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Theme: General Management

Title: “Effectiveness of Demonetization as a Monetary Shock”

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Theme: General Management

Title: “Effectiveness of Demonetisation as a Monetary Shock”

Abstract:

Demonetization is a big experiment and all eyes are on India watching whether it is going to be a major breakthrough or a fall out, how it is coming about and what mistakes to avoid.

This Research Paper seeks to explore:

- 1) The anti-cash chorus.
- 2) Whether the note-ban will hurt India’s growth story.
- 3) What corrective action should be taken if demonetization is not going as envisaged?
- 4) The economics of demonetization – to analyze the data and watch digitalization and wait.

Keywords:

Demonetization, re-monetization, shadow economy, e-payment, surgical strike, SMEs, Purchasing–power parity, tender green shoots, cashless economy.

Theme: General Management

Title: “Effectiveness of Demonetisation as a Monetary Shock”

Text of the paper

Introduction:

With the not-so-encouraging response to its income Declaration Scheme 2016, which unearthed just about 0.5% of GDP, the government came out with the policy surprise of discontinuing 500 and 1000 rupee notes. As the government is determined to curb terrorism, financing counterfeiting as well as unaccounted income, the demonetization measure is clearly a bold one and expected to be effective. However, given the share of the value of these currency notes is about 86.3% of currency in circulation at the end of financial year 2016, the success of this policy depends heavily on the speed and smoothness at which the existing currency in circulation is replaced with new currency.

Objectives:

The demonetization exercise of November 8, 2016 of Rs. 500 and Rs. 1000 notes has evoked mixed reactions across various strata of society – from frustration and anger to praises.

This research paper seeks to examine how a major demonetization accompanied by equivalent re-monetization does nothing but cause enormous hardship in the interregnum. However, if demonetization is accompanied by lower re-monetization and reduces the currency in circulation it is likely to reduce GDP growth rate in the near future and thereafter gradually peter out, as India adjusts to 20-25% less currency. Moreover it will force people towards cashless transactions via debit and credit cards as well as e-payment platforms. This is where we can witness the success or failure of the monetary surgical strike.

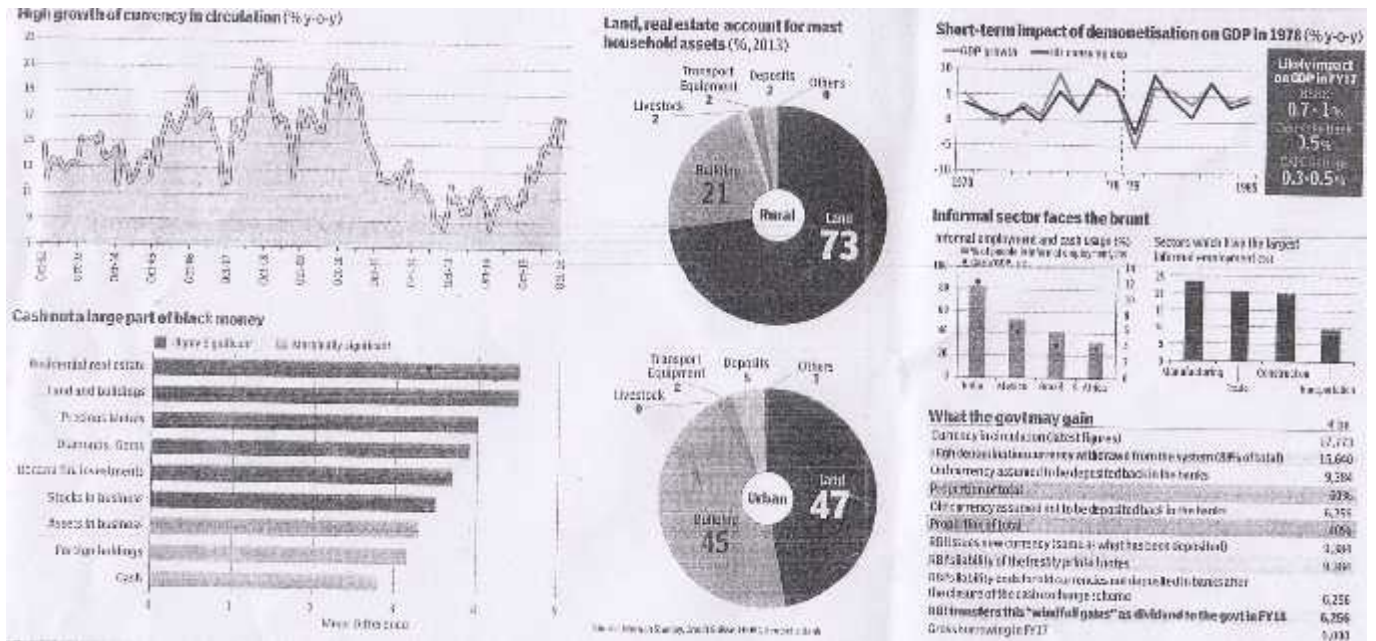
Research Methodology:

This is a research paper which draws on secondary data of IMF, CSO, RBI and financial institutions. The analysis examines the fact that if demonetization is not going as envisaged, the government and RBI must take corrective action and avert uncertainty – an obstacle to economic recovery. A monetary shock like demonetization should be accompanied or followed by reforms to tax policy which reduces government's dependence on indirect taxes.

Main paper

Introduction:

The government's demonetization move will have an effect on the economy as currency in circulation is 14% of the GDP and more than 90% of all purchases in India occur through cash. According to ILO estimates, about 84% of Indians non-agriculture employment is in the informal sector with significant cash usage. Currency is the least prevalent mode of storing black wealth and most of it goes into land and real estate followed by bullion. A CBDT report in 2012 had underlined the issue of huge economic cost of demonetizing higher denomination banknotes of Rs.500 and Rs.1000 and stated that it was not a feasible idea. While it will take several months to replace the Rs.15 lakh crore of currency demonetized, the notes that will not be deposited back in the banks would get accounted as gains for RBI. Deutsche Bank estimates that RBI may add around Rs.6-25 lakh crore to its asset side (as extinguished currency) after it issues new currency to the extent of the cash deposited with the banks.



Anti-cash Chorus:

Since Nov 8th, 2016 ‘cash’ has taken a derogatory place, as a symbol that it must be eradicated forthwith if our country has to progress and provide a better life to its people. Cash is seen as the root cause of many evils in India – Tax evasion, money laundering, terrorism funding etc.

However, it must be noted that Indians are not the only ones who use cash to pay for things they buy. According to a Deutsche Bundes Bank (the German equivalent of RBI). Report in Feb 2016 Germans and Austrians pay in cash for things 80% of the time, Australia – 60% and Americans – 45%.

This big test of the idea that getting rid of cash can help address crime, corruption and counterfeiting might achieve nothing more than a lot of inconvenience. Criminals and corrupt officers often conduct business in cash, because it is hard to trace. So, in a sense, it is logical to assume that abolishing cash will help reduce criminal activity. eg. Scandinavian countries (Norway and Sweden) have extremely low cash usage rates – 1.4% and 1.8% respectively of the GDP 2015, and also lead the world in the lack of perceived corruption.

Currency as a percent of gross domestic product, 2015

Japan	18.6	Turkey	4.7
Hong Kong	14.7	Australia	4.2
India	12.5	U.K.	4.1
Thailand	11.4	Indonesia	4.1
Switzerland	11.1	Canada	3.7
Euro area	10.1	Chile	3.6
Taiwan	9.4	Brazil	3.4
China	9.3	South Africa	3.4
Russia	9	Denmark	3.3
Singapore	8.5	New Zealand	2.3
U.S.	7.4	Argentina	2.1
Colombia	6.8	Sweden	1.8
Mexico	5.8	Nigeria	1.5
Israel	5.7	Norway	1.4
Korea	5.4		

Source: Kenneth S. Rogoff, "The Curse of Cash."

However, the prevalence of cash is far from a fool proof indicator of criminality and corruption, Nigeria which is perceived as one of the world's most corrupt countries has a currency to GDP ratio (1.5%), even lower than that of Sweden.

To fight corruption by policing cash may have the causality backwards. Scandinavian countries have discouraged illicit activity by creating a culture of financial transparency. For eg. Norway & Sweden make all tax returns publicly available. It is harder to enjoy your illegal gains when your neighbors can easily check your lifestyle against your finances.

An objective analysis of why Indians, Germans and others use cash so often in paying for things i.e. transactions shows that cash is overwhelmingly used for transactions of small value in Europe & US, for items less than \$10. So, one reason why cash is so overwhelmingly used in India for payments is possible that a very large proportion of consumer purchases in India are small value, Rs. 50 and below.

A second point which needs to be understood why such a high proportion of India's savings are not deposited in banks but 'under our pillows'. The answer is that the per-head savings for the vast majority of Indians is so low that it is just not worth their while putting it in a bank and that a huge number of Indians do not have a bank account. There are indications in future that it may not be worthwhile to deposit money in banks either because interest earned will be very low or that a fee will be charged if deposited in the banks.

The real reason why Indians do not deposit their money in banks and continue to use cash for transactions may be because the Indian banking system lives in make-believe world. Banks do not lend money to a small businessman, so he borrows from the friendly money lender; if he has some spare cash it is far smarter to lend it to the same money lender who will give an interest rate much higher than banks.

And most of all, a deep set belief that using cash prevents over spending.

Growth Story:

There is a grim impact from the government's move. The sudden demonetization drive has served a "body-blow" to the entire industrial sector, and the worst-hit will be small and medium enterprises (SMEs). The massive supply constraints on the cards would be a greater blow for exporters, who are already facing demand constraints. The short-term loss to the economy could be at least Rs. 12 lakh crore or 8% of GDP according to a Delhi based think tank – NIPF (National Institute of Public Finance). The move could dent' consumption growth in Asia's third largest economy, which could otherwise have received a boost from a bountiful rainfall.

FY17 GDP growth estimate		
	Current	Previous
Goldman Sachs	6.8%	7.9%*
Ambit Capital	3.5%	6.8%
Care Ratings	7.3-7.5%	7.8%
Emkay Global	6.5%	7.4%
ICRA	7.5%	7.9%
ICICI Securities	7.4%**	7.8%

*As per a Bloomberg poll done on 28 October;
 ** ICICI Securities' estimates are first cut estimates, and will be revisited soon.

Source: Mint research
 AHMED RAZA KHAN/MINT

The scrapping of Rs. 500 and Rs. 1000 notes, which comprised about 86% of all cash in circulation, will put a dent in India's growth. How big is a matter of speculation? The most pessimistic view would possibly see India slipping back behind China and losing its title of fastest-growing major economy in the world. In the short-run, demand will dry up in response to the lack of liquidity, but in the long-run a strong rebound can be anticipated when the expected benefit of the move kick in.

Most put the revised number at around 7% against earlier estimates of nearby 8%, an optimism that had been bolstered by good monsoons and a pay commission-led consumption boost. The Indian economy expanded 7.6% in financial year 2016. The IMF had put financial year 2017 growth at the same level. China grew at 6.8% in 2016 and is expected to slow to 6.2% in 2017. Consumption oriented sectors, particularly those which witness a sizable magnitude of cash transactions, such as red estate, construction, jewellery, retail, travel and tourism and trade are likely to be most affected. Cash based transactions in the unorganized sector would also get disrupted, particularly in rural areas.

Indian's own domestic market offers a significant opportunity. India has become the third-largest economy in purchasing power parity (PPP) terms and is currently the fastest growing large economy. Empirical evidence suggests when an economy is in the middle-income phase in purchasing power parity terms which India recently entered- demand for manufacturing goods accelerates with every unit increase in income. (Towards More Balanced Growth Strategies in Developing Countries: Issues Related to Market Size, Trade Balanced and Purchasing Power by Jorg Mayer; 2013). Thus, the Indian domestic market seems to be at the cusp of an expenditure boom.

However, the potential of the domestic market can only be realized if there is a catholic improvement in purchasing power; and domestic demand is primarily dependent on domestic income.

The current note ban will result in long term changes in consumption patterns. It has imposed a cash crunch, which has resulted in a sharp drop in consumption. That drop will last for several more months simply because there isn't enough cash. By the time the cash crunch ends, quite a lot of people will be unemployed. Some of them will be white-collar people in cash-sensitive industries, others will be lower-income folks slipping below the poverty line.

By the time cash is back in the system, the power and the desire to consume may well have been reduced. People who see recession looming tend to be cautious.

People, who have been prevented from touching their own money for several months, tend to hoard it, when they can get their hands on it. People will buy gold or dollars; they won't buy chocolates. Such a behavioral change could result in a longer recession than most assume will be the case.

An analysis based on 101 companies from the BSE 500 index in two wheelers, passenger cars, buildings materials, consumer durables, garments, retail and fashion, restaurants and the film exhibition business show that the liquidity squeeze hit has begun to ground whole sale and retail trade, beside the transport sector. The biggest blow has been on stocks in construction related sectors such as ceramics and tile makers, cement makers and paint manufacturers. Transactions in construction are largely settled in cash and the liquidity squeeze from demonetization has led to a sharp decline in off take of building material. Sales of two-wheeler and tractors, a barometer of sentiment in rural India, also dipped in November, the month of demonetization.

Rural India's bad luck does not seem to end. After two consecutive years of drought, the prospects for the rural economy were finally looking up with a good monsoon in 2016. With expectations of a record *kharif* production, rural consumption was expected to rejuvenate overall economic growth. But the demonetization of November 8, has severely disrupted the rural economy.

The real trouble is that the rural economy has an overwhelming dependence on cash transactions, unlike the urban middle class, which has other options such as online and mobile banking and plastic money. This obvious weakness has been made worse by the fact that over 90% of rural areas are unbanked and as such the government's ability to reach out with new currency is further hampered.

Unsurprisingly, this has led to a liquidity crunch that has deflated the rural economy. Rural incomes have hit an all-time low. Much of this has also got to do with the timing of the demonetization move: it was smack in the middle of hectic agrarian activity, with farmers either busy wrapping up *kharif* harvests or sowing the *rabi* crops. Many farmers find no takers for their produce as buyers do not have money and prices have collapsed. Those lucky enough to have sold their harvest earlier are suddenly rendered without cash because they do not have the currency notes. Such farmers do not have the means to buy the necessary inputs to initiate the new crop cycle. The agriculture sector contracted by 0.2% in 2014-15 and grew by 1.2% in 2015-16. Even on this low base, revised estimates suggest growth of less than 1% in the current financial year.

Thus the demonetization of high value currency notes has crushed the tender green shoots of economic recovery in rural India by choking off life sustaining money supply and impeding the wheels of commerce from spinning. The demonetization shock is expected to nip the budding recovery as it will have an adverse impact on demand, corporate performance and the labour market, and have a ripple effect on various other fronts. The cumulative impact will vary depending on the time it takes for the economy to re-monetize and on the quantum of notes extinguished.

In the process of demonetizing 86% of currency in circulation and ushering in the idea of a cashless economy, a war has been waged on cash and demonizing cash. It has been termed as a surgical strike. Little realizing that the bulk of money transactions of Indian people are legitimate and in cash, the question is whether the demonetization is going to end bribery, counterfeiting and black money.

On the question of bribery, those who take bribes will now take them in the new notes. On the question of counterfeiting – if one human can print notes with new security features, another human can find a way to copy those features. The most counterfeited currency in the world is the US dollar. One way to combat counterfeiting is to phase out, periodically, old series of notes and introduce new series and try to stay one step ahead.

The last time we did was in Jan 2014. On the issue of whether it will plug generation of black money it needs to be understood that sectors which are prone to use unaccounted money (wholesale, trade, construction, jewellery, higher education, election, funding etc.) will continue to demand unaccounted money and, therefore, ways will be found to supply unaccounted money. No major economy is entirely free from the scourge of a black or shadow economy. According to a World Bank study, the shadow economy in the U.S. is 8.6% of GDP (about \$1,600 billion); in China 12.7% (about \$1,400 billion); and in Japan 11% (about \$480 billion). India's shadow economy is estimated to be \$500 billion (22.2% of its GDP of \$2,250 billion). It is large, but not unusual, and the good news is that its size is shrinking. Brazil, Russia and South Africa have larger shadow economies; Israel and Belgium are comparable.

Conclusion:

What determines the impact of demonetization is the ease at which the replacement of currency takes place so that there is no significant disruption to normal transactions. Compatibility problems of existing ATM's with the new notes as well as doing away with the 1000 rupee notes during the crucial transition period (although the government, as an afterthought, announced that it could bring 1000 rupee notes soon) imply that replacement process could be prolonged and painful.

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Structural Equation Modeling of Factors Affecting of Usage of Social Commerce for Online Shop Entrepreneurs

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ABSTRACT

The objectives of this research are (1) to examine the construct validity for the usage of social commerce model (2) to analyze the confirmatory factor analysis of factors affecting usage of social commerce (3) to analyze the effect of cost factors, convenience factors, competition factors, and entrepreneurial Intention factors on the usage of social commerce. Samples were 302 online shop entrepreneurs. Data were collected by an electronic questionnaire, which was sent by email. This research uses Structural Equation Modelling (SEM) in the data analysis. The results showed that structural equation model corresponded to empirical evidence in a good level with the $\chi^2/df = 1.668$, $p\text{-value} = .000$, $GFI = .920$, $RMSEA = .047$. The result of confirmatory factor analysis showed that cost, convenience, and competition were causal factors with usage of social commerce of online shop entrepreneurs are statistically significant at the 0.05 level. Competition affected entrepreneurial intention and usage of social commerce of online shop entrepreneurs but cost and convenience did not affected entrepreneurial intention and usage of social commerce at the 0.05 level of significance.

Keywords: Structural Equation Modeling, Social Commerce, Entrepreneurs

INTRODUCTION

The progress in information technology makes the electronic business entrepreneurial to be most popular at present. Consumers can use internet to access to products, services and information at any time of day or night from around the world. The cause of severe competition condition among lots of entrepreneurs, who are interested in electronic business startup (Kasikorn research center, 2016). Social commerce is a subset of e-commerce that involves using social media to assist in e-commerce transactions and activities, and also supports social interactions and user content contributions (Liang, Ho, Li and Turban, 2011). The opportunities associated with social commerce have generated significant interest for both researchers and practitioners (Zhao et. al., 2013). Therefore, it can be used as guideline on utilization of competitive advantage for small business entrepreneurs, who can be a backlash against what is a higher rate of national economic growth. Also have positive effects on employment retention and earnings for certain population.

OBJECTIVES

1. To examine the construct validity for the usage of social commerce model.
2. To analyze the confirmatory factor analysis of factors affecting usage of social commerce.
3. To analyze the effects of cost factors, convenience factors, competition factors, and entrepreneurial Intention factors on the usage of social commerce.

BENEFITS

1. To be used as guideline on utilization of competitive advantage for online shop entrepreneurs.
2. To provide the in information regarding an investment strategy and to increase opportunities for the start up
3. The entrepreneurs can be used as guideline to enhance their usage of social commerce skills efficiency.

LITERATURE REVIEW

A literature review was focused on five factors; namely; usage of social commerce, cost, convenience, competition, entrepreneurial intention, all of which were chosen as characteristics of the social commerce previous researches.

Social Commerce

Social commerce as commerce activities mediated by social media. Many social commerce sites are actually more of offsite social commerce sites. Online commerce sites use SNS to attract customers or to let them share their opinion about the product or service on the separated SNS sites (Gurty and Zhang, 2011). The emphasis in Stephen and Toubia's (2010) definitions on connecting individual sellers or customers implies that social commerce and social shopping are i2i (individual-to-individual) or C2C (customer-to-customer). However, some consider social shopping as both C2C and B2C (business-to-customer).

Cost

Morteza et al. (2011) suggests that cost of information system adoption is another important technological factor influencing information system adoption within SMEs (Tan et al., 2009). Limited financial resource compel SMEs to be cautious about their investment and capital spending, thus, only SMEs having adequate financial resources would regard adoption of information system as feasible project to undertake (Thong and Yap, 1995).

Convenience

Min (2014) studied convenience of use or ease of use generally pertains to ease of use and information search (Yoo and Donthu, 2000). Convenience of use is one of the important to choose online shopping mall as well as information quality (Kim and Lim, 2011). Convenience of use was proven as one of the most important quality criteria of an internet shopping site that influences consumer attitudes and behaviors (Yoo and Donthu, 2000)

Competition

One reason for SMEs to adopt and use e-commerce is the firms' desire and need to stay competitive and innovative as a necessity for their survival (Pearson and Grandon, 2006). It seems rational to believe that the competitive pressure impacts the adoption of e-commerce applications when SMEs perceive that these technologies may strengthen their competitive position and assist them to achieve superior firm performance (Grandon and Pearson, 2004). It has been suggested that by using information system, SMEs may indeed be able to change the rules of competition (Morteza et al., 2011).

Entrepreneurial Intention

Entrepreneurial intention is defined as a process of information-searching which can be used to achieve a new venture (Katz and Garner, 1988). People with intention to start a new venture are more ready and have better progress in running a new business rather than those without it (Narul, Rokhima and Tur, 2010)

HYPOTHESES

- H1: Cost will be affecting on entrepreneurial intention
- H2: Convenience will be affecting on entrepreneurial intention
- H3: Competition will be affecting on entrepreneurial intention
- H4: Entrepreneurial intention will be affecting on usage of social commerce

METHODOLOGY

This samples of this research were online shop entrepreneurs in Thailand. Determining sample size requirements for structural equation modeling (SEM) is 200 or larger, for instance the model is not complex (Hair et al., 2006). Therefore convenience sampling is used. The data were collected from online questionnaires, which were sent by e-mail from July 1 to November 30, 2016. Finally, 302 responses were collected. The questionnaire items are shown in Table 2. A five-point Likert scale ranging from 5 to 1, that is used in order to show the levels of the indicators of factors. Thus, (1) Cost factor ranging from 1 mean lowest cost to 5 mean highest cost. (2) Convenience factor ranging from 5 mean least convenient to 1 mean most convenient. (3) Competition factor ranging from 1 mean lowest competitive to 5 mean highest competitive. Entrepreneurial intention ranging from 1 mean least intention to 5 mean most intention. Usage of social commerce ranging from 1 mean least using to 5 mean most using. The results for the reliability test show a Cronbach's α value ranging from 0.750 to 0.885 (Table 2). This indicates an internal consistency with the α value of more than 0.70, thus the variables converge are good measures for the concept studies (Hair et al., 2006). This research uses Structural Equation Modeling (SEM) in the data analysis.

RESULTS

The results showed that structural equation model corresponded to empirical evidence in a good level with the χ^2/df was 1.668 lower than 5.0, which was a good fit (Loo and Thorpe, 2000). The root mean squared approximation of error (RMSEA) was 0.047 lower than 0.05, which was a good model. Goodness of fit index (GFI) was 0.920 that was greater than 0.90 and can accept the model (Hair et al., 2006). The other fit index were all satisfactory that comparative fit index (CFI) was 0.960, the normed fit index (NFI) was 0.907, incremental fit

index (IFI) was 0.960 and Tucker-Levis index (TLI) was 0.953. These results suggest that the structural model fitted the data very well.

Table 1: Summary of goodness of fit (GOF) indices of Confirmatory factor analysis

Goodness of fit statistics	Suggested statistics	Measurement model before modifications	Measurement model after modifications
χ^2/d	< 5.00 (Loo and Thorpe, 2000)	1.932	1.668
Root mean square error of approximation (RMSEA)	< 0.08 (Hair et al., 1998)	.056	.047
Goodness of fit index (GFI)	> 0.90 (Hair et al., 2006)	.896	.920
Comparative fit index (CFI)	\geq 0.90 (Hair et al., 2006)	.936	.960
Normed Fit index (NFI)	\geq 0.90 (Hu and Bentler, 1999)	.878	.907
Incremental Fit index (IFI)	\geq 0.90 (Hair et al., 2006)	.937	.960
Tucker-Lewis index (TLI)	\geq 0.90 (Hair et al., 2006)	.927	.953

The result of Confirmatory Factor Analysis showed the factor loading, the standardized coefficient estimates are between 0.609 and 0.930 (Table 2), which are good since they are above 0.6, and all constructs are significant at p-value was 0.001. This shows that the items and constructs measured fit well with the data. Therefore, it is suggested that these five constructs with 20 items can be used to measure the factors affecting the usage of social commerce for online shop entrepreneurs in Thailand.

Table 2: Loading factors of Confirmatory factor analysis, Cronbach's Alpha and Descriptive statistics

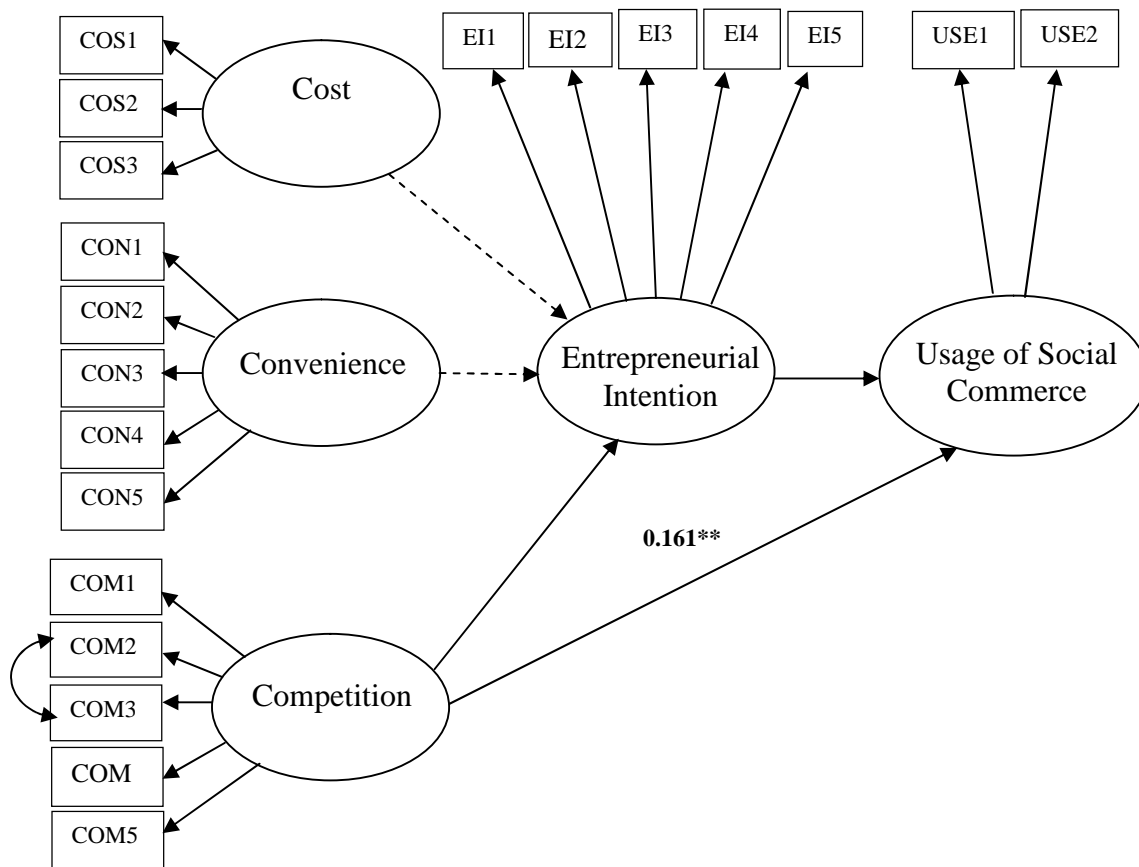
Latent constructs and observed indicators/items	Factor Loading	Cronbach's Alpha	Descriptive statistics	
			Mean	SD
Cost		.750	4.15	.647
COS1: Usage of social commerce is low cost for entrepreneurs	.763		4.51	.625
COS2: The amount of money and time of training for social commerce applications are less for entrepreneurs	.767		4.12	.609
COS3: The maintenance and support fees for social commerce applications are low for entrepreneurs	.609		3.83	.707
Convenience		.885	4.14	.759
CON1: Social commerce is easy to learn how to use to sell the product	.746		4.16	.724

Latent constructs and observed indicators/items	Factor Loading	Cronbach's Alpha	Descriptive statistics	
			Mean	SD
CON2: Social commerce is easy to use to sell the product	.873		4.17	.746
CON3: Social commerce is easy to become skillful at using for sale of the product	.677		4.03	.817
CON4: Social commerce is fast to correspond to customers	.737		4.17	.736
CON5: Social commerce is easy to access target customers	.868		4.19	.768
Competition		.865	4.07	.813
COM1: The rivalry among online shops in the business my online shop is operating fiercely	.836		4.16	.804
COM2: It is easy for our customers to switch to another online shop for similar products without much difficulty	.635		4.23	.729
COM3: Customers are able to easily access to several similar products which are on social commerce	.723		4.17	.825
COM4: The target customers pressure the entrepreneur to use social commerce	.805		3.95	.704
COM5: The business pressure the entrepreneur to use social commerce	.739		3.86	1.001
Entrepreneurial Intention		.831	4.10	.724
EL1: I intend to learn how to use social commerce to sell the product	.730		4.16	.676
EL2: I will definitely use social commerce to sell the product	.717		4.22	.691
EL3: I think social commerce is a good place to sell the product	.630		4.10	.761
EL4: I have access to support information to start to be an entrepreneur with social commerce	.627		4.02	.780
EL5: I have access to capital to start up with social commerce	.827		4.03	.710
Usage of Social Commerce		.804	4.20	.682
USE1: I am always use social commerce to sell the product	.736		4.38	.619
USE2: I am laborious to use social commerce to sell the product	.930		4.04	.744

The means of the five latent constructs were high, ranging between 4.07 and 4.20. Specifically, the mean of cost was 4.15, and usage of social commerce is low cost. The mean of convenience was 4.14, and usage of social commerce is very convenient. The mean of competition was 4.07, and usage of social commerce is high competition. The mean of entrepreneurial intention was 4.10, entrepreneurs have high entrepreneurial intention. The mean of usage of social commerce was 4.20, entrepreneurs use social commerce most.

The path analysis showed the results of hypotheses testing for H1 and H2 were not significant at 0.05. Cost had no effect on entrepreneurial intention (H1: path coefficient = 0.127, p-value = 0.88), not supports H1. Convenience had no effect on entrepreneurial intention (H2: path coefficient = 0.070, p-value = 0.297), not supports H2. Hypotheses testing for H3 and H4 were significant at 0.05. Competition affected on entrepreneurial intention (H3: path coefficient = 0.234, p-value = 0.001), supports H3 and finding competition indirectly affected the usage of social commerce (path coefficient = 0.161). Entrepreneurial intention affected the usage of social commerce (path coefficient = 0.688, p-value = 0.001), supports H4.

Figure 1: Structural equation modeling of usage of social commerce estimation



notes: ** p = 0.05

CONCLUSION

From the result of this research, it is found that, the competition factor was directly affect the intention for business operation and indirectly affect a the application of the social commerce such that the business operating intention is the transfer factor that the online store owner show the average score for the competition factor as the good ranked ($\bar{X} = 4.07$). That is the social commerce can support the potential of business competition (Amir and Morad, 2010)

The entrepreneurs can create competitive advantage in business competition by applying the social commerce where the customers can purchase the products through online channel, designing the system of social commerce that allows the customer to rank and post their opinions, allowing recommendation and reference about the product, letting discussion on the board, creating the online community, advertising in online community network. Analyzing the consumer buying behavior in the online network context will allow us to evaluate the impact of the factors that affect the online buying behavior in the perception of consumer on the business.

The entrepreneurs should acquire the social commerce as the instrument for increasing the business opportunity by using it to attract the intention of customer for sharing their different opinion relate to the product and service in the online community (Gurty and Zhang, 2011). Since the social commerce allow people to buy their product in anyplace and at any time by preventing them to go to the store and let them buy the product while they are either at their home by using their computer or in the car by using mobile telephone (Iamsiriwong, 2014). This time and place unlimited transaction safe time and cost of traveling and cost of energy

The entrepreneurs should develop their skill in using social commerce since the social network community create relationship and almost connect worldwide language and race. It is the system that is designed for compatible in the other systems by open the channel for making connection. Therefore the entrepreneurs can improve their skills by using this social commerce features to present product picture, detail, price, promotion both by using sound and video files in order to present their products to the target customers who are within the same network or outside the such network.

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Contribution of Make In India - A Global Perspective

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Abstract :Small and Medium Enterprises (SMEs) sector has emerged as a vibrant and dynamic sector of the economy. SMEs play a crucial role in providing large employment opportunities at comparatively lower capital cost and have long term prospects in the global perspective. India, in particular, has the advantage of its core strength of human resource, a strong base of entrepreneurs, and a robust and growing domestic demand.

It is believed that sustained and all inclusive growth is more likely to come from growth in domestic manufacturing. The 'Make in India' initiative to get Indian companies and global firms to invest and partner in the manufacturing sector is highly relevant for India. This can be achieved by fostering innovation, enhancing skill development and by more cost effective quality conscious manufacturing by SMEs. The jugaadattitude has to give place to efficient organization and manufacturing structures. If this happens India will certainly see new age entrepreneurs who have the potential to create globally competitive businesses in India emerging in large numbers.

Keywords: Enterprise global,domestic.coreetc

Introduction

Small and Medium Enterprises (SMEs) sector has emerged as a vibrant and dynamic sector of the economy. SMEs play a crucial role in providing large employment opportunities at comparatively lower capital cost and have long term prospects in the global perspective. India, in particular, has the advantage of its core strength of human resource, a strong base of entrepreneurs, and a robust and growing domestic demand.

It is believed that sustained and all inclusive growth is more likely to come from growth in domestic manufacturing. The 'Make in India' initiative to get Indian companies and global firms to invest and partner in the manufacturing sector is highly relevant for India. This can be achieved by fostering innovation, enhancing skill development and by more cost effective quality conscious manufacturing by SMEs. The jugaadattitude has to give place to efficient organization and manufacturing structures. If this happens India will certainly see new age entrepreneurs who have the potential to create globally competitive businesses in India emerging in large numbers.

Already many SMEs that are Innovative, inventive and international in their business outlook, with a strong technological base, competitive spirit can be seen in many manufacturing and service sector activities.'Make in India' is an all-encompassing term with comprehensive connotations for micro and macroeconomics, management, financial investment, banking, business development, manufacturing, marketing and policy formulation. It requires various sectors to work in sync and complements each other. Giving boost to manufacturing sector needs no greater emphasis to develop India as a manufacturing hub and to attract foreign direct investments

Objectives of make in India

1. To pull people out of poverty. That's why Indian government is creating a lot of policy changes to encourage foreign direct investment.
2. To encourage the Investorsto open manufacturing plant in India, everyone will get job
- 3.The state will get a lot of revenue, which will be invested back in infrastructure, education and healthcare.
4. To becoming a first world country in next 50 years.

The Government of India has launched its flagship “Make in India” programme, a major national initiative that aims to make India a global manufacturing hub. Launched in September 2014, the programme has identified 25 key sectors, including defense, and intends to give a boost to domestic manufacturing and attract foreign investment. The main agenda of the programme is to reduce procedural delays in manufacturing projects, develop sufficient infrastructure and make India investment and business friendly.

The government is widely being perceived as business and investor friendly and is focussing on ease of doing business, securing investment and protection of Intellectual Property Rights (IPR) under the “Make in India” campaign. Crafting a holistic defence industrial base has been high on the agenda of the government for a long time. “Make in India” seems to be a promising initiative for promoting domestic manufacturing and increasing self-reliance in defence, thereby contributing to a stronger trade balance and substantial employment creation in addition to securing peace and stability in the region.

The manufacturing subsidiaries supplying to DPSUs such as Hindustan Aeronautics Limited (HAL) and Bharat Electronics Limited (BEL) in Mumbai, Bangalore, Hyderabad, Pune and Chennai region have significant capability to contribute to the “Make India” initiative. However, they lack the technical and infrastructure capacity and the funding to carry out primary Research and Development (R&D) on a large scale. Foreign investment, Transfer of Technology (ToT), support from the government in terms of funding or relaxation in taxation, would provide the much needed thrust to develop the Small and Medium Enterprises (SMEs). The modernisation programmes like the Tactical Communication System (TCS), Battlefield Management System (BMS) and Future Infantry Combat Vehicle (FICV) are attractive opportunities for developing the indigenous manufacturing industry.

Foreign Collaboration

“Make in India” can attract defence cooperation from the USA as the concept appears to be in conjunction with the Defence Trade and Technology Initiative’s (DTTI’s) Co-Development Co-Production (CDCP) approach. Defence manufacturing in India would require FDI and technology transfer in the form of public-private partnerships, consortiums, joint ventures or R&D funding and collaborations. The synergies in the two programmes can lead to potential technology and innovation related engagement between the two countries.

Stretching out and exploring how the USA and India could engage in CDCP under the wider “Make in India” banner could lead to strategic partnerships for implementation of the ongoing and future defence modernisation projects. India’s relations with Japan were further fortified when Japan’s Prime Minister Shinzo Abe talked about the synergies between “Abenomics” and “Modinomics” during his visit to India in 2014. In January 2015, the Japanese Foreign Minister stated that Japan would contribute to push forward the “Make in

India” initiative and that the two nations would strive to strengthen their maritime cooperation for a peaceful and stable Indo-Pacific region. Leveraging Japan’s investment and business potential to drive defence R&D and manufacturing would give significant thrust to the initiative.

Challenges

The “Make in India” initiative is being promoted and received in the right spirit; however, several challenges continue to haunt the well thought out policy. There are only a limited number of private companies in India with the capital and resources required to produce and develop complex defence solutions and sustain business. Also, there is a high risk to the business involved due to no assured orders from the government and difficulties in exporting to other countries because of the strategic nature of the business. The long gestation period of defence contracts (for example, projects like the L-70, TCS, FICV), cancelled contracts and No Cost No Commitment (NCNC) trial policy of the MoD add to the projects’ costs. Many a times, the project delays are of the order of decades and the technology becomes redundant or obsolete by the time the first batch is completed for testing.

Integrating the User

A key component of defence indigenisation are the Indian armed forces as the end users. The Government of India and the local defence industrial sector need to work in close synergy with the defence forces to realise the ultimate goal of self-reliance. The defence forces also have a responsibility which is primarily manifested through requirement specification providers, product and service evaluators, business opportunity providers and the final consumers of the defence industrial complex. A detailed analysis of the role and responsibilities of the government, defence industry and foreign partners has been

presented in numerous research products and media reports. A thorough examination of the role of the defence forces in the success of “Make in India” is urgently due and requires focussed attention by decision-makers in the Services. In the developed countries that possess strong defence industrial complexes, the Services are equal partners in the success story. The defence Services are the prime source

There are issues that need to be addressed for smooth implementation of the “Make in India” programme. Coordinated efforts to incorporate reforms related to land acquisition, labour laws, taxation regime and inter-state cooperation will greatly ease the business environment and encourage foreign as well as local investors. There is a need to put together individual modernisation projects of the three Services under the single banner of “Make in India” and formulate a synergistic defence manufacturing strategy. With a growing defence market and the government’s focus on the sector, India can utilise the buyer’s clout and attract favourable business. An investor friendly environment, mobilising India’s talent and human resources, promoting business, entrepreneurship, research and innovation will pave the way for India’s growth as a regional economic and military power. The recent visit of the US President to India and the operationalisation of the DTTI through the four “pathfinder” projects is a beginning in the right direction, but the crucial aspect would be to maintain the momentum in the future and co-develop more complex defence systems. All the major powers of the world are interested in working with India in all sectors india must become a manufacturing powerhouse in order to gainfully employ its demographic dividend; there is no choice here. Fortunately, we have many natural advantages including a big labour pool and a large domestic market. In addition, with China’s competitive advantage in manufacturing eroding, India has the opportunity to take some share of global manufacturing away from China. All we have to do to improve the ease of doing business

in India are these —stop tax terrorism, improve infrastructure, reform labour laws, invest in skills development, make it easier to acquire land, implement Goods and Services Tax (GST) and fast track approvals. Voila, we will take our rightful place as the world's factory alongside China.

Conclusion:

1. Under various nation-building initiatives undertaken by the new government in India, the “Make In India” campaign has hogged limelight and there is a sense of optimism that it can trigger manufacturing driven growth.
2. Skill development programs would be launched especially for people from rural and poor ones from urban cities
3. 25 key sectors have been short listed such as telecommunications, power, automobile, tourism, pharmaceuticals and others .
4. Individuals aged 15-35 years would get high quality training in the following key areas such as welding, masonries, painting, nursing to help elder people.
5. Skill certifications would be given to make training process, a standard.
6. Currently manufacturing in India suffers due to low productivity rigid laws and poor infrastructure resulting in low quality products getting manufactured.
7. Over 1000 training centres would be opened across India in the next 2 years .
8. For companies setting up factories, “Invest India” unit is being set-up in the commerce department which would be available 24/7.
9. The main focus of this department would be to make doing business in India easy by making all the approval processes simpler and resolving the issues in getting regulatory clearances within 48-72 hours so that clearances are fast.

10.To make this possible, special team would be available to answer all the queries related to help foreign investors/companies.

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Impact of Brexiton India’s Economy, Indian Businesses and Education Sector

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Abstract

As far as India is concerned, it is incontrovertible that the outcome of the 23 June referendum will affect the fastest growing economy in the world which also happens to be one of the EU's biggest trading partners. Some analysts say that Britain leaving the EU could set the stage for a Free Trade Agreement between Britain and India. Indian companies are the third largest source of foreign direct investment for the UK and the FICCI has warned about "considerable uncertainty for Indian businesses" and "adverse impact on investment" if Brexit were to occur. British Indians are the single largest ethnic minority population in Britain, and the 1.4 million-strong community will no doubt be affected by the vote. Prime Minister Narendra Modi has spoken in favour of Britain remaining in the EU, calling the UK India's "gateway to Europe" and affirming that “India always stands in support of a strong and united Europe.”

This article focuses on the ‘what and why’ of the Britain’s exit from the European Nation and its impact on India’s Economy, Indian Businesses and Education Sector. It explains how the Brexit was overstated and how its real impact on the economy can be gauged only after the treaty that Britain will sign. The article illustrates how the various sectors are going to be affected by this.

I) Introduction:

The Brexit referendum on June 23, 2016 was an unprecedented global development. The United Kingdom (UK) voting for the ‘Leave’ from the European Union (EU) is expected to have considerable socio economic and political ramifications in the years ahead. The decision assumes greater significance in context of the changing global order which is moving towards greater multilateralism and where countries are striving to lower their boundaries.

As far as India is concerned, it is incontrovertible that the outcome of the 23 June referendum will affect the fastest growing economy in the world which also happens to be one of the EU's biggest trading partners. Some analysts say that Britain leaving the EU could set the stage for a Free Trade Agreement between Britain and India. Indian companies are the third largest source of foreign direct investment for the UK and the FICCI has warned about "considerable uncertainty for Indian businesses" and "adverse impact on investment" if Brexit were to occur. British Indians are the single largest ethnic minority population in Britain, and the 1.4 million-strong community will no doubt be affected by the vote. Prime Minister Narendra Modi has

spoken in favour of Britain remaining in the EU, calling the UK India's "gateway to Europe" and affirming that "India always stands in support of a strong and united Europe."

This article focuses on the 'what and why' of the Britain's exit from the European Nation and its impact on India's Economy, Indian Businesses and Education Sector. It explains how the Brexit was overstated and how its real impact on the economy can be gauged only after the treaty that Britain will sign. The article illustrates how the various sectors are going to be affected by this.

II) Objectives:

The present study is done with following objectives:

- 1) To understand and analysis the impact of Brexit on India's Economy.
- 2) To understand and analysis the impact of Brexit on Indian Businesses.
- 3) To understand and analysis the impact of Brexit on Indian Education Sector.

III) Methodology:

The research paper is an attempt of exploratory research, based on the secondary data sourced from journal, magazines, articles, internet and books. Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type.

IV) Impact on India's Economy:

While UK has put across its decision to exit from the EU, the actual process of leaving the European Union will be long drawn. The announcement has spelled out more uncertainty for now which is expected to continue with the invoking of the Article 50 and as and when the real negotiations take place. This would at least take a couple of years to shape up. Therefore, the actual ramifications will become clearer in the long run when a tangible working model of the UK-EU relationship is drawn out and established.

Given that, the announcement of the Brexit referendum drew an immediate reaction from the stock markets and currencies world over. India was no exception from this contagion effect. The Sensex tanked by 450 points (from the opening value) on June 24, 2016 falling below the 26000 mark and the Rupee value crossed 68 for a US Dollar. Nonetheless, both the stock market and the Rupee were quick to recover and find a stable ground. Both the Government and Reserve Bank of India have been on a tight vigil.

India is positioned fairly well at present vis-à-vis its peers. The macro-economic fundamentals have improved and the strong orientation displayed towards reforms over the past two years has given us an edge. The persisting ambiguity in the global economic environment reaffirms the need to remain focused on further strengthening the domestic economy and continuing the reform process.

1) Gross Domestic Product:

Most of the estimates indicate India holding on to its growth path even in the post Brexit scenario. This will be backed by a host of favourable conditions on the domestic front. The performance of the agriculture sector is expected to improve in the current fiscal year. The prediction for monsoons is favourable this year and rains are expected to pick up over the next two months (July-August 2016).

Further, the Government has awarded the Seventh Pay Commission Award and this will give impetus to the domestic demand. The consumer durables goods segment, the auto-sector especially the passenger two wheeler segment and housing & allied sectors are likely to benefit from this Pay Commission decision.

According to FICCI's latest Economic Outlook Survey, the median GDP growth forecast for 2016-17 has been put at 7.7%.

2) Exports:

India's exports to the UK have been around 3% of our total exports and exports to the European Union are around 17% of total exports. Our exports to both UK and Europe have been on a downtrend in the past two years on account of subdued demand led by a frail and scattered recovery in the region. Post Brexit there is a heightened chance of this trend being amplified over the near term given the possibility of disturbances in currencies and UK facing a further slowdown in growth. However, some safeguards are expected to be put in place to deal with the volatility in currency in the UK. Also measures to boost growth might be rolled out. The situation is expected to even out over the medium term. Also, much would depend on the currency movement (extent of appreciation vis-à-vis Pound) for countries that are competing with India to export to UK.

