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Efforts of Selected Companies in India

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# **Prabandhan Guru**

(A Research Journal of Management and Information Technology)

ISSN : 2321-4295, RNI : UPENG/2010/38376

Vol : VIII, Issue : 1&2, Jan-Dec 2017

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## **Towards a Better World - Corporate Sustainability Efforts of Selected Companies in India**

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### **Abstract**

*Global concerns for climate change, environment protection, human rights violations, legal compliances etc have necessitated the corporate to pay attention towards social and environmental issues. They should pay back to the society from which they are taking things and ensure sustainable development i.e. development that meets the requirements of the present without compromising on the needs of the future generations. Hence, continuous emphasis is being laid on the triple bottom line – people (social), planet (ecological) and profits (economic) so that the needs of the society are included in the corporate planning of organisations and continuous efforts are made by the corporate houses towards ensuring a harmonious development in the ecology and society alongwith taking care of their own interests. Although corporate houses in India were doing their bit in terms of environmental conservation, rural and health development etc since earlier times, but it was in the year 2011 that Ministry of Corporate affairs made it mandatory for them to report on their initiatives in the form of sustainability reports. Over these years, there have been a host of activities that organisations have added to their kitty like reducing carbon footprints, reducing electricity consumption, treatment of effluent and wastes before disposal, taking care of welfare of employees, making top management responsible for organisational performance etc to become socially responsible entities.*

*The present paper is an attempt to study the efforts put in by selected corporate houses in India to contribute towards the establishment and growth of a sustainable environment for the future generations. Information has been collected from the sustainability reports of these selected corporate and a comparative study of the schemes is made.*

**Key Words:** Environment, Development, Sustainability, Triple bottom line.

### **Introduction**

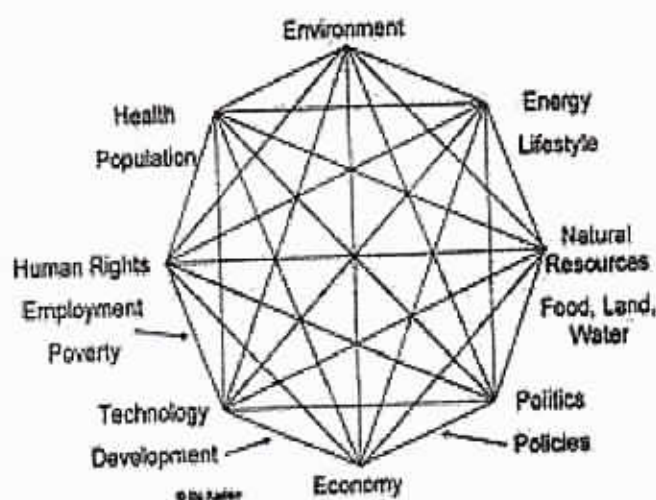
The changing global environment has forced corporations to look beyond profits and self-growth and contribute towards the development of a society where resources are available not only for present needs but also for the future generations. Hence, emphasis is

continuously being laid on the development of green products, green technology, welfare of employees and other stakeholders etc. In other words, we can say that focus is on holistic development of all – industry, its people, its products and services and the environment in which it is operating i.e. sustainable development.



The word sustainability (corporate sustainability) is derived from the concept of sustainable development which means, "Development that meets the needs of the present without compromising the ability of future generations, to meet their own needs". It refers to the role that companies can play in meeting the agenda of sustainable development and entails a balanced approach to economic and social progress along with environmental concerns. The product or service of a business does not compete in the market –place only in terms of superior image, power, speed, packaging etc, but also in the way how the business reduces consumption, energy use, distribution costs, economic concentration, soil erosion, atmospheric pollution and other forms of environmental damage. This has been aptly demonstrated by Kjellen's Diamond of sustainability given below.

**Fig 1 : Kjellen Diamond of Sustainability**



Source: Research Gate

## Review of Literature

The world over, efforts are being made by business houses to develop and sell profitable solutions to the world's environment problems. But, most of the companies are at stage 1 where they merely focus on pollution prevention, efforts to reduce waste and energy conservation. A few of the companies have moved to stage two, where focus is on product stewardship and environmental impacts associated with the whole life-cycle of the product. The third stage is of developing and commercializing clean technology which provides a solution to both environmental and social problems (Hart, 1997). Firms are increasingly called upon to play a positive role and thus shape the future of societies globally (Kolk and Tulder, 2010). Large companies have discovered that being environmentally conscious and running sustainable operations addresses not only the fiscal bottom line, but also the triple bottom line (Esty and Winston, 2009). It is also observed in a few studies that various industrial sectors view issues related to corporate sustainability differently based on their business models, inputs and outputs and consumer base (Chand and Fraser, 2006).

## Research Methodology

The study has been conducted using the secondary data from the Sustainability reports of the 3 leading corporate houses – ITC, TCS and Airtel for the years 2015-16 in different sectors of the business and a comparative study of the different sustainability activities



has been done. These 3 have been short-listed based on the report of Top 10 socially responsible business in India.

### Sustainability efforts by Indian Corporate

In most parts of the world, sustainability efforts and sustainability reporting is a voluntary practice. In India too, sustainability reporting is still voluntary but the Companies Amendment Act, 2013 has made it compulsory for companies having net profits more than Rs 5 crores to invest atleast 2% of their net profits in Corporate Social Responsibility activities. This amendment is expected to go a long way in making sustainability reporting mandatory as well as developing a sustainable business environment in the country. The sustainability efforts of the select Corporates are listed as under:

**Table 1 : Sustainability efforts at ITC**

Economic Sustainability (Profit and economic Prosperity)	Environment Sustainability ( Planet and environment quality)	Social Sustainability ( People and equity and justice)
The paid –up share capital of the company as on 31 <sup>st</sup> March 2016 is 804. 72 crores divided into equity shares of Re 1 each. Company declared a dividend of Rs 8.50 per equity share.	ITC's Watershed Development Programme is designed to assist farmers in almost 2,70,000 hectares of dry lands and moisture-stressed areas.	ITC's Social Investments Programme is spread over 26 states covering 166 districts
ITC has created multiple drivers of growth by	" Over 47% of ITC's total energy	45,823 children were covered under the

developing a portfolio of world-class Indian businesses	requirements was met from carbon neutral sources such as biomass, wind and solar.	initiative comprising 'Read India Plus' programme and 176 Supplementary Learning Centres to mainstream out-of-school children into regular schools. Till June 2016, the total number of children benefitted is nearly 4,70,000.
Diversified multi-business conglomerate spanning FMCG, Hotels, Paperboards & Packaging, Agri Business and Information Technology Vibrant portfolio of world-class Indian brands „	All ITC's premium luxury Hotels are LEED Platinum certified.	ITC's globally acknowledged e-Choupal initiative is the world's largest rural digital infrastructure benefitting over 4 million farmers.
Market capitalisation: \$44 billion „ Turnover: Nearly \$8 billion	Over 2,25,000 hectares greened under ITC's Social and Farm Forestry Programme	Over 50,000 sustainable livelihoods for rural women
ITC Group provides direct employment to more than 32,000 people	Carbon Positive for 11 consecutive years " Solid Waste Recycling Positive for the last 9 years Water Positive for 14 years in a row	ITC's Biodiversity Programme covers nearly 4,000 hectares The objective is to protect native flora and fauna and providing other ecosystem services.



Over the last twenty years: <ul style="list-style-type: none"><li>• Revenue has grown tenfold</li><li>• Profit Before Tax has grown 33 times</li><li>• Total Shareholder Returns has grown at a compound annual rate of 23.3%</li></ul>	The 'Well-being Out of Waste' initiative currently extends to 400 municipal wards of Hyderabad, Chennai, Bengaluru, Coimbatore and several towns of Telangana. It inculcates the habit of source segregation and recycling.	Training nearly 34,000 youth by upgrading skills of marginalised youth to better meet the emerging needs of the job market.
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Source: Sustainability Report 2015-16

Table 2 : Sustainability efforts at TCS

Economic Sustainability (Profit and economic Prosperity)	Environment Sustainability ( Planet and environment quality)	Social Sustainability ( People and equity and justice)
TCS offers a consulting-led, integrated portfolio of IT, BPS, IT infrastructure, engineering, and assurance services. In addition, it has also launched several new service offerings around mobility, social computing, Big Data and the cloud Which is delivered through its unique Global Network Delivery Model.	TCS Co-Innovation Network (COIN ), the ecosystem for collaborative innovation, has expanded its footprint	'TExcel' is a special program which grooms high potential women in middle and senior levels to become leaders

Total shareholder's equity stood at \$ 11,048.4 Mn, and a dividend of INR 43.5 i.e. a payout ratio of 42% of the consolidated profits was given to the shareholders	The pillars of energy management at TCS are energy efficient office buildings, Green IT, data centre power management, operational energy efficiency, and renewable energy.	TCS' Adult Literacy Program (ALP) is accessible in nine Indian languages and three foreign languages. These IT enabled modules for functional literacy have reached 261,518 beneficiaries globally.
353,843 employees are the backbone of TCS	The 'Swachh Bharat, Swachh Vidyalaya Abhiyan' intends to enhance cleanliness across Schools, through enhanced water and sanitation facilities. TCS' intervention has benefitted 80,757 girls in 1,472 schools across 1,169 villages in four states	BPS Employability Program has provided an effective platform for the development of communication skills, corporate etiquette, interview skills, and basic computer knowledge among youth in marginalized regions of the country. The program involves 80 to 100 hours of interactive training designed to enhance employability
The company's 10-year Compound Annual Growth Rate (CAGR) is 18.7%, and we closed FY 2016 with revenue of USD 16.544 billion	Marine Turtle Conservation Program aims to protect the breeding sites of the Olive Ridley Turtle and prevent illegal hunting and killing of turtles while protecting	multilingual chat platform, GG talk, was developed and deployed in the Kumbh Mela to help streamline field communication across departments.



	these species from other predators.	
TCS follows a "follow-the-sun" approach, meaning that no matter where the clients' business is located, they help keep it running 24/7, while providing a seamless experience across all operations.	43.6% reduction in carbon Footprint 45% reduction in electricity Consumption 3.1% of total power from renewable sources	Foundation for Academic Excellence and Access (FAEA) to help SC/ST students studying in professional courses in leading colleges in the country.
	Zeros Heroes' is based on a 5 step plan to reduce the energy demand, recycle 100% of waste, use energy from renewable sources, offsets and employee engagement	Research Scholar Program (RSP), seeks to support doctoral students in India in computing sciences. Under this program, scholars receive a stipend as well as funds to travel to conferences to present their work

