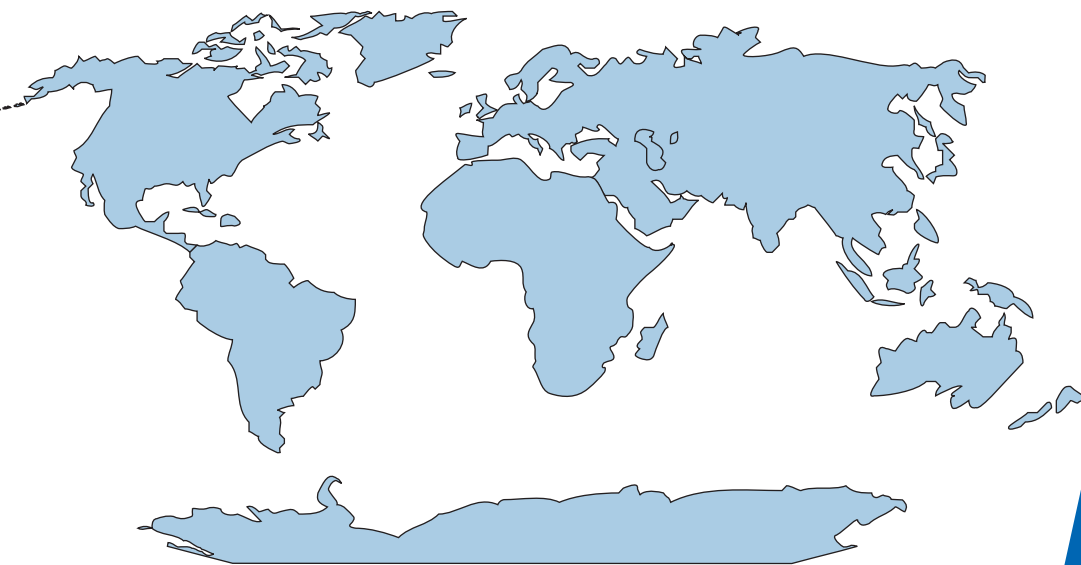


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**UNDERSTANDING CONSUMPTION OF THE TRADITIONAL AND COMPLEMENTARY
MEDICINE: A CONCEPTUAL MODEL**

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ABSTRACT

Traditional and Complementary Medicine (TCM) plays an important role in improving healthcare system for the prevention, diagnosis, improvement or treatment of physical and mental illnesses. However, very little research has examined the underlying factors of the consumption of TCM among consumers. This conceptual paper proposed a model which aims to understand the key constructs that influence the consumption of the TCM. The model comprises three key constructs, namely consumer perception towards TCM, consumer perception towards conventional medicine and illness perception of consumer. Relationships between these constructs are discussed, which will be empirically tested in future research.

Keywords: traditional and/or complementary medicine, consumer perception, illness perception.

INTRODUCTION

Traditional medicine is related to the sum total of the knowledge, skills and practices based on the theories, beliefs and experiences indigenous to different cultures, whether explicable or not, used in the maintenance of health, as well as in the prevention, diagnosis, improvement or treatment of physical and mental illnesses (World Health Organisation, 2000). While the terms complementary/alternative/non-conventional medicine are used interchangeably with traditional medicine in some countries. The term complementary or alternative medicine is used in some countries to refer to a broad set of health care practices that are not part of the country's own tradition and are not integrated into the dominant health care system (WHO, 2000). In Malaysia, Traditional and Complementary Medicine (TCM) is defined as any practice of medicine that is other than the practice of medicine or dental practices utilised by registered medical or dental practitioners (2011, A hand book of TCM Programme in Malaysia). TCM are classified into six major categories in Malaysia, which are traditional Malay medicine, traditional Chinese medicine, traditional Indian medicine, homeopathy, complementary medicine and Islamic medical practices.

The acceptance of consumers towards the TCM was high as reviewed by previous researchers. Braun *et al.* (2010), conducted a study on CMs in Australia, included herbal medicines, nutritional and dietary supplements and reported that CMs has been used by 72% of pharmacy customers in the previous 12 months. Based on a nationwide survey conducted in 2004 regarding TCM utilization by the Malaysian public, the prevalence of the population who has ever used TCM in their life time is 69.4 % (67.6 % - 71.2 %). About 55.6 % (53.8% - 57.4%) of the population reported that they have used TCM in the past 12 months prior to the survey. This could well be gross under-reporting, as studies around the world have shown that more than 40% of the population in many countries are using TCM for their healthcare needs (2007, Malaysia National Policy of Traditional and Complementary Medicine).

Demand for TCM products and TCM practices and practitioners worldwide substantially increasing. WHO (2013) showed that the output of Chinese material medical was estimated to amount to US\$83.1 billion in 2012, an increase of more than 20% from the previous year; While in the Republic of Korea, annual expenditures on TM were US\$4.4 billion in 2004, rising to US\$7.4 billion in 2009. In the United Kingdom, the market for herbal and homoeopathic remedies and aromatherapy oils increased by 41% between 1992 and 1996. In the United States, approximately 38.3% of adults (about 4 in 10) are using some form of TCM in the year 2007 as compare to 36% of adults in the year 2002 (Barnes, Bloom and Nahin, 2008).

The growing demand and users of TCM suggested that it is important for academic and applied perspective to understand why people choose to use TCM. Therefore, there is a need to investigate the key constructs that will likely to influence the consumption of the TCM. Hence, this conceptual paper proposed a model which aims to understand the key constructs that influence the consumption of the TCM.

LITERATURE REVIEW

The true prevalence of TCM among the general populations of countries still ‘considerable uncertain’; the prevalence of the use of TCM is likely to vary according to factors that are not fully understood (Aziz and Tey, 2009; Ernst, 2000; Singh, Raidoo and Harries, 2004; MacLennan, Wilson and Taylor, 1996; Eisenberg, *et al.*, 1993). However, Ernst (2000) stressed that most experts agree that the interest in and practice of TCM are driven mainly by consumer pressure. It reflects a need to look into details the factors that might driven the choice of consumers.

Prior researches asserted that many consumers used TCM in addition to conventional medicine rather than using TCM alone and in place of conventional medicine (Sirois, 2008; Singh, Raidoo and Harries, 2004; Lindenmeyer *et al.*, 2011; Lam, 2001; Eisenberg, *et al.*, 1993). A study by Lam (2001) in Hong Kong also showed that traditional Chinese medicine was considered suitable “as a supplement to Western medicine”. Thus, it is important to understand the reasons behind the choice of consumers for both medicine modalities.

Many studies on TCM were focused on the usage of TCM for certain purposes, such as aphrodisiac purposes (Mohamed, *et al.*, 2012), women seeking reproductive health care (Smith, *et al.*, 2013; Edirne, 2010) and illness-specific population e.g. patients with type 2 diabetes mellitus (Ching, *et al.*, 2013) and cancer patients (Broom, *et al.*, 2010; Eguchi, Hyodo and Saeki, 2000; Cassileth and Vickers, 2005). Further studies needed to explore the use of TCM among the general population in promoting their health condition.

Ernst (2000) pointed out that surveys done in industrialized countries agree that most likely users of TCM are female, affluent, middle-aged, well-educated and white, but no surveys conducted in developing countries matched the inclusion criteria. However, study done by Aziz and Tey (2009) found that gender, marital status, income level and ethnicity did influence the use of herbal medicine in Malaysia. Braun *et al.* (2010) also reported that more women having used TCM than men but there was no significant difference in usage between younger customers and those aged 60 years or older. Nevertheless, some studies shown that demographic factors did not affect the use of TCM (Singh, Raidoo and Harries, 2004). The inconsistent results reflects that demographic factors might be the moderator rather than the main factors that influenced the use of TCM.

Previous researches done mostly focused on certain but all factors that would like to influence the use of TCM among consumers. For example, Sirois (2008) only concentrated on the six reasons for using TCM when comparing the respondents from 1997-1998 and 2005. While Mohamed *et al.* (2012) focused on the pull factors of using TCM for aphrodisiac products in Malaysia. Another research by Singh, Raidoo and Harries (2004) among the Indian community in South Africa compared the pull factors of both conventional medicine and TCM. Aziz and Tey (2009) concentrated on the pull factors of using herbal medicines in Malaysia. While Hämeen-Anttila *et al.* (2011) compared the attitudes of user and non-user of TCM toward the conventional medicine. It is thus important to develop a model that consists of the important key factors for a complete investigation of the influences on TCM.

CONSUMER PERCEPTION TOWARDS TCM

Consumer perception towards TCM varies of which TCM usage were motivated by the positive aspects of TCM, like the pull factors (Sirois, 2008; Vincent and Furnham, 1996). Vincent and Furnham (1996) identified that positive valuation of complementary treatment is the most important factors of using TCM. A herbal medicine user also tend to agree to the ‘general usefulness of herbal medicine’ (Aziz and Tey, 2009). TCM was perceived as a safe and natural form of medicine (Singh, Raidoo and Harries, 2004; Mohamed, Azmi Hassali *et al.*, 2012; Lindenmeyer *et al.*, 2011). Lam (2001) also found that traditional Chinese medicine is considered to be milder and does not have the strong side effects as conventional medicine; it is also good in dealing with the side effects of taking conventional medicines.

Besides, Vincent and Furnham (1996) pointed out that pull reasons that were most strongly endorsed were TCM emphasis on treating the whole person (holistic), TCM was more effective than orthodox medicine, TCM allowed to take more active part in maintaining health (control and participation). Another study done by Sirois (2008) indicated that one of the two top reasons for using TCM among the two respondent groups was TCM allowed the samples to take an active role in one’s health; While TCM places treatment of the whole person being the third reason among the 1997-8 sample but appeared as the top reason in the 2005 samples. Women users of TCM perceived an important difference between prescription medication and TCM that they themselves researched and chose the remedies they were taking (Lindenmeyer *et al.*, 2011). Ching *et al.* (2013)

also pointed out that patient with diabetes mellitus believed that TCM offers more personal autonomy and control over their disease. It implies the important of holistic balance view of TCM and the users' participation in improving their general health condition.

TCM users also agreed that TCM focused on healing illnesses and applying systems approach which considers the multitude of factors in the social and cultural environment of the patient (Singh, Raidoo and Harries, 2004). Chinese medication also considered to be good for some milder illnesses and also better for 'clearing' the disease (Lam, 2001). Mohamed *et al.* (2012) revealed that majority of respondents agreed that TCM for aphrodisiac purposes was cheaper than conventional medicine and also easily available in Malaysia. Hence, further research on the impacts of consumer perception towards TCM on the usage of TCM is very useful to understand the use of TCM among consumers.

CONSUMER PERCEPTION TOWARDS CONVENTIONAL MEDICATION

Consumer feels offensive towards conventional medication due to the perceived negative aspects i.e. 'push' factors like unpleasant side effects, ineffective treatment and aspects of doctor-patient relationship, are common 'push' motivators (Sirois, 2008). The users of TCM had generally more negative attitudes towards conventional medicines the non-users of TCM (Hämeen-Anttila *et al.*, 2011). Sirois (2008) also noted that conventional medicine was not effective for one's health problem solution. Chinese users believed that conventional medicine is faster, but less powerful in clearing the illness (as compared to Chinese traditional medicine) (Lam, 2001). Singh, Raidoo and Harries (2004) also pointed out that the major reason of using TCM is conventional medicine brought some improvement in conditions but it failed to cure the underlying problem.

Besides, consumers generally agreed that conventional medicine has some unwanted side effects as compared to TCM and some of them had actually experienced such side effects (Lam, 2001; Singh, Raidoo and Harries, 2004; Lindenmeyer *et al.*, 2011). Modern medicine is considered to have significant side effects, 'leading to "fat tseng gwong" (feeling dull), bitterness in the mouth, sputum, weaknesses, and the "wind".' (Lam, 2001).

Adams *et al.* (2011) found evidence of a link between access to conventional health care and the adoption of TCM, with poor access to such health services predicting higher TCM use in non-urban regions. Trangmar and Diaz (2008) concluded that many respondents turned to TCM because of what could be interpreted as a failure of the conventional medical care system. Reasons given for using TCM in their study were a failure by conventional medical professionals to diagnose a problem (29%), lack of conventional medical treatments (29%) and unsatisfied with previous medical advice (10%); some of these perceptions may be due to poor patient-clinician communication. It implied the need for a medical practitioner to build a good communication with their patients. Hence, reviewing on the impacts of consumer perception towards conventional medicine on the need of TCM is precious to understand the use of TCM among consumers.

PUSH OR PULL FACTORS

Debate regarding whether 'push' or 'pull' factors are more influential overall has continued, with TCM's motive research on the 1990's suggesting that 'push' factors such as dissatisfaction with the efficacy of conventional treatment were at least as important as 'pull' factors in guiding consumers' TCM decision, of which empirical evidence in the 2000s, however favours the primacy of 'pull' factors in TCM decisions (Sirois, 2008). Bishop, Yardley and Lewith (2007) also suggested that users of TCM may be appropriately thought of in terms of different groups: principalists, who believe in TCM; people who are frustrated with convention medicine; and opportunists, who shop around. Therefore, both the push and pull factors should be examine together to get a complete picture of the factors that will influence the usage of TCM.

ILLNESS PERCEPTIONS

Bishop, Yardley and Lewith (2007) suggested there is a significant relationship between TCM use and illness perception; TCM use is part of the self-management of chronic illness and relates to taking responsibility for treatment and gaining a sense of control and empowerment. Seventeen of twenty-two studies found non-country-specific but significant relationships between TCM use and illness perception. Maskarinec *et al.* (2001) stated that beliefs about the cause of cancer can influence the used of CAM, and choice of Therapy. The differing beliefs patients hold about their disease will significantly influence their decision whether or not to use TCM (Yates *et al.*, 1993). Illness perception of patients is therefore an important key construct that needed to investigate further.

Based on the aforementioned literature, this study proposed a conceptual model which consisting of three key constructs i.e. consumer perception towards traditional and complementary medicine, consumer perception towards modern medication and illness perceptions of consumers is developed (see Figure 1). Its propositions are discussed next.

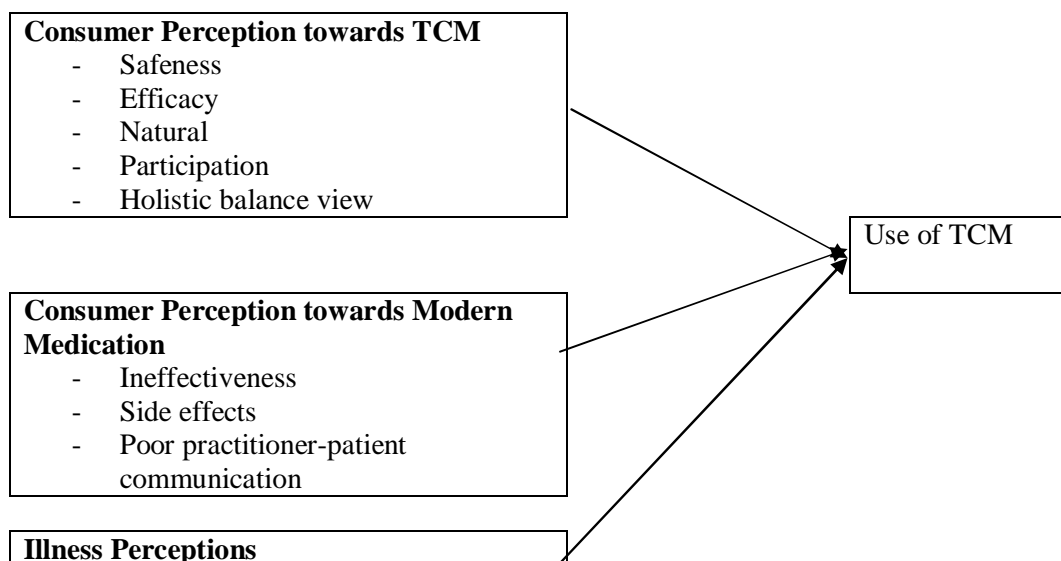


Figure 1: A Conceptual Model of Key Influences on the Use of Traditional and Complementary Medicine

Consumer perception towards TCM is a key construct that reflect the pull forces of TCM. The consumer perception towards TCM is built upon the believed that TCM is safer, better efficacy, natural, allow user participation in choosing and a holistic balance view of the TCM. Positive perception of consumer enhanced the use of TCM. Hence,

Proposition 1: Consumer perception towards TCM positively influences the use of TCM

Consumer perception towards conventional medication is concerned with the perceived negative aspects of conventional medicine or the ‘push’ factors. This construct is developed based on the perceived ineffectiveness and side effects of conventional medication as well as the poor practitioner-patient communication. Users who perceived negatively towards conventional medication will tend to use TCM. Hence,

Proposition 2: Consumer perception towards conventional medication negatively influences the use of TCM.

Illness perceptions being the third construct in the model. Illness perception will test the impact of user perceptions towards the illness encounter by them. It is believe that different illness perceptions will influence the use of TCM among consumers.

Proposition 3: Consumer’s illness perception positively influences the use of TCM

CONCLUSION

The proposed conceptual model provides a starting point for understanding the use of traditional and complementary medicine among the consumers. Three key constructs and propositions were proposed in this model. The conceptual model will be used to examine the antecedents and its consequences on the use of TCM. It is also proposed that qualitative research methodology to be used to examine the proposed model. This proposed model hoped to provide new insight to the understanding of TCM usage among consumers.

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**MICROFINANCE: A STUDY OF ASA MICROFINANCE, BANGLADESH AND BANDHAN
MICROFINANCE INSTITUTION OF INDIA**

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ABSTRACT

This research paper explains the concept and emergence of Microfinance Institution with the current situation of India and Bangladesh. In 2007, Forbes magazine ranked Top 50 microfinance institutions globally out of 641 micro credit providers. ASA microfinance institution has ranked 1st whereas 2nd position is secured by Bandhan microfinance institution. This paper has analyzed the performance of ASA and Bandhan MFI from different perspective in last 3-4 years. This paper also explains the contribution of ASA & Bandhan for the underprivileged people by providing them a very small amount of loan.

Key words: MFI, CRR, NBFC, NGO and MRA

INTRODUCTION

Traditionally, banks have failed to provide financial services, such as loans, to clients with little or no cash income. Thus, when the poor people borrow, they often rely on relatives or a local moneylender, whose interest rates can be very high. Moneylenders usually charge higher rates to poorer borrowers than to less poor ones. To provide loans at low interest rate and possibly without collateral can only be possible by Micro Financing. Micro financing offers an increasingly diversified range of innovative financial services to the poor.

India and Bangladesh are two developing countries in the world. In these economies, traditional banks do not prefer to lend money to poor people as they are not credit worthy and it also involves high transaction cost and risk. Microfinance is one of the ways of building the capacities of the poor who are largely ignored by commercial banks and other lending institutions and graduating them to sustainable self-employment activities by providing them financial services like credit, savings and insurance.

Micro finance is the only way out which has been started by Nobel Prize winner Muhammad Yunus who have laid down the foundation of Grameen Bank in 1976. Bangladesh has been known as the birthplace of microfinance, and competition has markedly increased during the last decade. Since its inception, microfinance has evolved as an economic development approach to benefit low-income people in rural and urban areas. Bangladesh has one of the longest histories with microfinance. Since various pilot programs and experiments were conducted by Grameen Bank and BRAC, microfinance has undergone continuous improvement in the country. Now, Bangladesh boasts a large number of well-known microfinance institutions (MFIs) including Grameen Bank, BRAC, and the Association of Social Advancement (ASA). Simultaneously, many smaller MFIs have started operations throughout Bangladesh. As of December 2008, 402 MFIs possess a license from the Microcredit Regulatory Authority (MRA) and 4,236 MFIs have applied for a license.

Microfinance in India started in 1970 when SEWA (Self Employed Women Association) formed an urban cooperative bank, Shri Mahila Sewa Sahkari Bank in Gujarat. The objective of this bank is to provide banking service to poor women employed in the unorganized sector in Gujarat. The Microfinance in India exists as NGOs, and Non Banking Financial Companies. Commercial Banks, Regional Rural Banks, Cooperative Societies and other lenders have played an important role in providing refinance facility to MFIs. Banks have also leveraged the Self-Help Group channel to provide direct credit to group borrowers. As per RBI, there are 450 “unbanked people” in India; most of them lived in rural area. The unbanked refer to those people who have no access to formal financial services, but rather they rely on informal provider of finance such as money lender. Therefore, the Indian Govt. and RBI have a policy of financial inclusion, as a part of this policy, the Govt. require banks to lend to priority sectors, one of which is the poor people.

OBJECTIVES OF THE STUDY

The objective of this study is to analyze the growth and impact of Microfinance Institutions in India and Bangladesh. As micro loans have been forayed in to developing and under developing economies, it has become a major tool for poverty eradication. As per the ranking given by Forbes magazine in 2007, ASA and Bandhan Microfinance Institutions have been ranked 1st and 2nd position, so these institutions have been taken for this study.

AS A MICROFINANCE OF BANGLADESH

ASA is one of the leading microfinance institutions in the world as it has been ranked 1st from a field of 641 micro credit providers by Forbes magazine in 2007. It was started in 1978 to improve the living of the people who are facing poverty and social disparity. ASA helped poor people for having sustainability in their lives through different kinds of loans without charging any collateral. Besides, Microfinance Programs, the organization has been operating a number of non financial programs like Health and Educational Program , Eye Treatment Camps, Sanitary, Water, and primary healthcare etc. The offered loans are collateral free as it helps in poverty and provide them access to manifold socio-economic opportunities. Presently, it is providing two types of loan product:

- Primary Loan: It has a minimum tenure of 12 months with loan ceiling of BDT 70,000.
- Special Loan: It has a maximum tenure of 30 months and provides an amount ranges from BDT 71,000 to BDT 300,000.

According to the Bangladesh Microfinance Statistics 2010 published by the Credit and Development Forum (CDF) and Institute of Microfinance (InM) there are 773 NGO MFIs in Bangladesh (including ASA).

Table 1: ASA's standing in the sector

	773 NGO MFIs	ASA	%
Members	34.62 million	5.56 million	16.06%
Cumulative Loan Disbursement	US\$ 29,728 million	US\$ 6,373 million	21.44%
Loan Outstanding	US\$ 3,133 million	US\$ 530 million	16.92%

- ASA's clients account for 16% of the borrowers in the NGO MFI sector
- ASA accounts for 21% of ALL loans given out by the NGO MFIs
- ASA accounts for 17% of the portfolio outstanding in the microfinance sector in Bangladesh

Despite social and economic imbalanced equations, ASA proved itself by distributing the loan of Rs 95576 million annually. It is not only emerged as a loan distributor in Bangladesh but its friendly model of microcredit with customized products positioned it as a best elevator of the economy. But in last some years its decreased number of borrowers resulted in windup of branches significantly.

H₀: μ = There is a significant relationship between number of borrowers and number of branches.

H₁: $\mu \neq$ There is no significant relationship between number of borrowers and number of branches.

In 2013, the numbers have been reduced to 2931 that shows a steep fall in the branches. Bangladesh is categorized as a under developing economy and to support this many microfinance institutions has been executed. In Bangladesh, numbers are not minuscule when we talk about microfinance institutions but four organizations have contributed a lot to improve the economy after 1991. ASA, BRAC, Buro and Grameen Bank had a very pragmatic approach towards helping poor and helped ultra poor people to improve their livelihood. In later 2007, all these organizations observed the problem of multiple loans by borrowers that created overlapping. It was predicted that the saturation of core microcredit will take place and that was the reason of reduction in the branches of ASA. ASA even messaged to its staff members to discourage multiple borrowing by reducing the number of clients. To maintain the number of clients, ASA started a different loan in 2005 in which the father and husband of a female were provided a loan but this policy also phased out in 2009 as there was no proper mechanism of handling and repaying loans with the borrowers.

Table2: No of Branches and Borrowers of ASA

ASA Microfinance Institution				
Year	2010	2011	2012	2013
No of Branches	3194	3154	3025	2931
No of borrowers (in million)	4.47	4.36	4.18	4.34

In Table 2, it is clearly shown that ASA has 2931 branches through which it has distributed 99964 million loans in 2013 to 4.34 million borrowers. Statistical tool ANNOVA have been used for further validation of data.

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14647.314	1	14647.314	1.011	.421 ^a
	Residual	28986.686	2	14493.343		
	Total	43634.000	3			

a. Predictors: (Constant), No of borrowers in million

b. Dependent Variable: No of Branches

Now, when people of Bangladesh have many choices in their hand, they are involving with multiple loans which they are not able to payoff. Multiple loans with the inability to pay loan resulted in the closing of many branches of Microfinance Institutions. In 2010, ASA was having 3194 branches with handling of 4.47 million borrowers but in June, 2014 numbers have been decreased to 2931 branches to 4.41 million borrowers. ASA staff has been asked to deeply understand the market to disburse the loan and simply avoid to those borrowers who have more than two or three loans at a time. As the result is not significant, it is clearly depicts that the null hypothesis is accepted and there is a significant relationship between borrowers and number of branches. Decreased number of branches had a major impact on the number of borrowers.

$H_0: \mu = \text{Increased amount of loan disbursed lead to poor mechanism of repayment of loan.}$

$H_1: \mu \neq \text{Increased amount of loan disbursed does not lead to poor mechanism of repayment of loan}$

Table3: Loan disbursed and outstanding of ASA

ASA Microfinance Institution				
Year	2010	2011	2012	
loan disbursed (in million)	68486	86702	95576	
loan outstanding (in million)	37547	47414	50903	

In Bangladesh, ASA presence was very important for alleviating poverty but at the same time it was contributing in to the amount of loan outstanding. After validating the data, it was found that results are significant and it says that amount of loan disbursed does not lead to poor mechanism of repayment of loan. ANNOVA is used for the validation.