3) Foreign Direct Investments (FDI):

UK's decision to leave EU is expected to impact the confidence level of the business and the investor community and there might be a temporary arrest in outbound investments from India to the UK until more clarity is obtained on the working framework between the EU and UK.

However, the Government has considerably liberalised the FDI regime in the country and there has been an increase in FDI inflows over the last two years. This trend is expected to continue. With the slew of measures announced in June 2016, India has opened up almost all sectors for foreign investors barring a very small negative list. India has once again strengthened its position on the investment radar and the growth prospects in the country remain strong. India is expected to get continued attention from the investors including investments from the UK. UK is third largest investor in India and accounts for about 8.0% of the total FDI inflows in the country. In fact, several British companies have exhibited interests in India post launch of the Make in India campaign.

4) Rupee can remain precarious:

The Rupee can witness some volatility in the coming weeks as there is still anxiety in the global markets. However, RBI has been quick to intervene to manage liquidity through open market operations and use the foreign exchange reserves to tackle currency volatility and capital outflows in case of any skewed movements. Respondents expect this to continue.

5) Inflation to remain range bound:

Oil and commodity prices have been subdued and there is no intermittent risks at present that will make the prices shoot. Global growth remains muted and an upward pressure on that account is suppressed for now. On the domestic front, good monsoons have been as predicted. Prices of food articles are likely to remain manageable.

V) Impact on Indian businesses:

UK has been a valued economic partner for India and the decision to leave the European Union has created some amount of ambiguity for the Indian businesses. The same has been reflected in the survey conducted by FICCI as well. Even though over half of the respondents have reported that they don't intend to set up separate operations in any other EU country because of Brexit, they seemed concerned about the impact on intra company transfers/movement of professionals and Indian migration over the medium term. Also, the participants indicated that they expect investments to the UK to take a beating over the course of next three to five years.

Furthermore, it is anticipated that the companies that have operations in the UK and the EU will have to face significant translation losses with the probability of volatility in currencies remaining high. The exposure on account of un-hedged borrowing abroad will also impact the company balance sheets.

Also, post Brexit some concerns have been raised by companies about facing investigation from competition authorities both in the UK and the EU. Until now, a majority of the competition law in the UK was derived from the EU. The companies have also pointed out that in event of a merger/acquisition, a notification may have to be made both at the UK and EU level leading to an increase in compliance costs.

Indian parties in cross-border contracts commonly include English jurisdiction and governing law clauses. Post-Brexit, there may be uncertainty over the recognition of English judgments in EU countries. In an extreme case, the impact might also lead the parties to invoke 'force majeure' and 'material adverse change' clauses, leading to a surge in litigation.

There will be greater clarity on these technicalities and legalities once the details of the negotiations are spelled out. However, companies are anticipating an increase in compliance and administrative costs going ahead. At present, most of the companies have their corporate offices in the UK and are able to operate in other countries of the Union through their UK office

only. Nonetheless, the companies do have a cushion period to work out the mitigation strategies as the deal between EU and UK will take some time to materialize.

Some Sectors likely to face the heat:

India businesses have presence in a wide array of sectors in the UK which include automobiles, auto components, pharmaceuticals, gems and jewellery, education and IT enabled services. Most of these sectors will be vulnerable to changes in demand and currency values.

1) Auto components:

India is a major supplier of auto components to the EU region. The region accounts for about 36% of India's total auto component exports, while the share of UK is about 5%. The UK Passenger Vehicle market is highly export oriented and the segment has close linkages with the EU automotive market. The anticipated slowdown in the UK and the EU region will have a dampening effect on the sector. Also, the depreciating Pound will impact the revenue stream companies of over the near term. The real impact will also depend on imposition of any trade restrictions between the EU and UK, which will become clearer over the medium term.

2) Information Technology:

India is one of the largest exporters of IT-enabled services and the sector has significant exposure to the European market especially the UK. UK accounts for about 17% of India's total IT exports. India's IT exports to other European countries is at about 11%. The IT companies thus are expected to face the heat in light of the Brexit. Given the risk of further moderation in growth in the UK and EU, there is an increased probability that the companies lower their IT budgets (a discretionary spend). This would have an impact on the domestic software companies.

Further, the depreciation of Pound does not augur well for the sector and can negatively impact the growth in the sector. Majority of the costs by the IT companies are incurred in INR owing to the off-shoring model deployed by the Indian IT services player. So a sustained depreciation of Pound might call for a renegotiation of the contract, as the profitability of these contracts might fall below the expected levels.

Uncertainty on account of pricing of contracts spanning European Union which currently enjoys zero tariffs cannot be ruled out. Skilled labour mobility issues can arise as the multi-location contracts will get deferred on account of lack of clarity at present. Further, the overhead expenses are likely to increase if restrictions are imposed on the mobility of professionals between UK and EU as the companies might have to open an additional office in the EU.

Besides, the Indian IT sector has had some issues with the EU data security policies, including rules on transferring personal data. So, on the positive side the UK could look at abandoning the stringent stance on data management post Brexit. Also, UK would be under no obligation to adhere to restrictive localization norms adopted by EU.

3) Metals:

With the global recovery remaining frail and an evident moderation in China, the steel and aluminium sectors are already facing the issue of overcapacity. Demand in the EU has been subdued and this latest development is expected to further dampen demand. This might lead to a greater weakening of metal prices giving rise to earning pressures for companies.

4) Pharmaceutical:

United States is India's biggest market for Pharmaceutical exports, while EU accounts for 10-13% of India's total pharma exports. The share of UK in India's pharma exports is about 3-4%. The pharma companies do not really expect a big hit following the Brexit and have indicated a limited impact of Pound depreciation. The pharma companies reported having hedged their exposure to the Euro. Further, the companies pointed out that the rules, regulations and product registrations are already different for UK and EU and hence any adverse impact on the sector can be ruled out.

5) Garment:

Readymade garment is one of the key export items to the UK from India. Readymade garments account for about 20.0% of the India's total exports to the UK. The sector is expected to feel the pinch on account of moderation in demand; the spend on readymade garments is primarily discretionary. Also, the drop in the Pound is expected to impact the un-hedged export contracts with British counterparts. Nonetheless, some of the garment exporters have also opined that they might be insulated if a Free Trade Agreement is negotiated with the UK post Brexit.

6) Financial Services:

There are currently bond issuances planned of range USD100-150m in USD and INR. Brexit is making it very hard for UK and other markets (like Singapore, Paris and Frankfurt as green bond investors are mainly EU) are being looked. UK's credit rating has been cut, and given most buyers of the bonds are from the EU there is nervousness around these bond issuances. This is important for India as it would be difficult to imagine financing India's huge infrastructure appetite through debt finance in London as aggressively as currently planned. Again, this would depend on what Brexit scenario that plays out. But in the meantime, greater uncertainty will impact the bond pricing.

VI) Impact on Education Sector:

Britain's exit from the EU is expected to open up significant business and economic opportunities for the Indian Education Sector. Education in UK will likely become more affordable and we might see UK wooing candidates with more incentives. For Indian students studying in the UK, Brexit might result in a more level playing field compared with other EU students who hitherto had an informal edge over the rest of the world in the job market. India being one of the largest skilled labor markets, with a population well versed in the English Language could have a distinct advantage.

VII) Conclusion:

India is the third largest FDI investor of UK. We invest more in UK than all other European countries put together. As per the data available for fiscal year 2015-16, the trade which we did with Britain was worth \$ 14.02 billion, out of which \$8.83 billion was export only, rest \$5.19 was import. Thus our trade balance was a positive. UK will decide its own trade policy when it goes out of the European Union and when it is legally entitled to enter into trade agreements it will start entering in various countries of the world. As per the vision of the Finance Minister there is a huge amount of opportunity between India and United Kingdom.

Many of Indian firms operating in European countries; have offices in Britain. This will change once Britain leaves the union, it would mean additional expenditure of setting up an office in some other European country, as these Indian firms may not be able to enjoy the free border access then.

The adverse effect is already reflecting in British currency as pound touched 31 year low and the volatility will be there in near future which would risk Indian business engaged with UK. The dramatic fall in the value of pound will eventually mean less purchasing power for businesses and consumers as the price of imports increases.

Example of Tata Motors can be sighted which has a subsidiary in Jaguar Land Rover in UK. Jaguar Land Rover is the Britain's biggest car maker and accounts for nearly 90% profit of Tata Motors. With BREXIT EU will impose new tariff for car made outside its boundary, which will make Jaguar less competitive than Mercedes, Audi and BMW which may eventually affect the profit of Tata Motors.

Another Indian sector which will take a hit is software industry as Britain and other European countries would not be spending on technology in this uncertain economic environment. Presently Europe including UK, accounts for nearly 30% of business for five top most Indian software firms. The effect can be seen in many other sectors such as Metal, Capital goods, Pharmaceutical, Automobile as Indian companies like Mother's Sumi, Sun Pharma, Lupin, Tata Steel, Cummins India have substantial business exposure in European Market. But overall the Brexit impact was overstated as we saw the share markets only reacted for a day or two and then stabilised. According to the UK Economic Index the business confidence jumped in September after the shock of June vote. Almost half of the business leaders are optimistic about the UK's economic outlook for the coming years. So, as per the current scenario Brexit has a mixed effect on the world economy in general and Indian economy in particular. The impact of Brexit on the Indian economy will be dependent on the treaty of trade policy which UK will sign and the rights they will get out of this treaty.

The exit of Britain from the European Union has created quite turmoil globally- be it developed markets or be it emerging markets. However, India seems resistant to this turmoil on many fronts; though some fields viz. IT sector may have a negative or a positive effect. According to the strong position that India has maintained in last 6-8 months in global volatility, it can be said that BREXIT will have no major effect on India and its economy.

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Title : Role of M-commerce in Demonetization

Domain Area : General Mangement

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Abstract: This research article is an attempt to focus on growing use of M- commerce in India and also its presence globally. With the growing use of smartphones and the internet data plans being available at affordable rates the use of M-commerce is increasing. Also the advent of the new demonetization policy has resulted in a dramatic change in this sector where M-commerce users are increased considerably and M-commerce has surpassed E-commerce. The paper is written by referring to various sources of secondary data published and available on the internet.

Key Words: M commerce, E commerce , cashless economy, demonetization, mobile applications.

Introduction: After e-commerce the new word coming up is m-commerce it is expected to change the landscape of business. m commerce is expected to surpass e commerce as the preferred method of digital transaction's as it is more faster and secure. "Smartphone usage has grown at an explosive pace in recent past. It has grown even faster with demonetization and entry of new service providers such as Reliance Jio. The growth in M-commerce has been fuelled by the availability of affordable smart phones and mobile data plans. (Confederation of Indian Industry, December 2016)

Definitions:

- M-commerce is the buying and selling of goods and services through mobile phones.
- Commercial transactions conducted electronically by mobile phone.
- The phrase mobile commerce was originally coined in 1997 by Kevin Duffey at the launch of the Global Mobile Commerce Forum, to mean "the delivery of electronic commerce capabilities directly into the consumer's hand, anywhere, via wireless technology."
- Many choose to think of Mobile Commerce as meaning "a retail outlet in your customer's pocket."

Evolution:

1. In 1997: Mobile commerce services were first delivered ,when the first two mobile-phone enabled Coca Cola vending machines were installed in the Helsinki area in Finland. The machines accepted payment via SMS text messages. first mobile phone-based banking service was launched in 1997 by Merita Bank of Finland, also using SMS. Finnair mobile check-in was also a major milestone, first introduced in 2001.
2. The trademark for m-Commerce was filed on 7 April 2008.
3. In 1998, the first sales of digital content as downloads to mobile phones were made possible
4. Two major national commercial platforms for mobile commerce were launched in 1999

5. Mobile-commerce-related services spread rapidly in early 2000. Norway launched mobile parking payments. Austria offered train ticketing via mobile device. Japan offered mobile purchases of airline tickets.
6. In April 2002, building on the work of the Global Mobile Commerce Forum (GMCF), the European Telecommunications Standards Institute (ETSI) appointed Joachim Hoffmann of Motorola to develop official standards for mobile commerce
7. As of 2008, UCL Computer Science and Peter J. Bentley demonstrated the potential for medical applications on mobile devices.
8. In order to exploit the potential mobile commerce market, mobile phone manufacturers such as Nokia, Ericsson, Motorola, and Qualcomm are working with carriers such as AT&T Wireless and Sprint to develop WAP-enabled smartphones. Smartphones offer fax, e-mail, and phone capabilities.
9. The Google Wallet Mobile App launched in September 2011 and the m-Commerce joint venture formed in June 2011 between Vodafone, O2, Orange and T-Mobile are recent developments Reflecting the importance of m-Commerce,
10. In April 2012 the Competition Commissioner of the European Commission ordered an in-depth investigation of the m-Commerce joint venture between Vodafone, O2, Orange and T-Mobile. A recent survey states that 2012, 41% of Smartphone customers have purchased retail products with their mobile devices.

Current Scenario In The Past Four Years: 2012-2016

e payment has become more active due to demonetization. Over the past four years mobile wallet transactions have jumped from Rs 10 billion(60 million transactions) in 2012-2013 to more than Rs 4490 billion (600 million transaction) in the year 2015-16.

There has been huge investments made by private equity and venture capitals firms in the last three years from 2014-2016 various segments like retail, travel, transport logistics food , on demand services and others have made a deal worth over USD 13000 million.

(2016) Post Demonetization: companies like paytm MobiKwiK , freecharge, M swipe, Ezetap Citrus payment Bookmyshow, have shown a statistical increase in its customer base.

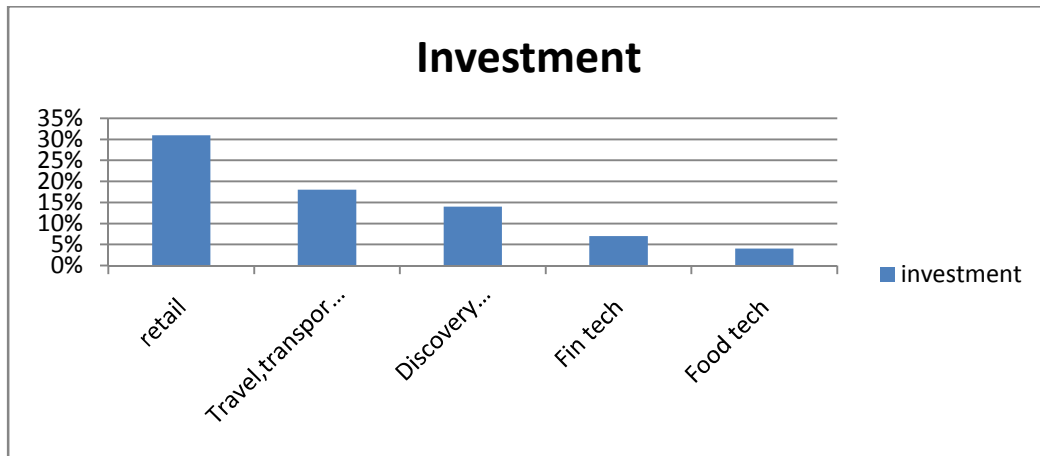
The table below shows the investment in M-commerce by various sectors:

Table 1 sector wise investments in m commerce

Sector	Investment
Retail	31%
Travel, transport and logistics	18%
Discovery platform	14%
Fin tech	7%
Food tech	4%

Source: (Confederation of Indian Industry, December 2016)

Graph 1 sector wise investments in M-commerce



Source: (Confederation of Indian Industry, December 2016)

Characteristics of M-commerce (Naware, April 2016)

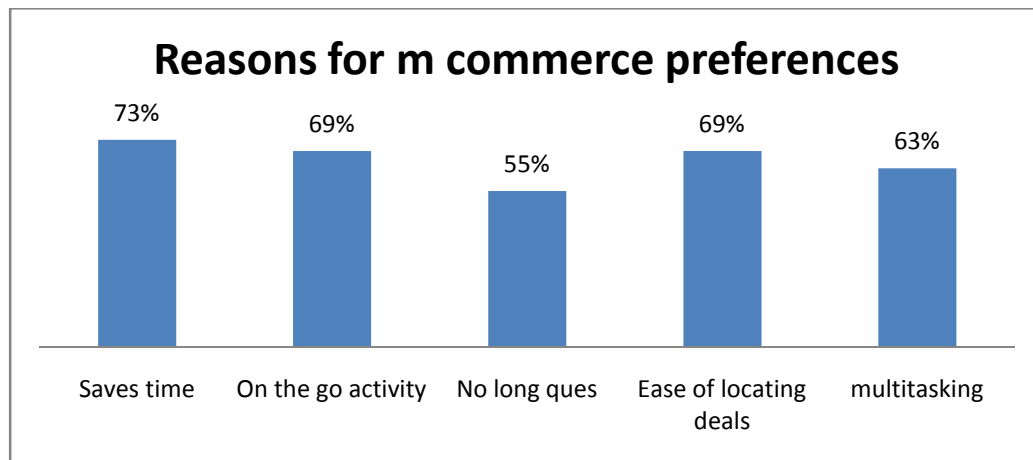
1. Mobility
2. Reach
3. Accessibility
4. Convenience
5. Personalization
6. Willingness
7. Varied users
8. Targeted market

Table no 2: Key reasons why consumers prefer M-commerce

Saves time	73%
On the go activity	69%
No long ques	55%
Ease of locating deals	69%
multitasking	63%

Source: (Confederation of Indian Industry, December 2016)

Graph no 2: Key reasons why consumers prefer M-commerce



Source: (Confederation of Indian Industry, December 2016)

Products and services available:

1. Mobile money transfer
2. Mobile ticketing
3. Mobile vouchers, coupons and loyalty cards
4. Content purchase and delivery
5. Location-based services
6. Information services
7. Mobile banking
8. Mobile brokerage
9. Auctions
10. Mobile browsing
11. Mobile purchase
12. In-application mobile phone payments
13. Mobile marketing and advertising

Effect of Demonetisation on M-commerce:

Paytm has benefited significantly in terms of volumes because of its massive advertising campaign, according to a report by digital analytics firm Kalagato. Average refill values for wallets are up across the board, Kalagato said.

Paytm added over 10 million new users in November and expanded its offline merchant network to over one million merchants, Paytm claims its user base has grown to over 160 million.

Snapdeal-owned Free Charge said online food ordering has seen the biggest increase in business on its platform. The company also said it has seen a 10-fold increase in number of merchants sign-up queries. “Most of the queries coming from grocery stores, pharmacies and food joints to immediately sign up to start accepting digital payments. In the last fortnight, Free Charge has seen an 8X surge in the wallet load transactions.

Food ordering and hyperlocal startups have seen a significant increase in their transaction volumes due to their business models encouraging more cashless transactions, even as large e-tailers and cab aggregators such as Ola and Uber have been hit due to a relatively large exposure to cash transactions, according to a report by RedSeer Consulting.

Hyperlocal grocery and food-tech are clear winners as customers don't have any ready-cash to do the daily offline purchases; but for e-tailing and online cabs, the month of November has been a hiccup in their growth stories – both dependent heavily on cash transactions. However, the positive side of this is the number of customers becoming comfortable with cashless transactions, over the longer run this will enhance the pre-paid model for these companies.

Products and services available

1. Mobile money transfer
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4. Content purchase and delivery
5. Location-based services
6. Information services
7. Mobile banking
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9. Auctions
10. Mobile browsing
11. Mobile purchase
12. In-application mobile phone payments
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Evolving M-commerce offerings with well known companies:

- ❖ **Retail:** Businesses engaged in retail, groceries, jewellery, etc. Key companies include Flipkart, Amazon, Snapdeal, Shopclues, Myntra, Jabong, BigBasket, Urban Ladder and Pepperfry
- ❖ **On-demand Services:** Businesses engaged in on demand home services, repairs, etc. Key players include Urbanclap, House Joy, MyGlamm and TaskBob

- ❖ **FoodTech:** Businesses engaged in Food ordering and delivery. Key companies include Zomato, Swiggy, Holachef, Tiny Owl and Food Vista India
- ❖ **Travel, Transport and Logistics:** Businesses such as car rental aggregators, travel ventures, logistics, portal for hotels, etc. Key companies include OLA Cabs, Uber, Delhivery, Oyo rooms, Ibibo, Cleartrip, makemytrip, etc.
- ❖ **Discovery Platform:** Businesses engaged in classifieds, comparison sites, real estate marketplace, etc. Key companies include Quikr, Olx, CarTrade, Just Dial and Voonik Technologies
- ❖ **Finance Tech:** Businesses engaged in digital and mobile payment services, mobile wallets, online finance provider, etc. Key companies include Paytm, Mobikwik, Freecharge.in, PayUMoney, Mswipe, Citrus Payments, etc.
- ❖ **Others:** Businesses engaged in mobile apps, digital entertainment, real estate, health tech etc. Key firms include Bookmyshow, Hike, 1mg Technologies and Housing.com

Government initiatives for cashless economy:

1. The Central Government Petroleum PSUs shall give incentive by offering a discount at the rate of 0.75% of the sale price to consumers on purchase of petrol/diesel if payment is made through digital means.
2. To expand digital payment infrastructure in rural areas, the Central Government through NABARD will extend financial support to eligible banks for deployment of 2 POS devices each in 1 Lakh villages with population of less than 10,000.
3. The Central Government through NABARD will also support Rural Regional Banks and Cooperative Banks to issue “Rupay Kisan Cards” to 4.32 crore Kisan Credit Card holders to enable them to make digital transactions at POS machines/Micro ATMs/ATMs.

4. Railway through its sub urban railway network shall provide incentive by way of discount upto 0.5% to customers for monthly or seasonal tickets from January 1, 2017, if payment is made through digital means.
5. For paid services e.g. catering, accommodation, retiring rooms etc. being offered by railways through its affiliated entities/corporations to the passengers, it will provide a discount of 5% for payment of these services through digital means
6. Public sector insurance companies will provide incentive, by way of discount or credit, upto 10% of the premium in general insurance policies and 8% in new life policies of Life Insurance Corporation sold through the customer portals, in case payment is made through digital means.
7. The Central Government Departments and Central Public Sector Undertakings will ensure that transactions fee/MDR charges associated with payment through digital means shall not be passed on to the consumers and all such expenses shall be borne by them.
8. Public sector banks are advised that merchant should not be required to pay more than Rs. 100 per month as monthly rental for POS terminals/Micro ATMs/mobile POS from the merchants to bring small merchant on board the digital payment eco system.
9. No service tax will be charged on digital transaction charges/MDR for transactions upto Rs.2000 per transaction.
10. For the payment of toll at Toll Plazas on National Highways using RFID card/Fast Tags, a discount of 10% will be available to users in the year 2016-17.

Future of M-commerce:

- ❖ M-commerce accounts for nearly 60 per cent of online sales in the country, on the back of 30 to 50 per cent growth in online transactions in the tier II and III cities.

- ❖ The growth in m-commerce has been fuelled by the availability of affordable smartphones and mobile data plans.
- ❖ India currently has 292 million smartphone users, and more than 45 per cent of all mobile phones shipped in Indian market were smartphones in the first quarter of 2016.
- ❖ Mobile Internet user base in India has increased to 371 million in 2016 and the user base is expected to annually grow by 50 million till 2019.
- ❖ Online shoppers in India are likely to more than double by 2020
- ❖ The current online shoppers are in the range of 80-100 million and expected to increase to 175-220 million by 2020
- ❖ It also observed that 60 per cent of online shoppers prefer mobile devices.
- ❖ It noted that mobile wallets have become a key enabler for m-commerce as most people are hesitant to share their bank account details or credit/debit card details due to the fear of sensitive information getting compromised.
- ❖ While online banking and even mobile banking has been around for a long time, mobile wallets have made it easier to shop. From grocery to cab rides to movie tickets to food deliveries to utility bills, almost anything can be bought and paid via simple mobile apps.
- ❖ Over the past four years, mobile wallet transactions have jumped from Rs 10 billion (60 mn transactions) in 2012-13 to over Rs 490 billion (600 mn transactions) in the year 2015-16.
- ❖ With ever-increasing Internet and mobile penetration and the recent demonetization event, India is all set to witness a massive surge in the adoption of digital payments in the recent future.

Conclusion: Demonetization is good for the m-commerce industry in India and most of the retail commerce will shift to mobile in the near future.

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E for Entrepreneurship Education

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E for Entrepreneurship Education

Abstract

There is no denying of the fact that education empowers people. Since the beginning of mankind, education played a vital role in development. After independence, India worked for its development through various plans, policies and programmes. Our country learnt from these, learning by doing was the approach. In this process, we learnt that only giving to people would not help them develop. The proverb proved itself right again, “Give a man a fish, and you feed him for a day. Teach a man to fish, and you feed him for a lifetime”. Now the programmes in India have made provision for educating the beneficiaries of the programme to make the programme successful. The paper is based on study of some programmes and policies, the study in villages was conducted using observation and interaction with the beneficiaries using open ended questions. ¹ The study shows that we have stepped towards the first step of education and now we need to draw the path for next steps for education in all spheres of life as per the requirement of that particular stage. So that we can realise the dream of making someone stand tall for lifetime and beyond.

Key Words

Rural, Villages, Entrepreneurship Education, SHG, VO, CLF, NRLM

Introduction

Swami Vivekananda said Education should enable each man to develop his physical strength and moral courage to succeed in the struggle for existence and should lead to the development of character and morality. Leaders all around the world have similar views about education. Education is not just telling a group of people to do something; it is more about equipping them for their life. It is said that “the mother is the first teacher for the child” and this statement explains what Education is?

“Unity is Strength”, we have heard this since our childhood. We also read stories about power of unity. Sometimes we experienced it in our lives, when our friends helped us. This always proves true. Great Movements became great because people came together. Successful organizations achieve success because all the employees work towards to achieve one goal. This time I witnessed unity, which gave rise to Rural Entrepreneurship. Earlier it has very humble beginning, just known as Self-help groups, happy with small savings but slowly this grew and helped many lives and nations. This brought together Government, non-government organizations, social workers, villagers and all others who wanted to be a part of this journey “together”. This lead to way of making world a small village.

The members of these SHG groups proved that they came together, learnt new things, put in efforts for their work and won the race for a better life. This I saw not only in one village but also in three states of India. At some places, it is at its nascent stage and at some places; it has reached its heights. This paper describes about successful rural entrepreneurship education, which lead to successful enterprises in some villages in three states of India.

Operational definitions

Rural - Any habitation with a population density of less than 400 per sq. km., where at least 75 percent of the male working population is engaged in agriculture and where there exists no municipality or board. (Govt. of India) ²

Village - Village means revenue village declared by govt. of India. The revenue village is a well-defined unit and has been used as a unit for data collection in all the censuses in the post independence period. The village in the administrative sense is the 'mauza' a settled area with defined boundaries, for which village records have been prepared. ³

Entrepreneur and Entrepreneurship - The word entrepreneur originates from the French word, *entreprendre*, which means, "to undertake." The Merriam-Webster Dictionary presents the definition of an entrepreneur as one who organizes, manages, and assumes the risks of an enterprise. ⁴

According to Peter Drucker, the entrepreneur always searches for change, responds to it and exploits it as an opportunity. Therefore, entrepreneurship means the process of creating enterprises for economic development. ⁵

If these enterprises are in rural areas, we call them rural enterprises, irrespective of the product they are manufacturing and where they are selling.

Education - Education comes from the word *Educe* that means to 'bring out' or 'extract'. Education means lifelong learning which includes education, training, developmental activities as well as hand holding approach. ⁶

Rural Entrepreneurship

About Grameen Bank and Self Help Groups ⁷

Grameen Bank system was established in Bangladesh by Mohmad Yunus which later gave him Nobel prize. It is believed that this system was the pioneer in form for financial inclusion of the poor from the villages. This system came into being in year 1976. India also wanted financial inclusion of rural poor and their development. Therefore, the grameen bank system was seen as an appropriate tool. Governments, policy makers studied this tool and then modified it according to the requirements of Indian economy. Thus evolved the Self Help groups (SHGs). In India, NABARD (National Bank for Agriculture and Rural Development) promoted the SHGs in 1980s. The concept has proved itself very well and it is moving ahead. Earlier it started with interventions in some places; today it has taken the nation under its wings. Many programmes, projects and missions worked and are working for poverty alleviation and financial inclusion of the poor and the base for all these is Self Help Groups.

What is Self Help Group?

- It is group of members, homogenous in terms of economic condition, social condition.
- The number of members in a group is not more than 20.
- The members decide to save a fixed amount of money regularly, on monthly basis.
- They come together at one place, once in a month and collect the amount.
- The members borrow for their own requirement, after mutual consensus with all the members.
- The members decide the rate of interest for the borrowed money, it is kept low. Example 2%, 6% etc.

- The member has to return the amount with interest within stipulated time; the members decide this time.
- The group can open a savings bank account in the bank.
- If the group has regular savings, borrowing and return i.e the fund keeps revolving, the group can avail loan from bank on presenting a business proposal.

Journey of SHGs in India ⁸

India saw some of the programmes employed for poverty alleviation are Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Swarn Jayanti Gram Swarajgar Yojna (SGSY) etc. now National Rural Livelihood Mission (NRLM) now known as Deen Dayal Antyoday Yojna. This paper focuses on SHGs under NRLM. The base unit for NRLM is SHG. The enhancement done in NRLM which was not there in earlier programmes is the introduction of capacity building for the beneficiaries and the staff at every stage of development.

About NRLM and Education ⁹

Then NRLM came into force with following things in focus of the mission-

- Poor need to be organised into groups for better utilisation of the services provided to them.
- Capacity building of the beneficiaries has to be given top priority for effective implementation of any programme.

World Bank supports NRLM and the mission is run by Ministry of Rural Development (MoRD), Government of India since June 2011. It aims to cover 7 crore below poverty line households across 600 districts, 6000 blocks, 6 lakh villages and 2.5 lakhs Gram panchayats. The beneficiaries will be poor households the medium to reach them is Self Help Groups. The mission will empower the poor with information, knowledge, skills, tools, finance and collectivization so they can lead better lives and in turn bring rural development.

The Mission Document of NRLM says -

“It aims to reach out to all the rural poor families and link them to sustainable livelihoods opportunities. It will nurture them till they come out of poverty and enjoy a decent quality of life. To achieve this, NRLM will put in place dedicated and sensitive support structures at various levels. These structures will work towards organising the poor, building their capacities and the capacities of their organisations, enabling them access to finance and other livelihoods resources. The support institutions will play the roles of initiating the processes of organising them in the beginning, providing the livelihoods services and sustaining the livelihoods outcomes subsequently. The support structures will also work with the unemployed rural poor youth for skilling them and providing employment either in jobs, mostly in high growth sectors, or in remunerative self-employment and micro-enterprises.”

NRLM stands on 21 key Features and the third feature in this list is –

Training, Capacity Building and Skill Building

Education for the Beneficiaries and Staff ¹⁰

The mission ensures that the beneficiaries and staff, learn right from the beginning about SHG concept, about their role in SHG, about savings, borrowings and fulfilling basic household needs.

There are various steps to this and according to the needs; the mission provides the education to the beneficiaries and the staff. The beneficiaries are at three levels, SHG, village and Cluster. The Village Organisations and Cluster Level Federation are formed from SHGs. These are higher-level organizations to SHGs. 2 elected members from all SHGs join to form a village organisation (VO) and similarly 2 elected members from all VOs join to form Cluster Level Federation (CLF). The staff for the programme is deployed at three levels village, district and state. The mission has developed a Handbook for Capacity Building. The trainings are for SHG Members, SHG leaders, SHG Book Keeper, Village Organization (VO), Executive Committee (EC) & Office Bearers (OB), VLF Sub – Committees, Community Activist / Mobilizers, Cluster Level Federation (CLF) - Executive Committee (EC) & Office Bearers (OB), CLF Sub – Committees, CLF Accountants, Community Resource Persons (CRPs), Book Keeper Trainers (SHG - VO), Community Trainers (SHG, VO & CLF level), MCP Trainers, PIP Trainers, Trainers of Trainers

The various teaching methods used for these modules are-

- Interactive lecture method
- Video Films
- Brain storming sessions
- Role plays
- Games
- Case Studies
- Demonstration
- Exposure visits to good practices

The implementation of this mission has helped some SHGs and made their life better. This paper shows the entrepreneurship practices from some villages in three states of India. These states are Telangana, Uttar Pradesh and Madhya Pradesh.

Telangana

This study was conducted last year and it is about Musapeth village in Addakul block in Mahabubnagar dist. of Telangana. Around twenty years back this was a poverty-stricken village. There was no food and no work in the village. People started migrating from village in search of work and food. In year 2015, i attended “Village Organisation” meeting in the village. The members told their story of transformation. ¹¹ The first few SHGs were formed in year 1995. They started with savings of Rs.10 every 15 days. In 1995, the number of SHGs was 105, in 2015 it is 653. Village Musapeth has two VOs. Earlier there was only one VO only but because of increased number of SHGs they have created one more VO in 2014 and named it ShriLakshmi. The older VO SriSai is from 1997.

Successful Interventions

In Telangana and Andhra Pradesh between VO and CLF, there is one more ladder called Mahila Mandal Samakhaya (MMS), it is because of large size of clusters, they are divided into mandals for administrative purposes. This village is on the side of highway and this makes it a suitable location for a small market with food items and other necessary things. In one campus, they have a restaurant, a shop and dairy chilling plant, Mahila bank and training centre with residential arrangements.

Restaurant - Earlier SHGs used to run the restaurant now MMS gives contract to VO and VO gives it to SHG to run the restaurant, the SHG can further give it to an individual.

The MMS gets rent of Rs.16,000 per month from the restaurant.

Shop - There is a readymade garment shop in this campus. SHG runs this and they pay Rs.4000 as rent to the MMS, the profit from selling is their.

Dairy Chilling Centre - This dairy chilling centre is linked to the government dairy. The plant capacity is 5000 ltrs. Everyday on an average more than 3000 ltrs of milk is collected. Three milk routes are developed and milk collection is from 26 villages. Village milk assistant collects milk and he gets Rs.0.50 per liter. MMS sends the milk to AP dairy and receives Rs. 2 per litre.

Mahila Bank - The bank now has more than 400 SHG accounts. The bank is able to give loan in lakhs. This bank is by the women, for the women and of the women.

Need for more education

The members were doing procurement of Castor, groundnut seeds and selling at good market prices but now they have stopped this activity. The building for storage is there and it has capacity to store 30 to 40 tons. Earlier they were making vermin compost also. The members are not able to take up the marketing activity properly. Therefore, they suffered losses for the products they developed or stored and now they have stopped many of these activities. The difficulties come to them in form of all Ps of marketing.

Uttar Pradesh

Ahirori village near Lucknow in Uttar Pradesh, it is a big village with a big pond and of course large population. ¹² Most of the people here have marginal lands and they do the agricultural

work using manual equipments because they do not have money to purchase tractor and there is no need of tractor throughout the year. Most of the agricultural land is rain fed so only one crop in a year. In this village under NRLM, SHGs and Village Organisation are formed. The village organisation thought that if we can provide tractor on rent to farmers. The VO has bought a tractor with agricultural equipments required. Now the VO give this on rent to all the villagers as well as SHG members, the rent collected from SHG members is less compared to the rent charged from others. They give the tractor on rent to nearby villages also. This activity helps the SHG, VO members and farmers.

Need for more education

What to do next? The SHG members and VO members are not able to move ahead and come up with new ideas for taking up new enterprises.

Madhya Pradesh

This study is about three villages in Madhya Pradesh. Two villages are in Raisen district and one village is in Rajgarh district.¹³

Successful Interventions

Borpani village in Raisen district. The village has 11 Self Help Groups. The VO is now looking forward for overall development of the village. The activities they have taken up are - All children in school and Construction of toilets. For the first activity they met teachers and education department officers and requested them to run the school regularly, these members are going to every house of the village and telling the parents to send children to school. For

construction of toilets in school and at every house of the village, the members have decided to take loan and complete this task.

Sankal Village in Raisen district. The SHG women are engaged in making incense sticks. They are trained in production and the machines are provided to them. The programme staff has taken up marketing and branding for the products and tieups are being done with government outlet shops like Bhopal Haat, Aajivika, Vindhya etc. The agarbattis are also being taken to Delhi at the time of fair.

Amliyahaat Village in Rajgarh district has Cluster Level Federation (CLF). The CLF here runs a training centre, which imparts trainings on the topics like SHG concept, VO concept, CLF concept and management, SHG meeting/Exposure, VO Meeting, CLF Meeting, SHG Book Keeping, VO gram sakhi, SHG formation and management, Panchayati Raj Concept and Management, Leadership and Development, Rules for VO, CLF formation. Cluster Level Federation manages this training centre. These members manage all the activities related to the trainings, right from organising the training, conducting training sessions, preparing food, managing the trainees, distributing training material. Apart from this activity the village has many other activities like bulb preparations, bengal making, stitching uniforms etc. VO of Amliyahaat village of Rajgarh district took ownership of 20 stray cattle, calving of these cows is done through Artificial Insemination (Sehwal breed). There are 17 successful cases. The calves are sold at the price of Rs. 2,000 each. Waste products from these cattle are used as components in herbal phenyl and vermi compost. These products are sold through government shops.

Need for more Education

In all these villages, there is progress and it is evident that, the staff working for this programme has not only shown SHG members, the way towards good life but also walked with them through all the difficulties. The women want to learn more and more and not stop at this point. They say we now want to move ahead, take higher positions, and want to empower more women and take them along with us. There are women, who are still suffering, we were like that, but somebody helped us, now, we should help others.

Conclusion

Education is foundation and provisions for educating the beneficiaries of the programmes are made. Most programmes, take first step as educating people, generating awareness about the programme and make people understand their role in the success of the programme. This approach is getting acceptance not only among policy makers but also among the beneficiaries of the programme and has definitely shown better results with people participation at every level. The need is to look at the various levels of education for the beneficiaries of any programme, and the methods and medium used for imparting education. In addition, the need is to look at other lacunas. This need emerges because; the programme aims to make the people self sufficient in every term and these people should lead the way further. Therefore, for developing successful rural entrepreneurs the building block can be nothing less than entrepreneurship education.

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A Meta Analysis on the Factors Affecting the Talent Retention in Selected Thai Organizations

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Introduction

Human capital is the critical success factor in today's competitive environment. Retaining key talent is one of the topmost priorities for all successful managers. In spite of the obviousness of this crucial responsibility, many organizations suffer from the 'leaking reservoir' syndrome. Most organizations have come to accept that it is acceptable to lose a percentage of good employees over a period of time – which is true to a great extent. The problem begins, however, when the crack in the reservoir becomes so huge that replacing people becomes a full-time endeavor and leaves little time to do anything else. A certain percentage of time invested in building strategies for growing and retaining your people in the long run prevents the talent leak from growing and saves you a lot of time and pain in plugging the hole later.

However, in the age of new economy, the war for talent become aggravating. As a result, many companies were not attractive enough to retain the talent. The turnover rate especially of the Gen Y talent is continuously increasing. It is therefore, a big challenge and responsibility for the executives and human resource departments to retain the talent who are regarded as an asset to the organization. The talent management is thus an important strategy contributable to the long-term health and success of the business. In order to fill that void, the researcher is interested in examining through meta analysis method on what factors affect the talent retention in selected Thai Organizations.

Objectives

This qualitative study aimed to investigate the factors affecting the talent retention in the organizations, to propose a conceptual framework regarding the factors affecting the talents retention, and to suggest strategies for employee retention.

Methodology

Qualitative research technique using documentary research was used for research design. The meta analysis is achieved through extensive review of literature and research on talent retention to provide the solid grounds for the synthesis of the conceptual framework regarding the factors affecting the talent retention.

Literature Review on Talent Retention

The presentation of this section is divided into three parts ; namely, the meaning of talent management, review of the related books, and review of research conducted in Thai settings.

The term “ talent management” was coined by McKinsey & Company following a 1997 study. It was later the title of a book, *War for Talent* by Michaels, E.; Handfield-Jones, H. & Axelrod, B. (2001). Talent management is defined as the integrated process of ensuring that an organization has a continuous supply of highly productive individuals in the right job, at the right time. Rather than a one-time event, talent management is a continuous process that plans talent needs, builds an image to attract the very best, ensures that new hires are immediately productive, helps to retain the very best, and facilitates the continuous movement of talent to where it can have the most impact within the organization. The goal of the talent management process is to increase overall workforce productivity through the improved attraction, retention, and utilization of talent. The talent management strategy is superior not just because it focuses on productivity, but also because it is forward looking and proactive, which means that the organization is continuously seeking out talent and opportunities to better utilize that talent. It produces excellent results because it overcomes the major problem of traditional recruiting which is isolation. It instead integrates the previously independent functions of recruiting, retention, workforce planning, employment branding, metrics, orientation and redeployment into a seamless process.

Additionally, the second part examined the three books written by the authorities in the field . Based on the book written by Michaels et al.(2001) , McKinsey & Company conducted the research by interviewing 200 executives in the US. regarding talent attraction, development, and retention. The results indicated that the majority of the executives interviewed enjoyed challenging jobs, seeking opportunities to develop their work performance, being in excellent organization with open corporate culture and trust, focusing on performance and having opportunity to maintain sustainable wealth and growth.

Besides, the survey conducted by Sibon Consulting pointed out that five factors attracting the talent to retain in the organization which can be listed as 1) financial compensation, 2) welfare, 3) satisfaction towards work, 4) recognition, and 5) opportunity in future career advancement . Apart from that, the Development Dimensions International (DDI) stated in the survey the staffs in human resource department have placed importance in the future career advancement ,compensation, work stress, the relationship with the boss while the talent themselves put emphasis on the work life balance, job characteristics, relationship with colleagues, relationship with the boss and remuneration (Sears, 2003).

However, Tower Perrin reported that the retention factors of the talent can be generated as the skill development of the employees, understanding and expectation of the talent, competitive remuneration, the linkage of program or the HR system with the business strategic targets of the organization, two-way communication between the organizational and personnel expectations (Berger and Berger, 2004).

All in all, the aforementioned factors relating to talent retention cited in the three books can be summarized as in Table 1.

Table 1: Summary of the Comparison of Factors Relating to Talent Retention

Employee Value Proposition. From <i>The War of Talent</i> (Michael et al., 2001)	What top-performing employees want ? From <i>Successful Talent Strategies</i> . (Sears, 2003)	What important to Talent ? From <i>Successful Talent Strategies</i> (Sears, 2003)	Top factors that retain employees. From <i>The Talent Management Handbook</i> . (Berger & Berger, 2004)
Opportunity to build sustainable growth and wealth	Wages payment scheme	Compensation	Competitive pay in relation to the labor market
Challenges and opportunities for development	Opportunities in career path development	Job enrichment	Skill development for the employees
Images of company and strong leadership		Relationship with boss	
Open corporate culture, mutual trust and focus on performance.	Personnel characteristics and culture	Mutual trust among colleagues	
	Vacation leave with pay.	Work life balance	Understanding of personnel with high performance
			Human resource management system set in compliance with business goal
			Clear expectation of both the company and employees through two-way communication

From Table 1, it should be noted that Berger and Berger (2004) added more factors stating that organization should understand clear expectations of the talent via two-way communication between organization expectation and talent expectation prior to set the HR system or business strategy so that the policies and the management programs could respond to the need of the talent and the programs must be in compliance with HR system and business goals.

The last section examined the research conducted by Thai researchers in the last ten years. Samuthai Thumkam (2007) conducted the study on the talent management system of Institute of Science and Technology by conducting documentary research as well as a survey research. The respondents were the administrators and officers whose job performance had been rated at excellent level. The respondents were satisfied with the job, the compensation, and the way of living which all were rated at a high level. However, they were not satisfied with the corporate image. With regard to the talent retention, they were satisfied with a communication system, resource and facilities, assistance and recognition, challenge job as well as good relationship with others. In the meantime, they wanted to see the talent were encouraged to express the ideas and were granted a permission to participate in making a decision. Besides, Pathompong Topanichsuree (2010) conducted a study on the retention of high performance and potential officers in Thai Bureaucracy. The findings pointed out eight factors showed strong relationship with the organizational engagement of the talent. The influential eight factors ranging from the highest to the lowest could be listed as job characteristics, training and development, reward and remuneration, work system, relationship with colleagues, work environment, relationship with the superior, and opportunity obtained from work. Moreover, Supaporn Songsujaritkul et al. (2009) investigated the factors affecting talent retention of True Vision Public Company Limited. The results of the interviews with executives revealed that since the nature of their works was different, each functional executive had to employ different techniques to retain their staff. In conclusion, 4 factors affecting talent retention including non-financial compensation, career development, employee engagement, and financial compensation were determined. Apart from this, Jutatip Suksawat (2012) conducted a study on talent management of companies in the Thai Eastern Seaboard, 5 factors affecting talent retention were found. Majority of the respondents agreed that 3 factors, culture and work environment, supervisor's roles, and growth and earning potential were all rated at the high levels while 2 factors, training and development was rated at the average level, and rewards and compensation was reported at the lowest level. Similarly, Wanpen Petcharat, Pornrat Sangharn, and Itthipol Kruepong (2013) conducted a study on retention of talent of companies in Industrial Community by comparing the opinions between the executives and the employees regarding the factors affecting talent retention. The executives perceived 4 factors at high levels including culture and work environment, supervisor's roles, a growth and earning potential, training and development, respectively while rewards and compensation was reported at the lowest level. As for the employees, they viewed the highest to the lowest as supervisor's roles, culture and work environment, growth and earning potential, training and development, respectively, and rewards and compensation was reported at the lowest level. In short the opinions of both the executives and the employees did not show

any significant difference. The factors affecting the executives retention included training and development, and growth and earning potential while the factors affecting employee retention was culture and work environment.

In sum, the factors reviewed were synthesized by means of meta analysis to construct a conceptual framework of factors affecting talent retention in the next section..