Source: Sustainability Report 2015-16

**Table 3 : Sustainability efforts at Airtel**

<b>Economic Sustainability (Profit and economic Prosperity)</b>	<b>Environment Sustainability ( Planet and environment quality)</b>	<b>Social Sustainability ( People and equity and justice)</b>
Bharti Airtel Limited is a leading global telecommunication company with operations in 20 countries across Asia and Africa.	Airtel in collaboration with IKSA introduced an Entrepreneurial program for the farmers, wherein the farmers and their families	Airtel's Each One Teach One Day' is aimed at driving internet literacy in India

	including the children can enrol as 'Kisan Mitra'.	
Total Revenue generated in 2015-16 - Rs. 233,357million of which EBIT Rs. 85,705 million	25% reduction in CO2 from energy per rack in our data center operation Also, with greening of the telecom sites, there has been over 160000 Kiloliters reduction in diesel usage	Airtel's m-Health service provides its customers with quality health advice over mobile phones - anytime, anywhere. The service benefitted over 1,60,000 users
Total shares issued - 3997.4 Mn shares. Declared a dividend of 27.2 %	The e-bill initiative saves paper, and has helped save over 1000 million sheets of paper	Fisheries project with the Government of Odisha.IKSL added 200,000 fishermen to the network in Odisha to provide information on fisheries
266.6 million customers in over 7800 towns and 779900 villages	Rooftop Solar Energy at Main Switching Centres (MSC) - Airtel installed six more solar plants in FY 14-15, taking the total capacity to about 0.74 MWp, installed at 12 MSC location in total. These on-grid solar plants are expected to generate 1.1 Mn units, resulting in emission	Airtel partnered with Swadhaar FinServe Pvt. Ltd., a microfinance institution (MFI), in order to serve economically active, urban poor women to enable them to repay their monthly loan installments using Airtel money. 13,876



	reduction of approximately 800 tons per annum.	women have benefitted from this scheme
24940 employees and 92,775 partners are the strength of the business	Green power wheeling for MSCs and Data Centres - the Company made green power wheeling agreements for the Procurement of green energy, under open access of 45 Mn units per annum, which will result in emission reduction to the tune of 36000 tons per annum.	Satya Bharti Abhiyan focuses on providing toilet facilities in villages and other slum areas. 12723 toilets delivered over 559 villages of Ludhiana benefitting 63,000 users
	Conversion of indoor sites to outdoor - Airtel is partnering with tower companies to convert Indoor sites to outdoor sites. Over 12500 sites have been converted to outdoor till date, reducing the energy consumption by about 25%. This initiative also forms part of Airtel's War on waste (WOW).	
	The e-waste generated from technology upgradation, capacity	

	augmentation and others is handled and recycled as per the Waste Electrical and Electronic Equipment WEEE guidelines. Over 1700 tons of e-waste generated from IT and network infrastructure was recycled through authorized recycling partners	
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Source: Sustainability Report

### Findings

All the three companies - ITC, TCS and Airtel are socially responsible companies and have made all efforts to take care of all their stakeholders- employees, environment, shareholders, consumers etc. They have not only imbibed the concept of sustainability in their products and processes but also allocated separate budgets to provide for the societal needs like education, health, community development etc. From the above tables showing the sustainability activities of these companies, we can derive that:

**Economic sustainability:** As far as economic sustainability is concerned, all the three companies are fulfilling their obligation by ensuring growth and returns from business which in turn is going to benefit the stakeholders. There is transparency in dealings of the



company and the corporate structures have been designed to imbibe the concept of sustainability and corporate governance. There is a huge employee base that is being handled by these organisations and all of them have taken appropriate measures to ensure employee welfare and growth in the organisation. Also, the diversity among employees is aptly developed and effort is being made to employ the physically challenged also.

**Environment Sustainability:** ITC, TCS and Airtel have all made efforts to preserve the environment and there is a lot of emphasis on reduction of carbon emission, making use of alternate sources of energy like solar and wind energy, recycling of solid waste, water conservation and also e-waste management is being done by TCS and Airtel as increasing technological changes have made things redundant at a quicker pace. The companies have also moved out of their business acumen and taken up tree plantation activities, activities to preserve the flora and fauna of their areas etc in order to ensure that the planet becomes a healthy living place.

It is noted that majority of these efforts of the organisations revolve around their products and processes only and much emphasis is being laid on developing their green infrastructure. Whatever external effort is made is done in the areas surrounding them only.

**Social Sustainability:** Societal development and awareness programmes are the most strongly taken up sustainability activities of the companies as they feel that

giving back to the society, impacting the lives of the masses is what is going to reap them long term returns. There is a lot of diversity that is seen in social responsibility activities as they range from health and sanitation to not only building up schools and higher education institutes but also providing for the research and development in the country by financially supporting PhD scholars from economically backward backgrounds. Efforts are being made not only to bring about literacy among the masses but also digital literacy so that they can adapt to the technological changes. Skill development, improving communication skills and interview skills of youth from marginalized areas and employment generation are the other activities on the list of the corporates for social development. It is noteworthy here that majority of these efforts are concentrated on women welfare and empowerment and uplifting the marginalized groups to the streamline by providing them education and employment opportunities. Special budgets are earmarked every year and plans made to bring about effective social change.

## Conclusion

The emerging paradigm of companies appearing socially and environmentally responsible is ushering into an optimistic journey in creating a pleasant planet. Businesses have learnt that they can sustain their growth only if society is generally satisfied with their overall contribution to societal well-being, climate change, community health, education and development.



Hence, to reap long term gains corporates have started making efforts to make their surroundings sustainable and contribute to the growth in the economy and society. But still, there are issues like inclusive employment, natural resource management, water, solid waste management, health, climate change etc for which a lot needs to be done. Also, corporates need to move out from their respective home zones and also contribute for those areas where neither the government nor the industry is reaching so that the whole country can develop as a better place to live in.

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## E-Governance and Corruption

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### Abstract

*The purpose of this paper is to recognize the need to fight corruption as it has been considered as one the most prevalent and persistent challenges in enhancing economic growth and in improving the quality of life. Specifically we investigate the link between e-government and what can be done to make e-government more effective in anti-corruption. In keeping with the above goal we develop a theoretical framework to fine relation between them and to find the strategies to safeguard the economy and try to speculate as to how e-government could de more for anti-corruption.*

**Keywords:** E-Government, corruption, Anti- corruption, develop, economic growth.

### Introduction

In today's competitive world, an urge to earn money, power, and fame made individuals so self concerned that they are not even thinking of the impact their actions on society as a whole. Earlier a country like India was known for its honesty and ethical business and social practices but now different scandals, corruption are the common features of Indian economy. Public life is dominated by corruption and inability of Politian's to define the level of corruption Mr. Rajiv Gandhi very rightly said, "if one rupee is spent on development plans then only 15 paisa reach to the beneficiary with 40 paisa on overheads and 45 paisa is lost in corruption".

### Corruption

According to the World Bank and Transparency international "Corruption is the misuse of public offices

for private uses". Corruption is a never ending process which is preset in private as well as public sector. Corruption includes many types of activities like bribery, misrepresentation and concealment of facts. It occurs when one uses his office holding acts for personal gain. Prof. Klitgaards and Rose Ackerman defines the corruption equation as

$$\text{Corruption} = \text{Monopoly} + \text{Discreation} - \text{Transparency}$$

(in governance)

Administrative corruption and political corruption are the different kinds of corruption exist in public sector. In other words corruption is an action of providing a good or a service to a third party so that he or she can influence certain actions which benefit the corrupt or third party or both.

## **E-Governance**

E-governance is the process of utilizing the informational technology in order to form the relations with different institutions and individuals. It offers better services to citizens and businesses at least possible cost. It provides a platform to citizens for conducting their affairs with government or simply to gather any information required and hence enhance the efficiency. It is an applicability of government agencies for accessing the relevant information. Electronic governance or e-governance is the application of information and communication technology for providing government services by exchanging the required information.

E-governance is the application of range of modern information and communication technologies such as internet, local area networks, mobiles etc by government for improving the effectiveness, efficiency self delivery and to promote democracy.

## **E-Governance and Corruption**

E-governance is one of the strategy opted for reducing the level of corruption from an economy. Both the terms e-governance and corruption are closely related to each other as e-governance policies are used to provide best services to the individuals, creates more transparency greater convenience, revenue growth and cost reduction. The use of technology through e-governance can serve a variety of different ends: better delivery of government services, improved interactions with business and industry, citizen's empowerment through access of information or

more efficient government management. E-governance introduces competition which improves services level and reduce the corruption. It is anti-corruption strategy introduced to bring greater transparency in all decisions, actions, performance, rules and all kind of data by building accountability for accessing the information, making decisions traceable and by providing the documentation to citizens to follow up.

## **Implications of E-Governance**

- E-governance offers a wide variety of ICT (information, communication and technological) services to citizen in an effective and economical manner for promoting the healthy relationship between government and citizen.
- Two-way communication allows citizen to communicate directly with public administrators and cast remote electronic votes.
- Providing or granting more convenient services that do not require face to face interactions.
- Simplify governance for government, citizen and businesses.
- E-governance creates government administration more transparent, speedy and accountable, while addressing the society's needs and expectations through efficient public services and effective interaction between the people, businesses and government.
- Enabling digital communication by e- business and utilization of commercial electronic transaction protocol.



## Implementation Strategy and Methodology

The national e-governance plan of Indian government lays the foundation and provides the unlimited opportunities for economic as well as social growth. It provides the information regarding the methodology for adopting the right governance and institutional mechanisms, setting up the core infrastructure, policies and plans at central state and integrated service level. The national e-governance plan takes a holistic view of e-governance initiatives across the country, integrating them into a collective vision and a share cause.

Implementation of e-Governance is a highly complex process which requires different types of hardware and software, networking, process re-engineering and change management. On the basis of different experiments and past experience, strategy and methodology must contain following elements.

1. **Supportive infrastructure** – Information technology is basic requirement for the implementation process. It involves setting up of common and supportive it infrastructure like state wide are networks, state data centre, common services centre.
2. **Good governance** – competent authorities should provide the ethical guidance as per the standards and policy guidelines for making the suitable arrangement for monitoring and coordinating the implementation process.
3. **Delegating the necessary authority-** the promotion of e-governance should be done through centralized

initiative to the extent necessary and allowing for decentralized implementation. It also focuses on identifying successful project and repeating them with required skill and judgment.

4. **Promoting PPP model-** without affecting the security aspect public private partnerships wherever feasible should be adopted for implementation process.
5. **Integrative Elements-** adoption of unique identification codes for citizens, businesses and property is to be promoted to facilitate integration and avoid ambiguity.
6. **Integrated state and national level plans and policies-** various ministries and authorities are involved in framing strategies and need for overall aggregation and integration is required for achieving the objective.
7. **Role defining-** Plans can be properly implemented by defining roles and responsibilities for each and every institution or individual involved. Appropriate management structure can be put in place with clear defining of roles and responsibilities.

## E-Governance and Corruption – An Indian Overview

No doubt, e-governance is a wonderful tool for bringing transparency, accountability and reliability in India. But in India it has its own challenges that include administrative, legal and technological factors. There may be instances where e-governance can itself be a source of

corruption. Effective use of e-governance would also require an efficient mechanism to deal with e-waste. Lack of privacy and data protection law has also created various obstacles before successful implementation of e-governance in India e-governance without cyber security is useless in India. Absence of mandatory e-governance services in India is the main cause of slow growth of e-governance.

In India E-Governance has been playing a remarkable role in the journey to achieve the goal of "MINIMUM GOVERNMENT, MAXIMUM GOVERNANCE". With the advancement of technology, e-governance has also expanded its horizons in the form of M-Governance which is becoming the preferential mode of accessing the information. It provides the road map for the sustainable growth of the economy.

Level of Corruption in Different Departments in India

Sr. no.	Name of department	Scale
1	Political parties	4.2
2	Parliaments and legislature	4
3	Police	4.1
4	Business and private sector	3.1
5	Media	3
6	Public officials and civil servants	3.5
7	Judiciary	3.1
8	Education	3.4
9	Military	2.8
10	Religion bodies	2.9

5-extremely corrupted; 1-not at all corrupted  
Source : [www.worldbankgroup.org](http://www.worldbankgroup.org)

Strategies to Reduce Corruption

- 1. Education.
- 2. Change the government process.
- 3. Increased government and citizens' interactions.
- 4. Strong legal actions against corruption.
- 5. Increasing transparency.
- 6. Professional accountability.

