacrifice their time for preferred activities to protect the environment for the long-term benefits of the earth and human race. According to a study by (Gough, 1994), females tend to have a better ability to take control and take the responsibility for alleviating problems in the world and also they are the ones who have a stronger sense of ethics.

(D) CONSUMER BEHAVIOUR TOWARDS ECO-LABELING

One important tool of green marketing involves the promotion of eco labels on environmentally friendly products (D Souza et al., 2006). Eco labeling is an effective measure which helps in bridging the gap between sellers and buyers by providing information on two aspects: Information function presenting intangible quality measures including product quality and Value function which presents the recyclability and CSR related brand prestige (Sammer and Wustenhagen 2006). Empirical research has concentrated on the need to look for ways by which eco labels will directly impact consumer purchase intention of products which are deemed to environmental safe (D Souza et al., 2006; Sammer and Wu¨stenhagen 2006). There is a need to identify the impact eco labeling will have directly on the consumer environmental attitude in terms of decision making. The consumer awareness of eco labeling and its impact on consumer intent to purchase an eco friendly product has been researched and conflicting views have been expressed (D Souza, 2004; Rashid 2009; Lyer 1999). Rashid (2009) has identified that when consumers are aware of eco labels they react more positively towards knowledge of green marketing and the purchase of green products. The research by Kuhn (1999) also adds value to his research by identifying that the promotion of eco friendly product manufacturing will definitely help improving a company's market share due to the ability of the company to present sustainable marketing strategies. Conflicting view was presented by Leire and Thidell (2005) who identified that consumer awareness of eco labeling does not necessarily lead to their green purchase decisions. This is further augmented by the research of Bleda and Valente (2008) indicated that eco labelling schemes have been linked to negative firm performance. D Souza (2004) on the other hand identified that there is not enough empirical evidence available to identify the relationship between the use of eco labels on products and its ultimate impact on eco friendly labels. The reason behind this maybe due to lack of trust among consumers (Lyer, 1999) with regards to the effectiveness of eco labels which is result of their ignorance of the concept of eco labeling. The reason behind this consumer cognition has not been very well understood. Overall the understood perceptionis that eco labels are instruments which draw consumers by explaining their impact on the environment. The first eco labeling scheme Blue Anger eco label was introduced in Germany and today 30 different eco labeling methods are available. Countries in Asia have recently begun implementing labeling schemes which are uniquelytheir own as seen in India, Thailand, China and Japan.

(E) CONSUMER BEHAVIOUR TOWARDS ENVIRONMENTAL ADVERTISEMENTS

Along with the process of labeling their products, arriving at measures which promote manufacturing of eco friendly products and reduction of environmental pollution there is a growing trend among corporations across the world to present environmental advertisements. This process is identified to be a major factor influencing green marketing. The main aim of presenting green advertisements is to present to the consumer that the company is eco centric while at the same time making an effort to influence the purchase behaviour of the consumers by presenting them with choices of availability of products which do not cause harm to the environment and directing their attention to positive consequences of purchase behaviour. There are three elements which form the core of environmental advertising. These include presentation of the corporation's mission statement with regards to environment protection, presentation of the procedures adopted by the company to go green and finally one specific CSR activity which has been adopted by the corporation (Davis, 1994). The creation of a consumer value and the subsequent translation into purchase of products is strongly identified by the impact of environmental advertisements (Baldwin, 1993). As stated by Chase and Smith (1992), “environmental messages in advertisements and product labeling was found to ‘sometimes’ influence the purchasing decisions of 70 percent of the respondent. In the same study, more than half of the respondents indicated that they paid less attention to such messages due to excess usage, and most respondents reported that environmental advertisements were not credible”. Chan (2004) states the main reasons for the low perceived credibility ofenvironmental claims in environmental advertisement. The reasons are:

"The vague arguments to substantiate the environmental claim, the source country of the advertised product do not bear an eco-friendly image, the manufacturer (advertiser) of the advertised product does not bear an eco-friendly image and the alleged eco-friendliness of the advertised product does not match with the respondent's previous consumption experience" (p. 431).

7. EIGHT KEYS TO SUCCESSFUL GREEN MARKETING

Show potential customers that you follow green business practices and you could reap more green on your bottom line. Green Marketing isn't just a catchphrase; it's a marketing strategy that can help you get more customers and make more money. But only if you do it right. For green marketing to be effective, you have to do three things; be genuine, educate your customers, and give themthe opportunity to participate.

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

(ii) Educating your customers isn't just a matter of letting people know whatever you're doing to protect the environment ; but also amatter of letting themknowwhy itmatters.Otherwise, for a significant portion of your targetmarket, it's a case of "Sowhat?" and your greenmarketing campaign goes nowhere.

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

environmental action.

(iv) Know your customer : If you want to sell a greener product to consumers, you first need to make sure that the consumer is aware of and concerned about the issues that your product attempts to address. (Whirlpool learned the hard way that consumers wouldn't pay a premium for a CFC-free refrigerator because consumers didn't know what CFCs were!).

(v) Empower consumers : Make sure that consumers feel, by themselves or in concert with all the other users of your product, that they can make a difference. This is called "empowerment" and it's theMmain reason why consumers buy greener products.

(vi) Be transparent : Consumersmust believe in the legitimacy of your product and the specific claims you are making. Caution: There's a lot of skepticism out there that is fueled by the raft of spurious claims made in the "go-go" era of green marketing that occurred during the late 80s to early 90s- one brand of household cleaner claimed to have been "environmentally friendly since 1884 !

(vii) Reassure the buyer : Consumers need to believe that your product performs the job it's supposed to do — they won't forego product quality in the name of the environment. (Besides, products that don't work will likely wind up in the trash bin, and that's not very kind to the environment.)

(viii) Consider your pricing : If you're charging a premiumfor your product -andmany environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients-make sure that consumers can afford the premiumand feel it'sworth it.Many consumers, of course, cannot afford premiums for anytype of product these days,much less greener ones, so keep this inmind as you develop your target audience and product specifications.

8. GREEN MARKETING MIX

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

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Product : The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources.

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

Promotion : There are three types of green advertising: -

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

2. Those that promote a green lifestyle by highlighting a product or service

3.Ads that present a corporate image of environmental responsibility

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

Strategies : The marketing strategies for green marketing include: -

- MarketingAudit (including internal and external situation analysis)
- Develop a marketing plan outlining strategies with regard to 4 P's
- Implement marketing strategies
- Plan results evaluation

9. CHALLENGES AHEAD:

1. Green products require renewable and recyclable material, which is costly
2. It requires a technology, which demands huge investment in R & D
3.Water treatment technology, which is too costly
4. Majority of the people are not aware of green products and their uses
5. Majority of the consumers are not willing to pay a premium for green products

Adoption of Green Marketing :

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

1. Opportunities or competitive edge
2. Corporate social responsibilities (CSR)
3. Government pressure
4. Competitive pressure
5. Cost or profit issues

10. CONCLUSION :

Consumers today are much more concerned about climatic changes than they were even few years ago. Moreover, they are expecting their favorite brands not only to share their concern but to take action (or enable their consumers) to mitigate it. The earlier perception of industry towards green marketing was that the pressure for making business environment green and behaving in a more responsible manner especially comes from Government and its legislations. Now that old perception is changing throughout the globe as studies performed on consumers reflect that inmost countries consumers are becomingmore aware and willing to act on environmental concerns. There is a radical change in consumer preferences and life styles. They prefer environment friendly products over others and many a times are ready to pay a little extra price for such green products. Due to this shift from traditional marketing to green marketing, companies these days are facing many new challenges. This can also be viewed as a source of new opportunities to grow in today's highly competitive global environment. A 2008 survey by the National

Geographic Society and GlobScan on consumer choice and the environment reported on current behavior in fourteen countries (including Canada, China, France, Germany, India, Mexico, Russia, the UK and the US). The study found signs that consumer in all countries "feel empowered when it comes to the environment and are taking some action in their daily lives to reduce consumption and waste."Aglobal Synovate survey conducted in 2007 in association with Aegis, and repeated in 2008 in association with BBC World, also found that consumers in most countries are becomingmore aware and willing to act on environmental concerns.Most of such studies on green philosophy and green marketing are done in developed countries but such studies however, remain conspicuously missing in the context of developing economies like India. Green marketing is still in infancy stage & lot of research needs to be done by the companies to project a green Corporate Image rather than focusing on the environmental benefits. In future only those companies will reap the greatest reward that innovate with new products, materials, technologies which are eco-centric and address the challenge by walking their talk.

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International Journal of Research in Management & Social Science
Volume 2, Issue 2 (I) : April – June , 2014
ISSN 2322 - 0899

PROSPECTS AND CHALLENGES OF WOMEN ENTREPRENEURSHIP IN INDIA: A REVIEW WITH SPECIAL REFERENCE TO NORTH EASTERN REGION

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ABSTRACT
The vast socio-economic and cultural diversity of the north-east region of India remains a largely unexplored area of academic research. Within it, the status of women participation in business and industry continues to be a neglected aspect due to the two important reasons. First the women entrepreneurship has not been recognised as an important untapped source of economic growth in these regions. The second reason is that the subject of women entrepreneurship as an academic curriculum has been largely neglected in the societal and academic curriculum of North-eastern colleges and universities. In this backdrop the present study would discuss elaborately the potential, prospects and problems of women entrepreneurship in North Easter region of India so as to draw the attention of Government, academicians, scholars and human activists to think over the measures that may be adopted to overcome this issue.

Key words: Women Entrepreneurship, Northeast, India.

1. INTRODUCTION

The emergence of women entrepreneur in a society depends to a great extent on the economical, social, religious, cultural and psychological factor prevailing in the society. While women have to go through same stages of setting up an enterprise, they do have a distinct set of factors that first impede their entry as entrepreneurs and later their survival as successful business personal. Entrepreneurship as an economic activity is largely dominated by men all over the world (Minniti et. al., 2004). The important role that entrepreneurship plays to combat unemployment, wealth creation and the alleviation of poverty should not be underestimated especially in regions with growing unemployment rates. Women entrepreneurs can contribute significantly to economic development in developing countries like India but their contribution has not been adequately studied and developed. Globalisation and entrepreneurship are bringing new opportunities and challenges for women in the business world today. Though big corporations continue to be ruled by men, women are entering the new millennium by conquering the world markets through small and medium sized firms, being both their founders and managers. The role that small business and entrepreneurship play in stimulating economic activity, creating jobs, alleviating poverty and uplifting living standards, has been recognised internationally as well as in Africa (*Van Vuuren & Groenewald*, 2007). But sadly nations have not relented in their efforts to make impressive and commendable efforts in the domain of female entrepreneurship although their status is rapidly changing in developed economies and women could be seen there as enjoying the support of the authorities through different economic mechanisms, such as tax allowances and access to micro-credit lines.

The Global Entrepreneurial Monitor of 2012 report an estimated 126 million women were starting or running new businesses in 67 economies around the world. In addition, an estimated 98 million were running established businesses. The report recorded that 48 million female entrepreneurs and 64 million female business owners currently employ one or more people in their businesses. To be very precise it can be argued that women represent a greater target market of entrepreneurship world. The ultimate aim is to foster an environment that encourage women to see entrepreneurship as a viable career option and to equip them with the tools to create the type and quality of businesses they wish to build, as well as create broader awareness among stakeholders that will support their efforts. Women's entrepreneurship needs to be studied separately for two main reasons. The first reason is that women's entrepreneurship has been recognised during the last decade as an important untapped source of economic growth. The second reason is that the topic of women in entrepreneurship has been largely neglected both in society in general and in the social sciences (*Brush & Hisrich, 1999; Holmquist & Sundin, 2002). Not* only have women lower participation rate in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do (*Duchénaut, 1997; Franco & Winqvist, 2002; Reynolds & White, 1997).* The last two decades has witnessed monumental changes for women as income earners *(Smith-Hunter, 2006. Bragger, 1996* and *Buttner and Moore, 1997)* who emphasise that these changes included an influx of women into the main stream labour market; the revolution of the women's movement and the civil rights movement, which propelled women into non-traditional roles; and the explosion in the number of women entrepreneurs particularly over the last two decades. Today, more and more women entrepreneurs are starting businesses and they now account for a quarter to a third of all businesses in the formal economy worldwide. However, the great majority are very small or micro enterprises with little potential for growth. Otherwise, women entrepreneurs are under-represented in enterprises of all sizes, and the bigger the firm the less likely it is to be headed by a woman. The World Bank's World Development Report 2011 suggests that productivity could increase by as much as 25% in some countries if discriminatory barriers against women were removed. Research on entrepreneurialism has shown that women will play an increasing role in what has essentially been a male-dominated space.

The remainder of the paper is organized as follows. Section 2 describes the global and Indian scenario of entrepreneurship. Section 3 underlines the socio-economic status of North-eastern region of India. Section 4 highlights the status of women entrepreneurship in north eastern regions. Section 5 elaborates the prospects and opportunities in North-eastern region. Section 6 highlights the problems and challenges for the women entrepreneurship in these regions. Section 7 provides policy recommendations and suggestions and final section draws the conclusion.

2. ENTREPRENEURSHIP: GLOBAL AND INDIAN OUTLOOK

While women entrepreneurship are growing very fast in developed countries like the U.S, U.K and Canada where 30 percent of all small companies are women-owned and it is being contemplated that if women continue to grow at the same pace then very soon their percentage will rise to 50 percent (*Peacock, 1998; Kelly, 1996; Jung, 1997; 'Women wanted', 1996; Cachan and Carter, 1989; OECD, 1993; Brush and Hisrich, 1991*). The number of women-owned firms in the U.S. grew 59 percent between 1997 and 2013, one-and-a-half times the national average, according to an *American Express report on the State of Women-Owned Businesses (2013)*. The reports says that about 8.6 million women-owned businesses in the U.S. are now generating more than $1.3 trillion in revenues and providing jobs for 7.8 million workers. Nonetheless, women entrepreneurship in developing countries as compared to developed countries has been quite low (*Global Entrepreneurship Monitor Report, 2004; Bezhani, 2001; Ferdinand, 2001; Gerard et. al, 2004*) though exceptions are too high. As per census 2001, the number of workers in the urban areas is 92.28 million of which only 16.10 million are females. As per NSS 44th round, 2007-08 the work force participation rate of females in rural sector was 28.9 million while that for the males was 54.8 million. The reason is not that women lack the basic skills necessary for work assignments but their intrinsic exclusion in the social development process has made it so. A recent literature review suggests that, today the Indian women entrepreneurs increasingly are a force to be reckoned with. "According to the Women's Global Entrepreneurship study conducted in US, UK and India, commissioned by Dell (2012), it has been found that the ideal country for a woman starting a business in 2012 could well be India." Women are playing increasingly important roles in leadership and we're seeing some of the most exciting global growth coming from female-led companies, said Moira Forbes (2010), publisher of *Forbes Woman.* She noted that in Asia, female business leaders and entrepreneurs are changing the face of business and India is at the forefront of this phenomenon.

3. SOCIO-ECONOMIC STRUCTURE OF NORTH EASTERN REGION

India's North East which is also known as the land of the seven sisters namely Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and the Himalayan state of Sikkim which is considered as her brother. North east India's population (including all the eight state) is approximately 40 million (2011 census), which represents 3.1% of the total Indian population (1,210 million). This part of the states is a lowly developed, tribal population in India. In spite of the common Mongoloid origin and lifestyle of majority of the population residing here, sharp differences exist in the status of their socio-economic development. The region offers a large scope for the establishment of small scale enterprises in particular. Consequently the main thrust of planning should revolve around the development of small and tiny industries. However, North East India is lagging far behind in industrial development although it remains one of the most potential in terms of resources. Numerous studies have confirmed that the economic backwardness of the North East may be endorsed largely to inadequacy of the supply of entrepreneurship in the region. In North East Region, the status of women and the population sex ratio are relatively better than their counterparts in many states of the country. However, they cannot be said to be an empowered group. The major issues of women entrepreneurs till today is that they were still considered to be less capable than men, they do not have the same access to network than men, lack of access to formal finance and mostly they have to rely on loans from family, friends or bank etc. Their participation in decision-making process and in the service sector is very low although the women in this region take active part in economic activities, particularly in the hill and tribal areas. According to the second all *India census of SSI units report (1990)* 12.5 per cent of North East enterprises were managed by women as against 7.7 per cent in the country. The success rate achieved by women entrepreneurs in this region appears to be higher than the success rate achieved by the men. Though the potential exists, there are very few women who are choosing entrepreneurship as a career. There are a variety of personal, social, economical, legal, resource and support system constraints that restrict women from entering into the field of entrepreneurship. However, lack of education in women in this region is the major fret for creating entrepreneurs. According to *Gangte (2011),* In Manipuri society, women can be categorised into three groups – 1) educated and employed; 2) educated and unemployed; 3) uneducated. The last group are mostly the ones which set up small enterprises to sustain themselves and their families. Though entrepreneurship among women is being vigorously pursued through a number of central and state-sponsored programs and there is a hue and cry for improving the status of women yet the path to success is not easy. If this deficiency can be removed by developing entrepreneurship, the region will be able to compete with the rest of the country **(***Aparajita and Barua, 1998; Mali and Bandopadhyaya, 1993; Mali and Deka, 1995; Mali and Dutta, 2000; Sinha, 2001*).