Conceptual Framework of Factors Affecting Talent Retention

With reference to the extensive review on the literature regarding factors affecting talent retention , the important such factors can be classified into 5 categories ; namely, (1) culture and work environment which refer to mutual trust and good interpersonal relationship, (2) compensation which refers to fair payment in relation to job performance and self dedication towards work performance, (3) training and development which refers to training system, coaching, provision of education and career development, (4) supervisor's role which refers to pattern of work and relationship with the talent, and (5) growth and earning potential which refers to the opportunity of developing their skills, getting promoted, and earning higher level of responsibility.

The related factors affecting talent retention can be summed up in Table.2

Table 2 : Factors Affecting Talent Retention

Culture and Work Environment	Rewards and Compensation	Training and Development	Supervisor's Roles	Growth and Earning Potential
<ul style="list-style-type: none"> - Communication - Work Flexibility - Relationship between Boss and Subordinates - Corporate Images - Work Life Balance 	<ul style="list-style-type: none"> - Compensation over Competitor Scheme - Flexible Welfare - Fair and Satisfied Compensation - Monetary Compensation - Non-monetary Compensation. 	<ul style="list-style-type: none"> - Skill and Ability Development - Succession Planning - Training Path - Job Rotation - Study Visit 	<ul style="list-style-type: none"> - Advisory - Coaching - Motivation 	<ul style="list-style-type: none"> - Assignment of Challenging Job - Career Advancement /Development - Opportunity to work up to their full potentials - Opportunity to participate in expressing ideas. - Employee engagement - Talent Development Plan

Strategy for Employee Retention.

After the company put in time ,effort and investment to hire the best employees possible, that talent need to be retain. Many books have been written and exit interview conducted as employers look for the secret of keeping their good employees satisfied. Salary, retirement plans and vacation benefit are high on the list of why those great employees took the job, but they are not reasons enough to keep them in the employ for the long haul.

Based on the interviewed with the executives and human resource staff, and the employees, the following are some strategies that can be used to retain the talent in the organizations.

1. Create an environment that make the employees feel like an asset to the company. Don't make them feel like overhead. Allow them to feel secure in their job.

2. Make expectations and goals of the company clear. Be sure to have job descriptions so the employees know what is required of them. If there are changes that need to be made, do not expect them to learn that by osmosis. The manager should communicate directly and clearly.

3. Create an open and honest work environment. Give feedback on work performed and be willing to listen to their concerns. Be open and listen to new ideas. Accept suggestions for problem solving. Be available and open when the employees ask for guidance. Keep the top talent informed about what is happening with the company do not let rumors take over.

4. Provide opportunities to grow and learn, and let them know there is room for advancement in the company. Give challenging and stimulating work. Tap into their passion and allow them to focus their time and energy on project they can enjoy.

5. Recognize and reward good work. Monetary bonuses are always nice, but recognition of job well done goes a long way to creating good will and loyalty. In order to retain talent, make them feel appreciated, respected, rewarded and worthwhile. Recent studies show that when employees feel undervalued and unappreciated, they look for other employment.

6. Create career development plan for all key people. Identify the long term career goals for each individual.

7' The perception of fairness and equitable treatment is important in employee retention.

8. The quality of the supervision an employee receives is critical to employee retention. People leaves managers and supervisors more often than they leave companies or jobs. It is not enough that the supervisor is well- liked or a nice person The supervisor has a critical role to play in retention, starting with clear expectations of the employees.

In conclusion, key employee retention is critical to the long-term health and success of the business. The issues with many companies is that their organizations put tremendous effort into attracting employees to their company, but spend little time into retaining and developing talent. A talent management system must be incorporated with the business strategies and implemented in daily processes throughout the company as a whole. It cannot be left solely to the human resource department to attract and retain employees, but rather must be practiced at all levels of the organization. It should be noted that the activities within talent management included succession planning, assessment, development and high potential management. To retain the talent, the organizations, the factors including culture and work environment, rewards and compensation, training and development, supervision role, and growth and earn potential must be aligned

with business strategies. Thus, in adverse economic conditions, many companies feel the need to cut expenses. This should be the ideal environment to execute a talent management system as a means of optimizing the performance of each employee and the organization.

In retrospect, this qualitative study primarily could be served as food for thoughts enhancing HR persons to study in-depth on what factors, monetary or nonmonetary, really have impact over the retention of the talent. Hopefully, the findings and suggestions can provide an impetus for more research in HR related fields.

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**'BUY OR BUILD' battle for organizations - The
modern wisdom of outsourcing in the Global
Corporate Village**

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Global Corporate Village and its coherence to outsourcing

Abstract:

Globalization is the process of International Integration. The interchanging of goods, services are done globally- which in simple term is ‘Outsourcing’- The latest buzzword in these days. The terminology Global corporate village - refers to widening the business with compact trade deals, transactions with involvement of many countries with different sort of services as per their assets available with them. Interchanging these assets freely and making one corporate village where there would be cohesive inter relationship and the paths of the corporates must intertwine and cross. Newcomers also should get visibility globally and assimilated easily in this corporate village community by the ways of outsourcing and making own thumb print on a global canvas though they are separated geographically, by functions or specialty, services, productline. The core objective of global corporate village is Communication of information—about new ideas, products, strategies, opportunities, and challenges— The small & medium outsourcing providers are expanded and extended services globally to serve many business functions. In early 21st century globalization supported open door policy amongst the nations hence the outsourcing terminology has been explored with greater flexibility in budgeting, exchange of services, expertise and control etc.

Key words: Globalization, International Integration, Global canvas, outsourcing, Corporate village.

'BUY OR BUILD' battle for organizations - The modern wisdom of outsourcing in the Global Corporate Village

Introduction:

The legendary Management Consultant Peter Drucker coined and developed the slogan: "*Do what you do Best and outsource the Rest!!*" This tagline recognized internationally which is primarily been using by the global players to advocate outsourcing as a visible business strategy.

Businesses are running after Quality as well quantities since they have to show existence globally as well as domestically. So surely the corporates are outsourcing their non-core business units, where they are conscious about cost and quality. The organizations are ready to be responsible and accountable for whatever services are being outsourced. It includes foreign and domestic contracting, and sometimes includes Offshoring and Near shoring

(Offshoring: relocating a business function to a distant country). (Near shoring: transferring a business process to a nearby country). The concept of outsourcing revolves around the costs associated with transferring control of the labor process to an external entity in another country. For some country's economy it is beneficial and surely it has an impact on particular country what kind of services are borrowed by. The question arises, why outsourcing?

Outsourcing refers to the way in which companies entrust the processes of their business functions to external vendors. They may enter into contractual agreement for an exchange of services and expertise. Any business process that can be done from an offshore location can be outsourced. This includes functions like transaction processing, payroll and order and inventory management to name a few. Plus, there are a whole lot of call center services that are being outsourced as well. Some of the processes that can be outsourced to providers like accounting and book keeping service, business process outsourcing, text and editing services, image manipulation services, OCR clean up services, transcription services, data conversion services, call center services etc. Financial savings from lower international labor rates can provide a major motivation for outsourcing. Outsourcing, gives the complete scope to the firms/organizations to exhaust their potential to highest extent as well as prove the core competencies in the cut throat competition and mitigate a shortage of skill or expertise in the areas where they want to outsource.

Objectives of the Study:

- 1) To study, which services are being outsourced by the companies from FMCG sector.
- 2) To find out outsourcing advantages for corporates/organizations in the era of globalization.
- 3) To study the possibility of acceptance of 'Make in India' move coined by Hon'ble PM Modi.

Research Methodology:

Research has been done for the company from FMCG sector- P&G and Unilever The objective behind this study is to analyze which kind of services are being taken and fully utilized. Does it really beneficial to the organization, how it really reduces the cost, how it helps to mark the presence globally.

Source: Secondary source

Methods of data collection: Published data in the annual reports of the company.

Analysis of the data: FMCG products has very short production life cycle and has very quick shelf turnover. This industry mainly deals with production, marketing, distribution, supply chain management, packaged goods. Though it does not require lot of Investment but the service support because of wide range of products.

Procter and Gamble:An American Multinational company P&G markets wide range of branded consumer goods and products from beauty care to house hold products. The HQ of company is in Cincinnati USA.

Company's products are sold in 180 countries with Net sales of USD 94 billion. It has 145 manufacturing plants with the range of 400 products.

P&G's global business services (GBS) organization has successfully met the challenges by dividing the services in various units. GBS grouped its Global Business Units into 4 Industry based sectors. They have implemented best in class services to create value for business units with reduced cost and efforts and achieving authentic results by applying business strategies. GBS delivers the services from employee to business like (people management, facility management, communication, meeting services, travel services, financial services and solutions, product innovation, supply network solution etc...

P&G grouped its GBUs in four industry based sectors.

1.Global beauty -Olay, OldSpice, SafeGuard, Covergirl, Head&Shoulders,
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Nicen'Easy, Pantene, Rejoice, Gucci, Hugo Boss
--

2.Global baby feminine and family care- Luvs, Pampers, Always, Neutrella, Bounty,

3.Global fabric and home care-Dash, Downy, Tide, Ariel, Mr. Clean, Febreze

4.Global Health and Grooming- Oral-B, Crest , Vics, Fusion, Gillette, March3 , Venus

The operations of these units are spread across 180 countries. GBS is the strong pillar of P&G which provides around 170 services to the company. The goal is to create value for business and improving the efficiency and effectiveness in this fast growing industry .It is also responsible to manage and improve end to end partnership relationships successfully.

It creates win-win situations for organization as well as partners, and ultimately it benefits

all stakeholders vested in the alliance partnership.

P&G's GBS has a standardized process. it has setup its business units in Costa Rica, Manila, Newcastle. They decided to get services from three companies for the best results

A) Jones Lang LaSalle for facilities management services.

B) IBM (International Business Machines Corporation) for employee services.

C) HP (Hewlett-Packard) for IT infrastructure applications and transactional accounts

JLL	IBM	HP
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payable.

The outsourced services are as follows:

Facilities management Services	Employee Services	IT Infrastructural application
Security	Relocation Services	Technical expertise business model
Mail delivery	Payroll processing	Data center operation
Operations	Benefits administration	End user support
Building operations	HR data management	Network management
Portfolio management	Compensation planning	Application development
Research facilities	Development of HR systems	Maintenance of inventory
Advices on Real Estate investments	Organizational structure	supply chain systems, Business intelligence, SAP

Unilever:

Unilever is British- Dutch multinational company, founded in 1930 which is world's largest producer of consumer goods and products, includes food, beverages, personal care product, cleaning agents. Company's products are sold and available in 190 countries. It owns over 400 brands. Unilever is organized in to four main divisions. The total turnover of Unilever is of €49.79 billion of which 36% was from personal care, 27% from foods ,18% from Home care and 19% from refreshments., Unilever has been investing more than €1.05 billion in advertising and promotion. It is one of the largest media player in the world.

1) Food- Knorr, Brook Bond, BRU, Country Crock
2) Refreshments (beverages and ice-cream)- Lipton, Walls, Ben & Jerry, cornetto
3) Home care –Sun ,Surf, Domestos, Ala, Cajoline, Rin,Savo, Bio-TEX
4) personal care- Dove, LifeBoy,lux,Sun Silk,Rexona, Axe, Brut, Fair & lovely,HazeLine

The company has a strong impact in terms of its product reach. Company has established its plants in to many other countries for the manufacturing purpose, production and sales. Company

has tie ups with many multinational companies for various services. Its research companies are operating on every continent USA, India, Shanghai, Netherlands. Unilever has a subsidiary in India – Hindustan Unilever in which Unilever holds 67% stake.

The Outsourced services are offered by MNCs for operations and processes:

- 1) Cap Gemini - Finance and accounting outsourcing
- 2) Accenture – HR services / HR Business and processes
- 3) IBM – Supply Chain Management
- 4) BT(British Telecommunication) – Information Technology
- 5) Olswang - for guidance and advices for complex technology projects.

The outsourced services are as follows:

Accenture (Broad range of HR Services)	Cap Gemini (Finance and accounting)	BT (British telecommunication (IT Services)	IBM (Global finance & procurement services)
Recruitment	Global intercompany processes	Integrated network service and support	Financial Planning and Analysis
Payroll processing	Access Control and Reporting & monitoring globally.	voice, data, video and mobility services	Finance Initiatives and Projects
Performance management	Litigation Support	Audio-conferencing and video-conferencing.	Treasury Management

Workforce reporting and core HR administration.	Financial statement preparation	Infrastructure Services	Accounting and Tax Compliance
One Unilever" programme	Accounting setup system for new business		Service Support Officers
reward administration			Research and Major Equipment

Findings and Analysis:

The Analysis of benefits of outsourcing to the organizations are as follows

Cost Benefit: The most and Visible benefit relates to cost saving. Get the job done on lower cost and at better quality for which the outsourcing company would utilize the core competency and there potential to the highest extent.

2. Increased productivity and efficiency: When business get outsourced by outsourced partner they bring their domain knowledge expertise and years of experience in the same business practices to deliver complex projects. Thus they perform their job better with their fullest knowledge. Surely it increases productivity and efficiency in the process.

3. Focus on brand image and core areas: Outsourcing allows you to focus on building your brand by making you free to utilize the core value and the preserved energy can be invested in research and development to provide higher value added services.

4. Save on technology and infrastructure: outsourcing partner takes the responsibility of investment in infrastructure,recruitment. Domain expert companies takes care of human resource

needs, training and development of employees, up gradation in respective business areas so it helps to reduce operating expenses and risk.

5. World class business practices: When we talk about world class business practices it points out the international level competition amongst the organizations. Every small and medium large companies will try to stamp a strong foot print in the market in whatever services or products they are best.

6. Round the clock business operations: In digital outsourcing, it has a great advantage of time zone apart from cost advantage. The time zone differential between two countries get your job done by outsourced company when you are closed for the day once finished with requirement gathering. Your service being delivered next morning.

7. Maintain competitiveness in global trade: when the service offered are better and faster with high quality deliverables, it decreases the lead time for your product to reach the market place. Thus you would be faster in turning your ideas in reality and better at delivering the value added propositions

'Make In India Move': Make in India move is initiated by Honorable Prime minister of India. The objective behind this move is to make strong economy so that India should emerged the fastest growing major economy with GDP growth rate above 7.6. It is a major national initiative designed to facilitate foreign investment, foster innovation, enhance skill set, development, protect and boost intellectual property ,build Best-in-class manufacturing infrastructure etc.

Make in India involves own land, capital, labor, entrepreneurship, intellectual property, technology. so defiantly more jobs will be produced for Indians for the foreign countries.

For E.g. Apple co. has decided to have to have a manufacturing plant in India.

It is nothing but boosting for outsourcing as well as strengthening the country's manufacturing sector and to turn the country in to a global manufacturing hub.

The Make in India move focuses on production, Manufacturing, supply chain management in the home county to decreasing domestic employment levels.

Conclusion:

Overall, outsourcing has become important trend which boosts organizations to grow and compete in a healthy way in the era of globalization since it has insight and oversight governance structure. Through outsourcing everyone gains and compete so it gives the competitive advantage. It develops the harmonious relationship amongst the countries Outsourcing is nothing but the battle of 'Build' versus 'Buy'. It is a modern wisdom of crowdsourcing. Outsourcing has emerged with a new wave of globalization marked by high volumes of trade and capital flows. The increased interest of expansion of many of the countries reduced the barriers. Out sourcing is been done in all the sectors like automobiles, aviation, pharmacy,electronics, bio-technology, chemicals, textiles, engineering,IT, tourism etc. It creates Millions of job opportunities to the citizens of outsourced country ultimately helps to build strong economy. Outsourcing gives opportunity for global business avenue. On the contrary outsourcing is unpredictable. It depends on future of any particular sector or skill group. The uncertainty of future conditions influence future governance approach. For example USA's policy: "Make America great again".

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Quality of Life of the Students in the Faculty of Management Science,
Bansomdejchaopraya Rajabhat University.

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Introduction

Faculty of Management Science, Bansomdejchaopraya Rajabhat University has been founded since to offer a bachelor's degree studies in 11 fields of studies. The Faculty attracts the eligible high school students throughout the nation. Therefore the students were from different parts of the country with different life styles, ate different kind of food, enjoyed different types of outdoor activities. Some of the students stayed with relatives while some stayed with friends in dormitory. Staying with friends and being away from home forced the students, to some extent, to adjust themselves not only to new places but to new friends to lead a quality of life. Some have quit since they could not adjust to the study in higher education which was different from the way they got accustomed to in the secondary school level. The researcher was interested in studying to what extent the quality of life of the students was in order to develop the plans to help them improve their quality of life to finally complete their study without any difficulties. It is believed that if the students were happy and able to adjust themselves to the university environment, the rates of dropouts will be lessen.

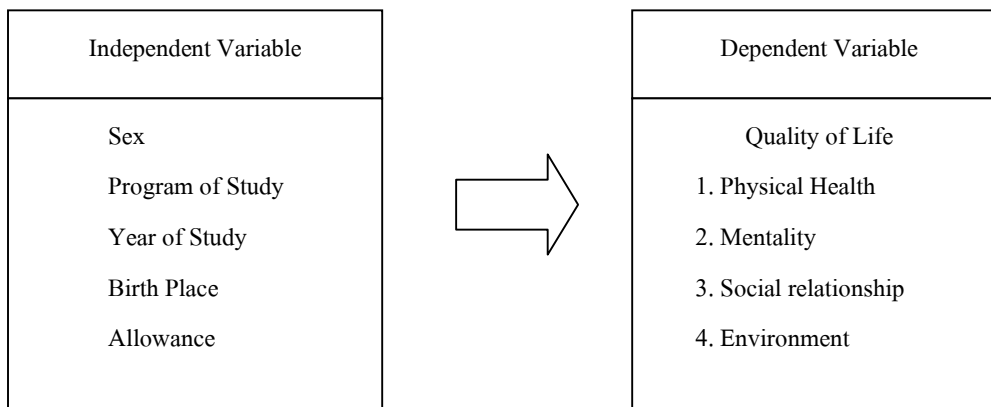
Objectives

1. To study the level of the quality of life of the Students in the Faculty of Management Science, Bansomdejchaopraya Rajabhat University.
2. To compare the quality of life of the Students in the Faculty of Management Science, Bansomdejchaopraya Rajabhat University classified by the personal demographic data.

Scope of the Study

This study is limited to the quality of life of the Students in the Faculty of Management Science, Bansomdejchaopraya Rajabhat University in four areas ;namely, physical health, mentality social relationship and environment.

Conceptual Framework



Research Methodology

This survey research attempts to study the quality of life of the Students in the Faculty of Management Science, Bansomdejchaopraya Rajabhat University .

Population and Sample

The population under study comprised 4,180 fulltime students at the bachelor's degree level studying in the second semester of 2015 academic year. The samples of 365 students were randomly selected using Yamane formula, but to ensure the completeness, the researcher collected data from 470 samples.

Research Instrument

The questionnaire was developed consisting of 3 parts: Part 1 is a personal demographic data; Part 2 refers to level of quality of life in four areas, physical health, mentality, social relationship and environment; and part 3 is an open ended to give the students opportunity to give suggestions.

Collection of Data

The data were consisted of 2 parts : the primary data were collected by using questionnaire asking the personal demographic data and the quality of life of the students while the secondary data were based on the review of related research including textbooks, journal, related academic articles.

Analysis of Data and Statistical Analysis

The data were analyzed using statistical package program. The details were as follows :

1. The descriptive statistics included frequency, percentage, mean and standard deviation.
2. The inferential statistics included t-test and One-way ANOVA and the post hoc Scheffe
3. The significant level was set at the 0.05.

Research Findings and Discussion.

Table 1 Mean and Standard Deviation of the Opinion Level Regarding the Overall Quality of Life of the Students.

Quality of Life of the students	\bar{X}	S.D.	Meaning
1. Physical Health	3.38	0.66	Average
2. Mentality	3.84	0.56	high
3. Social relationship	3.71	0.62	high
4. Environment	3.50	0.66	high
Total	3.61	0.52	high

From Table 1. It showed that the level of the overall quality of life of the students was reported at the high level with a mean of 3.61. When taking each aspect into consideration, the quality of life regarding physical health is at an average level, while the rest, mentality, social relationship and the environment were reported at the high level.

Table 2 Mean , Standard Deviation and t-test to Compare the Quality of Life of the Students .Classified by Sex

Quality of Life	Male			Female			t	Sig.
	No	\bar{X}	S.D.	No.	\bar{X}	S.D.		
1. Physical Health	193	3.48	0.73	277	3.32	0.61	2.48*	0.01
2. Mentality	193	3.88	0.63	277	3.81	0.52	1.31*	0.19
3. Social relationship	193	3.75	0.68	277	3.69	0.58	1.08	0.28
4. Environment	193	3.58	0.69	277	3.45	0.63	2.16	0.03

Table 2 showed that the male students and the female students perceived the quality of life regarding physical health and mentality differently at statistical significance of 0.05, while there was no significant difference in the perception of quality of life regarding social relationship and environment.

Table 3 F -Test Comparison of the Quality of Life of the Students .Classified by Program of Study, Years of Study, Birth Place, and Allowance

	Quality of Life	F	Sig.
1. Program of Study	Physical Health	1.62	0.10
	Mentality	2.07*	0.03
	Social relationship	3.08*	0.00
	Environment	1.57	0.11
2. Year of Study	Physical Health	3.64*	0.01
	Mentality	1.65	0.18
	Social relationship	2.58	0.05
	Environment	1.97	0.12
3. Birth Place	Physical Health	1.05	0.40
	Mentality	1.12	0.35
	Social relationship	0.50	0.81
	Environment	0.91	0.49
4. Allowance	Physical Health	1.12	0.34
	Mentality	0.34	0.80
	Social relationship	0.53	0.67
	Environment	1.12	0.34

* The significant level at 0.05

Table 3 indicated that the students from different programs perceived their quality of life regarding mentality and social relationship differently at the statistical difference at 0.05, while the students who studied in different years of study perceived their quality of life regarding physical health differently. The perceptions of the students with differences in birth place and allowance were not different.

Findings

The findings can be summarized as :

1.The quality of life of the students in the Faculty of Management Science, Bansomdejchaopraya Rajabhat University was reported at high level in all areas including physical health, mentality, social relationship and environment, having the highest level in mentality while the physical health was at the lowest level.

2.The males students reported that they have a higher level of physical health and mentality than the female students. However, they perceived the quality of life regarding social relationship and environment similarly.

3. The students in advertising and entertainment reported a higher level of quality of life regarding social relationship than the students in tourism while the quality of life regarding physical health and environment were reported without any difference.

4. The students in the fourth year perceived the quality of life regarding physical health higher than that of the second year students but the rest were perceived similarly.

5. The students from different birth places and allowances reported that their quality of life regarding physical health, mentality, social relationship and environment were not different.

Suggestions

The suggestions, based on this research, to improve the quality of life of the students were as follows :

1. The University should provide more spaces for car park. The restrooms should be improved.
2. The classroom facilities should be repaired and upgraded.
3. The student canteen should be clean and have enough seats for students especially during the meal time.
4. The facilities to enhance student learning atmosphere such as resource center, provision of internet, information system, and online registration should be improved quantitatively and qualitatively.
5. Green areas with beautiful scenery should be provided more for students to relax during their free time.
6. The news stand to disseminate relevant information regarding scholarship should be added more

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A STUDY OF THE FACTORS INFLUENCING HRM PRACTICES IN MANUFACTURING INDUSTRIES IN PUNE CITY

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Abstract: In the present situation, the workplace is experiencing a very dynamic environment, posing challenges for business organisation. Human Resource today is the most essential asset which can leverage business firm's capabilities and help achieve organisational objectives. To adapt up to the changing environment, businesses require a strong HRM framework. From the vast literature available it was found that HRM practices are influenced different factors in the environment. This paper is an endeavour to study the factors that impact HRM practices in manufacturing firms in Hadapsar Industrial Estate, Pune. The findings of the same are discussed.

Key Words: Environmental factors, internal and External environment, impact on HRM.

Introduction:

As the world is becoming more competitive and unstable than ever before, manufacturing-based industries are seeking to gain competitive advantage at all cost and are turning to more innovative sources through HRM practices HRM practices have been defined in several aspects. HRM practices is a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of the organization and its members HRM practices are a set of practices used by organization to manage human resources through facilitating the development of competencies that are firm specific, produce complex social relation and generate organization knowledge to sustain competitive advantage. Against this backdrop, we concluded that HRM practices relate to specific practices, formal policies, and philosophies that are designed to attract, develop, motivate, and retain employees who ensure the effective functioning and survival of the organization. Among the main approaches to develop HRM: universal or best practice approach, strategic HRM practices approach; contingency approach; and configuration approach, previous studies revealed that HRM practices, which were related to organizational innovation, mainly focused on universal or best practice approach. A review of the literature demonstrates five common practices that have been consistently associated with innovation, encompassing performance appraisal, career management, reward system, training, and recruitment.

Objective of the study:

1. To study the External and Internal elements influencing HRM Practices in manufacturing industries.
2. To study the relationship of HRM practices with External and inner environmental Elements.

Significance of the Study

This review will help organisations and HR to comprehend the environmental elements that affect the HRM practices while planning their arrangements for HR. This study may provide insights into the relationship between Environmental Factors And HRM practices.

EXTERNAL FACTORS: External components influencing HR practices are those weights on associations that can't be controlled and changed according to association requirements for adjusting in Human resource administration field is vital to have a nearby look on outer variables as these affect the HR practices of the association. To stay away from HR blazed HR must make certain that they giving careful consideration to external influences. So well-developed strategy for human resources should takes into considers external factors because there is a good chance that these external factors affects the organisation work

- 1. Economic Environment:** These are those forces which have a bearing on the organisation. These are those factors that have a bearing on economic activity. General economic conditions, economic policies, and various factors of production have a bearing on the organisation. Factors such as Population and workforce, workforce market condition, national income and inflationary pressures have an impact on the working of the organisation.
- 2. Technological Changes:** With the advancement in technology there has been a paradigm shift in the way businesses are run. Development in science and technology will help the business organizations grow. Technological advancements in business functions might enhance the image of firms and result in increased revenue generation. Furthermore, changes in technology can help improve the implementation of human resource functions such as selection, recruitment, educating, training, performance appraisal, determining wages and salaries. Thus making the HR function more efficient.
- 3. Legal Environment: The HRM function is highly impacted by the legal environmental factors of a country.** Legal environment consists of the various laws framed by governments, both at the centre and at state Level. The HR Departments have to comply with the laws of the land. These laws are formulated to ensure that there is no discrimination among employees on the basis of sex, caste, religion or place of origin. These laws also regulate employee remuneration, safety, working conditions and industrial relation systems.
- 4. Workforce Demographics.** The workforce is highly impacted by workforce demographics. Demographics include factors such as gender, age, ethnicity, occupation, seniority, salary levels, marital and family status. Today we find a lot of diversity in the workforce. The generation Y and Generation Y pose a challenge to the HR. The number of women in the work force has increased significantly, as have the proportion of different ethnic groups. Due to these diversity issues in the workforce, human resources department must look for different ways to hire, attract and retain this new set of candidates.

5. **Competitors Action:** The war for talent is on and the firms must be equipped with the right set of HR practices to win this war for talent and help themselves survive in the competitive environment by developing and retaining talent by creating a sustainable advantage.
6. **Industry/Sector Characteristics:** Industry characteristics affect HRM activities in different ways. Sectors such as manufacturing, retail, construction, food and health etc have to tailor the HR activities to suit their organisational need.
7. **Union Action:** Unions play a pivotal role in maintaining harmonious industrial relations. They harness their power to influence the HR policies of a company.

INTERNAL FACTORS

1. **Organisations Size:** The size of organisation has immense impact on HR practices. Larger the firm more complex the HR practices. Large firms, such as international or multinational have additional scope to their HR implementations. To put it another way, smaller firms generally have personnel management functions, which could include either simple or less complicated. The style of management, whether autocratic or democratic depends on the size of the firms.
2. **Organisational Structure:** Organizational structure is a system used to define a hierarchy within an organization. It identifies each job, its function and where it reports to within the organisation. A firm's strategy and structure are important in determining HR practices. With increase in global competition and highly changing business environment HR practices are becoming more flexible and integrated. There are important structural differences among firms that affect the way in which HR practices are designed and implemented.
3. **Business Strategy:** To gain competitive advantage, firms use different competitive strategies. In order that the strategies prove advantageous they have to very well be synchronised with the HR policies.
4. **Organisation Culture:** Organizational culture is a system of shared assumptions, values, and beliefs, which direct how people behave in organizations. These shared values have a strong influence on the people in the organization and dictate how they dress, act, and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization.
5. **Top Management and Line Mangers:** The directives of top management and their concerns could be another factor that impact HRM practices. HRM Policies depend upon the importance which top management assign to HR function. The top managements set the course for formulation and implementation of HR activities.
6. **Power and Politics:** Organizational power and politics are crucial determinants of HR practices. While executing new policies and procedures in the organisation, the

role of power and politics is assumed. HR manager has to identify the critical element of the HR practices and accurately determine their source of power.

RESULTS: This paper is based on primary data. A structured questionnaire was designed in accordance with the objectives of the study to elicit the opinions of respondents working as managers in manufacturing companies in Hadapsar Industrial Estate, Pune. Convenient sampling was used for the same and 30 respondents undertook the survey.

Table 1: Internal Factors that influence Human Resource Management Practices

Internal factor	# OF RESPONSES
Organisations Size	29
Organisational Structure	25
Business Strategy	29
Organisation Culture	25
Priorities of Top Management	30
Power and Politics	20

Source: Field data

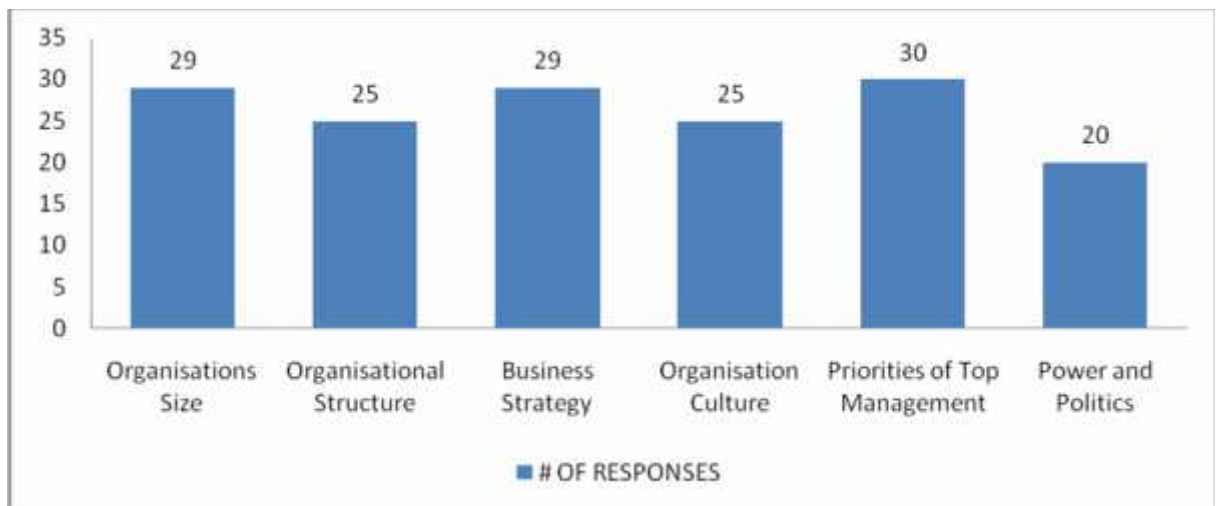
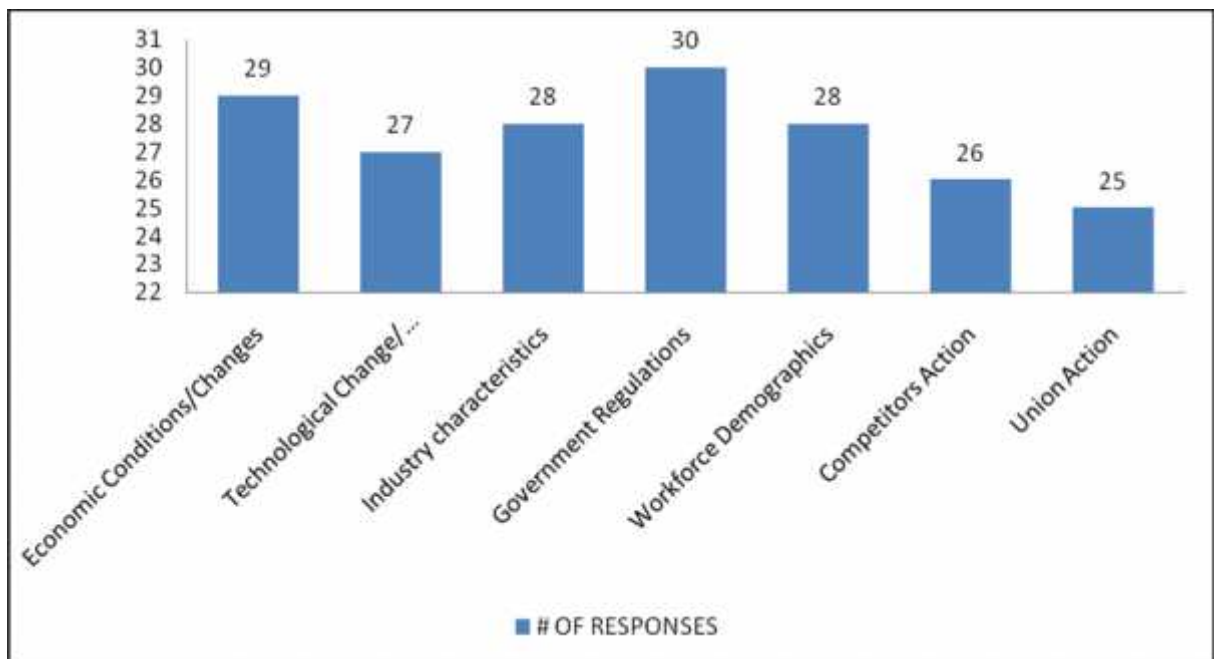


Table 2: External Factors that influence Human Resource Management Practices

External factor	# OF RESPONSES
------------------------	-----------------------

Economic Conditions/Changes	28
Technological Change/ Advancements	27
Industry characteristics	29
Government Regulations	30
Workforce Demographics	28
Competitors Action	26
Union Action	25

Source: Field data



Conclusion: This paper has researched the environmental variables influencing HRM approaches and practices of manufacturing firms in Pune and has demonstrated that organizations take these inner and outer components into consideration while designing HRM practices. The available literature and survey establish that HRM practices are framed in accordance with outer and interior environmental variables. The outcomes of this study show that most essential internal factors that affect HRM practices are Priorities of Top administration followed by Organization strategy and size of the organization. The external variables that affect HRM practices most are Government direction followed by national Economic changes and Industry Characteristics. The result of the study clearly signifies the importance of the various environmental variables. Consequently business while planning their systems and HR approaches ought to take these factors into consideration.

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A study of

Gender Diversity and Automation

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Both male and female gender employees ; at work place ; complement each other. Every individual is having different preferences; traits; style[s] ; aspiration[s] about life and work life. This person brings along with him; all these at work place. Undoubtedly and unquestionably – this assists in maintaining harmony. It catalyses the sum total of organizational success. When asked how they feel; the female gender employees ; by and large are inferred as expressive ; open minded and air their feelings. Whereas ; it is stated that; male gender employees prefer to keep the cards – closest to their heart.

Female employees are perceived as emotional and sensitive to a greater degree. Most of the time ; men are compartmentalized as more logical ; more practical; specific to the task focused and straight to the point[may be with a narrowed vision] . However this is a more general statement by the concerned people ; in this field.

Women are generally considered as persistently persuasive. Management desires that their employees must be connected; engaged ; committed. To fulfill this aim ; the gender diversity needs to be understood in the proper perspective.

In the modern society when women walk ; shoulder to shoulder with men [equal rights to both the gender] Both male and female employees ; at work place ; complement each other. Every individual is different in their preferences , traits, styles, aspirations, about life, their leadership qualities, way of communication, assertiveness , back ground culture, economic condition, demography [rural /urban / rur- ban] education , This person brings the mix of of these things at the work place. This assists in maintaining the harmony at the shop floor / office / working platform. It catalyses to the sum total of organizational success. The writer attempted to interact with the group composing male and female employees and asked them ‘ how do they feel? ‘ It is noticed ; by and large ; female employees are significantly expressive; open minded and air their feelings emphatically and comprehensively. Whereas it is stated that male gender respondents were less speaking and conservative while communicating. Female employees are perceived as emotional and sensitive to a noticeably greater extent. Some people stated that - they are more practical. Management desires that their people should be connected.- engaged – committed to the cause. To fulfill the objective ; the concept of gender diversity needs to be understood in the proper perspective and in the appropriate illumination. {2}

In the present era ; when female walk ; in all walks of life ; shoulder to shoulder ; with men [also there are equal rights / opportunities to both the gender]`--- be it home making ; housework, parenting ;networking ; learning ; practicing what you learnt ; earning However at times ; women thrust their ‘say’. They are liberated. Are having the freedom to realize their dreams. / aspirations .

Different organizations follow different rules ; distinct practices and diverse policies as well as dissimilar plans. That is why - the ratio of male and female employees is poles apart ; as industry changes. Maintaining an equilibrium ; about gender ratio ; is having wider scope. This choice and range relates to opportunity to participate in decision making, Vent out feelings, articulate judgment . Gender diversity ratio is affecting the climate and environment of an organization This is nothing but work culture. Employees are required to be sensible and sensitive and receptive to different identities , distinct ideologies , indiscrimination , sentiments, gender preferences, mindset, perception , diversification , opinion , judgment etc. etc.

The ‘Y’ and Z,

AUTOMATION

Machine is a catalyzing tool in the process of operation, manufacturing and rendering services . The vital declaration in business , commerce, trade is ‘ SMART’ [a great deal and to a large extent than the ‘ acronym’ - - specific ; measurable ; attainable ; responsive furthermore time bound.] mechanism, equipments , machines are unhurriedly and steadily advancing in a refined way to a position of ‘ smarter ‘ from ‘ smart ‘ pose and arrangement . One question that strikes ; is ; why there is creation of jobs in India ? Mr. Sanjay Ahluwalia [Business Standard - news paper ; 22 /23 rd October 2016 – under ‘ books & trades ‘ vindicated that computers could be coming after your job and machines are very smart and becoming smarter. So ignoring them or trying to competing against them – is a zero sum game. The machine will win. Dirty ; dangerous physically demanding and highly structured jobs like those on Industrial line have been doomed since 1990. The US lost more jobs due to automation at home than outsourcing to India. The proportion of ‘ knowledge workers’; highly educated professionals who comprises 25 % to 30% of the work force in advanced countries will get flooded out via automation by 2040. Augmentation is more than merely complementary or co existing with collaborating with automation and artificial intelligence to sharpen skills in areas where humans are more competitive. .

Take apart your jobs in to two components ----- structured tasks that can be codified or tasks that can not or at least not just yet. Focus on changing the latter. The former will be automated. .

You have options to adopt the future. Step in ; by learning how machines can afford your “ do it” or “ do – do” or reutilized work --- thereby freeing up space ; for your care of human skills. This presents the largest opportunity to partner machines – made or help improve them. [3]

You could also step forward by acquiring highly specialized quant skills – engineering skill [coupled with knowledge] and coding expertise needed to create newer and better machines. But the skill requirement [s] would be of a very high level with the need for continuous up gradation

Step up options. Involve honing the expertise to take unstructured decisions by integrating information from multiple resources

Others may prefer to ‘ step aside ‘ or take up jobs that machines can not do. i.e. explaining in plain language .

“Stepping Narrow” is the next option. These are the jobs so specialized and so restricted ----- such as dealing with language[s] -- -- that they lack the scale required to make automation efficient.

----- To cope up with the rise of Artificial Intelligence ; Government need to re orient education. The focus science ; technology and quant skill[s] is good for those who step in up or forward . But one of the workers would will be ‘ stepping aside ‘ or ‘ stepping narrowly’ As on this date ; educational policy ; does little to encourage these skills.

Excerpts of experts as coined in ‘ Five ways to be productive --- on the bench ‘ [page 10 of The Economic Times ‘ Dt. 25 October 2016 ; indicates that : employees benched on the projects are to be active and demonstrate that ; even though ; they are not currently on the project ; they are using their time productively to stay updated; stay on top of new trends and technologies through constant rescaling ; re skilling and training. Second step is find opportunities Third step is contribute actively Next thing is thinking differently

One may look at systems – that are not working to their utmost capacity and devise solutions . Next step is seek the support.

In short ; unceasing efforts are required [irrespective of gender] to learn – unlearn – relearn. In Sandhyanand news paper ; it is mentioned that research shows that female gender employees can work more hours per work than men.

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JOB INTERVIEW { Perspective along with passage of time }

(Er) Shankar Digambar Bagade

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.Most of the prominent organizations are preferring recruitment strategy by adopting campus interview strategy. This compressive programme is ingenious and slowly and steadily gaining more importance and acceptability.

Renowned institutes, upcoming and forward educational organizations are generally preferred. The institutes are investing and the students are leveraging the chance.

The industry and HR professionals of the respective firms focus on quality of talent.

For the talent search the organizations are now moving even in semi urban areas to hunt the right quality personnel. This action is reciprocal.

The reasons attributing to accept-adopt-adapt-adept this strategy are multifold.e.g. Exploring the possibility of deepened ties & engagement. It helps to focus shared vision ,team learning, system approach, learning from failures and mistakes.

Campus recruitment programmes are essential for institutes to build their image because it is a placement assistance activity and also create a brand to attract students get placed. Moreover this is cost effective strategy. This also enhances retention. Retention embraces at later stage the three things viz Respect, Reward & Recognition. But at the prestage of the selection - recruitment – placement both the parties (i.e. institute and placement agencies) feel it has added benefits established. It is a collaborative & mutually beneficial.

This process is a combination of wisdom, sound principles & integrity. Great things are never done by one person. They are done by team of people. New opportunities are unlocked via going further ahead. It also helps to think about brand content which relies on control system exercised by institution.

This is the brighter side. The other side, which is feable illuminated is employability. It encircles, explicit knowledge & the another in comparison is “Tacit Knowledge.”

Tacit knowledge is practical know – how – that comes within the personal experience. Tacit knowledge is context specific. This is acquired by expatriation – that resides within employees who possess logical thinking, prone to practical intuition, learning ability.

The second thing is vast scope in the market & prolongation in the process of placement. This ultimately results in joining & dropout rates.

The third hidden cost aspect is training cost & budgetary allocation.

Organizations hunt the latent who posses good communication skills, ability to work & continue in team. They must possess & attain acceptable level of domain knowledge, apart from it, the importance of leadership qualities, analytical bent of mind, creativity can not be undermined. Potential recruiters are away considering authentic & differential aspect. They also focus on preliminary demand drive & demand substainance.

India is the crux of a turn around & as a result for development- growth- sustainability organization(s) embrace(s) a mind set such as innovation driven, agility, delivering super value & potential candidates right approach for ground execution.

Campus recruitment is by & large, executed to strengthen the bottom of pyramid of organization & hierarchy. Therefore the preference of recruiters is to those potential candidates who are

- a) Hardworking – who are able to drift & go after the tasks assigned does not matter how unattainable others think of it.
- b) Co – curricular activities
- c) Good communication i.e. stimulating nature, Confidence in their potential future.
- d) Innovative (Out of box) thinking. Innovative need not always bring radical change. It can be simple alterations that add to efficiency, effectiveness, economy, comfort, conduct, convergence that define our conversation. The role of potential candidate should not to stifle creativity or vibrancy of culture.

In organizational life, each & everything is bound by riti, hiti, rules, tradition, codes of conduct, duties & rights. The candidate has to follow that track.

If two candidates are selected & one is to be chosen from them behavioral & aptitudinal examination is conducted.

In fact, Job fit, skill fit, culturally fit, attitude fit are searched.

You are required to be an architect for the future. The potential candidate should be teacher- coach-mentor-educationalist. i.e. he should build the capabilities of the spirit of inquiry, creativity, moral leadership, entrepreneurship & become their role model.

Ability teaches us “how to do” Motivation teaches us “Why to do “. Attitude determines “How well we do” build your attitude.

The author read somewhere that in “B” schools, some valuable things are not learnt. But these are invaluable & indispensable. Hence note them & practice them. These are capsuled below.

- 1) Listening skills
- 2) Be always goal focused
- 3) Acquire dexterity in compute & net skills
- 4) Corporate business etiquette
- 5) Humility
- 6) Patience & persistence
- 7) Team work skills
- 8) Gratitude
- 9) Resilience
- 10) Social responsibility

Culture is related with coordination. Coordination relates to synchronization. Synchronization relates to harmony. Culture is not a song but it is fine tuning of

language, expression gestures, approach, attitude. Culture is a trait. Culture can be developed. Cultured is a most pleasant part of a personality.

Determined person is a winner by attitude.

For success you need to have a goal. Work hard & follow a step approach focusing on objective & mission. Stick to the values, all the time. Coupled with it., you have to be enthusiastic, optimistic & spirited. Be young at heart.

One has to dare to dream BIG and Endeavour in a smart way. A focused approach means consistency of purpose & being consistent persistent resolved to succeed. Determination catalyses to sculpt the future.

Some way, getting a good career is a destiny. However your destiny is a result of the sum total of right choice, determination (devotion, dedication), optimism, ability to take challenges, preparedness for accountability. Believe in you. Trust yourself that good things will happen never get unnerved because of failures, set back, stumbling blocks. Success does not happen by chance. You need to take an opportunity when you are faced with a chance. Pessimistic people when face a set back look to it as a stumbling block. Whereas optimistic people look to it as opportunity for advancement. – a stepping stone.

Learn something new every day. Undeterred confidence assists in moving. Your time is extremely valuable utilize it for success, career development, growth, realization of dream(s) & future, vibrant colours of achievement. The key to success is awareness, inspiration, moving to action encouragement. It is different for everyone. Interviewers always judge whether the candidate can keep an upbeat attitude are willing to face challenge & whether possesses determination to win. Is the candidate able to stay united be submissive & moulding as per the system.