Fighting against Corruption with E-Governance

With the help of different types of surveys or research regarding e-governance and corruption a linkage between the two factors can be formed which act as a basis for further policy making process. E-governance acts as an important tool for fighting against corruption as e-governance provides the knowledge or exposure required for understanding the core problem. It takes away discretion, thereby curbing the opportunities for arbitrary action which often results in corruption. E-governance provides accessibility towards required information by making it possible to track and link the corrupt with their wrongful acts.

As the data is freely available, e-governance provides the platform to question the unreasonable rules and procedures. E-governance acts as one of the key component of anti-corruption strategy and its initiatives can be implemented in corrupt departments in order to make their working also transparent. By taking the legal action against corrupt department, e-governance reduces the corruption tolerance rate which ultimately reduces the corruption up to some extent. E-governance efforts make the society aware regarding its role in contributing anti-corruption strategy.



## **Different areas of Benefits of E-Governance**

### **A) MICRO LEVEL BENEFITS**

At micro level, e-governance is concerned with the areas of individual benefits focused on needs and requirements of individual and business concerns.

1. **Citizens-** Vital benefits for citizens include convenience, improved quality of customer services, and easy access to quality information.

- Convenience – e-governance helps in providing timely public services to individuals.
- Access to quality information-with the help of e-governance, an individual can access the government services at anywhere without affecting the work schedule.
- Improved customer service- e-governance allows deploying the resources in such a way that processing of information provides improved customer services.
- Self-service- by providing the facilities of e-governance self service for normal day to day interactions allows the government to give attention to other important aspects.
- Powerful incentive to professionals-vital information becomes easily accessible with help of e-governance due to which professionals can get the opportunity of monitoring the information of their own service.

2. **Businesses-** the key benefits of e- governance include lower cost of doing the business transactions and increased access to quality information.

- Minimum cost-E-governance lowers the cost to a business of conducting interactions with government.
- Economical- Electronic transactions help in saving the time as compared to conducting the activity personally as their exists no waiting lines.
- Future planning- A key driving force for the growth of business is the ability to plan for the future and government helps in collecting the relevant information for policy making activity of the business.
- Organized information-E-governance provides a greater amount of information to businesses and provides it in more organized and accessible form.

### **B) MACRO LEVEL BENEFITS**

The key benefits of e-governance for society as a whole are the increased efficiency of operations, economic growth and development of society. E-governance becomes more productive by allowing everyone to focus on the target area and allowing the routine to be handled electronically. It become easier to work with government organizations because of the reduced paper work requirements. E-governance tries to bring transparency in business operations by curbing the corruption up to some extent.

E- Governance reduces the burden of adopting a process that enables collecting data at once for multiple uses. Even though the benefits of e-governance begin slow but grow larger over time.

### **Constraints to Reduce Corruption through E-Governance**

Various hurdles are present in the road map of the process of fighting against corruption with e-governance

- Public utility services are available through online channel of internet and internet is in the country like India is no doubt growing but the required growth rate is still very far behind.
- Lack of infrastructural support hampers the process of fighting against corruption with e-governance
- In the process of providing the services through e-governance, intermediaries still exist.
- Political hurdles are forces which act as road block in the growth process of an economy.
- Legal and administrative hurdles in disintermediation and offering services online.

### **Conclusion**

E-governance plays an important role against corruption however it will not ensure the termination of

corruption from all spheres of the society. By introducing the policy of e-governance can transform citizen service; provide access to vital information to empower the citizen by enabling their participation in government and enhancing citizens' economic and social opportunities so that they can make better lives for themselves and next generations. Corruption is present in each and every sector, its removal is not the sole responsibility of governance only but the residents of the country have to equally contribute towards the activities or steps against corruption. Public awareness is the first condition for fighting against corruption.

Inspite of poor infrastructure, poverty, illiteracy, language dominance and all other reasons still India has number of award winning e- governance projects but India has long way to go for introduction promotional schemes of e-governance.

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## Goods and Service Tax in India: Problems & Prospects

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### Abstract

*India is a federal country where Indirect Tax is levied by Federal and State Government. Value Added Tax is levied by State Governments. Every State has authority to decide the Tax rate and to control the Tax system as per their convenient. The Taxation power has been well defined in Indian Constitution. The Constitution (122nd Amendment) Bill that seeks to usher in a Goods and Services Tax (GST) regime in the country will finally be taken up in Parliament. Finance Minister Arun Jaitley has affirmed that India will implement GST from 1st July 2017. It can be looked as simplification of Taxes in country and avoiding unnecessary complexities. India is a federal country which has various Tax regimes and structure, where Tax is levied by both Governments. After the implementation of GST all the Indirect Taxes will be subsumed under an umbrella, it will be a milestone in the history of Indirect Tax reform. In this paper, an attempt has been made to examine the major features of GST. This paper has also focused on the problems likely to be faced by Central and State Governments.*

### Introduction

Value Added Tax (VAT) was proposed for the first time by Wilhelm Von Siemens in Germany 1919, as an improved turnover Tax. In 1921, Sales Tax was recommended by Prof. Thomas S. Adams of United State of America. In 1949, the Shoup mission (A group of American Tax experts, under the leadership of Carl S. Shoup) has suggested VAT for the reconstruction of the Japanese economy. Then, France was the first country to implement VAT in 1954.

At present Value Added Tax (VAT) has been implemented by more than 160 countries in the world, even our neighbor country Pakistan is also implementing GST. However, GST is known as "General Sales Tax"

in Pakistan. In one of the countries of Africa, it is known as "General Consumption Tax (GCT)". In various countries (Table-1), all over the world, it is also known by the name of Goods and Service Tax (GST). Where in Australia, Canada, Singapore and New Zealand it is also famous as "GST". After Brazil (1960) and Canada (1991), India will be the 3rd country which is going to introduce dual GST (levied by both Federal and State Government) structure. There is no difference between GST and VAT except a minor difference that VAT is levied on goods and GST will impose on goods plus services. Again, GST is not an additional Tax; it is subsumed of all Indirect Taxes. This means all Indirect Taxes will come under one umbrella.

Table-1

S.No.	Region	No. of Countries
1	ASEAN	7
2	Asia	19
3	Europe	53
4	Oceania	7
5	Africa	44
6	South Africa	11
7	Caribbean, Central & North America	19

Sources: [http://gst.customs.gov.my/en/gst/Pages/gst\\_ci.aspx](http://gst.customs.gov.my/en/gst/Pages/gst_ci.aspx) (as on 14/08/2015)

Review of Literature

A number of studies have been conducted to examine various facets to the introduction of the GST. The studies suggested some important issues of GST like Dual GST Tax structure, where Federal and State Government will work mutually. Uniformity in Tax rate and distribution of the Tax between CGST and SGST etc. remain in the system. M. Govinda Rao, (2009) has found that GST is not a new Tax. It is only the further improvement over the existing consumption Tax system at the Central and States level. At present Federal and State Government levy Service Tax and VAT respectively and GST will be subsumed of all Indirect Tax. While some of the important shortcomings of the GST are summarized in the following- Reforming the consumption Tax system, List of exempted goods and services. Management of the Tax system, what will be the rate of Tax and who will decide the Tax structure etc?

Six characteristics of a well-designed GST in a federal system are given below.

1. Uniformity rate of Taxation within a given jurisdiction, ideally at a single rate.
2. Sales would be taxed under the destination principle.
3. Low cost of compliance and administration.
4. Each level of Government to set its own Tax rate subjects to agreed floors
5. A substantively common Tax base for Central and State Governments
6. Substantial Co- operation in Tax administration between all levels of Government

Major problems of the study are

1. Amendment in the Constitution.
2. Uniformity in the Tax rate.
3. Administration of GST, both at the Central and State levels will have to be prepared themselves to deal with transitional issues.
4. The power of decision making about the Tax rate and collection of Tax.
5. Regarding the source of awareness to understand and gain knowledge of about GST system, most of the dealers are dependent on Tax consultant.

Model of GST

There are three prime model of GST:

1. GST at Central Government level only
2. GST at State Governments level only
3. GST at both, Central and State Government level

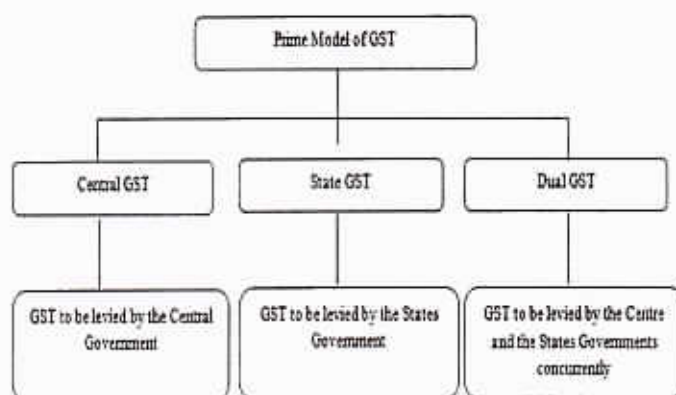
Important Features of GST

“First time the discussion on GST in India” exhibits in detail the basic features of its structure and implementation aspect. Of course, some of the details



are already known to us and a few others will help to clarify some details. Some of the important features of the GST reform are:

- a) This dual GST model would be implemented through a certain number of legal provisions. The GST shall have two mechanisms: one levied by the Centre (CGST), and the other levied by the States (SGST).
- b) In the First Discussion Paper on GST released by Empowered Committee has given its recommendations that the Central Taxes and State Government Taxes should be subsumed under the GST.



## Problems with GST

1. **Amendment in the Constitution** Implementation of GST is necessary to perform the Constitutional Amendments for State to levy Service Tax as well as Central Government has the power to enhance revenue from dealers and retailers transaction. Central and State Government is accepted that the substitute is desirable. It is not a big problem, but the system will take some time for amendment of the constitution. After the amendment in Constitution, a separate entry 92C was incorporated in the Union List to empower it to levy the Tax on services.

Numbers of modified measures have been undertaken by both the Governments before implementing the GST and these should be initiated as soon as possible.

2. **Administration issue** GST is subsumed of various types Indirect Taxes where revenue will be divided between the Central and State Government. But there may occur various problems in this case regarding the matter of authority- who will control the system? Who will decide the Tax rate and how will the administration work? On the basis of the discussion of the first paper we can suppose that there will be separate Tax management both for the Centre and each State level. The administration of the State GST will be under the control of State while Central GST will be under the Central Government.
3. **Tax Awareness among the stakeholders** When GST implemented in Canada in 1990, Canadian Government "Department of Finance" spent \$11.6 million on print, radio and television media for awareness of people on the matter of GST that how it will work. A video was exposed by satellite in cable television stations across the country. Around \$5 million was spent on operating costs for GST by the Communication Groups within the department. They provided the service of toll-free hotline which attended 6,000 calls per day. In 1990-1991, Excise and Customs Department have also spent \$ 10.6 million on GST, and another \$9.2 million for printing and mailing materials for the explanation of how the new Tax will work. Total expenditure on GST was \$ 85 million. In 1989, Proctor & Gamble was the largest private-sector advertiser, which spent

\$ 56.7 million on the advertisement of GST. India is a developing country and more than 60% people lives in rural areas. The (Central and State Government) have to spend a large amount of money for the awareness of people on the matter of GST.