4. WOMEN ENTREPRENEURSHIP IN NORTH EAST REGION

The North East region of India is unique in terms of its indigenous populations, strong cultural practices and traditional trading background particularly by women (Sangma 2006, India, 2011). Women in north east participate freely in any social, cultural, religious, political or economical activities have a great potential for successful entrepreneurship, yet nevertheless being exploited for economic development.

The economic activities of the region is still very low as compared with others part of the country. There is a difference of proportion in the economic growth in all the states of the region. Manipur, with a long tradition in weaving, sericulture, handicrafts, etc has engaged much larger proportion of workers in the secondary sector, followed by Assam that vies closely with the national figure. Arunachal Pradesh, Mizoram and Sikkim their engagement of workers is less in the secondary sector. Nagaland has a low performance in the tertiary sector. Meghalaya performs slightly better than Nagaland but stands far behind the national figure. Arunachal Pradesh, Manipur and Mizoram are more or less at par with other states in India. However, it is noted that the tertiary sector in the NER is largely based on the activities generate through external assistance and not by the primary and secondary activities in the states within**.** This

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diverse nature of the NER States has shown the different style of entrepreneurship and growth scenario of the small scale and village industries in the region including the women enterprises.

TABLE 1: PARTICIPATION OF WOMEN IN MANAGEMENT/ OWNERSHIP IN SSI SECTOR, STATE-WISE(As on March 2010)

S.No	States	No. Of Enterprises Managed By Women	No. of Women Enterprises	No. of Female Employees (Both Registered And Unregistered sector)	Percentage of Female employment in the total employment of the State
1	Sikkim	30	98	221	16.72
2	Nagaland	207	179	3211	5.65
3	Manipur	9168	10745	23338	17.06
4	Mizoram	3076	3700	6824	27.46
5	Tripura	631	863	7619	13.38
6	Meghalaya	3658	3580	8803	13.42
7	Assam	11189	11757	26065	6.08
	All India	995141	1063721	3317496	13.31

Source: Compiled from http://www.dcmsme.gov.in/ssiindia/census/ch11.htm23.52

Table 1 shows the participation of women in management/ownership in SSI sector in all the north-eastern states of India. It is noticeable that Nagaland with (5.65%) and Assam with (6.08%) are quite far away from women employment. The abysmal ratio can be increased with formation of women entrepreneurs. Table 2 demonstrates the gender-wise distribution of entrepreneurs in the NER. It is evident from the table that the percentage of male entrepreneurs is quite large than compared to the female entrepreneurs in all states both rural and urban sectors. Several socio-cultural and political factors could be responsible for such gender biases though which are gradually being overcome but not adequately or urgently, even with governmental policies of equal opportunity for women in education and jobs (*Anker, 1998; Beck et al, 2003; Peredo, 2001*).

TABLE-2: GENDER AND AREA WISE ENTREPRENEURSHIP PROFILE(AS ON MARCH, 2010)

States	Percentage No. Of Units in rural areas Managed by			
	Males		**Females**	
	Rural	Urban	Rural	Urban
1. Assam	40.46	46.07	7.85	5.63
2. Manipur	41.77	42.27	11.24	4.72
3. Meghalaya	44.01	22.96	23.74	9.29
4. Mizoram	7.69	65.63	2.12	24.56
5. Nagaland	18.52	68.08	2.12	11.29
6. Sikkim	34.48	48.28	5.75	11.49
7. Tripura	52.45	41.92	2.92	2.71
All India	39.83	51.85	4.50	3.82

Source: Compiled from S. K. Mishra, Recent Trend of Village and Small Enterprise , 2009

 ISSN 2322 - 0899

5. PROSPECTS AND OPPORTUNITIES

Individuals who are competent, assertive, willing to accept the uncertainty and risk taking are often associated with entrepreneurs. Risk taking is an important component for entrepreneurial development. Societies should encourage emphasizing entrepreneurial initiative by encouraging entrepreneurs to pursue and anticipate opportunities and to participate in new or emerging market. Proactive individuals do what is necessary to bring their concepts to fruition and gain an advantage by being the first to capitalize on new opportunities (Lumpkin & Dess, 1996). Highly innovative cultures will likely experience positive results in terms of new technologies, products, services, or processes within their respective countries. Schumpeter visualized the entrepreneurs as the key figures in economic development because of his role in introducing innovations (Khanka, 2004).

The efforts to promote and develop entrepreneurship during the last more than two and half decades have resulted in some changes in the entrepreneurial scenario in the North East. However, the majority of women population is yet to be exposed to take up entrepreneurial carrier. Recognising the important role of entrepreneurship in the economic and industrial development of the region, the North Eastern Council (hence forth NEC), set up in 1972 and it took a number of steps for promoting entrepreneurship in the region. In 1985, the NEC drew up an ambitious plan to train and develop 5000 entrepreneurs during the seventh plan (1985-90). The initiative taken by the NEC in 1985 still continues. In its efforts there are now new partners. SIDBI also started participating in entrepreneurship development efforts, particularly in respect to rural and women entrepreneurs. During April 1990 to March 1996, (NEC and IDBI) and (NEC and SIDBI) together sponsored 212 EDPs (Entrepreneurial Development Programmes) in the North East in which 5375 participants participated. Apart from NEC, IDBI and SIDBI and KVIC, there are now several other organisations for promotion of new entrepreneurs and/or creation of awareness of entrepreneurial opportunities in the North East. Among them are the offices of the Development Commissioner (SSI) under the Union Ministry of SSI and Agro and Rural Industries, Department of Science and Technology with focus on promoting science and technology entrepreneurs, Union Ministry of Non-Conventional Energy Sources for promoting entrepreneurship in non-conventional energy sector, NABARD for promoting rural and women entrepreneurship, Council for Advancement of People's Action and Rural Technologies (CAPART) under the Union Ministry of Rural Development, for involving voluntary organisations in entrepreneurship development effort. The Ministry of MSME is actively promoting the development of MSMEs in the NER through the programmes and schemes being implemented by its attached office, public sector enterprise, statutory bodies and autonomous organisations, namely, Micro, Small and Medium Enterprise Development Organisation (MSME-DO), the National Small Industries Corporation Ltd. (NSIC), the Khadi and Village Industries Commission (KVIC), the Coir Board and three national level entrepreneurship development institutes particularly, Indian Institute of Entrepreneurship (IIE), Guwahati. Apart from this, Colleges and Universities are not taking much interest to create awareness of career option in entrepreneurial activities among the students and also considering introduction of entrepreneurship as an element in academic curriculum. Policy makers, educators, researchers and practitioners have increasingly acknowledged the role of entrepreneurs in the economic development and wellbeing of societies. This has stimulated interest in understanding who entrepreneurs are and what they do, and assessing the rate and nature of this activity across different economies, regions and economic development levels. Also recently RBI noticed that people in the North-eastern region do not take money on credit as they prefer it in the form of subsidies and grants. The central bank stimulated to seek enhanced entrepreneurship activities in the North-eastern states of India so as to encourage, improve and support entrepreneurs to raise the credit-deposit ratio from these regions.

6. PROBLEMS AND CHALLENGES

Access to finance is a key issue for women. Accessing credit, particularly for starting an enterprise, is one of the major constraints faced by women entrepreneurs. Women in north eastern region often have fewer opportunities than men to gain access to credit for various reasons, including lack of collateral, an unwillingness to accept household assets as collateral and negative perceptions of female entrepreneurs by loan officers. Further, the ability to tap into new markets requires expertise, knowledge and contacts. These Women often lack access to training and experience in on how to participate in the market place and are therefore unable to market goods and services strategically. They also fear or face prejudice or sexual harassment, and may be restricted in their ability to travel to make contacts. Access to training for these Women is yet another bottleneck. They have limited access to vocational and technical training in north-east region in general and tribal regions in particular. In fact, women on average have less access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education. North East region is characterized by low enrolment among women in education, high dropout rates and poor quality of education. A survey done by the Entrepreneurship Development Institute, India (EDII) in 2003 shows that young people are afraid to start their own business because they are not confident, not capable, and lack knowledge in starting a business. Many people have the opportunity to change jobs or become an entrepreneur if they are properly trained. Also, women entrepreneurs were mostly low risk taking and also in their decision making power. The students in India are not confident with the traditional education they receive in the university, besides with a low income it is difficult to save money and hence the probability of becoming an entrepreneur diminishes as well. The relationship between income, saving and propensity to engage in entrepreneurship is well documented in number of countries such as Sweden, UK, and US (*Reynolds et al., 1997, Delmer et al., 2000*) where women entrepreneurship has increased at a fast pace. Thus the higher the ability to save the higher is the probability to enter into self-employment.

7. KEY POLICY RECOMMENDATIONS

Based on the present status of women entrepreneurship in North-eastern region, some policy measures to support this kind of entrepreneurship can go a long way to achieve the millennium goals. In particular policy must make an attempt to:

- To create a specific target group of women in all major development programs of the country.
- To devise special programs to increase employment and income generating activities for women particularly in rural areas of this region.
- To devise and diversify vocational training facilities for women to suit their changing needs and skills.
- To create entrepreneurship awareness among women through curriculum and academic workshops.
- To recognise the role and contribution of women entrepreneurs in industrialisation has that has remained unaccounted and un-assessed.
- To encourage the researcher, educators, practitioners and policy makers to increasingly acknowledged the role of entrepreneurs in the economic development and wellbeing of societies.
- To promote the development of women entrepreneur networks. Co-operation and partnerships between national and international networks can facilitate entrepreneurial endeavours by women in the country.

CONCLUSION

Although women in the country constitute the majority of the total population, i.e. 495.74 million representing 48.3 per cent of the total population in the country and almost similar percentage of women in the North East, women are yet to contribute to their full potential to the entrepreneurial world at large. Therefore, in the interest of long term development it is a necessity that they are empowered. Sustained long run achievement of empowerment of women would become a reality if necessary changes in the socio-economic, political and cultural changes take place. There is need to test out the efforts and functioning of entrepreneurship institutions and organisations existing in the region. The personality trait of women entrepreneurs includes risk takers, opportunists, inventors, traders, innovators, flexible etc. There are various problems associated with women entrepreneurs such as problem of finances, family responsibilities, limited mobility factor and domination by male, old and outdated social outlook etc. This paper suggests various problems and future prospects of women entrepreneurs.

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International Journal of Research in Management & Social Science
Volume 2, Issue 2 (I) : April – June , 2014
ISSN 2322 - 0899

AN OVERVIEW OF KISAN CREDIT CARD: A CONCEPTUAL STUDY

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ABSTRACT

The sustainable development of agriculture is the most important for acceleration in the Indian economy. The present study is a conceptual attempt in assessing the role of Kisan Credit Card in the inclusive growth of agriculturists. Agriculture has continued to be central to all the strategies for socio-economic development of the country as well as ensures food security, poverty reduction, economic growth, industrial growth and job creation (Kamble, 2009). In order to address the problems in purveying credit for agriculture, the Reserve Bank of India introduced Kisan Credit Card (KCC) scheme in 1998-99 to provide adequate and timely credit support from the banking system under a single window to the farmers for their cultivation and other needs such as:

- i. *Short-term credit requirements for cultivation of crops*
- ii. *Post-harvest expenses*
- iii. *Produce marketing loan*
- iv. *Consumption requirements of farmer household*
- v. *Working capital for maintenance of farm assets and activities allied to agriculture like dairy animals, inland fishery etc.*
- vi. *Investment credit requirement for agriculture and allied activities like pump sets, sprayers, dairy animals etc.*

Key words: Agriculture, Kisan Credit Card, Credit constraints, Institutional sources of credit.

INTRODUCTION

The Green Revolution of the 1960s and White Revolution provided a breakthrough to agricultural sector in India (Singh, 2009). Around 72.2% of the India's total population lives in rural areas and 65% of them directly or indirectly depends upon agriculture for their livelihood. Agriculture accounts for 14.4% of total Indian Gross Domestic Product (GDP) & 10% to export earnings, provide employment to 52% of the country's workforce (Indian Agriculture Report, 2012) and uses about 46% of India's geographical area (Sharma, 2007). It is a way of life, a tradition, which for centuries has shaped the thought, outlook & culture and the economic life of the people of India (National Agriculture Policy, 2009). Agriculture has continued to be central to all the strategies for socio-economic development of the country as well as ensures food security, poverty reduction, economic growth, industrial growth and job creation (Kamble, 2009). Agriculture can work in concert with other sectors to produce faster growth, providing environmental services and sustain the environment. The gains from green revolution have not been consolidated but also many new grounds broken to feed the bourgeoning human population of the country. There are several emerging concerns in agriculture which need our prior attention.

CHALLENGES FACE BY AGRICULTURISTS IN INDIA

Around the world, agriculture is a major building block in the achievement of the Millennium Development Goals (MDGs) i.e. to increase agricultural production by 70% by 2050 in order to feed the world. However, agriculture in developing countries is still characterized by low productivity without a renewed effort to accelerate growth in the agriculture sector. The following are the obstacles in the path of agriculture development.

i. **Low productivity:** The stagnation in agricultural productivity, increase in the cost of production, distortions in the market and poor infrastructure have made the livelihood of farming population more difficult.
ii. **Rural poverty:** The reasons for pervasive rural poverty are low growth rate in agriculture, failed crops, unemployment, inadequate command over resources, low income level, illiteracy, low adoption of agricultural technology and inequitable access to credit.
iii. **Preference for informal source of credit:** Farmers heavily depend upon non-institutional sources of credit due to frequent needs, inadequate availability of institutional credit, unnecessary delays, cumbersome procedures and improper practices adopted by institutional lending agencies. Non-institutional agencies charge higher rate of interest to deteriorate the small and marginal farmers.

Agricultural growth is the panacea for rural poverty alleviation. Strategies are required to enhance the present rate of growth of agriculture from 1.6% to at least 4% in order to achieve the double digit growth rate of GDP. Enhanced growth rate in agriculture will not only improve the income and employment levels of farm households but also reduce the level of poverty, address the hunger, malnutrition, promote rural prosperity and mitigate rural distress. In order to achieve the higher growth rate in agriculture the government promotes adoption of KCC for higher productivity. The institutional sources of credit meet 51% of the credit requirements of the farm sector (Rao, 2003) which leads the small and marginal farmers to depend upon non-institutional sources of credit (moneylenders and indigenous traders).

Table 1 shows the various schemes provided by formal institutions for the development of agriculture sector. Corp Swarojgar Credit Card Scheme (CSCCS) is a scheme to provide adequate and timely credit in a flexible, hassle free and cost effective manner to small borrowers including small artisans, handloom weavers, persons engaged in service sector including small business, fishermen, rickshaw owners, micro-entrepreneurs and to SHGs for group activity. Land purchase scheme for farmers is designed to finance small farmers to purchase agricultural land/ fallow land/ waste land, to develop and cultivate them to increase production and productivity. Corp Artisans Credit Card Scheme (CACC) is provided for the artisans registered with Development Commissioner (Handicrafts).