Job Interview :

So when you are presenting yourself for an interview, prepare answering questions related to you are of expertise, qualification, background. The interviewer coupled with the above may delve into your credit history too. While screening the prospective candidates, the interviewers check multidimensional facts of candidate personality. The companies are looking for, in the candidate the subject knowledge. Interviewer wants a candidate who has integrity. Thus the person can be trusted. Interviewer wants a candidate who has integrity. Thus the person can be trusted. The interviewer desires a prospective employee is well organized & one who can focus on the job/task/assignment assigned obviously any organization, seriously avoids employing someone who is having criminal background is debt ridden or in other words not trust worthy.

By and large organizations resort to a common practice of getting the feedback from previous employer about a candidate's performance. This helps the interviewer examine, assess, and screen the prospective employee – by getting the opinion from peers or seniors with whom the candidate worked in the past. It also offers valuable insight into the financial status & personality traits. The impending or ongoing financial crises may be considered that the candidate may not concentrate & focus on the job. The interviewers also seek the candidate (for higher position preferably) whether he/she demonstrates unquestionable loyalty – integrity- honesty as they are dealing with sensitive information & funds of other people. Top management is the trustee of the organization. Be prepared & have a plausible & honest explanation.

Be open and communicate. Do not hesitate to share (if asked) your dreams, achievement fears that will help to understand you more. Be a good listener. This is for the understanding of another's point. Pay attention. Make eye contact and nod while listening. Respect. Respect is one of the important factors. The words which you use should not hurt, degrade by using unkind words. Think for each other or as a team for a win-win approach. Never hesitate to be vocal if you have made a mistake. The recent trend is they are asking interviewees, What is the best mistake that you have made. Silly ego is not desirable. Be patient.

Interviewers try to assess the tacit knowledge in comparison to explicit knowledge. Tacit knowledge is the practical know-how that comes with & within personal experience.

At times, opinion about controversial and sensitive issues is asked while answering such questions, always believe in what you know about them and not what you heard about them. What is needed is the spirit of tolerance, the spirit of forgiveness, capacity to maintain positivity, even in negativity of environment and situation.

Organizations always hunt winners, focus on wars and not on battles. Winners' passion, sincerity, commitment to the cause and resilience are something that set them apart. A person's own convictions and convictions are decisive. They have a clear compass on why they keep trying.

Depending upon the function and position in the hierarchy, for which recruitment/selection is being made, assessment is done for leadership/managerial attributes.

Leaders have to make decisions quickly. Management has to act rapidly. Only academic excellence is not considered alone. A scholar who does not cherish love of comfort, is not fit to be deemed as a scholar.

Organizations segment the roles into two groups viz core role & support roles. Core roles are concerned about revenue generation. Support roles encircle activities related to finance, HR, CSR etc. Authorities opine that in future process-based jobs will die. High skilled jobs are important. Employees in mid skill segment should sincerely think about upskilling in line with longer run.

Your next interview may be taken by a candidate interviewed by web cam; send their response; to firms for review. There is no surprise; that your next interview can be

taken by robots. Candidates interviewed by webcam ; send their response to the firm for review with audio – video clipping[s] . The human free video interview software works with large number of companies. The webcom interview feels more like performing for an invisible audience. Than having a conversation. All this saves company's money. It is the spot but still living in the shadow.

Even in the public sector ; the government has a transparent and robust system to interview and short list the candidate. The scores of all panels are normalized and moderated using statistical methods developed. In short ; selection of candidates is a challenge who will be right employee at the right time ; at the right location ; for the right job specification to work in the right culture and right environment. The pendulum will swing.

{The author is a senior retired associate professor from a renowned management institute }

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DOMAIN AREA : GENERAL CONTRIBUTION OF MAKE IN INDIA – A GLOBAL PERSPECTIVE

“SKILL NEEDS ASSESSMET SURVEY : A CASE STUDY FOR RURAL VILLAGE”

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ABSTRACT

Recent initiatives by Government of India, Such as “SKILL INDIA” AND “MAKE IN INDIA” are ambitious to bring pace in the country’s development. Both these programs facilitates a cycle of high productivity, increased employment opportunities, income growth and development.

In our country almost three fourth of Indian populace lives in villages. Therefore, Indian Human Resource is primarily based on rural areas. Majority of working population from rural area depends on agriculture for livelihood. NSSO data for 2011-12 shows that in agriculture sector almost 32 percent workforce is self employed and majority is operating as own account worker or unpaid helper. Thus, Human resource in rural area depends on low productive agricultural activity. Where there is huge under employment leading to low level of productivity.

The Indian census data indicated that about 70 percent of total population is distributed in about 6,38,000 villages of India. The issues concerning rural villages are largely centered on the iniquitous income, opportunities and access of its populace. This is because of the reason that rural households have low levels of literacy, skills, awareness and limitations of alternative options for livelihood. Hence, there is an emerging consensus that the livelihood security and well being of rural households improve with the blending of non-farm economic activities with farm activities and such diversification of rural livelihood

positively impacts the farm efficiency.

Therefore, for socio-economic growth of villages in India active involvement of rural masses in skill acquisition needs to be given more emphasis skill development initiatives in rural areas enable rural masses to acquire and upgrade technologies, improve linkages to value chains, expand access to market and engage in off-farm activities, which can generate supplemental income. To identify skill needs of villagers for local level opportunities of income generation they must be provided age appropriate skill training which includes skilling, re-skilling and up-skilling.

Attempt has been made through this paper, is that a survey has been conducted to find skill needs of a village. This need assessment survey was conducted for ZADGAON village of PARBHANI district in Maharashtra state.

Data collected through survey has been analyzed and appropriate skill training suggested for working age population of the village. So, that they can have additional income generation opportunities at village level for their economic growth.

Conclusion of this paper is that rural skill needs assessment survey must be conducted considering village as an unit for addressing skill needs of villagers. On the basis of skill needs identification, professional skill training must be provided at village level itself for the success of 'SKILL INDIA' and 'MAKE IN INIDA' programs.

Key words : Skills, skill needs, village, survey, training needs, Assessment.

1. INTRODUCTION

The proportion of working age population in India is likely to increase from around 58 percent in 2001 to more than 64 percent by 2021. India with a large and young working population has a great demographic advantage. According to Economic Survey 2013-14, India has to develop the skills of its large working population to fully reap the benefits of the demographic advantage.

To convert demographic advantage into dividend skill development is necessary. Almost, three fourth of Indian popluce lives in 638,000 villages. Therefore, rural household empowerment must be given emphasis for the success of initiatives like “SKILL INIDA” and “MAKE IN INDIA”.

In rural villages households mostly engaged in agricultural activity due to their low education and skill levels, stimulated by their poor economic background. The agricultural farming activity operated in villages is as an own account workers and mostly household enterprises assisted by all family members as an unpaid helpers.

Due to low level of literacy, skills and awareness in villages there are limitations for alternative options of livelihood. Therefore, it is necessary to encourage school dropouts, adolescent girls, housewives and farmers of villages to take non farm economic activities along with their mainstream agri farming activity, through appropriate skill training. Without bringing rural India under the ambit of skill development, holistic progress of the nation is impossible.

Government of India launched Deen Dayal Upadhyay Gramin Kaushal Yojna DDU-GKY for skill training in rural area for those having age 15 to 35 years and under BPL

category. This is insufficient for skill development to cover all category of people from villages. Hence, emphasis must be given on dedicated schemes for capacity building through skill training and enable rural communities to become self dependent with economic empowerment.

Authors of this paper are of the views that the skill strategy for rural areas needs to focus on skilling, reskilling and upskilling according to local opportunities available at village levels. Further, skills needed for supplemental economic activity at village level must be assessed by considering every village as an unit. Skill needs assessment for a village can be identified through vocational skill needs survey conducted at village level.

One such skill needs assessment survey has been conducted for ZADGAON village of PARBHANI district from Maharashtra State. This field survey was conducted in ZADGAON village and data collected through specially designed survey form. The collected data tabulated and analysed. On the basis of analysis of data, assessment for skill needs was done. For the identified skill needs, appropriate training program for each individual has been recommended.

2. Skill Needs Assessment

Skills and knowledge are key factors for the socio economic growth of rural area. If we can able to provide appropriate skills at village level, then not only workforce migration can be stopped but also, economic activity can be generated at village level.

To identify skill needs of rural populace 'SKILL NEEDS ASSESSMENT SURVEY' at village level is a prerequisite. Once skill needs of each individual household from the

village is indentified through survey, next step is to see potential of identified skill for supplemental income generation at village level itself.

Therefore, a comprehensive survey based skill needs assessment for every village must be conducted and accordingly skill action plan for rural area required to be designed.

3. Objectives of skill needs assessment

The primary objective of skill needs assessment is to suggest appropriate skill sets for villagers for achieving rapid and inclusive growth of rural household.

The survey will give skill sets to organize appropriate training program.

The secondary objective will be to increase productivity and per capita income of rural household by imparting skill training.

4. Skill needs assessment survey for ZADGAON village

Village ZADGAON is located near Parbhani district headquarter in Maharashtra state. More than 75 percent of total working population of village depends on agriculture for livelihood. Total population of village is 1187 having 212 households. It has been found that the farmers of ZADAGON lack the ability to use the latest technology and unable to use the most advanced machinery because of lack of knowledge and skills about their capability to increase productivity.

Based on preliminary pre-survey study, it has been found that there is a need for skilling, re-skilling and upskilling efforts for villagers of ZADGAON to increase productivity and income.

Also, it has seen that there is a scope for many allied activities. Thus, if skill training is imparted in identified areas then, that will boost the economy at village level.

5. Methodology of Survey

Method adopted for skill needs assessment for ZADGAON is collection of data through specially designed survey form. Data was collected in survey form by visiting each household. For survey purpose residential NSS camp of govt. I.T.I Parbhani was organized in ZADGAON. Program officers of NSS along with NSS voluntairs were briefed about method of data collection. The cooperation from panchayat officials of ZADGAON has been sought.

The specially designed skill needs assessment survey form contains information of each member of family who is living in ZADGAON. The information is collected by visiting each household of ZADGAON. Authenticity of information was verified on the spot from village panchayat officials.

In the survey form information pertaining to education, age, gender, land & other holdings, willingness for skill training area etc has been recorded. Completely filled survey form for each household get signed from head of the family.

The survey from used for ZADGAON is given in local Marathi language, one such format for survey form is given in following Fig. 1

SKILL NEED SURVEY FORM

1. Details of family members

Sr.No	Name of member	M/F	Age	Religion /Caste	Education	Occupation	Monthly Income	Remarks

2. Details of vehicle owned

3. Telephone / Mobile No.

4. Details of Electronics Appliances

5. Cooking Gas : Yes / No

6. House details :

7. Total land holding :

8. Total loan :

9. Skill training area for income generation : (Specify willingness)

10. Electrical appliances

11. Live stock details

Name & sign of head of the family

Fig.1 Skill Needs Survey form Format

6.0 Data Tabulation

Data collected through survey has been organized and tabulated for analysis purpose. All 212 families living in ZADAGON were surveyed.

During data processing, childrens below 15 years of age and persons above 40 years of age were excluded for skill need assessment. It is because they are not the fit candidates for skill training. Thus, age group from 15 years to 40 years was selected. It was found that there were 213 candidates including both male and females requires skilling, re-skilling or up-skilling.

6.1 Data Analysis

The selected 213 candidates which includes 98 females and 115 males were assessed for skill needs. These candidates primarily engaged in agri-farming activities which has low productivity. They are school leavers having education from 8th class to +2 level. After studying potential for village level income generation activities and expenditure saving opportunities skill needs was identified.

It was found that following areas of skill training opens opportunities either for income generation or expenditure savings to these 213 candidates.

Skill training areas identified are Tailoring, Beautician, Electrician, Auto servicing, Tractor- mechanic, painter, Fabricator/ plumber, electronics Mechanic, computer operator and plastic processing.

Accordingly, these 213 candidates requires skill training in selected identified skill areas which is given as follows.

1	Tailoring	61
2	Beautician	20
3	Electrician	40
4	Computer operation	10
5	Auto servicing	21
6	Painting	10
7	Tractor repairing	21
8	Fabricator cum plumber	10
9	Plastic processing	10
10	Electronic mechanic	10
	Total	213

The above distribution of candidates amongst the different skill areas can be depicted pictorially with the help of pie chart which is shown in the Fig.2

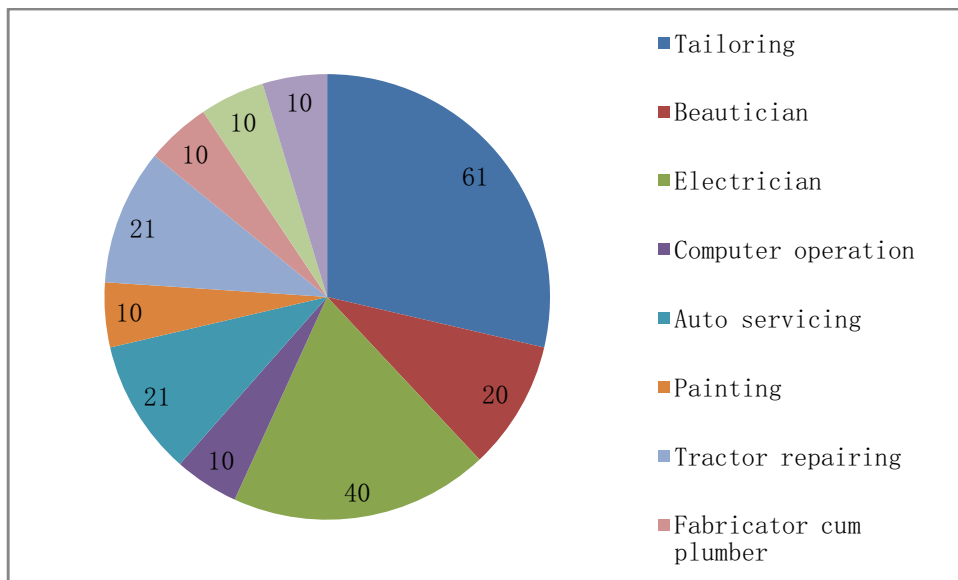


Fig.2 Distribution of Skill Needs Assessment

7. Conclusions:

The skill needs survey conducted for village ZADGAON shows that there is a wide skill gaps in rural areas. Also, it has been found that at village level there is potential for non-farm activities, if appropriate skill training is given at village level then farm and non farm activities taken together will enhance total income for rural household. Intensive and detail skill needs assessment if done through survey for each village then clear skill landscape for that village would emerge. Mahatma Gandhi's idea of rural empowerment will come true in today's modern era through such an exercise.

To add value in individuals skill landscape from rural area, appropriate skill training is necessary and to find kind of training skill needs assessment survey is need of the hour.

8. Recommendations

1. For conducting skill needs assessment survey's for villages, services of village level government officials like Gramsevak, Talathi and kotwals can be sought.
2. Village or block level skill development centers will be set up to serve the skill needs of local community
3. Various mobile training arrangements should be deployed to reach out to remote & difficult areas.
4. The delivery of training should be flexible in terms of hours and duration to encourage participation.
5. Each village will be linked to nearest ITI for capacity building.

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Role of Human Resource Management (HRM) Practices with BENEFIT on Employee Performance

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Abstract-

Among the various factors of production, used in any organization, Human resource is considered as one of the most important factor hence lot of efforts should be put by the employer to design various HRM Practices for the employees. Mere HRM Practices may not give the expected performance of the employees but HRM practices with benefits will definitely improve the performance of the employee. This paper mainly focused on the importance of Human resource Management (HRM) Practices on employee performance in the organization.

Keywords- Human Resource Management (HRM), Employee performance

Introduction-

HRM Practices in any organization plays a very vital role as it gives competitive advantage to the organization. There are several ways by which Human Resources lend competitive advantage to the organization. First people gives various capabilities and behaviors to the organization which help help to execute firms strategy successfully, second by aligning HR plans to business plan HR manager can become strategic partner, third it is only Human resources which can bring innovation to the organization.

According to VS P RAO, "Human resource management is a process of bringing people and organizations together so that the goals of each are met". People have always been central to organizations, but their strategic importance is growing in today's knowledge based industries. An organization's success increasingly depends on knowledge, skills and abilities (KSAs) of employees, particularly as they help establish a set of core competencies that distinguish an organization from its competitors. With appropriate HRM Practices an organization can hire, develop and utilize best brains in marketplace, realize its professed goals and deliver results better than others.

There are various HRM Practices bundles designed and practiced for employees. Formalized HRM Practices include attract and retain talent, train people for challenging roles, develop skills and competencies, promote team spirit, improves job satisfaction through attractive

remuneration, enhance standard of living of employees, develop cordial industrial relations and generate better employment opportunities. Employers design these various formalized HRM Practices to improve employee's performance but research has shown that HRM Practices without benefit may act as a burden on the employee rather than improving performance.

Yoon Jik Cho and Theodore H. Poister (2013) focused on Enlightened HRM practices that reflect greater commitment of an organization to its employees leads to more positive attitudes of employees toward the organization and their work in it, it has not yet focused on their effect on employees' trust in higher authorities within the organization.

Every organization has got its formalized HR Practices bundles which has direct impact on the employees performance and productivity. HR Practices with benefits like flexible job definitions, cross training and work teams, extensive reliance on incentive pay performance based compensation, talent based recruitment and selection practices, various motivational HR practices leads to improved performance of the employees.

Objectives-

1. To understand meaning and importance of Human Resource Management Practices (HRM)
2. To study importance of Human Resource Management Practices with benefits to an employee.
3. To study relationship between employee performance in an organization and HRM Practices.

Literature Review-

- Greenwood (2002) defined HRM as the productive use of people in achieving the organization's strategic business objectives and the satisfaction of individual employee needs.
- Wright et al. (1994), distinguished between the firm's human resources (i.e., the human capital pool) and HR practices (ie.,those HR tools used to manage the human capital pool). The HR practices include staffing, training, rewards, appraisal, work design, participation, recognition and communication (Wright et al., 2001).
- Irfan Saleem1 & Aitzaz Khurshid (2014) suggests that HR practices should be implemented with the intent of maximizing employee's outcome that in turn will improve Organizational Performance through enhanced Organizational Commitment of employees, Transparent Recruitment & Selection, Training & Development opportunities for employees and Performance based Compensation of competent employees.
- According to Gisela Demo , Elaine Rabelo Neiva et al (2012) in Brazilian Administrative review stated that Studies have also been conducted in cultures other than the American and European ones. Majumder (2012) verified strong relationships between HRM

practices and employee satisfaction in Bangladeshi private banks, and Kim and Lee (2012) found evidence that HRM policies and practices improve strategic capabilities and firm performance in management consultant firms in South Korea. The study by Demo (2010) showed positive and strong relationship between HRM policies and organizational justice in both private and public Brazilian organizations.

- Guest and Conway (2011) confirmed the association between both more HRM practices and higher HR effectiveness and a range of performance outcomes.
- There is indeed a consensus that HRM practices produce higher organizational performance when integrated into business strategy (Ezzamel, Lilley, & Willmott, 1996; Guest & Hoque, 1994). This is also true for small firms. The study conducted by Katou (2012) showed that HRM policies have a positive effect on organizational performance through employee attitudes (satisfaction, commitment, motivation) and employee behaviors (absences, turnover, disputes).
- According to Yoon Jik Cho and Theodore H. Poister (2013) in Public Management Review stated that Both public and business management scholars have demonstrated that HRM practices affect employee attitudes (e.g. Arthur, 1994; Gould-Williams, 2004; Huselid, 1995). Reflecting organizational philosophy, HRM practices signify interactions between employers and employees (Tzafirir, 2005). For example, Arthur (1994) classified human resource policies into two categories: ‘control’ and ‘commitment’ human resource systems. Whereas the former focuses on increasing efficiency by reducing labour costs, the latter seeks to enhance desired employee attitudes and behaviours – and thus performance – by strengthening psychological linkages between employees and organizations (Arthur, 1994).
- According to B. P. Cozzarina,* and S. A. Jeffreyb (2014) in his research on Human resource management practices and longitudinal workplace performance stated that HRM by itself reduces productivity while **HRM with BENEFIT** increases productivity.

Conclusion-

1. HRM Practices in any organization directly affects the performance of employee.
2. Effective HRM Practices motivates employees towards work which improves employees as well as organizational performance.
3. HRM Practices with benefits like flexible job definitions, cross training and work teams, incentive based pay will definitely improves the employee performance.

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Managing Cross cultural sensitivity at work place

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Abstract:

Due to globalization, many companies are now operating in more than one country and a lot of people go to work out side. Cultural factors play an important role as invisible sensitivity. When people from different countries come to work together may arise many serious problems, involves many misunderstanding, disagreement, challenges, conflicts and communication barriers. The managers should be culturally sensitive and promote creativity and motivation through flexible management, to avoid cultural misunderstandings. Objective of the study; To understand cross cultural sensitivity at work place, to managing cross cultural diversity at work place, to study the communication with different culture. How to Managing Cross Cultural Sensitivity in the Workplace; To be a good manager, you must be willing to adopt a new skill set. Here, education is key. Education, plus time and experience, can result in cross-cultural competence. Conclusion; The managers should be culturally sensitive and promote creativity and motivation through flexible management to achieve organization goals and avoid potential risks. In organization as well as everyone will affect their success by the culture of the workplace.

Keywords: Cross cultural sensitivity, work place, communication

Introduction

Cultural factors play an important role as invisible sensitivity. Many companies are now operating in more than one country and a lot of people go to work out side, due to globalization. In the work place becomes a multi-cultural society where employees from more than one country are working together. It is increasingly important to be sensitive to cross cultural issues that may arise in the workplace. It may be true that companies are operating and managing a global business is normally a lot difficult more than managing a local company. When people from different countries come to work together may arise many

serious problems, involves many misunderstanding, disagreement, challenges, conflicts and communication barriers. The managers should be culturally sensitive and promote creativity and motivation through flexible management, to avoid cultural misunderstandings. The diversity in today's workplace means we must be more sensitive to those other cultures, as much as people from other cultures must be sensitive to yours. To create and maintain a positive work environment where the similarities and differences of individuals are valued of diversity management However, it also means that the culture of the workplace has changed.

Objective of the study

1. To understand cross cultural sensitivity at work place
2. To managing cross cultural diversity at work place
3. To study the communication with different cultural

The Definition of Cultural sensitivity

Cultural sensitivity is being aware that cultural difference and similarities exist and have an effect on values, learning, and behavior. To understanding about people whose cultural background is not the same as yours.

Components of Cultural Sensitivity

- Valuing and recognizing the important of one's own culture.
- Valuing diversity.
- Realizing that cultural diversity will affect an individual's communication and participation in education in various ways.
- A willingness to adapt one's communication and behavior to be compatible with another's cultural norms.
- A willingness to learn about the traditions and characteristics of other cultures.

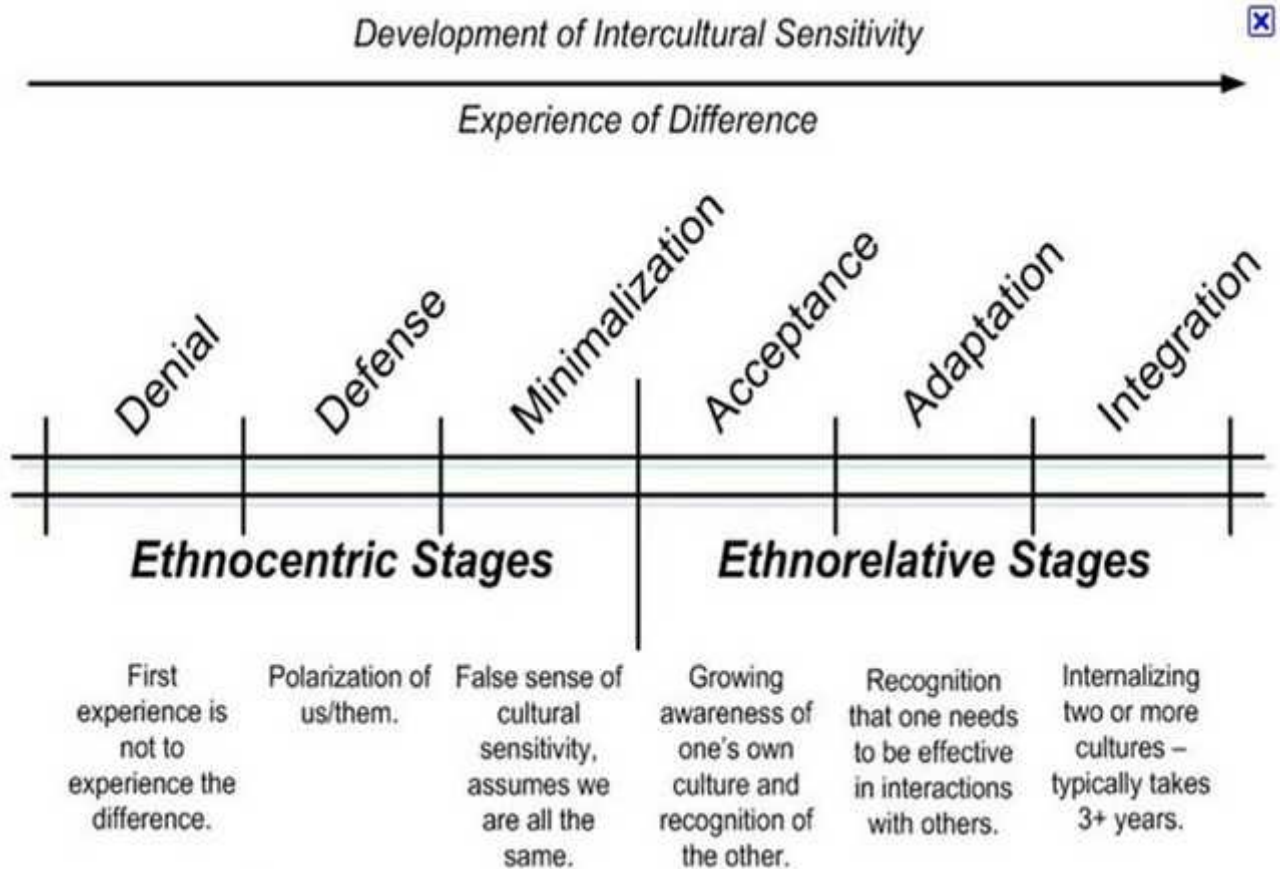
Interacting and Communication in Cultural Sensitive Ways

Different people from different cultures use different communication styles. Some of the following tips may be useful when communicating with someone from a different culture.

- Listening fully attentively to understand rather than reply, without interrupting, be patient.
- Be sensitive to the fact that there are basic difference; each culture there are individual in the way people communicate, such as through the different use of words, voice, and body language, do not judge others style of speaking or accent. .
- Show empathy: Effective communication is enhanced when empathy is conveyed. Empathy can be developed by consistently trying to put yourself in another shoes.
- Empathize with what the other people may be thinking or feeling.
- Become flexible in your communication style; use short, clear simple sentences and speak at a normal speed.
- Think about and examine the cultural basic of your own belief system when trying to understand the culture of another person.
- Be especially vigilant when communicating by telephone, paper, or e-mail where the person does not see you and cannot ask for immediate clarification.
- Be persistent in maintaining open communication. If mis-communication occurs, view it as a problem to be solved and an opportunity to find new ways to communicate. Try to help the speaker feel at ease.

Developmental Model of Intercultural Sensitivity

In good intercultural communication, understanding depends on the ability to perceive, react and accept differences and similarities. The developmental model of intercultural sensitivity by Milton J. Bennett explains this in six stages--three of them ethnocentric, and three of them ethnorelative.



Developmental model of intercultural sensitivity by Milton J. Bennett.

The first stage defines **ethnocentrism** as the attitude or point of view by which the world is analyzed according to the parameters of our own culture. It often involves the belief that one's own ethnic group is the most important, or that some or all aspects of our culture are superior to those of other cultures. The stages of ethnocentrism are:

- **Denial:** recognizing cultural differences perceived by the naked eye (schedules, holidays, food, dress , etc.) but denying deeper intrinsic differences.
- **Defense:** criticizing other cultures with negative or derogatory terms as a result of feeling threatened, which leads to negative stereotypes, prejudices and discriminatory attitudes.
- **Minimization:** thinking that values and behavior are universal principles and are equal to one's own.

The second stage is ethnorelativism, a learned skill, where a person consciously recognizes values and behaviors as a cultural matter rather than a universal one. The stages of ethno-relativism are:

- **Acceptance:** recognizing that cultural differences must be respected in order to improve interactions We may not agree with a specific cultural practice or difference but we respect a co-worker's values.
- **Adaptation:** to be able to change a cultural outlook or behavior, which improves understanding and communication in different cultural contexts.
- **Integration:** an effort to integrate different cultural elements and feel comfortable with multi-cultural situations.

The concept of developing intercultural sensitivity reflects that our perception is flexible, and we all have the ability to reformulate our sensitivity according to new experiences.

How to Managing Cross Cultural Sensitivity in the Workplace

The organization can undertake to reduce the impact and the possibility of misunderstanding of the cultural sensitivity, the following suggestions may be helpful:

- To be a good manager, you must be willing to adopt a new skill set. Here, education is key. Education, plus time and experience, can result in cross-cultural competence.
- Employee Manual: The advantage of a manual is that the mission statement and vision of the organization as well as company policies can be incorporated into a single document.
- The language barriers: One basic step a manager can take is to reinforce communication. On conference calls, try to repeat what people have said in different way to ensure the understanding is clear.
- Careful Selection Employees: can be selected who are low in ethnocentrism and other possibly troublesome characteristics. The important to have other experience culture and live in another country, the employees can adjust and understand very well.
- Pre-departure Training: Many organization often to the geography, customs, culture and political environment in which the employees will be living. An encouraging employees to learn local language.

Conclusion

The people around the world they come to work together is not mean they are same thought, belief and behavior but they must understanding each other and respect their cultural.

Cross-cultural sensitivity there are obvious challenges at work, diversity brings with it opportunities for innovation and the possibility of expanded opportunities.

The managers should be culturally sensitive and promote creativity and motivation through flexible management to achieve organization goals and avoid potential risks. In organization as well as everyone will affect their success by the culture of the workplace.

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COMMERCIALIZATION OF TOURISM IN GOA

“Sun, Sea and Sand” - Primary Identity

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COMMERCIALIZATION OF TOURISM IN GOA

“Sun, Sea and Sand” - Primary Identity

Abstract

Goa, the beach state of India is a perfect heaven for tourists looking out for fun and relaxation. This tiny state of India also called, “The pearl of the East”, is endowed with palm-fringed beaches, coconut groves, Gothic churches, beautiful temples, ancient mosques, crumbling forts, bubbly folk music, back waters and much more. The uniqueness of this place is the beautiful blend of Portuguese and Goan culture which is vividly seen in the cuisine, lifestyle and architecture of houses and monuments which adds to the beauty and extraordinary experience of this destination. Sun, sand and sea are a major attraction for both domestic and international tourists as Goa is blessed with a 105 km long coast line.

But unfortunately, the popular coastal belt of Goa has lost its uniqueness, distinctiveness and charm with the chaotic development of hotels, resorts, restaurants, shops and establishments which have mushroomed all over the place. This haphazard development coupled with poor quality facilities, amenities, overcrowding and littering on beaches, misbehavior by hawkers, drugs and run of the mill activities has pulled down the image of Goa. The accommodations, tourist attractions and sightseeing places are commercialized to fit the budget of the masses.

Destinations compete with each other seeking to remain competitive in a global market by managing and marketing tourist experiences. Experience is recognized as a major benefit to the tourism industry. Pine and Gilmore (1998) found that differentiation in customer experience allowed firms to create more sustainable returns and to charge premium prices.

Key words: Tourism, commercialization, tourist experience

COMMERCIALIZATION OF TOURISM IN GOA

“Sun, Sea and Sand” - Primary Identity

Introduction

World over many new economies have been flourishing but life has become hectic and stressful. We are facing a new set of transformations which have made present everyday life more global, uncertain and dynamic (Tribe, 2010). More and more people from the developed as well as developing economies are looking out for a break from their jog trot life. Even the Indian economy has seen tremendous progress and companies have increased their spending on business travel. With the opening up of the Indian economy there is a sharp increase in the disposable income in the hands of the domestic tourist who now attributes greater importance to leisure time pursuits. Holbrook and Hirschman (1982) and Schmitt (1999, 2003), stated that consumers also look for pleasure, feelings and fun from products or service providers during their consumption. The evolution of tourist behaviour encourages both change and emergence of new meaning (Bouchet et al.,2004).

Travel & tourism is the largest and fastest-growing sector with more than 1000 million people travelling every year. Travel and tourism the world over is an important economic activity which has a direct impact on the country's balance of payments, social, cultural, educational, and economic sectors of national societies and international relations (Manila Declaration on World Tourism, 1980). The tourism industry is especially important to developing countries since it is the principal foreign exchange earner for 83% of developing countries (World Travel and Tourism Council,2015). According to the National Council for Applied Economic Research, tourism contributes as much as 6.77% to India's total Gross Domestic Product through direct and

indirect impact which is very close to the much touted Information Technology-Business Process Outsourcing industry, which contributes around 7.5% to the economy. This indicates the importance of tourism to the economic growth and regional development of India. Research undertaken by Tourism Satellite Accounting (TSA) predicts that demand for travel and tourism in India will increase by an appreciable 8.1 per cent p.a. in the coming decade making it the third fastest growing travel destination in the world. The capital investment in India's travel and tourism sector is expected to grow at 8.7 per cent p.a. between 2011 and 2021 (WTTC,2011).

Goa: Favourite Tourist Destination

The Readers' Travel Awards for 2014 and 2015 by Conde Nast Traveller for the favourite Indian leisure destination was Goa. In fact, way back in the late 60's Goa had made a mark on the world map as a favourite destination for the hippies. Goa is a perfect heaven for tourists looking out for fun and relaxation. "The pearl of the East"- Goa, is endowed with palm-fringed beaches, coconut groves, Gothic churches, beautiful temples, ancient mosques, crumbling forts, exotic cuisine, bubbly folk music and a large number of water bodies which add to the peace, tranquility, scenic beauty and extra- ordinary experience of this beautiful destination. This tiny state of India has a unique touch of Portuguese culture which is vividly seen in the lifestyle, culture, cuisine and architectural display of houses and monuments. Sun, sand and sea are a major attraction for both domestic and international tourists as Goa is blessed with a 105 km long coast line. Goa has a well educated, English speaking population of 1.5million people who are welcoming, sociable, civil and cooperative. Goa is ranked the best placed state by the Eleventh Finance Commission for its infrastructure and is well connected to other parts of the country and the world.

Every year Goa has seen a tremendous growth in domestic as well as international tourists. In the year 2014 Goa was able to attract 4 million tourists from the international as well as domestic market of which 3.5 million were domestic tourists while in the year 2015 it rose sharply to 5.3 million with 4.76 million domestic tourists.

Table 1. - Tourist arrival statistics in Goa (Figs. In lakhs)

Year	Domestic	Foreign	Total	Year	Domestic	Foreign	Total
1990	7.77	1.04	8.81	2003	17.25	3.14	20.39
1991	7.57	0.78	8.35	2004	20.86	3.63	24.49
1992	7.75	1.21	8.96	2005	19.65	3.37	23.02
1993	7.98	1.71	9.69	2006	20.99	3.80	24.79
1994	8.50	2.10	10.60	2007	22.09	3.88	25.97
1995	8.79	2.29	11.08	2008	20.21	3.51	23.72
1996	8.89	2.37	11.26	2009	21.27	3.77	25.04
1997	9.29	2.62	11.91	2010	22.02	4.41	26.43
1998	9.53	2.75	12.28	2011	22.25	4.46	26.71
1999	9.60	2.84	12.44	2012	23.37	4.51	27.88
2000	9.77	2.92	12.69	2013	26.29	4.92	31.21
2001	11.20	2.60	13.80	2014	35.44	5.14	40.58
2002	13.25	2.72	15.97	2015	47.56 (P)	5.42 (P)	52.98 (P)

Source : Government of Goa- Department of Tourism

Sun, Sand and Sea Tourism in Goa

Goa has been one of the favorite destinations right from the late sixties with the introduction of the hippy-trail. Foreigners flocked from far and wide to bask in the sun and enjoy a carefree life on the picturesque beaches of Goa. This attraction towards the sun, sand and sea did not end but continued for decades for both domestic and international tourists. Goa and Kerala are the only states, where beaches are the focal point of the tourism industry. Over 90% of domestic and foreign tourists concentrate in the coastal areas of Bardez, Salcete, Tiswadi and Marmagao. Tourists have a unique experience of sunbathing, relaxing and enjoying the exotic cuisines at the shacks which have flourished along the sea shores.

Kamat (2010) revealed that more than half the tourists visiting Goa are below 30 years demonstrating that they are looking for adventure and fun, while quite a large percentage who are between 50 to 60 years – mostly retired and chartered tourists are looking for peace and tranquility. The main purpose of visit is leisure for over 90 percent of domestic tourists and over 99 percent of the international tourists who are concentrated in the coastal areas (Report by Datamation Consultants (2005–2006)). Both the energetic young and peace loving old are attracted to the beautiful beaches of Goa.

The sharp growth of international tourists in the 1990's and domestic tourists in the 21st Century brought in an influx of capital into the Goan economy and along with it the negative changes in the social, cultural, economic and natural environment. There is a boom in retail business and small trade has mushroomed especially on the beautiful coastline of Goa making it cluttered and chaotic. Goa lacks planned and responsible tourism.

Growth and Decline of Foreign Tourists in Goa

Goa has undergone drastic changes since the advent of the hippy trail in the late 60's. Large number of foreigners come to Goa as chartered tourists from Eastern Europe especially Russia. In the year 2013 there were 1,128 charter flights which landed in Goa, with 895 flights (almost 80 percent) from Russia alone (Chari 2014, 1). According to Kamat (2014) foreign exchange earnings from foreign tourist arrivals in Goa could hover between Rs 8,000 to Rs 15,000 crores annually. The year 2014-15 saw a slump in chartered international tourists as the number of charter flights slipped owing to poor airport facilities and currency crisis in Russia. But Goa managed to sustain itself with a 30% increase in its tourist traffic because of the exposition of St. Francis Xavier at The Sé Catedral de Santa Catarina, one of the ancient monuments built by the Portuguese (Department of Tourism,2015). Tourists from all over the world flocked to partake and experience this extraordinary phenomenal religious celebration.

According to Travel and Tourism Association of Goa (TTAG), the year 2016 continued to see a drastic drop in charter flights due to the financial down-turn in Eastern Europe. To add to the woes of the tourism industry, Britain's Monarch Airlines called-off its charter flight services to Goa earlier this year, while the Russian airline "Transaero" which brought about 35 percent of eastern European travelers was declared bankrupt and subsequently shutdown. Goa also missed out on the joint promotion with the chartered flight operators who received excellent offers and incentives from other destinations, thus allowing operators from Sri Lanka, Mauritius, Laos, Cambodia, Vietnam, West Indies, West Africa and Egypt to pose a stiff competition for Goa.

The extensive marketing undertaken by Thailand, Singapore, China, Hong Kong, Dubai and Malaysia coupled with heavy investment in expensive facilities, tourist attractions and entertainment venues have resulted in a strong impetus to tourism. The beaches, water bodies and surroundings are clean, well maintained, hygienic and tranquil. In short these destinations

have worked towards maintaining the peace and harmony of the place. Water sports and beach activities are systematically planned and executed delivering a unique and complete holiday experience by building customer loyalty through the creation of total customer experience. These destinations have successfully implemented experiential marketing by arousing the senses of the tourists and engaging them in memorable experiences.

The stiff competition between destinations have forced the companies to engage various experiential marketing strategies and campaigns to outdo their counterparts and thereby develop loyalty by aggressively designing, continuously innovating, and managing their consumer experiences (Pullman & Gross, 2004). These destinations have become epicenters of attraction for business people, tourists and shoppers from around the world. Goa is fast losing out on the middle class, upper middle class and premium tourists who want to engage in memorable experiences as they have attributed greater meaning to the word free time. The focus is on customer experiences and lifestyles and not product performance (Holbrook,2000).

Growth and Development of Domestic Tourism

On the brighter side, the domestic tourists' inflow saw a staggering growth of 34.18 percent in the year 2015 with 47.56 lakh travelers compared to the 35.44 lakh in the year 2014. Even in the hospitality sector, such as hotels and dormitories, an occupancy rate of 72 percent was noted (TTAG). Goa ranks among the top 12 tourist destination states in India, but this number is low due to its small size. In 2012-13 the Goa Government earned Rs.135cr revenue from casinos which have opened a new avenue of entertainment, attracting tourists for a unique experience since gambling is legal only in Goa, Daman and Sikkim (The Times of India). The memorable experience of dining and gaming on a floating casino is limited only to Goa.

Tourists look at a variety of parameters when they make a choice about visiting a destination like natural attractions, monuments, culture, history, general and tourist infrastructure, social environment and overall atmosphere of the place (Beerli and Martin,2004). Goa scores high on almost all the parameters. Goa is well connected by air, rail and road to the other parts of the country. In addition, with the advent of globalization there has been a sharp increase in urban population , high disposal income and increased ownership of four wheelers which has brought about the boom in the domestic sector especially for weekends, short holidays, and celebration of special days like New Year, The Carnival, Shigmo, Sao Joao, IFFI to name a few. Goa has always been an all time favourite of domestic tourists who come in large numbers to enjoy the school vacations.

Domestic tourists go crazy with the word “ beaches”, as Kerala and Goa are the only two states in India which promote beach tourism with “sun, sea and sand” as its primary identity. Every magazine, website, movie, show describes Goa as a perfect holiday destination, with idyllic beaches, breathtaking sea and silvery sand. The experiences at the beaches of Anjuna, Baga, Vagator, Calangute, Colva, Arambol, Paloleim are vividly described which attract the masses for a breathtaking holiday experience.

This continued growth in demand has resulted in the formation of a concrete jungle on the coastal belt of Goa. There is overcrowding and littering of papers, plastics, eatables and bottles on the beaches. Goa has an acute problem of garbage disposal. To add to the misery most of the water sports and other activities are concentrated on the beaches which have polluted the sea shore. The peace and tranquility of the place is lost with hawkers and vendors pestering the tourists and roaming all over the beach to sell their wares. To top it all the entire beach area is covered with beach benches making it difficult to move or laze around on the sea shore. The

approach roads to cities and towns and especially the coastal belt of Goa suffers from acute traffic jams and large number of accidents on account of the over reliance of the beach areas as a tourist spot. The image of Goa has deteriorated as it is synonymous with drugs, sex and alcohol.

In spite of the abundance of natural resources, heritage and culture, Goa is still struggling to attract the top end tourists with high spending capacity who are looking out for activities to allure their senses by staging experiences for them. Destinations are combination of tourism products, offering an integrated experience to consumers (Buhalis, 2000), which can be used as a form of differentiation.

Government Intervention

Learning from its folly of over reliance of beach tourism, the Government of Goa initiated the marketing campaign, “Go Goa- A Perfect Holiday Destination” which attracts tourists throughout the year to experience different type of tourism like monsoon, nature, medical, spiritual, adventure, pilgrimage, yoga, farm, back water and eco tourism (De Abreu, 2008), where each type of tourism is a way to give a denomination to a new market niche for a different experience. The Tourism Department of Goa realized its mistake of over dependency on Russia for charters and started talks with other charter operators like Candor, Thomas Cook and Tui. The Government of Goa has understood the importance of experience in tourism and is already on its way in building an Oceanarium at Miramar beach, a ropeway across the river Mandovi, a family water park in Bicholim and a golf course in Tiracol village through the PPP mode. The Department of Tourism has initiated unique activities like a ride in the hot air balloon, the Amphibian and the helicopter ride for an ariel view of Goa. Numerous exclusive festivals and events are staged by private players along with the government like The Carnival, Shigmo, Sao

Joao, IFFI, The Grape Escapade, Serendipity, River Marathon, etc. which attract varied tourists of different age groups to have a memorable experience.

According to Kamat (2010), Goa needs a series of destination positioning strategies in order to compete with other destinations having the same natural assets and offerings. The Government of Goa is working on the new tourism policy which envisages overall tourism development along with engagement with private players to invest and develop facilities and infrastructure in the state.

Conclusion

Tourism is known as a service industry, or the recreation industry or the industry of experience (Barlow & Maul, 2000) where people travel for recreation, leisure, religious, family or business purposes. The relevance of the experiential paradigm in conceptualizing tourism has directed special attention to the human senses in managing and marketing tourist experiences, seeking to remain competitive in a global market (Ellis and Rossman, 2008; Mossberg, 2007; Schmitt, 1999). Experience is recognized as a major benefit to the hospitality and tourism industry. Pine and Gilmore(1998) found that differentiation in customer experience allowed firms to create more sustainable returns and to charge premium prices.

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**Abstract of Paper on
“International Healthcare – Opportunities & Challenges Ahead”**

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ABSTRACT

The quality of the care the patient receives from the hospitals all over the globe is a fundamental problem of concern for all. Providing healthcare, especially of an adequate standard is a complex and challenging process. The three ‘C’ formula must be strictly followed in International Health care where the three ‘C’ represents Cost, Curtsey and Competitiveness. Lot depends one’s skill of the medical practitioner and technology he uses for the well being of the patients. The consumer when travel overseas for healthcare services, he wishes to ensure the quality of service, commitment of the organization where he is visiting, ethical bonding of clinical staff, tract record of the hospital or clinic and just and fair dealing with the customer complaints. The professionals engaged in medicine, psychology, physiotherapy, nursing and such allied professional systematically provide personnel and proficiency in service. Health care business is basically engaged in private or public sector. Secondary care is the health care services provided by medical specialists, dental specialist and other health professionals who generally do not have first contact with patients for example, cardiologists, urologists etc. Tertiary care is specialized consultative health care usually for inpatients and on referral from a primary or secondary health professional in a facility that has personnel and facilities for advanced medical investigations and treatment, such as a tertiary referral hospital.