4. **Political issue** Presently VAT is levied by 29 States and 7 Union Territories of India. Every State has authority to decide the Tax rate and to control the Tax system as per their convenient. If it is handed over to the Central Government, they will control the Tax rate along with the Tax system. It is a matter of great concern, but the question arises why all the States hand over their right to the Union Government.
5. **Inflation** Australia has implemented GST on 1st July 2000. Critics have argued that it is a regressive Tax; means a person with higher income will pay lower Tax compared to those are earning the lower income. Due to the reduction in federal Sales Tax and some fuel Taxes, State banking Tax that was implemented when the GST was introduced. Australia is a conservative nation as India. Before implementation of GST, the consumer has purchased goods in bulk and stored. When GST Tax came into effect, consumer consumption and economic growth declined in the first fiscal quarter of 2001. First time in last decade, Australian economy recorded negative economic growth. The Government was also criticized by small-scale industry due to the excess of administrative responsibilities. This study has focused on the problems associated with GST which may arise here also. The Government will have to control consumer consumption and

economic growth of the country so that the country will not face the same problem like Australia.

### **Prospects of GST**

1. **India and GST** India has federal structure. Union Government has planned for a dual GST model where Central Goods and Services Tax (CGST) and a State Goods and Services Tax (SGST) will be levied on the Taxable value of goods plus services.
2. **Benefit to industry** The GST is expected to be complimentary to the user of the supply chain of goods and services which include from beginning to ending the whole industry, Agriculture and trade via a comprehensive Tax regime. This is expected to generate the higher amount of revenue for the industry as well as business prospects as Tax burden goes down.
3. **Benefit to exports** The cost of manufactured goods and services will decrease with the comprehensive reduction of input cost of major Central and State Taxes in GST. This will create a competitive environment of goods and services of India, in the international market.
4. **Benefit to Consumer** The management of GST should be transparent and rationalized so that consumers will get benefits from lowering the Tax burden on goods and services consumed by them.
5. **Reduction in Cost** As per the Government report of India "Task Force on Goods and Services Tax: Thirteenth Finance Commission" 2009, shows that the implementation of the GST will result in a sharp



decline in the prices of cotton textiles ( by 6.44 percent), wool, silk & synthetic fibre textiles (by 11.4 percent), and textile products including wearing apparel (by 17.45 percent). To the extent, the contribution of expenditure on clothing in the total overheads on consumption is relatively higher than in the case of the rich, the poor will be benefited more from deduction in prices. To some extent it will also help to solve the burning question poverty. Implementation of GST will increase the actual returns of land, labour and capital.

## Conclusion

In the light of the above discussion, the authors have recommended that GST system is more beneficial for the Government as well as stakeholders from the management and analysis point of view. We believe that CGST must have the authority to collecting Tax and SGST should be given the power to take the decision regarding Tax rate. In case, if there is any change in the Tax rate it should be decided through democratic consent so that there are minimum chances of political interference. GST is also helpful in avoiding Tax evasion, improved Tax collection and compliances. It reduces the cost of goods and services to some extent and creates a supportive environment for the facilitation of international trade, thereby helping in revenue generation leading to the increase in the GDP of the country. Similarly, it will also be helpful in lowering the Tax burden on the various segments of the economy. Industries, dealers, retailers and the agriculture sector as a whole will benefit from GST.

It is found that in countries where GST has been implemented had positive impact on their economies. It can be looked as simplification of Taxes in country and avoiding unnecessary complexities. Researcher's observation is in support of GST system, experience of other countries strengthen the belief that it will be a milestone in the development of Taxation in India. As for challenges are concern it is between State and Central Government proportion in Taxes majorly, but directly or indirectly it is adding wealth to nation only. It has great prospects in favor of the nation. Researcher advocates that it should be implemented as soon as possible, delayed in implementation has negative impact on economy only.

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# Impact of Talent Management on the Performance of an Organization

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## Abstract

*In the last two decades, the issue of talent management has been increasingly discussed. In today's society, it has become more and more critical to work with talent management. Despite the growth in interest, there seems to be no clear explanation of what talent management is and how organizations should deal with it or implement it.*

*Talent management aims at improving the potential of employees who are seen as being able to make a valuable difference for the organization, now or in the future. Moreover, talent management should improve organizational performance. However, talent management strongly focuses on (potential) leaders, which can cause organizations to forget the other groups of talents that are critical today. This realization had led to the use of the following definition of talent management: talent management means that an organization tries to nurture and develop the people that are defined as having both a high potential and ability.*

*It reveals that it has become very important for organizations to think about the question whether a single pipeline approach to talent management is still sufficient for organizations to ensure viability. For organizations, to compete economically, a performing and motivated workforce is crucial. The existence of multiple pipelines will lead to an increase in individual performance and motivation. It is also said to lead to an increase in organizational performance. Offering multiple talent pipelines is important for organizations, because if talents are not placed in the right positions, the organization will lose value and competitive advantage, particularly in nowadays (knowledge) society.*

## Introduction

Before going into the discussion on Talent Management, it would be apt to understand the word —Talent. Talent in general terms refers to the capabilities, skills or the art, a person possess in a particular field. It also refers to those people who have high potential, scarce knowledge and skill or who can successfully bring about transformation and change in the organization. Such individuals are usually sought

after in the market and their contributions to the business add direct value to its strategic or competitive positioning. Talent Management in an Organization refers to those special steps an organization adopts to recruit, develop and retain its pool of top talent. The steps adopted should normally be creative and should not project bureaucracy. Talent Management also denotes a deliberate approach taken up by an organization to attract, develop and retain people with



the aptitude and abilities to meet not only the current requirements but also future organizational needs.

The logic behind talent management is based on the fact that businesses are run by people. Processes, technology and capital are important but it is people who make the decisions. It's people who create value by using these corporate assets to create products an organization has, the better it will perform. This is the rational behind talent management to attract, develop and utilise the best brains to get superior business results. The future of most businesses is reliant on the acquisition, development and retention of talented people to create the leadership capacity and talent required to implement new strategies so as to meet current and future business needs.

In today's volatile business market, effectively managing human capital can play a crucial role in business success. Talent management has become a top priority for organizations. It is also an area where there is much room for improvement. There is debate in the profession as to how to define talent management. For the purpose of this study, we defined talent management as a holistic approach to optimizing human capital, which enables an organization to drive short- and long-term results by building culture, engagement, capability, and capacity through integrated talent acquisition, development, and deployment processes that are aligned to business goals.

People are the last weapon of competitive advantage in the global market today. No matter your industry, company, or nationality, there is a battle-ready competitor somewhere who is busy thinking how to beat you. Products can be quickly duplicated and services cheaply emulated – but innovation, execution, and knowledge cannot. The collective talent of an organization is its prime source of its ability to effectively compete and win. In the new economy, competition is global, capital is abundant, products are developed quickly and cheaply, and people are willing to change jobs often.

Every business unit is making sure that they can respond and withstand the challenges of talent crisis by developing an effective talent management strategy like identifying the key talented people in the organization, cultivating and developing the skill of their present workforce and retaining highly talented employees by protecting them from competitors.

## History

Talent management is a term that emerged in the 1990s to incorporate developments in Human Resources Management which placed more of an emphasis on the management of human resources or talent. The term was coined by David Watkins of Softscape published in an article in 1998.

Many companies commit the mistake of putting an effort in attracting the best employees but fritter away

this valuable resource by not making any effort to develop or retain them.

The business strategy must include responsibilities for line managers to develop the skills of their immediate subordinates. Divisions within the company should be openly sharing information with other departments in order for employees to gain knowledge of the overall organizational objectives.

Talent management is also known as HCM (Human Capital Management), HRIS (HR Information Systems) or HRMS (HR Management Systems), and HR Modules.

### **Talent Management Vs Traditional HR Approach**

Traditional HR systems approach people development from the perspective of developing competencies in the organization. This can actually be a risk-prone approach, especially for companies operating in fast evolving industries, since competencies become redundant with time and new competencies need to be developed. Thus, over time, the entire approach to development of people might be rendered obsolete calling for rethinking the entire development initiative.

Talent management on the other hand focuses on enhancing the potential of people by developing capacities. Capacities are the basic DNA of an organization and also of individual potential.

### **Key Components of Highly Effective Talent Management**

1. A clear understanding of the organization's current and future business strategies. Identification of the key gaps between the talent in place and the talent required to drive business success.
2. A sound talent management plan that is designed to close talent gaps should also be integrated with strategic and business plans.
3. Accurate hiring and promotion decisions.
4. Connect individual and team goals to corporate goals, to provide clear expectations and feedback for managing performance.
5. Talent Development to enhance performance in current positions as well as readiness for transition to the next level.
6. A focus not just on the talent strategy itself, but the elements required for successful execution.
7. Business impact and workforce effectiveness measurement during and after implementation.

Talent management is not about finding the best and the brightest, it is about creating the right fit both for today and tomorrow. A rightly managed talent turns out to be inexhaustible and priceless; it will keep on adding value to the organization.

### **Recommendation to Retain Employees**

1. **Focus on Opportunities** "Really show them other options within the organization - lateral



moves they could make, ways to learn what it is that they want to learn - and really be their advocate to make those things happen."

2. **Provide mentoring** "Hook them to mentors who are aligned with [their] goals, whether it's to learn a competency or a language, be on a project or move to a different part of the country."
3. **Raise their profile** "Help them become more visible in the organization. Provide opportunities to meet leaders [and] customers, to attend project meetings or be part of projects so they're actually increasing [their] visibility and building their networks."
4. **Act as an Advocate** "Support their goals, even if it does mean [they will be] moving on in the organization or moving out of the organization."
5. **Open the door to Innovation** "Create a more innovative work environment, where red tape is less important and good ideas, new ideas, breakthrough ideas are critical, and reward that. People are looking for the opportunity to contribute and innovate."

### **Talent Development**

In the area of organization's development, the talents should be offered a chance of improving their

strong points, individual overall performance as well as particular competencies, and deepening of their motivation. The organization should also enable them to advance in their career. A special development program should be worked out for the talents, and in close cooperation with their managers it should be implemented. That program may encompass a combination of various methods, activities or instruments of development always according to the specific needs of a concrete organization. The methods in question are both methods on-the-job and methods off-the-job. A greater emphasis is laid on methods used for education at a workplace but, of course, both groups of methods are used.

According to the experience from many companies that have already applied talent management, the most efficient way of talent development are methods of on-the-job or learning directly at a workplace, mainly cross-training and the involvement in projects with the support of a manager, coach or mentor. Programs of talent development are very closely connected with career planning and succession planning. They provide talents with opportunities to grow in their current job roles and to move forward to the roles of a higher level.

**Talent Retention**

Also activities ensuring retention and stabilization of talents in the organization are inseparable part of talent management. Talented individuals should not leave the organization because their departures have usually extraordinary impact on organization's operation, which is irrelevant to their number. Among factors influencing talents retention in the organization there are the offer of interesting and valued work, ensuring opportunities for education and development, and professional advancement, respecting a balance between professional and private life, the offer of a flexible work role, the offer of a quality work conditions and equipment, provision of sense of recognition and respect, the offer of adequate remuneration and recently also gaining grounds for organization's social responsibility approach. The above-mentioned facts create for a talented individual a valuable offer marking that sound values will be observed in the organization employees can expect good leadership, freedom and autonomy, highly incentive work, opportunities for professional advancement in their career and adequate remuneration.