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	95467705.070	1	95467705.070	189.617	.046 ^a
	Residual	503476.930	1	503476.930		
	Total	95971182.000	2			

a. Predictors: (Constant), Amount disbursed in million

b. Dependent Variable: Loan outstanding

In 2014, ASA has been reached to 4.41 million borrowers (Figure 2). Innovation in mobile microfinance system and remittance through microfinance institutions using latest communications technology helped borrowers for accessing loan. Overlapping in loans created problem for microcredit lenders but at the other side MRA (Microcredit Regulatory Authority) has been established by the Government of the Peoples' Republic of Bangladesh under the "Microcredit Regulatory Authority Act -2006" to promote and foster sustainable development of microfinance sector through creating an enabling environment for NGO-MFIs in Bangladesh. It helped MFIs in Bangladesh for making the process more acceptable by making license compulsory in microcredit. So, we can say that increased numbers of borrowers are leading to increased number of branches in the Bangladesh but at the same time it also validates that poor repayments do not restrict branches to provide loans to poor people.

BANDHAN MICROFINANCE

Bandhan was started in 2001 under the leadership of Mr. Chandra Shekhar Ghosh. The main area of working of Bandhan is to work with women who are socially disadvantaged and financially exploited. Bandhan is continuously engaged with the activity of loan disbursement to the rural women through group formation. All activities are mentioned under Bandhan Financial Service Private Limited (BSFL). Bandhan is also registered as a Non Banking Financial Company (NBFC) with the Reserve Bank of India.

Bandhan provides six kinds of loan, these are:

- Suchana (Micro Loan):** Loan amount is Rs 1000 to Rs 15,000 with the tenure of 12 months and 22.4 % interest rate
- Shrishti (Micro Enterprises Loan):** Loan amount is Rs 16000 to 50,000 with the tenure of 24 months and 22.4 % interest rate.
- Samriddhi(Micro Small and Medium Enterprise Loan):** Loan amount is Rs 51,000 to 5,00,000 with 22.4 % interest rate.
- Suraksha (Micro Health Loan):** Loan amount is Rs 1000 to 10,000 with the tenure of 12 months and 12 % interest rate.
- Sushiksha (Micro Education Loan):** Loan amount is Rs 1000 to 10,000 with the tenure of 12 months and 12 % interest rate.
- Fisheries:** Loan amount is Rs 10,000 to 100,000 with the tenure of 12/24 months and 22.4 % interest rate.

In India, many microfinance institutions have been forayed in to the area of poverty alleviation. SKS, Bandhan, and Spandhan are some big microfinance institutions which are contributing towards economic proliferation. Bandhan Microfinance have been ranked 2nd by Forbes Magazine in the world out of 641 micro credit providers and ranked 1st in India. Recently Bandhan microfinance has got license to start a bank and distributed 29.990 crore to 5.5 million so far.

The idea of providing small loans of Rs 1,000 made this organization so bigger that it has 2016 branches and would be more in near future. If we see the last five year performance of this company, we see the continuous growth in number of branches by having presence in 22 states and Union territories. The introduction of “The Micro Finance Institutions (Development and Regulation) Bill” by the central government has brought much needed clarity and stability to the sector. Andhra Pradesh had faced a lot of problem after 2010 as this bill stopped door to door promotion and also prolonged recollection of payment to 1 month from 1 week. In Andhra Pradesh and West Bengal, MFIs faced a lot of problem as there is now a cautious lending by banks to MFIs. In these circumstances Bandhan even grew at a reduced rate.

H₀: μ = There is a significant relationship between number of borrowers and number of branches.

H₁: $\mu \neq$ There is no significant relationship between number of borrowers and number of branches.

Table 4: No of Branches and Borrowers of Bandhan

Bandhan Microfinance Institution				
Year	2010	2011	2012	
No of Branches	1050	1553	1553	
No of borrowers (in million)	2.3	3.25	3.61	

As the data shows that from 2020 to 2012, Bandhan microfinance has increased in branches with the increased number of borrowers. It is further validated with the help of ANOVA.

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.851	1	.851	13.137	.171 ^a
	Residual	.065	1	.065		
	Total	.916	2			

a. Predictors: (Constant), No of branches b. Dependent Variable: No of borrowers

As the results are not significant, we can say that null hypothesis is accepted and there is a relationship between the increased numbers of borrowers with the increased number of branches. Bandhan is one microfinance organization which is growing at 25-30 percent every year. Getting in-principle approval for a bank license is recognition of Bandhan's hard work and passion to help unprivileged people. Bandhan has availed loans from various banks and national level institutions, it has also supported by local and international donors. Bandhan

has given loans by SIDBI, HDFC, ICICI, UBI and other institutions. Bandhan transformation in to banks will also support borrowers for saving deposits.

H₀: μ = Increased amount of loan disbursed lead to poor mechanism of repayment of loan.

H₁: $\mu \neq$ Increased amount of loan disbursed does not lead to poor mechanism of repayment of loan

Table 5: Total amount of loan disbursed and outstanding

Bandhan Microfinance Institution				
Year	2010	2011	2012	
Total amount of loan disbursed (in million)	27180	49861	62548	
Total amount of loan outstanding(in million)	14910	25000	37270	

In India, half of the microfinance institutions are closed because of non-payments of loan in specially south-west region. As a reputed and big NBFI, Bandhan has to maintain its CRR(Cash reserve ratio) so that the further implications for taking banking license can become feasible. Trust can only work in west as it has its major presence in that area but beyond that the right mechanism has to be worked upon otherwise the increased amount will lead to non-payments and that may reduce the cash reserve ratio for Bandhan. To validate this, ANNOVA is applied.

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.391E8	1	2.391E8	20.389	.139 ^a
	Residual	11724804.130	1	11724804.130		
	Total	2.508E8	2			

a. Predictors: (Constant), Total amount of loan disbursed b. Dependent Variable: Total amount of loan outstanding

As the result is not significant, null hypothesis is accepted and we can say that increased amount of loan lead to poor mechanism of repayment of loan. Bandhan microfinance institution is a big non banking financial institution and it can only control factors in west as borrowers have been provided loan with the great support and mutual faith, beyond that increased amount can lead to non-payments of loan.

CONCLUSION

Microfinance institutions are supporting for uplifting economy but then also we can't ignore the fact that poverty is deeply rooted in India and Bangladesh. To uplift the economy and to support it, changes required in a very structure way. Number of branches has been reduced in Bangladesh as borrowers are carrying multiple loans which leads to non-payments of their loans and finally closing of branches. In India, west is very much effected with the microfinance institutions and beyond that the trust is not build between MFIs and the borrowers and that may lead to loan restriction.

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TOBACCO INDUSTRY IN MEXICO: GOVERNMENT AS A FORMAL REGULATORY INSTITUTION

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ABSTRACT

This article focuses on the strategies implement government institutions to control the consumption of tobacco in Mexico. The reader will learn the fundamental and priority issues driving these institutions to make decisions and regulate the tobacco industry. The increase in population actively smoking and how it affects social, economic and labor to society displays. Smokers generate a great expense to society, since this covers all costs associated with smoking diseases. Labor issues in man hours lost when the need for a cigarette left his job and socially affected when exposed to non-smokers to smoke tobacco. That's why the regulatory pillar creates laws and regulations controlling the consumption of tobacco.

Keywords: Consumer, smoking, taxation, taxes, tobacco industry, government institutions, regulatory, tabacco.

1. INTRODUCTION

The tobacco enterprises are an interesting industry for its analysis, due to its history and evolution, and the effects and incentives that the industry achieves on its end users, and to know how the Mexican socio cultural empowers them to remain profitable. Most studies on the tobacco industry are related to health issues and the constant struggle of the government to combat the high consumption of tobacco. In the case of Mexico cigarette, the product is the most consumed snuff being a cause susceptible of mortality prevention. There are produced annually in Mexico 43.7 billion of cigarettes, with data provided by an investigation conducted by the INEGI (2012).

Manufacturing in the Mexican tobacco industry includes three economic activities: The benefit of snuff, which includes activities such as drying, fermentation and aging of leaves; cigar manufacturing output; and pure cigars which are classified as distinct activities. Of these three activities, the cigar has the highest percentage and contributes to the Gross Domestic Product (GDP) of the industry with about 90 percent of value added. Second is the benefit of snuff with a share that has fluctuated between 4 and 11 percent between 1990 and 2000; it remains, marginally, the manufacture of pure cigars, which contributes only 0.7 percent to the value added of industry (Herrera, Hernandez and Espinoza, 2012).

2. BACKGROUND

Since prehispanic times the cultivation of tobacco has been paramount. The Mesoamerican people smoked or chewed leaf snuff alone or combined with lime or other spices and were used for rituals, social and cultural practices. In 1807 the Bourbon and its viceroys inaugurated the Real Snuff Factory in Mexico City, and from 1876 establishments of tobacco rose being mostly small craft workshops, of which only a few were consolidated in the last third of nineteenth century (Saloma, 2003).

In 1868 the Mexican tobacco industry was influenced by tobacco manufacturers and artisans who fled the war unleashed in Cuba and arrived in Veracruz. They shared their knowledge on tobacco cultivation; processing and transformation of leaf snuff (Saloma, 2003). In the nineteenth century the darksheet features strong taste and less nicotine was shown to be produced. But in the twentieth century snuff consumption habits had undergone major changes. Since the late 20 s increased consumption of light cigarettes caused the industry would be the need to shift production to experiment with cigarettes produced by clear snuff leaves nationwide, because these have a bland flavor and a higher concentration of nicotine, in contrast to the darksheet.

Nayarit highlighted being the first to adapt the blond tobacco in Mexican soil, and for being the first place in national production. Nayarit offered a source of raw material to large multinationals, also a potential market for consumption and geographically a strategic point for marketing and distribution throughout Latin America.

As foreign investment was immediate, in 1923 the British American Tobacco (BAT) plants opened in Mexico City, Monterrey and Irapuato. It was until 1997 when Phillips Morris International (PMI) will open a branch in Mexico, comprised by Grupo Carso controlling 49.9% and 50.1% subsidiary IKM with actions. In 2004 it was

ratified the Framework Convention Snuff Control (FCTC) following the General Law for the Control of Snuff and Regulations in 2008 and 2009, thus initiating a new process in Mexico to regulate the consumption of snuff.

3. DELIMITATION OF THE PROBLEM

The tobacco industry is one of the largest and most powerful industries in the world. The industry has created controversy regarding the harmful aspects that lead to the deterioration of health, and as its misleading advertising affects children and adolescents to become active consumers. These accusations have been rejected and not defended by the tobacco firms to clean up its image. The smoking problem is large nationally, because in Mexico snuff consumption causes more than 60,000 deaths annually. Also negatively impacts the family economy and involves lost work productivity, premature mortality, and high costs to the health sector (Guerrero, Munos, and Reynales Saenz, 2012).

4. JUSTIFICATION RATIONALE

Although Mexico has made progress in reducing the consumption of snuff, cigarettes and derivatives, these products are available to everyone, including children and adolescents. This is a social and public health problem as well as high costs for medical care and diseases associated with smoking. According to Lazcano, Reynales, Guerrero, Vallejo, Muñoz, Barrientos Thrasher Arillo, Saenz de Miera and Pérez (2013) of the National Survey of Addictions Snuff 2011, it mentions that the most vulnerable population group and risk are adolescents between 12 and 17, where 1.7 million adolescents are current smokers.

In addition, the data also sheds involuntary exposure to smoke snuff where 12.5 million Mexicans who have never smoked commented to be exposed to smoke snuff in workplaces and homes. That is why it is important to double efforts to increase and keep creating free public places and spaces smoke snuff and continue to invest in and emphasize awareness among smokers about the risks of taking and consuming snuff and the damage to which expose it who are close to them. Also Sesma, Campuzano, Carreon, Knaul, Lopez and Hernandez (2002) reported that the application of foresight pricing policies tend to reduce demand. This policy certainly worked, but it would also be advisable to reaffirm policy and reassess the taxation to snuff.

Another focal point is the social culture. At household is the problem of exposure to snuff smoke. Much remains to sensitize families and realize the health problems that cause the display to snuff smoke to family members, especially children and adolescents. Factors that potentiate the onset of consumption in adolescents are age, having family and close friends who smoke, the need to belong, and fashion. Among other factors that are presented, Waters, Sáenz de Miera, Ross y Reynales (2010) note that in a 2002 survey found that 73% of 557 shops surveyed sold cigarettes to children.

5. ASSUMPTION

This research focus on knowing whether the effects of public decisions and government efforts to halt or minimize the consumption of snuff are effective

6. CONCEPTUAL THEORETICAL BACKGROUND

Since the dynamics of the interaction between the organization and institutions are considered strategic decisions, for such interaction is important to know the formal institutions that affect the decisions of tobacco. Institutions are constraints that structure human-sharing incentives, created it political, social and economic, so that institutions define and limit the set of choices of individuals (North, 1990). Conduct an analysis from the point of view based on the institutions will know the laws, rules and regulations imposed by the government which is the regulatory pillar of formal institutions.

Since Mexico is a country with an important, potential and growing market for the tobacco industry, it has been interfered since Mexico ratified the Framework Convention on Tobacco Control (FCTC), and has deployed multiple strategies to influence public policy of snuff control. In this way it has managed to alter and delay the enactment of the regulatory framework adopted policies of the FCTC (Madrado and Guerrero, 2012).

Because Latin America has a weak structure in their institutions, Madrazo and Guerrero (2012) mentions that this weakness allows the strategies implemented by the snuff industry to be more effective and profitable. It is important to understand from a theoretical point the interactions between government impositions and the tobacco industry, and the culture of the company to comply with the regulations imposed.

7. CONTEXTUAL FRAMEWORK

The two largest companies in the tobacco industry work under vertical integration since 1989. Philip Morris International(PMI) and British American Tobacco (BAT) who introduced to their manufacturing and marketing processes, cultivation and deveined of snuff leaf with the acquisitions of plants TADESA and PROTAMEX respectively(COFUPRO, 2002).

The cultivation of tobacco is dominated by four multinational companies being the only buyers, giving them the power over farmers to negotiate and fix the price of leaf snuff by type and quality (Watersetal., 2010).However, for farmers it is more profitable than any other crop. Only0.05% of the total cultivated area of Mexico was used for the production of sheets of snuff in 2007.

Production value of snuff leaves in the country accounts for only 0.1% of the value of total agricultural production (Waters,etal., 2010). The value of production of snuff sheets represents only0.07% of the value of total output of the primary sector. Currently, most snuff leaf production is concentrated in the states ofNayaritandVeracruzrepresenting92.8% of the national production. However most of the leaves that are used to manufacture the national snuff products are imported (Waters,et al2010.). The following production data are presented in tons of snuff:

Table 1: National production of tobacco sheet

KEY MEXICAN STATESFOR PRODUCTION OF TOBACCO (TONS)					
ESTADOS	2004	2005	2006	2007	2008
Nayarit	18,387.50	12,779.30	16,402.71	10,099.73	8,971.50
Veracruz	1,492	1,859	1,822	1,898.50	1,940.18
Chiapas	1,760.50	1,354	569.5	704	457
Guerrero	67.4	37.3	56.84	54.2	55
Jalisco	36.94	65	510.6	224	0
TOTAL	21,744.34	16,094.60	19,361.65	12,980.43	11,423.68

Source: Agricultural Marketing Veracruzana Commission with data www.siacon.sagarpa.gob.mx

The Global Adult Tobacco Survey (GATS for its acronym in English) of Mexico, throw that the snuff consumption in 2009 was 15.9% of the population (10.9 million) who are active smokers: 24.8% (8.1 million) of men and 7.8% (2.8 million women). 7.6% are daily smokers (11.8% men and 3.7% women). Daily smokers, on average, consume nine cigarettes per day (men 10 cig. / Day and Women 8 cig. / Day).

The National Survey of Addictions (ENA) of 2011 reported consumption of snuff active 21.7% corresponding to 17.3 million Mexican smokers, of whom 31.4% are male and 12.6% are female (12 million men and 5.2 million women). The ENA estimated average daily smokers consumed 6.5 cigarettes per day (men 6.8 cig / day and women 5.6 cig. / Day), and a monthly spending on teens \$ 311.5 and adults \$ 400.5 in cigarette consumption.

Table 2: Active smoking

Percentage of active smoking population from 12 to 65 years old						
Consumption of tobacco	2009			2011		
	Male	Female	Total	Male	Female	Total
Active smoker	24.80%	7.80%	15.90%	31.40%	12.60%	21.70%
Daily smoker	11.80%	3.70%	7.60%	13.20%	4.80%	8.90%
Occasional smoker	13%	4.10%	8.40%	18.10%	7.80%	12.80%

Source: Based on datafrom2009 andENAGATS2011.

As it can be observed in the table above, consumption rose in two years from 15.9% to 21.70% of the population. So it is reiterated that government institutions should be strict in implementing regulations of public places smoke-free, taxes to tobacco and health warnings. The policies provided by the FCTC have not been fully implemented, although several years have passed since its signing and ratification 2003-2004 until today. This is because assessments concluded recently by the World Health Organization (WHO) which reflects that

can still take actions to fully comply with the regulatory framework of the FCTC to protect the health of Mexicans (COFEMER, 2012).

On the other hand the strategy of the two major global cigarette companies is to increase production of cigarettes in Mexico and higher exports. PMI and BAT together account for approximately 95% of the Mexican market, most of the production is consumed domestically. Imports account for only about 2% of the national production (Waters et al., 2010). The tobacco industry represents approximately 0.47% of manufacturing GDP. Growth decelerated to a large margin in 2011, the tobacco industry decreased by 18.54% over the previous year. In the table above it can be reflected the decline in production and sales. The following table shows the growth of the production of the tobacco industry shows:

Table 3: Tobacco industry in Mexico

Indicador	Unidades	2007	2008	2009	2010	2011	2012	Ene-Sep 2012 ^{1/a}	Ene-Sep 2013 ^{1/a}	Crecimiento
Producción ^{1/}	Millones de pesos	10,467	11,425	11,019	10,446	8,509	8,460	8,579	10,560	23.08%
Crecimiento % Anual	Por ciento	-7.20%	9.15%	-3.55%	-5.20%	-18.54%	-0.58%			
% PIB Total	Por ciento	0.09%	0.09%	0.09%	0.09%	0.07%	0.06%	0.06%	0.08%	
% PIB Manufacturero	Por ciento	0.51%	0.56%	0.59%	0.52%	0.40%	0.39%	0.39%	0.47%	
Balanza Comercial	Millones de dólares	118	147	106	110	129	183	147	162	10.37%
Exportaciones ^{2/}	Millones de dólares	332	327	271	291	300	317	242	246	1.70%
Importaciones ^{2/}	Millones de dólares	213	180	165	181	171	135	95	83	-11.77%
% Exportaciones Total	Por ciento	0.12%	0.11%	0.12%	0.10%	0.09%	0.09%	0.09%	0.09%	
% Exportaciones Manufacturero	Por ciento	0.15%	0.14%	0.14%	0.12%	0.11%	0.11%	0.11%	0.11%	
Empleo ^{3/}	Empleados	3,521	3,234	2,980	2,717	2,557	2,378	2,454	2,294	-6.52%
% Empleo Manufactura	Por ciento	0.11%	0.10%	0.10%	0.09%	0.08%	0.07%	0.08%	0.07%	
No Empresas ^{3/}	Unidades	11	11	10	9	9	8			
Ventas nacionales ^{3/}	Millones de pesos	8,878	9,047	9,950	9,966	6,837	8,370	6,920	6,268	-9.42%
IED ^{4/}	Millones de dólares	-65,432	36,567	33,497	0,079	0,000	0,109	0,095	712,108	746,536%

^{1/} PIB a precios de 2008. Sistema de Cuentas Nacionales, INEGI.

^{2/} Grupo de Trabajo de Estadísticas de Comercio Exterior, Banco de México, INEGI, SAT y la Secretaría de Economía.

^{3/} Encuesta Mensual y Anual de la Industria Manufacturera, INEGI.

^{4/} Secretaría de Economía.

^{a/} PIB e IED al tercer trimestre de 2012 y 2013.

Source: Subsecretaría de Industria y Comercio. Secretaría de Economía. (Department of Trade and Industry.SE.)

7. TOBACCO CONTROL

Over time Mexico has implemented laws to control snuff, as the smoking population is alarming, and even more alarming is that every year younger start smoking at an early age. The regulatory pillar implemented the following to control snuff. Since 1973, health warnings on cigarette packets was introduced, and by 1993 was mandatory in outdoor advertising health warnings (Waters et al., 2010) being awarded. With the ratification of the FCTC in 2004 advertising on radio and television was banned. This treaty is sponsored by World Health Organization (WHO), and the goal is to protect present and future generations from the devastating health, social, environmental and economic consequences derived from consumption of tobacco and underage exposure to smoke snuff. Art. 3 from CMCT. (CMT, 2003).

The article 4th mentions the basic principles: access to information as to the health consequences, addictive nature and mortal threat posed by snuff consumption and exposure to tobacco smoke; commitment to establish or support comprehensive multi-sectorial measures, the need to take measures to prevent their initiation, to promote and support cessation; must be taken at national, regional and international levels comprehensive measures and integral, multi-sectorial responses to reduce consumption of all snuff products, in order to prevent diseases, premature disabilities and mortality; besides civil participation is essential to achieve the objective of the Convention and its protocols.

The General Health Law contained most of the legislation for the control of tobacco. Article 189 mentioned about putting into practice actions, such as the investigation of the causes of smoking and actions to control and promote education in families to prevent the use of snuff by children and adolescents. But generally promotes counseling for smokers to quit snuff consumption, especially children and adolescents.

The General Control Act of Snuff was established in 2008. In the absence of established provision, the General Health Act additionally applied. This Act referred to in Article 5 that aims to establish bases for protection against smoke snuff, protect the rights of non-smokers to live in spaces 100% smoke-free snuff, institute

measures to reduce consumption of snuff especially in minors, to establish general guidelines for the design and evaluation of legislation and evidence-based public policy against smoking.

Articles 14 to 17 contain regulations on the distribution, trading and sale of tobacco. The sale of cigarettes is prohibited, the sale of snuff products are prohibited to minors. Items 18 to 22 contain regulations about packaging and labeling. The graphic warnings must be visible and may vary over time. Articles from 26 to 29 contain regulations for the protection of non-smokers, and Articles 30 to 34 contains regulations to combat illegal production and sale of snuff products (Waters et al., 2010).

The level of the Special Tax on Production and Services (IEPS) for filter cigarettes has changed a number of times over the years. Between 1995 and 2000, the level of taxes declined to 85%. Since 2000, the percentage has increased uniformly up to the current level of 160%. In late 2006 the progressive annual increases are approved. On the other hand the tax rate for unfiltered cigarettes increased from 20.9% to 60% in 2002 from 2005 the same rate applies to all types of cigarettes.

The import taxes for the year 2010 was approximately 67%, the price includes the cost of importing package, packaging, transport and insurance.

8. MARKETPLACE FAILURES

Consumers underestimate the risks of tobacco due to poor information. Tobacco companies have no incentive to provide information about the benefits of quitting and their investigations are biased. Another problem is the lack of outreach on the addictive potential. Smokers acquire a psychological addiction to smoking and physical addiction to nicotine (COFEMER, 2012).

For that government intervention is justified, the theory of economic rationality assumes that market failures are large enough to justify the costs of the intervention, taking into account that the measure is effective in solving the market failure. The government can use as a mechanism to reduce information failures further highlighting the damage caused by the use and its effects, making massive information campaigns, warning labels on the product and research funded by public resources to improve understanding of the risks.

Taxes are the most effective measure to prevent children and teens from smoking snuff, to protect non-smokers and get adequate resources to continue informing smokers about health damage (COFEMER, 2012).

9. METHODS

The analysis method is used, because the approach to the problem of this article is defined as qualitative type of analysis does not allow us to obtain accurate statistical data to develop a quantitative analysis, so we will focus only on the theoretical information.

10. RESULTS

The laws and regulations that the government has imposed have caused a slowdown in the growth of consumption of snuff, and it is reflected in 2011 when a tax increase achieved a significant drop in both production and sales, and consumption. However, in later years, it is observed again the tendency rising slowly but the end is up. It should be noted that although Mexico has excellent tax regulations to control and reduce consumption, much remains to be efficient and comply fully with the laws established.

Foul to invest in creating awareness in society, to show the importance of a free Mexico from the snuff smoke where non-smokers have a right to clean air and young people are not influenced by misleading advertising, and no they do not have full information about the harm caused by snuff, and are not really aware of what they are consuming and their effects. When a regulation is implemented should be aware of the psychological aspects of the individual and addiction to nicotine included in the snuff, and note that the tobacco industry will seek to stay as a necessary item.

According to several studies which agree that taxing and affect its price, is the most effective strategy to reduce consumption of tobacco. But government institutions must be strong and hold strategy, while still having weak bases, the industry snuff will remain profitable

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BEHAVIOUR OF RC SLAB USING QUARRY DUST AS PARTIAL REPLACEMENT OF FINE AGGREGATE IN CONCRETE

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ABSTRACT

Quarry Dust is the byproduct produced during the production of coarse aggregates. About 20 to 25 per cent of the total production in each crusher unit is left out as the waste material called quarry dust. Quarry Dust can be defined as residue, tailing or other non-volatile waste material after the extraction and processing of rocks to form fine particles less than 4.75mm. This quarry dust can be effectively used in the construction industry as a partial replacement of sand in concrete. River sand is expensive due to excessive cost of transportation from natural sources and also large scale depletion of these sources creates environmental problems. In this work the behavior of RC Slab using different percentages of quarry dust as a partial replacement for fine aggregates were studied. Different ratios like 100:0, 90:10, 80:20, 70:30, 60:40 & 0:100 (quarry dust :sand) for M20, M25 & M30 grade of concrete were cast and the strength parameters were studied.