**A Paper on
“International Healthcare – Opportunities & Challenges Ahead”**

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Introduction

The quality of the care the patient receives from the hospitals all over the globe is a fundamental problem of concern for all. Providing healthcare, especially of an adequate standard is a complex and challenging process. The three ‘C’ formulas must be strictly followed in International Health care where the three ‘C’ represents Cost, Curtsey and Competitiveness. Lot depends one’s skill of the medical practitioner and technology he uses for the well being of the patients. Now a day technology is more dominant over individual skill of the person accordingly the patients are deprived off personal attachment with the doctors. The consumer when travel overseas for healthcare services, he wishes to ensure the quality of service, commitment of the organization where he is visiting, ethical bonding of clinical staff, tract record of the hospital or clinic and just and fair dealing with the customer complaints. With the fair looking of the organization, political stability and political policies of the nation, the economy and social structure of the country do affect the international healthcare organization and systems. The country boundaries are now not he limitations for he patients to undergo the severe treatments. Thus it is essential that in global scenario all countries should have (a) exchange of innovative ideas. (b) exchange of technology (c) ethical bonding and attending patients as an human being rather than the consumer.

In international healthcare scenario one must not forget the human touch towards the business and concentration more on sensitivity than profitability. When the doctors take oath for practicing they must not forget their commitment towards patients and profession. When we observe Asian countries we see that India is the most favoured nation for healthcare. It is the best place for medical tourism. The international healthcare has become the widespread essentiality and has many opportunities. In diversified areas also.

Health Care Profession in Changing Global Scenario

The delivery of modern healthcare depends on groups of trained professional coming together as interdisciplinary teams. The professionals engaged in medicine, psychology, physiotherapy, nursing and such allied professional systematically provide personnel and proficiency in service. Health care business is basically engaged in private or public sector. Primary care is related to the health professional working at initial stage of consultation for all patients within the health care profession. These professionals are general practitioner. Family physician or sometime assistant practitioner depending on the nature of the health condition patient can be referred for secondary stage. Primary care is often used for the healthcare services which play a role in the local community.

Primary care involves the widest scope of health care, including all ages of patients, patients of all socioeconomic and geographic origins, patient seeking to maintain optimal health, and patients with all manner of acute or chronic physical, mental and social health issues, including multiple chronic diseases. Consequently, a primary care practitioner must possess a wide breadth of knowledge in many areas. Continuity is a key characteristic of primary care, as patients usually prefer to consult the same practitioner for routine check-ups and preventive care, health education and every time they require an initial consultation about a new health problem. The International classification of Primary Care (ICPC) is standardized tool for understanding and analyzing information on interventions in primary care by the reason for the patient visit.

Secondary care is the health care services provided by medical specialists, dental specialist and other health professionals who generally do not have first contact

with patients for example, cardiologists, urologists, endodontists and oral and maxillofacial surgeons. It includes acute case: necessary treatment for a short period of time for a brief but serious illness, injury or other health condition, such as in a hospital emergency department. It also includes skilled attendance during childbirth, intensive care and medical imaging services. The term “Secondary care” is sometimes used synonymously with “hospital care”. However, many secondary care providers do not necessarily work in hospitals, such as psychiatrists, clinical psychologists, occupational therapists, most dental specialists or physiotherapists (physiotherapists are also primary care providers and a referral is not required to see a physiotherapist) and some primary care services are delivered within hospitals. Depending on the organization and policies of the national health system, patients may be required to see a primary care provider for a referral before they can access secondary care.

For example, in the United States, which operates under a mixed market health care system, some physicals might voluntarily limit their practice to secondary care by requiring patients to see a primary care provider first, or this restriction may be imposed under the terms of the payment agreements in private or group health insurance plans. In other cases medical specialists may see patients without a referral and patients may decide whether self-referral is preferred.

In the United Kingdom and Canada, patient self-referral to a medical specialist for secondary care is rare as prior referral from another physician (either a primary care physician or another specialist) is considered necessary; regardless of whether the funding is from private insurance schemes or national health insurance.

Allied health professionals, such as physical therapists, respiratory therapists, occupational therapists, speech therapists, and dietitians, also generally work in secondary care, accessed through either patient self-referral or through physician referral.

Tertiary care:

Tertiary care is specialized consultative health care usually for inpatients and on referral from a primary or secondary health professional in a facility that has

personnel and facilities for advanced medical investigations and treatment, such as a tertiary referral hospital.

Examples of tertiary care services are cancer management, neurosurgery, cardiac surgery, plastic surgery, treatment for severe burns, advanced neonatology services, palliative and other complex medical and surgical interventions.

Challenges before the professionals:

1. The ever-increasing demand for care combined with changing regulatory requirements and growing competition, means that healthcare providers are facing unprecedented operational challenges.
2. In addition to delivering operational excellence, healthcare CIOs must take advantage of next-generation technology to secure operational success in a rapidly changing environment.
3. CSC can help with legacy applications management and modernization, and with putting in place building blocks for the transition to the next generation of information technology.
4. The highest priority of healthcare IT is the optimization of IT processes, with 74% of CIOs rating this as crucial / very important.
5. Sixty-four percent of healthcare CIOs identify modernizing legacy applications as critical/ high-priority, and 45% believe that managing legacy workloads is actually hindering innovation.

Unprecedented Operational Challenges:

Healthcare providers are facing unprecedented operational challenges, driven by the every-increasing demand for care, combined with changing regulatory requirements and growing competition. Key trends include:

- ❖ The aging population and a rise in chronic conditions.
- ❖ The change in reimbursement models from fee-for –service to pay-for – performance, mandated by the U.S. Patient Protection and Affordable Care Act, (ACA).
- ❖ An increasing focus on adopting new models of care.
- ❖ Regulatory requirements, including Meaningful Use and ICD-10.

- ❖ Increasing merger and acquisition activity, and convergence between players and providers.

Conclusion:

In changing environment and demographic structure of India the healthcare profession needs to be more need based and available at lower costs. The increasing awareness regarding health insurance and health expenditure the healthcare profession has more relevance in modern society.

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A paper on
“Marketing of Indian Pharmaceutical Products in Changing Global Scenario”

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ABSTRACT

The Indian pharmaceutical Industry today is in the front rank of India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. It ranks very high .i.e. third in the world, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously. As part of the Trade Related Intellectual Property Rights (TRIPS) the Pharmaceutical Industry will have the right to patent products as well as processes throughout the world including India. The central theme of Trade Related Intellectual Property Rights (TRIPS) is to ensure that the innovator's rights are protected. The pharmaceutical industry is one of India's largest industries. Its turnover is about 43000 crores. Pharmaceutical industry has seen major changes in the recent years that cause new demands on payers, providers and manufacturers. Customers now demand the same choice and convenience from pharmaceutical industry that they find in any other segment. Since long the main approach to selling pharmaceutical was focused on frequency and coverage as the main drivers of sales. Until recently, it was true that increasing the number of medical representatives, and therefore the number of details executed by the sales force, did increased revenue and sales.

Key words: pharmaceutical industry, healthcare, knowledge driven industry, research and development, Drug Price Control Order.

A paper on

“Marketing of Indian Pharmaceutical Products in Changing Global Scenario”

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Introduction

The pharmaceutical industry in India is among the highly organized sectors. This industry plays an important role in promoting and sustaining development in the field of global medicine. Due to the presence of low cost manufacturing facilities, educated and skilled manpower and cheap labour force among others, the industry is set to scale new heights in the fields of production, development, manufacturing and research. Pharmaceutical manufacturing involves manufacturing of equipments and drugs in healthcare. Any drug development in pharmaceutical is an extensive and costly process. In the pharmaceutical field, any drug producing company has to obtain a commercial license for research, development and marketing and distribution of drugs which are mostly concerned about healthcare.

India currently represents U.S. \$ 6 billion of the \$550 billion global pharmaceutical industry and its share is increasing at 10% a year, compared to 7 percent annual growth for the overall world market. Also, while the Indian sector represents just 8 percent of the global industry total by volume, putting it in the fourth place worldwide, it accounts for 13 percent by value, and its drug exports have been growing at 30 percent annually.

The organized sector of India's pharmaceutical industry consists of 250 to 300 companies, with the top 10 firms representing 37% of total Indian Pharmaceutical Market. However, the total sector is estimated at nearly 20,000 businesses, some of which are extremely small. About 90 percent of India's demand for medicines is met by local manufacturing. The Indian pharmaceutical market has achieved a tremendous

growth and has showed further potential in terms of infrastructure, development and technology.

Indian pharmaceutical industry at a glance

The Indian pharmaceutical Industry today is in the front rank of India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. It ranks very high .i.e. third in the world, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously.

It is an extremely fragmented industry with severe price competition and government price control.

The pharmaceutical industry in India has been largely driven by regulatory forces – the DPCO (Drug Price Control Order), which regulated the prices of bulk drugs and formulations and the Indian Patent Act which granted process patent to bulk drugs in the past and product patent from January 2005 onwards.

These regulations have resulted in the growth of Indigenous pharmaceutical industry, increased availability of bulk drugs at prices lower than those prevailing in other markets, high level of competition in the domestic market and the emergence of India as the key exporter of bulk drugs in the world market during the period 1970-1990.

In 1995, the Indian Government as a member of the WTO (World Trade Organization) agreed to adhere to the product patent regime by 2005.

As part of the Trade Related Intellectual Property Rights (TRIPS) the Pharmaceutical Industry will have the right to patent products as well as processes throughout the world including India. The central theme of Trade Related Intellectual Property Rights (TRIPS) is to ensure that the innovator's rights are protected.

Being a member of GATT/TRIPS (General Agreement on Tariff and Trade/Trade Related Intellectual Property Rights), India is also now having a process and product patents that will be consistent with the patent laws prevailing in the most developed countries.

With the expectation of a product patent regime, the parent companies of a number of multinationals have begun the process of increasing their stake in Indian

operations. Multinationals started increasing the pace of new product launch and aggressively building market share by expanding their marketing force.

Similarly, in order to increase their presence in domestic and international markets, Indian producers also started following a number of strategies, such as, setting up manufacturing and marketing joint ventures overseas, building world class facilities for bulk drug production, entering into alliances with multinationals to launch new drugs and conducting clinical trials in India to enable multinationals to reduce development costs of new drugs.

Indian Pharmaceutical Market in Global Perspective

In terms of scale, the Indian pharmaceutical market is ranked 14th in the world. By 2015, it will rank among top 10 in the world, overtaking Brazil, Mexico, South Korea and Turkey.

Country wise absolute growth during 2005-2015.

Name of the country	Projected International Absolute growth US \$ billion.
United States	196
China	23
India	14
France	14
Japan	14
United Kingdom	13
Canada	12
Brazil	11
Germany	7

In the recent years, the market for pharmaceutical companies in the developed world has become more complex

Market Size

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an

important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

The UN-backed Medicines Patent Pool has signed six sub-licenses with Aurbindo, Cipla, Desaro, Emcure, Hetero Labs and Lucas Labs, allowing them to make generic anti-AIDS medicine Tencfovir Alafenamide (TAF) for 112 developing countries.

The Indian pharma industry, which is expected to grow over 15 per cent per annum between 2015-2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same period! The market is expected to grow to US\$ 55 billion by 2020., thereby emerging as the sixth largest pharmaceutical market globally by absolute size, as stated by Mr. Arun Singh, Indian Ambassador to the US. Branded generics dominate the pharmaceuticals market, constituting nearly 80 per cent of the market share (in terms of revenues).

Government Initiatives

The Government of India unveiled “Pharma Vision 2020” aimed at making India a global leader in end-to-end manufacture. Approval time for new facilities has been reduced to boost investments. Further, the government introduced mechanism such as the Drug Price Control Order and the National Pharmaceutical pricing Authority to deal with the issue of affordability and availability of medicines.

Mr. Arun Kumar, Union Minister of chemicals and Petrochemicals, has announced setting up of chemical hubs across the country, early environment clearances in existing clusters, adequate infrastructure, and establishment of a Central Institute of Chemical Engineering and Technology.

Some of the major initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- ❖ The Government of India plans to set up around eight mini drug-testing laboratories across major parts and airports in the country, which is expected

to improve the drug regulatory system and infrastructure facilities by monitoring the standards of imported and exported drugs and reduce the overall time spent on quality assessment.

- ❖ India is expected to rank among the top five global pharmaceutical innovation hubs by 2020, based on Government of India's decision to allow 50 per cent public funding in the pharmaceutical sector through its Public Private Partnership (PPP) model.
- ❖ Indian Pharmaceutical Association (IPA), the professional association of pharmaceutical companies in India plans to prepare data integrity guidelines which will help to measure and benchmark the quality of Indian companies with global peers.
- ❖ The Government of India plans to incentivize bulk drug manufacturers, including both state-run and private companies, to encourage 'Make in India' programme and reduce dependence on imports of Active Pharmaceutical Ingredients. (API), nearly 85 per cent of which come from China.

Role of pharmaceutical industries

The pharmaceutical industry is one of India's largest industries. Its turnover is about 43000 crores. Pharmaceutical industry has seen major changes in the recent years that cause new demands on payers, providers and manufacturers. Customers now demand the same choice and convenience from pharmaceutical industry that they find in any other segment. Indian Pharmaceutical Industry is poised for high consistent growth over the next few years, driven by a multitude of factors. Top Indian companies like Ranbaxy, Abbott, Cipla, GSK, Pfizer, Torrent and Mankind, etc. have already established their presence.

- ❖ The pharmaceutical industry is a knowledge driven industry and is heavily dependent on R&D for new products and growth. However, basic research (discovering new molecules) is a time consuming and expensive process and is thus, dominated by large global multinationals.
- ❖ The Indian Pharmaceutical Industry came in existence in 1901, when Bengal Chemical & Pharmaceutical Company started its maiden operation in Calcutta. The next few decades saw the pharmaceutical industry moving through several phases, largely in accordance with Government policies. Commencing with

repackaging and preparation of formulations from imported bulk drugs, the Indian industry has moved on to become a net foreign exchange earner, and has been able to underline its presence in the global pharmaceutical arena as one of the top 35 drug producers worldwide. Currently, there are more than 2400 registered pharmaceutical producers in India. There are 24000 licensed pharmaceutical companies. Of the 465 bulk drugs used in India, approximately 425 are manufactured here. However, total pharmaceutical therapeutic market is as follows:

Category	Value Market Share %
Anti – Infective	16.4
Gastrointestinal	10.9
Cardiac	10.3
Respiratory	10.2
Vitamin/Minerals/Nutrient	9.6
Pain Killers/Analgesics	9.5
Dermatologic	5.4
Gynecology	5.3
Neuro Psychiatry	5.3
Anti diabetics	4.4
Ophthalmological	1.7
Others	11
Total	100

It is very much evident from the above figure that therapy area (Gastro, Cardiac, Respiratory, Neuro Psychiatry and Anti diabetics) is dominating the market in the long run.

Observations

- ❖ Since long the main approach to selling pharmaceutical was focused on frequency and coverage as the main drivers of sales. Until recently, it was true that increasing the number of medical representatives, and therefore the number of details executed by the sales force, did increased revenue and sales.
- ❖ Of late, changes in the market place particularly in the major Western European countries have driven a shift in how companies are approaching their customers.

- ❖ As healthcare costs rise, attempts at rationalizing or standardizing prescribing have increased. The main aim of these approaches is to increase the prescribing of generics and drugs that are perceived to be more cost effective.
- ❖ Within the industry, there also has been a shift in research and development towards more specialized and niche products.
- ❖ The effect has been to reduce the freedom of individual physicians to prescribe what they think is the most appropriate drug and to, instead, prescribe from a formulary or restricted list.
- ❖ Within the industry, there also has been a shift in research and development toward more specialized and niche products, which do not require huge multi – detailing sales force. Instead, such products demand an approach that moves away from only considering individual doctors to treating physician practices and hospitals as accounts.
- ❖ This has meant an evolution of the role of the marketing personnel from being highly knowledgeable about a small number of drugs or products to increasingly becoming disease area experts and highly effective at building rapport and relationships across multidisciplinary groups in relevant accounts. This means that the Accounts Manager has to be able to first, identify the correct accounts from the territory and focus the appropriate level of time and investment on the accounts which are going to drive the biggest ROI (Return on Investment).

Conclusion

1. These changes are driving alternatives to the traditional sales and marketing routes.
2. The focus is now on smarter use of resources and better meeting of customer needs.
3. To be successful, companies need to move away from a transactional focus on share of voice and calls per day to managing all interactions with customers to create best value for them and the company.
4. The organization has to have the needs of customers as well as the product portfolio at heart.
5. The organization should be aligned around the customers, with all other functions and processes supporting this structure.
6. The Pharma Companies must follow social and ethical values of the business and must satisfy the need of the poor and needy people i.e. (patients).

Indian pharmaceutical companies are going global and emerging as MNCs. Even though Indian pharmaceutical started to internationalize in the 1960s, it gained momentum only in 90s and the trend continues to increase in the next decade.

There are huge opportunities available for Indian companies to tap worldwide due to increase in population and diseases.

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“AN ODYSEEY: FROM VILLAGE TO A GLOBAL BRAND”

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A wise man once said “Everyone I know who used to be in the intelligence community is moving into corporate world.” The rest is history, ladies and gentlemen until the liberalization of 1991 India was and isolated from the world market to protect its fledgling economy. India is since then an attraction to the world market with its rich heritage and culture.

It took an American to appreciate the potential of the original Indian art and craft to build up a global fashion brand empire, “THE FAB INDIA”. It is a one stop retail store for garments, fabric, furnishing and ethnic lifestyle product that ranks amongst India’s best known and profitable brands. India's jaw-dropping diversity brought together a single platform that singular buzzword for color, drama, ethnicity and the desi way of life The one brand that comes to mind each time you need the perfect wooden furniture for your new home--or take a gift for your friend abroad--a brand that not only sources its product through community-owned companies but actually has them on board as shareholders. And to think an American entrepreneur started it all. As far as ironies go, this one's a beauty. A Rs.1,000crore 'Make in India' story scripted by a foreigner, long before it was fashionable to do so.

John Bissel was born in Hartford, USA. His love for India thanks to his dad's account of India during World War II was married to his love of hand woven fabrics when he started work at the massive American chain Macy's. The experience taught him a lot: India had untold potential when it came to all things aesthetic not just the knowhow how to make the world sit up and take notice. With rare insight, he foresaw the enormous power of Indian textile and how it could be an opportunity to help the traditional artisans gain a dignified standard of life.

His grant expired, but his interest remained and he went on to start FabIndia Ltd in that bought local textile based items like rugs and carpets and exported them. The year was 1960. The business went from strength to strength and by mid-sixties turnover exceeded Rs.20 lakh.

Gradually, he ventured into domestic retail in 1976 with its first store in Greater Kailash, New Delhi.

Today, it has over 180 stores across India and abroad, and managed by his son, William Bissel.

It helped perfectly that the setting up of FabIndia coincided with the shift in European and American tastes abroad from the razzle-dazzle of synthetic stuff like polyester and nylon to natural textures and fibers.

“It was the best thing to happen to our business,” he said.

To do away with this, FabIndia has brought in an artisan-shareholder system through "supply-region companies" incorporated as subsidiaries. Here the craftspeople collectively own 26 percent of the equity in each company, based in nationwide centers, with Artisans Micro Finance, a FabIndia arm holding 49 percent, and employees and other private investors holding the balance.

Over the years FabIndia has consistently and willfully distinguished itself from the competition. Urban India has been as much on their radar (especially since William took over), as has the export market.

On the one hand, their in-house designers have been asked to modernize and update their line of home-linen; ready-made garments keeping in mind the tastes and preferences of urban India in a manner that is both appealing and affordable.

On the other, their artisans are taught the basics of quality control, the importance of finish and attention to detail that make all the difference between a good piece and a great one.

- While his father was the visionary to set up shop, William has been largely instrumental in shifting the focus to the domestic market, en route to becoming a retail chain. Gradually, the retail overtook exports.
- Slowly and steadily, they expanded on their strong base, to add its non-textile range in 2000, organic foods in 2004, and personal care products in 2006 and ethnic jewelry in 2008. From the mid -2000s, it opened multiple and larger stores in cities like Mumbai, Chennai and Delhi, apart from setting up shop in upcoming places like Coimbatore, Dehradun, Vadodara and Durgapur.
- In The figures have kept up just great: From Rs.90 crore in the early 2000s to over Rs.1,00 crore in sales

In 2014, FabIndia emerged as one of India's two most profitable ethnic wear and goods brand with over Rs.54 crore in net profit.

According to executive director Sunil Chainani, "We did not discount our stuff just to meet a top line. Workable businesses need profits and cash flow. For instance, we steered clear of opening stores in prime locations and top notch malls as the rentals would have impacted margins."

FabIndia also make nearly 90 percent of its merchandise in house, helping to keep inventory tight and costs under control.

People are hungry for cultural symbols, says FabIndia's William Bissell Recently with an idea to cater the modern Indian youth and also the international buyers who are fond of Indian textiles and clothing, FabIndia launched a western wear brand 'Fables'. The brand was first launched at Fabindia's Connaught Place store in Delhi but later on, was made available all over the country.

- Most of FabIndia's product range is textile based. Non-textile products include Organic Foods (since July 2004), Personal care products (since 2006) and Home Products (launched in 2000).
- The textile range includes ready to wear outfits and accessories for men, women, teenagers and kids; bed, bath, kitchen and dining linen, floor coverings and carpets; upholstery curtains and fabric. They use natural fibers like cotton, silk, wool, grass, linen and jute.
- FabIndia Organics, in keeping with its focus on holistic and wholesome living, keeps organically farmed cereals, pulses, grains, sugar, spice, fruit, preserves and herbs, tea and coffee.
- Their range of authentic Personal Care products list shampoos, hair oils, moisturizers, body scrubs, face packs, hair conditioners and special skin care products.

People are hungry for cultural symbols, says FabIndia's William Bissell

Fabindia was awarded "Best Retail Brand" in 2004 by The Economic Times In 2004; Fabindia was featured as part of a CNBC special TV report on India. Fabindia brand does not advertise, and largely works Fabindia was awarded "Best Retail Brand" in 2004 by The Economic Times In 2004, Fabindia was featured as part of a CNBC special TV report on India. Fabindia brand does not advertise, and largely works through word of mouth publicity then in 2007 the craft-conscious enterprise concept of Fabindia became a Harvard Business School Case Study. 2010 marked 50 years of the foundation of Fabindia, and release of the book, *The Fabric of Our Lives: The Story of Fabindia*, by Radhika Singh

People are hungry for cultural symbols, says FabIndia's William Bissell



There is significant emphasis on the continued use of traditional material and textures. While being interpreted in a contemporary context, the visual design language that has come to be associated with the brand that draws from traditional patterns, and is very firmly rooted in craft.

From the ajrakhs of Gujarat and the detailed bagru block prints from Rajasthan, to the ikats from Andhra and Orissa, and the design developments out of chanderi and benarasi, Fabindia has worked with nurturing skills, while creating access to markets and developing a customer base.

Every region has its distinctive, and well-understood, patterns and systems of prints and weaves, which also link into livelihoods. The interest generated by Indian design is apparent. This is definitely more than a trend, I would go so far as to define it as the expression of one's own identity, pride in one's heritage, or even response to an array of really beautiful products. Is it still in vogue? There is tremendous talent today, and many have added to and extended the idiom, using traditional motifs and textures to create contemporary expression.

From young designers coming out of design schools to more seasoned practitioners and even mainstream retail players, we are definitely seeing more focused attention on Indian design, we welcome this resurgence.

Elasticity is not frequently used to describe retail brands. Yet often, elasticity—the ability to change with times, mirror customer needs, expand, remain profitable and relevant without losing what some call “the soul”—is what turns a label into a cult brand. Fabindia is a cult brand. It was founded by John Bissell, an employee of American export house Far Eastern Fabrics, who came to India as adviser to the Cottage Industries Emporium on a Ford Foundation Grant. Fabindia began in 1960 first as a corporation in Connecticut, US, for the “development of handloom and handicraft fabrics made in India for sale in the US and other export markets”. The company, more like an institution, is now 56. At the end of 2016, it stands on the cusp of introducing a transformative retail experience. Or what its current managing director, William Bissell (John’s son) calls the “next revolution”. This is also the year when global private equity firm L Capital (now L Catterton) sold its 8% stake in the company. In the four years from 2012, it aided Fabindia in scaling up like a global brand.

Three-thousand employees and the annual turnover rising tenfold in the last 10 years (sales turnover was around Rs911 crore in 2015-2016) notwithstanding, William describes Fabindia

exactly as his late visionary father perhaps would have: “An Indian brand where the company’s values resonate with people’s own. A brand that helps people define themselves.”

If Fabindia’s Indian-ness had only been about style, it may not have plodded on despite the wars India fought, Emergency, economic downturns as well as reforms in markets and consumer behavior. Or even the impact of Bollywood, global and local fashion, and online shopping in the last decade and more. In 2007, Fabindia became a case study for Harvard Business School (HBS), put together by the school’s assistant professor MuktiKhaire.

Two aspects stand out in considered opinions on Fabindia. One, it is really hard to criticize the company, forget about passing it over as a has-been brand. Even those who are skeptical about its fashion segments and fits say they continue to buy from its home and lifestyle departments. Two: It’s unique supply chain—Fabindia works with 55,000 artisans across the country, including those in remote Naxalite-affected areas—remains unparalleled in the world. The company works with a large number of organizations like the Self Employed Women’s Association (SEWA), Rangasutra, Dastakaar Andhra, Rehwa Textiles, Pochampally Handloom Park Ltd, to name just a few. As India’s largest private platform for products that are made from traditional techniques, skills and hand-based processes, it is a model enterprise even today.

Solutions spring up in many conversations. Darshan Mehta, president and CEO of Reliance Brands, feels Fabindia must contemporize its DNA, go after the young consumer even before it chases e-commerce, while Biswas feels it needs to identify what is exclusive and not available anywhere else. “They should stop sourcing from places which are accessible to many traders in the business,” he says.

Till early next year, when the company unfurls its new retail scenario, Fabindia will remain what Singh calls it in her book. “A brand bigger than the company that created it.”

Ethnic weaves: In the tiny village of Chanderi in the Ashoknagar district of Madhya Pradesh, there is little respite from the scorching summer heat as the mercury touches 42 and 43 degrees celcius. There is a preponderance of dry dust on the barren land, which has not seen rain in months.

There is shortage of water, with daily tankers meeting the local people’s meagre needs. The local population, which includes 1,000-odd weavers, could still have coped, but the mortal blow is looming in the form of disappearing demand for their cherished fabric, chanderi.

Yet, in the face of impending doom, there is an air of hope, anticipation and excitement in this sleepy little village, as 455 weaver families are poised to become owners of shares in a community-owned company, a concept totally alien to all except the few educated youths here.

Mohammed Zuber Ansari, 28, has a master’s degree. After failing to find a job, he found himself in front of a loom and is still trying to come to terms with the developments. “We bought shares for Rs 1,000 and all I know is that this could change our lives in some way.”

That way has been paved by Fabindia, a retail outfit that has grown from one store in the mid-1990s to 85. Dabbling in fabric, apparel, handicraft and other products, it began an experiment with community-owned companies nine years ago in an attempt to include artisans in the wealth creation process.

People are hungry for cultural symbols, says FabIndia's William Bissell

The new-age Indian customer is a coveted breed. Both offline and online retailers are jostling for his attention, which puts a high value on cultural authenticity. As the MD of FabIndia, William Bissell has some experience with that. When Bissell took the stage at a recent investor meet, for a session titled 'Delighting the Rapidly Evolving Indian Consumer', he shared interesting observations about how brands have converted their traditional appeal into market success. A few years ago, India launched brands that were copies of Western brands. It worked for a while because the consumer was hungry for the Western brand experience. When the original brands came to India, the copycat brands lost market," he said. Today, the reverse is true. It is not the me-toos, but culturally rooted brands that are finding global markets. However, in Bissell's view, two Indian brands make for standout case studies:

Bissell praised menswear brand Manyavar's strategy of catering to an under-served category. With a comparative aid, he explained that while there are 5,000 places a woman can go wedding shopping; a man has six options. "They realized that in a wedding, the budget for women's couture and men's couture is not that different. There was a huge opportunity there. They made the groom outshine the bride," Bissell said.

"Typically in an Indian wedding, the groom would wear a blue suit and the bride would look resplendent in a lehenga choli and jewelry. Today, if you look at wedding photos, the groom looks fantastic as well in his zardozi outfit with a safa (turban) and kamarband (belt). He is giving competition to the bride."

The marketing, too, was clever: With an elaborate outfit, elaborate accessories were a given. Also account for the male friends and family. "Before you knew it, you had a `40 lakh proposition for the man," Bissell said.

Bissell also dwelled on the success of Patanjali.

"Everyone is shocked at the company's growth. I saw it coming about a year-and-a-half ago when I was travelling to small town India and saw people fighting with the kirana store owners for these products," he said. So how is the company taking on the FMCG space, traditionally dominated by MNCs? Did its value for money pricing strategy play a role? Bissell conceded that partly, it did. But there are other factors at play as well. "I have no doubt that they are going to make a couple of billion dollars (in sales) in the next few years. Some of the best brands in the

world that have taken 20-30 years to establish their market shares in India are now faced with an upstart. "Within one year, it is aiming to sell 50 per cent of their volume. This is because they have keyed into a culturally appropriate space. And it resonated with people," Bissell said.

The runaway success can also be attributed to the timing of the brand. He explained this with FabIndia's example. "We introduced organic products at our company in 2001 and for eight years, saw little growth. Then suddenly it took off. It took off because there is a movement towards organic foods in the cities and the sales benefitted from that. So timing is important," he said.

As for Patanjali, Bissell said, "If it had come 10 years ago, it may not have enjoyed the same success. People are hungry for symbols of their own culture.

Despite its strong position, the brand faces stiff competition from western wear and foreign brands and has to be on its toes all the time. Also, it does not advertise and focuses on word of mouth. Question is: will it continue to work in the days to come? Besides, a few years ago, the company had acquired UK-based apparel brand, East which did not do well. "The trouble with East was that the styles were too western," said CEO Subrata Dutta in retrospect. Recently with an idea to cater the modern Indian youth and also the international buyers who are fond of Indian textiles and clothing, FabIndia launched a western wear brand 'Fables'. The brand was first launched at FabIndia's Connaught Place store in Delhi but later on, was made available all over the country. Dutta hopes that Fables would contribute at least 10 percent to the company's revenue within the next 18 months.

An average Fable garment is priced between Rs.2, 000 to Rs.5,000. But despite the winds of uncertainty and unforgiving competition, ever FabIndia is in a stronger position at most and is one of the brands to watch out for.

Being desi sure looks good.

Words said by FabIndia "A delighted customer is our best brand ambassador". Every employee feels connected, recognize his or her role in the success story that in FabIndia. It gave an opportunity for the rural employment. It is preserving and nurturing the Indian culture and values also providing platform to the Indian craftsmen. FabIndia started its sales from retail stores and took it to e-commerce along with multiband.

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**Title: The Impact of Consumer Social Responsibility and Brand Social Responsibility Image
on Brand Loyalty with reference to companies in India.**

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Abstract:

CSR (Corporate Social Responsibility) initiatives are becoming the heart and soul of how companies are thinking about their future strategically and responsibly. There are two different aspects among “brand” and “branding” A company or organization’s brand is derived not from “branding” but from the totality of its working strategies, initiatives, products and services, positioning, , target customers, responsibility to stakeholders and media communications (including design and marketing efforts). Corporate social responsibility (CSR) is considered as an excellent strategic marketing tool and it has momentous influence on consumers’ behaviours. The present paper focus on the indirect effects of different dimensions of CSR (consumer social responsibility along with corporate social responsibility or brand social responsibility) on brand loyalty in a real business context and try to understand consumer social responsibility for cause related brand and how their preference level changes with different firm donations, and how this activity leads to brand loyalty in long run. The exploratory study shows that consumers like cause related marketing campaigns and ready to do extra effort for that brand, provided the donation amount invested by companies should be high as much high as company can provide for the cause rather than collecting it from the customers. Elaborative offers with emotional connectivity and attitude toward the advertisement affect the social brand image of the company, and these affects along with brand image produce positive results on brand loyalty among consumers for such low involvement products.

Key words: Consumers, Brand loyalty, Brand social responsibility image, Cause related marketing, Consumer social responsibility, corporate social responsibility.

Introduction

Today's era of globalization process is continuous and in its full speed across the world, this process has also brought some problems with it. As technology and luxury advancement is at its peak leads to environmental problems that affect all living beings negatively. These aforementioned environmental problems have started to come to the agenda more and more in the recent years and people have started to talk these negativities setbacks. Consumers now are aware and worried about the future of the world and as results of this mostly prefer environment friendly products or brands promoting the social cause are making a mark in the minds of people. Business value and social or environmental values can go hand in hand. If organizations not only create socio-environmental value by caring for people and our environment, but also drive business value and profit through such initiatives, then their brand social responsibility or corporate social responsibility CSR can be a source of competitive differentiation and advantage which could in long run help to build brand loyalty. Corporate Social Responsibility (CSR) is a thought that has attracted worldwide attention and acquired a new resonance in the global and social economy while globalization and international deal have given way to tremendous opportunities, it has also opened the door to increased complexities for countries across the globe. This has resulted in the call and urge for enhanced transparency and corporate citizenship and opened the access for a culture called Corporate Social Responsibility or CSR which in fact allows for corporations to take on a role in the society, to play the guardian and to illustrate it cares. Developing countries like India represent a lucrative business opportunities for multinational companies (Sethi et al., 1990). In India the market size and potential is much greater than any European countries (Malik, 2004b). all company tries to innovative its products and services, distinguishes it from other competitive brands from the minds of the Indian consumers. In such companies, sustainability initiatives are close to the core businesses which leverage the competencies of the company and in line with company values and principles. As competition become strong, companies try to think something else than functional attributes. Consequently, companies try to develop communication programs like cause related marketing (CRM) to help brands to survive in market (Barnes and Fitzgibbons, 1991). In the contemporary promotion tools CRM is considered as preferable tool for promotion and brand building. CRM preferred by companies for a cause in which customers are involved, because on every purchase they do a small proportion provided for charity (Varandarajanand Menon, 1988). Researchers like Webb et al., (1998) found that businesses choose advertisements for such social causes and

also predicted that most of the subjects surveyed were aware of the CRM, and had CRM effect on their future purchases. Brand loyalty effect on a company's financial performance and allows companies to charge premium prices and to increase market share (Chaudhuri and Holbrook, 2001). Once consumers become brand loyal of the product they are ready to spend more on that product or service and they are the source of positive word of mouth of advertising (Aaker, 1996). The objective of the current paper is to understand the impact of cause related campaigns and help managers to understand the consumer perceptions related to such campaigns. The purpose of this research is, first, to advance our understanding of how consumer social responsibility orientation affects brand image inclination, attitude toward the advertisement. Secondly, how firm donations affect CSR and attitude toward the advertisement. There has been significant empirical evidence showing that consumers buy brands that mirror their own values. Thus, it is very important that modern organizations never underestimate the impact of their social responsibility efforts. Brand image is affected, people become reluctant to patronize a brand and all these domino effect leads to a downhill on profits and sales volumes. The business value created by consumer social responsibility initiatives ranges from employee and customer loyalty, positive word of mouth, resilience to negative information about the company and several other coveted business outcomes. To incorporate CSR successfully, management should be committed to its social causes, integrate all stakeholders in the initiatives and communicate through advertisements about projects in an open, honest and authentic way. Much like other aspects of marketing strategy, there is a need to monitor and measure sustainability efforts to tune activities and assure overall success.

Literature Review:

Cause-related marketing

Cause Related Marketing is a commercial activity by which businesses and charities (or causes) form a partnership with each other to market an image, product or service for mutual benefit. It is a marketing tool used to help address the social issues of the day, through providing resources and funding, whilst at the same time addressing important business objectives. Cause-related marketing (CRM) is a jointly beneficial collaboration between a corporation and a nonprofit designed to promote the and the latter's cause. Believe it as "a general alliance between

businesses and non-profit causes that provide resources and funding to address social issues and business marketing objectives” (Cui et al. 2003). Sometimes, consumers had self-serving motives to involve in company campaign (Becker-Olsen et al., 2006). Moderating variables also consequence on consumer choice (Barone et al., 2000), consumer purchase decisions (Webb and Mohr, 1998), and consumer attitudes towards CRM itself (Barnes, 1992). Such moderating cause builds congruency between the company and the cause (Pracejus and Olsen, 2004). Cause-related marketing (CRM) campaigns occur our CSR-based corporate image advertising. Such campaigns, often considered as CSR activity (Ellen et al., 2006), but they are different from CSR, as they focused on firm’s socially-linked sales promotion and branding. CRM can induce favorable brand attitude (Berger et al., 2006 and Ross et al., 1992), favourable product evaluations (Berger et al., 2006), and favorable attitude toward the social partner (Ross et al., 1992). The inclination among customers for campaign also depends on the amount of donation companies invest for such cause (Pracejus et al., 2003/4). CRM had a preferable option for sponsoring companies and such campaigns were preferable by women and by men (Ross et al., 1992). This positive impact increases when the campaign affect local cause, then national causes (Brown and Dacin, 1997). Researchers like Strahilevitz and Meyers (1998) predicted that some customers check the unit contribution to a charity with a unit reduction in the price of the item. Some researchers also considered the impact of celebrity endorsers, and found that their impact was successful, and increased product fit results in a favourable product attitude and usage (Kamins and Gupta, 1994).

Types of cause marketing

- Cause marketing can take on many forms, including:
- Product, service, or transaction specific
- Promotion of a common message
- Product licensing, endorsements, and certifications
- Local partnerships
- Employee service program

Varadarajan and Menon (1988, 60) first offered a definition of cause-related marketing stating that it is the process of formulating and implementing marketing behavior that are characterized by an offer from the firm to contribute a particular amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives. In

alignment with that thinking, Varadarajan and Menon (1988, 60), Andreasen (1996, 4), Polonsky and Speed (2001, 1362), depict cause-related marketing as a specific marketing strategy, different from sales promotion, sponsorship and philanthropy. Webb and Mohr (1998, 227) analysis cause-related marketing as a strong marketing communication tool that can be used for different goals of a profit organization for short term. Adkins (1999, 11) defines cause-related marketing as a commercial activity. She thinks that it is a partnership between profit and nonprofit organizations, intended with a goal of promoting a product's or service's image and meeting nonprofit goals. Nonprofit organization or cause (purpose) can be a humanitarian organization, universal cause, or any other type of nonprofit initiatives. (Adkins, 1999, 10). Daw (2006, 24) correspondingly points out that cause-related marketing initiatives provide benefits for both profit and nonprofit organizations. Profit organizations endow in a cause-related marketing program, its market position and strength, marketing expertise, relationship with employees, consumers and other stakeholders, and financial help, brand developing, loyalty while nonprofit organizations contribute to the program by its name, reputation, and connection to donators, volunteers and eminent members of the community, thus linking the cause related marketing program to a cause. Daw (2006, 61) depicts three different types of initiatives of cause-related marketing campaigns: initiatives connected to the product, initiatives connected to the promotion activities and initiatives connected to the program. Varadarajan and Menon (1988, 64) agree that cause-related marketing campaigns can be realized in different ways and at different levels, such as: strategic alliances of profit and nonprofit organizations, linkage of a certain product to a nonprofit cause, or linkage of a certain brand to a nonprofit cause. Andreasen (1996, 5) distinguishes three forms of cause-related marketing programs: promotions based on transactions, promotion of common issues and licensing. It can be concluded that cause-related marketing represents a fairly new marketing initiative that ensures multiple benefits for all of the partners concerned. Schiffman and Kanuk define attitudes as a learned predisposition to act in coherent favorable or unfavorable way to the object (2004, 200), while Page and Luding describe it as a psychological personal drift to a coherent positive or negative response and behavior due to stimulants and as a result of an attitude toward it (2003, 149). In case of organizations they do it for sales volumes or brand loyalty. With the aim of understanding the attitudes and the relationships between consumer attitudes and consumer behavior, and therefore the effective action on their formation and change, numerous models for attitude interpretation are created.

Schiffman and Kanuk (2004, 202) emphasize the theoretical model of attitudes that present affective, conative and cognitive components of attitude. They emphasize that research in consumer behavior indicates that the conative aspect of attitude is often treated as an expression of consumer intention to buy or to sustain brand loyalty. Fishbein and Ajzen developed the theory of reasoned action (Summers, Bellau, 2006, 407; Matos, Ituassu, Rossi, 2007, 37) that relates attitudes, intentions and behavior and predicts consumers' purchasing activities. They point out that the attitude is in a high positive correlation with intention to buy, and that it can correctly predict consumer buying act. They conclude that consumers' intention to buy is a better indicator of a final decision to buy in relation only to the attitude toward the buying object. Verdurme and Viaene (2003, 97) point to that after the theory of reasoned action Ajzen developed The theory of planned behavior to which the intended behavior is determined by personal attitudes toward behavior, subjective norms and perceived behavioral control. In doing so, the personal attitudes towards the behavior are defined by certain beliefs about the behavior and their subjective assessment. Pratkanis and Turner (1994, in Page, Luding, 2003, 149) emphasize that the strength of an attitude has a positive effect on attitudes and behavior in the way that more a positive attitude towards the brand or product leads to a more positive impact on purchase intention.

Consumer social responsibility

Consumer social responsibility or say green consumers who adopt environmentally friendly behavior or who purchase green product or brands ethical and value in line with the social cause over standard alternatives. Consumer social responsibility is that consumers are getting aware of the products environmental cause not only internationally but locally also. Consumer social responsibility is a drive to create internally-controlled consumers as they believe that an individual consumer can be effective in environmental protection. In its broadest form, consumer social responsibility can be defined as the conscious and deliberate choice to make certain consumption choices based on personal and moral beliefs. Major emphasis is given on an ethical component relating to the underlying importance of the non traditional and social components of a companies products and business strategies. Consumer Attitude towards the ethical behavior of firm is majority of study done by researchers (Creyer and Ross, 1997). CSR activities try to minimize negative externalities and maximize its positive externalities (Petkus and Woodruff, 1992). Various researchers cited the CSR conceptualization across its operating activities

(Verschoor, 2008). Researchers (Orlitzky et al., 2003 and Oh and Durden, 2007) find the relation between CSR and financial performance, which also affects reputation and enlighten the interest of the consumers. According to the consumption survey report only 10% of Indian consumers recognize the social and environmental .i.e ecological product labels sold in the supermarkets. CSR activities seem beneficial in luring customers in falling situations and creating halo effect in consumer perceptions (Ricks, 2005). Other benefits claimed because of CSR include brand differentiation (McWilliams and Siegel, 2001), brand equity (Hoeffler and Keller, 2002), competitive advantage (Porter and Kramer, 2002), customer loyalty (Bhattacharya and Sen, 2003) and customer satisfaction (Luo and Bhattacharya, 2006).

The Relation between CSR Initiatives and the Consumers:

There are various researches which demonstrate the contingent effect of Corporate Social Responsibility on consumer, Corporate Social Responsibility are not the conditions or asterisk which change as per demand of the market. Corporate Social Responsibility activities focuses on environmental initiatives (waste reduction, green energy consumption, free child care, education, feed the homeless and many more but is this to attract the attention of consumers as a marketing strategy or for social cause. Undoubtedly companies have started with a noble initiative but some companies are using this as green washing to attract their stakeholders. Consumers are considered as the “drivers” of any business strategy for Corporate Social Responsibility and many researches are made in regards to this field to know precise impact Corporate Social Responsibility on consumers. It has being widely speculated that brand social responsibility image will be subjected to a halo effect, and consumers social responsibility awareness will influence their perceptions of Corporate Social Responsibility performance in other areas.

Brand Knowledge:

Various modern Research shows that brand knowledge described as evoke of a brand when a customer is exposed to some external stimulus (Leong, Ang and Tham, 1996). In todays demonetization and digital world it is important to know that what brand knowledge is composed of must be understood very carefully as it manipulate what comes to customers mind as a response to marketing activity for that particular brand as said by (Keller, 1993). Brand knowledge is an important aspect in todays business world. Its an important elements that boost

marketing efficiency, and market penetration to some what extent the knowledge that has been knotted with the brand in a customer's mind significantly influences the consumer information process of a brand (Keller, 1993). Thus right knowledge can either build a brand or crash it. Therefore, it is precious to look at how the different level of brand knowledge to different set of target people affect and predict attendee behaviors. Brand knowledge is about the perception and the ideas consumers have in their mind and what memories they have about the brand, in all that brand association and brand awareness (Keller, 2003). Researchers makes an attempt to show that brand knowledge have shown different scope, making brand knowledge including awareness attribute features, benefits personal value, images visual information, ethics, thoughts personal cognitive, feelings personal affective, close associate emotions about the brand, attitude judgment and experience purchase online or offline, further defined customer based brand equity in terms of brand knowledge conceptualizing brand knowledge in terms of brand awareness and brand image (Keller, 1993).

A universal marketing strategy has been to associate a product with an object possessing positive attributes and impact. For instance, in event sponsorship or an CSR activity, a product is often associated with an event that is well liked by the public. (various welfare programs like film fare awards, social causes etc) Celebrity endorsement, on the other hand, normally pairs a product with a well-regarded public figure or status. The increasingly popular brand-extension strategy ties a new product with an existing reputable brand. In CRM, a product is paired with a nonprofit organization or a social cause, toward which people generally hold positive attitudes like child education most of the umbrella brands donate or contribute 1Rs behind every product purchased. For all these marketing strategies, the matching, or "fit," between the product and the object it is related with has been regarded as a critical issue (Aaker and Keller 1990; Drumwright 1996; Kamins and Gupta 1994; Rifon et al. 2004) Perceived fit can also be influenced by an individual's idiosyncratic theories (Dawar 1992). In an event sponsorship, researchers propose that perceptions of fit could result from either "functional based similarity" (Gwinner 1997), which occurs when the sponsor's product is used during the event, or "image based similarity" (Benezra 1996), which represents the matching of core morals between the sponsor and the event.