TABLE 1: VARIOUS SCHEMES PROVIDED BY GOVERNMENT FOR AGRICULTURE DEVELOPMENT*

CORP SWAROJGAR CREDIT CARD SCHEME (CSCCS)	❖ To provide adequate and timely credit in a flexible, hassle free and cost effective manner to small borrowers including small artisans, handloom weavers, persons engaged in service sector including small business, fishermen, rickshaw owners, micro-entrepreneurs and to SHGs for group activity. ❖ Loan amount is upto Rs. 25,000. ❖ Rate of interest is 5%.
LAND PURCHASE SCHEME FOR FARMERS	❖ To provide term finance to small farmers to purchase agricultural land/ fallow land/ waste land, to develop and cultivate them to increase production and productivity. ❖ Only small farmers are eligible for the loan.
CORP ARTISANS CREDIT CARD SCHEME (CACC)	❖ Preference is given to artisans registered with Development Commissioner (Handicrafts). ❖ Artisans who have formed SHGs and clusters are thrust area under the scheme. ❖ Beneficiaries of Govt. sponsored schemes are not eligible. ❖ Card is valid only for 3 years.
CORP KISAN VEHICLE	❖ Financing for purchase of jeep, pick up van, mini truck,

LOAN YOJANA (CKVLY)	tempo, two-wheeler, etc. ❖ Only one vehicle per farmer can be financed under the scheme. ❖ New or old vehicle (up to 3 years from date of registration) can also be financed.
CORP KISAN CREDIT CARD SCHEME	❖ Term loan limit subject to a maximum of Rs.1 lakh. ❖ Loan can be provided for working capital and investment requirements for agriculture and allied activities and non-farm sector activities.

*Source: www.nabard.org/development.../kisancreditcardmore.asp. Last visited: 5-1-2013

CONCEPTUAL FRAMEWORK OF KISAN CREDIT CARD

Realising the importance of flow of credit to the rural sector and reduction of dependence of farmers on non-institutional sources of credit, NABARD introduced Kisan Credit Card (KCC) scheme, in August 1998-99 with the objective of providing adequate, timely or without any delay, cost effective and hassle free credit support to the farmers. According to the Government of India, over a 100 million cards had been issued cumulatively by March 2011 against 1 crore KCCs issued by December 2000.

Table 2 shows the total number of Kisan Credit Cards issued in India upto November 2010. It is indicated that Co-operative Banks issued maximum number of cards in 2006-07, followed by Commercial Banks and RRBs. In 2007-08, 46.06 lakhs cards were issued by Commercial Banks, followed by 20.91 lakhs cards issued by Co-operative Banks and 17.73 lakhs cards issued by RRBs. In 2008-09, KCCs issued were as, Co-operative Banks (13.44 lakhs), RRBs (14.15 lakhs) and Commercial Banks (58.34 lakhs). In 2009-10, cards issued by Co-operative Banks, RRBs and Commercial Banks are 12.71 lakhs, 11.02 lakhs and 8.45 lakhs respectively.

TABLE 2: AGENCY-WISE KCC ISSUED UPTO NOVEMBER 2010*

AGENCY	KISAN CREDIT CARDS ISSUED (IN LAKHS)				
	2006-07	**2007-08**	**2008-09**	**2009-10**	**TOTAL**
Co-operative Bank	22.97	20.91	13.44	12.17	373.61
RRB	14.06	17.73	14.15	11.02	125.73
Commercial Banks	48.08	46.06	58.34	8.45	378.96
Total	**85.11**	**84.70**	**85.93**	**31.64**	**878.30**

*Source: Kisan Credit Card, www.sbbjbank.com/we-offer/agriculture/Scheme/KCC.pdf. Last visited: 30-12-2012

Jammu and Kashmir is basically an agrarian economy. As per Census 2001, about 18.38 lakhs persons comprising 15.92 lakhs cultivators and 2.46 lakhs agricultural labourers depend directly on agriculture for their livelihood, forming 49% of total working force. This indicates that there is a lot of potential for issuance of Kisan Credit Cards in the State. The figures in the table 3 shows the dismal performance by banks/financial institutions operating in J&K State under KCC scheme vis-à-vis Annual Credit Plans during the last few years. The maximum number of cards issued was 8,659 in the year 20110-11 as against the target 49,870 (Table 3). As on 30-9-2011, the cumulative number of KCCs issued by RRBs and Co-operatives in J&K is 107151 and the cumulative amount sanctioned is Rs. 35640.82 lakhs.

TABLE 3: KCC ISSUED IN J&K DURING 2006-2011*

YEAR	TARGET		ACHIEVEMENT	
	ACCOUNTS	**AMOUNT (IN LAKHS)**	**ACCOUNTS**	**AMOUNT (IN LAKHS)**
2006-07	66,799	12,047.96	4,599	2,375.02
2007-08	46,684	17,843.72	3,725	2,025.13

2008-09	34,524	10,470.1	2,734	1,606.85
2009-10	35,005	8,647.27	6,707	3,246.96
2010-11	49,870	27,466.36	8,659	3,910.31

*Source: NABARD, State Focus Paper, 2012-13

Keeping in view the importance of Kisan Credit Cards in the State, GOI increased credit flow to agriculture to achieve the ultimate goal of financial inclusion and covering the eligible farmers under KCC.

FEATURES OF KCC

The following are the characteristics/features of Kisan Credit Card:

i. Eligible farmers are provided with a Kisan Credit Card and a pass book or card-cum-pass book.
ii. Revolving cash credit facility involving any number of drawls and repayments within the limits.
iii. Entire production needs for full year is taken care of and limits are fixed on the basis of operational land holding, cropping pattern and scale of finance for the ancillary activities related to crop production such as maintenance of agricultural machinery/implements, electricity charges etc. and also contingent needs of the farmers e.g. medical expenses, expenses for children's education, marriage, funeral, birth and certain religious ceremonies subject to a limit of 20% of the aggregate amount of crop production and working capital required for allied agricultural activities. Sub-limits may be fixed at the discretion of banks. As incentive for good performance, credit limits could be enhanced to take care of increase in costs, change in cropping pattern etc.
iv. Conversion reschedulement of loans also permissible in case of damage to crops due to natural calamities.
v. In the case of punctuality in repayment performance 2% interest rate subsidy is provided to the KCC borrowers with effect from the year 2010-11.
vi. Availability of the life cover/disability insurance at very low premium in case the farmers meets with accident.
vii. RBI has also relaxed the security norms and banks were advised not to insist for any collateral security on crop loans upto Rs. 1.00 lakh and obtain a self-declaration from the borrower instead. This will facilitate substantial coverage of eligible farmers under KCC.
viii. With a view to implement the RBI instructions it was decided in the 80th SLBC meeting that the banks may accept the affidavit duly attested by the First Class Magistrate in place of revenue records/documents in case of KCCs upto Rs. 1 lakh.
ix. KCCs are being converted into smart cards for being use as ATM cards in order to reduce the frequency of visit to the bank-branch during the specified working hours and for convenient withdrawals at any time.

OBJECTIVES OF KCC

The following are the objectives of Kisan Credit Card:

i. The major objective is to provide easy, hassle-free, timely and adequate access to institutional credit by the farmers.
ii. Keeping in view the directives of GOI with specific reference to D.O. No. 1(4)/2011-cp dated 07th September, 2011 for increasing the flow of credit to agriculture sector and thereby achieving the goal of total financial inclusion in the country, the banks were required to bring into KCC fold latest by 15.10.2011 all eligible farmers who may have been left outside the fold of the scheme.
iii. Its object is to reduce the burden of work of bankers as well as farmers and also the procedural formalities to go through.

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BENEFITS OF SCHEME TO THE KCC HOLDERS

i. **Personal Accident Insurance Scheme (PAIS):** All KCC holders upto 70 years of age are covered under PAIS (Personal Accident Insurance Scheme). Under this master policy the premium of Rs. 9 for a one year policy and Rs. 27 for a three year policy, is shared between the farmer and the bank in the ratio of 1:2 to be paid in advance. Risk coverage under the scheme ranges from Rs.25000/- to Rs.50000/-.

ii. **National Accident Insurance Scheme (NAIS):** For insurance of paddy a premium of 2.5% is collected from farmers with land holding up to 1 ha and @ 4.3% is collected from farmers with more than 1 ha of land.

iii. **Rashtriya Krishi Bima Yojana (RKBY):** Crop loan disbursed under KCC scheme for notified crops are covered under RKBY. All farmers including sharecroppers, tenant farmers, growing insurable crops are covered. 50% subsidy in premium allowed to small and marginal farmers to be shared equally by the Govt. of India and State Govt.

   Objectives of RKBY are:

   a) To provide insurance coverage and financial support to the farmers in the event of failure of crops as a result of natural calamities, pests and diseases.
   b) To encourage farmers to adopt progressive farming practices, high value inputs and higher technology in agriculture.
   c) To help stabilise farm incomes, particularly in disaster years.
   d) To support and stimulate primarily production of food crops and oilseeds.

BENEFITS OF THE KCC SCHEME TO THE BANKS

i. Reduction in work load for branch staff by avoidance of repeat appraisal and processing of loan papers under Kisan Credit Card Scheme.
ii. Minimum paper work and simplification of documentation for drawl of funds from the bank.
iii. Improvement in recycling of funds and better recovery of loans.
iv. Reduction in transaction cost to the banks.
v. Better banker - client relationships.

Kisan Credit Card is the service which aims at helping small farmers, marginal farmers, defaulters, oral-lessees, tenant farmers, etc. in providing short-term and long term loan for fulfilling primary, contingent and ancillary needs. For the security or margin charged by banks as upto Rs. 1,00,000, crops and movable assets are hypothesised and for loan above Rs. 1,00,000, crops and movable assets are hypothesised and mortgage of land where only immovable assets are created & charge over land where movable assets are created. The rate of interest and repayment period varies among financial institutions (Table 4).

TABLE 4: SCOPE OF KISAN CREDIT CARD*

Objectives	Providing comprehensive credit requirements including Short Term Credit Needs and reasonable component for consumption / ancillary needs with flexible and simplified procedure under single window.
Target groups	Defaulter-farmers, oral lessees, tenant farmers, share croppers, SHGs and others who have been left outside the fold of KCC scheme for any reason and also new farmers.
Coverage	Production credit, working capital requirements for allied activities, ancillary credit requirements related to crop production contingent needs and Accidental insurance of KCC borrowers.
Nature of Facility	**Cash credit** ❖ Entire production credit requirement for the full year. ❖ Credit requirements for ancillary needs such as maintenance of

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	agriculture machinery/ implementations, electricity bills, diesel charges and unforeseen credit needs related to crop production, are made upto 20% of aggregate scale of finance without cap. ❖ For meeting contingent needs pertaining to expenses such as, medical, education of children, birth, funerals, marriage & other religious ceremonies, consumption limit upto 25% of total peak level limit without cap. **Term credit** For allied activities such as pump sets, land development, plantation, drip irrigation, and allied to agricultural activities such as dairy farming, sheep breeding, fisheries, bee keeping etc.
Security	**Upto Rs. 1,00,000/-** Hypothecation of crops and movable assets. **Above Rs.1,00,000/-**:- **Primary:-** Hypothecation of crops & movable assets created out of loan. **Collateral:-** Mortgage of land where only immovable assets are created / charge over land where movable assets are created.
Rate of Interest	**For Crop Loan (Working Capital)**: - Upto Rs. 3,00,000 /-* = 7 % p.a. Above Rs. 3,00,000 /- = as applicable to limit amount. **For Term Loan: -** As per limit amount & credit rating in agri. sector ❖ **For Kharif Season-2011**:- Crop loans upto Rs. 3.00 lakhs disbursed on or after 01.04.2011 will carry rate of interest @ 7% per annum upto 31.03.2012. If not repaid upto 31.03.2012 then normal rate of interest will be applicable as per size of limit. ❖ **For Rabi Season-2011-12**:- Crop loans upto Rs. 3.00 lakhs will carry rate of interest @ 7% per annum upto 30.06.2012. If not repaid upto 30.06.2012 then normal rate of interest will be applicable as per size of limit.
Repayment Period	**Cash Credit:** Crop loans as well as working capital for agriculture and allied activities to be provided as revolving cash credit limit repayable in 12 months. . **Term Loan:** Repayable within a maximum period of 5 years, depending on the type of activity/investment and repayment capacity.
Validity Period	5 (five) years

*Source: Kisan Credit Card, www.sbbjbank.com/we-offer/agriculture/Scheme/KCC.pdf. Last visited: 30-12-2012

MOBILE KISAN CREDIT CARD (MKCC) FOR FARMERS

India's first Mobile Money Credit Delivery solution for farmers – Mobile Kisan Credit Card (MKCC) is developed by PayMate India Pvt. Ltd, the country's leading mobile-payment solutions company, has proved to be a success by touching over 7,000 farmers. Developed in collaboration with Pallavan Grama Bank, Indian Bank and National Bank for Agriculture and Rural Development (NABARD), the system helps farmers use their loan amounts in an easier, instant and more efficient manner. After activation of the registered KCC with Pallavan Grama Bank, the farmer can avail the service for withdrawal or purchase. To withdraw, the customer approaches the Business Correspondent (BC), provides his mobile number and tells the withdrawal amount. An IVR call from PayMate then seeks the customer's 4-digit PIN number. The account is checked for available balance and cash dispatched in case of sufficient funds. To purchase seeds, fertilizers and other agricultural items, the farmer simply has to tell the shopkeeper about his requirements and confirm his mobile number. G Rangarajan, Chairman, Pallavan Grama Bank,

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said: In almost a year of its launch, we have seen the success of KCC on Mobile not only to our farmers, but also to merchants.

BENEFITS OF MKCC TO FARMERS

i. By eliminating the need for direct cash transactions, farmers can use their money in smaller amounts for purchasing goods and directing their MKCC loans towards suitable agricultural requirements.
ii. This saves on transit time to banks which can sometimes take upto a day
iii. It safeguards against the danger of carrying large sums for farm purchases over long distances, and even that of wage losses.
iv. The farmers also receive instant reports of all transactions and available funds, enabling them to keep a tab on their spending, just by a simple SMS.
v. This new method can make redundant the earlier system of the farmers going to the bank to withdraw cash and then making purchases. Eventually, the customers can also make cash deposits to their accounts at BC locations.
vi. It saves travel cost and also opportunity cost for the time spent by the farmer in visiting the bank branch.
vii. The system also brings interest savings for farmers and discounts on purchases.
viii. It reduces transaction cost, incremental business, ensures better use of funds and increase in reach to far-flung villages through mobile-enabled technology. Merchants too benefit with immediate payments and no bad debts.

Following the success of mobile enabled KCC, the mobile banking facility has been extended to all our customers along with value added services like Mobile Funds Transfer, Mobile Recharge and DTH Recharge. RBI has also approved our Mobile Banking Services."

Table 5 shows the increased savings, travelling cost saved and average interest earned with the usage of MKCC.

TABLE 5: REDUCED TRANSACTION COSTS BY USING MKCC*

PARTICULARS	REDUCED COST
Total savings	Rs. 7314/- per farmer per year
Cost saved on travel	Rs. 70-85 per visit
Avg. interest saving	Rs. 1000/- a year.

*Source: PayMate launches ***Mobile Kisan Credit Card*** for Farmers www.fonearena.com › Home › India. Last visited: 7-1-2013

INSTITUTIONAL FRAMEWORK OF KISAN CREDIT CARD

NABARD has designed a model scheme for issue of Kisan Credit Card (KCC) which is to be implemented by Commercial Banks (CBs), Regional Rural Banks (RRBs) and Co-operative Banks (DCCBs/PACS). NABARD has prepared and forwarded broad guidelines to the banks for operationalising the KCC scheme. The eligibility norms and scales of finance under KCC slightly differ among financial institutions. Overhead costs for borrowing under KCC from Commercial Banks, RRBs and Co-operative Banks vary. The overhead costs are processing fee, charges on land mortgage deed, passport photo charges, insurance premium etc. The lending rate is linked to PLR in the banks. The rates of interest charged are different for different limits of borrowing and also different for different financing institutions. Upto rupees three lakhs of lending the rate of interest charged is 9%. But the Central Government provides 2% subvention to the financing institutions. If there is punctuality in repayment performance 2% interest rate subsidy is provided to the KCC borrowers effective from the year 2010-11. Table 6 shows the status of financial institutions in issuing KCCs.