Key words: Quarry dust, strength parameters, optimum mix, RC slab and concrete.

1. INTRODUCTION

For thousands of years, sand and gravel have been used in the construction of roads and buildings. Today, demand for sand and gravel continues to increase. Sand is extracted directly from the active river channels or from its floodplains and / or overbank areas. It is a non-renewable resource in human life scale. It can be easily extracted from rivers as it requires almost no processing other than size grading. But it is now well understood that continued and indiscriminate sand mining can cause serious environmental impacts, particularly if the river being mined is erosional. The in-channel or near-channel mining of sand inevitably alters the sediment budget and may considerably change the channel hydraulics in addition to negatively affecting productivity in the nearby agricultural lands, river bank stability, engineering structures and river ecology.

Depletion of sand in the streambed and along coastal areas causes the deepening of rivers and estuaries, and the enlargement of river mouths and coastal inlets. It may also lead to saline-water intrusion from the nearby sea. The effect of mining is compounded by the effect of sea level rise. Any volume of sand exported from streambeds and coastal areas is a loss to the system. Sand mining also affects the adjoining groundwater system and the uses that local people make of the river. These physical impacts cause degradation of riparian and aquatic biota and may lead to the undermining of bridges and other structures. Continued extraction may also cause the entire streambed to degrade to the depth of excavation. Sand mining generates extra vehicle traffic, which negatively impacts the environment. Where access roads cross riparian areas, the local environment may be impacted.

By considering all the above mentioned factors, it is inevitable to find an alternative material for the natural river sand and Quarry Dust is one of the suitable alternative materials.

Quarry Dust is the byproduct produced during the production of coarse aggregates. About 20 to 25 per cent of the total production in each crusher unit is left out as the waste material-quarry dust. Quarry Dust can be defined as residue, tailing or other non-volatile waste material after the extraction and processing of rocks to form fine particles less than 4.75mm. This quarry dust can be effectively used in the construction industry as a partial replacement for natural river sand.

1.1 LITERATURE REVIEW

Celik et al. (1996) reported that increasing the dust content up to 10% improve the compressive strength and flexure strength of concrete. Sahu et al. (2003) concluded that there was significant increase in compressive strength, modulus of rupture and split tensile strength of concrete when sand was partially replaced by stone dust up to 40 percent. Sudhir S. Kapgate and S.R. Satone (2013) carried out a study on effect of quarry dust as partial replacement of sand in concrete. They noticed that the increase in dust content up to 30% increases the compressive strength of concrete, if the dust content was more than 30% the compressive strength decreased

gradually. Ilangoan and Nagamani (2006) reported that Natural Sand with Quarry Dust as full replacement in concrete was possible with proper treatment of Quarry Dust before utilization.

1.2 OBJECTIVE

In this study, Quarry dust was used as a partial replacement for natural sand in concrete. Quarry dust was collected from two quarries and studied their characteristics in washed and unwashed conditions. The objective of this study is to find the behavior RC slab by using quarry dust as partial replacement of sand.

2. EXPERIMENTAL PROGRAM

The cement concrete was prepared by using the following basic materials:

Ordinary Portland Cement

Natural River Sand

Quarry Sand

Coarse Aggregates

Water

Super plasticizer

Ordinary Portland Cement of grade 53 with 30 percent normal consistency conforming to BIS: 12269-1987 was used.

The river sand obtained from Kaveri river basin at Karur was used. The specific gravity of the natural sand was found as 2.63 by using Pycnometer and also the grading was done in the Mechanical Sieve Shaker as per IS 383-1970. The Fineness Modulus was found as 2.48.

Quarry Dust collected from Chennimalai Quarry and the quarry dust was washed and used. The physical properties of the washed Quarry Dust were studied according to IS 2386-1963 and presented in Table 1.

Table 1- Quarry I

S. No.	Description	Washed Sample
1	Fineness modulus	2.71
2	Specific gravity	2.62

The grading test was also carried out for all the washed and unwashed samples using Mechanical Sieve Shaker and as per IS 383-1970. The grading of Quarry Dust is presented in Table 2 along with the IS Guide line values.

Table 2 Grading of Quarry Sand

IS sieve	Percentage of passing	Requirement as per zone II (IS 383-1970)
10mm	100	100
4.75mm	99	90-100
2.36mm	88.56	75-100
1.18mm	68.81	55-90
600 microns	53.82	35-59
300 microns	18.07	8-30
150 microns	6.40	0-10

Locally available coarse aggregates were used in this study and their physical properties were found as the Fineness modulus was 3.48 and the Specific gravity was 2.72.

Water conforming to the requirements of BIS: 456-2000 is found to be suitable for making concrete. It is generally stated that water fit for drinking is fit for making concrete. For the present investigation, locally available potable water is used.

In this study a super plasticizer called CONPLAST SP 430 was used. As per IS456:2000, the dosage of super plasticizer should not exceed 2% by weight of cement. During the present investigations, dosage of 0.80% by weight of cement was used.

By considering the minimum strength of concrete used in the construction industry M20 mix was chosen for this study. In order to utilize the maximum quantity of quarry sand against river sand the following five

combinations were also taken up for this investigation. The combinations are in the ratio of, Quarry Dust : Natural sand and presented in Table 3.

Table 3 Combinations of Quarry Dust and Natural sand

Combination	Quarry Dust	Natural Sand	Ratio of Quarry Dust SDust : Natural Sand
100 % Quarry dust	100	0	100:0
80% of sand was replaced by quarry dust	80	20	80:20
70% of sand was replaced by quarry dust	70	30	70:30
60% of sand was replaced by quarry dust	60	40	60:40
100 % Natural sand	0	100	0:100

Reinforced Concrete Slabs of size 1000 x 1000 x 75 mm were cast and the reinforcements were 8mm diameter HYSD bars @ 120 mm c/c both ways. The cement, fine aggregates (Quarry dust) and coarse aggregates were mixed manually in a container in the laboratory in the dry form and then water was added to prepare the concrete. The concrete mix was laid in the mould along with the reinforcement. The slab was compacted with needle vibrator. The reinforcement and form work is shown in Figures 1.

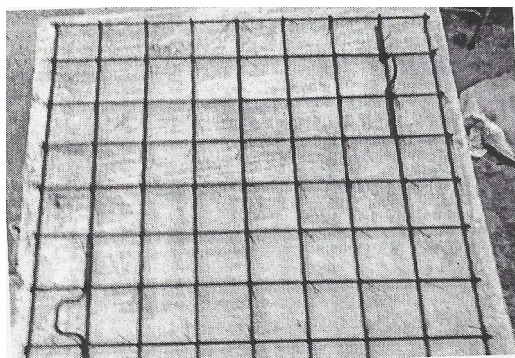


Fig 1- Reinforcement and form work

Three types of slabs were cast using three different mixes namely M20, M25 & M30. The slab specimens were kept under water curing for 28 days. After 28 days the slabs were tested for flexural loading as two point load system. The mid span deflections were measured using the dial gauge. The test set up is shown in Figure 2.

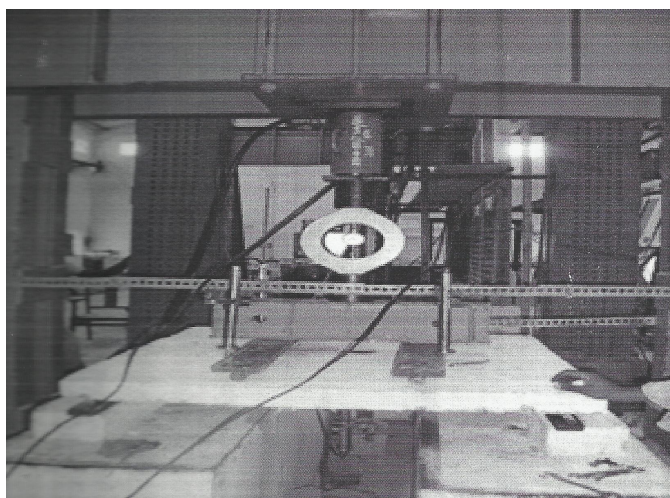


Fig 2- Test Set up

3. RESULTS AND DISCUSSION

Flexural loading was applied as two point load system. Loads were increased gradually and tested up to failure. The ultimate load and corresponding midpoint deflection for M20, M25 and M30 concrete are presented in Table 4, 5 and 6 respectively.

Table 4 Ultimate Load & Midpoint Deflection for M20

Quarry Dust : Natural Sand	Ultimate load (kN)	Maximum midpoint deflection (mm)	28 days Compressive strength (N/mm ²)
100 : 0	68.88	16.56	28.50
80 : 20	78.72	12.90	31.60
70 : 30	83.64	16.40	33.20
60 : 40	88.56	19.70	35.20
0 : 100	72.16	20.70	33.40

Table 5 Ultimate Load & Midpoint Deflection for M25

Quarry Dust : Natural Sand	Ultimate load (kN)	Maximum midpoint deflection (mm)	28 days Compressive strength (N/mm ²)
100 : 0	63.96	13.3	33.00
80 : 20	73.8	9.5	36.10
70 : 30	83.64	11.7	37.50
60 : 40	103.32	12.8	41.00
0 : 100	68.8	9.3	38.80

Table 6 Ultimate Load & Midpoint Deflection for M30

Quarry Dust : Natural Sand	Ultimate load (kN)	Maximum midpoint deflection (mm)	28 days Compressive strength (N/mm ²)
100 : 0	78.72	12.3	40.80
80 : 20	88.56	15.2	41.20
70 : 30	98.4	14.5	43.40
60 : 40	113.16	18.4	46.20
0 : 100	83.64	13.5	43.40

3.1 ULTIMATE LOAD CARRYING CAPACITY

The ultimate load carrying capacity of the slab for the different mixes is presented in Figure 3. The test results indicated that 60:40 (60% Quarry Dust with 40% natural sand) combination is the optimum mix for all the three types of mixes.

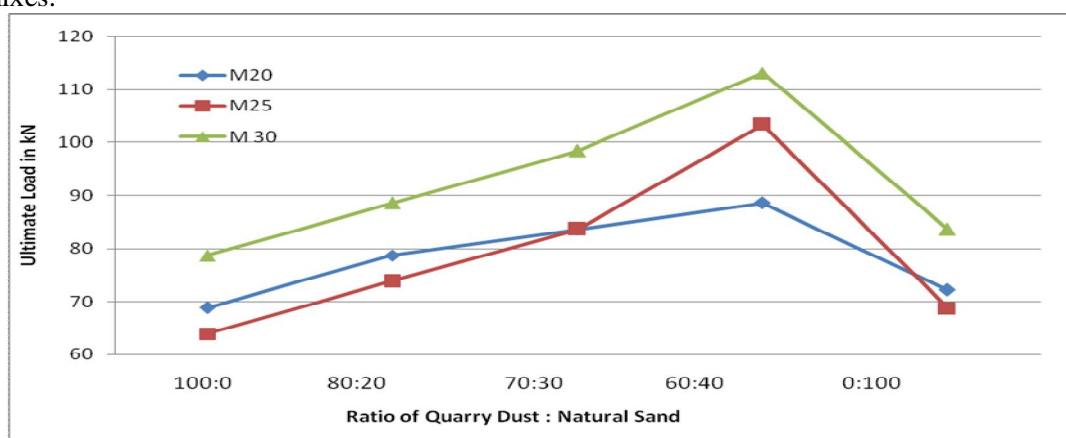


Fig 3- Ultimate load for different mixes

For M 20 concrete the ultimate load carrying capacity of the slab with fully natural sand was 72.16 kN, while the ultimate load carrying capacity for the same mix ratio with 60% replacement of natural sand by quarry dust was 88.56 kN, which is 22.12% higher than the 100 % natural sand. Hence washed quarry dust shall be used in reinforced concrete slabs.

3.2 COMPRESSIVE STRENGTH

The 28 days compressive strength also showed that the 60:40 combination yielded higher strength compared to other combination. For M20 concrete the 28 days compressive strength for 100% natural sand was 33.40 N/mm² while for the same day strength for 60:40 combination was 35.20 N/mm², which is 5.38 % higher than the concrete made with 100 % natural sand. The 28 days compressive strength for different mixes with different combinations of replacement of sand by quarry dust is shown in Figure 4.

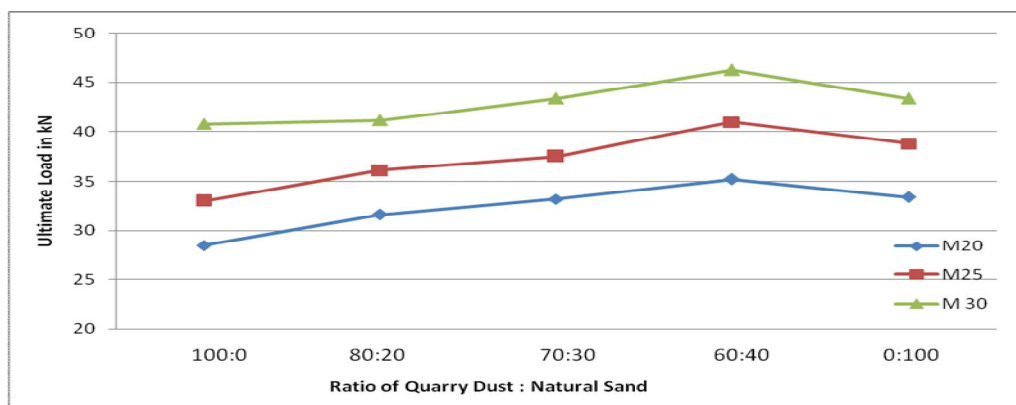


Fig 4 - 28 Days Compressive Strength for different mixes

4. CONCLUSIONS

Based on this study the following conclusions were arrived.

- Quarry Dust shall be used as a partial replacement for sand in concrete works.
- Washed samples of Quarry Dust satisfied the criteria for fine aggregates as per the BIS specifications.
- The optimum replacement for natural sand by quarry sand is 60%.
- Washed quarry dust can be used for reinforced concrete works.
- Washed quarry dust shall be used as a partial replacement for natural sand in reinforced concrete slabs. The recommended proportion of replacement is 60%.

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A STUDY ON WORK-LIFE BALANCE OF TEACHING PROFESSIONALS IN MADURAI.

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ABSTRACT

Escalating stress and pressures, along with organizational change in universities has led to the increased importance of research in to the impact of perceived job stress, work-life balance and work-life conflict amongst academics. Yet, very few studies have examined academics' ability to balance work and personal life, and overcome work-life conflict. The study hypothesized that high levels of perceived job pressure stress and job threat stress would predict increased levels of work-life conflict, and decreased levels of work-life balance. One can excel in a job only if passion is perceived. So many benefits can be got through this profession. But in spite of that, Academicians are unable to strike a balance between work and family because they have to perform multiple role. Private Engineering College is selected because they have a wide range of work burden to be performed. There are so many reasons for imbalance among the Academicians. Therefore an attempt has been made to study the work life balance of academicians.

Keywords: Academics, Job Stress; Work-Life Balance; Work-Life Conflict.

INTRODUCTION

The present world might be characterized by revolutionary innovations and accelerated growth and development in every possible field but the other side of the coin relates to the extended working-hours. Compounded to that are gadgets like the web enabled mobile technology which makes one accessible to the work environment 24 x 7. As a result, the one area of life which most individual neglect is maintaining a balance between work and family.

Work-Life Balance refers to the effective management and synchronization between remunerative work and the other roles and responsibilities that are important to people as “individualized” human beings and as a part of the society.

A successful work-life balance helps the attainment of personal goals. It helps in striking a balance between workplace, family and friends, community, hobbies, sleep and sport/exercise. If an institution integrates work-life balance, it will be a good tool to retain the academicians and increase their quality of life.

The changing economic condition and social demands have changed the nature of work throughout the world originally. Work was a matter of necessity and survival. Throughout the years the role of “work” has evolved and the composition of the workforce has changed.

In the English language ‘balance’ is a complex word with a variety of meanings. As a noun, a balance is a set of scales, a weighing apparatus; it is also the regulating gear in clocks. The type of work-life balance sought by many may not imply equal weight on both sides. However balance also has a physical and psychological meaning as “stability of body or mind”. In the English language, balance is also a verb; as the Oxford English Dictionary puts it “to off-set or compare; to equal or neutralize, to bring or come into equilibrium”.

Increasing accountability of academics, mounting pressure to publish research, rising workloads, frequent restructuring, use of short-term contracts and additional external scrutiny are also believed to contribute to rising job stress (Dickson-Swift, et al., 2009; Houston, et al., 2006; Jacobs & Winslow, 2004; Tytherleigh, et al., 2005; Winefield, et al., 2003). Academic staff are now expected to fulfil multiple role demands within the work setting, for example, teaching, research, consultation and supervising research students (Brown, 2007; O’Laughlin & Bischoff, 2005).

RESEARCH OBJECTIVES

1. The main purpose of this survey is to gain information on academicians experience of work life balance policies and practices in educational institutions.

2. To determine relationship of demographic variables like age, gender, category, marital status with Work life Balance variables
3. To understand the perception of academicians toward WLB, and its importance in personal and professional performance.
4. To understand the role of experience, Managerial support, colleagues in balancing family & work commitments.

REVIEW OF LITERATURE

1. 'Work-life balance' is a contested term because the term 'balance' suggest that work is not integral to life and it implies a simple tradeoff between the two spheres as it encourages quick-fix solutions that do not address fundamental inequalities, and that therefore shift responsibility for balancing work and home life onto individuals (as cited in Gregory & Milner, 2009, p. 2).¹
2. Gender has no significant effect on WLC while others have categorically argued that gender does play an important role, with female employees experiencing greater WLC than male employees (Lyness & Kropf 2005; Biggs & Brough, 2005).²

HYPOTHESES

Null hypotheses were framed and tested for significance to prove the objectives in a systematic manner. The null hypotheses were as follows:

Ho1 (Null): There is no significant relation between experience and Work Life Balance.

Ho2 (Null): There is no significant relation between institutional commitment and Work Life Balance.

Ho3 (Null): There is no significant relation between Support from co-workers(work environment) and Work Life Balance.

RESEARCH DESIGN

This research has been categorized to be Descriptive because the major purpose of this research is the description of the relation between the two factors and Work Life Balance as it exists.

SAMPLE DESIGN

Universe Type: Finite, Sampling Method: Convenience, Sampling Unit: Raja college of Engineering and Technology, Madurai. Secondary data was collected from Internet, books, newspapers, journals, business magazines etc. For primary data collection, a five-point scale questionnaire containing 13 statements was used. The scale was Likert's five-point scale where the respondents had to fill one choice ranging from "Highly Satisfied" to "Highly Dissatisfied". The questionnaires were filled by 180 respondents. After collecting the data, it was tabulated using Weighted Average and correlation analysis.

SAMPLE

The questionnaire was distributed to 180 academicians working in a Self Financing College affiliated to Anna University, Chennai, out of which 50 came back and finally 160 were taken for the analysis.

FINDINGS AND ANALYSIS

A survey was conducted with a sample of 160 samples of Academicians working in Self Financing Academic institution in Madurai. The responses were tabulated and used to test the five Hypotheses of the Research.

TABLE-1: ASSOCIATION BETWEEN EXPERIENCE AND WORK-LIFE BALANCE

YOE ATT	Very High	High	Moderate	Low	Very Low	Total
0-5Yrs	4(4)	14	12	5	11	46
5-10Yrs	4(4)	16	12	5	9	46
10-15Yrs	5(5)	18	16	10	6	55
15-20Yrs	2(1)	1	4	3	3	13
Total	15	49	44	23	29	160

Since the work-life balance of the respondents may be associated with their experience, the present study has made an attempt to examine it with the help of chi-square analysis. The framed null hypothesis is given below.

H_N : There is no significant association between the experience and the level of work-life balance among the respondents.

Figures in cells are observed frequencies: Figures in parentheses are expected frequencies. YOE refers to Experience. ATT refers to attitude of the respondents.

$$\text{Chi-Square Value} = \sum (O-E)^2/E$$

$$= 9.33$$

Table value of Chi-Square is (R-1)(C-1) @5% Level of Significance.

(4-1)(5-1)@5%LOS is 21.03

Calculated Chi-Square Value (9.33) is less than the table value (21.03)

Inference

Hence, the null hypothesis is accepted. It shows that there is no significant association between experience and their work-life balance of the respondents. It refers that the level of work-life balance among different experienced group of respondents is not significantly differing.

TABLE-2 : INSTITUTIONAL COMMITMENT

PARTICULARS	NO.OF RESPONDENTS	%	WEIGHT	WEIGHTED AVERAGE
HIGHLY SATISFIED	40	80	5	200
SATISFIED	15	30	4	60
MODERATE	5	10	3	15
DIS SATISFIED	60	120	2	120
HIGHLY DIS SATISFIED	40	80	1	40
TOTAL	160			435

$$\text{Weighted Average} = \frac{\sum (WX)}{\sum (X)}$$

$$= 435/160$$

$$= 2.7$$

Inference

The Weighted Average value is 2.7 from which it can be inferred that respondents are moderate towards the institutional commitment.

TABLE-3 : CORRELATION BETWEEN SUPPORT FROM CO-WORKERS AND WORK-LIFE BALANCE

Correlation	Correlation Coefficient	t-statistics	P value
Support from co-workers and Work-Family Conflict	-0.8967	2.8481	0.0173
Support from co-workers and Family –Work Conflict	-0.8805	2.5441	0.0282
Support from co-workers and work life balance	-0.8911	2.8018	0.0192
Support from co-workers and emotional exhaustion	-0.8770	2.4901	0.0344
N=160			

Inference

The Correlation Coefficient between Support from co-workers and Work-Family Conflict, Family –Work Conflict, work life balance and emotional exhaustion are significant at 5 %level. It shows that there is significant relationship between the above set variables. The higher positive relationship exists between supports from co-workers in the work life balance. Whereas, there is negative relationship between support

from co-workers and Work-Family Conflict, Family –Work Conflict, work life balance and emotional exhaustion.

CONCLUSION

Even though there may be various variables that affect work life balance, the researcher has taken the above three variables for studying the work life balance of academicians. Due to globalization, the working hours has increased which has an impact on individuals, children, families and organization. The lack of professionalism, poor work ethics and endemic inefficiencies, lack of leisure activities has led to work-life imbalance. To improve this, individuals have to manage time efficiently, schedule their activities and follow it in a disciplined manner. In the current scenario, work-life balance is considered to be a vital area which the institution needs to focus on.

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A STUDY ON THE RURAL AGRICULTURAL WOMEN AND THEIR DEVELOPMENT: AN ORIENTATION OF ENTREPRENEURSHIP

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AGRICULTURE SECTOR IN INDIA

Rural Indian women are extensively involved in agricultural activities. However the nature and extent of their involvement differs with the variations in agro production systems. The mode of female participation in agricultural production varies with the landowning status of farm households. Their roles range from managers to landless labourers. In over all farm production, women's average contribution is estimated at 55% to 66% of the total labour with percentages, much higher in certain regions. In the Indian Himalayas a pair of bullocks works 1064 hours, a man 1212 hours and a woman 3485 hours in a year on a once hectare farm, a figure that illustrates women's significant contribution to agricultural production. (Shiva FAO, 1991)

The impact of W.T.O rules and policies of trade liberalization in the agriculture sector on women is distinctive for four reasons. Firstly, women have been the primary seed keepers, processors. They have been the both experts and producers of food, from seed to the kitchen. W.T.O impacts women's expertise and productive functions throughout the food chain. The Trade Related Intellectual Property Rights (TRIPS) agreement impacts women's knowledge of and control over seed. The Agreement on Agriculture impacts women's livelihood and income security, and also has secondary impacts in terms of increased violence against women. The sanitary and phyto sanitary agreement has a direct impact on women's expertise and economic role in agro processing.

Secondly, as globalization shifts agriculture to capital intensive, chemical intensive systems, women bear disproportionate costs of both displacement and health hazards.

Thirdly, Women carry the heavier work burden in food production, and because of gender discrimination get lower returns for their work. When WTO destroys rural livelihoods, it is women who loose the most. When WTO rules allow dumping which leads to decline in prices of farm products, it is women's - already low incomes, which go down further.

Fourthly, their position vis-à-vis WTO is also more vulnerable because as the livelihoods and incomes of farmers in general, and women agriculturists in particular are eroded, they are displaced from productive roles, women in agriculture and their status is further devalued, while the patriarchal power of those who control assets and benefit from asset transfer due to globalization is increased, other social processes are triggered which result in increased violence against women.

WOMEN IN AGRICULTURE

According to Swaminathan, the famous agricultural scientist, some historians believe that it was woman who first domesticated crop plants and thereby initiated the art and science of farming. While men went out hunting in search of food, women started gathering seeds from the native flora and began cultivating those of interest from the point of view of food, feed, fodder, fiber and fuel. Women have played and continue to play a key role in the conservation of basic life support systems such as land, water, flora and fauna. They have protected the health of the soil through organic recycling and promoted crop security through the maintenance of varietal diversity and genetic resistance. Therefore, without the total intellectual and physical participation of women, it will not be possible to popularize alternative systems of land management to shifting cultivation, arrest and soil erosion, and promote the care of the soil and the health of economic plants and farm animals. (Prasad & Singh 1992) That women play a significant and crucial role in agricultural development and allied fields including in the main crop production, livestock production, horticulture, post harvest operations, agro/social forestry, fisheries, etc. is a fact long taken for granted but also long ignored. The nature and extent of women's involvement in agriculture, no doubt, varies greatly from region to region. Even within a region, their involvement varies widely among different ecological sub-zones, farming Systems, castes, classes and stages in the family cycle. But regardless of these variations, there is hardly any activity in agricultural production, except ploughing in which women are not actively involved. In some of the farm activities like processing and storage, women predominate so strongly that men workers are numerically insignificant. Studies on women in agriculture conducted in India and other developing and under developed countries all point to the conclusion that women contribute far more to agricultural production than has generally been acknowledged. Recognition

of their crucial role in agriculture should not obscure the fact that farm women continue to be concerned with their primary functions as wives, mothers and homemakers.