**Challenges of Talent Management**

- 1. Attracting high quality candidates.
- 2. Identifying and developing high performers for key positions.
- 3. Retaining their top performing employees.

- 4. Keeping employees engaged and focused on high priority goals

**Building successful Talent Management Strategy**

Talent management strategies are ways to attract and retain the very best, highest skilled workers that your company can. Much more than simply a human resource responsibility, all of the department managers in a company must focus on developing great talent management strategies in order to ensure that a business stays competitive in the market place.

Understanding what constitutes an effective, actionable talent strategy and how to execute that strategy is the first step towards implementing a successful talent management program. A good talent strategy should support the "basic engine" that keeps an organization running day-to-day, as well as address the strategic challenges to position the company for future growth.

**Model of Next Generation Talent Management**

The steps of the model are described below

**STEP 1:** Get Commitment; clarify Roles and Goals, and Build.

**STEP 2 :** Clarify what work people do, what people successfully do the work, & who possesses special knowledge & special social relationships.

**STEP 3:** Evaluate Present Performance.

**STEP 4:** Recruit and Select Appropriate People from Inside and Outside the Organization.



**STEP 5:** formulate future talent requirements and align with strategic objective.

**STEP 6:** Assess Individual potential for promotion and individual values and ethics.

**STEP 7:** Inventory Existing Talent.

**STEP 8:** Plan for Individual Development.

**STEP 9:** Systematically Retain People and Transfer Knowledge and Social Relationship.

**STEP 10:** Evaluate Results.

## Conclusion

As organizations continue to pursue high performance and improved results through TM practices, they are taking a holistic approach to talent management—from attracting and selecting wisely, to retaining and developing leaders, to placing employees in positions of greatest impact. The mandate is clear: for organizations to succeed in today's rapidly changing and increasingly competitive marketplace, intense focus must be applied to aligning human capital with corporate strategy and objectives. It starts with recruiting and retaining talented people and continues by sustaining the knowledge and competencies across the entire workforce. With rapidly changing skill sets and job requirements, this becomes an increasingly difficult challenge for organizations. By implementing an effective talent management strategy, including integrated data, processes, and analytics, organizations can help ensure that the right people are in the right place at the right time, as well as organizational

readiness for the future. Finally, to conclude the future of organizations depends on how the whole organization and not just HR anticipates and reacts to changes in this era of talent shortages. They have a long way to go to lead organizations implement for reaching changes and bringing about transformation among the members of the organization. Talent management is a continuous process.

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# Mobile Adhoc Network : Characteristics, Challenges, Applications, Security Goals

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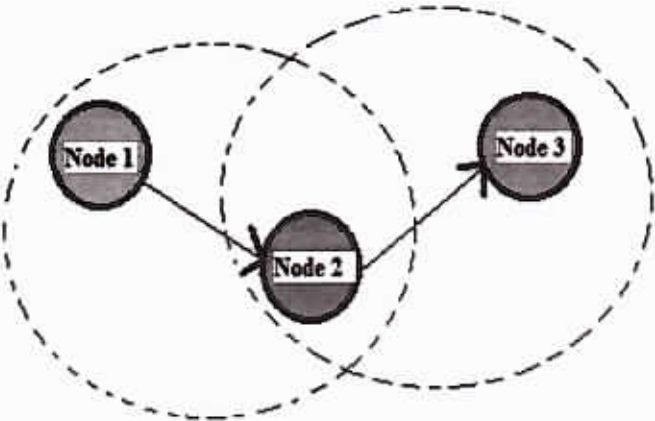
## Abstract

*Mobile ad hoc networks (MANETs) is an infrastructure-less , dynamic network consisting of a collection of wireless mobile nodes that communicate with each other without the use of any centralized authority. Due to its fundamental characteristics, such as wireless medium, dynamic topology, distributed cooperation, MANETs is vulnerable to various kinds of security attacks like worm hole, black hole, rushing attack etc. In this paper we study mobile ad-hoc network and its characteristics, challenges, application, security goal.*

**Keywords:** Mobile ad-hoc network (MANET), Destination sequenced distance vector (DSDV), Ad-hoc On-demand Distance Vector routing (AODV), Dynamic Source Routing (DSR).

## Introduction

A Mobile Adhoc Network is a collection of independent mobile nodes that can communicate to each other via radio waves. The mobile nodes that are in radio range of each other can directly communicate, whereas others needs the aid of intermediate nodes to route their packets. Each of the node has a wireless interface to communicate with each other. These networks are fully distributed, and can work at any place without the help of any fixed infrastructure as access points or base stations. Figure 1 shows a simple ad-hoc network with 3 nodes. Node 1 and node 3 are not within range of each other, however the node 2 can be used to forward packets between node 1 and node 2. The node 2 will act as a router and these three nodes together form an ad-hoc network.



**Fig. 1** Example of mobile ad-hoc network

### A. MANETs characteristics

**1) Distributed operation:** There is no background network for the central control of the network operations, the control of the network is distributed among the nodes. The nodes involved in a MANET should cooperate with each other and communicate among themselves and each node



acts as a relay as needed, to implement specific functions such as routing and security.

**2) Multi hop routing:** When a node tries to send information to other nodes which is out of its communication range, the packet should be forwarded via one or more intermediate nodes.

**3) Autonomous terminal:** In MANET, each mobile node is an independent node, which could function as both a host and a router.

**4) Dynamic topology:** Nodes are free to move arbitrarily with different speeds; thus, the network topology may change randomly and at unpredictable time. The nodes in the MANET dynamically establish routing among themselves as they travel around, establishing their own network.

**5) Light-weight terminals:** In maximum cases, the nodes at MANET are mobile with less CPU capability, low power storage and small memory size.

**6) Shared Physical Medium:** The wireless communication medium is accessible to any entity with the appropriate equipment and adequate resources. Accordingly, access to the channel cannot be restricted.

### ***B. Advantages of MANET***

The advantages of an Ad-Hoc network include the following:

- They provide access to information and services regardless of geographic position.

- Independence from central network administration. Self-configuring network, nodes are also act as routers. Less expensive as compared to wired network.
- Scalable—accommodates the addition of more nodes.
- Improved Flexibility.
- Robust due to decentralize administration.
- The network can be set up at any place and time.

### ***C. MANETs Challenges***

**1) Limited bandwidth:** Wireless link continue to have significantly lower capacity than infrastructured networks. In addition, the realized throughput of wireless communication after accounting for the effect of multiple access, fading, noise, and interference conditions, etc., is often much less than a radio's maximum transmission rate.

**2) Dynamic topology:** Dynamic topology membership may disturb the trust relationship among nodes. The trust may also be disturbed if some nodes are detected as compromised.

**3) Routing Overhead:** In wireless adhoc networks, nodes often change their location within network. So, some stale routes are generated in the routing table which leads to unnecessary routing overhead.

**4) Hidden terminal problem:** The hidden terminal problem refers to the collision of packets at a receiving node due to the simultaneous transmission of those nodes that are not within the direct transmission range of the sender, but are within the transmission range of the receiver.

**5) Packet losses due to transmission errors:** Ad hoc wireless networks experiences a much higher packet loss due to factors such as increased collisions due to the presence of hidden terminals, presence of interference, uni-directional links, frequent path breaks due to mobility of nodes.

**6) Mobility-induced route changes:** The network topology in an ad hoc wireless network is highly dynamic due to the movement of nodes; hence an on-going session suffers frequent path breaks. This situation often leads to frequent route changes.

**7) Battery constraints:** Devices used in these networks have restrictions on the power source in order to maintain portability, size and weight of the device.

**8) Security threats:** The wireless mobile ad hoc nature of MANETs brings new security challenges to the network design. As the wireless medium is vulnerable to eavesdropping and ad hoc network functionality is established through node cooperation, mobile ad hoc networks are intrinsically exposed to numerous security attacks.

#### ***D. MANETs Applications***

Some of the typical applications include:

**1) Military battlefield:** Ad-Hoc networking would allow the military to take advantage of commonplace network technology to maintain an information network between the soldiers, vehicles, and military information head quarter.

**2) Collaborative work:** For some business environments, the need for collaborative computing might be more important outside office environments than inside and where people do need to have outside meetings to cooperate and exchange information on a given project.

**3) Local level:** Ad-Hoc networks can autonomously link an instant and temporary multimedia network using notebook computers to spread and share information among participants at a e.g. conference or classroom. Another appropriate local level application might be in home networks where devices can communicate directly to exchange information.

**4) Personal area network and bluetooth :** A personal area network is a short range, localized network where nodes are usually associated with a given person. Short-range MANET such as Bluetooth can simplify the inter communication between various mobile devices such as a laptop, and a mobile phone. **5) Commercial Sector:** Ad hoc can be used in emergency/rescue operations for disaster relief efforts, e.g. in fire, flood, or earthquake. Emergency rescue operations must take place where non-existing or damaged communications infrastructure and rapid deployment of a communication network is needed.

#### **MANET Vulnerabilities**

Vulnerability is a weakness in security system. A particular system may be vulnerable to unauthorized data manipulation because the system does not verify a user's identity before allowing data access[1]. MANET is more



vulnerable than wired network. Some of the vulnerabilities are as follows:

- 1) Lack of centralized management:** MANET doesn't have a centralized monitor server. The absence of management makes the detection of attacks difficult because it is not easy to monitor the traffic in a highly dynamic and large scale ad-hoc network.
- 2) No predefined Boundary:** In mobile ad-hoc networks we cannot precisely define a physical boundary of the network. The nodes work in a nomadic environment where they are allowed to join and leave the wireless network. As soon as an adversary comes in the radio range of a node it will be able to communicate with that node.
- 3) Cooperativeness:** Routing algorithm for MANETs usually assumes that nodes are cooperative and non-malicious. As a result a malicious attacker can easily become an important routing agent and disrupt network operation.
- 4) Limited power supply:** The nodes in mobile ad-hoc network need to consider restricted power supply, which will cause several problems. A node in mobile ad-hoc network may behave in a selfish manner when it is finding that there is only limited power supply.
- 5) Adversary inside the Network:** The mobile nodes within the MANET can freely join and leave the network. The nodes within network may also behave maliciously. This is hard to detect that the behavior of the node is malicious. Thus this attack is more dangerous than the external attack.

## Security Goals

In MANET, all networking functions such as routing and packet forwarding, are performed by nodes themselves in a self-organizing manner. For these reasons, securing a mobile ad-hoc network is very challenging. The goals to evaluate if mobile ad-hoc network is secure or not are as follows:

- 1) Availability:** Availability means the assets are accessible to authorized parties at appropriate times. Availability applies both to data and to services. It ensures the survivability of network service despite denial of service attack.
- 2) Confidentiality:** Confidentiality ensures that computer-related assets are accessed only by authorized parties. Protection of information which is exchanging through a MANET. It should be protected against any disclosure attack like eavesdropping- unauthorized reading of message.
- 3) Integrity:** Integrity means that assets can be modified only by authorized parties or only in authorized way.. Integrity assures that a message being transferred is never corrupted.
- 4) Authentication:** Authentication is essentially assurance that participants in communication are authenticated and not impersonators. The resources of network should be accessed by the authenticated nodes.
- 5) Authorization:** This property assigns different access rights to different types of users. For example a network

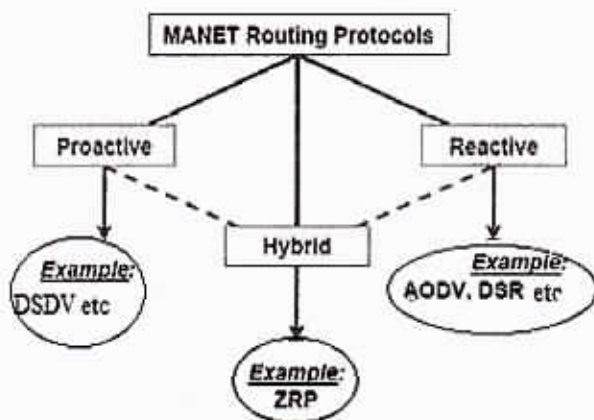
management can be performed by network administrator only.