TABLE 6: STATUS OF FORMAL FINANCIAL INSTITUTIONS IN ISSUING KCC*

BASIS	COMMERCIAL BANKS	REGIONAL RURAL BANK	COOPERATIVE BANKS
Launching	All the 27 Public Sector	The RRBs had launched	Cooperative Banks

of scheme	Commercial Banks had launched KCC scheme in August 1998	KCC scheme in August 1998	had launched the Kisan Credit Card Scheme based on the model scheme circulated by NABARD in August 1998.
Eligibility of farmers for issuing KCC	❖ Most of the CBs had issued KCCs only to those farmers having good track records for the last 2/3 years. ❖ Some of the banks stipulated the minimum eligibility for issue KCC at one acre of irrigated land. ❖ In order to speed up the progress in issue of Kisan Credit Cards, some banks had advised their branches that all tractor borrowers may be issued Kisan Credit Cards. ❖ The branches of Commercial Banks have been issuing Cards mostly to existing borrowers only.	Initially Kisan Credit Cards were issued to only those farmers who had a good track record for the last 2-3 years and to new borrowers who were considered creditworthy.	The Co-operative Banks issued KCC to members who were not defaulters.
Minimum limit	Most of the banks have stipulated minimum limit of Rs. 3000.	❖ Most of the banks have brought down the initial ceiling from Rs. 5,000/- to Rs. 3,000/-. ❖ Some of the banks did not stipulate any lower monetary ceiling.	Banks have reduced the lower limit from Rs.5000 to Rs.3000. Some banks did not fix any lower limit.
Basis of fixation of credit limit	❖ Banks have followed the RBI guidelines and fixed the limit on the basis of land holding, cropping pattern and scale of finance. ❖ Some banks have fixed the limit at 50% of the total income from all sources. ❖ Allahabad Bank and Punjab National Bank follow limits/slabs based on land ownership.	Banks have followed the RBI guidelines and fixed the limit on the basis of land holding,	Co-operative Banks stipulated/fixed the limit based on scale of finance, cropping pattern and land holding.
Restriction of maximum limit	Except one or two banks, the Commercial Banks have not prescribed any maximum limit	RRBs had not generally stipulated any maximum ceiling on the limit under	The maximum amount under KCC was subject to the

	under Kisan Credit Card.	KCC.	Individual Maximum Borrowing Power (IMBP) set by each bank.
Type of card	Majority of the banks have issued a single type of card. Banks like Punjab National Bank and Allahabad Bank have brought out four different varieties of cards under the scheme.	RRBs have either issued Card-cum-Pass books or a card and a Pass book.	A pass book is issued to the eligible borrowers.
Facility of using the card under other branches	❖ Most of the banks had allowed this facility to only literate farmers. ❖ Some have restricted this facility to the select branches within the district only. ❖ Cardholders who are illiterate have to operate on the limit from the issuing branch only. ❖ The banks which have allowed this facility to card holders had advised their branches to charge service charges ranging from 2% to 3% if the cardholder withdraws cash at a branch(es) other than the issuing branch.	All the banks have restricted their operations in KCC to the issuing branch.	❖ In case of Co-operative Banks, drawls were allowed either at the branch of DCCB or at the society having cash counters. ❖ In some states, cash withdrawal was permitted at branch and the society simultaneously whereas in many other states cash withdrawal was allowed at branch only.
Maintenance of “Shadow Register” or “Mirror Account”	Nil	Nil	These were maintained at the issuing branch level as a replica of the loan ledger of the society.
Insurance of card holder	Some of the banks namely Andhra Bank, Allahabad Bank and Vijaya Bank have introduced the provision of the insurance of the cardholder in the scheme implemented by them.	None of the RRBs had provided for accidental insurance cover to KCC holders.	Andhra Pradesh State Co-operative Bank provide for an accident insurance cover for Rs. 1,00,000
Issue of cheque books	❖ Some of the banks have issued cheque books to literate borrowers. ❖ In the remaining banks, the drawl of cash is allowed only through the debit slip	In order to facilitate the drawl of cash at the issuing branches, some of the banks have issued cheque book to the card holders.	In order to facilitate the drawl of cash at the issuing branches, some of the banks have issued cheque books to the card

	and only at the card-issuing branch.		holders.
Service charges	❖ Banks like Canara Bank, UCO Bank have exempted small borrowers from such charges. ❖ For replacement of lost card or damaged card, a few of the banks have been charging fee as high as Rs. 200/-.	Certain charges are levied by most of the banks for issue of KCC.	Nil
Saving bank account	Except Syndicate bank, none of the other Commercial banks have made it compulsory for borrower to open a Savings Bank account with the bank branch in order to avail the facility of Kisan Credit Card.	Nil	Nil
Crop insurance	❖ Only 6 banks have provided guidelines to their branches on coverage of crop insurance under Rashtriya Krishi Bima Yojna. ❖ Banks have also advised the branches to debit the crop insurance premium to the borrowers' account wherever insurance scheme is in operation.	Nil	In some states, RKBY schemes have been implemented

*Source: Support from the Banking System: A Case Study of Kisan Credit Card: planningcommission.nic.in/report/ser/stdy_kcc.pdf. Last visited: 1-1-2013

Demerits of KCCs

The reasons for non-adoption of KCC scheme by the targeted groups are many. The reason/problems are

i. Fear factor of non-repayment of loan.
ii. Lack of awareness of benefits of institutional (KCC) credit.
iii. Bad experience with institutional sources of credit especially with cooperative banks and inefficient and non-transparent operational system of credit delivery under KCC scheme due to exploitation of brokers and apathetic attitude of the officials of the bank.
iv. The hassle-free loan from commission agents without any assigned purposes prohibits the farmers to avail the KCC facilities as the harvested produce makes its way to the market through commission agents.

CONCLUSION

The mission of NABARD is to promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institutional development and other innovative initiatives. To achieve the mission, Kisan credit cards is one of the most innovative, widely accepted, highly appreciated and non-discriminatory banking products. If we want to become the fastest growing economy in the world in the coming decades the financial institutions should make unprecedented efforts to bring prosperity into the millions of rural lives through this innovative scheme. ATM facilities should be provided to KCC holders in order to reduce the frequency of visit to the bank-branch during the specified working hours and for convenient withdrawals at any time. There is the urgent need to make the credit delivery system under KCC scheme cost effective, transparent and farmers' friendly through appropriate institutional reforms. It is expected that this would help the farmers in easy and timely access to much desired institutional credit and the KC card has been appreciated and accepted both by the bankers as well as farmers.

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International Journal of Research in Management & Social Science
Volume 2, Issue 2 (I) : April – June , 2014
ISSN 2322 - 0899

CONSUMER PROBLEMS OF VEGETABLE MARKETS IN TUMKUR DISTRICT, KARNATAKA STATE, INDIA

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ABSTRACT

Consumer is an Ultimate sufferer, neither he/she can increase the earnings nor avoid of consuming vegetable or any other product in the short run. Often consumer faces the price hike in daily inevitable purchases of Onions, Tomatoes, & others.

Prices may hike due to decrease in yield by the farmers depending on several factors like diseases, costly labour, less/heavy rain, reduction in the yields due to underground water, climatic conditions and so on.

Middlemen have to match the demands of the consumers, but whereas these vegetables can't be supplied, only the demand can be faced by increasing or reducing the prices. Somehow the middlemen play safe role in dealing with vegetables without loosing their commission or percentage of sales.

The more nutritious vitamins are available in vegetables. Whereas the consumer do not have the choices of their own, they have to buy within their budget and available vegetables. In India for Ex: the prices of Tomatoes goes from Rs.1 to Rs.60 and onion Rs. 5 to Rs.70 and so on.

This paper focuses on the problems of Tumkur Vegetable Market Consumers and to suggest the proper methods to safeguard the consumers.

Key words: Consumers, vegetable markets, tumkur, India, Middlemen, farmers.

1. INTRODUCTION

The concept of marketing i.e. societal concept, customer oriented marketing, customized marketing is not successful in the vegetable markets because what the consumer is looking in the vegetables they may not or the price or the quality. Consumer budget is limited, and what for consumer is coming to purchase to the market, he never purchases the same list. Consumer has to make the choice and compromise in the factors of price, quality & availability.

1.1. Tumkur District : Census 2011 data[1]

An official Census 2011 detail of Tumkur, a district of Karnataka state, India has been released by Directorate of Census Operations in Karnataka. Enumeration of key persons was also done by census officials in Tumkur District of Karnataka.

1.1.1. Tumkur District Population 2011

In 2011, Tumkur had population of 2,678,980 of which male and female were 1,350,594 and 1,328,386 respectively. In 2001 census, Tumkur had a population of 2,584,711 of which males were 1,313,801 and remaining 1,270,910 were females. Tumkur District population constituted 4.38 percent of total Maharashtra population. In 2001 census, this figure for Tumkur District was at 4.89 percent of Maharashtra population.

1.1.2. Tumkur District Population Growth Rate

There was change of 3.65 percent in the population compared to population as per 2001. In the previous census of India 2001, Tumkur District recorded increase of 12.10 percent to its population compared to 1991.

1.1.3. Tumkur District Rural Population 2011

As per 2011 census, 77.64 % population of Tumkur districts lives in rural areas of villages. The total Tumkur district population living in rural areas is 2,079,902 of which males and females are 1,048,710 and 1,031,192 respectively. In rural areas of Tumkur district, sex ratio is 983 females per 1000 males. If child sex ratio data of Tumkur district is considered, figure is 959 girls per 1000 boys. Child population in the age 0-6 is 203,685 in rural areas of which males were 103,989 and females were 99,696. The child population comprises 9.92 % of total rural population of Tumkur district. Literacy rate in rural areas of Tumkur district is 71.66 % as per census data 2011. Gender wise, male and female literacy stood at 80.48 and 62.71 percent respectively. In total, 1,344,438 people were literate of which males and females were 760,322 and 584,116 respectively.

All details regarding Tumkur District have been processed by us after receiving from Govt. of India. We are not responsible for errors to population census details of Tumkur District.

2. LITERATURE SURVEY

Gurbandani (2010) found that both spot and future prices for selected agricultural commodities are efficient in weak form. Future prices are independent and past prices have no role in the contribution of future price prediction.

Pathak, (2009), in his research paper stated that the contribution of agriculture in growth of a nation is constituted by the growth of the products within the sector itself as well as the agricultural development permits the other sectors to develop by the goods produced in the domestic and international market.

Swami and Bhawana (2009) discussed that with the elimination of ban from commodities, Indian futures market has achieved sizeable growth. Commodity futures market proves to be the efficient market at the world level in terms of price risk management and price discovery. Study found a high potential for future growth of Indian commodity futures market as India is one of the top producers of agricultural commodities.

Gurbandani and Rao (2009) The commodity spot and future prices had closely tracked each other in selected agri commodities and no significant volatility has been found in the prices of future and spot contracts of those agricultural commodities.

Pravakar and Rajiv (2009) found no evidence supporting future market leads to higher inflation rather results suggested the efficiency of commodity futures market. Commodity derivative trading provides better risk management along with price discovery.

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According to **Brijesh, et.al. (2008)** Indian commodity derivative market provide useful risk management instrument for hedging and for portfolio diversification. The result found a reasonably

ISSN 2322 - 0899

high level of hedging effectiveness.

R**. Salvadi and P. Ramasundaram (2008)** found commodity futures market in India Failed to provide an efficient hedge against the price risk particularly in agricultural commodities. The results showed the inefficiency of agricultural commodity futures market in terms of price discovery due to the non integration of futures and the spot market. Exchange specific factors attributed to the market imperfection had found like non awareness of future market among farmers, infrequent trading, thin volume and low market depth, lack of effective participation of members, etc. Authors suggested implementation of Government driven policy measures to raise the commodity future market a vibrant segment for price risk management in Indian Agriculture.

Kedarnath (2008) discussed the significance of price discovery and risk management by commodity futures for the development of commodity spot market in India. The result of interdependence between commodity future and spot market in agricultural commodities also supported the relevance of commodity future trading in Indian commodity market.

M.S.Jairath (2008) has conducted a study on rural infrastructure viz. Grameen Bhandaran Yojana (Rural godown) and analyzed the extent of spread of constructed rural godown , investment made, subsidy distributed, regional imbalances in construction of rural godowns , the availability of rural godowns, utilization pattern and benefits extended to rural economy , wastage reduction and price gain to farmers and suggested that benefits of rural godowns should be extended to small farmers and farmers of hilly and desert areas and the growing imbalance among the regions, districts and states in the construction of rural godowns should be checked and recommended that priority should be given to hilly states , on spot sanctioning of loans , training and awareness should be given in poorly developed areas, implementing pledge financing , introduction of negotiable warehouse receipt system and promoting accreditation organization having compatibility with future trading and commodity exchanges.

Arup et al. (2008) to facilitate business development and to create market awareness, they conducted an index named MCX COMAX for different commodities viz. agricultural, metal and energy traded on Multi Commodity Exchange in India. By using weighted geometric mean of the price relatives as the index, weights were selected on the basis of percentage contribution of contracts and value of physical market. With weighted arithmetic mean of group indices the combined index had been calculated. It served the purpose of Multi Commodity Exchange to make association among between various MCX members and their associates along with creation of fair competitive environment. Commodity trading market had considered this index as an ideal investment tool for the protection of risk of both buyers and sellers.

Himdari (2007) pointed out that significant risk returns features and diversification potential has made commodities popular as an asset class. Indian futures markets have improved pretty well in recent years and would result in fundamental changes in the existing isolated local markets particularly in case of agricultural commodities.

Kamal (2007) concluded that in short span of time, the commodity futures market has achieved exponential growth in turnover. He found various factors that need to be consider for making commodity

Brithal, et.al., (2007) in their study suggested that by building efficient and effective supply chain using state of the art techniques it is possible to serve the population with value added food, while simultaneously ensuring remunerative prices to farmers.

 ISSN 2322 - 0899

Kiran (2007) concludes that commodity futures market performs the function of price discovery and proved beneficial to spot market by reducing the spot price volatility.

Jabir and Kriti (2007) Analysed the effectiveness of commodity futures market through regression analysis by taking both spot and future prices of commodities. Result proved the high level of volatility in both spot and future prices of commodities. Positive coefficients for agricultural commodities in dissimilar equations supported the effectiveness of commodity market in hedging the price risk.

Ram and Ashis (2007) emphasised that agricultural commodity derivatives provides an efficient protection against the price volatility risk in terms of commodity prices i.e. appropriate future spot mix trading. Commodity exchanges offer a broad based platform for trading of agricultural and non agricultural commodities over time and space so the commodity exchanges need to be developed at national level.

Singh (2007) concludes that in spite of new developments in commodity trading, the efficient and modern infrastructural facilities has accounted for major bottlenecks in growth of Indian commodity exchanges. He suggested to discourage the unofficial commodity market.

S.M. (2007) found co integration of commodity future and spot prices revealing the right direction of achieving the improved operational efficiency at a slow rate. Further Indian commodity market has lack of liquidity in some commodities like pepper, sugar and groundnuts. In other commodities hedging proves to be effective. For some commodities the volatility in future price has been considerably less than the spot price indicating an efficient utilization of information.

K. Lakshmi (2007) discussed the implications on the grant of permission to Foreign Institutional Investors, Mutual Funds and banks in commodity derivative markets. She found that participation of these institutions may boost the liquidity and volume of trade in commodity market and they could get more opportunities for their portfolio diversification.

Bharat and Jatinderbir (2007) stressed that growth of commodity spot market depends upon the growth of commodity futures market in developing countries and certified warehouses, centralised spot prices and effective margin system were found as the important institutional factors for successful commodity futures market.

Godara (2006) in his study described that the positive trend of economic liberalization and associated opening up of Indian economy have significantly reduced the structural rigidities in the system, this trend should be premise of India's future agricultural reform. Agricultural business has come under strong and direct influence of international market. Indian farmers have to produce quality goods to meet the international standards.