Brand Social Responsibility Image:

Brand Social Responsibility Image (BSRI) has a very strong relation and influencing effect on the ethics part (Litz, 1996) and morals (Logsdon & Yuthas, 1997) in society and in the minds of consumers also. The concept of Brand Social Responsibility Image is not very old; it is a recent Phenomenon (Pava & Krausz, 1996). The concept of the Brand Social Responsibility Image is not very simple and straightforward but strategically very tactful. Detailed researches have to be conducted in a particular society in order to know their customs in order to get better help in developing effective strategies (Marphy & Enis, 1986). The perception of BSRI is very important in today's Indian market, as we know that the customers are more knowledgeable, aware and have more options to go for due to tremendous competition, we know that the power belong to them, as a result the marketers have to be very responsible in terms of social benefit. As we know that, the societies have a strong impact on the individuals so marketers have to take care of that (Wood, 1991). Literature clearly shows that the objective for doing more and more research on the socially responsiveness is gaining more importance as the marketers know that how important this factor is for the brand to survive in market. Most of the companies fail not because of their product quality or service but for not being socially responsible (Mark-Herbert and Schantz, 2007). There are Research shows that there are many strategies that a company can adopt in order to prove itself as a socially responsible and all the brands that come under its offerings are for the well being of the society (Meehan, Meehan and Richards, 2006). This paper changes the foundation of competition among the competitor finding suggest that now the battle is that which company is more socially responsible and doing work for the well-being of the society, environment and for that it has to be very strong in its strategies and their true implementation (Galbreath, 2009). Therefore, this research studied the significance of consumer social responsibility orientation and brand social responsibility image in the determination of brand loyalty". Research on Brand Social Responsibility Image is being the hub of attention for most of the researchers for the last decade or so, particularly for the sensitive and more frequently used (high demand) products like mobiles phones, electronic gadgets, construction real estate, manufacturing sector and it directly influence the loyalty and evidence is there that a socially responsible brand have more acceptance and better brand loyalty (Salmones, Crespo and Bosque, 2005). In today concentrated competition, it is very important to know your customers and their perceptions about the brand and for that a company have to be socially responsible and

that will eventually turn into the brand loyalty (Bloom, Hoeffler, Keller and Basurto Meza, 2006).

Brand Loyalty:

The brand loyalty is the trust and faith that customer has on any particular brand or product. The increasing importance of brand loyalty in context of BCRI is due to the fact it yields diverse benefits including increased sales, repeat purchase etc. (Ballester and Aleman, 2001). A good thing to strong brand is that they enjoy brand loyalty an ability to charge price premium and brand power to support new product launch (Ghodeswar, 2008). The concept of brand loyalty is equally significant in industrial goods, services and retail business as it decline the probability of customer switching and involves the customer in repeat purchase behavior along with customers influencing their close associates too. The profit and market shares are closely associated with the brand equity, as more purchase loyalty will lead to increase in market shares and attitudinal loyalty will lead to higher relative price for the Brand (Chaudhuri and Holbrook, 2001). Through loyalty the customers develops likeness towards the brand (McConnell, 1968) and thus emotionally attached towards it.

Conclusion:

Corporate Social Responsibility initiatives are not only about philanthropy but translating these ideas into practical business strategies. Corporate Social Responsibility driven efforts does not only relate to donating money but it talks about integrating social and ethical practices into business strategies that help the consumer in creating a positive brand image and socially responsible. With the increase in corporate social responsibility consciousness, some companies promote a very elementary understanding of corporate governance and ethical standards. Another important aspect of corporate social responsibility is that it channels funds of socially responsible investors into promoting corporate social responsibility among investors thus to create a unique mark in the society. The substance of corporate social responsibility creates an emotional connection with consumers and builds connections between the brand, its corporate social responsibility initiatives and the viewers to greater extent. Linking brand image with the

help of corporate social responsibility initiatives encourages positive comments and ultimately has a positive effect on the brand, and its company because the company is being transparent about its external communications and internal practices which show alignment. As by observing the findings we can clearly understand that brand loyalty is highly dependent on respective independent variables. Therefore, an improvement in the independent variables consumer social responsibility have resulted an increase in the brand loyalty of various sector. As a consequence, all of the four independent variables namely Brand Social Responsibility Image, Brand Knowledge, Consumer social responsibility and CSR have a strong impact on the Brand Loyalty. We can say that now people go after the fine brand names which are also affected by the social activities involved by that brand. Brands are powerful assets that must be carefully developed and managed. Today's companies understand the impact of CSR on the actions of consumers as most people care about the environment and make day –to-day decisions based on the values of organization which work for the society. Consumers are ready to pay extra for products and services from companies committed to positive social and environmental impact. At least the consumers shall make an attempt if they are made aware of their social responsibility to purchase at least one product in six months from one or more socially responsible companies.

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“Critical appraisal of Process of Financial Inclusion and Indian Banking Sector”

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ABSTRACT

The mobilization of resources to channelize the funds is dependent on the availability of the organized financial sector, especially banks in an economy. After independence the planned efforts were initiated by the government to increase the importance and role to be played by the Banks. While ranking financial inclusion the Goa State stands first, followed by Delhi and Maharashtra, Odisha, Bihar and North-Eastern states of India are at the bottom of the ranking. It is revealed from the financial data available that proportion of people savings with bank is the highest in Punjab and lowest in Kerala across all the states. The financial products devised by the banks should be suited to the rural poor people. Accordingly banking sector must assess the needs of the people and products of the banks must satisfy those needs. Financial inclusion process has national as well as global importance. Efforts from all walks of life are but essential to make the policy successful. The Financial inclusion process is the nation building process where all formal and non-formal organizations should work together without any bias in mind

Keywords: Financial Inclusion, poverty, NABARD, economic growth, bank branch penetration, Financial products,

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Introduction

The mobilization of resources to channelize the funds is dependent on the availability of the organized financial sector, especially banks in an economy. After independence the planned efforts were initiated by the government to increase the importance and role to be played by the Banks. The distribution of wealth should reach to the masses in the society, to the poor from poorest and most deprived off communities in the society. The organized financial sector includes commercial Banks, Regional Rural Banks, Urban Cooperative Banks, Primary Agricultural Coop. Credit Societies, the post offices. The planned efforts of the Planning Commission of the Government and the financial policies of Reserve Bank of India has resulted a step ahead for financial inclusion of the people which are outside the orbit of the banking system. It has hence become essential to analyze the role of Banking sector in development of the policies related to financial inclusion. The banking business in India has long history. The credit facilities should be made available to all those who need it, especially in the rural sector of the Indian economy. The rural economic development shall be said to occur only when the financial inclusion will have its impact on the masses of the society. The planned efforts of banking sector since independence have shown considerable growth towards the financial inclusion in terms of opening of accounts and such other measures as to credit.

Why to study the Financial Inclusion process in India?

- a) **To analyze the working of banking sector for their efforts relating to financial inclusion.**

This has a major consideration as the Banking Sector is a structured organization and it must have certain policies to promote financial inclusion in general and to reach to the masses in the community in particular. However, the data shows much efforts are essential to provide considerable growth rate. After the Prime Minister Narendra Modi's Government has taken over at the Centre, the efforts like Jan, Dhan Yojana, Insurance Policies, are leading

towards the process of financial inclusion. Accordingly the focus of this study is to understand the role of Banking Sector in the process of financial inclusion.

b) To study the policies framed by the Indian Banking Sector to enhance the scope of Banking Sector to those who are excluded from this part of the formal/structural organization.

Especially during past few decades technology is replacing and reaching to the masses in the society. Accordingly the Banking Sector has shown considerable change in bringing excluded strata of the society into the financial services extended by banks.

Both efforts and policies mentioned in above (a) & (b) are equally important where policies are framed taking into consideration the financial capabilities, financial needs and the usage of structural aspects by the excluded people of the society from the Banking sector and efforts are deliberate attempts made by the Banking Sector. In order to attain the desired objectives or the goal framed by the Reserve Bank of India and the Govt. of India.

Methodology

This article is based on the relevant secondary data available from the various sources such as Reserve Bank of India (RBI), National Bank of Agriculture and Rural Development (NABARD) and such other structural organizations. The period of the data varies from 2010-2011 to 2014-15. There are various indicators that analyze the financial inclusion such as – Number of Bank branches, Number of deposits and Accounts, increase in savings, policies of the Government, imitative for the financial inclusion. The new Government has shown the interest in opening Zero balance accounts by the urban and rural poor. This has resulted in the speedy attainment of financial inclusion.

Number of Banks in India from 2010-1 to 2014-15

Sr. No.	Types of Banks	2010-11	2011-12	2012-13	2013-14	2014-15
1	Commercial banks	169	167	172	175	180
2	Scheduled Commercial Banks	165	163	167	170	172
3	Of which Regional Rural Banks	86	82	82	85	86
4	Non-Scheduled Commercial Banks	04	04	04	04	05

Source: Basic Statistical Returns of Commercial Banks in India, RBI. Ending June 2015

When the number of commercial banks increases it shows opportunity being increased for the people of the country to get financially included. When the banks provide need base financial products naturally the people at large are being benefitted.

In 1969, there were only 89 commercial banks . This number has been increased to 180 till 2014-15. This is almost double since 1969. Since nationalization the branch network of scheduled commercial banks increased rapidly. So the banking branches reached to the remote and rural areas also. The increase in the number of branches also resulted in accessibility to the needy people,. Accordingly the pressure on each branch also declined as population per branch also reduced considerably. Because of urbanization and growth of urban centres many rural branches got converted into the urban branches.

In India, Nationalization of Banks in 1969 relates to the beginning of the process of financial inclusion. After this remarkable step India adopted a number of other strategies such as setting up of Regional Rural Banks (RRB's), Priority Sector Lending by commercial banks, lead Bank Scheme, introduction of non-fill account, linking Self-Help Groups (SHGs) to banks, Kissan Credit Cards, Services of approved Banking Correspondents and so on to promote financial inclusion.

While ranking financial inclusion the Goa State stands first, followed by Delhi and Maharashtra, Odisha, Bihar and North-Eastern states of India are at the bottom of the ranking. It is revealed from the financial data available that proportion of people savings with bank is the highest in Punjab and lowest in Kerala across all the states.

As far as the formal borrowings are considered male adults can get easy credit and avail credit facility more easily as compared to female counterparts. The prime objective of the financial inclusion is to bring the excluded and the disadvantaged social groups with the purview of the formal financial system. This requires more accessible, affordable, safe and dependable through technological innovations. (Leyshon and Thrift 1995, Sindair 2001, Conroy 2005).

Financial inclusion helps poor households a majority of whom are employed in the informal sector to improve their standard of living and paves the way for achieving higher economic growth (Rajan and Zingales 1998, Burgess and Pande 2005, Bruhn and Love 2009, Bittenchourt 2012). At the same time inclusive financial system helps in reducing poverty and income inequality (Beck et al. 2009). Developed countries have 91 per cent of its population own their accounts the same percentage is just 41 per cent in developing countries. The Rang Rajan Committee on Financial Inclusion in India 2008 defined financial inclusion as a process of ensuring access to the financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable costs. In India despite several steps taken by the government the acceleration of the financial inclusion is still at a glower pace.

Regional Rural Banks in India –Credit Accounts / Amounts

(No. of accounts in'000, Amount in Rupees crore)

End March	Credit Account		Small Borrowing Accounts		Col. 4 as % of Col. 2	Col. 5 as % of Col. 3
2009	17,013	66,828	16,555	51,201	97.3	76.6
2010	18,630	82,761	18,015	60696	96.7	73.3
2013	19,670	92,700	191,14	67,900	93	73
2014	21,730	103,800	20,168	75,800	93	73
2015	22,710	110,700	22,355	81,700	98	74

The above data specifically reveal that the number of accounts since 2010 are consistently increasing from 18630 to 22,710. The amount deposited in these accounts are also showing considerable growth i.e. from Rs.68,828 (2009) to 110,700 (2015). This reveals that more and more persons are opening accounts in RRB's and making the deposits in such accounts. The percentage growth is also considerably high.

Demographic ATM Penetration of State Cooperative Banks in India

End March	Total number of ATMs	Demographic ATM Penetration %
2013	84505	8.1
2014	97710	10.2
2015	106718	11.5

Compiled on the basis of R.B.I. Data

The population per branch of Scheduled Commercial banks over the years from 2009 to 2015 is reducing considerably. ATM penetration has shown considerable over past few years. However, we are still behind and need to have more efforts to reach to the majority of the public in India.

Demographic Branch penetration of SCBs in India

End – March	Total number of branches	Demographic branch penetration
1991	60220	7.17 %
2001	65919	6.46 %
2011	89622	7.41
2013	94710	8.69
2014	98210	9.71
2015	106125	10.32

Compiled on the basis of R.B.I. Data

The above data shows that there is consistent growth in the number of bank branches. Besides this there are number of urban and primary cooperative banks operating in India which has a rural reach.

Conclusion:

1. The financial inclusion process must be accelerated in the states like Odisha, Bihar and North-Eastern States as they are far behind as compared to the other states in India.
2. The more emphasis should be given by the Banking sector to make use of financial services, it is not sufficient to promote only opening of accounts.
3. The finance should be extended to the poor in the country to make effective the process of financial inclusion.
4. The savings and other products of the bank should reach to the poor and needy in the country. The people in many part of the country still continue to save in non-formal and non-structural organizations such as chit-funds and at home.

5. In rural India now by the efforts of RBI banking correspondents have been appointed to look after the promotion of savings in remote and tribal areas.
 6. Pradhanmantri Jan Dhan Yojana is very useful measure for financial inclusion, provided this Yojana (Scheme) would become successful and useful to the urban and rural poor in the society.
 7. The Bank accounts opened by the means of Jan Dhan Yojana must remain operative. Merely opening of the account will not serve the desired purpose.
 8. The financial products devised by the banks should be suited to the rural poor people. Accordingly banking sector must assess the needs of the people and products of the banks must satisfy those needs.
 9. Financial inclusion process has national as well as global importance. Efforts from all walks of life are but essential to make the policy successful.
 10. The Financial inclusion process is the nation building process where all formal and non-formal organizations should work together without any bias in mind
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Title of the paper : History of Demonetisation-Case Studies

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Title of the paper : History of Demonetisation-Case Studies

Abstract:

The demonetization move by the Indian Prime Minister has caught the whole world's eye. Several logical views have been offered, both, for the move and against the move. In this paper, researcher has used the case study approach to find an answer. Economies of three countries, where demonetization actually took place have been examined, and the impact therein has been studied. The study finds that demonetization exercise has been a failure in major parts of the world. The researcher has tried to analyse a few reasons behind these failures and offered a few suggestions for demonetization to be successful and to attack black economy.

Keywords: Demonetisation, GDP, Inflation, IIP

History of Demonetization –Case Studies

“Study the past if you would define the future” ~Confucius

Abstract

The demonetization move by the Indian Prime Minister has caught the whole world's eye. Several logical views have been offered, both, for the move and against the move. In this paper, researcher has used the case study approach to find an answer. Economies of three countries, where demonetization actually took place have been examined, and the impact therein has been studied. The study finds that demonetization exercise has been a failure in major parts of the world. The researcher has tried to analyse a few reasons behind these failures and offered a few suggestions for demonetization to be successful and to attack black economy.

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Introduction

As per the Oxford Dictionary, The word 'demonetize' means to deprive a coin or a precious metal of its status as money. It refers to a change in currency or replacing an old currency with a new currency. The existing currency unit is stripped of its status as legal tender. In economics, it serves as one of the tools in the hand of the Government to fight black money and counterfeit currency.

On 8th November 2016, Government of India took a bold policy decision to demonetize Rs.500 and Rs. 1,000 banknotes. The public announcement was made by Prime Minister of India, Narendra Modi in an unscheduled live televised address at 20:15 Indian Standard Time (IST) on this date, and these notes were made invalid from midnight on the same day. In his words, “These notes are just papers from tomorrow”. PM also announced that new Rs.500 and Rs.2,000 banknotes will be issued. The Prime Minister cited that the move was intended to fight black money and corruption and to prevent

counterfeit or fake currency circulating in the system, which is responsible for high inflation and terrorism funding.

The move received a warm welcome from several industrialists, digital payment companies, international commentators, and public at large. However, it sought criticism from members of the opposition parties, which led to debates in both houses of parliament and triggered organised protests against the current government.

The views on demonetization move has been a mixed bag. Some call it a surgical strike, whereas, others state it as more of a collateral damage.

Though this move was bold and unusual, this is not the first time that the Government of a country has carried out the exercise of demonetization. Several precedents can be referred to this move, namely, Zimbabwe, USSR, Nigeria and others. In fact, this exercise has been carried out twice in India itself, one in 1946 and the other in 1978.

Proposed Benefits of demonetization:

Following are the expected benefits of the demonetization move:

- Demonetisation can be of a good help in Tackling the problem of Black money and parallel economy
- Money received through corruption will become worthless as such a person might not be able to explain the source.
- Demonetisation can provide a fiscal boost for Government. RBI might declare dividends to Government, for the currency that does not return into the system.
- Demonetisation can help check counterfeit or fake currency in circulation. Fake currency is responsible for terrorist funding.

- Demonetisation exercise, if successfully done, can help in mitigating inflation, and thereby bringing several goods and services within the reach of common man.

Stated limitations/concerns of demonetization:

The move however brings some concerns:

- The move can curb demand in the economy till the new currency becomes available in sufficient quantity. This can lead to economic slowdown, as pointed out by several economists. This is expected to affect several sectors such as FMCG, Real estate, Automobiles and others. Also, unorganized trade will be affected to a great extent.
- India is basically a cash-driven economy. More than 90 % transactions are settled in cash. The impact on rural economy will be huge.
- A higher denomination note (The 2000 Rupee note) can lead to more and easier collection of black money.
- More than 50 % Indians do not have bank accounts
- Inconvenience for general public, as witnessed by the long queues in front of the bank branches and the ATM's .

Review of Literature

Several economists, news media and research teams have expressed their opinion regarding the demonetization policy.

In the words of the great economist John Maynard Keynes,

“There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose.”

Washington Post referred to PM Narendra Modi's initiative as 'ambitious' and in line with his election time vow to initiate a crackdown against black money.

A research paper published by the National Institute of Public Finance and Policy (NIPFP), a research institution under the Ministry of Finance, states that demonetization is a large shock to the economy.

"I think there are ways around demonetisation. It is not that easy to flush out the black money. Of course, a fair amount may be in the form of gold, therefore even harder to catch." –Dr.Raghuram Rajan , former RBI Governor

"The Independent" a Singapore-based paper published an article "Modi does a Lee Kuan Yew to stamp out corruption in India." Lee Kuan Yew ,a Singaporean Prime Minister for several decades and highly respected by the people there, is considered the architect of modern Singapore.

A research article by Prof. Prabhat Patnaik entitled "Prominent Citizens Question Demonetisation" has made the following pertinent points:

- i) If ,in Government's view, high value denomination currency is used to hoard black money, then the decision to issue even higher value Rs 2000 note is confusing
- ii) In the absence of steps to curb the generation of black money, demonetization is a useless exercise
- iii) Fake currency forms only .028% of total currency in circulation
- iv) demonetization has shaken the trust that the people have in India's currency,a devoid of which,can result in the currency losing its value
- v) In India,97% of the transactions are done in cash and the bank branches penetration is low in rural areas.

Surveys Carried out by various News channels have found that people in the country ,at large, are in support of demonetization, in spite of the pain incurred.

Several newspapers have reported a plunge in demand in the economy .Several news such as collapse in Mobile phone sales,low sales of vehicles, Restaurants being deserted. ,slowdown of farming economy,less amount of work for daily wage workers have been reported.

Several economists,including Dr.Manmohan Singh,the former Prime Minister of India,have pointed to reduction in GDP growth due to the demonetization policy.

Anil Bokil,the architect of the much talked about Arthakranti Proposal, who has been credited with the idea of demonetization seems to be disappointed.” This is not what we proposed”,he said.

An article by Economist Saumitra Chaudhuri in Economic Times,states that , taking into account the printing capacity of the existing mints, we will have to wait till May 2017,To get the replacenment of existing 500 Rupee notes .

Abhiroop Sarkar, Professor at Indian Statistical Institute, stated that the 1978 move had no effect on the circulation of black money because people don't stack black money in cash. Rather, they stash it in undisclosed accounts in Swiss Banks. Hence, demonetisation won't affect the big fish.

An article in HBR by Bhaskar Chakravorti called India's recent demonetization move as a case study in poor policy and even poorer execution wherein the poor had to bear the greatest burden.

Research Methodology:

The impact of demonetization has been studied using Case Study method.Effects of this move several economies ,where this move has been previously implemented ,have been studied.This includes the Zimbabwean economy(2015),USSR economy(1991),Indian economy(1946 and 1978).

Case Studies

1.Zimbabwe

Zimbabwean Government replaced the Zimbabwe dollar (Z\$) with the American dollar(US\$) in 2015.The main reason behind this move was the hyperinflation in the economy. For instance ,prices of goods was seen to be increasing three times per day. Zimbabwe used to have a one hundred trillion dollar note. The banking sector was in a state of disarray, as very few people were willing to their cash in banks. This move was aimed to stabilize this situation and for enhancing consumer and business confidence Finance and Economic Development Minister Patrick Chinamasa indicated the cost of the demonetisation exercise as \$20 million.

The Zimbabwean Government,had,even earlier,adopted multi-currency system in 2009,in response to a spiraling inflation (231% in July 2008) and since then, Zimbabwe had a basket of currencies in use, namely the US dollar, South Africa Rand, Botswana Pula, British Pound, Euro, Chinese Yuan, Japanese Yen and the Australian dollar. The press release was made on 9th June,2015. The demonetisation process ran from 15 June 2015 to 30 September 2015 .

Impact

The process was thus, carried out hurriedly ,as a result of which, wealth-holders were hurt. The speed at which Zimbabwean dollar was left valueless, even saw many of them turn their accumulated savings valueless. The value of trillion Zimbabwean dollars dropped to \$0.5.As a result, people were grossly dissatisfied. They asserted that the compensation against the loss of their earlier holdings of Zimbabwean dollars was too low.The move did brought some degree of monetary stability. In fact,the Zimbabwean economy has moved from hyperinflation to a deflationary environment. However,there was a side-effect.Zimbabwean economy witnessed a depressing economic growth, as Zimbabwean exports were hit due to a loss of competitiveness.(US \$ was now their official currency). The Government is now finding a way to reflate the economy without having to resort to money printing.

Thus,this demonetization move failed leading to unintended consequences such as resentment among people,slowdown in economy and loss of export competitiveness. The general public in Zimbabwe has seemed to lost their trust in the banking system.

2.Russia-1991

On 22nd January, 1991, Russian president, Mikhail Gorbachev declared 50-ruble and 100-ruble notes invalid as of midnight that very day. (Ruble). These currency denominations accounted for one-third of the money in circulation. A period of only three days was given to citizens to exchange their old notes for new ones. After this period, note holders would have to appear before special commissions to get their worthless currency replaced. The objective stated behind this policy was to combat the parallel economy and shore up the currency's value. Extremely restrictive conditions were imposed on the withdrawal of currency, very much, like the ones, seen in India now as regards to limits.

Impact

This reform failed to restrict inflation. Within three months of the move, inflation rose to as high as 300%. However, it had unintended side-effects as, loss of public confidence in the government and a blow to economic activity. The economic collapse, was combined with political infighting. In August 1991, President Gorbachev faced a coup attempt which destroyed his authority and led to the Soviet break-up the following year.

Several Soviet republics such as Kazakhstan, Ukraine, Azerbaijan, Turkmenistan, and Moldova were severely affected by this move which eventually led to dis-integration of Soviet Union.

1998

Russia tried demonetisation again in 1998, and removed three zeroes from its currency. This time, the process went on smoothly as they had learnt the lessons of the past failure.

3. India-1946

On 12 January 1946, Government banned Rs 500, Rs 1000 and Rs 10,000 notes. The government came out with 2 ordinances on this day, which was declared a holiday. The purpose of this move was to curb black economy.

First ordinance asked banks to furnish info about currency holdings of various denominations (Rs. 100, Rs. 500, Rs. 1,000 and Rs. 10,000). Second was about informing public that denominations of Rs. 500 and above were demonetized. A similar action was taken in India's colonial master Britain as well as in France, Belgium and some other countries. People were given 10 days for exchange (23 January), which was extended to 9 February, wherein the people had to give explanations on why they could not exchange their currency in first ten days.

The then RBI Governor, Chintaman Deshmukh, was not happy in going ahead with this move for the following reasons:

- i) These scheme would be launched only when there were signs of the onset of an inflationary spiral and there were no signs of such a situation.
- ii) The Governor wanted Government to be satisfied that there was no harassment to honest persons.
- iii) As a currency authority, RBI could not endorse any measure likely to undermine the confidence in the country's currency.
- iv) He was of the view that the Government will not even get Rs. 10 crores as additional tax revenue from tax evasion
- v) This measure had no precedent or parallel

Impact

As stated by the then RBI Governor, though the measure was a revolutionary one, the purpose for punishing black money hoarders was not achieved. This was because no fool-proof administrative method by which a particular note brought by an individual could be proved as the life-savings of the hard-working man or established as the sordid gains of a black-marketer was available. Another loophole of which considerable advantage was taken was the exemption of the princely States from scrutiny or questioning when such notes were presented by them. By the end of 1947., out of a total issue of Rs. 143.97 crores of the high denomination notes, notes of the value of Rs. 134.9 crores were exchanged, leaving only RS. 9.07 crore for demonetization.

This indicates that the exercise was more of "conversion", not 'demonetization'

India-1978

On 16 January 1978, Janata Government led by Morarji Desai banned Rs 500, Rs 1000 and Rs 10,000 notes. The banks and treasuries were closed on 17th January. This Government had a reasoning that high-denomination notes were used for illegal transfer of money meant financing transactions which are harmful to the national economy or which are for illegal purposes. Moreover, the Government had a feeling that a considerable amount of black money has gone to finance hoarding and speculation. This has been giving rise to high inflation, as witnessed then via increasing agricultural prices, particularly of edible oils. Hence, the purpose of this move was to combat corruption and black money and to fight the rising threat of food inflation. As per the then RBI Governor, I.G. Patel, this exercise was one against the corrupt

predecessor governments .A time period of 3 days was provided for people to exchange Rs 1000, Rs 5000 and Rs 10000 notes.

Impact

The ordinance had a ripple effect on other markets such as gold and diamond where prices slumped by 5 to 10% within a week.. On the contrary, the old notes were going at 70% discount in Bombay's Zaveri Bazar. Just like this time, Long winding queues begin to form in front of the Reserve Bank office right from the morning as also at the main office of the State Bank of India, to collect declaration forms. Public and foreign tourists raised considerable hue and cry .

Surprisingly, the amount of currency actually rose..It rose from Rs.9170 crore in 1977-78 to Rs.1699 crore in 1978-79.crore So, the impact was neither a conversion nor demon.'Cumulation' can be the word used here .Although, Around 73.1 crore of Rs.500,1000 and 10000 notes were demonetized, 1067 crores were added by Rs 100 denominations and the smaller denominations made up another 650 crores. The money stock was not destroyed at all, but increased.

As written by Jay Dubhashi in his article for ,India Today , "Politics apart, the demonetization is unlikely to curb black money in circulation, for the simple reason that no one really knows how much black money there is in circulation and, even more important, whether black money can really be defined in precise terms in all its shades."

I.G.Patel, the then RBI Governor was not happy with this exercise and quoted,

"Such an exercise seldom produces striking results. Most people who accept illegal gratification or are otherwise the recipients of black money do not keep their ill-gotten earnings in the form of currency for long. The idea that black money or wealth is held in the form of notes tucked away in suit cases or pillow cases is naïve. And in any case, even those who are caught napping—or waiting—will have the chance to convert the notes through paid agents as some provision has to be made to convert at par notes tendered in small amounts for which explanations cannot be reasonably sought. But the gesture had to be made, and produced much work and little gain."

Conclusion

History serves to learn from the mistakes in the past. Demonetisation has earlier taken place in several parts of the world, including India. However, they have failed. Even if some have been able to achieve their objective to a certain degree, there have been

several unintended effects on those economies. Interestingly, Russia presents a case, wherein their demonetization drive was a failure in 1991. They, however, learnt the lesson, and made their demonetization move of 1998 a success.

People's trust in an economy's monetary and financial architecture is the very foundation of a modern economy, and policies such as demonetization can destroy that trust. So, such exercise has to be carefully crafted and implemented, and must be resorted to, only in extreme cases.

Suggestions

As an immediate action, remonetisation should be done as fast as possible. The more the time taken to remonetise the currency, higher is a negative impact on productivity and economic growth. This is also essential to prevent people's inconvenience and restore demand in the economy.

Generation of black money, itself, should be attacked. As stated by Dr. Raghuram Rajan, former RBI Governor, "I would focus more on tracking data and better tax administration to get at where money is not being declared." Extensive financial literacy programmes educating people about the harmful effects of unaccounted money should be carried out. Implementation of GST must take place as soon as possible.

Limitation

The demonetization cases in the past have been mainly carried out by dictatorial Governments, unlike the democratically elected Government in India. So, the result for India can vary. On the other hand, information technology has progressed rapidly over the years, which can enable Government to trace illegal transactions in a better manner.

Further research

A further quantitative research can be carried out to study the impact of demonetization on various economic indicators such as GDP growth, exports, Index of Industrial Production (IIP) and Inflation.

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Banking Industry and Economical Growth- A Governance Approach

Banking Industry and Economical Growth- A Governance Approach.

BY : Dr. Bension Jacob & Dr. Atul Mehrotra.

Abstract

Integration of economies leads to integration of financial markets catalyzing the globalisation process. The growing role of the financial sector in allocation of resources has significant potential advantages for the efficiency with which our economy functions. Consequently, the adverse consequences of malfunction of the financial system are likely to be more severe than they used to be in the past. Hence, all our efforts today should be focused at ensuring greater financial stability. The enhanced role of the banking sector in the Indian economy, the increasing levels of deregulation along with the increasing levels of competition have facilitated globalisation of the India banking system and placed numerous demands on banks. Operating in this demanding environment has exposed banks to various challenges.

In view of the importance of the banking system for financial stability, sound corporate governance is not only relevant at the level of the any individual bank, but is also a critical ingredient at the system level. Effective risk management systems determine the health of the financial system and its ability to survive economic shocks. To a large extent, many risk management failures reflect a breakdown in corporate governance which arise due to poor management of conflicts of interest, inadequate understanding of key banking risks, and poor Board oversight of the mechanisms for risk management and weak audit system.

Key Words: Corporate Governance, Banks and Financial Institutions, Risks, Regulators, Supervisors

Introduction

The importance of corporate governance in Banks

- Corporate governance is the mechanism/system by which Banks are directed and controlled.
- Good corporate governance is a key element in improving economic efficiency.
- Conversely, bad corporate governance, ***particularly in banks***, can undermine economic and financial stability.
- The Asian Crisis demonstrated this.

The role of bad corporate governance in the Asian crisis

Weak corporate governance in Asian banks (and their customers) was one of the key factors in the Asian crisis:

- many banks were controlled by owner-managers and the board of directors played little role;
- banks were often parts of wider conglomerates and used to fund other parts of the group or the owners (connected lending);
- banks were subject to political influence in their lending decisions;
- management was weak and lacked self-responsibility;
- growth was more important than return on capital; and
- risk management was poor due to:

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- lack of credit controls and skills
- excessive risk concentrations in individual borrowers and sectors
- excessive funding and currency mismatches

Corporate governance is, therefore, the foundation stone for effective risk managements in banks and thus the foundation for a sound financial system. Therefore, the choices, which banks make when they establish their risk management and corporate governance systems have important ramifications for financial stability. These systems can affect how the institution functions and how others perceive it in the marketplace. The last decade has witnessed major changes in the financial sector - new banks, new financial institutions, new instruments, new windows, and new opportunities - and, along with all this, new challenges. While deregulation has opened up new vistas for banks to augment revenues, it has entailed greater competition and consequently greater risks. Demand for new products, particularly derivatives, has required banks to diversify their product mix and effect rapid changes in their processes and operations in order to remain competitive in the globalised environment.

Few broad challenges Indian banks are facing in the number of areas are - enhancement of customer service; application of technology; implementation of Basel II & III; improvement of risk management systems and outsourcing of risks; alignment of regulatory accounting requirements, implementation of new accounting standards/IFRS; enhancement of corporate governance norms by way of better transparency & disclosures; and compliance with KYC aspects.

Before coming to important aspect of enhancement of corporate governance, I feel to touch upon few important challenges as quoted herein above and which have direct or indirect bearing on the governance matter.

Salient features of Basel II Accord

Some of the key aspects of the Basel II are:

- Banks at different levels of risk management systems could still adopt Basel I as it provided a menu of approaches for measuring capital requirements for credit, market and operational risks In India, for example, we adopted Standardized, Standardized and Basic Indicator Approaches for credit, market and operational risks effective from March 2009 for banks with overseas presence and foreign banks and from March 2009 for other commercial banks (excl. RRBs & LABs)
- By reckoning the ratings provided by the rating agencies, much needed risk differentiation with in risk categories was brought in
- Enhanced collateral recognition offered an incentive to banks to manage their collateral effectively, thus reducing the risks in their books
- Bank's internal methods were recognized for capital measurement
- Pillar 2 brought in the required discipline among banks for making a self-assessment. Further it sought to strengthen the dialogue between regulator and the regulated entities
- Disclosure standards empowered the stakeholders to monitor the banks effectively

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- Regulators were provided with several discretions so as to enable them to suitably implement the accord

Thus, when the Basel II was rolled out in various jurisdictions, a sense of achievement among regulators could be gauged. Even some of the regulators felt, given the menu of approaches and flexibility in Basel II, there would be no occasion to come out with another Capital Accord. However, the adoption of Basel II was not uniform across jurisdictions. While Europe embraced the Basel II implementation willingly, USA conveyed that they would implement only in respect of Top 10 banks. Some countries preferred to announce that their top 5 or 10 banks would adopt advanced approaches straightaway, as these banks' best practices only were reflected in the Basel II norms.

However, in some jurisdictions like India, regulators announced that all the banks would first adopt basic approaches and announced a timeline for voluntary migration to Basel II advanced approaches over a period of time as the risk management systems in those jurisdictions were either not fully developed or not evenly developed and the availability of data was also a source of concern. By the time the Global Financial Crises was recognized in a meaningful way, the Basel II implementation even in some of the developed countries was not complete.

Salient features of Basel 2.5 Accord

During the crises, many risks were not appropriately covered in the risk-based regime. For example, some banks held significant volumes of complex, illiquid credit products in their trading books without a commensurate amount of capital to support the risk. Moreover, failure to capture major on- and off- balance sheet risks, as well as derivative related exposures, was the key factor that amplified the crises.

In response, in July 2009 the Committee introduced a set of enhancements to the capital framework aimed at the following:

- Considerably strengthen the minimum capital requirements for complex securitizations
- Higher risk weights for re-securitization exposures to better reflect the risk inherent in these products
- Raising the capital requirements for certain exposures to off-balance sheet vehicles
- Stressed value-at-risk requirement for the trading book
- An incremental risk charge for migration and default risk in trading book and
- Higher requirements for structured credit products held in the trading book.

The July 2009 amendment to the Basel Accord is generally referred as Basel 2.5 and was the first attempt by the Committee to fix the problems. These changes were incorporated in the New Capital Adequacy Framework circular issued by the Reserve Bank of India in the month of February 2010.

Basel III Accord

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Group of Central Bank Governors and Heads of Supervision announced substantial strengthening of the existing capital requirements after its meeting on September 12, 2010.

Basel III is far-reaching and multi-pronged approach. The effectiveness of the proposed changes is to be seen over a period. However, one thing is sure; we are into interesting times, yet again.

A summary of Basel III proposals:

Micro Prudential Measures:

A. Capital Measures:

- a. Quality and quantity of capital:
 - i. Common Equity requirement of 4.5% (to be achieved by 1st Jan., 2015)
 - ii. Capital conservation buffer of 2.5% - in common equity – (to be achieved by 1st Jan., 2019)
 - iii. Counter-cyclical buffer of 0% to 2.5% - in common equity – (in select jurisdictions where credit growth is excessive and contributes to systemic risks build-up)
 - iv. Deductions – Losses, Goodwill, net DTA, significant investments in financial institutions – phased in over a period till 1st Jan., 2019
 - v. Calibration of risks- of Assets and off-balance sheet exposures;

B. Liquidity Measures:

- a. Liquidity Coverage Ratio (LCR)
- b. Net Stable Funding Ratio (NSFR)

C. Risk Management and Supervision:

- a. Liquidity Risk Management
- b. Valuation Practices
- c. Stress Testing
- d. Sound Compensation Practices
- e. Corporate Governance
- f. Supervisory Colleges

D. Market Discipline:

- a. Trading Book related disclosures
- b. Securitization and Off-balance sheet vehicle related disclosures
- c. Elements of regulatory capital and deductions
- d. Reconciliation to financial accounts
- e. Compensation related disclosures

Compliance with international standards

One of the prime international standards considered relevant for ensuring a safe and sound banking system is the 'Revised Core 29 Principles for Effective Banking Supervision' issued by the Basel Committee on Banking Supervision (BCBS) in 2012. Financial reporting under IFRS and prudential supervision has slightly different perspectives. While the former is oriented

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towards capturing the historical position, the latter has a forward-looking element particularly with reference to measurement of impairment and capital. An important challenge, therefore, is to ensure that accounting standards and prudential frameworks are mutually consistent. While working towards achieving this consistency between the two sets of standards, it is essential for the regulators to be in a position to address any implications that the changes in accounting standards may have for the safety and soundness of banks.

Derivative activity in banks in India has been increasing at a brisk pace. While the risk management framework for derivative trading, which is a relatively new area for Indian banks (particularly more in respect of structured products), is an essential pre-requisite, the absence of clear accounting guidelines in this area is matter of significant concern. It is widely accepted that as the volume of transactions increases, which is happening in the Indian banking system, the need to upgrade the accounting framework needs no emphasis.

The World Bank's ROSC on Accounting and Auditing in India has commented on the absence of an accounting standard, which deals with recognition, measurement, presentation and disclosures pertaining to financial instruments. The Accounting Standards Board of the Institute of Chartered Accountants of India (ICAI) has already considered the issue of Accounting Standards on the above aspects pertaining to financial Instruments. These will be the Indian standards parallel to International Financial Reporting Standard 7, International Accounting Standards 32 and 39. The proposed Accounting Standards will be of considerable significance for financial entities and could therefore have implications for the financial sector. In the meanwhile, the Reserve Bank is considering the need for banks and financial entities adopting the broad underlying principles of IAS 39. Since this is likely to give rise to some regulatory / prudential issues, all relevant aspects are being comprehensively examined. The proposals in this regard would, as is normal, be discussed with the market participants before introduction. Adoption and implementation of these principles are likely to pose a great challenge to both the banks and the Reserve Bank.

Outsourcing risks

Banks are increasingly using outsourcing for achieving strategic aims leading to either rationalisation of operational costs or tapping specialist expertise, which is not available internally. 'Outsourcing' may be defined as *a bank's use of a third party, including an affiliated entity within a corporate group, to perform activities on a continuing basis that would normally be undertaken by the bank itself.* Typically outsourced financial services include applications processing (loan origination, credit card), document processing, investment management, marketing and research, supervision of loans, data processing and back office related activities etc.

Outsourcing might give rise to several risks including, strategic risk, reputation risk, compliance risk, operational risk, exit strategy risk, counterparty risk, country risk, access risk, concentration risk and systemic risk. The failure of a service provider to provide a specified service, ensure security/ confidentiality, and comply with legal and regulatory requirements can lead to financial losses/ reputational risk for the bank and could lead to systemic risks for the entire banking system in a country. It would therefore be imperative for the bank outsourcing its activities to ensure effective management of these risks. It is in this background that RBI has issued draft

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guidelines on outsourcing, which is intended to provide direction and guidance to banks to effectively manage risks arising from such outsourcing activities. The underlying principles for any outsourcing arrangement by a bank are that such arrangements should neither diminish the bank's ability to fulfill its obligations to its customers and the RBI nor impede effective supervision by RBI.

Outsourcing banks, therefore, should take steps to ensure that the service provider employs the same high standard of care in performing the services as would be employed by the banks if the activities were conducted within the banks and not outsourced. Accordingly, banks are not expected to outsource any activity that would result in their internal control, business conduct, or reputation being compromised or weakened.

Application of advanced technology

Technology is a key driver in the banking industry, which creates new business models and processes, and revolutionises distribution channels. Banks, which have made inadequate investment in technology, have consequently faced an erosion of their market shares. The beneficiaries are those banks, which have invested in technology. Adoption of technology also enhances the quality of risk management systems in banks and in turn the good governance. Recognising the benefits of modernising their technology infrastructure banks is taking the right initiatives. While doing so, banks have various options to choose from: they can build a new system themselves, or buy best of the modules, or buy a comprehensive solution, or outsource. In the context banks need to clearly define their core competencies to be sure that, they are investing in areas that will distinguish them from other market players, and give them a competitive advantage⁶. A further challenge, which banks face in this regard, is to ensure that they derive maximum advantage from their investments in technology and avoid wasteful expenditure, which might arise because of uncoordinated and piecemeal adoption of technology; adoption of inappropriate/ inconsistent technology and adoption of obsolete technology.

Enhancing corporate governance

The issues related to corporate governance have continued to attract considerable national and international attention in light of a number of high-profile breakdowns in corporate governance. This becomes all the more relevant for banks since they not only accept and deploy large amount of uncollateralized public funds in fiduciary capacity, but also leverage such funds through credit creation. Banks are also important participants in the payment and settlement systems. In view of the above, legal prescriptions for ownership and governance of banks in Banking Regulation Act, 1949 have been supplemented by regulatory prescriptions issued by RBI from time to time. In view of the importance of the banking system for financial stability, sound corporate governance is not only relevant at the level of the individual bank, but is also a critical ingredient at the system level. Effective risk management systems determine the health of the financial system and its ability to survive economic shocks. To a large extent, many risk management failures reflect a breakdown in corporate governance which arise due to poor management of conflicts of interest, inadequate understanding of key banking risks, and poor Board oversight of the mechanisms for risk management and internal audit.

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Corporate governance is, therefore, the foundation for effective risk managements in banks and thus the foundation for a sound financial system. Therefore, the choices, which banks make when they establish their risk management and corporate governance systems have important ramifications for financial stability. These systems can affect how the institution functions and how others perceive it in the marketplace.

A good “governance culture” is crucial for financial stability but since it is an ‘intangible’, rules may not be able to capture its essence effectively. Therefore, banks may have to cultivate a good governance culture building in appropriate checks and balances in their operations. There are four important forms of oversight that should be included in the organisational structure of any bank in order to ensure appropriate checks and balances: (1) oversight by the board of directors or supervisory board; (2) oversight by individuals not involved in the day-to-day running of the various business areas; (3) direct line supervision of different business areas; and (4) independent risk management, compliance and audit functions. In addition, it is important that key personnel are fit and proper for their jobs. Although some ownership structures might have the potential to alter the strategies and objectives of a bank, these banks will face many of the same risks associated with weak corporate governance. Consequently, the general principles of sound corporate governance should also be applied to all banks irrespective of their unique ownership structures.

Measures taken by regulator towards corporate governance

Reserve Bank of India has taken various steps furthering corporate governance in the Indian Banking System. These can broadly be classified into the following three categories:

1. Transparency
 2. Off-site surveillance
 3. Prompt corrective action
- Transparency and disclosure standards
1. Transparency and accounting standards in India have been enhanced to align with international best practices. However, there are many gaps in the disclosures in India vis-à-vis the international standards, particularly in the area of risk management strategies and risk parameters, risk concentrations, performance measures, component of capital structure, etc. Hence, the disclosure standards need to be further broad-based in consonance with improvements in the capability of market players to analyse the information objectively.
 2. The off-site surveillance mechanism is also active in monitoring the movement of assets, its impact on capital adequacy and overall efficiency and adequacy of managerial practices in banks. RBI also brings out the periodic data on Peer Group Comparison on critical ratios to maintain peer pressure for better performance and governance.
 3. RBI has adopted prompt corrective action as a part of core principles for effective banking supervision. As against a single trigger point based on capital adequacy normally adopted by many countries, Reserve Bank in keeping with Indian conditions have set two more trigger points namely Non-Performing Assets (NPA) and Return on Assets (ROA) as proxies for asset quality and profitability. These trigger points will enable the intervention of regulator through a set of mandatory action to stem further deterioration in the health of banks showing signs of weakness.

The Indian scenario

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Nowhere is proper corporate governance more crucial than for banks and financial institutions. Given the pivotal role that banks play in the financial and economic system of a developing country, bank failure owing to unethical or incompetent management action poses a threat not just to the shareholders but also to the depositing public and the economy at large.

Two main features set banks apart from other business – the level of opaqueness in their functioning and the relatively greater role of government and regulatory agencies in their activities. The opaqueness in banking creates considerable information asymmetries between the “insiders” – management – and “outsiders” – owners and creditors. The very nature of the business makes it extremely easy and tempting for management to alter the risk profile of banks as well as siphon off funds. It is, therefore, much more difficult for the owners to effectively monitor the functioning of bank management. Existence of explicit or implicit deposit insurance also reduces the interest of depositors in monitoring bank management activities. It is partly for these reasons that prudential norms of banking and close monitoring by the central bank of commercial bank activities are essential for smooth functioning of the banking sector. Government control or monitoring of banks, on the other hand, brings in its wake, the possibility of corruption and diversion of credit of political purposes, which may, in the long run, jeopardize the financial health of the bank as well as the economy itself.