MULTI-DIMENSIONAL ROLE OF WOMEN

- i. Agriculture : Sowing, transplanting, weeding, irrigation, fertilizer application, plant protection, harvesting, winnowing, storing etc.
- ii. Domestic: Cooking, child rearing, water collection, fuel wood gathering, household maintenance etc.
- iii. Allied Activities: Cattle management, fodder collection, milking etc.

Mainly rural women are engaged in agricultural activities in three different ways depending on the socio-economic status of their family and regional factors. They are work as:

- i. Paid Labourers
- ii. Cultivator doing labour on their own land and
- iii. Managers of certain aspects of agricultural production by way of labour supervision and
- iv. the participation in post harvest operations.

The table - 1.2 (1) depicts the number of women workers engaged in agriculture:

Table - 1.2 (1) : Women Workers in Agriculture (Million)

Women Workers in Agriculture (Million)			
Agriculture	1981 Census	1991 Census	2012 Census
Cultivators	14.8	21.5	40.8
Agriculture Labourers	20.8	28.2	39.8

The participation of rural women in agriculture is increasing in spite of scientific and technological developments. The share of farmwomen in agricultural operations has been shown in the following Table 2.2.

Table – 2.2 : Share of Farm Women in Agricultural Operations

Activity	Involvement (Percentage)
Land preparation	32
Seed cleaning and sowing	80
Inter cultivation activities	86
Harvesting-reaping, winnowing, drying, cleaning and storage	84

The Table 2.2 showed that the average involvement by farmwomen in agricultural activities. In the peak season an active farmwoman spends five to nine hours per day on the farm. Agriculture and allied activities almost take the equal time and energy at par with household activities.

MORE WORK LESS PAY

The estimates for changes in the last 5-7 years show declines in employment ranging from 20 per cent to as much as 77 per cent. Employment in agriculture is thus available for fewer days per year. It is therefore becoming essential for men to migrate in search of better-paid work. Women are filling this vacuum. Women are forced to accept work in agriculture in their own village under very bad conditions because they cannot migrate as easily as men.

The dependence of women's labor on family farms, especially during the peak periods of sowing and harvesting, has become very common. About 15 years ago, agricultural work was considered acceptable for poor tribal women, Muslim women today even, who were traditionally bound by rules of purdah, go out to work for wages in the fields in certain areas. Farmers, on the other hand, also seem to prefer women as agricultural workers. The farmer is faced with the increasing costs of production required for modern agriculture. He finds that he can squeeze his labour costs by using lower-paid women workers. For instance, women are preferred to men in North 24 Parganas (West Bengal) by the owners because they are docile, require lower wages and are less lazy than men. Similarly, the work of women within family-based agriculture is preferred because it is cheaper than hiring labour.

SELF HELP GROUP

Self Help Group is about people coming together with others who are affected by a particular issue (experience, disadvantage, discrimination, etc) to support each other and to work together to change the disadvantage affecting them. Activities that groups do include community education, information, mutual support etc.

Self Help group (SHG) is a self-governed, peer-controlled small and informal association of the poor, usually from socio-economically homogeneous families who are organized around savings and credit activities. Funds for credit activities are coming through regular savings deposited by all of its members on a weekly or fortnightly basis. In the meetings they discuss common village problems and plan solution, share information; make efforts to improve their health and literacy skills.

Self Help Groups are not charity or simply community based groups. They are made of and controlled by the people affected. Group members are not volunteers. Although the work is usually unpaid, members work to change their own situation and the support is mutual. The knowledge base of self-help mutual support groups is experiential, indigenous, and rooted in the wisdom that comes from struggling with problems in concrete, shared ways. Self-help groups build on the strengths of their members.

SHGs have another very important role to play particularly in the transfer of technology to user group population. It has been found by the members of SHGs that they offer them organizational base, large resources, and access to modern technology leading to employment and income generation. Thus, SHG movement among the rural poor in different parts of the country is emerging as a very reliable and efficient mode for technology transfer. However, it is strongly felt that the pace of transfer and popularization of technologies must be accelerated so that even the small farmer can benefit from new technologies.

ENTREPRENEURSHIP DEVELOPMENT OF RURAL WOMEN THROUGH SELF HELP GROUPS

Women comprise half of human resources they have been identified as key agents of sustainable development and women's equality is as central to a more holistic approach towards stabilizing new patterns and process of development that are sustainable. The contribution of women and their role in the family as well as in the economic development and social transformation are pivotal. Women constitute 90 per cent of total marginal workers of the country. Rural women who are engaged in agriculture form 78 per cent of all women in regular work. Experience of NIRD action research projects reveal that, the operational aspects, such as the extent of enabling that goes into the community self help processes and

sharpening the mind set of women. Men and the project administrators are low or critical components that determine their extent to which empowerment may or may not take place. The role of micro-credit is to, improve the socio and economic development of women and improve the status of women in households and communities. The micro entrepreneurs are strengthening the women empowerment and remove the gender inequalities. Self Help Group's microcredit mechanism makes the members to involve in other community development activities. Micro credit is promoting the small scale business enterprises and its major aim is to alleviate poverty by income generating activities among women and poor. Therefore, they could achieve self-sufficiency. Now-a-days economic development is one of the factors that have changed the entire scenario of social and cultural environment within the country especially for the women. The rural women are engaged in small-scale entrepreneurship programme with the help of Self Help Groups. Through that they were economically empowered and attaining status in family and community.

AREAS OF MICRO-ENTERPRISE DEVELOPMENT

Depending on number of factors ranging from landholdings, subsidiary occupations, agro climatic conditions and socio-personal characteristics of the rural women and her family member the areas of micro-enterprises also differ from place to place. The microenterprises are classified under three major heads:

1. Micro Enterprise development related to agriculture and allied agricultural activities- like cultivating to organic vegetables, flowers, oil seeds and seed production are some of the areas besides taking up mushroom growing and bee –keeping. Some more areas can be like dehydration of fruits and vegetables, canning or bottling of pickles, chutneys, jams, squashes, dairy and other products that are ready to eat.

2. Micro-Enterprise development related to livestock management activities-like diary farming, poultry farm, livestock feed production and production of vermi composting using the animal waste can be an important area in which women can utilize both her technical skills and raw materials from the farm and livestock to earn substantial income and small scale agro-processing units.

Micro – Enterprise development related to household based operations like knitting, stitching, weaving, embroidery, bakery and flour milling, petty shops, food preparation and preservation.

ADVANTAGES OF ENTREPRENEURSHIP AMONG RURAL WOMEN

Empowering women particularly rural women is a challenge. Micro enterprises in rural area can help to meet these challenges. Micro – enterprises not only enhance national productivity, generate employment but also help to develop economic independence, personal and social capabilities among rural women. Following are some of the personal and social capabilities, which were developed as result of taking up enterprise among rural women.

1. Economic empowerment
2. Improved standard of living
3. Self confidence
4. Enhance awareness
5. Sense of achievement
6. Increased social interaction
7. Engaged in political activities
8. Increased participation level in gram sabha meeting
9. Improvement in leadership qualities
10. Involvement in solving problems related to women and community
11. Decision making capacity in family and community

Economic empowerment of women by micro entrepreneurship led to the empowerment of women in many things such as socio-economic opportunity, property rights, political representation, social equality, personal right, family development, market development, community development and at last the nation development.

CONCLUSION

Women's entrepreneurship is both about women's position in society *and* about the role of entrepreneurship in the same society. Women entrepreneurs faced many obstacles specifically in market their product (including family responsibilities) that have to be overcome in order to give them access to the same opportunities as men. In addition, in some countries, women may experience obstacles with respect to holding property and entering contracts. Increased participation of women in the labour force is a prerequisite for improving the position of women in society and self-employed women. Particularly the entry of rural women in micro enterprises will be encouraged and aggravated. Rural women can do wonders by their effectual and competent involvement in entrepreneurial activities. The rural women are having basic indigenous knowledge, skill, potential and resources to establish and manage enterprise.

Now, what is the need is knowledge regarding accessibility to loans, various funding agencies procedure regarding certification, awareness on government welfare programmes, motivation, technical skill and support from family, government and other organization. More over Formation and strengthening of rural women Entrepreneurs network must be encouraged. Women entrepreneur networks are major sources of knowledge about women's entrepreneurship and they are increasingly recognized as a valuable tool for its development and promotion. This network helps to give lectures, printed material imparting first hand technical knowledge in production, processing, procurement, management and marketing among the other women. This will motivate other rural women to engage in micro entrepreneurship with the right assistance and they can strengthen their capacities besides adding to the family income and national productivity.

"Alone we can do so little; together we can do so much."

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PSYCHOGRAPHIC DIMENSIONS OF TRAINING

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ABSTRACT

Training is an indispensable part of HRD in any organization responsible for the skill development, work discipline, Organizational Orientation, Productivity, Improvement and overall personal development of the employees, which has been instrumental in influencing the modern business organisation in investing sizable amount, time and resources on training & development. The training has its own impact on the psychological setup and personality of the employees, particularly the middle level executives who play vital role in bridging the gap between the top official and the lower level employees. In this article clearly explain about how training method will create an impact to an executive and also which type of training suitable for a particular employee

Keywords: Psychological Setup, Training, Training and development

INTRODUCTION

Training, as a human resource management function, is one of the activities that impact most critically on the performance of an organization. While it is understood and accepted that training methodology is not implemented correctly it will affect the organizational performance and limit goal achievement, Through training we can easily identified the which type of training is suitable for the particular employee Acquiring and retaining high quality talent is critical to an organization's success. As the job security we have to upgrade our knowledge through training effectiveness method competitive and the available skills grow more diverse, training helpful to make out a skill matrix and find out the employee fit for the organizations. Training helps to psychologically motive the employees it helps to identify the right type of training to right employee1

In the training programmes, the internal customers upgraded their knowledge whereas as the company also get the well trained employee, the performance of the individual is discussed with him and they assess the performance through skill matrix method, and he is ranked based on his presentation of the work. The company uses this tool primarily for identifying the well trained employee to attain the company objective. The main weakness of this system is that all the employees are ranked in a particular method, and whereas the well trained employees easily identified, there is no strenuous endeavour to motivate the average employee to attend training programmes and make them as a well trained employee. Another weakness of the training method is analysing the individual attitude and given the training based on their attitude, their background and apply the training method based on the personality. Evaluating the performance of an employee can be a closed one and they not even know what happen and how they evaluate their performance and how they assigned the training method whereas the trainees have an opportunity discussing with their superiors during assessment exercise. Therefore the training method can be more specific, unlike general training method. The specific training method is more user friendly for the employee's psychologically2.

The following questions can provide an assessment of training

1. What purposes does the organisation want its training?
2. Training methods are really getting the information and evaluate the employee performance?
3. Are the training method is designed to minimise errors and ensure the productivity in quality base?
4. Are the evaluation and developmental components separated?
5. Are the training method and skill matrix being implemented correctly?

The following questions serve as guidelines for assessing the end-product of training method

1. Did the training session motivate the subordinate?
 2. Did the training gives a knowledge both work and personal
 3. Did the open ended training method helps to employee come out with a clear idea?
 4. Did the employees learn something through method?
 5. Does the subordinate have a clear idea of what corrective actions to be taken to improve his/her own performance?
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In a Survey conducted among the employees of Hatsun Agro Product Ltd, 73% of the employees feel and perceive the trainings programmes are psychologically demotivating and they may think it's a waste of time. This clearly shows the psychological stress, and feels them too lazy to attend training programmes. If the training method should be more specific and find out which type of training is suitable for individual employees. Self evaluating system is not very popular in the Indian companies which has made the entire system of training programmes are more effective and achieve the company target³.

- Therefore, training programmes should be implemented and it should be regular activities importance should be recognized and communicated down the line to all the employees⁴.
- .It should bring more clarity to the goal and vision of the organisation.
- It should provide more empowerment to the employees.
- New methods of training method should be adopted so that both Employer and the employee take interest in the training process.
- Employees should be given feedback regarding their training programs this will help them to improve on their weak areas.
- New mechanisms should be evolved to reduce the time factor involved in the procedure of training. Introducing online-notification of upgrade training can do this.
- The frequency of training program for the appraiser should be increased and these sessions should be made interactive.
- The awareness of training sessions for the employees should be made more interactive and the views and opinion of the training programmes should be given due consideration.
- Some of the training programmes should be conducted by the top management so that they can understand the employees and their needs, behaviour better and to find out the loopholes.

CONCLUSION

Most of the organizations are believe that a realistic approach is the most optimal way to use the new learning. It may be beneficial for an organization to discuss the specific advantage, Development trainings can bring to an employee professional development. And organization's proactive involvement may eradicate misperceptions and prevents employees from misconstruing the benefits of these new learning.

Proper assessment of employees and training method should be based on the need of an employee as well as company target.

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TRANSACTION COSTS IN A BIOCLUSTER ON WESTERN JALISCO

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ABSTRACT

The pharmaceutical industry represents an opportunity for a better quality of life and preservation of the health of people worldwide. The million-selling industry has evolved over decades; the first pharmacy in Mexico appears in 1915, which led to the first laboratory in the country, and today, Mexico is one of the largest markets, giving space to transnational and national companies of great international importance. The interaction between government, universities and companies directly affects the success of the industry, why the study of the link is relevant. The creation of the first Biocluster in Mexico marks a new outlook and a new age of knowledge, which involves co-benefits. For purposes of this study, attention in observing the decrease in transaction costs in this model is concentrated.

Key words: Biocluster, transaction costs, networking.

1. INTRODUCTION

Defined as the industry dedicated to the research, development, manufacture and marketing of chemicals or biopharmaceuticals used in the treatment and prevention of disease, the pharmaceutical industry has sought the preservation of life since its inception and is the main source of health innovation. Its relevance is that one of the central issues of nations is to address the health problems of the population by ensuring access to and provision of medicines, as there is a positive correlation between pharmaceutical innovation and health conditions of society. The introduction of new drugs explains 40% of the average increase in life expectancy seen in 15 years in 52 countries, including Mexico.

These results justify the significant investment in R & D in this field, which in turn presents challenges in intellectual property, competition, international regulatory frameworks, classification of drugs, changes in technology, among others (Pérez and Quiroga, 2013; Plascencia, 2009; Comité de Competitividad, 2010, Cámara Nacional de la Industria Farmacéutica, 2010).

The technological and scientific advances that enable progress in improving the quality of life of the population are not simple to achieve. Jalisco has a unique opportunity, the constitution of the Western Biocluster in 2009 opens the possibility of improving the transfer of knowledge and technology between universities and research centers and businesses in the sum of the efforts to achieve an increase in business competitiveness and regional growth (Cuevas, 2009). Similarly, it is possible that the formation of this type of bonding, favoring the reduction of transaction costs to be strengthened on trust between the parties.

2. Background

Mexico is the second largest market in Latin America of the industry in question. However, it is considered an oligopolistic market with the presence of the 14 largest transnational production companies, and is therefore positioned as a leading manufacturing center of industry worldwide. It also has a good infrastructure, technology, trained staff and efficient administrative systems, and is considered a major producer of high-tech medicine, including antibiotics, anti-inflammatory and cancer treatments, among others. Finally, the statistics support that the pharmaceutical industry represents on average 1.2% of GDP and 7.2% of manufacturing GDP (Pérez and Quiroga, 2013; Plascencia, 2009).

The history of production and marketing of medicines or remedies is as old as the history of the country, since the ancestors developed remedies to solve health problems with natural products. However, the pharmaceutical industry *per se* began in Mexico until the nineteenth century when Don Leopoldo Riode la Loza started production of various industrial chemicals (Plascencia, 2009). In 1915, in Mexico City was founded the pharmacy Santa Ana, which led to the first laboratory in Mexico, Senosian Laboratories. And in 1928 it was launched the first product in industry volume: the glycerin suppository (Plascencia, 2009).

With the generation of great discoveries to the global therapeutic, such as vaccines, aspirin, sulfa drugs and penicillin in the late nineteenth and early twentieth centuries, it was originated a massive demand for drugs that led to the development of industrial pharmacy, propitiating some emerging companies like Schering, Merck, Bristol, Sterling Drugs, Parke Davis, Hoffman-La Roche, among others. These firms were established in Mexico, beginning production in the mid-twentieth century (Plascencia, 2009).

In the 80s, laboratories in Mexico had stagnation in research on new molecules, focusing on process improvement. On the other hand, the government, through the Mexican Social Security Institute (IMSS) and the Institute for Social Security and Services for State Workers (ISSSTE), fixed the price of drugs, which caused one of the lowest levels in the world (Dussel, 1999).

In this context, public policies have exerted significant influence in this sector. An example of this is the Law on Inventions and Trademarks of 1976, which only allowed the patent of the production process, but not the substance, the prohibition on the importation of pharmaceutical chemicals products already produced nationally. Also the Foreign Investment Law of 1973 restricting foreign ownership in companies to 49%; Decree for the Promotion and Regulation of the Pharmaceutical Industry in 1984, which promoted the importation of drugs to the shortage of such trials in the development and the decentralization program, through a series of incentives and tax credits from general taxation (Dussel, 1999).

However, given the broad market and improved legal frame work on intellectual property and opening new market niches, Mexico is an attractive destination for investment in this industry. Even there have been detected potential investors from countries like Japan, Germany, Spain, Canada and USA. This would increase the competitiveness of the sector, due to the tendency for research and innovative technology to interested companies, which would become knowledge transfer (Pérez and Quiroga, 2013).

In 2009 the Western Biocluster was created as a model for technological development related to life sciences companies. Stakeholders are the University of Guadalajara and ITESO, CONACYT, CIBO (Biomedical Research Center of the West, IMSS), so the member companies, such as: Agua Farma Plastics, ATISA, CINVESTAV-IPN, Conabio-GEM, Laboratories Diba, Lapisa, Laboratorios Veterinarios Lavet, Lori Compañía Industrializadora, Oximedic, Ultra Laboratories, Water & Cleaning Systems Additives, World Lab (Cuevas, 2009).

The emergence of cluster is a new area of opportunity for future years, which could produce a new generation of companies that develop new products and technologies that lead to scientific development, industry growth, and the country's economy.

3. DEFINING THE PROBLEM

The interaction between businesses, universities and government is necessary for the success of the sector. However, communication between the parties has not been achieved in an efficient manner. The lack of an instrument to facilitate the understanding of the academic terms, scientific and technological among institutions and companies has resulted in a lack of confidence, which discourages any form of linkage (Cuevas, 2009)

The initiative Western Biocluster is becoming the instrument of bond, which contributes to acknowledge sources of demand and supply, increasing the speed of knowledge transfer which motivates economic growth. This form of organization could function as an integrating element that encourages trust among its members. This is relevant because the lack of trust is a key factor in the business world, giving rise to transaction costs or negotiation, product insatiable search for protection against opportunism through the use of contracts.

Research question

How it can benefit Biocluter model for reducing transaction costs among its members in the pharmaceutical industry?

4. THEORETICAL AND CONCEPTUAL HISTORY

For purposes of this analysis the concept of transaction costs or bargaining costs were used, which include the costs of search and information, bargaining, decision-making, monitoring and enforcement.

Transaction costs originated in the work of Coase, in 1937, specifically in the article “The nature of the company”. In the 70s, it became a topic of interest for research, so that adds to the analysis the work of two authors: Arrow and Williamson. This theory combines the logic and practice, which allows a more accurate description and explanation of organizational governance based on comparative efficiency criteria.

5. LITERATURE REVIEW

Coase (1937) made a significant contribution to discuss the transaction costs for the first time in 1937. Its based research question was the reason for the existence of firms; After arduous analysis, he realized that there were different costs of using the price mechanism that were not considered by the theory of his day, the price system, and he had to learn to control and centralize their management in any way. Then the concept of transaction cost arises, which are defined as the costs of negotiating and concluding contracts (Coase, 1937). Coase emphasized that fewer number of contracts and longer-term contracts, the costs are lower. Thus, the importance of contracts where are indicated clear specifications of what is desired and present is evident (Coase, 1937).

It is considered that the size of the company affects the performance of the employer, and that increasing the number of transactions; it may leave the employer placing the factors of production in the best use for profit maximization. This is what can be called diminishing returns management. For this reason, the firm will tend to expand until the costs of organizing an additional transaction within the company can be equal whether as carry it out in the market (Coase, 1937). The author talks about uncertainty and how it can affect the confidence to make transactions between agents; the lack of guarantee for receiving an income in exchange for the resources allocated causes this uncertainty which gives rise to contracts (Coase, 1937).

The same author, in his book entitled “The Company, the market and the law” begins by identifying the company and the market as the institutional structure of the economic system. Coase classifies transaction costs as costs of finding information, bargaining and decision, monitoring and enforcement (Coase, 1988). Incorporate the term "social cost", which refers to actions of companies that have harmful effects on others, where he explains that this is a problem of a reciprocal nature (Coase, 1988). As a final point, Coase (1988) notes the importance of the institutional context in affecting the incentives and transaction costs.

The next author is Arrow, in his book “Limits of organization”, he addresses 4 main issues: The concept of rationality, information economy, the agenda of organizations and the concepts of authority and responsibility. One of the conclusions of Arrow in this text is the importance of balance between the demands of society and individual needs (Arrow, 1974). Within the concept of rationality, Arrow takes the logical positivist position of Simon and maintains that rationality is about means, end and their relationships. Individual are pressured by their desire for personal fulfillment and the claim of social consciousness.

Considering that resources are limited, both demands compete. Therefore, the interpersonal organization is necessary to ensure the economic benefits that can be obtained from cooperation (Arrow, 1974). The efficiency of such individuals is improved with specialization and can be achieved through the price system. Arrow makes a criticism of this system, indicating that it has selfish motives and unethical grounds, offering a sense of freedom which in itself is an illusion because it does not prescribe a fair distribution of income.

The role of business is relevant in this regard; the employee is willing to obey authority, because it reduces transaction costs and their employment relationships creates an expectation of continued participation (Arrow, 1974). As for the economics of information, Arrow sustains the fact that accurate decisions require the involvement of several people for their effectiveness. This is due to the huge amount of information to process and the limited capacity of the handling of it. This leads to an economic cost; diminishing return can be expected in the use thereof (Arrow, 1974).

The agenda of the organizations is interpreted as the value of the chosen variables. As mentioned above, the decisions are based on information. Each member of the organization serves as a channel of the same and its efficiency can be increased through the proper choice of codes. These are determined in accordance with the best expectation at the time of the creation of the company. The uniformity in the behavior of members of the organization will depend on the code. Therefore a company shapes the behavior of its members (Arrow, 1974). Finally, on the concepts of authority and responsibility, it is stated that the authority is viable because it facilitates decision making. The organization acts as a means of manipulating social functions, where the price system is a failure (Arrow, 1974).

The last author is Williamson and his work: The economic institutions of capitalism: Firms, markets and relational contracting formulates three problems of transactions costs: technological support, cost minimization and asset specificity entering on the function of income (Williamson 1985). This approach indicates that this is a micro-analytical, more aware of the study's behavioral assumptions, which promotes governance structure rather than production function, among other things.

Williamson also assumes risk neutrality and investigates the organizational form as a means to minimize transaction costs. And finally, in the second book, the author draws us new terms, credible commitment and adaptation.(Williamson 1985). The author concludes that the main area of concern is the organizational level governance(Williamson,1985).

6. METHODOLOGY

The methodology was qualitative and descriptive. An analysis of information on relevant data from the pharmaceutical industry, cluster formation and its benefits in terms of transaction costs was used. With regard to the theory mentioned previous works of the most outstanding authors are analyzed.

7. ANALYSIS OF RESULTS

The creation of the Western Biocluster is an opportunity for companies to link projects, increase their productivity, innovation and competitiveness, as well, to reduce transaction costs. With the literature review it is possible to note the ways as Biocluster decreases the negotiation costs:

- A. With the decrease in the number of transactions to be handled as a civil partnership.
- B. Increasing Performance Management.
- C. Fostering relationships and trust between parties.
- D. Decreasing the cost of finding information through knowledge transfer.
- E. Balancing the needs of each member and the social interest.
- F. With a form of organization that tends to minimize transaction costs
- G. With adaptation and credible commitments

All these points summarize the benefits of linking business-university-government, in the formation of Biocluster, which aims to change the paradigm of the industrial age to a knowledge age, favoring the scientific-technological and economic development.

8. CONCLUSIONS

After stagnation in research on new molecules, and the strong relationship with government laws in the performance of the industry, it was necessary to find solutions that motivated the success of it. The government for its own part makes changes to the legal framework and incentive linkage between universities, research centers and businesses to work together. That is why it was created the first Biocluster in Western Mexico, marking a new era of knowledge generation, leaving behind the position of a maquiladora country. Consequently this results in benefits to all parties.

Thanks to the privileged position of Jalisco, which accounts for trained human resources, high quality educational institutions and has the business infrastructure of the industry concerned, the constitution of Western Biocluster was possible, contributing to the process of transfer of knowledge and technology, so that the sum of efforts contribute to increase business competitiveness and regional growth is achieved.

The new generation of companies that are developed under this model will have the right to introduce new products and technologies that lead to scientific development, industry growth, and the country's economy. This model aims to be the linking tool that helps acknowledge the sources of demand and supply, increasing the speed of knowledge transfer that encourages economic growth. The model functions as an integrating element that encourages trust among its members.