Kashyap and Raut (2006) in their paper suggested that, marketers need to design creative solutions like e-marketing to overcome challenges typical of the rural environment such as physical distribution, channel management promotion and communication. The "anytime-anywhere" advantage of e-marketing leads to efficient price discovery, offers economy of transaction for trading and more transparent and competitive setting.

Narender (2006) concluded that Indian commodity market has made enormous progress since 2003 with increased number of modern commodity exchanges, transparency and trading activity. The volume and value of commodity trade has shown unpredicted mark. This had happened due to the role played by market forces and the active encouragement of Government by changing the policy concerning commodity derivative. He suggested the promotion of barrier free trading in the future market and freedom of market forces to determine the price.

Ashutosh (2006) suggested the participation of banks in the commodity futures market for effective commodity price risk management as financing by banks could provide efficient hedge against price risk.

Gurpreet and Gaurav (2006) observed the dependence of commodity future market on spot market for price determination along with increasing inflation due to trade volume of commodity futures. They concluded that futures market is not performing the function of price discovery and futures market as a weak market in short run.

S.D. Shikhamany and G.S.R., Murti (2006) has analysed the total production in fruits and vegetables has gone up from 32.96 to 45.2 million tonnes and vegetables from 63.8 to 64.8 million tonnes over a period of 10 years from the year 1992 -93 to 2002 -2003 recording an increase of 37 percent and 33 percent respectively, in these crops. This is against an increase in area of 15.4 percent and 20.8 percent under fruits and vegetables during the same period. Thus increases in total production are not entirely due to an increase in area but is also through enhancement in production per unit area.

3. RESEARCH METHODOLOGY

For the research purpose following way the methods adopted.

Data Collection & Methodology:

- Primary Data- By questionnaire method by asking the structured questions to customers lmited to 100.
- Secondary Data: Thru Internet, Publications, Websites.

Survey Methods: Questionnaire

4. FINDINGS

- A majority of 49 percent of consumers were in the age between 20 to 40 years.
- A majority of 49.1 percent of the consumers were Government employees.
- A majority of 62.7 percent of the consumers were men.
- A majority of 80.9 percent of the consumers were married persons.
- A majority of 53.9 percent of the consumers had school education.
- A majority of 61.9 percent of the consumers belong to nuclear family.
- A majority of 35.8 percent of the consumers had 5 members in their family.
- A majority of 23.5 percent of the consumers' monthly income was between 3000 to 4000 rupees.
- A majority of 48.5 percent of the consumers were satisfied with the overall vegetable marketing in the market.
- A majority of 27.5 percent of the consumers' monthly expenditure for food was between 1000 to 1500 rupees.
- A majority of 43.6 percent of the consumers' monthly expenditure for vegetables was between 250 to 500 rupees.
- A majority of 74 percent of the consumers were aware of the nutritive value of the vegetables.
- A majority of 36.3 percent of the consumers visited the market once a week.
- A majority of 48.5 percent of the consumers used o wheelers to go to the market.

- A majority of 37.7 percent of the consumers purchased the vegetables for 50 to 100 rupees in each visit.
- The majority of 58.8 percent of the consumers visited the market at early morning for purchase the vegetables.
- A majority of 40.2 percent of the consumers visited the market on Sunday.
- A majority of 63.2 percent of the consumers purchased the vegetables from the middlemen.
- A majority of 34.8 percent of the consumers know the market price of vegetables through the newspapers.
- A majority of 57.8 percent of the consumers perceived that the middlemen's profit margin was between 25 to 50 percent.
- A majority of 61.3 per of the consumers do not have the refrigerator in their houses.
- The majority of 31.9 percent of the consumers were allowed to pick and choose the vegetables in the market.
- A majority of 47.1 percent of the consumers purchased the vegetables in many shops.
- A majority of 37.7 percent of the consumers bargained the price while purchasing the vegetables.
- A majority of 76 percent of the consumers revealed that the need for consumer protection was essential.
- A majority of 33.8 percent of the consumers agreed that they purchased all the vegetables under one roof.
- A majority of 31.9 percent of the consumers agreed that they visited more than one shop for scrutinizing the vegetables.
- A majority of 31.4 percent of the consumers agreed that they wanted to save time during the purchase of vegetables.
- A majority of 34.8 percent of the consumers agreed that the middlemen had good attitude with the consumers.
- A majority of 34.3 percent of the consumers were neutral with the courteous middlemen.
- A majority of 38.7 percent of the consumers agreed with the attractive speech of the middlemen.
- Majorities of 30.4 percent of the consumers were neutral and disagreed respectively with the problem of carelessness of middlemen.
- Problems such as attractive speech and carelessness of middlemen decreased the consumer satisfaction. The problem of attractive speech emerged as a significant predictor which declined the performance of the consumer satisfaction.
- A majority of 33.3 percent of the consumers agreed with the acceptable price of the market.
- A majority of 35.3 percent of the consumers were neutral in the quality of the vegetables available in the market.
- A majority of 35.3 percent of the consumers were neutral in the fresh vegetables available in the market.
- A majority of 28.9 percent of consumers agreed that the no bargaining system existed in the market.
- A majority of 31.9 percent of consumers agreed that the preference of wife/husband determined the purchasing of vegetables.

- A majority of 39.2 percent of consumers agreed that the children preference helped in selecting the vegetables.
- A majority of 36.8 percent of the consumers agreed that their own preference was taken in choosing the vegetables.
- A majority of 35.3 percent of the consumers considered price as the only preferential factor at the time of purchasing the vegetables.
- A majority of 38.7 percent of the consumers agreed that they preferred the seasonal vegetables at the time of purchase.
- A majority of 41.7 percent of the consumers preferred the big vegetables.
- A majority of 39.2 percent of the consumers agreed that the natural colour was preferred while purchasing the vegetables.
- A majority of 39.2 percent of the consumers agreed that freshness was preferred at the time of purchasing the vegetables.
- Problems such as fresh vegetables, preference of children. natural colour, all vegetables under one roof and saving time decreased the consumer satisfaction. The problem of saving time emerged as a significant predictor which declined the satisfaction of consumers.
- A majority of 37.3 percent of the consumers were neutral about the incorrect weighing system in the market.
- A majority of 36.3 percent of consumers were neutral with the high price of vegetables in the market.
- A majority of 38.7 percent of the consumers agreed with the freshness of vegetables in the market.
- A majority of 29.9 percent of consumers were neutral regarding the unclean vegetables available in the market.
- A majority of 29.4 percent of consumers agreed with the lack of parking facilities in the market.
- A majority of 33.8 percent consumers were neutral regarding the congested shops in the market.
- A majority of 34.8 percent of consumers were neutral about the shortage of drinking water facility in the market.
- A majority of 28.4 percent of consumers were neutral about the shortage of toilet facility in the market.
- A majority of 33.8 percent of consumers were neutral about the absence of restaurant facility in the market.
- A majority of 37.7 percent were neutral about the discourteous non-co-operation of the middlemen with the consumers.
- The problems of unclean vegetables, congested shops, lack of toilet facility and non-cooperation of the middlemen reduced the consumer satisfaction in Tumkur district.

5. SUGGESTIONS AND RECOMMENDATIONS

- Selling of multiple vegetables is advised in order to reduce the consuming time of the consumers.
- It is to be checked by the middlemen that if vegetables are clean and hygienic in order to attract the consumers.

- It is suggested to Municipal Corporation that proper parking and toilet facilities should be provided near the market place for the benefit of the consumers, farmers and middlemen.
- Consumers should be given proper protection against the exploitation by the middlemen so that it leads to a healthy marketing of vegetables.
- Proper arrangement should be made to clear garbage every day.
- It is the high time consumers of Karnataka changed their food habits so as to include more vegetables in their food.
- The Gandhi market should be provided with all infrastructural facilities like transport, link rods, post-office, banks, restaurants, lighting, public convenience, parking lots etc.
- Sufficient lighting facilities should be provided by the Corporation of Tumkur, as loading and unloading activities are mostly done in the nights.
- The consumers, especially women who come with cash should be given proper protection from the anti-social elements.
- Vegetable sales booths like Co-operative milk booth may be opened at different places in Tumkur.
- To avoid differences in prices from shop to shop, information/price board at a place outside the market can be placed in order to display the retail prices obtaining every day.
- Rest rooms for vehicle drivers, farmers and consumers may be provided at the markets.
- Advertisements can be creatively designed in order to include consumption of vegetables and to develop awareness about the highly nutritive values of vegetables especially through the media.
- Regular checking of the weights and scales used by the commission agents should be done periodically by the members of the department of metrology.

6. CONCLUSION

Based on the findings extracted from the analysis, the researcher comes to the conclusion regarding consumers.

In the research study, most of the consumers were males between 20 to 40 years aged with a monthly income of rupees 3000 to 4000. Consumers in the Tumkur District spent rupees 250 to500 to purchase vegetables and were well aware of the nutritive value of the vegetables. They visited the vegetable market in the morning hours and purchased to an extent of rupees 50 to 100. Most of the customers purchase vegetables through the middlemen and assume that the middlemen earn a profit margin of 25 to 50 percent from the sale of vegetables. Majority of the consumers do not have refrigerators at their home. The consumers were allowed to pick and choose the vegetables in the market and they scrutinized many shops to purchase quality vegetables. They usually bargained at the time of purchase. Moreover, the rational profile of consumers identified certain factors such as the privilege of being allowed to pick and choose, monthly expenditure spent for vegetables, the middlemen’s profit margin and time of visiting the market were the celebrated factors which triggered their satisfaction.

The salesmen behaviour was scrutinized by four different factors like courteous behaviour and smiling face of the middlemen were boosting the consumer satisfaction. On the other hand, absence of attractive speech lack of good manners and carelessness of the middlemen reduced their satisfaction.

The researcher identified 15 consumer preference factors. Among these, acceptable price in the market, good quality, absence of bargaining, freshness of vegetables and existence of shops in the market contributed to their satisfaction.

Though consumers are kings of the market, they also face some problems such as unclean vegetables, congested shops, and absence of toilet facility and discourteous non cooperation of the middlemen reduced their satisfaction. Finally, majority of the consumers were satisfied with the marketing of vegetables in Tumkur District.

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International Journal of Research in Management & Social Science
Volume 2, Issue 2 (I) : April – June , 2014
ISSN 2322 - 0899

CONSUMER BUYING BEHAVIOR OF FMCG GOODS IN RURAL MARKETS

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ABSTRACT

The Fast Moving Consumer Goods (FMCG) sector is a corner stone of the Indian economy. This sector touches every aspect of human life. The FMCG producers now realize that there is a lot of opportunity for them to enter into the rural market. The sector is excited about the rural population whose incomes are rising and the lifestyles are changing. There are as many middle income households in the rural areas as there are in the urban. Thus the rural marketing has been growing steadily over the years and is now bigger than the urban market for FMCGs. Globally, the FMCG sector has been successful in selling products to the lower and middle income groups and the same is true in India. Over 70% of sales are made to middle class households today and over 50% of the middle class is in rural India. The sector is excited about a burgeoning rural population whose incomes are rising and which is willing to spend on goods designed to improve lifestyle. Also with a near saturation and cut throat competition in urban India, many producers of FMCGs are driven to chalk out bold new strategies for targeting the rural consumers in a big way. But the rural penetration rates are low. This presents a tremendous opportunity for makers of branded products who can convert consumers to buy branded products. Many companies including MNCs and regional players started developing marketing strategies to lure the untapped market. While developing the strategies, the marketers need to treat the rural consumer differently from their counterparts in urban because they are economically, socially and psycho-graphically different to each other. This paper covers the attractions for the FMCG marketers to go to rural, the challenges, the difference between the rural and the urban market and the suitable marketing strategy with the suitable example of companies and their experience in going rural. "Prime Minister Manmohan Singh recently talked about his vision for rural India: "My vision of rural India is of a modern agrarian, industrial and services economy co- existing side by side, where people can live in well-equipped villages and commute easily to work, be it on the farm or in the non-farm economy. There is much that modern science and technology can do to realize this vision. Rural incomes have to be increased. Rural infrastructure has to be improved. Rural health and education needs have to be met. Employment opportunities have to be created in rural areas." In this paper, attempt has been made by the author to study on brand loyalty of various brands in rural markets and whether the brand play a role in the purchase behavior of rural customers. The author has also endeavoured to explore on which categories/products brand plays a role to identify the presence and the importance of local brands.

Key Wards: Rural Market, Brand, Buying behavior, FMCG

INTRODUCTION

'Go rural' is the slogan of marketing gurus after analyzing the socio-economic changes in villages. The rural market has a grip of strong country shops, which affect the sale of various products in rural market. The companies are trying to trigger growth in rural areas. They are identifying the fact that rural people are now in the better position with disposable income. The low rate finance availability has also increased the affordability of purchasing the costly products by the rural people. Marketer should understand the price sensitivity of a consumer in a rural area.

REALITIES BEFORE THE MARKETERS:

70% of India's population lives in 6, 27, 000 villages in rural areas. 90% of the rural population we concentrated in villages with a population of less than 2000, with agriculture being the main business. This simply shows the great potentiality rural India has to bring the much - needed volume- driven growth. This brings a boon in disguise for the FMCG Company who has already reached the plateau of their business in urban India.

As per the National Council for Applied Economic Research (NCAER) study, there are as many 'middle income and above' households in the rural areas as there are in the urban areas. There are almost twice as many ' lower middle income' households in rural areas as in the urban areas. At the highest income level, there are 2.3 million urban households as against 1.6 million households in rural areas. According to the NCAER projections, the number of middle and high-income households in rural India is expected to grow from 80 million to 111 million by 2007. In urban India, the same is expected to grow from 46 million to 59 million.

OBJECTIVES OF THE STUDY

1. To study on brand loyalty of various brands in rural markets.
2. To study whether the brand play a role in the purchase behavior of rural customers.
3. To study on which categories/products does brand play a role.
4. To identify the presence and the importance of local brands.

SCOPE OF THE STUDY

A lot of work has been done on various aspects of rural marketing. Hence, it was felt necessary to make a humble attempt to study the importance of Brand in consumer Buying Behavior of FMCG goods in rural markets.

METHODOLOGY

To study the importance of Brand consumer Buying Behavior of FMCG goods in rural areas, the primary data was collected with the help of a structured questionnaire. First, with an adhoc questionnaire, a study was conducted on a sample of 60 respondents in the village's Dura, Pathara and Mandiapalli, while, redrafting the questionnaire some questions were added, modifications were made, and the final questionnaire was prepared. The survey was conducted in the villages near the Berhampur Town; Narendrapur, Tanganapalli and Bhabandha selection of these villages were made based on first study. While doing the survey with the adhoc questionnaire we found that there is huge difference in the consumer buying behavior this may because of different reasons like non- availability of brands, brand awareness, influence, etc. Keeping these things in mind the survey was conducted in three different areas.

1. To study the urban influence on consumer buying behavior, the village that is closer to urban.
2. A village where there will be an availability of different brands.
3. Remote Area where awareness and availability of brands are less

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RESEARCH DESIGN

The research design is exploratory and descriptive in nature and is based on convenient random sample.

Questionnaire

The questionnaire was prepared keeping in view the objectives of study. Different questions were so arranged that field information is collected from the consumer awareness on brand of different FMCG products, Brand Loyalty, preferences of brand/brands, local brands, and frequency of usage. Questionnaire contains two types of questions

1. Open Ended

2. Closed Ended

Open Ended Questions are used for exploratory study.

Closed ended questions used for descriptive study.

Sample Design

The entire Ganjam District is more rural in character. This district represents the average Indian rural characteristics in terms of sizes of rural population, agricultural economy, small size village, low density population, low literacy rate, low per capita income and consequent lower standard of living of the people. Ganjam district has been selected for the study; hence it can meet the objectives of the project.

FIELD STUDY AND DATA ANALYSIS

The Source of Data: The study is based on Primary as well as secondary data. The primary data was collected with the help of structured questionnaire. The survey was conducted in the rural areas of Ganjam district of Odisha, Narendrapur, Tanganapalli, Bhabandha.

Determination of sample: The size of sample was 30 from each of the village that constitute 90 respondents in total from all 3 villages.

Collection of Data: The primary data was collected through a questionnaire.