6) *Resilience to attacks*: It is required to sustain the network functionalities when a portion of nodes is compromised or destroyed.

7) *Freshness*: It ensures that malicious node does not resend previously captured packets.

## Routing Protocols

Ad-Hoc network routing protocols are commonly divided into three main classes; *Proactive*, *reactive* and *hybrid* protocols as shown in figure 2.



1) *Proactive Protocols*: Proactive, or table-driven routing protocols. In proactive routing, each node has to maintain one or more tables to store routing information, and any changes in network topology need to be reflected by propagating updates throughout the network in order to maintain a consistent network view. Example of such schemes are the conventional routing schemes:

Destination sequenced distance vector (DSDV). They attempt to maintain consistent, up-to-date routing information of the whole network. It minimizes the delay in communication and allow nodes to quickly determine which nodes are present or reachable in the network.

2) *Reactive Protocols*: Reactive routing is also known as on-demand routing protocol since they do not maintain routing information or routing activity at the network nodes if there is no communication. If a node wants to send a packet to another node then this protocol searches for the route in an on-demand manner and establishes the connection in order to transmit and receive the packet. The route discovery occurs by flooding the route request packets throughout the network. Examples of reactive routing protocols are the Ad-hoc On-demand Distance Vector routing (AODV)[11] and Dynamic Source Routing (DSR).

3) *Hybrid Protocols*: They introduces a hybrid model that combines reactive and proactive routing protocols. The Zone Routing Protocol (ZRP) is a hybrid routing protocol that divides the network into zones. ZRP provides a hierarchical architecture where each node has to maintain additional topological information requiring extra memory.



## Conclusions

Due to dynamic topology, distributed operation and limited bandwidth MANET is more vulnerable to many attacks. In this paper, we discuss MANET and its characteristics, challenges, advantages, application, security goals, various types of security attacks in its routing protocols.

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## Study on Various Energy Efficient Routing Protocols for Wireless Sensor Networks

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### Abstract

*Wireless sensor networks (WSNs) are a collection of sensor nodes with a set of CPUs and limited memory unit embedded in it. Faithful routing of packets from the sensor node to its base station is the most important process for the networks. In WSNs, routing is bit more complex than other wired or wireless networks. The routing protocols approaches applied for the other networks cannot be used here due to its battery powered sensor nodes. Unlike other wireless networks routing in WSN should be the energy efficient one. This survey paper gives an overview of the different routing techniques used in wireless sensor networks and gives a brief working structure of energy efficient routing protocols in WSN. Therefore, energy efficient design of WSN has drawn considerable attention from many researchers resulting in quite a good number of strategies for saving the precious and limited energy of the sensor nodes. However, developing energy efficient routing protocol for WSN is the area that has received the most of the attention giving rise to different Energy Efficient Routing (EER) protocols.*

**Key Words :** Wireless sensor networks, mobility, energy efficiency, cluster head.

### Introduction

In this ubiquitous computing environment we cannot follow the architecture and protocols which have been used in the flat network due to its battery powered devices involved in the computing and transmission of the data. The improvement in these miniature computing model and wireless transmission techniques lead to the development of the wireless sensor networks. The use of wireless sensor networks (WSNs) has grown enormously

in the last decade, pointing out the crucial need for reliable, scalable and energy-efficient routing and data gathering and aggregation protocols in corresponding large-scale environments. Hierarchical clustering routing protocols (as opposed to direct single-tier communication schemes) have extensively been used toward the above directions. Moreover, they can greatly give to overall system scalability, prolong, and energy efficiency. The need for clustering in WSNs is first



motivated and a brief description of the implied hierarchical network pattern is given.

Sensor networks are needed in the applications like environment monitoring, industrial control units, military applications and in the context aware computing environments. Based on this critical expectation, in many crucial WSN applications the sensor nodes are often deployed randomly in the area of interest by relatively uncontrolled means (i.e., dropped by a helicopter) and they form a network in an ad hoc manner [1, 2].

Since the entire sensor nodes of WSNs are battery powered devices, energy usage of nodes during transmission or reception of packets affects the life-time of the entire network of WSNs. To make routing, an energy efficient one, many protocols like LEACH and PEGASIS were developed. Though they have achieved energy efficiency by more than 8 times than the previous protocols, still these protocols are used for only static sensor nodes.

### **Energy Dissipation and Energy Waste in WSN**

In WSN, sensors consume energy mainly for transmitting and receiving data as compared to data sensing and processing, while a significant amount of energy is wasted with regard to data communications as described in [3] which is mentioned below.

- **Data Collision:** Data packets of node collide when a node receives more than one packet at the same time resulting in all the packets that caused this data collision being discarded which will in turn necessitate retransmission of the discarded packets causing significant energy waste.

- **Data Overhearing:** Although a sensor node is not transmitting, it will eventually listen to transmissions destined for others remaining nodes causing continuous energy waste.
- **Idle Listening:** This phenomenon comes when a node keeps listening to an idle channel in search of a data packet destined for it, thus consuming a good amount of energy.
- **Interference:** Energy is wasted as each sensor node within the transmission and interference range receives a packet from each sensor node but cannot decode it.
- **Control Packet Overhead:** Control packets usually synchronize the whole data transmission phase but don't carry any user data. Therefore, it is always a design goal that minimal number of control packets be generated to reduce the energy consumption by these non-data packets.

The Base Station (BS) is the data processing center for the data received from the sensor nodes, and where the data is accessed by the user via internet. It is considered fixed and has a far distance from the sensor nodes. The Cluster Head (CH) nodes actually act as gateways between the sensor nodes and the BS. The working of each CH, as already mentioned & CH perform common functions for all the nodes in the cluster, like data aggregation before sending it to the BS. In other way, the CH is the sink for the cluster nodes, and the BS is the sink for the CHs of WSNs.

### **Energy Efficiency in Routing**

Ideally, we would like the wireless sensor network to perform its functionality as long as possible.

Optimal routing is based on energy constrained networks is not practically feasible (because it requires future knowledge). However, we can soften our requirements towards a statistically optimal technique, which increases the network functionality considered over all possible future activity. A technique is energy efficient (in contrast to 'energy optimal') when it is statistically optimal and causal. Since energy efficiency is more important for wireless sensor networks than any other networks, more research works have already been done in routing in WSN. In general, data transmission in wireless communication takes more energy than data processing. Whenever the nodes are transmitting more data proportionately their battery power also gets reduced. To reduce the data size we can go for data fusion or data aggregation techniques. Data fusion is that in which the sensed data from different nodes are fused at certain point suitable for the transmission in its reduced data size. And, data aggregation can be performed at an intermediate node to eliminate data redundancy, which can reduce the total amount of traffic in the network and thus improve the energy efficiency of the network.

Data aggregation is a technique for removing data redundancy and improving energy efficiency in WSNs. The basic idea is to combine the data received from different sources (sensor nodes) so that the redundancy in the data is minimized and the energy consumption for transmitting the data is reduced in the aggregation task. There are different techniques for data aggregation in WSNs. Since conserving energy is one of the most important challenges in data aggregation, an efficient data aggregation technique should be able to

balance the amount of energy consumed by each sensor node in each round of data gathering in WSNs.

Study on energy efficient routing in WSN are follows.

*A. Leach:*

To overcome the shortcomings of conventional routing and data dissemination protocols, which run on top of no layered or flat network architectures, a clustering - based protocol, called low - energy adaptive clustering hierarchy (LEACH) was proposed in Ref. [4]. LEACH is based on a data aggregation (or data fusion) technique that combines or aggregates the original data into a smaller size of data that hold only meaningful information of all individual sensors. For this purpose, LEACH divides a network into many clusters of sensor nodes, which are constructed by using localized coordination and maintain not only to reduce the amount of data that are transmitted to the sink or base station, but also to make routing and data dissemination more reliable, scalable and robust. Given that the energy dissipation of the sensors depends on the distance and the data size to be transmitted, LEACH attempts to transmit data over short distances and reduce the number of transmission and reception operations.

*Step1:* The eligible cluster head nodes will be issuing a notification to the nodes coming under its range to become a cluster member in its cluster. The node will be accepting the offer based upon the Received Signal Strength (RSS).

*Step2:* In this step the nodes will be responding to their selected cluster heads. After receiving response from the nodes the cluster head have to make a TDMA scheme and send back to its cluster members to intimate them when they have to pass their information to it.



*Step3:* The data collected by the each sensor node will be given to the cluster head (CH) during its time period and on all other time the cluster members radio will be off to reduce it energy consumption of sensor node.

Here in the LEACH protocol multi cluster interference problem was resolved by using unique CDMA (Code Division Multiple Access) codes for each cluster. It supports to prevent energy drain for the same sensor nodes which has been selected as the cluster head, using randomization for each time cluster head would be changed. The cluster head of each cluster is responsible for collecting data from its cluster members and fuse & aggregate it also. Finally each cluster head will be forwarding the fused data to the base station (BS). When compared with its previous protocols LEACH has shown a considerable improvement in case of energy consumption.

### B. Heed

Another improved and very popular energy-efficient protocol is HEED (Hybrid Energy- Efficient Distributed Clustering [5]). HEED is a hierarchical, distributed & clustering technique in which a single hop transmission pattern is retained within each cluster, in multi-hop transmission is allowed between CHs and the BS. The CHs are chosen based on two basic requirements, residual energy (RE) and intracluster communication cost. (RE) of each node is used to probabilistically select the initial collection of CHs. On the other side, intracluster communication cost reflects the node degree or node's proximity to the neighbor node and is used by the nodes in deciding to join a cluster or not. In HEED the CH nodes are not selected randomly. Only sensors that have a maximum RE are expected to become CHs.

Also, the probability of two nodes within the transmission limit of each other becoming CHs is small. Unlike LEACH, this means that CHs are well scattered in the network. Moreover, when selecting a cluster, a node will communicate with the CH that yields the minimum intracluster communication cost. In HEED, each node is mapped to only one cluster and can directly communicate with its CH. Also, energy usage is not assumed to be unique form for all the nodes. The algorithm is divided into three phases.

*Initialization phase:* The HEED algorithm sets an initial percentage of CHs having all sensors. This percentage value,  $C_{prob}$ , is used to limit the initial CHs announcements to the other remaining sensors. Each & every sensor sets its probability of becoming a CH,  $CH_{prob}$ . Where  $CH_{prob}$  will be

$$CH_{prob} = C_{prob} * E_{residual} / E_{max},$$

$E_{residual}$  = current energy in the sensor

$E_{max}$  = maximum energy

*Repetition step:* Until the CH node was found with the minimum transmission cost, this step was iterated. If the node cannot find the any CH, then the concerned node itself was elected as the CH.

*Finalization step:* The election of CH is finalized in this step. The tentative CH now becomes the final CH.