This association meets the search for protection against opportunism through the use of contracts. The decrease in the number of transactions, the increased management performance, minimizing the cost of finding

information through knowledge transfer, the balance between the needs of each member and the social interest, the incentive for adaptation and the generation of credible commitments are examples of how the Biocluster contributes to lower trading costs that benefit business productivity.

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THE KNACK OF CUSTOMER CONTINUANCE IN THE LOCAL MARKET

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In today's dynamic service sector, the retailer is surrounded with too many obstacles to gain or prevent his position in the current scenario of dog eat dog competition. One of the chronic problems faced by the retailers is Customer Retention. Before we initiate, here are some shocking statistics by the experts:

- The average unhappy customer will tell 8 to 16 people about it. Hundreds (even thousands) more if an individual will publish his responses on any Social networking sites like for instance Facebook.
- More than 90% of unhappy customers will never purchase any service or goods from that particular retailer again.
- It is 5 times more costly to attract a new customer, than to retain the existing one.
- In case, if the retailer will candidly take steps to solve the problem of the customer, maximum of them will be retained by that particular retailer.

So hereby, we move on our journey to analyze the stratum of the customers and the dilemma to assist the retailers with Customer retention.

CUSTOMER RETENTION – Conceptual Introduction

In today's world, the main motto of every Retail seller is to attract new customers and very important simultaneously maintain the existing and the new ones. To establish this motive, the retailer does not leave any stone unturned, or apply strategies to overcome this problem. It is a fundamental truth that if the customer will be satisfied with the complete transaction, which he had with the retailer, then only he would be desiring to step again on the same shop for the next prospective potential transaction or even recommend someone else for that retailer.

The Customer Retention is nothing but the willingness of that particular customer to continue shopping with the same particular retailer even in the changing circumstances in the long run. And on the other side of the retailer, it is a success for the retailer, where he is capable enough to understand the needs of the customer and also delightfully serves that particular customer with his appropriating demanding needs. The real examination of the particular retailer is where he is capable enough to analyze the requirements of the particular customer and dish up him as per his desire. In case unfortunately, if the retailer fails to comply with the same, the particular customer may definitely prefer some other alternate source for his needs and desires, and would also negatively communicate the same to others through the channel of grapevine.

RETAIL SECTOR IN INDIA

Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The Indian retail market is estimated to be US\$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail market in the world, with 1.2 billion people.

India's retailing industry is essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians which is 3.3% of Indian population.

THE TRIBULATIONS FACED BY THE INDIAN RETAIL SECTOR

- The Retailing Sector in our country basically is very much obstructed, due to the prime reason they operate on a very small scale, so they cannot enjoy the benefits of the large scale operations.
- The Retailing sector lacks trained staff and specialized personnel, due to which again they fall back from the tuff competition. The small scale retailing business are generally not exposed to the Retailing courses and study options.
- Few Retailing sector operations go on the blink due to the poor developed supply chain and less integrated IT management.

- Other genuine problems of retailing are rapid price changes, constant threat of product obsolescence and low margins.
- These local unprivileged retailers are also obstructed due to the regulations restricting real estate purchases and cumbersome local laws.

HISTORY

In the past, there used to be games of the monopoly, restricted trade practices, unfair means of trading, where the retailer had only plans of dominating the markets, earning unlimited maximum profits from the customers with no or minimal returns to the customer. The poor helpless customer with no option was compelled to enter illicit unseemly contracts and fall prey to the shady trap of the retailers. This was only possible because there was no option for the customer to suffice or satisfy his homely domestic needs, than rather not to depend on these crooked retailers.

Still similar is the case in the poor undeveloped rural areas, where the local grocery shopkeeper exploits the local customers by exorbitant prices of the products and the Poor uneducated illiterate localities' are compelled to these voidable contracts, since the rural areas are still not exposable to the development, as the urban areas of the country.

But now the scenario has totally changed, the customer has complete liberty to satisfy or select his sources in order to suffice his domestic needs. Nowadays, the customer has ample options of shopping like different departmental stores, malls, specialized shops, etc. to choose the terms of the transactions and execute the same, rather than where the retailer used to affix undesirable terms to the contract and the poor customer had to comply with the same.

Contemporary scenario, with the face towards the future.

In the present on hand state of affairs, the Retailer has to be always on the ball to be innovative and strategic to formulate the best out of the existing resources, without hampering the existing profits and nor increasing the overhead cost. Due to the recent policies of LPG i.e., Liberalization, Privatization and Globalization, the localize retailer have to face immense pressure from not only the multi storey's malls, departmental stores, shopping marts or specialized shops, but also from the global heated strokes. Since these stores work on the principle of large scale economies, due to which they can afford to sell the goods or services at the discounted bargain prices, than these local retailers. Thus these retail vendors face immense pressure to sustain their existence with attracting new customers but also to maintain the existing one.

DELIGHT OF THE CUSTOMERS

In order to retain the customer, the retailer has to be very keen to understand the needs, the likes, the expectations of the prospective customers, so that the existing customer never chooses or amend his decision to break the present delicate relationship with the particular retailer and enter into a new contract with the competitor.

1. The first foremost delight, rather a demand of every customer is the **utmost honesty** in the transaction. The customers are very much keen and careful to always prefer open truthful deal. At times, the customers due to his failure to identify the false or undisclosed hidden tactical approach of the seller, he falls prey to the trap of the seller. But these tactics are only applicable in the short run and resultant once they are disclosed the reputation of that particular seller is completely drastically ruined.
2. **Extra cream:** Here in this context, every person is very much delighted and happy when he gets something extra to his rightful and gets very much annoyed when he is distracted or not provided for which he has paid or apportioned to. For a small instance, when I go to buy some eatable, I usually used to get it in small bags, but surprisingly when you get it in a container with no extra cost, that is called as an extra cream. Thus, something extra, which the customer has not even expected.
3. **Humble interaction:** As it is rightly said: "Sweeter tongue can create miracles". On the same lines, a humble interaction is very much needful in the buyer and seller relationship. Neither of the parties would expect or anticipate harsh tongue in their transaction. At times, some unfortunates irrupt in the transaction, so the solution for the same requires understanding and cool patient talk between the parties. In case, if the seller is arrogant and reluctant to the query or to the problem of the buyer, the seller is doing nothing but ruining his fate.

4. **Value:** The quality of value can be meant in two dimensions. One value is the importance which you provide to the customer and his needs. The seller has to be very much prompt and apt to the buyer, because he needs the buyer and not the other way. The attitude of the seller towards to the buyer should be very much considerate and optimistic and not at all too conceited.
Another dimension of value is the satisfactory fair worth of the whole transaction. It is nothing but the belief of the customer that they are getting a good deal for their transaction.
5. **Consistency and Communication:** Consistency principle basically means that you analyze, why this particular customer approached you in the first instance and why he should continue to maintain the relationship with you. At times, it happens that when the seller changes some particulars in his business for enhancement and attracting new customers, he should take a due care that he should not isolate the older customers.
The Communication here basically means that the seller appreciates to the current customer, acknowledges or agrees to his business. Communication also means that the seller exchanges a few words with their loyal customers about some special discounts, the ongoing businesses and the new products and services. Sometimes good communication assist in the great way to make the customers realize the price hike in the products and services is in the better desirable terms. Due to inappropriate incomplete communication or silence, there might be creation of confusion and thus leakage in the boat of relationship, resulting such relationship boat will definitely sink in the water.
6. **Research and updated trends:** In this era of the Internet and fast growing media, the customers are very much proactively updated and their respective needs and requirements also keep on changing, thus if the seller has to maintain his customer, he has to be always on the ball of research and development.
7. **Relationship and sincerity:** The relationship between the customer and the seller is very flimsy and always at stake, and so to strengthen it the seller has to apply the tools like greeting customers politely, friendly staff with the valuable service, which will make the customers feel a touch and a personal tie to the seller.
Sincerity basically means that the seller is not having any hidden agenda, when he is offering any goods or service at discounted price i.e., he is very much very fair and rational in his dealing. The seller, in case if he is providing any price cut, so this does not imply that he should also have mark down at any benefit of the customer.

SOME STRATEGIES TO WIN OVER THE CHALLENGE OF CUSTOMER RETENTION WITH EASE

1. **Technological aids:** In the era of Information technology, the tool of SMS's and E-mail's is very much efficient and economical to keep a better and prompt communication with their precious prospective customers. These SMS's alerts make the customer feel most considerate and valuable, thus a personal touch is also created in the relationship.
The email service in order to update the customers also plays a key role in the great way.
Recently, the medical stores have started with the new strategy, where they maintain the records of the medical history of the patients, who have regular or chronic ailments and are recommended to take regular medicines, so the medical owner reminds through SMS's services that their medicines are on edge of completion, and thus finally they can promptly visit and collect their particular medicines from the store.
They also have started with the scheme to make understand the patients about the medicines prescribed and how they have to be consumed. They also write on the packets of the medicines with the markers about the schedule or frequency of the medicines' consumption.
2. **Better quality and quantity:** The seller has to be very much cautious with respect to the *quantity and quality provided*, and the *quality and quantity asked for*. If there is any gap in the expectations, the probability of re- purchase is very less.
3. **With the tool of window display,** the seller keeps the customer informed about the new trends in the goods and services, any discount schemes or special offers. And the same data can also be delivered by the means of SMS's and E-mails.
4. **Free gifts as the token of remembrance and advertisement:** At times of special occasions and festivals, some appropriate gifts can be provided to the prospective potential customers, to maintain their healthy support.
5. **Provision of Credit facility** to the potential customers, in relation to their creditworthiness.

6. **Informal gracious talks at times with relevant advices of economical substitutes.** The customers are many times in pursuit to get some more knowledge or information about the product or service. And thus these informal talks of the seller have very smoothening ease comfort to the query of the customer.
7. **Research oriented:** The seller has to be very much down to business and always a few steps ahead of the customer's expectation, if he has to be in the market and win over the profit margins.
8. In this era of dense competition, where time is money and everyone is in a race, the customer will be surely very much delighted to have the **prompt service, without any delays**. Thus, the seller has to be very much on his toes to serve the customer and plan everything in such systematic manner that he doesn't make the customer wait.
For instance: The seller can keep the goods in ready packs and invariable desirable sizes, so that the customer is not required to linger.

FINDINGS

- On the practical approach we observed that many of the customers visit Retail Stores more than 20 times a month.
- The reaction of most of the customers regarding friendliness & helpfulness of Retail Stores is between good to average.
- Few customers have opined that their personal relations with the retail matters a lot, in case of discounts.
- Around percent of working customers prefer Departmental stores rather than local retail shops due to the economical discounts .
- Many litrate customers preferred departmental stores , due to systematic access , accuracy in weighting , hygiene and heavy discounts at one place.
- Many traditional minded customers rather prefer local retailer because of their personal touch with that particular retailer.
- Many customers admitted although they love to visit malls & supermarkets , they prefer local traders because of the ease in convenience & distance.

CONCLUSION

Although the number of the customers of the malls is rising due to the impact of western countries , But simultaneously the hold of retailers is also growing due to their adoptability to the change ; thus the retailers to secure their stance in the market , have to be on the ball to bear hot heated strokes of the competition.

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HEDGING FOR FORX RISK IN INDIA

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ABSTRACT

This paper attempts to evaluate the various alternatives available to the Indian corporates for hedging financial risks. By studying the use of hedging instruments by major Indian firms from different sectors, the paper concludes that forwards and options are preferred as short term hedging instruments while swaps are preferred as long term hedging instruments. The high usage of forward contracts by Indian firms as compared to firms in other markets underscores the need for rupee futures in India.

In addition, the paper also looks at the necessity of managing foreign currency risks, and looks at ways by which it is accomplished. A review of available literature results in the development of a framework for the risk management process design, and a compilation of the determinants of hedging decisions of firms.

The paper concludes by pointing out that the onus is on Reserve Bank of India, the apex bank of the country, and its Working Group on Rupee Futures to realize the need for rupee futures in India and the convertibility of the rupee.

INTRODUCTION

In 1971, the Bretton Woods system of administering fixed foreign exchange rates was abolished in favour of market-determination of foreign exchange rates; a regime of fluctuating exchange rates was introduced. Besides market-determined fluctuations, there was a lot of volatility in other markets around the world owing to increased inflation and the oil shock. Corporates struggled to cope with the uncertainty in profits, cash flows and future costs. It was then that financial derivatives – foreign currency, interest rate, and commodity derivatives emerged as means of managing risks facing corporations.

In India, exchange rates were deregulated and were allowed to be determined by markets in 1993. The economic liberalization of the early nineties facilitated the introduction of derivatives based on interest rates and foreign exchange. However derivative use is still a highly regulated area due to the partial convertibility of the rupee. Currently forwards, swaps and options are available in India and the use of foreign currency derivatives is permitted for hedging purposes only.

This study aims to provide a perspective on managing the risk that firm's face due to fluctuating exchange rates. It investigates the prudence in investing resources towards the purpose of hedging and then introduces the tools for risk management. These are then applied in the Indian context. The motivation of this study came from the recent

rise in volatility in the money markets of the world and particularly in the US Dollar, due to which Indian exports are fast gaining a cost disadvantage. Hedging with derivative instruments is a feasible solution to this situation.

This report is organised in 6 sections. The next section presents the necessity of foreign exchange risk management and outlines the process of managing this risk.

Section 3 discusses the various determinants of hedging decisions by firms, followed by an overview of corporate hedging in India in Section 4. Evidence from major Indian firms from different sectors is summarized here and Section 5 concludes.

Sourced from www.rbi.org Corporate Hedging for Foreign Exchange Risk

2. FOREIGN EXCHANGE RISK MANAGEMENT: PROCESS & NECESSITY

Firms dealing in multiple currencies face a risk (an unanticipated gain/loss) on account of sudden/unanticipated changes in exchange rates, quantified in terms of exposures. Exposure is defined as a contracted, projected or contingent cash flow

whose magnitude is not certain at the moment and depends on the value of the foreign exchange rates. The process of identifying risks faced by the firm and implementing the process of protection from these risks by

financial or operational hedging is defined as foreign exchange risk management. This paper limits its scope to hedging only the foreign exchange risks faced by firms.

2.1 Kinds of Foreign Exchange Exposure

Risk management techniques vary with the type of exposure (accounting or economic) and term of exposure. Accounting exposure, also called translation exposure, results from the need to restate foreign subsidiaries' financial statements into the parent's reporting currency and is the sensitivity of net income to the variation in the exchange rate between a foreign subsidiary and its parent. Economic exposure is the extent to which a firm's market value, in any particular currency, is sensitive to unexpected changes in foreign currency. Currency fluctuations affect the value of the firm's operating cash flows, income statement, and competitive position, hence market share and stock price. Currency fluctuations also affect a firm's balance sheet by changing the value of the firm's assets and liabilities, accounts payable, accounts receivables, inventory, loans in foreign currency, investments (CDs) in foreign banks; this type of economic exposure is called balance sheet exposure. Transaction Exposure is a form of short term economic exposure due to fixed price contracting in an atmosphere of exchange-rate volatility. The most common definition of the measure of exchange-rate exposure is the sensitivity of the value of the firm, proxied by the firm's stock return, to an unanticipated change in an exchange rate. This is calculated by using the partial derivative function where the dependant variable is the firm's value and the independent variable is the exchange rate (Adler and Dumas, 1984).

2.2 Necessity of Managing Foreign Exchange Risk

A key assumption in the concept of foreign exchange risk is that exchange rate changes are not predictable and that this is determined by how efficient the markets for foreign exchange are. Research in the area of efficiency of foreign exchange markets has thus far been able to establish only a weak form of the efficient market hypothesis conclusively which implies that successive changes in exchange rates cannot be predicted by analysing the historical sequence of exchange rates. (Soenen, 1979). However, when the efficient markets theory is applied to the foreign exchange market under floating exchange rates there is some evidence to suggest that the present prices properly reflect all available information. (Giddy and Dufey, 1992).

This implies that exchange rates react to new information in an immediate and unbiased fashion, so that no one party can make a profit by this information and in any case, information on direction of the rates arrives randomly so exchange rates also fluctuate randomly. It implies that foreign exchange risk management cannot be done away with by employing resources to predict exchange rate changes.

2.2.1 Hedging as A Tool To Manage Foreign Exchange Risk

There is a spectrum of opinions regarding foreign exchange hedging. Some firms feel hedging techniques are speculative or do not fall in their area of expertise and hence do not venture into hedging practices. Other firms are unaware of being exposed to foreign exchange risks. There are a set of firms who only hedge some of their risks, while others are aware of the various risks they face, but are unaware of the methods to guard the firm against the risk. There is yet another set of companies who believe shareholder value cannot be increased by hedging the firm's foreign exchange risks as shareholders can themselves individually hedge themselves against the same using instruments like forward contracts available in the market or diversify such risks out by manipulating their portfolio. (Giddy and Dufey, 1992).

There are some explanations backed by theory about the irrelevance of managing the risk of change in exchange rates. For example, the International Fisher effect states that exchange rates changes are balanced out by interest rate changes, the Purchasing Power Parity theory suggests that exchange rate changes will be offset by changes in relative price indices/inflation since the Law of One Price should hold. Both these theories suggest that exchange rate changes are evened out in some form or the other. Also, the Unbiased Forward Rate theory suggests that locking in the forward exchange rate offers the same expected return and is an unbiased indicator of the future spot rate. But these theories are perfectly played out in perfect markets under homogeneous tax regimes. Also, exchange rate-linked changes in factors like inflation and interest rates take time to adjust and in the meanwhile firms stand to lose out on adverse movements in the exchange rates

The existence of different kinds of market imperfections, such as incomplete financial markets, positive transaction and information costs, probability of financial distress, and agency costs and restrictions on free trade make foreign exchange management an appropriate concern for corporate management. (Giddy and Dufey, 1992) It has also been argued that a hedged firm, being less risky can secure debt more easily and this

enjoy a tax advantage (interest is excluded from tax while dividends are taxed). This would negate the Modigliani-Miller proposition as shareholders cannot duplicate such tax advantages. The MM argument that shareholders can hedge on their own is also not valid on account of high transaction costs and lack of knowledge about financial manipulations on the part of shareholders.. There is also a vast pool of research that proves the efficacy of managing foreign exchange risks and a significant amount of evidence showing the reduction of exposure with the use of tools for managing these exposures. In one of the more recent studies, Allayanis and Ofek (2001) use a multivariate analysis on a sample of S&P 500 non-financial firms and calculate a firms exchange-rate exposure using the ratio of foreign sales to total sales as a proxy and isolate the impact of use of foreign currency derivatives (part of foreign exchange risk management) on a firm's foreign exchange exposures. They find a statistically significant association between the absolute value of the exposures and the (absolute value) of the percentage use of foreign currency derivatives and prove that the use of derivatives in fact reduce exposure. Based on Giddy, Ian H and Dufey, Gunter,1992,
The Management of Foreign Exchange Risk

2.3 Foreign Exchange Risk Management Framework

Once a firm recognizes its exposure, it then has to deploy resources in managing it. A heuristic for firms to manage this risk effectively is presented below which can be modified to suit firm-specific needs i.e. some or all the following tools could be used.

♣Forecast:

After determining its exposure, the first step for a firm is to develop a forecast on the market trends and what the main direction/trend is going to be on the foreign exchange rates. The period for forecasts is typically 6 months. It is important to base the forecasts on valid assumptions. Along with identifying trends, a probability should be estimated for the forecast coming true as well as how much the change would be.

♣Risk Estimation:

Based on the forecast, a measure of the Value at Risk(the actual profit or loss for a move in rates according to the forecast) and the probability of this risk should be ascertained. The risk that a transaction would fail due to market-specific problems should be taken into account. Finally, the Systems Risk that can arise due to inadequacies such as reporting gaps and implementation gaps in the firms' exposure management system should be estimated.

♣Benchmarking:

Given the exposures and the risk estimates, the firm has to set its limits for handling foreign exchange exposure. The firm also has to decide whether to manage its exposures on a cost centre or profit centre basis. A cost centre approach is a defensive one and the main aim is ensure that cash flows of a firm are not adversely affected beyond a point. A profit centre approach on the other hand is a more aggressive approach where the firm decides to generate a net profit on its exposure over time.

♣Hedging:

Based on the limits a firm set for itself to manage exposure, the firms then decides an appropriate hedging strategy. There are various financial instruments available for the firm to choose from: futures, forwards, options and swaps and issue of foreign debt. Hedging strategies and instruments are explored in a section.

♣Stop Loss:

The firms risk management decisions are based on forecasts which are but estimates of reasonably unpredictable trends. It is imperative to have stop loss arrangements in order to rescue the firm if the forecasts turn out wrong. For this, there should be certain monitoring systems in place to detect critical levels in the foreign exchange rates for appropriate measure to be taken.

♣Reporting and Review:

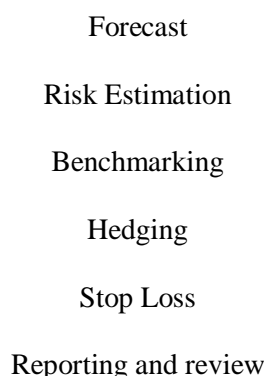
Risk management policies are typically subjected to review based on periodic reporting. The reports mainly include profit/ loss status on open contracts after marking to market, the actual exchange/ interest rate achieved on each exposure, and profitability vis-à-vis the benchmark and the expected changes in overall exposure due to forecasted exchange/ interest rate movements. The review analyses whether the benchmarks set are valid and

effective in controlling the exposures, what the market trends are and finally whether the overall strategy is working or needs change.

Based on inputs from Kshitij Consultancy Services

For example, the foreign exchange market of a developing country may be highly regulated and thus exposed to sudden swings due to frequent policy changes.

Figure 1: Framework for Risk Management



2.4 Hedging Strategies/ Instruments

A derivative is a financial contract whose value is derived from the value of some other financial asset, such as a stock price, a commodity price, an exchange rate, an interest rate, or even an index of prices. The main role of derivatives is that they reallocate risk among financial market participants, help to make financial markets more complete. This section outlines the hedging strategies using derivatives with foreign exchange being the only risk assumed.

♣Forwards:

A forward is a made-to-measure agreement between two parties to buy/sell a specified amount of a currency at a specified rate on a particular date in the future. The depreciation of the receivable currency is hedged against by selling a currency forward. If the risk is that of a currency appreciation (if the firm has to buy that currency in future say for import), it can hedge by buying the currency forward. E.g if RIL wants to buy crude oil in US dollars six months hence, it can enter into a forward contract to pay INR and buy USD and lock in a fixed exchange rate for INR-USD to be paid after 6 months regardless of the actual INR-Dollar rate at the time. In this example the downside is an appreciation of Dollar which is protected by a fixed forward contract. The main advantage of a forward is that it can be tailored to the specific needs of the firm and an exact hedge can be obtained. On the downside, these contracts are not marketable, they can't be sold to another party when they are no longer required and are binding.

♣Futures:

A futures contract is similar to the forward contract but is more liquid because it is traded in an organized exchange i.e. the futures market. Depreciation of a currency can be hedged by selling futures and appreciation can be hedged by buying futures. Advantages of futures are that there is a central market for futures which eliminates the problem of double coincidence. Futures require a small initial outlay (a proportion of the value of the future) with which significant amounts of money can be gained or lost with the actual forwards price fluctuations. This provides a sort of leverage. The previous example for a forward contract for RIL applies here also just that RIL will have to go to a USD futures exchange to purchase standardised dollar futures equal to the amount to be hedged as the risk is that of appreciation of the dollar. As mentioned earlier, the tailorability of the futures contract is limited i.e. only standard denominations of money can be bought instead of the exact amounts that are bought in forward contracts.

♣Options:

A currency Option is a contract giving the right, not the obligation, to buy or sell a specific quantity of one foreign currency in exchange for another at a fixed price; called the Exercise Price or Strike Price. The fixed nature of the exercise price reduces the uncertainty of exchange rate changes and limits the losses of open

currency positions. Options are particularly suited as a hedging tool for contingent cash flows, as is the case in bidding processes. Call Options are used if the risk is an upward trend in price (of the currency), while Put Options are used if the risk is a downward trend. Again taking the example of RIL which needs to purchase crude oil in USD in 6 months, if RIL buys a Call option (as the risk is an upward trend in dollar rate), i.e. the right to buy a specified amount of dollars at a fixed rate on a specified date, there are two scenarios. If the exchange rate movement is favourable i.e the dollar depreciates, then RIL can buy them at the spot rate as they have become cheaper. In the other case, if the dollar appreciates compared to today's spot rate, RIL can exercise the option to purchase it at the agreed strike price. In either case RIL benefits by paying the lower price to purchase the dollar.

♣Swaps:

A swap is a foreign currency contract whereby the buyer and seller exchange equal initial principal amounts of two different currencies at the spot rate. The buyer and seller exchange fixed or floating rate interest payments in their respective swapped currencies over the term of the contract. At maturity, the principal amount is effectively re-swapped at a predetermined exchange rate so that the parties end up with their original currencies. The advantages of swaps are that firms with limited appetite for exchange rate risk may move to a partially or completely hedged position through the mechanism of foreign currency swaps, while leaving the underlying borrowing intact. Apart from covering the exchange rate risk, swaps also allow firms to hedge the floating interest rate risk. Consider an export oriented company that has entered into a swap for a notional principal of USD 1 mn at an exchange rate of 42/dollar. The company pays US 6months LIBOR to the bank and receives 11.00% p.a. every 6 months on 1st January & 1st July, till 5 years. Such a company would have earnings in Dollars and can use the same to pay interest for this kind of borrowing (in dollars rather than in Rupee) thus hedging its exposures.