BRANDS PURCHASED IN RURAL AREA

Table: Brand Purchased in soap category in villages

Products	Narendrapur	Tanganapalli	Bhabandha
Lux	25	10	0
Godrej No.l	10	0	1
Santoor	20	10	10
Margo	0	0	0
Medimix	0	2	5
Cinthol	15	5	0
Rexona	0	15	2

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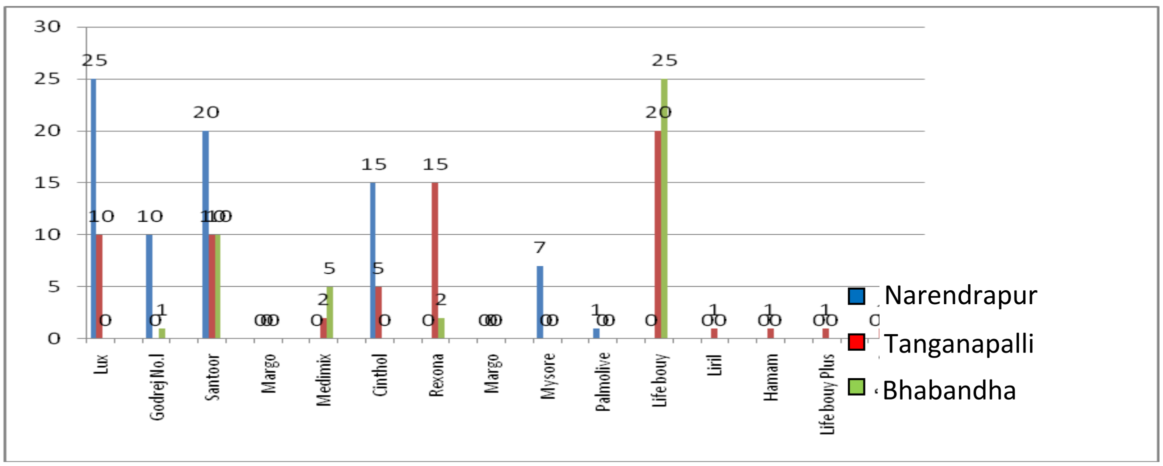
Margo	0	0	0
Mysore	7	0	0
Palmolive	1	0	0
Life bouy	0	20	25
Liril	0	1	0
Hamam	0	1	0
Life bouy Plus	0	1	0
Breeze	0	1	0

Graphs: Brand Purchased in Rural Markets in Bath Shop Category



Interpretation:

It is very clear, from the above table, graph that the brand purchased in Narendrapur is dominated by Lux, Santoor, and Chintol, in Tanganapalli is Lifebouy, Rexona, Santoor and Lux and in Bhabandha is Lifebouy dominates the market.

Brands Purchased In Rural Area

Table: Brand Purchased in Hair Oil category in villages

Product	Narendrapur	Tanganapalli	Bhabandha
Navrathan	10	0	5
Aswini	3	5	0
Clinic Plus	1	0	0
Vatika	15	4	0
Parachute	0	15	2
Coco Care	0	0	0
KeoKarpin	1	0	0

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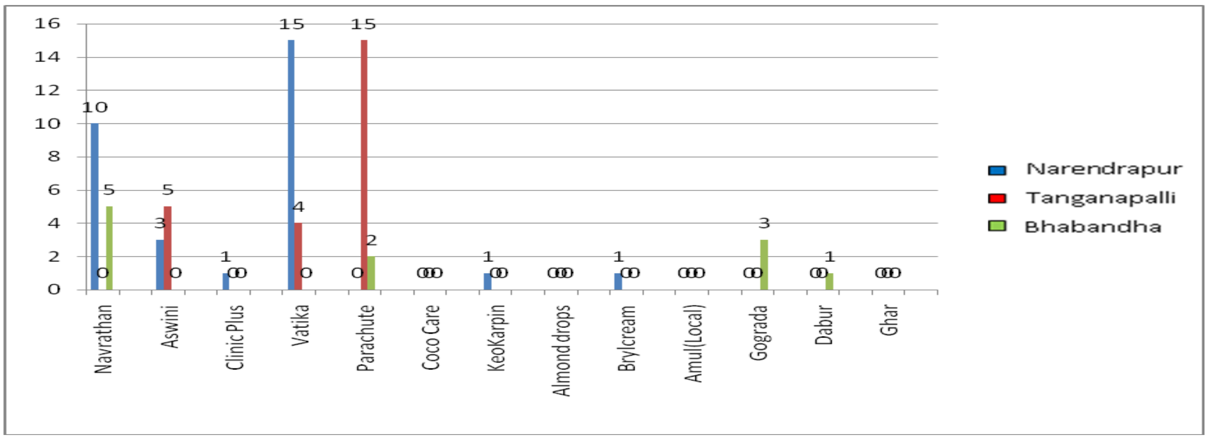
Almond drops	0	0	0
Brylcream	1	0	0
Amul(Local)	0	0	0
Gograda	0	0	3
Dabur	0	0	1
Ghar	0	0	0

Graphs: Brand Purchased in Rural Markets in Hair Oil Category



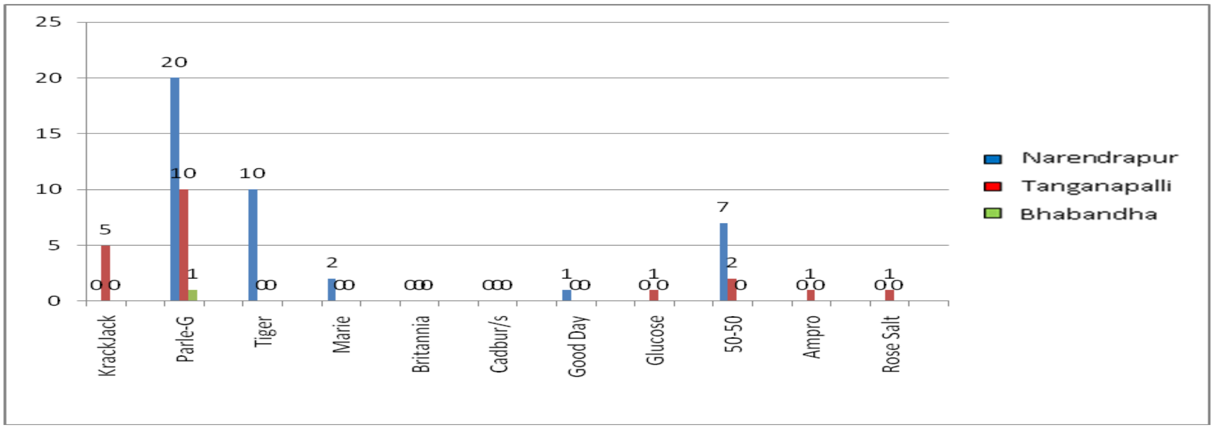
Interpretation

It is very clear, from the above table and graph that the brand purchased in Narendrapur, Navrathna hair oil dominates the market, Parachute dominates Tanganapalli markets and Bhabandha very less consumption of branded hair oils.

Brands Purchased in Rural Area

Table: Brand Purchased in Biscuits category in villages

Biscuits Category	Narendrapur	Tanganapalli	Bhabandha
Krack Jack	0	5	0
Parle-G	20	10	1
Tiger	10	5 '	0
Marie	2	0	0
Britannia	0	0	0
Cadbur/s	0	0	0
Good Day	1	0	0
Glucose	0	1	0
50-50	7	2	0
Ampro	0	1	0
Rose Salt	0	1	0



Interpretation:

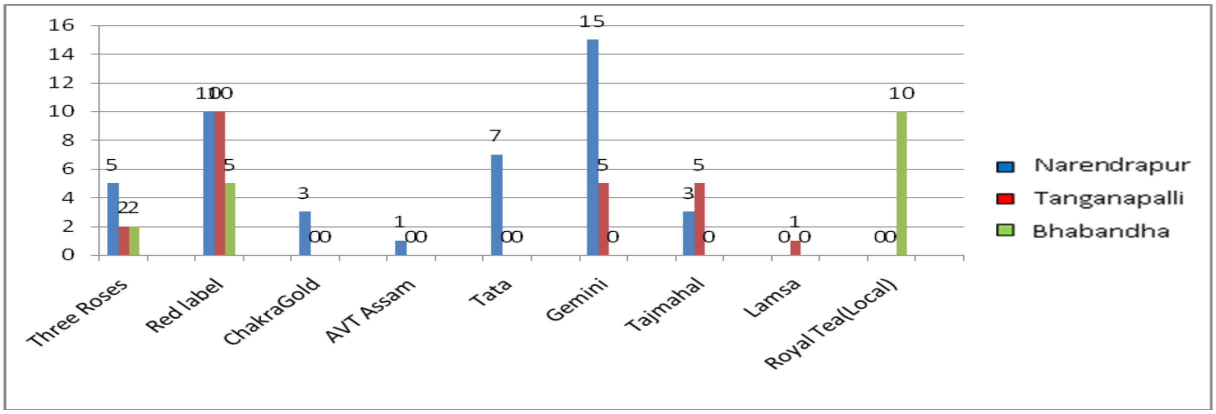
It is very clear, from the above table and graph that the brand purchased in Narendrapur is dominated by Parle-G and Tiger biscuits. In Tanganapalli and Bhabandha very less or no consumption of biscuits and market is dominated by local salt or Britannia Biscuits than branded.

Brands Purchased in Rural Area

Table: Brand Purchased in Tea category in villages

Tea Category	Narendrapur	Tanganapalli	Bhabandha
Three Roses	5	2	2
Red label	10	10	5
ChakraGold	3	0	0
AVT Assam	1	0	0
Tata	7	0	0
Gemini	15	5	0
Tajmahal	3	5	0
Lamsa	0	1	0
Royal Tea(Local)	0	0	10

Graph: Brands Purchased in Rural Markets in Tea Category



Interpretation:

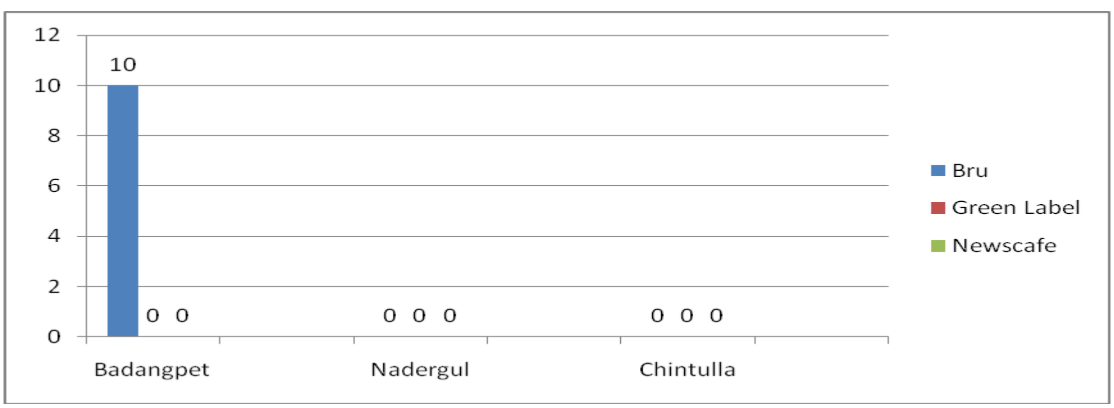
It is very clear, from the above table and graph, the brand purchased in Narendrapur is dominated by Gemini and Red label. Red label also dominated the Tanganapalli market and Bhabandha market is dominated by local brand Royal Tea.

Brands Purchased in Rural Area

Table: Brand Purchased in Coffee category in villages

Coffee Category	Badangpet	Tanganapalli	Bhabandha
Bru	10	0	0
Green Label	0	0	0
Nescafe	0	0	0

Graph: Brands Purchased in Rural Markets in Cofee Category



It is very clear, from the above table and graph, the Narendrapur market is dominated by Bru Coffee. In Tanganapalli and Bhabandha, coffee consumption is very low or no consumption.

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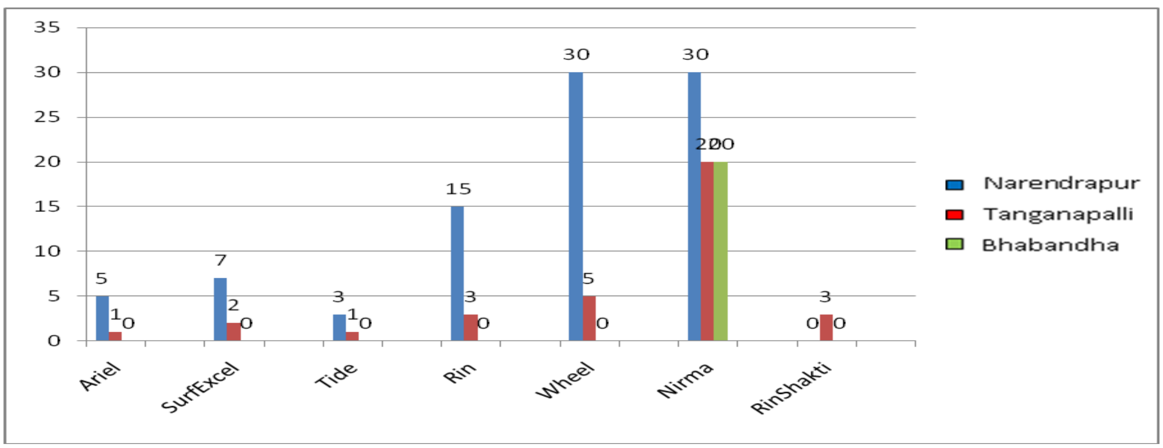
Brands Purchased in Rural Area

Table: Brand Purchased in Washing Powder category in villages

Washing Powder	Narendrapur	Tanganapalli	Bhabandha
Ariel	5	1	0
Surf Excel	7	2	0
Tide	3	1	0
Rin	15	3	0
Wheel	30	5	0
Nirma	30	20	20
Rin Shakti	0	3	0

Graph: Brands Purchased in Rural Markets in Washing Powder Category



Interpretation:

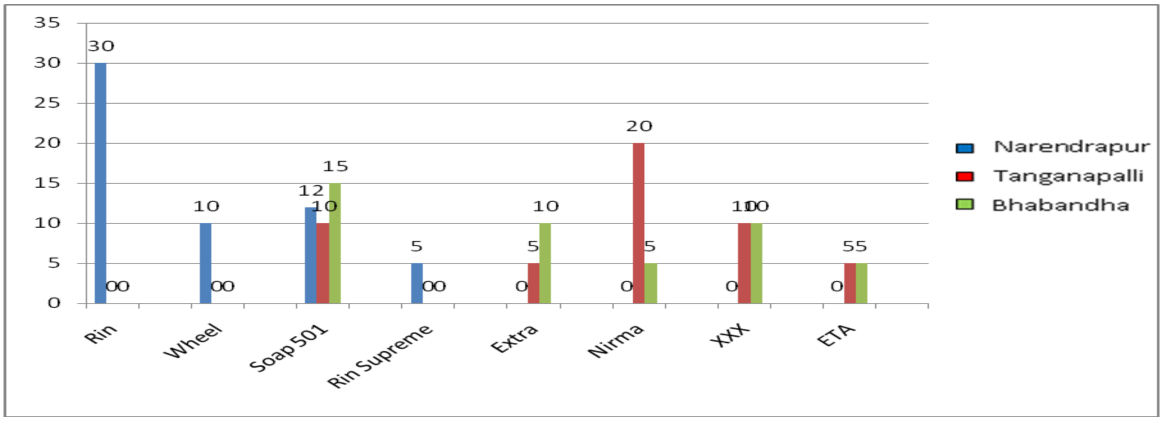
It is very clear, from the above table and graph that Nirma dominates all the three sample villages i.e. Narendrapur, tanganapalli and Bhabandha.

Brands Purchased in Rural Area

Table: Brand Purchased in Washing Soap category in villages

Washing Soap	Narendrapur	Tanganapalli	Bhabandha
Rin	30	0	0
Wheel	10	0	0
Soap 501	12	10	15
Rin Supreme	5	0	0
Extra	0	5	10
Nirma	0	20	5
XXX	0	10	10
ETA	0	5	5

Graph : Brands Purchased in Rural Markets in Washing shop Category



Interpretation:

It is very clear, from the above table and graphs that Rin, 501 and Nirma dominates the selected sample rural market.