### C. Pegasus

Instead of creating any cluster, Power efficient GATHERing in Sensor Information Systems (PEGASIS) [6] creates a chain of sensor nodes where each sensor

node transmits and receives data from a neighbor and at a time only one node can send data to the sink or BS. Data are aggregated at the nodes when they move from one node to another node. It is shown that PEGASIS can outperform LEACH by about 100-300% for distinguish network sizes and network topologies. But, it causes long latency for nodes located at a distance on the chain from BS. It is also subject to single point of failure in case the single leader on the chain fails which is also the reason for performance bottleneck of the system.

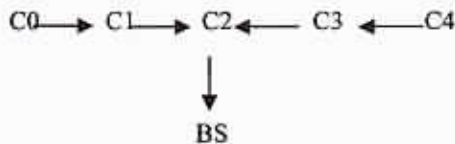


Fig. 1 Chaining in PEGASIS

Though the Cluster based protocols like LEACH have shown a factor of 8 improvements when compared with its previous protocols further improvements were done by forwarding the packets to only one neighbor of the node. This technique had been named as, PEGASIS [6]. Instead of forwarding the packets from many cluster heads as like in LEACH protocol here in PEGASIS each node will create a chain structure to the base station through which the data would be forwarded to the BS node. Here in PEGASIS energy efficient is gain by transmitting the data to only one of its neighbor node. There the collected data is fused and the fused data will be forwarded to its immediate one hop neighbor. Since all the nodes are doing the data fusion at its place there is no rapid depletion of energy for the nodes present near

the Base station. Also in this technique each node will be getting the chance to forward the gathered data to the base station. But when the sensor measurements are aggregated to be a single packet, only fraction of the data generated by the sensor is given to the base station. In other applications when the individual sensor measurement is needed it fails to give it to base station. But apart from the method of the routing protocol we can make the sensor network database to follow the multi resolution scheme where the aggregated data will be present in the root node and the finer data can be obtained by further tree traversal approach.

#### D. Teen

Threshold Sensitive Energy Efficient Network Protocol (TEEN) [7] combines both data-centric and hierarchical approach. Instead of having a flat clustering of nodes like LEACH or PEGASIS, TEEN forms multi-level hierarchy of nodes by grouping closer nodes into clusters on the first level, then on the second level and so on until the sink node is reached. Figure 3, which is redrawn from [7], shows this method of clustering. TEEN tries to reduce energy consumption by reducing the number of transmissions with the aid of two thresholds as broadcast by the cluster heads after the clusters are created – hard and soft thresholds. Hard threshold refers to the minimum possible attribute value that causes a sensor node to switch on its transmitter and transmit the sensed data to the cluster head, whereas a node sensing an attribute value at or beyond the hard threshold will transmit the sensed data only when the attribute value changes by an amount equal to or greater than the soft threshold. Although TEEN is quite energy-efficient, it is not useful for applications that require



periodic reporting of the sensed data. Most importantly, the forming of multi-level hierarchy, implementing different thresholds and attribute-based naming impose huge overhead and complexity to this approach.

#### E. Apteem

An advancements to TEEN was proposed in [8] called Adaptive Threshold Sensitive Energy Efficient Network Protocol (APTEEN) which removes the limitation of TEEN by incorporating the periodic reporting of sensed data along with the reactive response. Figure 3 shows the architecture of APTEEN which remains the same as TEEN as a result of which APTEEN inherits the drawbacks of TEEN as well.

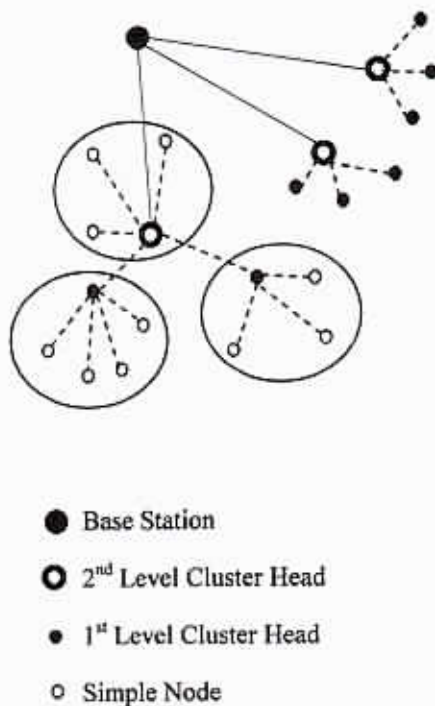


Fig. 2 Hierarchical Clustering in TEEN and APTEEN

#### F. Dwehc

Distributed weight - based energy - efficient hierarchical clustering (DWEHC) is another clustering algorithm

proposed to achieve balanced cluster sizes and optimize intracluster topologies for WSNs [9]. Both DWEHC and HEED share some similarities including no assumptions about network size and density, and considering residual energy in the process of cluster head (CH) selection, but assumes that sensor nodes are location aware and transmit at the same fixed power levels. The cluster radius ( $R$ ); that is, the farthest transmission distance from one cluster member node to its CH is fixed for the whole network. After individually running seven iterations on each node, DWEHC generates a multihop intracluster structure in which a cluster head is at the root and member nodes are in a breadth - first order. Figure 3 illustrates an intracluster example, in which each cluster has a hierarchical structure with one CH and the child nodes of the first level, second level, and so on. Each cluster has multi levels of child nodes. Since there are no assumptions about the size and topology of the network, the number of levels within one cluster is determined by the cluster radius and the minimum energy path from one member node to its cluster head is established by DWEHC. Each node only responds to its nearest parent 's request, and that parent then responds to its own parent until the data reaches the cluster head. Time division multiple access (TDMA) is used for intracluster communication and the cluster heads contend for the channel using the 802.11 protocol to send data to the base station.

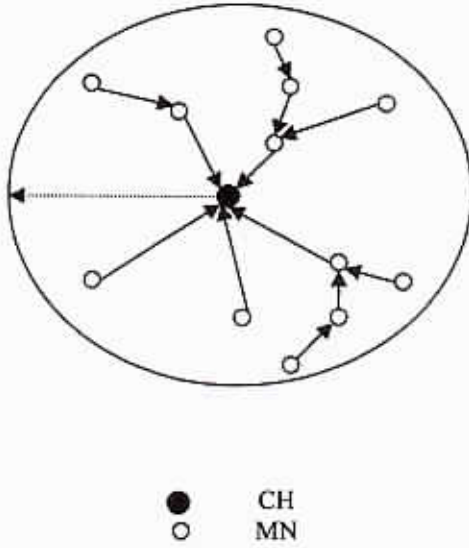


Fig. 3 The Structure of Multi-level Cluster in DWEHC

Different from LEACH and HEED, DWEHC creates a multi-level structure for intra-cluster communication and limits a parent node's number of children. Moreover, the only locally calculated parameter weight is defined for CH election in DWEHC. After locating the neighboring nodes in its area, each node calculates its weight according to:

$$W_{\text{weight}}(s) = \frac{E_{\text{residual}}(s)}{E_{\text{initial}}(s)} \times \sum_u \frac{R - d}{6R} \quad (1)$$

where  $E_{\text{residual}}(s)$  and  $E_{\text{initial}}(s)$  are respectively residual and initial energy at node  $s$ ,  $R$  is the cluster range that corresponds to how far from the CH to a node inside a cluster, and  $d$  is the distance between node  $s$  and the neighboring node  $u$ . In a neighborhood, according to Equation (3), the node with largest weight would be elected a CH and the other nodes become members. At this stage, MNs are considered as 1-level nodes and communicate directly with the CH. A MN can

progressively adjust such membership in order to reach a CH using the least amount of energy. Given the node's knowledge of the distance to its neighbors, it can assess whether it is better to stay a 1-level member or become a  $h$ -level one where  $h$  is the number of hops from the CH to itself. If a MN can save energy while reaching its CH with more than one hop, it will become a  $h$ -level member. The process continues until all nodes achieve the most energy-efficient intra-cluster topology. Energy consumption for communication in a cluster can be computed according to node's knowledge of the distance to its neighbors. To limit the number of levels, every cluster is assigned a cluster range within which MNs should lay. The structure of multi-level cluster in DWEHC is illustrated in Figure 3. After running DWEHC, a node either becomes a CH or becomes a child in a cluster, and a node is covered by only one CH.

Intra-cluster communication is performed by TDMA. Each parent node polls its direct children and forwards the data to its parent node until the data reaches the CH. The parent node may aggregate several data packets from its children together with its own data into one packet. For inter-cluster communication, the CHs poll their first-level children, including their own data, and transmit to the BS.

The following is the advantages of DWEHC: (1) Like HEED, it is a fully distributed clustering method that is based on a function of the sensor's energy reserve and the proximity to the neighbors for CH election; (2) Considering energy reserves in CH election, DWEHC generates more well-balanced CHs distribution and achieves



significantly lower energy consumption in intra-cluster and inter-cluster routing than HEED; (3) The clustering process of DWEHC terminates in a few iterations, and does not depend on network topology or size. Some disadvantages of DWEHC are summarized as follows: (1) Similar to LEACH, single-hop inter-communication, directly from CHs to the BS, is performed in DWEHC. Thus DWEHC may result in significant amount of energy consumption, and is not applicable to large-region networks; (2) In the process of cluster formation, the iterative nature in both DWEHC and HEED produces a relatively high control message overhead compared to other protocols.

### Comparison of Different Clustering Routing Protocols in WSNs

In this section, we compare the different energy efficient clustering routing algorithms for WSNs. We

summarize the categories and differences of the clustering routing protocols in WSNs according to a variety of clustering attributes as shown in Table II. Furthermore, we compare the different clustering routing approaches in WSNs based on a few important metrics in Table I.

### Conclusion

WSN, by nature, is extremely energy constrained thereby forcing the routing protocol designers to go for energy efficient design. In this paper we have reviewed the main approaches to energy saving methods in Wireless Sensor Network, and a comprehensive list of the EER protocols for WSN has been studied. These energy saving methods are basically used to increase the life time of sensor nodes in wireless sensor networks. So we can emphasize on developing convenient techniques to reduce the energy consumption of the sensors by this approach.