♣Foreign Debt:

Foreign debt can be used to hedge foreign exchange exposure by taking advantage of the International Fischer Effect relationship. This is demonstrated with the example of an exporter who has to receive a fixed amount of dollars in a few months from present. The exporter stands to lose if the domestic currency appreciates against that currency in the meanwhile so, Corporate Hedging for Foreign Exchange Risk to hedge this, he could take a loan in the foreign currency for the same time period and convert the same into domestic currency at the current exchange rate. The theory assures that the gain realised by investing the proceeds from the loan would match the interest rate payment (in the foreign currency) for the loan.

2.4.1 Choice of Hedging Instruments

The literature on the choice of hedging instruments is very scant. Among the available studies, Géczy et al. (1997) argues that currency swaps are more cost-effective for hedging foreign debt risk, while forward contracts are more cost-effective for hedging foreign operations risk. This is because foreign currency debt payments are long-term and predictable, which fits the long-term nature of currency swap contracts. Foreign currency revenues, on the other hand, are short-term and unpredictable, in line with the short-term nature of forward contracts. A survey done by Marshall (2000) also points out that currency swaps are better for hedging against translation risk, while forwards are better for hedging against transaction risk. This study also provides anecdotal evidence that pricing policy is the most popular means of hedging economic exposures. These results however can differ for different currencies depending in the sensitivity of that currency to various market factors. Regulation in the foreign exchange markets of various countries may also skew such results.

3. DETERMINANTS OF HEDGING DECISIONS

The management of foreign exchange risk, as has been established so far, is a fairly complicated process. A firm, exposed to foreign exchange risk, needs to formulate a strategy to manage it, choosing from multiple alternatives. This section explores what factors firms take into consideration when formulating these strategies.

3.1 Production and Trade vs. Hedging Decisions

An important issue for multinational firms is the allocation of capital among different countries production and sales and at the same time hedging their exposure to the varying exchange rates. Research in this area suggests that the elements of exchange rate uncertainty and the attitude toward risk are irrelevant to the multinational firm's sales and production decisions (Broll, 1993). Only the revenue function and cost of production are to be assessed, and, the production and trade decisions in multiple countries are independent of the hedging decision.

The implication of this independence is that the presence of markets for hedging instruments greatly reduces the complexity involved in a firm's decision making as it can separate production and sales functions from the finance function. The firm avoids the need to form expectations about future exchange rates and formulation of risk preferences which entails high information costs.

3.2 Cost of Hedging

Hedging can be done through the derivatives market or through money markets (foreign debt). In either case the cost of hedging should be the difference between value received from a hedged position and the value received if the firm did not hedge. In the presence of efficient markets, the cost of hedging in the forward market is the difference between the future spot rate and current forward rate plus any transactions cost associated with the forward contract. Similarly, the expected costs of hedging in the money market are the transactions cost plus the difference between the interest rate differential and the expected value of the difference between the current and future spot rates. In efficient markets, both types of hedging should produce similar results at the same costs, because interest rates and forward and spot exchange rates are determined simultaneously. The costs of hedging, assuming efficiency in foreign exchange markets result in pure transaction costs. The three main elements of these transaction costs are brokerage or service fees charged by dealers, information costs such as subscription to Reuter reports and news channels and administrative costs of exposure management.

3.3 Factors affecting the decision to hedge foreign currency risk

Research in the area of determinants of hedging separates the decision of a firm to hedge from that of how much to hedge. There is conclusive evidence to suggest that firms with larger size, R&D expenditure and exposure to exchange rates through foreign sales and foreign trade are more likely to use derivatives. (Allayanis and Ofek, 2001)

First, the following section describes the factors that affect the decision to hedge and then the factors affecting the degree of hedging are considered.

♣Firm size:

Firm size acts as a proxy for the cost of hedging or economies of scale. Risk management involves fixed costs of setting up of computer systems and training/hiring of personnel in foreign exchange management. Moreover, large firms might be considered as more creditworthy counterparties for forward or swap transactions, thus further reducing their cost of hedging. The book value of assets is used as a measure of firm size.

♣Leverage

: According to the risk management literature, firms with high leverage have greater incentive to engage in hedging because doing so reduces the probability, and thus the expected cost of financial distress. Highly levered

firms avoid foreign debt as a means to hedge and use derivatives.

♣Liquidity and profitability:

Firms with highly liquid assets or high profitability have less incentive to engage in hedging because they are exposed to a lower probability of financial distress. Liquidity is measured by the quick ratio, i.e. quick assets divided by current liabilities). Profitability is measured as EBIT divided by book assets.

♣Sales growth

: Sales growth is a factor determining decision to hedge as opportunities are more likely to be affected by the underinvestment problem. For these firms, hedging will reduce the probability of having to rely on external financing, which is costly for information asymmetry reasons, and thus enable them to enjoy uninterrupted high growth. The measure of sales growth is obtained using the 3-year geometric average of yearly sales growth rates. As regards the degree of hedging Allayanis and Ofek (2001) conclude that the sole determinants of the degree of hedging are exposure factors (foreign sales and trade). In other words, given that a firm decides to hedge, the decision of how much to hedge is affected solely by its exposure to foreign currency movements. This discussion highlights how risk management systems have to be altered according to characteristics of the firm, hedging costs, nature of operations, tax considerations, regulatory requirements etc. The next section discusses these issues in the Indian context and regulatory environment.

4. AN OVERVIEW OF CORPORATE HEDGING IN INDIA

The move from a fixed exchange rate system to a market determined one as well as the development of derivatives markets in India have followed with the liberalization of the economy since 1992. In this context, the market for hedging instruments is still in its developing stages. In order to understand the alternative hedging strategies that

Indian firms can adopt, it is important to understand the regulatory framework for the use of derivatives here.

4.1 Development of Derivative Markets in India

The economic liberalization of the early nineties facilitated the introduction of derivatives based on interest rates and foreign exchange. Exchange rates were deregulated and market determined in 1993. By 1994, the rupee was made fully convertible on current account. The ban on futures trading of many commodities was lifted starting in the early 2000s. As of October 2007, even corporates have been allowed to write options in the atmosphere of high volatility.

Derivatives on stock indexes and individual stocks have grown rapidly since inception. In particular, single stock futures have become hugely popular. Institutional investors prefer to trade in the Over-The-Counter(OTC) markets to interest rate futures, where instruments such as interest rate swaps and forward rate agreements are thriving. Foreign exchange derivatives are less active than interest rate derivatives in India, even though they have been around for longer. OTC instruments in currency forwards and swaps are the most popular. Importers, exporters and banks use the rupee forward market to hedge their foreign currency exposure. Turnover and liquidity in this market has been increasing, although trading is mainly in shorter maturity contracts of one year or less. The typical forward contract is for one month, three months, or six months, with three months being the most common. The Indian rupee, which is being traded on the Dubai Gold and Commodities Exchange (DGCX), crossed a turnover of \$23.24 million in June 2007.

4.2 Regulatory Guidelines for the use of Foreign Exchange Derivatives

With respect to foreign exchange derivatives involving rupee, residents have access to foreign exchange forward contracts, foreign currency-rupee swap instruments and currency options – both cross currency as well as foreign currency-rupee. In the case of derivatives involving only foreign currency, a range of products such as Interest Rate Swaps, Forward Contracts and Options are allowed. While these products can be used for a variety of purposes, the fundamental requirement is the existence of an underlying exposure to foreign exchange risk i.e. derivatives can be used for hedging purposes only. The RBI has also formulated guidelines to simplify procedural/documentation requirements for Small and Medium Enterprises (SME) sector. In order to ensure that SMEs understand the risks of these products, only banks with which they have credit relationship are allowed to offer such facilities. These facilities should also have some relationship with the turnover of the entity. Similarly, individuals have been permitted to hedge upto USD 100,000 on self declaration basis. Authorised Dealer(AD) banks may also enter into forward contracts with residents in respect of transactions denominated in foreign currency but settled in Indian Rupees including hedging the currency indexed exposure of importers in respect of customs duty payable on imports and price risks on commodities with a few exceptions. Domestic producers/users are allowed to hedge their price risk on aluminium, copper, lead, nickel and zinc as well as aviation turbine fuel in international commodity exchanges based on their underlying economic exposures. Authorised dealers are permitted to use innovative products like cross-currency options; interest rate swaps (IRS) and currency swaps, caps/collars and forward rate agreements (FRAs) in the international foreign exchange market. Foreign Institutional Investors (FII), persons resident outside India having Foreign Direct Investment (FDI) in India and Non-resident Indians (NRI) are allowed access to the forwards market to the extent of their exposure in the cash market.

4.3 Hedging Instruments for Indian Firms

The recent period has witnessed amplified volatility in the INR-US exchange rates in the backdrop of the sub-prime crisis in the US and increased dollar-inflows into the Indian stock markets. In this context, the paper has attempted to study the choice of instruments adopted by prominent firms to stem their foreign exchange exposures.

4.4 Discussion on Hedging by Indian Firms

Forward contracts are commonly used and among these firms, Ranbaxy and RIL depend heavily on these contracts for their hedging requirements. As discussed earlier, forwards contracts can be tailored to the exact needs of the firm and this could be the reason for their popularity. The tailorability is a consideration as it

enables the firms to match their exposures in an exact manner compared to exchange traded derivatives like futures that are standardised where exact matching is difficult. RIL, Maruti Udyog and Mahindra and Mahindra are the only firms using currency swaps. Swap usage is a long term strategy for hedging and suggests that the planning horizons for these companies are longer than those of other firms. These businesses, by nature involve longer gestation periods and higher initial capital outlays and this could explain their long planning horizons. Another observation is that TCS prefers to hedge its exposure to the US Dollar through options rather than forwards. This strategy has been observed among many firms recently in India. This has been adopted due to the marked high volatility of the US Dollar against the Rupee. Options are more profitable instruments in volatile conditions as they offer unlimited upside profitability while hedging the downside risk whereas there is a risk with forwards if the expectation of the exchange rate (the guess) is wrong as firms lose out on some profit. The use of Range barrier options by Infosys also suggests a strategy to tackle the high volatility of the dollar exchange rates. Software firms have a limited domestic market and rely on exports for the major part of their revenues and hence require additional flexibility in hedging when the volatility is high. Another implication of this is that their planning horizons are shorter compared to capital intensive firms. It is evident that most Indian firms use forwards and options to hedge their foreign currency exposure. This implies that these firms chose short-term measures to hedge as opposed to foreign debt. This preference is possibly a consequence of their costs being in Rupees, the absence of a Rupee futures exchange in India and curbs on foreign debt. It also follows that most of these firms behave like Net Exporters and are adversely affected by appreciation of the local currency. There are a few firms which have import liabilities which would be adversely affected by Rupee depreciation. However it must be pointed out that the data set considered for this study does not indicate how the use of foreign debt by these firms hedges their exposures to foreign exchange risk and whether such a strategy is used as a substitute or complement to hedging with derivatives.

5. CONCLUSION

Derivative use for hedging is only to increase due to the increased global linkages and volatile exchange rates. Firms need to look at instituting a sound risk management system and also need to formulate their hedging strategy that suits their specific firm characteristics and exposures. In India, regulation has been steadily eased and turnover and liquidity in the foreign currency derivative markets has increased, although the use is mainly in shorter maturity contracts of one year or less. Forward and option contracts are the more popular instruments. Regulators had initially only allowed certain banks to deal in this market however now corporates can also write option contracts. There are many variants of these derivatives which investment banks across the world specialize in, and as the awareness and demand for these variants increases, RBI would have to revise regulations. For now, Indian companies are actively hedging their foreign exchanges risks with forwards, currency and interest rate swaps and different types of options such as call, put, cross currency and range-barrier options. The high use of forward contracts by Indian firms also highlights the absence of a rupee futures exchange in India. However, the Dubai Gold and Commodities Exchange in June, 2007 introduced Rupee-Dollar futures that could be traded on its exchanges and had provided another route for firms to hedge on a transparent basis. There are fears that RBI's ability to control the partially convertible currency will be subdued by this introduction but this issue is beyond the scope of this study. The partial convertibility of the Rupee will be difficult to control if many exchanges offer such instruments and that will be factor to consider for the RBI. The Committee on Fuller Capital Account Convertibility had recommended that currency futures may be introduced subject to risks being contained through proper trading mechanism, structure of contracts and regulatory environment. Accordingly, Reserve Bank of India in the Annual Policy Statement for the Year 2007-08 proposed to set up a Working Group on Currency Futures to study the international experience and suggest a suitable framework to implement the proposal, in line with the current legal and regulatory framework. The limitation of this study is that only one type of risk is assumed i.e the foreign exchange risk. Also applicability of conclusion is limited as only very few firms were reviewed over just one time period. However the results from this exploratory study are encouraging and interesting, leading us to conclude that there is scope for more rigorous study along these lines.

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A STUDY ON CORPORATE SOCIAL RESPONSIBILITY, EDUCATION AND TECHNOLOGY

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ABSTRACT

"What is so thrilling about our time is that the privilege of information is now an instant and globally accessible privilege. It is our duty and responsibility to see that gift bestowed on all worlds' people so that many may live lives of 'knowledge' and understanding". Kofi Anan, United Nations Secretary General.

The paper starts with an analysis of the role of knowledge and information in human history with specific reference to its role in the era of globalisation marked by the development and advancement of information communication technologies. Given the transnational character of corporations, in this era the concept of corporate social responsibility emerges as a key determinant in bridging the digital divide, an outcome of the need for a successful management of this process. The paper outlines the role of corporations, as crucial for a successful transition for developing and underdeveloped countries to a knowledge economy and subsequently knowledge society, in order to bridge the digital divide and remove the existing asymmetries at varied levels.

INTRODUCTION

"Corporate executives have an obligation as global citizens to play a role on the world stage, but they should understand that this role requires them to balance two, extremely delicate, sets of responsibilities: they must address the urgent issues of our times, without overstepping the boundaries of democratic legitimacy, and they must contribute to the public welfare, without neglecting their primary role as generators of private wealth. We are both leaders and statesmen. Although there are those who would like us to be neither."

- James D. Wolfensohn, President, World Bank, Washington DC.

The journey of 'Knowledge' from the Socratic dictum 'Knowledge is Virtue' to Michael Foucault's post-modernist understanding of knowledge as 'Knowledge is Power', has not only been interesting but has also generated a large number of interpretations as to what constitutes knowledge? What is the role of knowledge in society? Whether knowledge has the momentum of its own to obliterate the existing asymmetries, namely the digital divide in different nook and corner of the world? Could knowledge be a viable instrument to reduce and finally mitigate the divide? Does a socio-economic condition help shape knowledge? And last but not the least, how is knowledge produced and what role do governments and business play in the production of knowledge? Such questions become more pertinent when one comprehends the fact that the world has traveled a tortuous trek from the Greek 'City-State' to the present day 'Knowledge-Society'.

The aim of this paper is to identify the successful role that businesses have so far played in bridging the digital divide to whatever extent possible through investments in the sphere of education (with specific reference to India) in order to develop sustainable business models and achieve social returns on investment. The paper outlines the future challenges that corporation could face in this direction

KNOWLEDGE

Different philosophers have approached the question of what comprises knowledge differently i.e., best reflected by a comparative analysis of the views of Karl Popper, Thomas Kuhn, Michel Foucault and Karl Popper, which revolves around two essential questions:

1. How do we produce knowledge?
2. Is this knowledge a socio-economic construction?

Knowledge is a complex phenomenon, which cannot be defined in one succinct sentence. The inclusion of a number of variables and categories make the task of defining it cumbersome. The paper is an attempt to trace the transition of developing countries (with specific reference to Asia and examples from India) into the knowledge economy and continued barriers to its success that starts with an understanding of the notion of knowledge society with particular focus on the growth of knowledge economy as discussed by Bell, Toffler, Cairncross and Leadbeater. The paper concludes with a brief discussion of the challenges to such transition and the future opportunities that governments and business need to avail and the role that business can play if developing countries are to avail of the advantages of the knowledge-based economy.

DEVELOPING WORLD AND THE KNOWLEDGE ECONOMY

In the last thirty years since Bell wrote, developing countries particularly Asia, has witnessed the growth of a whole new range of knowledge. However in every arena (old as well as new) enduring research work has not always been undertaken to the extent necessary. Neither have the communication technologies, the key to market economy, significantly revolutionized Asia. The location and size of major corporations operational in the region are no longer of significance with the emergence of relatively cost effective technologies coupled with global access to capital means a factor that has often worked to Asia's disadvantage. The forces of globalisation have furthered the negative forces and strengthened the asymmetric nature of the region vis-a vis other regions of the world (creating a 'digital divide'), failing to integrate it in a manner advantageous towards realising long term socio-economic development, peace, and stability.

CORPORATE SOCIAL RESPONSIBILITY (CSR) IN THE CONTEXT OF GLOBALISATION

Any analysis of CSR in the present context cannot avoid an understanding of the process of globalization as marked by two distinct tendencies, one of increasing integration and interdependence and the other of increasing disintegration and dependence. Corporate globalists thus see interdependence as an opportunity not only for profit making but also for economic development amongst the developing and underdeveloped countries. According to the UN Secretary General Kofi Annan, "If we cannot make globalisation work for all, in the end it will work for none. Thus it is essential to enlist the help of businesses in building the missing links in social infrastructure of the new global economy".

"Globalization has to create value for everyone, not just shareholders. Good corporate governance is essential for this to happen", according to Jacques Manardo, Global Managing Partner for Strategic Clients at Deloitte Touche Tohmatsu, France during his address at the World Economic Forum. In practice, companies have to consider the interests of other stakeholders - consumers, employees and civil society as a whole". This "model" exists in some form or other in Europe and Japan. On the whole, companies are compelled to balance the interests of the various stakeholders as part of good business practice and legal obligations. From a philosophical viewpoint, "**companies are there to serve society**".

Globalization could lead to benchmarks, better jobs, higher standards of living, but could result in some countries being left behind, with the gap between developed and developing countries broadening to the detriment of all. Thus, two key areas need to be managed by corporations, along with governments in the process of globalisation, talents (and the mobility of people with talents in demand) and trade. Developing countries need to learn to develop and also retain talent, and that requires a revamp of much of its culture including education infrastructure, legal systems, immigration policies and management policies, while arts and entertainment facilities will need to adapt to meet changing demands and more international tastes. A free and open trade and investment environment is necessary, but achieving agreement between many countries and cultures is difficult. A harmonious symbiosis of Global-Local approach incorporating a sense of social responsibility is required by corporations to help developing countries through their transition to knowledge societies.

Corporate governance refers to the sets of rules that allow shareholders, i.e., owners, to shape a company's actions and overall direction. In the present scenario, many shareholders, large and small are demanding accountability and transparency and exerting greater influence on how companies are governed. For an analysis of the concept of corporate governance see Anne Moore Odell, "Corporate Governance". Also see the proceedings of the first e-conference of the WBI and the background paper submitted for the first session for a detailed analysis of the concept.

CORPORATE SOCIAL RESPONSIBILITY

In this era of globalisation necessitating effective corporate governance, corporations have increasingly come to realize the need to share a common vision of corporate social responsibility though the contents and issues which it would encompass and the priority accorded to them would differ. Successful businesses realize the benefits of deep community ties, creating path-ways of exchange of information, energy and ideas. Increasingly companies are separating community management from public relations by opening up separate offices. According to Jack Greenberg, President and chief executive officer of McDonald's Corporation USA, "the company works with local governments, to touch people's lives at the grassroots level on programmes ranging from waste recycling to support to the sick. Our commitment to social responsibility and to making profits is

necessarily linked.” Corporations need to realize that good causes can help improve a company's as well as a country's image.

The notion of corporate social responsibility is especially crucial in the case of developing or underdeveloped countries. In the case of mining companies of Latin America their earlier paternalistic relations with local communities resulted in suppressing initiatives in education. That relationship has now changed to greater partnerships with local communities. Therefore social responsibility is a means of managing risk and avoiding a big price to pay for lack of involvement. The case of Microsoft's investment in India in different ways in the sphere of education (Project Shiksha) and health (namely in terms of eradication of HIV/AIDS) are worth emulating by other corporations. The case of Malayampa natural gas power project in the Philippines is worth mentioning in Shell's commitments towards sustainable development. SmithKline Beecham's aim to eliminate elephantiasis, and Liz Claiborne's efforts to increase awareness of domestic violence are some of the examples of corporations increasingly taking on the mantle of social responsibility.

CSR, EDUCATION AND TECHNOLOGY: ROLE OF CORPORATIONS

The world has undergone a tremendous change with the advent and proliferation of information and communication technologies (ICT) such as the internet, email and wireless communication, whose impact (both positive and negative) is perceived in every sector of society and every corner of the globe. In this new era of knowledge society that has emerged in the course of human history role of corporations are extremely crucial in complementing governments efforts.

The Digital Decade (2000-2009), hype is not merely a short-term affair, as 2009 would far from signal the end of the information technology boom or for that matter the end of the IT decade. According to the Microsoft Chairman, Bill Gates, 2009 would rather herald the beginning of a new era of internet boom based on a long-term strategy adopted by Microsoft geared fully towards research and development. Businesses and governments must work together to manage the tremendous change information technologies are bringing to society today. Crucial to successful change management is a strong emphasis on education.

This is because people can no longer either underestimate or overestimate the potential role that digital divide could play. In this globalised economy, the role played by corporations engaged in such enterprise could reduce the asymmetries created by the digital divide within and amongst countries by utilizing the immense potential of ICT to the advantage of society per se the world over. Governments need to match the pace of change currently occurring in the world of information technology and e-commerce. But unlike businesses, governments are hindered in their ability to manage and lead change. Long-term strategies are forsaken in favour of short-term frameworks, which yield measurable outcomes. With any major social upheaval there is always the danger that traditional values will be cast aside. However, in the Asian context values will remain intact and perhaps become even more important. In this context it is essential that an increased value be placed on education with a strong emphasis on ensuring that all members of society have access to the Internet. This means training teachers now, rather than waiting a generation until a new group of educators acquires computer and IT skills.

Governments and businesses can help each other manage the social transformation. Politicians should openly embrace the changes and use information to empower people. Flexibility is required, as is a willingness to experiment with new ideas. By using the technology now available, governments can help bring about societal breakthroughs. Business will have to work with governments in dealing with crucial and complex issues. The new ethos of corporate social responsibility that emerges from debates world over including those under the aegis of the World Bank suggest that the difficult choices politicians often have to make in the face of varied socio-economic constraints can be facilitated by businesses. The British Prime Minister Tony Blair during his address to the World Economic Forum observed, “Business can assist governments in sharing with people the tough choices, which must be made. A better dialogue must be established to effect change”.

According to William H. Gates III, Chairman and Chief Software Architect, Microsoft Corporation, USA, “in an increasingly wired world, the roles of corporate manager and public citizen can't be separated. A firm like Microsoft is judged on the skills of its employees, meaning issues such as job training and educational reform are now competitive as well as social factors as the public expects business leaders to focus on issues that are legitimately connected to their economic responsibilities. It's a healthy thing there are demonstrators in the streets. We need a discussion about whether the rich world is giving back what it should in the developing world. I think there is a legitimate question whether we are.

INDIAN SCENARIO

In India there are many companies catering to IT education and training, like **Infosys, Wipro, Tata Consultancy Services (TCS), NIIT, CMC, APTECH, DOEACC**, etc., (providing IT education both in terms of creating a skilled and trained workforce, from the perspective of companies needs as also to aid the process of computerization be it the railways, banking, insurance, health, etc. as also providing basic computer training in order to access the mine of information presently available through internet). However, the problem that majority striving to gain access to computer education face is enormous expenditure incurred, much beyond the reach of the vast majority. For example, a three year course offered by say NIIT would approximately cost around 65,000-70,000 Indian Rupees, unlike a local grass-root organization, like NIC or say few cyber-kiosks, operating only in a particular Calcutta locality would be much less say around 10,000 Indian Rupees. The quality of education would vary if one were talking of creating an IT.

These two sections in the IT strategy outline the importance and need of providing IT education right from the school level for both governments and businesses in order to evolve sustainable business models and achieve social returns on investments of both governments and businesses. For example, the touch screen computers and kiosks establish throughout Andhra Pradesh is a part of the governmental efforts in introducing e-governance is laudatory. However, in a state also marked by high suicide rates of farmers, poverty and absence of basic literacy in the rural interiors, such measures would only be effective in solving the plight of the farmers, if investments are also made in basic education and awareness and the usage of the computers, be it when farmers apply for a small loan or demand better irrigation facilities, or avail the benefits of ICT projects in rural areas, etc.

Amongst multinational corporations Microsoft's recently outlined future vision and activities in India is an example of the crucial role that MNCs can play in complementing governments efforts and realizing the vision laid out in India's IT strategy of increasing citizen-IT interface through investments in education.

The Microsoft Chairman, Bill Gates during his recent visit to India, envisioned an India which in the course of its journey towards the end of the first decade of the new millennium, would be one where individuals would be increasingly getting used to computer usage be it storing music, photographs or information. The end result of this increasing interface, leading to a sort of dependence scenario would mean that in a country like India millions of people would be employed in the IT industry in high salaried positions. In a developing country like India marked by internal asymmetries that reinforces the digital divide, realization of the potential of the digital decade would entail enormous investments and structural changes at varied levels, namely spread of education (not merely basic literacy) at all levels, development of a reliable communication infrastructure and the software to connect the people of different communities with diverse socio-cultural, linguistic, religious and ethnic background.

Despite the plethora of companies engaged in IT education large medium and small including grass-root organizations, the challenge of bridging the digital divide and removal of asymmetries within different regions in India tailor-made to suit the varied diversities continues to persist if the long-term potential of India in the field of IT is to be realised. Efforts of Microsoft are indeed exemplary and go a long way to suggest that corporations the world over, through long-term investments in both research and the spread of information and communication technologies right at the school level, do have a crucial role to play in bridging the digital divide in terms of complementing existing governmental efforts.