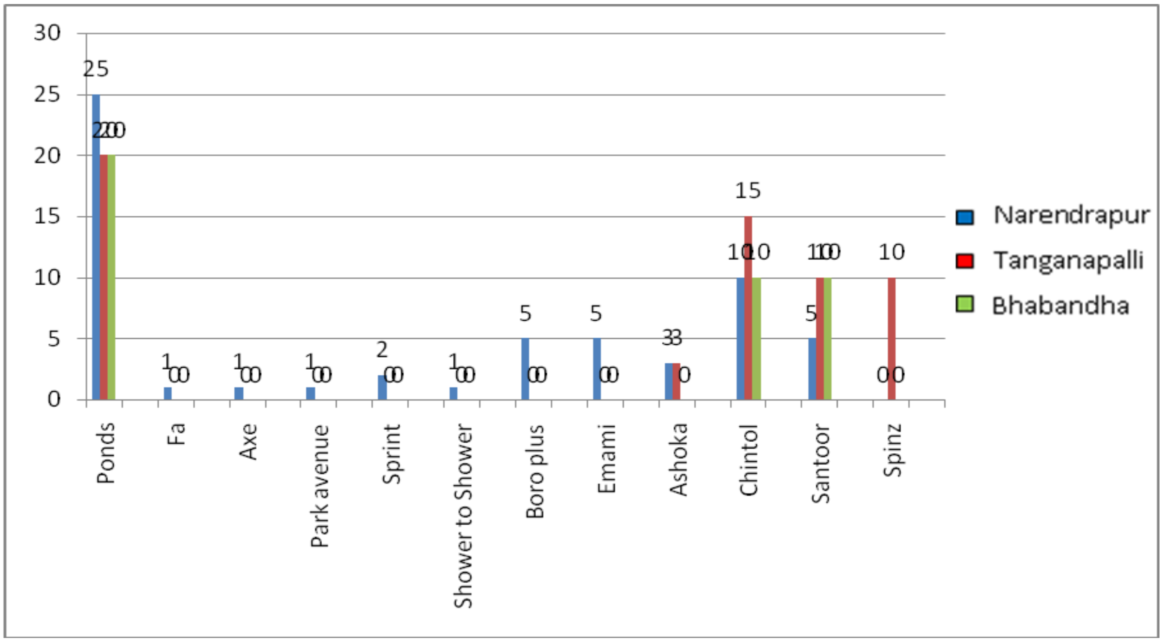
Brands Purchased in Rural Area

Table: Brand Purchased in Face Powder category in villages

Face Powder	Narendrapur	Tanganapalli	Bhabandha
Ponds	25	20	20
Fa	1	0	0
Axe	1	0	0
Park avenue	1	0	0
Sprint	2	0	0
Shower to Shower	1	0	0
Boro plus	5	0	0
Emami	5	0	0
Ashoka	3	3	0
Chintol	10	15	10
Santoor	5	10	10
Spinz	0	10	0

International Journal of Research in Management & Social Science
Volume 2, Issue 2 (I) : April – June , 2014
ISSN 2322 - 0899

Graph: Brands Purchased in Rural Markets in Face Powder Category



Interpretation:

It is very clear, from the above table and graph, that Ponds dominates the Face Powder category in all the three selected rural markets.

Reasons for Purchase of Brands in Narendrapur Village

Table: Attributes which made consumer to buy the brands of different products.

Products	Quality (Series 1)	Price (Series 2)	Availability (Series 3)	Fragrance & others (Series 4)
Soap	15	2	0	203
Hair Oil	2	25	0	105
Biscuits	25	5	0	00
Tea	15	0	0	030
Coffee	0	0	0	00
Washing Powder	20	5	0	150
Washing Soap	25	10	0	200
Face Powder	0	10	0	300
Cold Cream	0	0	0	1030
Fairness Cream	0	0	0	530

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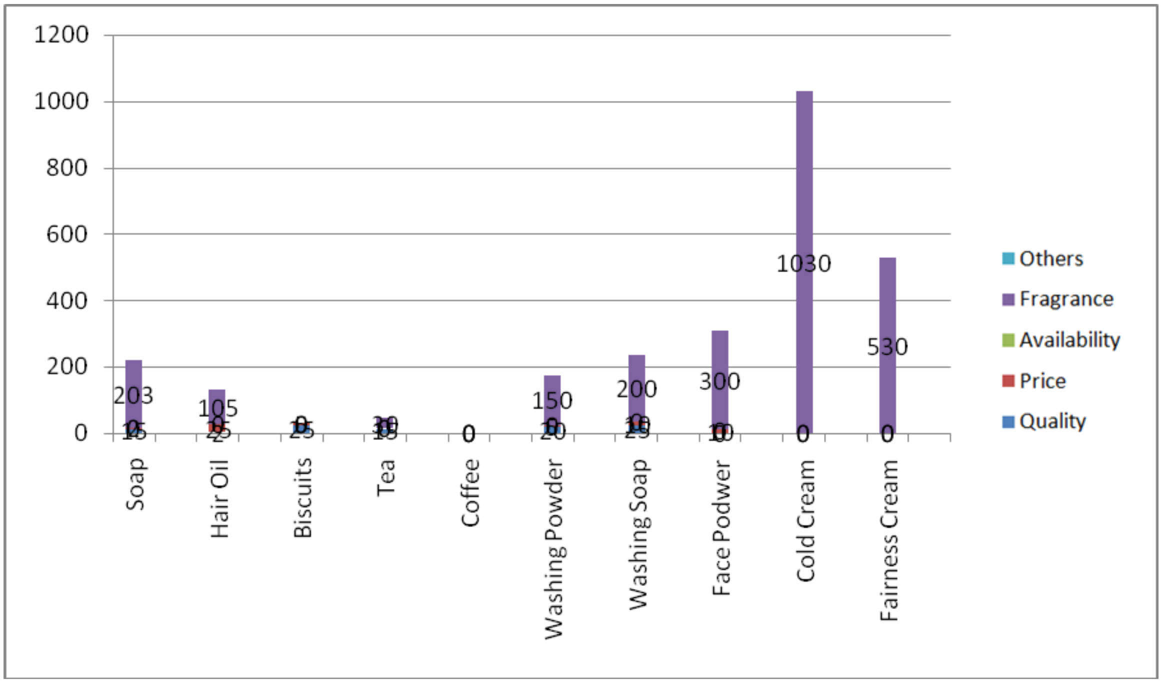
Graph: Reasons for Purchase of Brands in Narendrapur



Interpretation:

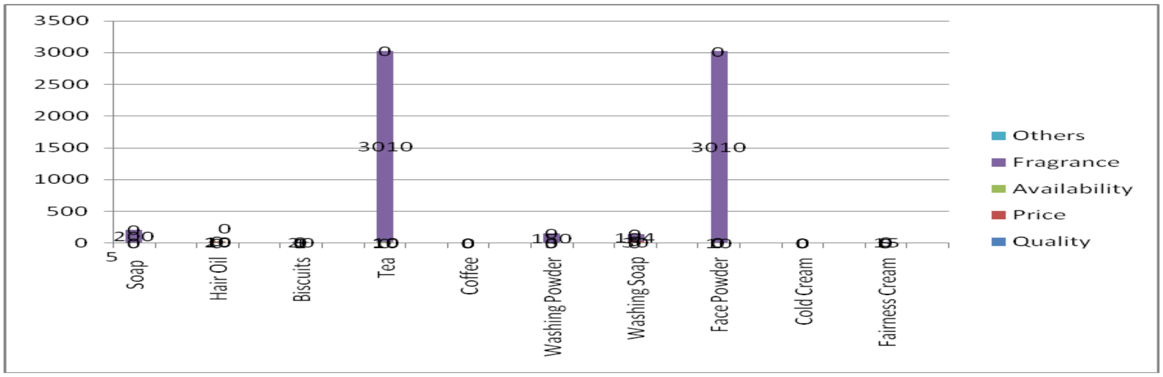
It is very clear, from the above table and graph that the consumers prefer the Quality or Price or fragrance based the product and its usage.

Reasons for Purchase of Brands in Tanganapalli Village

Table: Attributes which made consumer to buy the brands of different products.

Products	Quality	Price	Availability	Fragrance	Others
Soap	0	5	0	200	0
Hair Oil	0	20	10	00	0
Biscuits	0	1	5	020	0
Tea	0	10	10	3010	0
Coffee	0	0	0	00	0
Washing Powder	0	5	0	150	0
Washing Soap	0	30	5	104	0
Face Powder	0	10	0	3010	0
Cold Cream	0	0	0	00	0
Fairness Cream	0	5	0	015	0

Graph: Reasons for Purchase of Brands in Tanganapalli



Interpretation:

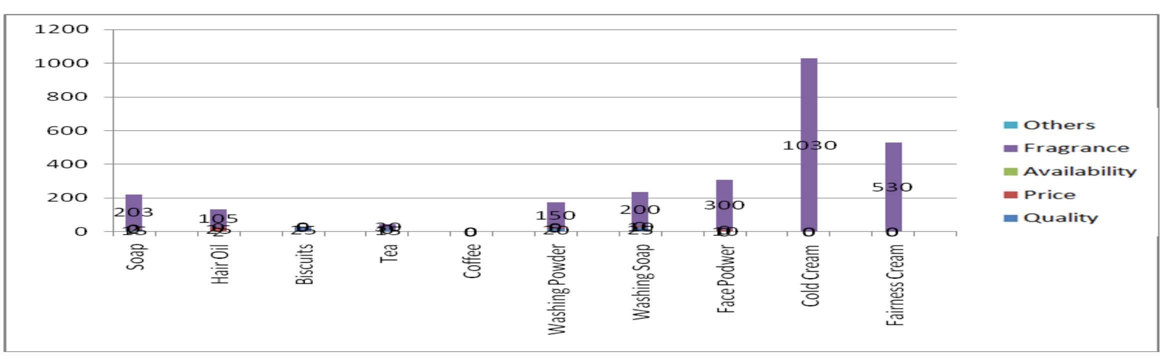
It is very clear, from the above table and graph that the Tanganapalli market is price sensitive market and also few prefer fragrance of the brand

Reasons for Purchase of Brands in Bhabandha Village

Table: Attributes which made consumer to buy the brands of different products.

Products	Quality	Price	Availability	Fragrance &Other
Soap	0	10	0	300
Hair Oil	0	0	0	00
Biscuits	0	0	0	00
Tea	0	0	0	1020
Coffee	0	0	20	00
Washing Powder	0	30	0	00
Washing Soap	0	0	0	1010
Face Powder	0	0	10	020
Cold Cream	0	0	0	00
Fairness Cream	0	0	0	00

Graph: Reasons for Purchase of Brands in Bhabandha



It is very clear, from the above table and graph that the bhabandha village is a Price sensitive market and availability of a product in the market also plays *a* major role.

DATA ANALYSIS

Based on the collected data in three sample villages, product wise brand awareness, purchase and loyalty are given in the table:

Soaps: In Soap category, awareness will match with purchasing behaviour and brand loyalty is more in Narendrapur and Tanganapalli region and less in Bhabandha.

Hair Oil: In Hair Oil category, branded products usage is more in Narendrapur and Tanganapalli. Consumers prefer to buy local brands in Bhabandha. Vatika and Navratan dominate in Narendrapur, Parachute in Tanganapalli and Gograda local brand and Dabur in Bhabandha.

Biscuits: Biscuits consumption is less. In Biscuits category consumers mostly buy in loose those are available in nearby shops like salt biscuits, Britiniania biscuits etc. Parle-G and Tiger biscuits are mostly used brands in Narendrapur.

Tea: Tea is purchased in loose, which is available in the local shops. The Popular brands Red Label, Three Roses and Gemini are used in Narendrapur.

Coffee: Coffee Consumption is very less or no consumption in Tanganapalli and Bhabandha. In Narendrapur we could few consumers and they consume BRU instant Coffee and also cafe or hotel we could find instant powder and not filter coffee.

Washing Powder: In washing powder category, Nirma dominates all the three selected sample rural markets regions. In Remote area like Bhabandha, Nirma sell Rs. l Sachets.

Washing Soap: In the washing soap category Rin, 501, Nirma, XXX and Extra Local Brand dominates in all the three selected rural markets.

Face Powder: In Face Powder category Pond's, Chintol, and Santoor dominates the market and it also need to see in other angle that consumption level is least.

Cold Cream: In Cold Cream category pond's has dominated the market in consumption in Narendrapur. Cold cream is less consumed in Tanganapalli and very less or no consumption in Bhabandha village.

Fairness Cream: Fairness Cream consumption is high in Tanganapalli and Narendrapur. Fair and Lovely dominates the market and very less or no consumption in Bhabandha village.

CONCLUSION

In the study majority of the respondents are male categories. Male members of the family are alone going to buy consumer products. Women are not interested in shopping and do not come out from their houses frequently. Most of the families come under the agriculture category. Family income is very low. Product planning is very important for the marketer to enter into rural market. Non-Availability of brands is another reason which affects purchasing decision. Packaging should be strong enough to stand rough handling because of poor infrastructure facilities and pack should be small. Brand names should be simple, small and easy to remember and pronounce. Effective IMG is required to reach remote villages. In the end it is certain that FMCG companies will have to really gain inroads in the rural markets in order to achieve double digit growth targets in future. There is huge potential and definitely there is lot of money in rural India but the smart thing would be to weigh in the roadblocks as carefully as possible. The companies entering rural market must do so for strategic reasons and not for tactical gains as rural consumer is still a closed book and it is only through unwavering commitment that the companies can

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make a dent in the market. Ultimately the winner would be the one with the required resources like time and money and also with the much needed innovative ideas to tap the rural markets.

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International Journal of Research in Management & Social Science
Volume 2, Issue 2 (I) : April – June , 2014
ISSN 2322 - 0899

THE ROLE OF CONTINGENT WORKFORCE IN INDIA

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ABSTRACT

The days when employees were granted job security and long term steady employment in exchange for organizational commitment are a thing of the past. Global competition has redirected the focus of employers from long-term, stable, employment to one of employment flexibility. In an era of outsourcing many of the companies are discovering the benefits of outsourcing. Not with standing of any protestations much of corporate America Outsources many of its back office operations outside of the country and gets the jobs done at a lower cost and more efficiently. Indian companies are home to many unique projects and solutions. Many of these require people with specific skill sets to deliver them. Hence, organizations are often faced with the requirement of "knowledge workers" to facilitate the delivery of such projects. This has led to the growth of what is called "short-term project-based hiring" or "temping".

Key Words: Contract labor, Contingent Workforce Management, Nontraditional employment Staffing, Temporary employees.

INTRODUCTION

In Indian environment also there is a lot of talk about the plight of the poor contract laborers exploited by the contractor's who keep them on the rolls for years together and perpetuate a system, where even work of a perennial and permanent nature are performed by the contractor's employees and these employees are given very low salaries, in some cases, not even paid the minimum, wages and where they work beyond 8 hours are not paid overtime at a double the rate but a single rate for the work done. Some contractors keep the same workers to work in tow shifts of 12 hours each and for three shifts work done pay only for two shifts and that too at single rate of wages. In addition to this, many of the contractor's employees do not get any social security like provident fund, ESI Act coverage, gratuity, and bonus. As many of them work for a few days or a month, the contractor does not cover them under PF and also justifies the non-coverage.

In places such as the Brihan Mumbai Municipal Corporation, many of the permanent workers come only for signing the muster. Thereafter, they disappear and work they are required to do is done by individuals who are contracted to do the work and are paid by the corporation employee. This is private outsourcing. [1] Not only in Maharashtra, but also in Delhi where the biometrics revealed that over 2,000 were ghost employees. Pay was being collected, but the persons were not at work. Apart from these inequities, the contract labor at the work is also treated differentially.

OBJECTIVES:

- To identify the role of Contingent Work Force.
- To explore the changes took place by the companies in recruitment and hiring process.
- To know the benefits and risks of Contingent Work Force.

RESEARCH LIMITATIONS: This is a conceptual study, and hence, there is no hypothesis tested as an empirical study. It does provide a good foundation for future research.