The reforms have marked a shift from hands-on government control interference to market forces as the dominant paradigm of corporate governance in Indian banks. Competition has been encouraged with the issue of licenses to new private banks and more power and flexibility have been granted to the bank management both in directing credit as well as in setting prices. The RBI has moved to a model of governance by prudential norms rather from that of direct interference, even allowing debate about appropriateness of specific regulations among banks. Along with these changes, market institutions have been strengthened by government with attempts to infuse greater transparency and liquidity in markets for government securities and other asset markets.

This market orientation of governance disciplining in banking has been accompanied by a stronger disclosure norms and stress on periodic RBI surveillance. From 1994, the Board for Financial Supervision (BFS) inspects and monitors banks using the “CAMELS” (Capital adequacy, Asset quality, Management, Earnings, Liquidity and Systems and controls) approach. Audit committees in banks have been stipulated since 1995. Greater independence of public sector banks has also been a key feature of the reforms. Nominee directors – from government as well as RBIs – are being gradually phased off with a stress on Boards being more often elected than “appointed from above”. There is increasing emphasis on greater professional representation on bank boards with the expectation that the boards will have the authority and competence to properly manage the banks within the broad prudential norms set by RBI. Rules like non-lending to companies who have one or more of a bank’s directors on their boards are being softened or removed altogether, thus allowing for “related party” transactions for banks. The need for professional advice in the election of executive directors is increasingly realized.

As for old private banks, concentrated ownership remains a widespread characteristic, limiting the possibilities of professional excellence and opening the possibility of misdirecting credit. Corporate governance in co-operative banks and NBFCs perhaps need the greatest attention from regulators. Rural co-operative banks are frequently run by politically powerful families as their

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personal fiefdoms with little professional involvement and considerable channeling of credit to family businesses. It is generally believed that the “new” private banks have better and more professional corporate governance systems in place. However, the recent collapse of the Global Trust Bank has seriously challenged that view and spurred serious thinking on the topic.

CG among Indian banks is discussed across three broad categories - the state-owned banks, the "new" private sector banks (i.e. those that were given a banking licence in 1993), and the "old" private sector banks. At the risk of over simplifying, Fitch has drawn conclusions regarding banks in each of these groups, although standards of individual banks might be better or lower than the "median" governance practices discussed. There are 27 state owned banks in India, accounting for 75% of banking-system assets. Government ownership varies from 51%-100%. The state-owned banks are governed by the Banking (Acquisition and Transfer of Undertakings) Act, which gives sweeping powers to the government. These banks have begun to list their equity on the domestic bourses, and have needed to comply with disclosure and good CG guidelines stipulated by the stock exchanges, which focus on the rights of minority shareholders. It is worth mentioning that boards, including executive chairperson and "independent" directors, are still determined by the government; and power is concentrated with the executive chairperson, who is generally appointed on account of seniority.

The signs are that intervention by the state in state-owned banks' credit operations is declining. Direct intervention in decisions is being replaced by "policy directed" lending aimed at achieving the broader social objectives of the government in power. Increasingly decisions are based on commercial considerations, partly stemming from the bank's public listings and partly because of more investment in technology that brings greater transparency and is helping to standardize decision-making. Foreign ownership of some shares in some banks and frequent interaction with large institutional investors has maintained pressure on these banks to adopt more progressive CG standards. Summing up, although there has been an improvement in the governance practices of these banks, the ownership overhang still remains, and they still comply more with the letter of governance practices than the spirit. In India, CG standards are the highest among new private sector banks.

Two of these, HDFC Bank (rated on Fitch's national scale for India at AAA(ind)', with an individual rating of 'C') and ICICI Bank (IDR 'BB+' on Fitch's international scale and also with an individual rating of 'C'), are listed on the New York Stock Exchange, and UTI Bank (rated 'AA+(ind)' and 'C/D') is listed on the London Stock Exchange. These banks adhere to the governance practices and disclosures expected by international investors. The boards of these banks are reasonably broad based, with independent directors of wide-ranging experience.

Anecdotally, the various board committees (compliance, audit, risk, compensation) are vocal, particularly in the internationally listed banks. All this has had a knock-on effect on the other domestic banks. In sharp contrast, the old private sector banks have the weakest level of governance. These banks are controlled by a few families or by communities, with non-bank interests. While these banks might have outside directors and various board committees, these tend to be passive with real decision-making concentrated with the large shareholders - increasing the chance of related party lending. The Reserve Bank (RBI), India's central bank, is focused on governance issues both from the perspective of improving the quality of its oversight and from securing the interests of depositors through transparency, off- site surveillance and

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prompt corrective action. The RBI has established two major committees to look into governance at the banks and discusses these jointly with the chief financial officer of the bank. As these banks appoint auditors for only a three-year period, it has not been feasible for one audit firm to build the necessary infrastructure in terms of people and offices to audit these banks on its own.

Sound Corporate Governance Practices

As mentioned above, supervisors have a keen interest in determining that banks have sound corporate governance. The following discussion draws on supervisory experience with corporate with corporate governance problems at banking organizations and suggests the types of practices that could help to avoid such problems. These practices should be viewed as critical elements of any corporate governance process as are provided hereunder:

Establishing strategic objectives and a set of corporate values that are communicated throughout the organization:

It is difficult to conduct the activities of an organization when there are no strategic objectives or guiding corporate values. Therefore, the board should establish the strategies that will direct the ongoing activities of the bank. It should also take the lead in establishing the “tone at the top” and approving corporate values for itself, senior management and other employees.

The values should recognize the critical importance of having timely and frank discussions of problems. In particular, it is important that the values prohibit corruption and bribery in corporate activities, both in internal dealings and external transactions.

The board of directors should ensure that senior management implements policies that prohibit (or strictly limit) activities and relationships that diminish the quality of corporate governance such as:

- Conflicts of interest;
- Lending to offices and employees and other forms of self-dealing (e.g. internal lending should be limited to lending consistent with market terms and to certain types of loans, and reports of insider lending should be provided to the board, and be subject to review by internal and external auditors); and
- providing preferential treatment to related parties and other favored entities (e.g., lending on highly favorable terms, covering trading losses, waiving commissions).

Processes should be established that allow the board to monitor compliance with these policies and ensure that deviations are reported to an appropriate level of management.

Setting and enforcing clear lines of responsibility and accountability throughout the organization:

Effective boards of directors clearly define the authorities and key responsibilities for themselves, as well as senior management. They also recognize that unspecified lines of accountability or confusing, multiple lines of responsibility may exacerbate a problem through slow or diluted responses.

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Senior management is responsible for creating an accountability hierarchy for the staff, but must be cognizant of the fact that they are ultimately responsible to the board for the performance of the bank.

Ensuring that board members are qualified for their positions, have a clear understanding of their role in corporate governance and are not subject to undue influence from management or outside concerns:

The board of directors is ultimately responsible for the operations and financial soundness of the bank. The board of directors must receive on timely basis sufficient information to judge the performance of management. An effective number of board members should be capable of exercising judgment, independent of the views of management, large shareholders or governments. Including on the board qualified directors that are not members of the bank's management, or having a supervisory board or board of auditors separate from a management board, can enhance independence and objectivity. Moreover, such members can bring new perspectives from other business that may improve the strategic direction given to management, such as insight into local conditions. Qualified external directors can also become significant sources of management expertise in times of corporate stress. The board of directors should periodically assess its own performance, determine where weaknesses exist and, where possible, take appropriate corrective actions.

Boards of directors add strength to the corporate governance of a bank when they:

- Understand their oversight role and their "duty of loyalty" to the bank and its shareholders;
- Serve as a "checks and balances" function vis-à-vis the day-to-day management of the bank;
- Feel empowered to question management and are comfortable insisting upon straight forward explanations from management;
- Recommend sound practices gleaned from other situations;
- Provide dispassionate advice and are not overextended;
- Avoid conflicts of interest in their activities with, and commitments to, other organizations;
- Meet regularly with senior management and internal audit to establish and approve policies, establish communication lines and monitor progress toward corporate objectives;
- Absent themselves from decisions when they are incapable of providing objective advice;
- Do not participate in day-to-day management of the bank and prefer to oversee such routine activities by keeping broader focus on strategic issues.

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In a number of countries, bank boards have found it beneficial to establish certain specialized committees including:

- *A Risk management committee* - providing oversight of the senior management's activities in managing credit, market, liquidity, operational, legal and other risks of the bank, (This role should include receiving from senior management periodic information on risk exposures and risk management activities).
- *An Audit committee* - providing oversight of the bank's internal and external auditors, approving their appointment and dismissal, reviewing and approving audit scope and frequency, receiving their reports and ensuring that management is taking appropriate corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors, The independence of this committee can be enhanced when it is comprised of external board members that have banking or financial expertise.
- *A Compensation committee* - providing oversight of remuneration of senior management and other key personnel and ensuring that compensation is consistent with the bank's culture, objectives, strategy and control environment.
- *A Nominations committee* - providing important assessment of board effectiveness and directing the process of renewing and replacing board members.

Ensuring that there is appropriate oversight by senior management:

Senior management is a key component of corporate governance. While the board of directors provides checks and balances to senior managers, similarly, senior managers should assume that oversight role with respect to line managers in specific business areas and activities. Even in very small banks, more than one person (“four eyes principle”) should make key management decisions, Management situations to be avoided include:

- **Senior managers who are overly involved in business line decision-making;**
- **Senior managers who are assigned an area to manage without the necessary prerequisite skills or knowledge;**
- **Senior managers who are unwilling to exercise control over successful, key employees (such as traders) for fear of losing them**

Senior management consists of a core group of officers responsible for the bank. This group should include such individuals as the chief financial officer, division heads and the chief auditor. These individuals must have the necessary skills to manage the business under their supervision as well as have appropriate control over the key individuals in these areas.

Effectively utilizing the work conducted by internal and external auditors, in recognition of the important control function they provide:

The role of auditors is vital to the corporate governance process. The effectiveness" of the board and senior management can be enhanced by:

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- (1) Recognising the importance of the audit process and communicating this importance throughout the bank;
- (2) Taking measures that enhance the independence and stature of auditors;
- (3) Utilising, in a timely and effective manner, the findings of auditors;
- (4) Ensuring the independence of the head auditor through his reporting to the board or the board's audit committee;
- (5) Engaging external auditors to judge the effectiveness of internal controls; and
- (6) Requiring timely correction by management of problems identified by auditors.

The board should recognize and acknowledge that the internal and external auditors are their critically important agents. In particular, the board should utilize the work of the auditors as an independent check on the information received from management on the operations and performance of the bank.

Ensuring that compensation approaches are consistent with the bank's ethical values, objectives, strategy and control environment:

Failure to link incentive compensations to the business strategy can cause or encourage managers to book business based upon volume and/or short-term profitability to the bank with little regard to short or long-term risk consequences. This can be seen particularly with traders and loan officers, but can also adversely affect the performance of other support staff.

The board of directors should approve the compensation of members of senior management and other key personnel and ensure that such compensation is consistent with the bank's culture, objectives, strategy and control environment. This will help to ensure that senior managers and other key personnel will be motivated to act in the best interests of the bank. In order to avoid incentives being created for excessive risk-taking, the salary scales should be set, within the scope of general business policy, in such a way that they do not overly depend on short-term performance, such as short-term trading gains,

Conducting corporate governance in a transparent manner:

As set out in the Basel Committee's paper Enhancing Bank Transparency, it is difficult to hold the board of directors and senior management properly accountable for their actions and performance when there is a lack of transparency.

This happens in situations where the stakeholders, market participants and public do not receive sufficient information on the structure and objectives of the bank with which to judge the effectiveness of the board and senior management in governing the bank.

Transparency can reinforce sound corporate governance. Therefore, public disclosure is desirable in the following areas:

- Board structure (size, membership, qualifications and committees).
- Senior management structure (responsibilities, reporting lines, qualifications and experience);

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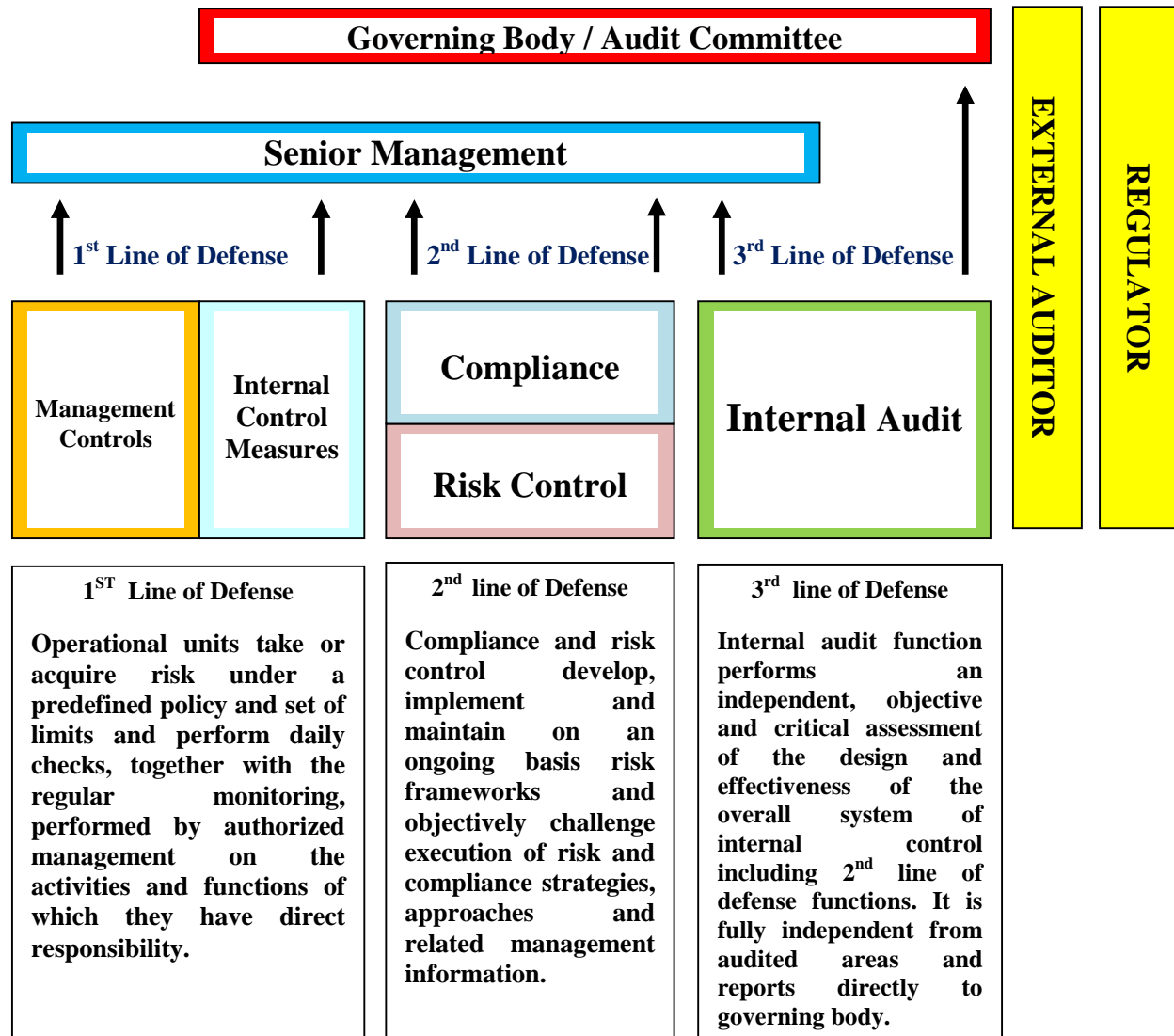
- Basic organizational structure (line of business structure, legal entity structure);
- Information about the incentive structure of the bank (remuneration policies, executive compensation, bonuses, stock options);
- Nature and extent of transactions with affiliates and related parties.

Summary

To sum up it is suggested that the banking and financial system in India will have to take up the word ‘Corporate Governance’ critically as the same can have very positive impact in curbing or mitigating the risk attached in the system. It is further advised that Banks in India in addition to implementation of what is suggested hereinabove can also consider the guidelines issued by the European Banking Authority (EBA) and the Basel Committee as under:

The ‘three-line-of-defence’ model as a new standard

Intensive scrutiny over governance arrangements is a clearly observed trend in the supervisory approach adopted by regulators all over the world especially in Europe. In terms of organisational structure, the provisions set out for setting the ‘three lines of defence’ risk governance model as provided hereunder can be considered as a standard.



Risk Governance Model

‘Fit and proper’ management body and key function holders

Three major criteria are proposed: Reputation, Experience and Governance. In particular, regarding experience, both theoretical and practical experiences are required to be considered with a specific focus on specific domains of experience viz. financial markets, regulatory framework, strategic planning, risk management, internal control and financial information.

These strengthened criteria highlights the necessity to share a thorough understanding of key financial, risk and strategic information within the management body in order to effectively conduct the activities of the institution. A particular attention is made on technical knowledge of the banking business.

Increase requirements regarding risk management

Some of the key new requirements relate to risk management; both from an organizational and methodological point of view are as under:

- Creation of Chief Risk Officer (CRO) position as a member of the top management.
- An additional report should be prepared by the risk control function that highlights the shortfalls in relation to the existing required parameters.

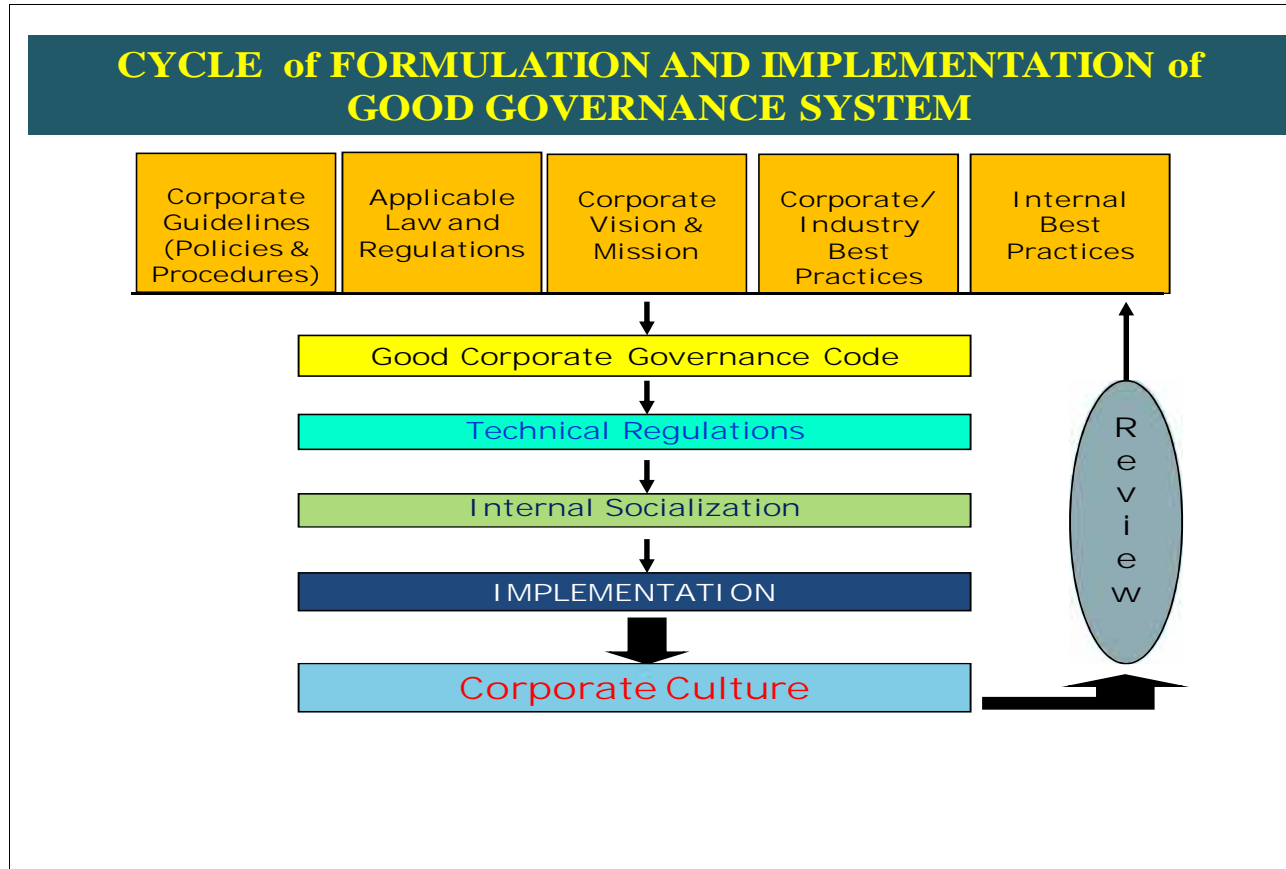
In addition to above a model in line with as suggested by the Deloitte governance framework as provided hereunder can be taken up by the banks in order to bring effectiveness in the overall governance system:

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Good Governance Framework Circle

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In addition to above models, further steps are also required which can be taken up for ensuring best corporate governance system, like:

- Enhanced training to educate members of the governing bodies on their roles and responsibilities;
- Benchmarking the governance framework against regulatory requirements and peers;
- Enhancing the efficiency of the internal corporate governance through revision of the segregation of duties among control functions;
- Ensuring adequate risk management system, commensurate with the needs to match regulators' expectations;
- Having a robust completeness of the documentation hierarchy which includes strategies, policies, procedures and regulatory reporting and continuous review of the same;
- Necessary steps required to make audit committee and internal audit system very strong with complete independency and in line with changed regulatory norms as applicable to them.

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**FDI Inflow Inertia, an Outcome of Policy Gaps and
Operational Hang Ups
The Case of POSCO and VODAFONE**

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Abstract

The Government of India is committed to deepen the economic reforms to attract Foreign Direct Investments inflows. FDI inflows have proliferated post 1991, and over the years the government has not only opened up several sectors wherein FDI was previously not allowed, but allowed greater foreign equity participation in existing ones. However, actual inflows continue to fall short of potential inflows. This phenomenon is studied through two cases of mega investments – POSCO and Vodafone. The study finds that systemic and operational hang ups play their part in slowing FDI inflows, and can counter act or even diminish the advantages of an otherwise open FDI regime in India.

Background

The Government of India is committed to deepen the economic reforms especially to attract Foreign Direct Investments inflows. Post reforms in 1991, FDI inflows have proliferated and the government, over the years have not only opened up several sectors wherein FDI was previously not allowed, but allowed greater foreign equity participation in existing ones.

However, a comparison of actual FDI inflows against approved FDI inflows shows the dismal numbers of approved FDI actually converting to real actual inflows (Bhagwati and Panagariya, 2012). This phenomenon highlights that non-policy hang ups play their part in slowing FDI inflows, and can counter act or even diminish the advantages of an otherwise open regime.

Objectives of the Study

The objectives of the study are the following:

1. To explore the issues associated with Land Acquisition Act for foreign companies through the analysis of the POSCO case.
2. To study the problems associated with uncertainty in Tax regime in FDI companies through the analysis of the Vodafone case.

Methodology

The paper utilizes the case study method to explore facets of the Foreign Direct Investment policy against the backdrop of the critical laws that govern land acquisition and tax regimes.

Case 1 – The Case of POSCO

Among the many policy and non-policy issues associated with big ticket FDI inertia, the most critical one to handle is land acquisition for foreign companies. Pandit (2014) argues that procedures for land acquisition of larger tracks of land cause tremendous delay especially at the project implementation stage. For all big ticket FDI approval has to be sought by the Central Government. After the proposal has been approved, the foreign company begins interaction with state governments. This is because all land acquisition related matters come under the jurisdiction of the

respective state governments.

At this stage the process becomes complicated not only because land acquisition is rather a political and social decision, but also because even if the land is allotted acquiring environmental clearances and forest regulations can be tricky. Pandit (2014) stated that large projects especially linear ones require large tracks of land. Due to this prerequisite, rather large numbers of existing inhabitants have to be resettled and rehabilitated to new areas. This brings into play politics, violence and social hue and cry.

The case of POSCO explored in this section throws light on this issue. POSCO is a flagship South Korean steel firm. It is the world's fourth largest steel maker and was expected to bring in FDI of over Rs. 52,000 crore in Orissa in 2005. This was the largest FDI ticket size in India till date. This project has been held up due to land acquisition delays. POSCO maintains the plan to establish an integrated steel project. A Greenfield integrated steel project includes establishing steel mines with a steel plant and sea port in the same operating facility. The South Korean company continues to face delays. The delay is majorly due to unwillingness of land owners to resettle to a different place; who fear the loss of their lands and their livelihoods. This has resulted in social turmoil including agitation and violence.ⁱ

The POSCO case forms a classic one where despite the justifications provided by both governments and the firm on the benefits of the yet to be established project would accrue to the community it purports to establish itself in, the company remains involved in legal and logistic issues since 2005.

Research studies and think tanks reason out the plausible causes why despite what POSCO and the government alleges as benefits, the project continues to face land acquisition issuesⁱⁱ. But before we appreciate the issues at the ground, we realize the paucity of comprehensive cost-benefit studies conducted by the government and affiliated bodies. It appears that minimum research was conducted in a speedy manner to favor the POSCO project. This in itself forms the basis of a faulty start to the lengthy process of land acquisition for a mega project.

Think tanks argue that the cost benefit analysis by the government out rightly flouts the Forest Rights Act (FRA). It alleges that the information was withheld by the Ministry of Environment and Forests with a view to attract the foreign investment. It also alleges that the projected tax receipts were exaggerated to favor the project. It also argues that since the integrated plant was to be established in SEZ, tax collections would be far lesser than what was stated. Yet another important reason why the project faces resistance is with respect to the package for resettlement and rehabilitation. Studies allege that the same was unjustifiably low. For instance, every beetle nut cultivator was to be given a one-time compensation of Rs. 11000 per acre as against Rs. 40000 which he/she earns per acre per year. This would result in the loss of Rs. 4 lakh in ten years, even without including the loss of livelihoods to the adivasi families completely dependent on fisheries and forests, who were not getting covered under compensation.

Project costs, the government may appreciate involves not just financial cost but social and ecological costs too. The costs such as loss of livelihoods, resettlements costs, loss of homes, irreparable damage of forests, damage to canals, rivers and seas, needs to be comprehensively studied as part of any cost benefit analysis. In this case, we may find that despite the FDI policy being open, operational hang ups have stalled the inflow. It is suggested that the government before giving a green signal to any foreign firm in a mega green-field investment such as this, do so only after a thorough cost benefit analysis, which in the POSCO case, appears underdone. It appears that the FDI inertia may have resulted because the operational processes were not thought through in the beginning and in a bid to attract greater inflows, a thorough process has been compromised. As a result the POSCO and other mega projects face operational hang ups at the ground.

Case II – The Vodafone Case

The case of Vodafone is a typical case of clarity deficit with respect to policy and tax systems in India. Vodafone, the British telecom company is currently embroiled in a high profile tax liability case in India, which started in 2007 and is yet to get resolved. Vodafone had purchased a majority stake in the Indian based telecom company Hutchinson Essar from Hong Kong based Hutchison Whampoa. This sale of the stake

and transfer transaction took place in Cayman Islands.

The Indian tax authorities imposed tax of Rs. 7,899.9 crore on the US\$ 11.076 billion stake acquisition in 2007ⁱⁱⁱ. It asserted that since Indian assets were transacted, Vodafone is liable to pay tax to the authorities. When Vodafone did not accept the tax liability, the government imposed fines for failing to pay the same. Later the case came up for hearing in the Supreme Court. The Supreme Court gave a verdict in favor of Vodafone as it believed that such transactions did not come under the jurisdiction of Indian tax authorities, therefore Vodafone couldn't be charged taxes.

As a response to Supreme Court's decision, the Government shockingly amended the Income Tax Laws retrospectively for all case similar in 2012. This meant that Vodafone and many others companies where Indian assets were transaction abroad would not be liable to pay tax in India. Such draconian amendments provoked criticisms by foreign investors who now were vary of investment in India. It also resulted in uncertainty in the market, where investors held back big ticket investments and maintained a wait and watch policy.

This disparagement prompted the Finance Ministry to become less stern over the next few months and it has currently decided to opt for an out-of-court settlement in such cases. In many such out of court settlement the government may decide to waive off the penalty or/and interest component. In 2013, Vodafone gave an official statement to show its readiness to commence settlement talks with Finance ministry. This loss of time along with the uncertainty in dealing with Indian systems, laws and policy have increased project costs for foreign firms such as Vodafone leading to FDI inertia.

We may appreciate that foreign firms make investment decisions based on policies and existing systems. Hence, policy ought to be clear, transparent and certain; and the language simple and unambiguous. Policy certainty shakes investor confidence resulting in lowering of FDI inflows.

Conclusion

The government has reiterated its commitment to make India one of the most open economies for garnering foreign investments. However, despite a rather progressive FDI policy, India is experiencing slowing of FDI inflows when compared to potential

inflows. In this regard, the need to create an operational and systemic environment along with supporting institutional changes is indispensable to attract FDI inflows.

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Title : Indian Information Technology (IT) outsourcing industry in the era of global corporate village

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Abstract:

The outsourcing has become one of the well-known strategies of businesses so as to have substantial financial gain, increased concentration on strategic issues, access to technology and specialized expertise, and save time. This paper emphasizes on the role, merit and demerits of the outsourcing in general and discusses the scope and way forward for the IT industry to succeed in the outsourcing business market. At international level also India has created good image and world is looking towards India as a major player in the Outsourcing of IT related business processes. The paper also highlights how outsourcing plays vital role in organizational performance and businesses' competitiveness in the global market.

Keywords: IT industry, outsourcing, business processes, off shoring, strategic outsourcing, organizational performance.

Introduction: Outsourcing is an allocation of specific business processes to a specialist external service provider. Many times companies cannot handle their business process internally. And it becomes practically difficult to do some processes internally by hiring in-house professionals to perform the tasks. Once the task is outsourced to the service provider, he will shoulder the responsibility of carrying out the functions assigned to him. Outsourcing is the process of delegating a company's business process to third parties or external agencies, leveraging benefits ranging from low cost labor, improved quality to product and service innovation. When outsourcing transgresses national boundaries and is managed by companies located in other countries, outsourcing takes the form of offshoring.

When businesses are inviting third-party vendor for getting your tasks done, it is imperative to understand the merits and demerits of outsourcing to the right service provider.

Merits of outsourcing:

1. Technical expertise: Outsourcing will normally be done to the vendor who has requisite expertise in the particular field and it helps to get your task done efficiently. Because of such expertise the tasks can be completed quickly and qualitatively.

2. Focusing on core competencies: Outsourcing the incidental processes would help the companies to devote more time to focus their energy on their core business process and thereby strengthen the same.

3. Minimizing the risk: Outsourcing of certain business activity helps the companies to delegate certain responsibilities to the outsourced vendor. Having expertise in the field, the outsourced vendor can perform the task with care and caution finally minimizing the risk involved in such business process.

4. Cost effective: Due to outsourcing, hiring individuals in-house is not needed. Therefore recruitment and other incidental costs can be reasonably brought down. Lower operational and labour costs

5. Global knowledge base: Outsourcing and offshoring enables companies to get benefit of a global knowledge base, having access to world class capabilities

6. Utilising internal resources: By outsourcing companies can utilize their internal resources optimally for other business activities

7. Access to new markets: Some companies also outsource to help them expand and gain access to new market areas, by taking the point of production or service delivery closer to their end users

Demerits of outsourcing:

1. Confidentiality of information at stake: When an organization outsources its various functions like HR, marketing, Payroll and Recruitment services, it involves a risk if exposing confidential company information to a third-party

2. Enhancing risk by choosing wrong partner: One has to be very alert in choosing right partner for getting your work done through outsourcing. Delay in work, substandard quality output and inadequate monitoring system are the certain limitations in outsourcing the tasks.

3. Legal uncertainty: most of the times outsourcing is done in different countries and are required to comply with various legal compliances and any violations of the terms of contracts create potential threat of legal disputes and thereby enhancing the total cost of the business.

4. Compromise on quality: many times an outsourced vendor may be catering to the needs of various clients and there are chances of compromising on the quality of service provided to your organization .

5. Economic risk: Economic risk likely to create potential turbulence in inflation and exchange rates, a possibility of restriction in profits repatriation, taxation policy changes, etc. Political risk includes issues related to political instability, emergence of regional or international conflicts, a likelihood of changes in labour market regulations, environmental laws, regulation of international business and trade, etc. All such factors poses certain questions on the success of outsourcing.

In such circumstances, it is always better for the companies to consider the benefits and limitations of outsourcing before actually handing over the task of outsourcing.

There are many tasks in the businesses which could be commonly outsourced. Some of them are as under:

1. IT outsourcing, 2. Legal outsourcing, 3. Content Development, 4. Web Design Maintenance, 5. Recruitment, 6. Logistics, 7. Manufacturing, 8. Customer Support

Reasons for outsourcing:

1. Lack of expert-labour in some portions of the business process
2. Availability low cost labour without compromising on quality
3. Enhancing the capability to concentrate on the important business process

These aspects have been considered by the companies while deciding to outsource their tasks. Expertise in communication capabilities, technical expertise and favorable financial packages are the most important advantages of outsourcing to India. Indian human resource is very apt for many international companies to cater their requirement in the IT industry.

In short, companies undertake outsourcing for various reasons depending upon their vision and purpose of the exercise. Being well known concept in the modern world, the outsourcing and offshoring have become one of the important business strategies.

Business outsourcing in India: Business outsourcing in India has become one of the well settled business activity in the country. The economic liberalization policies of the government and the globalization are mainly responsible for the growth of this industry. To cater to the growing demand of rising markets, many foreign companies have started outsourcing to India.

The availability of skilled manpower and low cost labour are predominantly responsible for growth of the outsourcing business in India. The outsourcing business has created ample employment for the young generation. As per one of the recent surveys, around 0.7 million people work in the business outsourcing sector with an average wage growth of around 10 to 15 % annually. Around 82 of the major US companies have said that India is their first choice for outsourcing. With the development of the economy, the number is expected to rise. Renowned entrepreneurs like Bill Gates have hailed India as an IT superpower with immense expertise and competence.

Many multinational companies consider India as an outsourcing destination due to various reasons such as flexibility, technological competence, quality output, cost control facilities, time-to-market etc.

IT outsourcing in India: There are many reputed companies outsourcing to India. Well known global banks and financial organizations like CITIBANK, JP Morgan, GE Capital etc. are outsourcing their products and services to India. In case of software solutions, IT giants like IBM, Microsoft and others provide outsourcing solutions. These companies even have their offices in various cities of India. Some of the main domestic players in the industry of outsourcing are Wipro, Infosys and so on.

Some more well-known companies which outsource to India are:
1.Oracle ,2. Dell Computer Support, 3. Hewlett Packard, 4.Schlumberger, 5. ATT Wireless 6.Texas Electronics , 7.TransUnion 8. Rand McNally

All these companies have tie ups with renowned BPOs in the country or have their own offices from where the outsourcing work is done.

Future of the Indian IT outsourcing industry : the future of the Indian IT outsourcing industry is not that uncertain, and in all probability the industry would retain its competitive standing in the global market and make promising strides ahead.

Way ahead for IT Outsourcing:

1. Hybrid cloud and bimodal IT are set to transform the global IT outsourcing space, with leading companies such as HP and IBM offering IT services based on these frameworks.

2. IT suppliers will have to focus on centralizing their IT delivery systems to reduce costs and improve productivity, as well as focus on the standardization of services to enable scalability and increase automation in the IT system.

Centralization and Standardization IT services: This trend of centralization is likely to involve standardization of services, allowing scalability and increasing automation in the system. For example, according to Capgemini, standardized services accounted for 90% infrastructure outsourcing solutions delivered by the company over 2014–2015. Further, as part of this trend, user companies will consider consolidating their data centers to save costs while reducing their use of energy.

A hybrid cloud is an integrated cloud service that uses both private and public clouds (e.g., Google Cloud) to perform distinct functions within the same organization. This kind of infrastructure allows user companies instant access to standard business capabilities via the public cloud, as well as a regular but more secure access via the customized private cloud.

According to industry experts, by 2018, at least 50% global IT spending is forecast to be cloud-based, with over 50% enterprises expected to create and/or partner with industry cloud platforms. Further, during 2013–2018, the global cloud market is estimated to grow at ~19% CAGR to \$139 billion, including a \$70 billion contribution by private cloud.

Since early 2015, a few user companies, including Lowe's (a US-based retail chain of home improvement and appliance stores that has IT outsourcing contracts with Infosys, Wipro and Cognizant), have announced plans to shift from outsourcing toward in-house delivery of IT solutions to save costs, reduce complexity and improve flexibility in IT delivery systems. This approach is likely to pick up in future, with companies such as AIG, AstraZeneca and Deutsche Bank joining the bandwagon, having insourced a part of their software development projects to their own captive centers.

Bimodal IT: Bimodal IT is the practice of simultaneously managing two separate, coherent modes of IT delivery. The first mode which emphasizes safety and accuracy, the second mode focuses on speed and agility which is exploratory in nature and centers on new development projects.

This new approach is set to become big in the IT space, with leading IT suppliers such as HP, IBM etc.

In such circumstances, it is necessary that companies must align their IT strategies with their business strategies to stay ahead in today's dynamic and competitive business world.

It is expected in this year that there will be development and innovation with trends specifically related to cloud technology, social responsibility, and data security.

It is also necessary to increasing automation and scalability with an emphasis on the development of reusable platforms to deliver efficient tech support for IoT.

Robotic Process Automation(RPA) will ensure increased productivity at reduced costs through a quality process execution, using software robots to replace humans for repetitive tasks.

Buyer-Oriented Integrated Cloud Platforms: Cloud technology is set to become the next trendsetter for the outsourcing market, with more businesses moving to cloud this year. This will enable outsourcing companies to deliver improved and innovative services

Socially Responsible Outsourcing: A new social responsibility based model for business process delivery is also expected to get momentum. This will help deliver quality services at low costs.

India's future outsourcing market : it is estimated that India will be world's fastest growing information technology (IT) market in 2016-17 as it is expected to spend more than \$72 billion on IT services, products and hardware, up from 7.2% from the current year, according to research firm Gartner Inc.

There will be growth in the outsourcing businesses India due to the digitization wave catching up with Indian companies and the growing number of connected devices that form the Internet of Things (IoT).

India's IT market is projected to grow annually at a rate of 4.95% between 2015 and 2019—the fastest globally—to touch \$85.3 billion by the end of 2019.

Aman Munglani, research director at Gartner is of the opinion that the robust growth will help India overtake Australia to become the second largest IT market in the Asia-Pacific by 2019, behind China,

Devices, which include mobile phones, personal computers and tablets, will account for almost 33% of the overall IT spend in India, growing at 9.3% in 2016. While data centre systems will grow 3.9% in 2016, IT services, which accounts for 18.1% of the overall IT spend. It was estimated that there would be the fastest growing segment in 2016 with 13.8% growth year on year, predicts Gartner.

Software, which accounts for nearly 7% of IT revenue in India, will grow 12.7%. Communications services will continue to account for the largest share of IT spend: 39.2% of revenue in 2016. However, this will also be the slowest growing segment, with a 2.1% rise in revenue in 2016, according to Gartner.

As per the findings of a research, Indian IT budget growth of 11.7% is one of the highest in the world, while global average is 1%.

Gartner predicts spending on Internet of Things (IoT) hardware to exceed \$2.5 million per minute in 2016. IoT, usually defined as a network of things that can communicate and exchange information over the Internet. These interconnections, relationships, and algorithms are defining the future of business, according to Harris.

Gartner india further predicts that In five years, 1 million new devices will come online every hour. These interconnections are creating billions of new relationships. These relationships are not driven solely by data, but algorithms. However, it is necessary to take care of security system in this area of businesses.

Gartner predicts that by 2017, the typical IT organization will spend up to 30% of its budget on risk, security and compliance, and will allocate 10% of its people to these security functions. That's triple the levels of 2014.

India is also looking for growth in an innovative and vibrant startup and will continued its dominance in the global outsourcing market in future too.

According to National Association of Software and Services Companies (Nasscom), the voice of the Indian IT industry, the sector also continues to be one of the largest employers in the country directly employing nearly 3.5 million professionals, adding over 230,000 employees during the year. The global outsourcing industry recorded a growth of about 8.5 percent in the recent year. India accounted for 56 percent of the global outsourcing market last year compared with 52 percent in 2012.

"India is performing well IT-BPM exports as it was doubled in last six years. This is due to the digital technologies, growth of startups. India is emerging as a global digital hub rapidly building up capabilities

and offerings. There is special focus on creating skill sets around Big Data, Internet of Things (IoT), Cloud, Social Media, and Mobility, in addition to developing solutions that emphasise design, creativity, agility, and customer experience. There was good growth in the technology startup in the country, which has more than 4,200 startups as of today. India is ranked third in the world, after the US and UK. *The IT-BPM Sector in India: Strategic review 2015*: as per this report of Nasscom it is said that India remained an excellent business delivery centre for the sector. It will continue its dominance in the global outsourcing market in future too.

Even Tier-I cities in India like Bengaluru continue to be between eight to 10 times cheaper than source countries and significantly cheaper than other low-cost destinations," the report said.

The report further states, "The Indian IT-BPM industry is expected to continue to partner and handhold clients to enable business success in the digital era, and is well set on its goal to reach revenues of \$300 billion by 2020. At the same time, challenges around economic volatility, protectionism, competition, and customer understanding will need to be addressed by concerned stakeholders,"

Impact of demonitisation on IT industry: After declaration of demonetization, the government is promoting digital transactions and alternative payments. The banks are also encouraging people to use mobile wallets and electronic payments through their banking apps. The government's move will definitely bring many businesses to be more organized pushing up the volumes of digital transactions. But it appears prima-facie that this has not been well planned strategy to boost the IT enabled industry.

This would probably result into increase in demand for IT adoption. IT industry stands the chance to be positively affected by this change and is likely to see a huge boost. As the country moves towards more cashless way of transacting – new-age payments like Paytm and Mobikwik, online banking and e-commerce platforms will see an increased demand in the near future as people will show willingness to move away from cash. This particularly will benefit IT startups and in long run for the companies outsourcing their tasks to India.

Conclusion: India has made concrete position in the outsourcing market at global level. With skilled manpower and recent boost to startup India move will have positive impact in harnessing the benefits of Outsourcing. India is gradually moving ahead in IT outsourcing and will continued its dominance in the global outsourcing market in future too. According to research firm Gartner Inc., it is estimated that India will be world's fastest growing information technology (IT) market in 2016-17 as it is expected to spend more than \$72 billion on IT services, products and hardware, up from 7.2% from the current year. Recent demonitisation in India would make positive impact on IT enabled service and thereby boost outsourcing in India finally making India globally competitive.

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Significance of Green Networking and its approaches in the age of Globalization

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ABSTRACT

Internet is playing a significant role in our lives and in modern economy. Internet is a heterogeneous network which includes various components. Each component needs power to function and it is observed that lot of energy is consumed during the digital communication. This paper presents a study of green network and various ways adopted for green networking.

Keywords

Network, Green Computing, Green networking, Green Internet, Data Centers, Data Compression, Server Consolidation, Virtualization.

1. INTRODUCTION

”Globalization” refers to the emerging of an international network, belonging to an economical and social system [9]. Because of globalization a business is now moved beyond the boundaries of state and nation. Various organizations which are miles apart can communicate with each other. Technology has played a vital role in Globalization specifically an Internet and Internet services.

In this age of ICT it is becoming very essential to understand the energy consumption during digital communication. Reducing the energy consumption is Energy conservation.

2. WHY GO GREEN?

The world is facing energy challenges like global warming, resource consumption, climate change etc. Therefore it is required to take into account impact of globalization and internet on energy demand.

Each PC which is in use generates a ton of Carbon Dioxide every year in addition to this all electronic components on the internet also consume power. Data center which are used to store data globally also consumes a lot of energy. The recent examination revealed that US data centers consumed about 70 billion kilowatt-hours of electricity in 2014. This consumption is 2 percent of the country’s total energy consumption, according to the study [2]. Consumption of energy leads to carbon dioxide (CO₂) emission.

Raghavan and Ma estimated that the Internet uses 84 to 143 gigawatts of electricity every year, which amounts to between 3.6 and 6.2 percent of all electricity worldwide. Taking other energy consumption into account, the total comes up to 170 to 307 gigawatts. This energy consumption is around two percent of worldwide [3].

Smart phones and various other devices make internet accessing very easy for users which leads to increase in the Internet traffic. Although Internet traffic volume doubles every 3 years, the increase in usage has not been matched by a similar increase in network energy efficiency. By the end of 2016, global IP traffic will reach 1.1 ZB per year, or 88.7 EB per month, and by 2020 global IP traffic will reach 2.3 ZB per year, or 194 EB per month [4].

Going green means sustainable use of natural resources through environment friendly practices. Energy efficient networking is referred Green Networking and Green Internet is moving towards energy efficient Internet to meet the upcoming demands. First efforts towards green networking can be traced back to the papers by Gupta and Singh [12] and Christensen et al. [13]

3. TERMINOLOGIES

3.1 NETWORK

A network can be defined as a group of computers and other devices connected to each other so as they are able to exchange data. Components of a network are personal computers, peripherals, switches, routers and communication media. There are various networks now-a-days present in this world and each one has different hardware and software configuration. When a person from one network wants to communicate with a person from another network, it is essential to connect these different, incompatible networks.

Network can be classified into two types:

1. **Wired Networks:** These networks are also called as Ethernet networks. In this various devices such as PCs, printers etc. are physically connected via Ethernet cables. Wired Networks are reliable, easy to control, more secure and fast but they are difficult to maintain.
2. **Wireless Networks:** In these networks there is no physical connection between the nodes. These networks use high frequency radio waves for communication. Wireless Networks provide portable accessing and ease of maintenance but faces the security challenges.

3.2 INTERNET AND INTERNET OF THINGS (IoT)

Internet has tremendously changed the way of sharing information. It provides fastest and cheapest way of communication. The Internet today is a widespread information infrastructure [15]. A collection of interconnected networks is called an internetwork or internet [1]. Computers which are connected to internet can communicate with each other. No single person or organization controls or owns the Internet.