CHALLENGES ENCOUNTERED BY BUSINESS IN THE DEVELOPING WORLD

The major challenges faced by business towards reducing the 'digital divide' existent within and amongst the countries of the developing world, including India can be identified as follows:

1. Governmental barriers arising from differences in forms of government and types of regime marked by excessive regulation in important spheres highlights the crucial issue of absence of good governance and requisite political will.
2. Financial barriers dependent on the level of economic development due to lack of adequate resources and the failure to avail of cost-effective technologies
3. Technological barriers stemming from the non-availability of adequate infrastructural facilities.
4. Social barriers that are a result of the economic and cultural disparities between the elite minority and the vast majority.
5. Cultural barriers due to educational disparities raise the crucial issue of how to make the educational

significance of Internet and the consequent access to plethora of information relevant to the majority of the world populace.

CONCLUSION

“If you have an apple and I have a apple and we exchange these apples then you and I still have one apple. But if you have an idea and I have an idea and we exchange these ideas, then each of us will have two ideas.”

- George Bernard Shaw

Unlike many other resources that get depleted when shared amongst others, knowledge gets further enriched. In order to globally maintain prosperity, peace and stability in this global age of ICT's, it is crucial that all key stakeholders contribute their bit in the process of global management through effective knowledge management, which is viewed as the key if not the sole differentiator. Efforts in this direction need to begin from the school level and corporations can contribute their bit through social investments in the educational sector for which the long term returns would be significant both for the government, corporations as also the community towards which it is directed.

The aim of this study would be to identify how business can overcome the above identified challenges through examples of successful role that corporations either large, medium or small have played. Participants could also suggest future role that corporations could play in the sphere of education and thereby bridge the digital divide in order to develop sustainable business models and achieve social returns on investment.

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CHALLENGES OF TEACHING ENTREPRENEURSHIP

Safal Batra

As a faculty member teaching entrepreneurship to three sections of full time MBA program in a reputed business school of India, I realized that the course offers unique challenges specific to this course. In this article, I make an attempt to highlight the three key challenges and provide some means of overcoming them:

1. **Mindset for the course:** Most students come to this course with a question in their minds – why am I made to do this course when I do not want to be an entrepreneur. It takes a couple of classes for any faculty teaching entrepreneurship to convince the students that entrepreneurship is not just about starting a new venture, but entrepreneurial mindset and thinking are as crucial for corporate managers and executives. No one like executives who raise issues and problems. Firefighting is a necessary skill that every successful manager needs to develop. Things are not always structured, and hence there's a need for managers to develop skills such as tolerance for ambiguity, ability to work in chaotic situations, handle diversity of thoughts and complexity of ideas. All these are crucial inputs that an entrepreneurship course can deliver effectively.
2. **Class Strength:** Typical class size of 60-70 in any business school proves to be effective for teaching structured courses. However, a course like entrepreneurship is extremely challenging to be taught in large class sizes. In order to make an effective business plan, students and faculty need to interact multiple times in order to make the exercise meaningful for both parties. However, it becomes difficult for the instructor to interact with large number of groups that often. Despite these inherent challenges involved in this process, our experience of doing a small business plan exercise was fruitful. While we may not see a completely developed business plan that is ready to be launched at the end of the course, it will certainly set the ball rolling in the minds of students. It is highly likely that a small fragment of students who are actually interested in taking up entrepreneurship seriously will automatically connect with the instructor in due course.
3. **Need for Structure:** A typical business school course is well structured, has clear objectives to be fulfilled, a series of quizzes and end-term examinations for evaluation, and has certain clear deliverables at the end of the course. Entrepreneurship course, in contrast, is more chaotic. One way of driving the course could be to specifically delve into the marketing, HR and financial aspects of new ventures and small businesses. But that does not differentiate the course, and the nuances of functional strategies can actually be part of functional courses. So what should an entrepreneurship course cover and evaluate? In our opinion and experience, the best approach is to take this course is a hands-on approach wherein the students are asked to develop a full-fledged business plan from scratch. In the process, a few classes should go on ideation, the next few on opportunity evaluation and the final set of classes on implementation aspects.

While there is no one best way of teaching the entrepreneurship course and some of the hurdles always remain, teaching entrepreneurship is certainly a healthy and fruitful exercise.

CASE

CHALLENGES FACED BY EASYRATION.COM (AN ONLINE GROCERY STORE)

Monika Punn and Prof. Arunaditya Sahay

ABSTRACT

This case is meant for entrepreneurship course and it can be taken in the session on entrepreneurial finances. Anand Thakur got this great idea of starting his own venture of online grocery store. He implemented his idea and named his store “easyration.com”. Easyration.com proved to be story of Anand’s hard work, his struggle and his innovations which made him proud. It all started from business plan and arrangement of finances. The next step was to arrange inventory and warehouse for storing it. Being an online business, involvement of technology became the most important aspect where website maintenance and online payment options were very important. Initially during the first year the business was running well but slowly and gradually as they moved towards the second year, despite implementation of technology, the business started going down. To reduce the losses Anand Thakur took many innovative actions. Their USP was uniqueness in product chain. He maintained the quality which helped them retain old customers and attract new customers. The innovation called for new investments for which returns were not forthcoming. He needed more investment to stay in the business. He was running out of money and now a decision had to be taken, how to take it forward?

It was intense cold in Delhi in December 2013, when ‘Anand Thakur’ was sitting in his office, discussing with Avipsha his wife as well as director in his company “**Easy Ration Retail Pvt. Ltd**”. They were discussing about the future of their venture. It was his baby when he started it 2 years back, but given the circumstances, he took some innovative steps to come out of the issues that he faced and make sure, he kept his dream alive.

He had sleepless nights in last two years, worked on all aspects of management. He had poured his money, his efforts, his dedications everything into his dreams. Now only thing he needed to decide what to do next, which route to follow, to continue or to exit.

MOTIVATION/IDEA

Anand Thakur, in the year 2011 was working as Principal Software Engineer in Adobe Incorporates, where he had faced stringent deadlines for his delivery. It was Friday evening , when he got late from his office , after discussion with his US counterparts, a significant change was required in the software that needs to be delivered to the customer on Monday, So he knew this weekend he had to work his skin out to meet the deadline.

As he reached home, his wife Avipsha reminded him of household shopping that they had to do this weekend. This gave Anand Thakur a nightmare as both the things were equally important. Being a working couple, it was not fair for Anand to put all the responsibility on Avipsha, as she also used to have night assignments from office. So they decided to complete all the shopping on Saturday evening. They planned to finish all the shopping in one hour and come back so that Anand could continue his pending work. But it worsened their issue when they reached the retail outlets. Firstly due to weekend there were big parking chaos, once that issue was resolved and they entered the outlet, it was a long queue in the outlet. They somehow completed their shopping, but it took 3-4 hours which they actually planned for only 1 hour only. So after reaching home, it required extra efforts from Anand to complete his assignments. It was an end to a hectic week, but it gave rise to an innovative plan to Anand. He realized one thing that for working couple if there could have been a solution, where they could get household and other items, while sitting at home would have been real boon for them.

Anand was an Engineering Graduate and always had zeal inside him to do something innovative. He discussed this idea with his wife. Avipsha, herself an MBA from Calcutta University found this idea pretty exciting and they decided to convert this dream into reality

THE BEGINNING

It was Feb 2011, when Anand met his Manager and submitted his resignation. It was shocking for the Manager to lose such a high quality team member, but when he got to know about Anand’s ambition, he appreciated his idea and accepted his resignation. Meanwhile Avipsha also resigned from her job.

It was March 2011, when Anand launched his company “**EasyRation Retail Pvt. Ltd**”. Avipsha was shareholder in the company and joined the company as Director while Anand was CEO and VP.

Although the motto for the innovation was online selling of household items, it got started from setting up a warehouse and physical store. They took a warehouse on rent in Faridabad, on a location near their house. Now the next important thing was to establish online store. They started working on online establishment of their online venture with website name “easyration.com”. They outsourced the website development work to e2solutions.net. First challenge was to get website stable and properly tested. They outsourced this work to third party. In the mean time they started working towards inventory management.

FINANCES

For the inventory management, they needed to plan on things like setting up of warehouse, buying the initial products, arrange vehicles for delivery. Also they needed investment for the online launch. So for the assets they figured out that they needed investment of approximate Rs15 lacs. Complete financial cash flow and break up is covered in **Exhibit 4**. As Anand and Avipsha had some savings, they decided to invest the initial capital from their own.

ONLINE LAUNCH

The initial version of their website “easyration.com” was not stable and also used to hang due to some software issue. After some hiccups and corrections, the stable version of “easyration.com” was delivered. After the website delivery, next thing was to decide on payment options for the user. For the initial launch they came up with credit card payment – Master and Visa. As it was the new company so to work out with trust factor of customer, they also provided option of COD (cash on delivery). Finally official launch of easyration.com was announced in July 2011. Once online business was launched, they shifted the interest from physical store to online store.

INITIAL PRODUCTS

The initial version of their product set consisted of grocery items – food and non-food which are commonly found in any retail store. Also they had the pet care, baby care as well as personal care products in their initial launch.

PROMOTION

For the initial setting up of business they needed different promotion techniques for attracting the customers (Ankar, Walden & Jelassi, 2002). During initial launch (July 2011), they choose already established online marketing giant “Snapdeal”. Snapdeal being one of the most popular online portal sites where online customer meets online seller, this promotion scheme actually saw good response where customer got to know about easyration.com and from here the story of easyration.com took a start. They launched some of their products as a deal on Snapdeal. They knew that its human tendency to search for discounts and once users started visiting their website through snapdeal page it would lead to publicity of their website too. As it was online selling, they used the most reliable option of online promotion i.e. Google Adwords. Google Adwords helped easyration.com to stay in first page of search while searching any online grocery or any item. Also it gave customer some sort of authentic and reliable option when your website appears in first page. They used one month package of “Google Adwords” for the period after launch for the online customer to give it a try. Also they wanted to attract customers and for online customer attraction for the initial phase promotion through advertisement is not only one of the important but necessary option to mark an impact.

INITIAL RESPONSE

As response to any online portal is decided by no of hits on website, the initial no in first month was pretty attractive. As there was initial promotion through Google Adwords and snapdeal, the no of hits during first month reached round about 25000, which was really a great number for a startup. But the conversion rate was not very good at start. They only got a handful of 10 orders for the first month. It is always understood that usually conversion rate from website hit to actual order is always low and on average 3-4 % conversion rate shows stability of online retail business, but with conversion rate of less than 0.05% was a serious point to focus on. There were few questions that rose in Anand’s mind

- Why were the customers coming to website often but not purchasing it online?
- What was the confusion among the customer which stopped them from buying it online?
- Was it the general trend of any startup online website or something got really messed up?

- What could have been done better to give it a kick start?

REVISITING THE PROBLEM

Anand revisited his website and got the review and feedback from his friends. The most important feedback he got ,that responsiveness of the website was very slow. As most of the users in India, usually do not have high internet speeds and the website “easyration.com” due to extra beautification was little slow in nature. So Anand proposed a faster version of easyration.com which was very light and faster as compared to older one.

Next channel was to visit the product chain. While checking the products he analyzed that their online retail store is no different from other store. He decided to introduce niche products in their product chain. He added pet care products which could attract pet lovers to his online store. Also they added regional items as Bengali and South Indian Section in their product chain to cater the specific section of customer data base.

The result was clearly visible in the next month. They started getting good amount of orders in Aug-Sep 2011. While collected data they got 600 orders in those two months. It was conversion rate of 1.5%, a significant increase from the last time. The total business they did for those two months was round about Rs3 lacs. They were not looking for profit numbers in the initial phase. Their initial targets were as follows

- To meet the competition
- To survive
- To increase the customer database
- To expand

FURTHER STRATEGY

As their next aim was to expand in business and in customer database, Anand decided to invest in promotions. He did following things which could have impacted the business

- **Pamphlet Distribution:** An old style of marketing, but still had some impact on business.
- Tie up with RWA JustMyNeighbour to offer discounts from Nov 2011
- Corporate Tie up with Dealspoint from Jan 2012

These promotions were really helping as their customer database was increasing. He also started his blog linked it to mouth shut and welcomed the reviews of customers. He introduced more brands as per the customer needs, took the feedbacks implemented in his product chain.

Due to the above issues Anand decided to invest more capital to meet the market needs. By June 2012 he had invested total of Rs 20lacs in his company including the initial investment.

As a further course of action Anand decided to work more on following aspects:

Promotions

- Introduced free gifts on every purchase. In august 2012 they announced on gift of round about Rs50 on Minimum purchase of Rs400. And gifts were of different values on different purchase value to attract more customers.
- In November 2012 they tied up with Best Rice to provide “Buy one Get one free” on 1kg pack of Best Rice.
- In Feb 2013 they made strategic tie up with Dalmia Continental and provided heavy discounts on Leonardo olive oil.
- In May 2013 they distributed free sample of Best Honey.

Promotions not only included freebies and tie up. Consistent relationships with customers were maintained. Few of the key promotion means which were applied by easy ration.com were:

- **Social Media:** While talking of online marketing, social media could not have been ignored. A dedicated webpage of easyration.com was made on social networking site facebook.com (**Exhibit**

- 5). They also used facebook media to give offers like cheapest day of the month, or sale details to attract customer to provide some freebies
- Posting coupons: For promoting the products, various coupons were posted on famous websites like couponuniya.com or freekaamaal.com, where customer could coupons like 1 +1 free or free gifts coupons. Also those customers who were not active from long time used to get some offers through mail to attract them.
 - Youtube advertisements: With facebook page easyration.com also got engage with youtube where they posted advertisement on youtube to market their products. As youtube is the most popular site for watching videos so it provide a direct marketing strategy among the targeted user database for online grocery.
 - Press Release - As newspaper is the oldest form of marketing, easyration.com also went with the press release in Hindustan times (Vats, 2011) to show their presence and prove their authenticity in the market.(Exhibit 7)
 - They also had presence on reviews websites like mouthshut.com. This helped them in couple of ways. Positive reviews from the customers became attraction for new customers where it acted as good branding technique while they were very much responsive to negative feedback and took corrective measure which marked them as a good customer care unit too.

Product Chain

To increase the customer database they added more products on their product ranges.

- In September 2012 they added kitchen ware and household items.
- In Dec 2012 they added stationary items.
- In Apr 2013 they added fresh vegetables and fruits .
- They also increased no of brands in their product chain.

With the addition of investment and doing promotions and increase in product chain, they were able to attract customer. There was significant increase in customer database.

With all the business the easyration.com maintained its USP as follows

- Variety of Products including Regional Sections
- Maintaining high quality of private labels- rice, pulses and spices
- Provided excellent services standards and timely deliveries.

When compared with their offline or online competitor, they tend to provide almost every solution what the customer was looking (Exhibit 2).

While talking of their product chain, they had everything from edible to non-edible grocery item. The noticeable items were

- Food (Organic and Inorganic) – They covered all variety of food grocery item which is available in any grocery store. They also made sure that all the common brands were available so that customer have ample amount of choices and customer should not find any reason to go to their competitors. Also they put emphasis on organic food, to market healthy habits and linked their business with social cause. This provided a good message to their customer which is mostly the educated society of population and who understood the advantages of organic foods.
- Imported Food – By imported food they emphasized on section of foods which are very popular among kids and current customers i.e. Italian, Chinese, Mexican or continental.
- Regional Items – One of the very interesting section that easyration.com focused on was regional items. They tried to choose the different regional items according to their customer population. As Anand Thakur himself was Bengali and had good amount of Bengali customer in their customer database, he tried to cover Bengali items in their product chain. Second thing as there is good amount of Punjabi population in the area which put a strong opinion to include Punjabi food items. Another regional item they included as their product list was South Indian which is actually very popular as taste changer among the people in exactly opposite side (North India) of population. Inclusion of those regional items saw a promising response and tried to attract and retain a set of customers who actually attached them with easyration.com.

- Pet Care - Another interesting product that was focused upon were pet foods. This product was little uncommon and usually not available in general grocery store (online or offline). Although this product target a very small section of customer but found a pretty decent response.

STRATEGIC AND FINANCIAL ISSUES

Even with all the investments, Anand realized to compete in market he still needs more investment. He was running out of money. To meet the completion they were not able to make it profitable and all the issues were still present.

- First and foremost issue for them was working capital. As online marketing business was a loss making business in start. They needed continuous inflow of capital to stay in the business. When compared with the competitors, they still were lacking in more brands that could have attracted more customers. Also they needed more money to invest in marketing. They needed to continuously show and prove that they were anytime better than their competitors. To meet with this competitive need they needed to expand in product chain, they needed to invest more and thus more capital investment became a primary concern for them.
- They have to be competitive in price tag with the physical retail outlet also. As in India competition works on price war and quality. So they had to maintain the quality with minimum price tag and work towards customer attraction and retention. Being an online portal they also needed to provide free home deliveries which also add to cost. Also being a startup they needed to provide several promotions and free gifts. These extra freebies only could have come by cutting their profits.
- Logistics was also very important issue. As they had limited budget, they could not outsourced the logistic model completely. So they went ahead with rented vehicles for delivery. As there are common issues with vehicles, they faced some of them like non availability of vehicles, vehicle break down, unskillful drivers. They also faced issues like theft and breaking out of non-durable items.
- Inventory management was also an issue as they used to store the stocks in warehouse and deliver the product when ordered.
- As most of the retail store allows Sodexo/edenered coupons. These coupons are most important part of payment options along with cash delivery. So to be at par with the customer easyration.com also provided payment options through Sodexo/edenered coupons. As a majority of customers of easyration.com were salaried class who uses these coupons, so a good amount of usage in payment options through these coupons were seen. These Sodexo/edenered coupons used to have delayed encashment time of 15 days while they had to pay their vendors in cash. So this option although was competitive but was adding financial losses for easyration.com.
- When easyration.com started they started catering to complete Delhi-NCR area which required a pretty wide coverage from them. As the area was non concise, a small order of let's say Rs 500 for any unconnected area was adding to cost and time.

With the above issues in hand, Anand started taking some corrective measure,

- Increased the min order value from Rs. 500 to Rs. 1500 to reduce the actual transportation cost. This actually helped in couple of ways – As the order is increased so if one considers the actual transportation cost (which is a freebie) as a percentage of order, it is significantly reduced. Another advantage which was sort of indirect one was increased sales.
- Shifted the focus from complete Delhi-NCR to specific areas where major customer data base is available. It was more of a strategic fix which actually not only helped in financial losses but also helped them to gain more focus on limited areas to increase the quality of service and customer relationship.
- The major change which helped him little bit also was change in inventory management. Instead of buying the stock before they shifted to hybrid model where they still used to buy the common items whose order is common and for other items they used to buy it from the vendor on the need basis when order is received. They shifted to 80-20 hybrid model where they were only maintaining about 20% stock and rest of the stock was demand based only. Actually this might have increased the delivery time for the customer but to their surprise due to the quality, the relation they maintained with their customer actually didn't impact much loss in customer retention.

These things did help Anand as by implementing above steps. These steps were small and their impact was on both sides positive and negative, but during that time easyration.com has developed trust among their customers, so negative impact was reduced to minimum while talking about positive impact - they gained more financial boost, it reduced their losses, it provided more focused approach and provided more vision to look into future.

FINANCIAL JARGON

Exhibit 4 shows the complete financial flow of easyration.com during the two years from April 2012 to December 2013. As it is clear from **figure 4.1** from **Exhibit 4** that easyration.com spent Rs 1 Lac on warehouse deposits and Rs 2 Lac as deposits for logistics deposit, which was part of initial investment. Before the online launch in July, easy ration.com invested Rs 10 lac in inventory. There was some regular expenditure related to warehouse rent Rs 70000 per month, internet expenses, maintenance charges, cc avenue charges for online payment. All these details are clearly mentioned in figure. Figure 4.1 to Figure 4.4 describes complete cash flow during period from April 2012 to December 2013. It shows how the expenditure of easyration.com became stable during 2nd year. It also shows that the loss in initial phase was in between Rs 80000 to Rs 90000, but during the latter part of 2013 i.e. November and December month this loss was reduced to Rs 4400 . So it clearly indicated that easy ration.com started coming towards breakthrough. But Anand already had suffered big losses during that time. It was clear that during that time his sales were increasing and more sales was the only way to come out of losses and convert your business into profit making but more investment was needed from Anand Thakur to continue the brighter part for the business. But as the business had already suffered big losses and improving trend was only seen for small time.

TURN AROUND

As the time progressed it was becoming difficult for Anand to handle the losses. It was September 2013 when he thought of taking a different path. As it was becoming difficult for him to manage the expenses and he realized that he need some more funds to improve his condition and increase productivity. So he started his hunt for venture capitalist. But as it was loss making business the venture capitalist tried to bargain on their terms and asked for bigger share. It was looking like a dream turned into nightmare and if Anand would have been agreed to the terms and conditions of venture capitalist it would have been like complete effort of nurturing their venture wasted. He knew it if he has to make any fruitful results out of his venture he has to present the positive side of the coin. In his two years of ventures the capital that he had earned was customer relationship. They maintained good quality products and result was shown in their increased customer database. So Anand started focusing more towards customer care and increasing customer database which actually further increased his sale which was shown in October to December financial chart in Exhibit 4

Exhibit 6 clearly shows the trend of increased no of hits, unique buyers and total no of buyers over the period of two years. The trend was very positive. As for any online business customer database is the building block and the change showed improving trend in Anand's search for partner/investor. Anand who was finding it difficult to find investors to sustain his business started getting good offers from investors as well as buyers. The things that were running from his hand were actually coming back to him and he had the choice but decision to make

FINAL CALL

By looking at the financial flow from **Exhibit 4**, easyration.com had reached a stage in Dec 2013 where a situation of breakeven was not far away, Total Assets value was Rs 492000 which mainly included inventory. But there was much more to add it – Existing customer database, Brand name, customer trust. So finally, easyration.com started emerging as venture with a substance.

Clearly, Anand was able to reduce losses and provided a consistent platform so that business could have been grown further or he could have thought of expansion route. His increased customer database was making easyration.com an evolving venture where a lot of interest was shown from buyers and investors. As the venture required more money, and Anand was actually running out of money, it was clear that Anand had to choose one of the route It was December 2013 when Anand was discussing with her business partner and wife Avipsha that in 1.5 years although there was cumulative loss of **Rs 1101000** but their existing customer data base was increased to close to 3 lakhs with almost 20000 active customers. So their business was coming on right track but they were running out of money. There were responses from the financial investors as well as options to sell out the ventures. The major question that arrived was:

Whether he should invest more, if yes than how? Whether he looks for an active partner or some sort of merger or should he look for venture capitalist to follow the next step?

Another choice he could have thought of sell off, should he take an exit route, should he call it off, should he end his dreams or the rethink of a new venture?

EXHIBITS

Exhibit-1 Scope of online retail chain in India

With increase in large customer base, especially in cities and increase knowledge of internet there is increased interest in online shopping for the customers. As per SOG report (“State of Online Grocery shopping” Report, 2012)

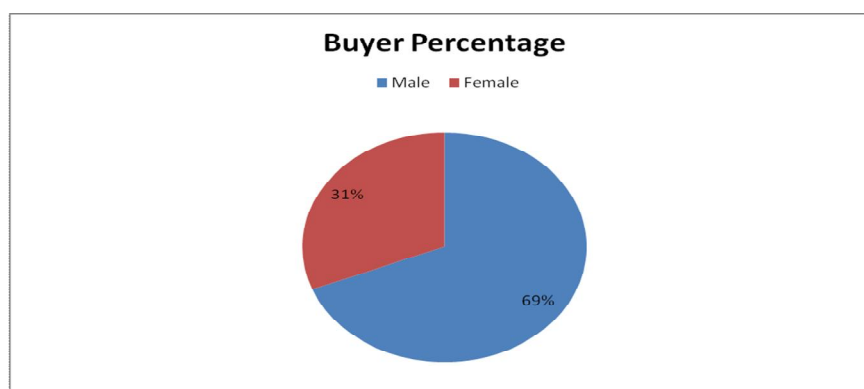


Figure 1.1

As per the above figure which shows out of the customer who prefers online shopping 69% are males and 31% are females.

Figure 1.2 shows the value of shopping bag when compared between male and female. Here also males are winning battles although only marginally.

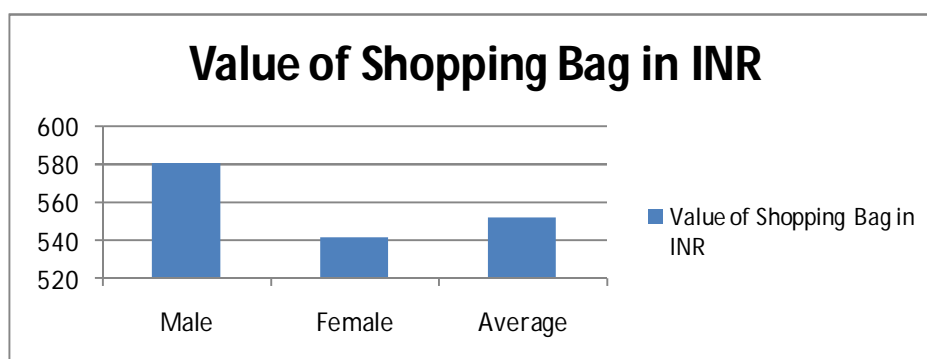


Figure 1.2

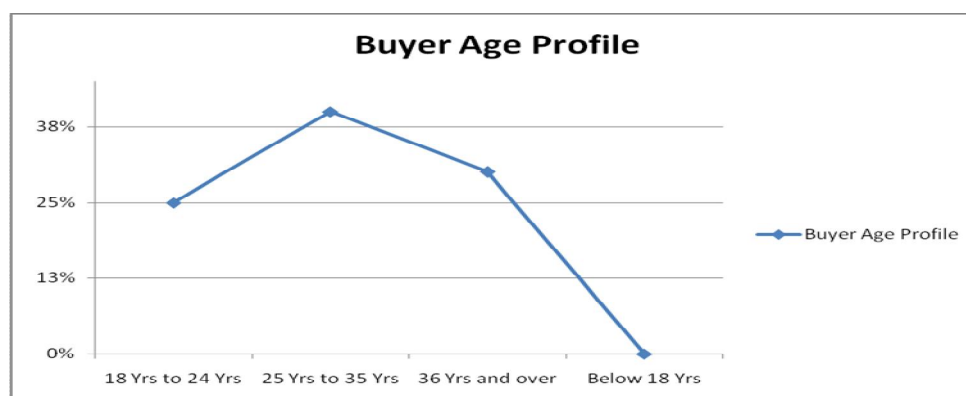


Figure 1.3

Figure 1.3 shows the age profile of buyers who does online shopping. So if go by the graph the maximum users are in range of 25-35% and they are those busy young crowd due to which online portals are catching maximum interest.