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CONCEPT

Contingent labour management is already a mission-critical activity, one that will only continue to increase in the years to come. Now is the time to evaluate your approach, rip out the archaic systems you currently have in place, and deploy a new set of talent management practices that pay homage to the current environment.

In India, contract laborers are protected by the contract labour regulation and abolition Act, 1970. A contract laborer is defined in the Act is one who is hired in connection with the work of an establishment by a principal employer through a contractor. The Act makes a number of provisions for the welfare of the contract workers including payment of minimum wages, social security benefits and others. At various points of time government amended the law with a view to make it more labour friendly, however, such amendments can be help to the workers only if implementation of the law is ascertained. But in Bangladesh the labour laws are not implemented in most of the privately owned industries. Inthe Indian case contract worker it is not only hard to prove his/her identity as worker but employer- employee relationship is also not easy to establish.

A contingent workforce is a provisional group of workers who work for an organization on a non-permanent basis, also known as freelancers, independent professionals, temporary contract workers, independent contractors or consultants. Contingent Workforce Management (CWM) is the strategic approach to managing an organization's contingent workforce in a way that it reduces the company's cost in the management of contingent employees and mitigates the company's risk in employing them.

According to the US Bureau of Labor Statistics (BLS), the nontraditional workforce includes "multiple job holders, contingent and part-time workers, and people in alternative work arrangements." These workers currently represent a substantial portion of the U.S. workforce, and "nearly four out of five employers, in establishments of all sizes and industries, use some form of nontraditional staffing." "People in alternative work arrangements" includes independent contractors, employees of contract companies, workers who are on call, and temporary workers.

In 2012, more than 1 in 4 employees were contingent labor, according to the Aberdeen Group in Boston. And that number is likely to jump to 30 percent in 2013.As those dramatic statistics suggest, contingent workers such as staffing agency temps and independent contractors have become a large and permanent part of the workforce. As a result, companies need to think carefully about the tools they use to manage these workers so they can maximize productivity while minimizing compliance issues.

"It's risky to treat contract workers like full-time employees," says Bryan Pena, vice president of contingent workforce strategies at Staffing Industry Analysts, a research firm in Mountain View, California.

Because contingent workers are paid differently, receive different benefits and operate under different employment rules, they need to be tracked using different talent management tools, he says. Otherwise, employers can open themselves up to litigation over access to health care and other benefits if job descriptions or employment language overlap.

[12]Many employers use contingent workers: independent contractors, leased employees, consultants, and temporary employees. While using an alternative workforce has benefits, it can create legal and

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practical risks as well. If you use or are considering using contingent workers, here are some benefits and risks to weigh.

Types of Jobs Across Indian Generations

Among workers who work full time for an employer

2012 first half year	White-collar jobs	Blue-collar jobs (agriculture)	Blue-collar jobs (manu-facturing)	Blue-collar jobs (others)
Gen Y (ages 15 to 30)	22%	44%	8%	26%
Gen X (ages 31 to 47)	19%	46%	7%	28%
Baby Boomers (ages 48 to 66)	16%	57%	5%	22%

Based on aggregated surveys conducted in Februrary-March and May-June 2012

GALLUP

RISKS AND BENEFITS OF CONTINGENT WORKFORCE

Benefits of contingent workers:

There are many potential benefits to using contingent workers. Although the specific benefits vary from case to case, some of the more common benefits include:

1. Cost savings. Perhaps the most significant motivation for using workers such as independent contractors and temps is cost savings. You often must pay employees for nonproductive time, but you don't usually pay contingent workers for downtime (e.g., you cut back on temps during periods of low production). Additionally, you generally don't provide workers such as independent contractors and temps with the benefits you provide to regular employees, such as vacation time, holiday pay, sick leave, and health insurance. Finally, using independent contractors allows you to avoid withholding payroll taxes, paying social security and Medicare taxes, and making unemployment contributions.

2. Increased efficiency. You can increase efficiency by using contingent workers to staff peak hours, days, or periods of demand or for one-time projects. During periods of lower demand, you can stop using them.

3. Administrative savings. Using contingent workers can ease your administrative burdens by alleviating the need to complete routine employment documentation and other administrative tasks. For example, participating in a leased employee arrangement may save you from having to review employment applications, interview job candidates, or prepare tax withholding forms. Additionally, workers such as independent contractors and tempscan be replaced or removed from service without the significant administrative and personnel headaches often associated with firing someone.

4. Better job security Contingent workers often serve as a buffer that allows stable employment for the "core" workforce. Because workers such as independent contractors and temps allow you to use labor fluidly and adapt strategies for expanding and reducing hours with minimal effect on the employment of the core workforce, regular employees may feel an increased sense of job security. That's particularly true in difficult economic times, when core employees may develop a perception that contingent workers will be first to go if job cuts are made. (HR Hero White Paper: 5 Alternatives to a RIF)

5. Recruiting opportunities: Contingent workers often provide a valuable base of workers from which to recruit for regular jobs. They also provide you with an opportunity to evaluate their performance on the job.

6. Broad talent pool: Contingent workers may offer a broad talent pool from which to select, particularly during special projects of limited duration. For example, you may be able to secure an independent contractor with more skill and talent than you would be able to afford on a long-term, full-time basis.
7. Flexibility: Contingent workers allow you greater flexibility in maintaining and adjusting staffing levels. You can readily increase staffing when your labor needs are high and decrease staffing with minimal legal risks and economic consequences when your labor needs are low.

Many employers become so overwhelmed by the potential benefits of using contingent workers that they don't recognize the legal and practical risks. Again, although the risks vary from case to case, some of the more common practical risks include:

1. Decreased loyalty and productivity: Some employers express concern that workers such as independent contractors and temps who aren't dependent on any particular employer for their livelihood or motivated by normal advancement opportunities will be less loyal, less productive, and more apt to produce lower quality work than regular employees.
2. Status: Some contingent workers feel as though they are treated as "second-class citizens" compared to regular employees or as if they aren't a part of the team. That can lead them to believe their contributions aren't recognized or rewarded to the same extent as employees' contributions.
3. Impact on employees: For one reason or another, some employees resent contingent workers. Employees may feel that workers such as independent contractors and temps are robbing them of overtime opportunities or taking a full-time job from someone who's more deserving. Or they may know former employees who were discharged during a reduction in force only to later have their jobs filled by contingent workers. (HR Hero Line article: Downsizing: 7 steps to help employees cope)
4. Confidentiality: An employer that uses contingent workers has no guarantee that they won't move on to a competitor. That's particularly true when workers possess specialized skills and expertise that limit the number of companies for which they can work.
5. Increased training costs Sometimes you face higher turnover rates with contingent workers than with employees, which can lead to increased training costs.
Misclassifying workers perhaps the most significant risks of using contingent workers lie in the legal consequences of misclassification, especially with regard to independent contractors. You'll face significant liability under tax law, wage and hour regulations, and other employment laws if a court or administrative agency determines that your contingent workers were actually employees. Here are some of the legal risks of misclassifying workers:

- Tax liability. One of the more significant risks facing employers that misclassify employees as independent contractors is liability for failing to withhold employment taxes. Misclassifying workers can subject you to liability for accrued and unpaid income taxes, FICA and FUTA withholding, and equivalent state taxes and withholding as well as interest and penalties.
- Wage and hour violations. The Fair Labor Standards Act (FLSA) is another source of liability. FLSA liability generally arises when you fail to paynon-exempt employees minimum wage and overtime. Employers that fail to comply with the FLSA's requirements can be liable for past wages due, interest, attorneys' fees, costs, and liquidated (or double) damages.
- Discrimination charges. The distinction between employees and nonemployees is critical for determining coverage under the employment discrimination statutes. Usually, however, agencies and courts are apt to find that a staffing agency and its client are actually joint employers of contingent

 ISSN 2322 - 0899

workers; both employers will therefore be deemed liable for discrimination or harassment affecting contingent workers under certain circumstances.

- Liability for job-related injuries and workers' compensation. One advantage of using independent contractors rather than employees may be avoiding worker's compensation premiums. But be aware that an independent contractor who is injured on the job may be able to sue your company for negligence and recover a multimillion-dollar damages award. Employees generally don't have the right to sue you for negligence because they're limited to the rights and remedies available under the workers' comp laws.
- Employee benefits liability. Misclassifying employees as nonemployees can have drastic effects on your benefit plans and ultimately result in plan disqualification.
- Occupational safety and health issues. Another important issue, particularly in the leased employee context, is responsibility for safety and recordkeeping under the Occupational Safety and Health Act (OSHA). As a practical matter, OSHA liability often rests on the shoulders of the entity using the services of a particular worker.
- Family and medical leave issues. Failing to comply with the Family and Medical Leave Act (FMLA) can also result in significant liability. FMLA regulations generally state that only the primary employer in a joint employer situation is responsible for providing the required employee notices, granting leave, maintaining health benefits, and restoring job status following leave. However, if you erroneously believe that workers aren't actually your employees, you could face liability for FMLA violations.

WHY INDIAN COMPANIES ARE OPTING FOR TEMPORARY WORKERS?

Indian companies are home to many unique projects and solutions. Many of these require people with specific skill sets to deliver them. Hence, organizations are often faced with the requirement of "knowledge workers" to facilitate the delivery of such projects. This has led to the growth of what is called "short-term project-based hiring" or "temping". Simply put, organizations hire contract workers for a short time, typically till a project lasts. Contracts range from a period of 2 months to 15 months.

While large global organizations follow this recruitment mechanism, in India it is gradually gaining popularity. Did you know that the largest employer in the US is a temporary employment organization, Manpower Inc, which has approximately two million temporary workers on its payroll.

Small and medium sized organizations specifically from the Indian Information Technology (IT) industry are employing temp workers. These organizations are opting for temping for many reasons some of which are:

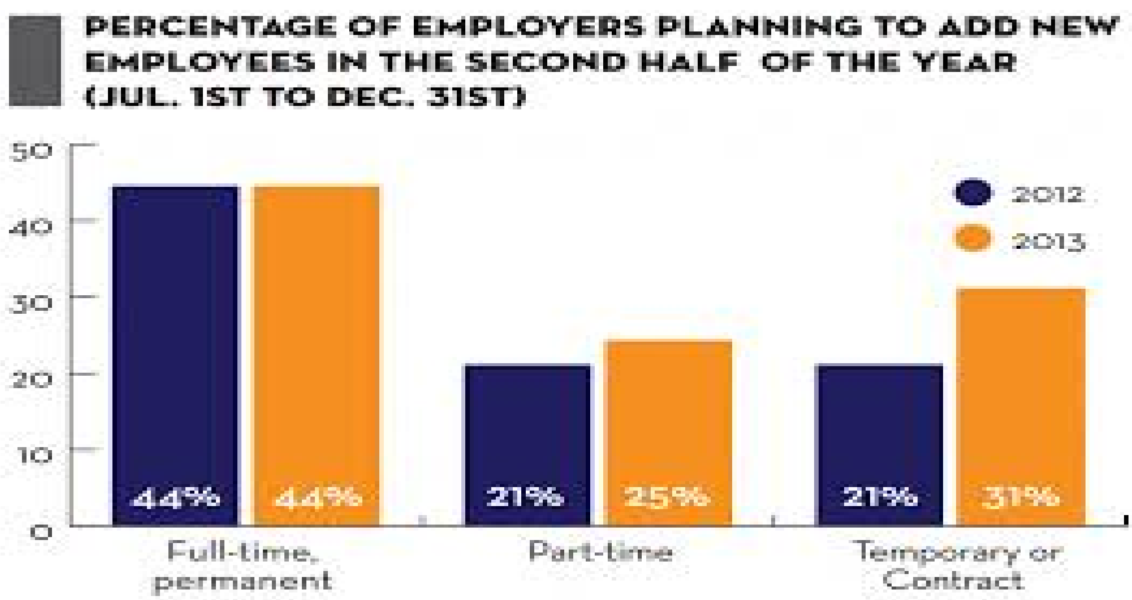
- Temps or contract workers are on the payrolls of a third-party staffing organization and as such organizations do not need to worry about employment, recruitment and even replacements.
- They save on the cost of training as the staffing form typically sends in batches of knowledge workers according to the project.
- They can drastically cut down non-productive staff costs especially when they do not have the visibility of a similar project in future.
- They can reduce the number of staff on bench and hence save on salaries.

- They can pay relatively more to contract workers and get work done rather than recruiting them for long-term and paying them perks and retirement benefits besides huge salaries.

But the question is - will this trend be a sustained one? In India, job security is still considered essential for a career. As such, how are professionals coping with the risk element associated with working on short-term assignments?

Temping professionals maintain that in this rapidly changing economic environment, the very survival of organizations is unpredictable. Permanent job assurance is now passé as downsizing can happen any time. Many temps also like the exposure to a wide range of applications and organizations.

Temping will not suit people who are risk averse and believe in permanent roles with clearly marked paths for personal and professional development. Surprisingly enough, HR pundits and industry watchers believe that this new HR trend is here to stay.



A recent report by labor law firm Littler Mendelson predicts that contingent labor could rise to as much as 30 to 50 percent of the entire U.S. workforce, triple the average of 13 percent that a Staffing Industry Analysts survey estimated it to be in 2008. According to Vic Rapier of Examiner.com and Workforce Vision, several notable trends in contingent workforce management are in process including:

- Non-traditional employment arrangements are on the rise. As has been the trend for decades contingent labor models are going to increase, however over the next few years and coming decades this trend will increase rapidly.

- Organizations will likely hire temps over permanent workers, especially during times when an economy is in recovery mode. However, this might also be a long term trend. Temporary workers insulate businesses from fluctuation in demand, and it might be a long while until all sectors of the economy stabilize. Contingent labour will become a major component of the U.S. (and global) labour force.

- If the future of the economy involves wide use of temporary workers, it is inevitable that professionals will join the ranks of the contingent workforce as well. Contingent labour is moving from administrative and light industrial positions to being commonplace amongst professionals.

REVIEW OF LITERATURE:

A detailed survey of the concerned literature has been carried out based on various journals, reviews concerned magazines and internet and presented below-

One of the most important human resource developments in recent years has been the growth in the number of temporary, contract or other types of contingent workers.

Nicholas argyres and Kyle J.Mayer[4] Unpacked contract design capabilities for detailed commercial contracts, to draw out implications for the locus of such capabilities with in the Firm and to examine implications for exploiting those capabilities as a potential source of competitive advantage.

Agarwal Rashmi[5] in his article highlighted that number of countries have attempted to liberalize their respective labor markets and have also amended their labor laws so as to make them more investment and employment-friendly a process that has weakened job security and collective bargaining.

Besley and Burges[6] empirically examined the effect of labor regulation on performance of the industrial sectors in A.P, India; argue that the regulations do lower firm's optimal output level since they tend to raise the marginal cost of production.

Sandra L.Fisher, Michael E.Wasserman, Paige P.Wolf and Katherine Hannan Wears[7] in their article identified the outsourcing-related challenges facing HR professionals in both the service provider and client organizations as they strive to attract, motivate and retain high-performing employees and explore HR practices that may help to achieve organizational goals.

Stephen Barley and Gideon Kunda[8] undertook ethnography of technical contractors to produce a detailed, balanced and accurate depiction of how contractors structure and interpret their experience. Their study documents the social dynamics of skilled 'Contingent labor', a term economists and sociologists use for an array of short-term work arrangements.

Jone L. Pearce[9] investigated differences in the psychological involvement and task assignments of labor-contractor and employee engineers and the effects of the contractors on the attitudes of their employee co-workers.

Thomas A.Kochan, Michal Smith, John Wells, and James B.Rebitzer[10] contingent labor now plays a significant role in providing both organizational capacity and capability. Given statistics regarding the desires of incoming generations and the changing nature of work itself, it's entirely possible that in the very near future a majority of all work done in your organization will be done by contingent labor.

Lydia Aletraris[11] examined the extent to which temporary agency are satisfied with their jobs and the differences in the satisfaction of agency and permanent workers. He found the fact that contract workers report lower levels of job satisfaction and that job security, control over the duration of work and autonomy are important mediating mechanisms.

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Examples of References

All references must be arranged first alphabetically and then it may be further sorted chronologically also.

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