The Internet of Things (IoT) is a term coined by Kevin Ashton. IoT is network of interconnected things/ devices which are embedded with Hardware, Software, network connectivity that enables the communication. The three key components of IoT are Things, Internet and connectivity.

3.3 GREEN COMPUTING

Green Computing is also referred as Green Technology. It mainly aims to use of computers and other electronic devices in an environment friendly manner. It spans over the entire life cycle of a digital device starting from design, manufacturing/engineering, usage and disposal/ recycling and tries to reduce the environmental impact during each stage. The goal of green computing is to lower down the use of hazardous materials, maximize energy [9]. Green computing includes the implementation of best practices, such as energy efficiency central processing units, peripherals and servers [10].

3.4 GREEN NETWORK

Green networking is working towards reducing the energy consumption by all network devices. Green networking is the practice of selecting energy-efficient networking technologies and products, and minimizing resource use whenever possible with bandwidth conservation.

The goals of Green Networking are as follows: [5]

1. Reduction of energy consumption,
2. Improvement of energy efficiency,
3. Consideration of the environmental impact of network components from design to end of use,
4. Integration of network infrastructure and network services; this integration consolidates traditional different networks into one network,
5. Making the network more intelligent; the intelligent network will be more responsive, requiring less power to operate,
6. Compliance with regulatory reporting requirements; for example, the National Greenhouse and Energy Reporting System (NGERS) and the proposed Carbon Pollution Reduction Scheme (CRPS),
7. Promotion of a cultural shift in thinking about how we can reduce carbon emissions.

3.4 DATA CENTER

Internet relies on Data Centers. A large group of networked computer servers used for the remote storage, processing, or distribution of large amounts of data are called Data Centers. Data centers are commonly run by large companies or government agencies. These data centers consume a very large amount of electricity as they have to provide services 24/7, which essentially needs external cooling system.

3.5 ENERGY CONSUMPTION BY VARIOUS ICT DEVICES:

Before understanding how to save or reduce energy usage, it is necessary to understand how much energy is consumed by various ICT (Information and Communication Technology) devices. Fig. 1 provides this information.

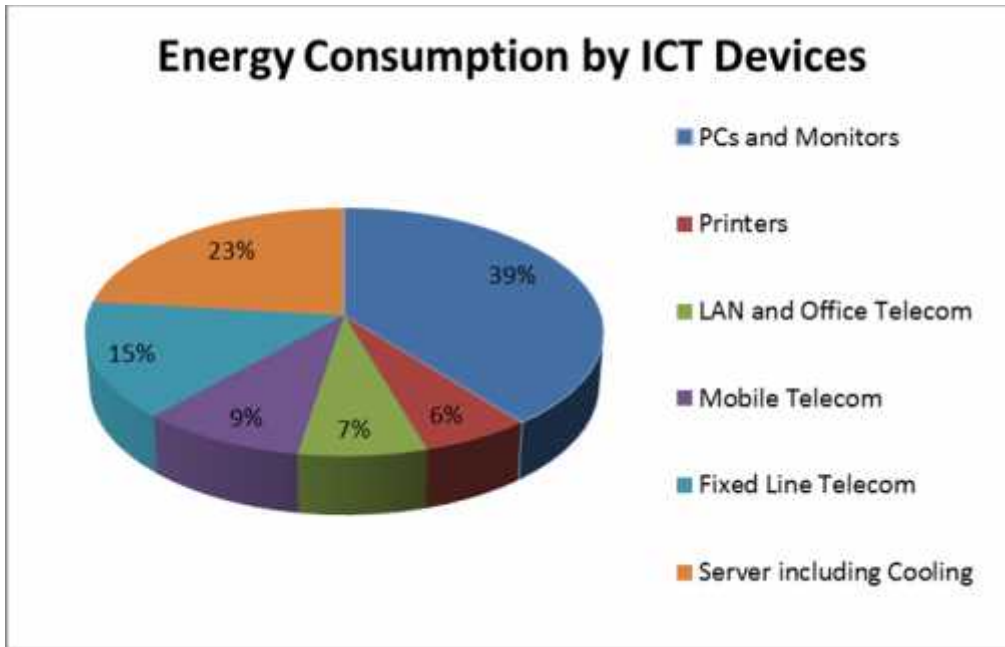


Fig.1 Power Usage of ICT devices [5]

4. APPROACHES FOR GREEN NETWORKING

4.1 DATA COMPRESSION

Wireless transmission of a bit can require over 1000 times more energy than a single 32-bit computation [7]. So to save the energy it is essential to reduce the number of bits which we are transferring on the Internet. Data compression is a technique which allows devices to transfer or store large amount of data but in less number of bits. This technique is also known as data compaction. The data can be textual documents such as emails, messages etc., images such as drawings; photographs etc. or it can be temporal media such as audio, video. The advantages of data compression are:

1. Large data can be stored in less space.
2. Data can be transferred in less time.
3. Less Bandwidth required for data transfer.
4. Improves coding efficiency.

It is required to compress the data at the sender's side and at the receiver's end it is required to decompress the received data. There are generally two types of data compression algorithms,

1. Lossless data compression: Here the data is compressed in such a manner that after decompression exactly same data is generated as the original one. Thus there is no data loss.
2. Lossy data compression: In this technique the data generated after the decompression is not exactly same as the original data.

4.2 VIRTUALIZATION

Virtual means, being in effect but not in actual or fact. Virtualization gives an illusion that unlimited resources are available for the processing. There are various branches of virtualization and Network Virtualization is becoming a one of the youngest among them.

Network virtualization is the technology that enables the creation of logically isolated network partitions over shared physical network infrastructures so that multiple heterogeneous virtual networks can simultaneously coexist over the shared infrastructures. [11]. Advantage of network virtualization to enable a smart energy aware network [14].

Network virtualization consists of Internal and External Virtualization.

1. Internal Virtualization: This technique is applied with virtual servers. Internal virtualization is implemented using the software which provides the connectivity within the server and exchange of data.
2. External Virtualization: It is virtual networking that is outside the virtual server. It involves physical devices such as switches, Ethernet, network adapters etc.

4.3 SERVER CONSOLIDATION

Energy consumption is very high at Data centers so it is required to go for Green Data Centers. Server consolidation is one approach to Green Data Centers.

Consolidation is merging or integration of many items into a single one. Server consolidation tries to reduce number of servers or server locations. It helps in using the server resources efficiently. Server consolidation describes a variety of ways of reducing capital and operating expenses associated with running servers [6]. It is developed as a solution to server sprawl. Server Consolidation helps in using server resources in an efficient manner. According to Tony Iams, Senior Analyst at D.H. Brown Associates Inc. in Port Chester, NY, servers typically run at 15-20% of their capacity, but they take up more space and electricity as compared to their workload. This underutilization of server capacity is called 'Server Sprawl'.

Virtualization is also used as one approach for server consolidation.

5. CONCLUSION

For an organization whether it is big or small, information is a very important asset. Information has to be processed, stored and distributed. The necessity to access information anytime and from anywhere is the base for technology evolution resulting into the digital communication. The enormous growth of digital communication has increased the demand of energy which ultimately leads to increase in CO₂ emissions. This paper tries to address the concept of green networking and gives the overview of various approaches towards green networking.

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A perspective study of “Make in India” in IT and BPM Sector

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A perspective study of “Make in India” in IT and BPM Sector

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Abstract

India has emerged as an ‘IT hub’, especially in the IT and BPM sectors. The IT sector has numerous industries with many opportunities. India’s IT and BPM industries are large players in global outsourcing market. Rapidly rising urban organization has fostered several IT centers in the country. There are favorable government policies and incentives to facilitate investments in the IT and BPM sectors. It has abundant skilled manpower; India is home to a large number of IT professionals. The major objective of this study is to focus on job creation and skill enhancement in 25 sectors of Indian economy. Initiative is taken to achieve high quality standards and minimize undesirable impact on environment. It attracts capital and technological investment in India. The IT and BPM sector have helped India transform from a rural and agriculture-based economy to a knowledge based economy

Keywords: Make in India, IT, BPM, Sector, Software, Technology

Introduction

Make in India is an initiative launched by the Government of India to encourage multi-national, as well as national companies to manufacture their products in India. It was launched by Prime Minister Narendra Modi on 25 September 2014. India emerged, after initiation of the programme in 2015 as the top destination globally for foreign direct investment, surpassing the United States of America as well as the People's Republic of China. In 2015, India received US\$63 billion in FDI.

IT and BPM sector accounts for the largest share in total Indian services export (45%).IT and BPM sector accounts for 56% of the total global outsourcing market. There are 640 offshore development centers in more than 80 countries. Indian IT and BPM industry is expected to grow to USD 300 billion by 2020.IT and BPM sector constitutes ~ 9.3% of India's GDP.

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IT and BPM sector in India, has the main focus on increasing technology adoption and developing new delivery platforms. The major sectors that blend together to contribute to service industry are IT trade, Education, Financial services, Media, Hospitality, accommodation and food services, entertainment, culture, transportation, warehousing and storage. Modern businesses are not possible without the help of IT which has a significant impact on the operations of enterprises and it is claimed to be essential for the survival and growth of economy in general. IT and BPM sectors are high value addition and net foreign exchange earning industries.

IT and BPM is the largest private sector employer - delivering 3.7 million jobs. Opportunities in the IT and BPM sectors can be classified among the following broad categories: IT services, R&D Services and Software Products, Customer Interaction Services (BPO, KPO), Transaction processing (Data entry/ conversion, Rule set processing, Problem solving), Content Development, Knowledge Services (Non-IT) and Engineering Design. Multiple opportunities for strategic use of information technology exist today. Many more are constantly emerging as lower cost technology providing significant new capabilities. They are increasingly being seized upon as competitive pressures grow. It can be used to support enterprise systems and e-business applications as well. Business professionals need to be aware of the availability of new technologies and are able to evaluate the cost benefits and usefulness of them.

IT enhances access to information products provide access to government services making skill formation and training more effective, improves delivery of health services and promote transparency. It provides tremendous employment potential and links with Government and people both at the rural and urban levels. Investment in knowledge based industry will determine the level of countries position in world economy in the next two decades. IT builds capabilities to respond quickly to new business opportunities and challenges optimizing business processes develops new applications, modernize and rationalize and modify a complex and inefficient technology environment. Improve quality of services and flexibility to internal and external stockholders and customers are yet some more benefits of IT. To be successful one must understand the roles and responsibilities in the context of the surrounding IT and business processes.

India has established as a definite superiority in the global scenario of IT and BPM services and production.

This paper is divided into 4 sections; while section 1 being Introduction of Make in India. Section 2 has Literature review of the IT and BPM sector which contain comparative study of IT and BPM industries globally as well as in India. Discussion of growth of IT and BPM Industries by revenue and export wise is presented in Section 3 where Section 4 has the concluding remarks.

Literature Review

In 1965, immigration laws in USA were modified and the restrictions on immigrants were reduced considerably. As a result a lot of Indian professionals migrated for research opportunities in USA. The IT revolution in USA and the much fancied Silicon Valley in the US during the 80s and 90s could not have been possible without the contribution of these migrant Indians. This migration created innumerable opportunities in the USA in the IT sectors for Indians. Due to the fast growing IT sector in USA, there was a need IT professionals outside USA. India had a huge number of educated people and the education in India being in English, there was a large population of English speaking technically knowledgeable people in India. Hence outsourcing of work started gaining momentum and this led to the huge boom in the IT sector in India, where in most of the work is exporting software and software services to the US and other overseas clients (History of IT Industry in India).

After the economic reforms of 1991-92, major financial incentives provided was by the Government of India and the State Governments, like liberalization, elimination of duties on imports of information technology products, relaxation of controls on both inward and outward investments and foreign exchange. Software Technology Parks (STP), and Special Economic Zones (SEZ), has enabled India to good position in world's IT scenario.

Role of IT and BPM industry

The Indian IT and BPM sector has registered tremendous growth over the past decade, achieving iconic status all over the world and a reputation for reliable and cost-effective delivery of services. Today India is recognized as the outsourcing destination of choice in the world. The major developed markets are sourcing IT and BPM from India to gain bottom-line benefits, improving their competitive edge. India is home to a large number of IT professionals, who have the necessary skill and expertise to meet the demands and expectations of the global IT industry. The cost of skilled Indian workforce is reasonably low

compared to the developed nations due to vast and cheap man power. This makes the Indian IT services highly cost efficient and this is also the reason as to why the IT enabled services like business process outsourcing and knowledge process outsourcing have expanded significantly in the Indian job market.

IT and BPM industries worldwide spend was USD 2.3 trillion, growing at 4.6 per cent over 2013, global sourcing of services grew by 10 percent, and India continued to hold on to its leadership position with a 55 percent market share. In FY2015, the Indian IT and BPM industry is projected to account for revenues of USD 146 billion, growing by 13 percent over last year. Industry exports are over USD 98 billion growing at 12.3 percent, while the domestic segment, which has benefited from the inclusion of ecommerce and mobile app industry, is estimated to touch USD 48 billion. At the same time the IT and BPM industry's relative share in India's GDP has swelled to 9.5 percent, it offsets more than 70 percent of India's oil import bill. The IT and BPM industry today is India's largest and most diverse private sector employer, with a direct workforce nearing 3.5 million, and effecting over 10 million indirect jobs. The Indian IT and BPM industry has arisen as one of the most vibrant sectors in India's economic development. It is responsible for the global recognition of India as a 'soft' power. It is fuelling India's economy. IT and BPM industry has been effect on lives of people through direct and indirect contribution to various socio-economic parameters such as employment, standard of living and diversity (Report of IT and ITES, 2014).

Discussion and Findings

IT sector in India has been one of the most significant growth contributors for the Indian economy. The IT and BPM sectors go hand-in-hand in every aspect. BPM (Business Process Management) sector accounts for largest share in total Indian services export (45%). IT-BPM sector accounts for 56% of the total global outsourcing market. 640 offshore development centers in more than 80 countries. Indian IT & BPM industry is expected to grow to USD 300 billion by 2020. IT and BPM sector constitutes ~ 9.3% of India's GDP. IT-BPM is the largest private sector employer, delivering 3.7 million jobs. (Make in India Govt. Website)

Indian IT companies have set up over 600 delivery centers across the world and are engaged in providing services with presence in over 200 cities across 78 countries. India continues to maintain leadership position in the global sourcing arena, accounting for almost 55 percent of

the global sourcing market size in 2013 as compared to 52 percent in 2012. The IT sector has employed almost 10 million Indians and, hence, has contributed significantly to social transformation in the country (Report of Twelfth Five Year Plan 2012–17)).

Growth of revenue of IT and BPM Sector

Indian IT and BPM industry revenue is estimated at USD 129.5 billion in FY2015-16 as compare to USD 118.8 billion in FY2014-15, registering an increase of around 9.0%. The overall industry's growth of this sector over the last five years is given in the table below

IT – BPM Industry Revenue Trends (in US \$billions)

Year/ Description	2011-12	2012-13	2013- 14	2014- 15	2015- 16(E)	CAGR % (2011-16)
Exports	68.8	76.5	87.3	97.8	107.8	12.81
Domestic	19.0	19.2	19.0	21.0	21.7	4.64
Total	87.8	95.7	106.3	118.8	129.5	11.16

Source: NASSCOM, E: Estimated

The above table shows that in 2011-12 the export was 68.8 US \$billion; in 2012-13 it becomes 76.5 US\$ billion after that it mounting which will be expected in 2015-16 is 107.8 US \$ billion. Evidently the growth is steadily in increasing in the domestic market.

IT and BPM industries are the emerging geographies and manifest exponential, growth due to platforms, products and automation. Increasing adoption of technology and telecom by consumers and focused government initiatives in IT is seen. IT leads to increased Information and communication technology adoption. It uses IT in emerging verticals (retail, healthcare, utilities) are driving growth in Indian IT sector. India has been creating a future-ready digital workforce, with more than 0.15 million employees social, mobile, analytics, cloud skills. Its market is expected to grow to USD 225 billion by 2020. USD 1.6 billion is spent annually on training workforce and growing R&D spend. The government's Digital India Campaign envisages a USD 20 billion investment covering mobile connectivity throughout the country, re-engineering of government process via technology and enabling e-delivery of citizen services.

Export of IT and BPM Sector

The Indian IT and BPM industry is relentlessly continuing its growth path. The IT and BPM industry demonstrated flexibility and resolve to adjust to turbulent economic conditions and experience double digit growth. IT and BPM exports is estimated to gross USD 107.8 billion in FY2015-16, growing by 9.0% over FY 2014-15 and contributing nearly 83% of the total IT and BPM revenues (excluding hardware). A combination of solutions around disruptive technologies such as SMAC (Social media, mobility, analytics and cloud), artificial intelligence, embedded systems etc. have become the life-force of the industry.

During FY 2015-16, IT services exports (excludes BPO, Engineering, R&D and Software products) is expected to register an year to year growth of over 10.3%, generating exports of USD 61.0 billion, driven by collaboration, communication, business intelligence projects, and integration of SMAC services with traditional offerings. During FY 2015-16, ITES/BPO exports are likely to be USD 24.4 billion with a growth rate of ~8.4% over FY2014-15. Software products and ER&D segment are estimated to generate exports of US\$ 22.4 billion in FY 2015-16 with y-o-y growth rate of ~12%. The domain specific solutions focusing on convergence, customization, efficiencies and localization, M2M technology and newer technologies around SMAC are playing a significant role in driving the growth of ER&D and software products. With over 3,100 firms, India is emerging as a hotbed for software products with SMAC and a supportive ecosystem creating successful stories.

The domain specific solutions focusing on convergence, customization, efficiencies and localization, M2M technology and newer technologies are playing a significant role in driving the growth of ER&D and software products. With over 3,000 firms, India is emerging as a center for software products (Global IT Report 2012).

Segment wise export Revenue Trends in IT – BPM Industry (in USD billions)

Year/ Segment	2011-12	2012-13	2013-14	2014-15	2015-16(E)	CAGR % (2011-16)
IT Service	39.9	42.9	49.2	55.3	61.0	12.73
BPM	15.9	18.3	20.4	22.5	24.4	11.43
S/W Products, R&D and Engineering Services	13.0	15.3	17.7	20.0	22.4	14.46

Total IT-BPM	68.8	76.5	87.3	97.8	107.8	12.81
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Indian IT-BPM (Domestic and Export) Revenues (in USD billions)

	USD Billion	IT Service	BPM	Software Products, Engineering Services, R&D	Hardware	eCommerce	Total
FY	Export	55	23	20	0.4	-	98
2015-	Domestic	13	4	4	13	14	48
16	Total	69	26	24	14	14	146

Source: NASSCOM, E: Estimated

Foreign Investors in IT and BPM Sector

India is one of the biggest hubs for IT companies the world over. With global companies looking to make their way into the Indian IT and BPM sector, there are a tremendous number of IT and BPM industries which have impacted the industry in a big way. Following listed are the foreign investors in IT and BPM industries came through the Make in India initiatives.

- | | | |
|---------------------|----------------------------|-----------------------|
| Accenture (Ireland) | CDNS (USA) | Steria (France) |
| Cognizant (USA) | Intel (USA) | Ricoh (Japan) |
| HP (USA) | Dell International (USA) | SAP (Germany) |
| Capgemini (France) | Agilent Technologies (USA) | TIBCO (USA) |
| IBM (USA) | Mentor Graphics (USA) | Philips (Netherlands) |
| Atos (France) | Oracle Corporation (USA) | |
| Microsoft (USA) | Qualcomm (USA) | |

Conclusion

Make in India is happening project and is one that India desperately needs to booster start and endures its growth momentum. At this moment, our Prime Minister's Make in India campaign appears to be an imaginative marketing campaign. But there is much thought and even more work that is required to convert this to reality. Fortunately, we have many natural advantages including a big labor pool and a large domestic market. Information technology (IT) have evolved into a key enabling infrastructure across industries while proving to be a powerful driver of enhanced living conditions and opportunities around the globe. IT has changed the world dramatically over the last decade or so, and it is bound to continue to do so at an even higher pace. The study of growth of IT and BPM industries posed by new IT remains unfinished. National Policy on Information Technology 2012 aims to increase revenues of IT and BPM industry to USD 300 Billion by 2020 and expand exports to USD 200 Billion by 2020. The policy also seeks to achieve the twin goals of bringing the power of information and communication technology (ICT) within the reach of all its citizens while harnessing the capability and human resources of the country to enable India to emerge as the Global Hub and Destination for IT and BPM Services by 2020.

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Network Challenges in Globalisation

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Network Management refers to overcoming all the issues pertaining to smooth functioning of Networks in organizations, it means all hardware and software functions, characteristics, features, operational procedures, accountability measures, access controls, administrative and management policy required to provide an acceptable level of protection for hardware, software, and information in a network. Over the years it was observed in various articles and white papers that many issues or challenges are found only in network management. Networks being the heart of any organizations needs to be protected from attackers and hackers. Attacks to corporate network are not only come from outside, but also inside the company itself. Organizations must protect and ensure that the networks are capable of handling threats from insiders as well as outsiders. Effective Network Management needs a right tools, right people and correct processes to be in place. The correct training of staff for the use of tools, handling IT people and carrying out the processes may reap benefits to handle the challenges of networks globally.

This article will highlight on some major issues faced globally and preventive measures to ensure smooth functioning of Networks

Introduction

Networks are the heart of data flow in any organizations. With the increased number of IT users in any company and the overall complexity of enterprise networks, IT professionals are faced with the daunting task of protecting networks from known and unknown malicious activity. To survive and deliver great work efficiently, companies are adopting network management and infrastructure management applications. Faiz(2006) Smooth functioning of the day to day activities in the organizations depends on the health of good functioning of Networks. Managing Networks has always been a challenge for many organizations. The right technologies, timely up

gradations, powerful infrastructure, reduced costs, skilled Network Managers, maximizing network performance has been the core issues in managing excellence in Networks.

Definition

Hegering(1999)et.al defines “Network management as all measures ensuring the effective and efficient operations of a system within its resources in accordance with corporate goals.” To achieve this, network management is tasked with controlling network resources, coordinating network services, monitoring network states, and reporting network status and anomalies.

Challenges faced by the Network Manager

Authors Veal and Kohli(2002) mentioned that Network managers often experience problems in keeping up-to-date with rapid technological change in terms of new equipment needs, associated staff development and training requirements as well as changes in law, safety requirements and practices. Sydow(2005) observed that as computer networking was getting more complex, there was an increasing need for network professionals to design, implement, and manage networks. Since the objectives of computer network was to share resources and to support business processes, it was essential that network professionals should not only have technical skills but also be abreast with the business concepts. Faiz(2006) commented that Network Managers these days faced with the daunting task of protecting networks from known and unknown malicious activity .It could be concluded from the above statements that over the past three decades, Network Managers are facing with the daunting tasks of protecting, maintaining, controlling networks in the changing business scenario.

Key decisions about Network Management

Schiesser(2002) spells out that before an effective, high-level network management process can be designed, six key decisions are needed to be made to influence the strategy, direction and cost of the network process. These six decisions are taken by answering the questioned mentioned below:

- What will be managed by this process?
- Who will manage it?

- How much authority will this person be given?
- What types of tools and support will be provided?
- To what extent will other processes be integrated with this process?
- What levels of service and quality will be expected?

To carry out the key decisions in an effective manner, it is necessary for organisations to know about the Network Management functions.

Previous Work and Studies

Ehab ALSaheer (2009) mentioned that in many ways, network management remains the least understood aspect of computer networking. There is a lack of well-established principles guiding the design of networks for manageability. There is also a lack of scientific understanding of the evolution of network state in real operational environments. A number of organisations have created products to help network managers gain visibility and manage the behavior of their networks. The dimensions and complexities of today's large networks are outstripping the capabilities to manage them in an efficient and cost-effective manner. With the rapid pace of technological advancements, networks have constantly grown in size and consist of a variety of heterogeneous devices and proven systems. These large networks have a large number of nodes interconnected by heterogeneous transmission media (e.g. wired and wireless) and operate at accelerated speeds. Managing such networks has increasingly become very difficult.

A study by Nuangjamnong C et.al(2008) reveals that Network Managers are facing increasing challenges to provide improved and higher rates of system performance. Problems faced by them include unscheduled down time, lack of staff with appropriate expertise, insufficient tools, complex technologies, business consolidation and competitive markets. Capacity planning of network resources become necessary in order to minimize adverse performance or even lack of IT availability which can result in negative impacts on business performance. Most network performance management problems involve capacity issues, which in turn affect network application demands. Therefore, business organizations need to collect relevant networking information as the basis for identifying potential problems, planning changes, and implementing new capacity and performance functionality into their networks. The authors found that Network Management is often viewed as a technical problem that does not include human factors.

However the ultimate responsibility for management exists with people and their requirements and not with machines.

According to Hochhauser(2005) Network Managers face critical challenges like network performance, unexpected network failure, network interruptions, upgrading the networks and planning the network design.

Kalyankar(2009) found that in any computer Network, there are a lot of communication devices trying to access resources and at the same time getting requests to carry out some work for some other device, controlling network traffic requires limiting bandwidth to certain applications, guaranteeing minimum bandwidth to others, and marking traffic with high or low priorities.

Saran(2004), states "Human error is the primary cause of network downtime.", Many experts from different sectors agree to the human error factor, like poor change management, misconfigured devices, unauthorised changes or errors in configuration files.

Faiz(2006) commented that with increased number of IT users and the overall complexity of enterprise networks, Network professionals are faced with the daunting task of protecting networks from known and unknown malicious activities. The IS 2006 survey by IMRB showed that Network security gets the top priority in IT spending for 53 percent of enterprises, 48 percent of companies consider ERP as their priority, while servers top the priority lists for 29 percent of the companies covered. Networked storage is considered as priority spending by 23 percent. It was observed that Network security is a major challenge for any CIO. Among the other challenges faced by organizations whose IT infrastructure is large, availability of services and their solutions are some hurdles in sustaining better Network management. Another observation made by the author is getting quality service from the vendor who support the Network Infrastructure. The author concludes that retention of good and efficient network managers is a major challenge faced by organisations.

In another study by Frost & Sullivan(2009) who carried out a survey on CIOs across industries, mentioned that 85 percent of the respondents believed that Viruses, Worms and Trojan Horses were the major problems in today's IT Network environment. Downtime and physical security were some of the other security concerns for CIOs. According to the survey the authors concluded that Enterprise security is no longer confined to external threats alone. Incidents of

loss of data in organisations are on the rise and organisations need to seriously evaluate the impact such incidents will have on compliance, credibility and competition issues.

Veal and Kohli(2002) in their article observed that Security problems which includes the physical security of the devices, requires staff to be aware of such issues and the required procedures and policies to be followed. This can include all staff entering the premises including outside maintenance staff as well as cleaning staff. The demands of network security have also been increasing at a fast rate where new security protocols and devices need to be introduced to combat new threats. A lack of understanding of the operation of these protocols can lead to security gaps in the network which can have disastrous consequences. The authors further comment about the uptime and backup issue which requires additional equipment that leads to extra costs and in large organizations a large fraction of the annual budgets is consumed by such IT costs.

Conclusion

The studies from experts and authors reveal that Network Management is not an easy task. CTO's globally face a lot of challenges in managing and maintaining it. Network Management is not limited to physical wiring, addressing, routing and monitoring of the core network like departmental networks, remote networks, virtual subnets, virtual private networks (VPNs). It needs efficient use of right tools, right people and correct processes to be in place. A network audit should be carried out which can focus a professional judgment on the key personnel handling networks , evaluation of policies and procedures associated with core business aligning with networks, inventory of resources used in the information systems environment. A checklist of Network Audits should be carried out by Network Managers for overcoming the issues of Networks in organization.

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Network Audit Checklist

Tools

Firewalls and Border Routers

- *Modems , Routers , analog lines are identified and justified*
- *Documentation on the brand, type, version and location of firewalls maintained*
- *Vendor websites for current patch levels and other security updates/warnings*
- *Check if the OS is current or updated .*
- *Policies governing the firewalls are reviewed from time to time. Laptops are checked if firewalls are installed.*
- *Anti-virus should be installed with timely updates*

People

- *Network Managers should manage the IP addresses. Regular checks should be done to avoid misuse of IP addresses.*
- *Training should be given to enhance the knowledge pertaining to the areas of responsibility. Network Managers should identify and avoid phishing attempts, he should train the employees so that they don't click suspicious mails.*
- *Regular Penetration tests should be done as dictated by compliance regulations as soon as there are some modifications to the website.*
- *Access to the regular users and privileged users should be defined.*

Process

- *Policies should be created which is approved by management, and made official pertaining to security decisions*
- *Maintain a server list which marks all the IP addresses, Operating system and all matters related to servers and a responsible person. If there are multiple servers assign different persons to handle the responsibility.*
- *Log should be maintained and reviewed periodically.*
- *Documentation of tools, people and processes should be maintained.*
- *Maintaining a history of bygone network problems and possible solutions can be maintained for future use.*

Research Paper

Business Intelligence & Predictive Analytics in Big Data for Big Insights

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ABSTRACT

A forecast from International Data Corporation (IDC) sees the big data technology and services market growing at a compound annual growth rate (CAGR) of 23.1 per cent over the 2014-2019 forecast period with annual spending reaching USD 48.6 billion in 2019. This wide range includes domain such as Banking, Government, Manufacturing, Utilities, Telecommunications Education, Healthcare, Retail, Insurance, Securities, Railroads, Customer Service / BPO etc.

One of the major applications of future generation parallel and distributed systems is in big-data analytics. Data repositories for such applications currently exceed exabytes and are rapidly increasing in size. Beyond their sheer magnitude, these datasets and associated applications' considerations pose significant challenges for method and software development. Datasets are often distributed and their size and privacy considerations warrant distributed techniques. Data often resides on platforms with widely varying computational and network capabilities.

In this paper, we will analyze the current BI & Analytics Solutions for Big Data Analytics world market in order to come up with business plan recommendations for better decision making and opportunities generated by the global BI Software Solutions in open source environment.

Keywords

Decision Support System (DSS), Advanced Analytics, Big Data, Hadoop, Apache Spark, Scala, Sqoop, Flume, Pig, Hive, Hbase, Cassandra, Mongo DB, Business Intelligence Software & Applications, Machine Learning, Statistics, Mathematics, Open Source Environment, Enterprise Resource Planning (ERP), Analytics, Workforce Data, Data Warehousing, MapReduce, Data Visualization, SQL, Open Source, Social Data, Cloud Computing, Data Mining, Data Quality, IT, Software, Business Intelligence, Collaborative Data, Data Management, Unstructured Data Performance Management, Predictive Analytics, Cloud, Data Mining.

Introduction to Big Data Analytics

Big data is a term that describes the large volume of data – both structured and unstructured – that inundates a business on a day-to-day basis. But it's not the amount of data that's important. It's what organizations do with the data that matters. Big data can be analyzed for insights that lead to better decisions and strategic business moves using Statistical & Machine Learning techniques.

Further Analytics which is the discovery and communication of meaningful patterns in data. Especially valuable in areas rich with recorded information, analytics relies on the simultaneous application of statistics, computer programming and operations research to quantify performance. Analytics often favors data visualization to communicate insight. Firms may apply analytics to business data to describe, predict, and improve business performance. Specifically, areas within analytics include predictive analytics, prescriptive analytics, enterprise decision management, retail analytics, store assortment and stock-keeping unit optimization, marketing optimization and marketing mix modelling, web analytics, sales force sizing and optimization, price and promotion modelling, predictive science, credit risk analysis, and fraud analytics. Since analytics can require extensive computation, the algorithms and software used for analytics harness the most current methods in computer science, statistics, and mathematics.

Importance of Big Data with Analytics

The importance of big data doesn't revolve around how much data you have, but what you do with it. You can take data from any source and analyse it to find answers that enable 1) cost reductions, 2) time reductions, 3) new product development and optimized offerings, and 4) smart decision making.

Defining the Big Data

Big Data is the frontier of a firm's ability to store, process, and access (SPA) all the data it needs to operate effectively, make decisions, reduce risks, and serve customers. Big data usually includes data sets with sizes beyond the ability of commonly used software tools to capture, curate, manage, and process data within a tolerable elapsed time. Big data "size" is a constantly moving target, as of 2012 ranging from a few dozen terabytes to many petabytes of data. Big data requires a set of techniques and technologies with new forms of integration to reveal insights from datasets that are diverse, complex, and of a massive scale. The critical processes & challenge of big data:

Store. Can you capture and store the data?

Process. Can you cleanse, enrich, and analyze the data?

Access. Can you retrieve, search, integrate, and visualize the data?

Characteristics of Big Data

Volume: The quantity of generated and stored data. The size of the data determines the value and potential insight- and whether it can actually be considered big data or not.

Variety: The type and nature of the data. This helps people who analyze it to effectively use the resulting insight.

Velocity: In this context, the speed at which the data is generated and processed to meet the demands and challenges that lie in the path of growth and development.

Variability: Inconsistency of the data set can hamper processes to handle and manage it.

Veracity: The quality of captured data can vary greatly.

Types Big Data

Structured Data: ERP, CRM, Eco/Fin, Lob etc

Unstructured Data: Log Files, Sensors, Social Networks etc

Semi structured Data: XML and JSON documents are semi structured documents, NoSQL databases are considered as semi structured.

Big Data Analytics & Modeling for Insights:

- a) Classification Models
- b) Segmentation Models
- c) Association Models
- d) Anomaly Detection Models
- e) Dimension Reduction Models
- f) Forecast Models
- g) Probabilistic Scoring Models and so on.

COMPONENTS OF BIG DATA ANALYTICS

(A) BUSINESS LAYERS IN BIG DATA ANALYTICS SOLUTIONING



A big data solution typically comprises these logical layers:

1. Big data sources

All of the data available for analysis, coming in from all channels. Data scientists clarify what data is required to perform the kind of analyses required by the client. This layer includes all the data sources necessary to provide the insight required to solve the business problem. The data is structured, semi-structured, and unstructured, and it comes from many sources

- Enterprise legacy systems (Billing Operations, CRM, ERP etc)
- Data management systems (DMS) (MS Excel, MS Word Documents etc)
- Data stores (Enterprise Data Warehouse, Operational database and transactional database)
- Smart devices (e.g smartphones, meters, healthcare / travel tourism devices)
- Aggregated data providers (Geographical information, human generated content, sensor data etc.)

2. Data massaging and store layer

This layer is responsible for acquiring data from the data sources and, if necessary, converting it to a format that suits how the data is to be analyzed. For example, an image might need to be converted so it can be stored in an Hadoop Distributed File System (HDFS) store or a Relational Database Management System (RDBMS) warehouse for further processing. Compliance regulations and governance policies dictate the appropriate storage for different types of data. Because incoming data characteristics can vary, components in the data massaging and store layer must be capable of reading data at various frequencies, formats, sizes, and on various communication channels:

Data acquisition: Acquires data from various data sources and sends the data to the data digest component. It must be able to determine whether the data should be massaged before it can be stored or if the data can be directly sent to the business analysis layer.

Data digest: Responsible for massaging the data in the format required to achieve the purpose of the analysis. This component can have simple transformation logic or complex statistical algorithms to convert source data.

Distributed data storage: Responsible for storing the data from data sources. Often, multiple data storage options are available in this layer, such as distributed file storage (DFS), cloud, structured data sources, NoSQL, etc.

3. Analysis layer

The analysis layer reads the data digested by the data massaging and store layer. In some cases, the analysis layer accesses the data directly from the data source. Designing the analysis layer requires careful forethought and planning. Decisions must be made with regard to how to manage the tasks to:

- Analysis-layer entity identification
- Analysis engine
- Model management

4. Consumption layer

This layer consumes the business insight derived from the analytics applications and enables monitoring & building, Business process management processes, Real-time monitoring, Reporting engine, Recommendation engine, Visualization and discovery

5. Collaborative layer

Aspects that affect all of the components of the logical layers (big data sources, data massaging and storage, analysis, and consumption) are covered by the vertical layers:

- **Information integration**

Big data applications acquire data from various data origins, providers, and data sources and are stored in data storage systems such as HDFS, NoSQL, and MongoDB. This vertical layer is used by various components (data acquisition, data digest, model management, and transaction interceptor, for example) and is responsible for connecting to various data sources. Integrating information across data sources with varying characteristics (protocols and connectivity, for example) requires quality connectors and adapters.

- **Big data governance**

Big data governance helps in dealing with the complexities, volume, and variety of data that is within the enterprise or is coming in from external sources.

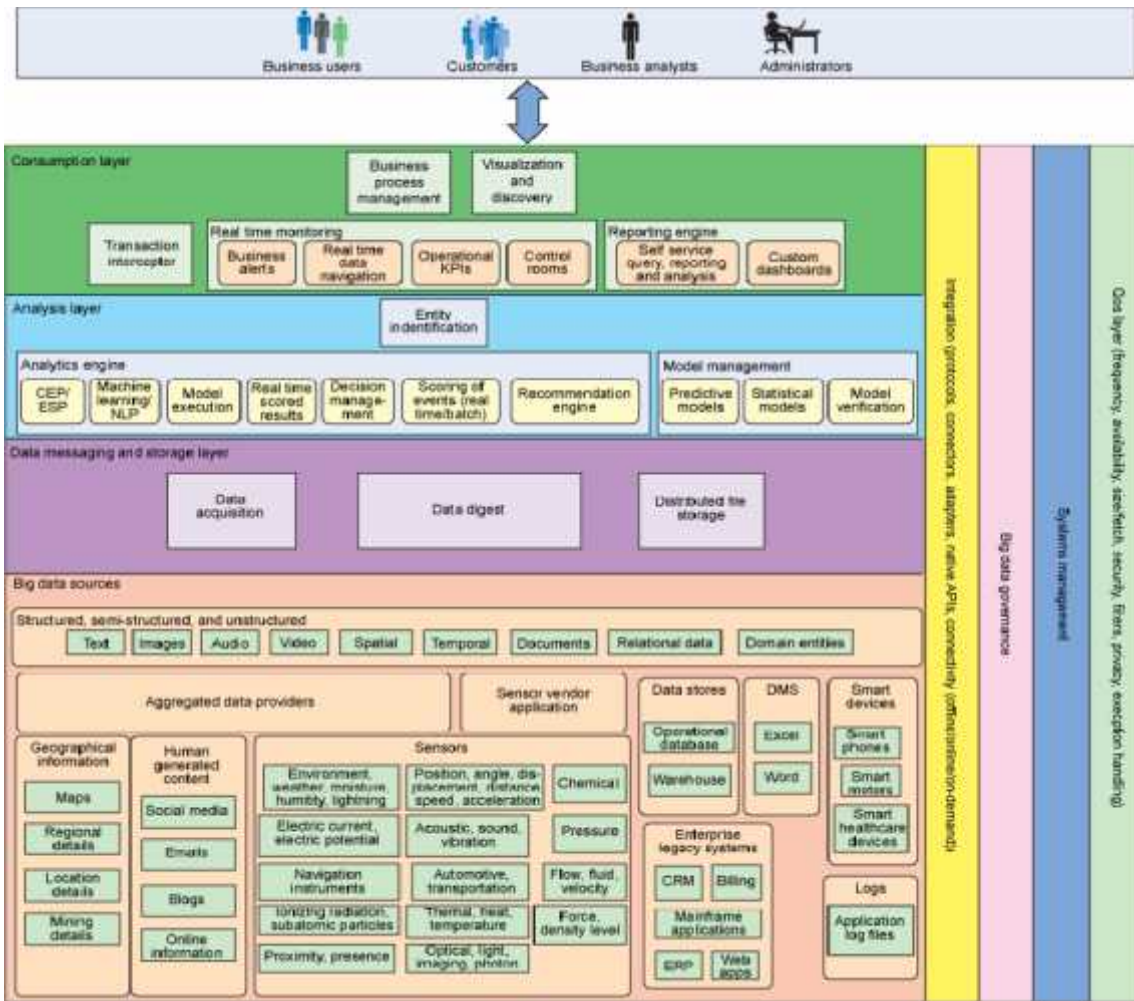
Systems management

Systems management is critical for big data because it involves many systems across clusters and boundaries of the enterprise. Monitoring the health of the overall big data ecosystem.

- **Quality of service**

This layer is responsible for defining data quality, policies around privacy and security, frequency of data, size per fetch, and data filters

COMPONENTS OF BUSINESS LAYERS IN BIG DATA ANALYTICS SOLUTIONING



Source: IBM

(B) TECHNOLOGY LAYERS IN BIG DATA ANALYTICS SOLUTIONING

The Evolution of the Enterprise Data Hub POC



(I) HADOOP DISTRIBUTED FILE SYSTEM (HDFS)

The Hadoop Distributed File System HDFS is designed to hold large amounts of data. It is a Java based file system and provides faster access to data. It is highly scalable having scalability up to 200 PB of storage. HDFS is also highly reliable and fault tolerant system. A single cluster of HDFS containing 4500 servers can support billion files and blocks.

The master slave architecture of HDFS consists of a NameNode and DataNode. NameNode is a centralized process maintains the directory tree of HDFS .It can performs common operations like rename, delete, open and close It does not store any data, but maintains a map of the blocks in the file, the file name, and the DataNode where the blocks are stored. The data of the file is split into 3 parts, each of size 128 Megabytes, and each part is stored separately at multiple DataNodes. This is done so that the data is not lost even if one DataNode fails. Blocks are created or destroyed at the request of NameNode, which processes the requests from clients. Clients can communicate with the DataNodes directly to read or write data at the HDFS block level. Apache Spark can be used with HDFS in following 3 ways: Standalone deployment, using YARN, and Spark in MapReduce.

(II) BIG DATA ANALYTICS USING SPARK

Apache Spark is a high performance framework for analyzing large datasets. It was developed at UC Berkeley AMPLAB as an alternative to Hadoop MapReduce framework. Apache spark consists of a driver program (SparkContext), workers also called executors, cluster manager, and the HDFS. Driver program is the main program of spark. SparkContext is the object that gets created during execution of spark program, and is responsible for entire execution of the job. The SparkContext object connects to cluster manager, which are used to manage the resources across cluster. Cluster managers provide Executors, which are used to run the logic and also storing the app data.

Spark is based on two concepts: Resilient Distributed Datasets (RDD) and execution engine Directed Acyclic Graph (DAG).

A. Resilient Distributed Datasets (RDD) are Spark's primary abstraction, which are a fault-tolerant collection of elements that can be operated on in parallel. They are immutable once you create an RDD. They can be transformed, or actions can be performed on them, but they cannot be changed. They help with rearranging the computations and optimizing the data processing. They are also fault

tolerant because an RDD know how to recreate and compute the datasets. RDD can be constructed by paralyzing existing collections such as lists, or by transforming existing RDD, or from existing files in HDFS. A spark programmer specifies the number of partitions for the RDD and if not specified, a default value is used.

There are two types of operations that can be performed on RDD's:

1. ***Transformation:*** When transformations are applied on RDD's, they return a new RDD and not a single value. Transformations are lazily evaluated, i.e. they are not computed immediately. They are executed only when an action runs on it. Some of the Transformation functions are map, filter, ReduceByKey, FlatMap and GroupByKey.
2. ***Action:*** When Action operation are applied on RDD's, they evaluate and return a single value. All the queries that process the data are computed when an Action function is called, and return the result value. Some Action operations are first, take, reduce, collect, count, foreach and CountByKey.

B. Directed Acyclic Graph (DAG)

Spark consists of an advanced Directed Acyclic Graph (DAG) engine which supports cyclic data flow. Each Spark job creates a DAG of task stages to be performed on the cluster. DAGs created by Spark can contain any number of stages, as compared to MapReduce, which creates a DAG with two stages - Map and Reduce. This allows simple jobs to complete after just one stage, and more complex tasks to complete in a single run of many stages, rather than splitting it into multiple jobs. Thus, jobs complete faster than they would in MapReduce.

There are 4 core Apache spark component: Spark SQL, Spark Streaming, GraphX and MLlib (Machine learning library) -

Spark Core is the foundation of the framework. It provides basic I/O functionalities, distributed task dispatching, scheduling.

A. Spark SQL: Spark SQL allows running SQL like queries on Spark data using traditional BI and visualization tools. It provides support for structured and semi structured data by introducing a new data abstraction SchemaRDD. It also provides SQL language support, with command-line interfaces and ODBC/JDBC server.

B. Spark Streaming: Spark streaming allows processing the real-time data. It uses DStream, which is a series of RDD's, to process real-time data.

C. Spark GraphX: GraphX introduces the Resilient Distributed Property Graph, which is directed multi-graph having properties attached to each edge and vertex. GraphX includes a set of operators like aggregateMessages, subgraph and joinVertices, and optimized variant of Pregel API. It also includes builders and graph algorithms to simplify graph analytics tasks.

D. MLlib: MLlib is Spark's scalable machine learning which consists of utilities and common learning algorithms like regression, classification, collaborative filtering and dimensionality reduction.

CONCLUSION

Data growth today is phenomenal and in the world of Business Intelligence; Data Science & Advanced business analytics solutions have played key role in turning Big Data into information using Statistical & Machine Learning Algorithms in open source environment. The present research paper attempts to provide an insight into both the Business as well as the Technological perspective in Big Data Analytics & Solutioning.

As we have entered the era of Big Data, new analytics tools like Hadoop MapReduce and Apache Spark have been developed to analyze and process this Big Data. Apache Spark has gained significant momentum and is considered to be a promising alternative to support iterative processing logic and ad-hoc queries by replacing MapReduce. Apache Spark has received a lot of appreciation in many fields like pattern recognition, machine learning, data mining, information retrieval, and image retrieval. However, as the amount of data to be processed grows, many data processing methods have become less efficient. This paper exploits the

Apache Spark framework for efficient analysis of big data in HDFS, and compares it with other data analysis framework- Hadoop MapReduce. It is seen that Apache Spark increases the speed of computation of iterative algorithms and completes them in much less time as compared to Hadoop MapReduce. Apache Spark also provides a high performance, highly scalable and fault tolerant framework for big data analysis.

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