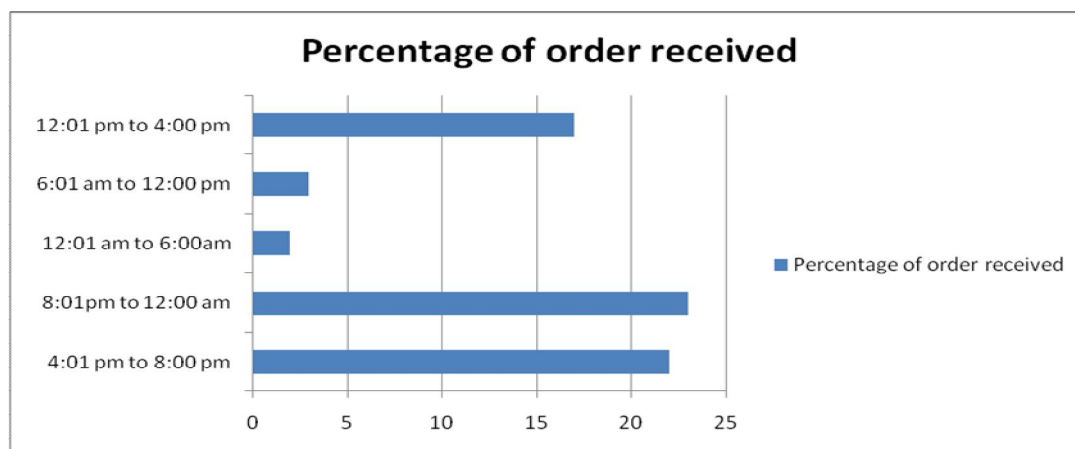


Figure 1.4

Figure 1.4 shows the timing during which buyers are interested in giving online order.

Exhibit 2 Different Variety of Products available with easyration.com.

While to be alive in competition, easyration.com maintained their product chain to include all the items which is available in physical retail store

Food (Organic and Normal)	Imported Food	Personal Care	Baby Care
Flours	Pasta	Accessories	Baby Food
Oil	Vinegar	Ayurvedic	Diapers/Wipes
Pulses	Sugar	Summer Care	Miscellaneous
Rice	Mineral Water	Creams and Lotions	
Salt and Sugar	Syrup	Deos and Perfumes	
Spices	Olives/Olive Oils	Hair Oil	
		Men's Shaving	
		Soaps/Shampoos	
		Tooth Paste/Tooth Brush	
		Winter Care	

Household Items	Bags and Stationary	Electricals	Home Durables	Regional Items	Pet Care
Religious Item	Stroller	CFL Bulbs/Tubes	Kitchen	Bengali	
Washing/Cleaning	Laptop Bags	Battery Chargers	Bathroom	Punjabi	
Mosquito/Cockroach Repellant	Notebooks		Gift Sets	South Indian	
Toilet Cleaning	Pens/Markers				
Brooms/Wipers	Scissors/Cutlers				
Room Freshener					
Shoe Polish					

Exhibit 3 Different Promotion/Marketing Strategy

Promotion Strategy	Phase/Timeline
Google Adwords	Initial Phase(July 2011)

Snapdeal	Initial Phase (July 2011)
Pamphlet Distribution	Throughout (In Intervals)
Tie Up with RWA "Just my Neighbor"	From Nov 2011
Corporate tie up with Dealspoint	Jan 2012 onwards
Free Gifts with Every Purchase (Minimum Value Rs 400)	Aug 2012 onwards
Tie up with Dalmia Continental with discounted price on Leonardo Olive oil	Feb 2013
Free Sample of Best Honey	May 2013

Exhibit 4 Complete Financial Flow for easyraton.com

	Pre start	APR	MAY	JUN	JUL	AUG
INCOME						
Sales					15000	100000
TOTAL	0	0	0	0	15000	100000
EXPENDITURE						
Warehouse Deposits/ Rent	100000	70000	70000	70000	70000	70000
Inventory	500000	300000	100000	100000	25000	100000
Internet/Telephone Provider	1000	2000	2000	2000	2000	2000
Web Hosting / Domain	10000					
Service Fees						
CC Avenue Fees	25000	6400			200	1000
Marketing/Promotions	20000	15000	15000	15000	5000	20000
Logistics Expenses/Deposits	200000				5000	15000
Miscellaneous/Maintenance					10000	10000
TOTAL	₹856,000.00	₹393,400.00	₹187,000.00	₹187,000.00	₹107,200.00	₹218,000.00
Net Asset Value						
Total Asset Value	₹800,000.00	₹1,100,000.00	₹1,200,000.00	₹1,300,000.00	₹1,312,000.00	₹1,332,000.00
Profits/Loss						
Net Profit/Loss	-56000	-93400	-87000	-87000	-80200	-98000

Figure 4.1 Cash Flow during Year 2012

	SEP	OCT	NOV	DEC	TOTAL
INCOME					
Sales	200000	150000	200000	300000	850000
TOTAL	200000	150000	200000	300000	850000
EXPENDITURE					
Warehouse Deposits/ Rent	70000	70000	70000	70000	280000
Inventory	300000	100000	100000	200000	700000

Internet/Telephone Provider	2000	2000	2000	2000	8000
Web Hosting / Domain					0
Service Fees					0
CC Avenue Fees	1800	1200	1400	1900	6300
Marketing/Promotions	10000	5000		5000	20000
Logistics Expenses/Deposits	18000	12000	16000	22000	68000
Miscellaneous/Maintenance	10000	10000	10000	10000	40000
TOTAL	₹ 401,800	₹190,200	₹189,400	₹300,900	₹1,082,300
Net Asset Value					
Total Asset Value	₹1,472,000	₹ 1,450,000	₹ 1,390,000	₹1,340,000	
Profits/Loss					
Net Profit/Loss	-61800	-62200	-49400	-50900	-224300

Fig 4.2 Cash Flow 2012 (continued)

	JAN	FEB	MAR	APR	MAY	JUN
INCOME						
Sales	400000	350000	500000	600000	620000	700000
TOTAL	₹400,000	₹350,000	₹500,000	₹600,000	₹ 620,000	₹700,000
EXPENDITURE						
Warehouse Deposits/ Rent	70000	70000	70000	70000	70000	70000
Inventory	200000	300000	400000	700000	600000	400000
Internet/Telephone Provider	2000	2000	2000	2000	2000	2000
Web Hosting / Domain						
Service Fees						
CC Avenue Fees	2200	1800	2500	3200	3100	3400
Marketing/Promotions	10000			15000	15000	15000
Logistics Expenses/Deposits	15000	12000	12000	11000	11000	12000
Miscellaneous/Maintenance	10000	10000	10000	10000	10000	10000
TOTAL	₹309,200	₹395,800	₹496,500	₹801,200	₹711,100	₹512,400
Net Asset Value						
Total Asset Value	1220000	1205000	1155000	1315000	1357000	1127000
Profits/Loss						
Net Profit/Loss	-29200	-60800	-46500	-41200	-49100	-42400

Figure 4.3 Cash Flow 2013

	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
INCOME							
Sales	800000	700000	900000	800000	1000000	950000	5150000
TOTAL	₹ 800,000	₹700,000	₹900,000	₹800,000	₹1,000,000	₹950,000	₹ 5,150,000
EXPENDITURE							
Warehouse Deposits/ Rent	70000	70000	70000	70000	70000	70000	420000
Inventory	600000	400000	800000	700000	800000	700000	4000000
Internet/Telephone Provider	2000	2000	2000	2000	2000	2000	12000
Web Hosting / Domain							0
Service Fees							0
CC Avenue Fees	4200	3800	4800	4000	5200	5100	27100
Marketing/Promotions	25000	10000	12000	9000	15000	11000	82000
Logistics Expenses/Deposits	12000	13000	14000	12000	12000	11000	74000
Miscellaneous/Maintenance	10000	10000	10000	10000	10000	10000	60000
TOTAL	₹713,200	₹ 508,800	₹902,800	₹797,000	₹904,200	₹799,100	₹ 4,615,100
Net Asset Value							
Total Asset Value	1007000	777000	767000	747000	647000	492000	
Profits/Loss							
Net Profit/Loss	-33200	-38800	-12800	-17000	-4200	-4100	-110100

Figure 4.4 Cash flow 2013 (continued)

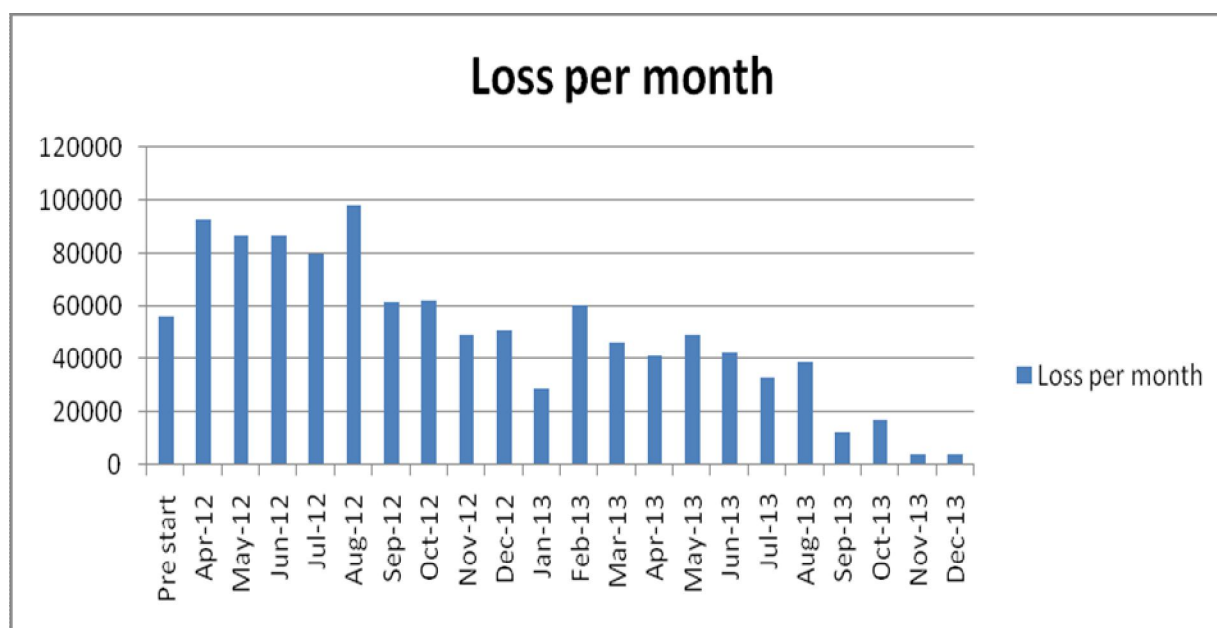


Figure 4.5 Loss incurred graph

Exhibit 5 Easy Ration.com Facebook Page



Figure 5.1 easyration.com Facebook page, <https://www.facebook.com/easyration>

Exhibit 6 Easy Ration.com Customer database

Month	No of hits	Unique Buyers	Total Buyers
JUL	25000	6	10
AUG	15000	150	600
SEP	50000	300	500
OCT	70000	400	600
NOV	100000	420	650
DEC	90000	450	700

Figure 6.1 Customer Database details for year 2012

Month	No of hits	Unique Buyers	Total Buyers
JAN	100000	500	1000
FEB	120000	600	1200
MAR	115000	550	1000
APR	100000	500	950
MAY	130000	700	1300
JUN	150000	800	1700
JUL	140000	750	1250
AUG	160000	850	1300
SEP	135000	700	1300
OCT	150000	900	1600
NOV	180000	1000	1800
DEC	180000	1200	1700

Figure 6.2 Customer Database details for year 2013

Exhibit 7 Press Release/Article

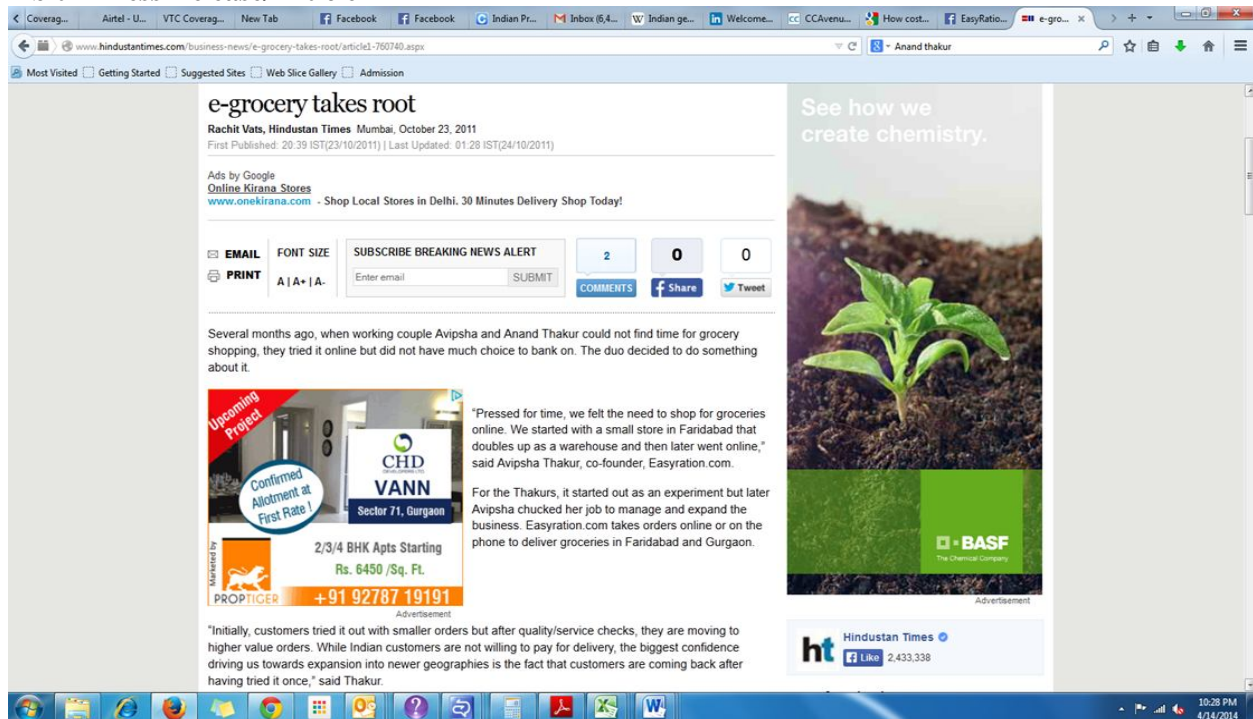


Figure 6.1 Press release snapshot Hindustan times <http://www.hindustantimes.com/business-news/e-grocery-takes-root/article1-760740.aspx>

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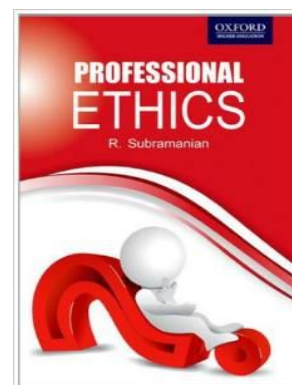
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BOOK REVIEW

PROFESSIONAL ETHICS

R. Subramanian

Reviewed by : Dr. Kavaldeep Dixit
Publish on : 2013
Published by : Oxford University Press, Delhi
Language : English
ISBN-13 : 978-0198086345
Pages : 560



Ethics is knowing the difference between what you have a right to do and what is right to do.

Potter Stewart

India is undergoing lot of mayhem, both from forces within and outside. Today, the country is identified mainly with three things: high population, high poverty, and high corruption. Corruption a deep-rooted melancholy is afflicting the essence of democracy in India. Corruption exists because ethics and values have egress. Presently, the ethical vacuum is distinctly perceptible in societal interactions in the country which invites for an action plan to sensitize the youth about ethics and values which is a social necessity.

In line with ethics professional ethics encompass the personal and organizational standards of conduct anticipated of professionals. The book under review is a book conceptualized for future engineers, managers, and other professionals to aid them in understanding concepts that will enable them to rationally resolve the ethical challenges they will encounter in their professional lives.

The book has been effectively divided into eleven chapters interspersed with real-life thought-provoking and germane illustrations in all the chapters. Relevant quotes from Upanishads and by famous thinkers in the beginning of each chapter are appealing. Group exercises and individual exercises at the end of each chapter have been engagingly designed. 'Ethically speaking' and 'What do you think?' sections with two fictitious characters Ethica and Ethicus in the beginning and end of each chapter is a novel concept. In the ethically speaking section Ethicus narrates a story and seeks reader's opinion based on hypothetical situations and ethical questions while under 'what do you think?' section Ethica wants solutions to real life incidents published in the newspaper. Both the sections motivate the readers to think out of the box. Following is a brief exploration of chapter-wise outlines of the book:

The first chapter deals with basic terminologies, governing edicts and sets the tone of the book. In this chapter the author illustrates ethical thoughts of famous thinkers and philosophers from around the globe to further throw light on the right way of life. The second chapter dwells into the role and objectives of professional organizations along with providing insights into responsibilities of a professional. Chapter third traces the moral development theories of Kohlberg, Durien and Gillian. It also highlights the classification of ethical theories and the concepts involved in utilitarianism, casuist, virtue, and rights theories.

Chapter fourth emphasizes on comprehending ethics as applied to the engineering profession. Some of the ethical issues that crop up at various stages while designing varied engineering products from conceptualization to realization stage are discussed in this chapter. The fifth chapter elaborates on the safety aspects of engineering products and services with relevant case-studies. It also deals with ethical issues facing the engineering professionals globally and in India. Case-studies pertaining to Space Shuttle Challenger, Bhopal Gas Tragedy, Uphaar Cinema Tragedy, Chernobyl Disaster, Fukushima Nuclear Disaster drive home the point

for generating greater safety awareness. Chapter sixth emphasizes the rights of professionals in relation to their profession and as citizens of India. The chapter also highlights the significance of the Right to Information and Right to Education acts besides explaining other rights like Right to Property, Right to Freedom, Right against Exploitation etc. The grey area between gifts and bribes that is difficult to judge has been dealt with in this chapter with practical case situations. The concept of whistle-blowing and the features of the legislation for protection of whistle-blowers have been detailed well by the author.

Chapter seventh focuses on the ethical issues as an outcome of globalization. Starting from the current economic scenario, business ethics and corporate governance it takes the reader to ethical issues in environment, research, media, business, warfare and life sciences. One of the major ethical issues of intellectual property rights and respect for such rights is a useful and interesting inclusion in this chapter. Chapter eighth deals with the need, importance, role and interpretation of ethical codes.

Ethics audit a new field of study is covered in chapter ninth. The vulnerabilities in context of ethical performance are identified through ethics audit. In this chapter ethics assurance, a comparatively unheard terminology is attention-grabbing.

The penultimate chapter begins with a quote by Brian Tracy for readers to ponder upon human values and attitudes which states *“You cannot control what happens to you, but you can control your attitude toward what happens to you, and in that, you will be mastering change rather than allowing it to master you.”* This chapter provides deep insight into values, their significance and classification by famous authors. The author seems to be particularly impressed by values advocated by Mahatma Gandhi. The chapter also deals with significance of positive attitude for leading a happy and healthy life. The author opines that congruence in organization’s and individual’s values result in a contented professional life for individual. The concluding chapter sheds light on basic principles of ethical living inclusive of beneficence, least harm, truthfulness, justice, non-violence, and respect for others. Motivational theories and Indian philosophical thoughts along with concept of harmony in life inspire readers to evaluate life and its purpose. The author expresses that “A professional has better opportunities and responsibilities to live ethically and become a model human being.”

The current volume is a welcome addition to the limited literature on Professional ethics. With a lucid style, the author has shaped a work, which is genuinely appealing to read and easy to follow. The readers would find this book useful and thought-provoking. It may also inspire young minds to imbibe positive values, think ethically and act ethically. On the whole this book would certainly help professionals especially in the field of engineering and management in understanding the affirmative worth of ethical living.

BOOK REVIEW

ON HEROES, HERO-WORSHIP AND THE HEROIC IN HISTORY

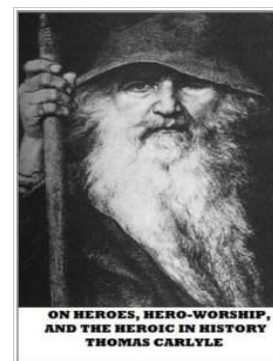
Thomas Carlyle

Reviewed by : Safal Batra

Publish on : 1841

Published by : James Fraser, London

Pages : 393



Imagine talking about flowers without talking about their fragrance. Imagine talking about food without talking about its savour. Now imagine talking about leadership. No session on leadership can be complete without a mention of Thomas Carlyle's *On Heroes*. The book offers several crucial insights to management scholars as well as practitioners. An excellent work with a philosophical tinge of satire, thought-provoking quotes and real life examples from different arenas, the book covers almost all shades of leaders.

Carlyle took us through the complete life history of leaders playing different roles but essentially performing the same task of liberating the people and bringing about necessary social transformations. According to Carlyle, hero is a spiritual captain, the enlightener of daily life, the voice of heaven and a believer of the divine truth. While he was expected to preach Christianity by his parents, Carlyle didn't hesitate to take the example of Prophet Mohammad as an ideal hero. Martin Luther, another example taken by Carlyle of a priest as a hero, denounced idolatry practices and questioned the Vatican empire. And then there are other heroes whose lives have fundamentally changed forever the way we think and feel, whom we might have touched as yet another chapters in the books of history, but never as a divergent way of thinking or as a different perspective to life. Carlyle has brought those heroes back to life in his book for us to touch them, experience them and probably learn from them those lessons which only the accompany of a leader can provide. In the words of Carlyle – "all death is of body, not essence or soul". Centuries might end, terminologies might change, but the essence of the learning from the lives of these heroes will stay intact. Talk about leaders as transformational, transactional, charismatic or reluctant, you will find one of the heroes from Carlyle book to match the description.

Throughout the book, Carlyle uses the experiences of the quoted heroes and draws interesting inferences which force us to think things which are always there at the back but don't come forward, for either we are too busy with our mundane tasks or don't want to impress hard questions on ourselves. You do not need matchstick to show light to sun, and surely the book needs no introduction or reviews. Our purpose is only to encourage the management thinkers to compare, contrast, infer and apply the lessons learnt from the book in the Indian context and take a small step to a paradigmatic change which awaits us, for according to Carlyle, "Nothing will continue". One caution: The book is not a leisure reading and you should feel acclimatized with the spoken English prose of the book after a few pages.

ABOUT THE JOURNAL

International Journal of Research in Management & Social Science is a quarterly double blind reviewed research journal of Empyreal Institute of Higher Education, Guwahati, India. It seeks to provide a platform to research scholars, practicing managers, and academicians in business management, commerce and allied fields, to present their research findings and share their views and experiences. Its aim is to promote research education worldwide and to establish acquaintances between management and Information Technology. The journal focuses on issues related to the development and implementation of new methodologies and technologies, which improve the operational objectives of an organization. These include, Project management, logistics, production management, e-commerce, quality management, financial planning, risk management, General Management, Banking, Insurance, International Business, Health Care Administration, Human Resource Management , Non-Profit Organizations, Operations Research/Statistics, Operations Management, Organizational Behavior and Theory, Organizational Development, Organizational Management, Production/Operations, Public Administration, Purchasing/Materials Management, Entrepreneurship, Strategic Management Policy, Technology/Innovation, Tourism and Hospitality, Supply Chain Management, Rural Management, Public Management, Knowledge Management, Business Ethics, Corporate Social Responsibility , Negotiations and Competitive Decision Making, Data Analysis, Hotel Management and emerging trends in allied subjects. The journal provides a forum for researchers and practitioners for the publication of innovative scholarly research, which contributes to the adoption of a new holistic managerial approach that ensures a technologically, economically, socially and ecologically acceptable deployment of new technologies in today's business practices.

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2. Book review must contain the name of the author and the book reviewed, the place of publication and publisher, date of publication, number of pages and price.
3. Manuscripts should be typed in 12 font-size, Times New Roman, single spaced with 1” margin on a standard A4 size paper. Manuscripts should be organized in the following order: title, name(s) of author(s) and his/her (their) complete affiliation(s) including zip code(s), Abstract (not exceeding 350 words), Introduction, Main body of paper, Conclusion and References.
4. The title of the paper should be in capital letters, bold, size 16” and centered at the top of the first page. The author(s) and affiliations(s) should be centered, bold, size 14” and single-spaced, beginning from the second line below the title.

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5. The abstract should summarize the context, content and conclusions of the paper in less than 350 words in 12 points italic Times New Roman. The abstract should have about five key words in alphabetical order separated by comma of 12 points italic Times New Roman.

Examples of References

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

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