**Table I. Comparison of Different Clustering Routing Protocols in WSNs**

Font Size	LEACH	HEED	PEGASIS	TEEN	APTEEN	DWEHC
Class	Hierarchical	Hierarchical	Hierarchical	Hierarchical	Hierarchical	Hierarchical
Scalability	Very Low	Moderate	Very Low	Low	Low	Moderate
Energy Efficiency	High	High	High	Very High	Moderate	Very high
Data Aggregation	Yes	Yes	Yes	Yes	Yes	Yes
Hop Communications	Single-hop	Single-hop	Multi-hop	Multi-hop		Single-hop
Load Balancing	Moderate	Moderate	Moderate	Good	Moderate	Very Good

Table II. Classification of Different Clustering Routing Protocols in WSNs

Clustering Routing Protocols		LEACH	HEED	PEGASIS	TEEN	APTEEN	DWEHC
Cluster characteristics	<i>Variability of cluster count</i>	variable	variable	variable	fixed	variable	variable
	<i>Uniformity of cluster sizes</i>	even	even	even	even	even	even
	<i>Intra-cluster routing</i>	single-hop	single-hop	simple-hop	single-hop	simple-hop	multiple-hop
	<i>Inter-cluster routing</i>	single-hop	single-hop multiple-hop	single-hop	multiple-hop	multiple-hop	single-hop
Cluster-head characteristics	<i>Existence</i>	cluster-head based	cluster-head based	no-cluster-head based	cluster-head based	cluster-head based	cluster-head based
	<i>Difference of capabilities</i>	homogeneous	homogeneous	N/A	homogeneous	homogeneous	homogeneous
	<i>Mobility</i>	stationary	stationary	N/A	stationary	stationary	stationary
	<i>Role</i>	Role	relay aggregation	N/A	relay aggregation	relay aggregation	relay aggregation
Clustering process	<i>Control manners</i>	distributed	distributed	distributed	distributed	distributed	distributed
	<i>Execution nature</i>	probabilistic	iterative	probabilistic	probabilistic	probabilistic	iterative
	<i>Convergence time</i>	constant	constant	constant	constant	constant	constant
	<i>Parameters for CH election</i>	adaptive	adaptive	adaptive	adaptive	adaptive	adaptive
	<i>Proactivity</i>	proactive	proactive	proactive	reactive	proactive reactive	proactive
	<i>Objectives</i>	load balancing	load balancing	load balancing	reactive scenes lifetime extension	proactive scenes reactive scenes	load balancing
Entire proceeding of the algorithm	<i>Algorithm stages</i>	cluster construction	cluster construction	data transmission	data transmission	data transmission	cluster construction



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## **Startups Redefining Business: A Journey from 1000 to 1 million Customers**

**With special reference to Uber & Airbnb.**

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### **Introduction**

New businesses often struggle finding their first customers. The challenge is even more difficult with startups in the sharing economy that launch as platforms connecting independent service providers with consumers. “POACHING CUSTOMERS IS SOMETHING ALL COMPETITORS DO IN DIFFERENT WAYS”. Few companies in the past few years have climbed to success faster than Uber & Airbnb, which together have transformed the way we hail a cab & plan a vacation respectively. Take Uber for instance, its platform is two-sided, connecting people who need rides with people who have rides to offer. Same idea as Airbnb, which connects people needing rooms with home-owners. So to launch as a platform service, these companies need to find users on both the supply and demand sides. It has been explored how these two-sided platforms got their start and attracted a significant number of early adopters.

“When you have a two-sided platform, you have to acquire both the customers and the services,” as a small company you cannot afford to focus on both with the same amount of effort. You may need to prioritize one side.

To get from zero to 1,000 customers, both the startups faced a supply and demand problem: How could they attract suppliers if they didn't have any users? For example, how could Uber recruit drivers with only a few customers, and at the same time, attract customers if there were no drivers? How could Airbnb convince potential room renters to join its platform without a large catalog of potential places to stay?

To overcome these challenges & to acquire the first thousand customers, both the startups followed similar strategies, initially focusing more on the supply side than on the demand side.

In addition, they worked hard to find early customers by matching them “by hand” with early suppliers acquiring them in bulk (e.g. Uber ran promotions during concerts and events); and doing whatever it took to make their offerings attractive, even if it wasn't scalable (Airbnb hired professional photographers to take inviting photos of hosts' apartments).

As impressive as that accomplishment was, 1,000 customers is hardly enough to ensure long-run success. For that, these companies had to scale up dramatically, from 1,000 to over 1 million. Importantly,



the strategies that made these companies successful starting out are not the same ones to take them to the next level. The two startups were able to gradually improve their products and identify what made them resonate most with customers and suppliers. Only after that was scaling a possibility, requiring a gradual—not abrupt—shift from catering to the supply side toward catering to the demand side.

### **Objective of the study**

1. To study the various strategies being followed by the startups like Uber & Airbnb.
2. To study how these startups deal with the effects of changing business scenario.

**Strategies which have been followed by both the startups Uber & Airbnb are discussed below-**

#### **1. Think Like a Customer**

From the beginning, it was clear to the founders of apartment-sharing site Airbnb that they'd need to find people willing to list their homes before finding people interesting in staying in them. If you don't have a supply of houses and apartments, people are not going to come. Instead it should be more like customers themselves, trying to figure out where they would go if Airbnb didn't exist. The entrepreneurs figured they could do a better job of making apartments appealing than the online classified site, but first they had to siphon away its customers.

The strategy worked. With nothing to lose, property owners doubled their chances of finding a potential

renter, and Airbnb had a ready supply of homes with which it could attract customers.

"Poaching customers is something all competitors do in different ways." "If you are a website and you are providing content to users publicly, others can grab that information." It's not enough to just take someone else's customers, though; you've got to give them something better than they had before.

#### **2. Create a Better Experience**

The first time a person goes on Airbnb, they are comparing the quality of photos to hotels that take glamorized shots. For this purpose, Airbnb hired professional photographers to go to property owners' homes to take inviting pictures. It worked making the site much more attractive than the competition, and setting a standard for photography that later property owners rose to match in order to compete against other homes.

"The underlying principle of this is you should help your suppliers portray themselves in the best way possible, even if that is not scalable," because If you don't have customers, there is nothing to scale.

Ride-sharing app Uber pursued a similar strategy. Rather than starting out with Uber Pool or Uber X, in which drivers use their own cars, the company started with black cars driven by professional drivers. That way, they could ensure that customers would have a great experience virtually every time they used the service—and they could then rely on customers to spread the news of that experience by word of mouth. "That's why you

get the supply side first—if you get the right suppliers, the customers will experience their high quality service and then do the marketing for you.”

### **3. Sequencing is Everything**

Uber and Airbnb were also smart about how they chose to expand, picking the right cities at the right time to maximize their success.

Since Uber’s main competition was taxi cab companies, the startup researched which cities had the biggest discrepancy between supply and demand for taxis. Then they find out the times when demand was likely to be the highest, for example during the holidays when people tend to stay out late partying.

It also ran promotions during large concerts or sporting events, when big crowds of people all needed cabs at the same time, and an individual might be more likely to take a chance on an unfamiliar company named Uber. In that way, the company acquired a large group of customers in one swoop. Then, they made sure this first group of users had a great experience and brought in the next wave of customers via word-of-mouth.

Airbnb followed a similar strategy. In addition to the obvious demand, the strategy has another benefit: “Your competitors don’t see you as a threat, since you are not taking away from their demand.” Providing services in situations of high demand and low supply also helps startups acquire the right type of customers—those early adopters who might be more forgiving of a company while it works out the kinks.

### **4. Building on the Initial 1000**

After surpassing 1,000 customers, organic opportunities for the companies to acquire more customers and suppliers in bulk became increasingly rare. So Uber and Airbnb turned to digital marketing as a targeted way to reach new people. Unlike traditional mass media advertising such as local TV commercials or print ads, which are expensive and time-consuming, paid digital media such as Google search ads, Facebook ads, and YouTube video ads offer many benefits that make them better suited for platform startups. A startup can create dozens of ads within just a few days, and learn quickly and cheaply what is most effective to attract suppliers.

Uber, for instance, made extensive use of online advertising in various social media platforms to recruit more drivers. It created a model to understand and identify factors that caused individuals to be interested in signing up to be an Uber driver.

### **5. Shifting from Supply to Demand**

As these platforms began acquiring new customers using digital marketing and social media, those customers started behaving differently from the early adopters who had been acquired in bulk or by word of mouth. In particular, they were not as forgiving of lower-quality products and services, and not as willing to pay premium prices for anything less than perfection.

To retain these new customers, platform entrepreneurs needed to deeply understand their needs and wants—and how their offering was differentiated



from others in the market. One obvious way to do that was to ask customers what they wanted.

Airbnb maintained a culture of testing many features on its website and soliciting feedback from its most loyal customers. What the Airbnb team learned: If you provide a channel and listen, people will tell you what they want once. But to get that a second time, you need to quickly respond to their prior requests.

## **6. Write a Market Expansion Playbook**

By first going after the supply side and then shifting to the demand side, the two platforms gained resistance in the markets they initially entered. At that point, however, they faced a critical decision in the life of every platform business: where and how to expand. Few startups answered that question better than Uber, which ramped up its business incredibly fast.

Uber's founders realized that in order to choose their next target cities, they needed to understand the "accelerants" that worked as tailwinds to catalyze adoption by customers in a particular locale.

For instance, a steady stream of people who went out at night either to drink with friends or to attend concerts and sporting events and wanted to avoid the hassle of parking or looking for a cab on a rainy or snowy night. That was the case for metro cities like Mumbai, Delhi or Gurgaon —cities with a great

nightlife, high percentage of working women, intense weather, and tons of sporting events—where Uber's initial viral growth was double that observed in other cities.

These accelerants became the basis of Uber's market expansion playbook, and were some of the factors it looked at to drive its launch as it expanded into new locations.

## **Conclusion**

Going from zero customers to 1,000 customers can be a slow process for platforms because of the need to acquire both providers and customers of products and services in a balanced manner. By contrast, going from 1,000 to 1 million can be a fast ride—but only if companies are willing to shift their tactics to try something new. The strategies that incentivize early users to join are fundamentally different from those required to scale up the platform.

The hardest decision faced by any growing startup is when to abandon the actions that made it successful in the first place in order to achieve more success in the future. Failure to do so at the right moment may result in a strong reduction in the momentum of the company. By contrast, having the courage to change in favor of new marketing strategies can help a company succeed in the long run, and position it for even greater growth going forward.

## Understanding Young Consumer Perceptions on Credit Card

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### Abstract

*The usage of credit cards among young consumers is often irresponsible – they tend to overspend and as a result find themselves in a debt situation. While existing research has often attributed overspending to the availability of advance credit, there remains a dark spot in understanding why consumers are overspending, particularly through the use of credit cards. This study aims to understand consumer perceptions on the usage of credit cards and subsequently provide recommendations to promote the responsible use of credit cards. Various rationales have been identified as motivators that encourage credit card usage, including security trends for a cashless society and as a reflection of social desires. Attractive rewards and poor spending restrictions afforded by credit cards were the main influences that caused young consumers to spend more than what they could afford, thus leading to a situation of overspending. Implications and recommendations are presented.*

### Introduction

What causes irresponsible consumption? A very good example of irresponsible consumption is overconsumption, and a good example of overconsumption is overspending. More often, consumers will encounter situations in which they have overspent on their purchases. So the questions now are – (i) why do consumers overspend? And (ii) what are the main reasons that have caused consumer overspending? An answer can be attributed to credit cards. Past research has shown that sources of credit, particularly credit cards, are the main reason for over-spending as they enable consumers to spend beyond their income. When individuals use a credit card, they are spending future money. Today, almost every adult, and even some teenagers, mostly from the middle and higher classes, own at least one credit card. Credit

cards have been introduced to simplify purchases and make purchases more convenient. However, credit cards have also been the culprits to heaps of debt to the consumers themselves.

Recent research suggests that consumers today expect their future incomes to be higher than their present income. Accordingly, this creates a trust upon a philosophy of “buy now, pay later” as consumers believe that future incomes will be able to allow them to cover their current expenses. In addition, the applications of the credit cards are getting easier as compared to ten years ago where official pay slips of at least 3 months were needed before application forms could be submitted. Statistics show that credit card transactions are increasing at an average rate of 22.2% yearly since year 2000 (The Edge Daily On-Line, 2007); the simplification of obtaining credit cards has been attributed to the increase of credit card transactions.



Existing research has often attributed overspending to the availability of advance credit; there remains a dark spot in understanding why consumers are overspending, particularly through the use of credit cards. This study aims to understand consumer perceptions on the usage of credit cards and subsequently provide recommendations to promote the responsible use of credit cards. This study contributes in two ways: (i) to theory – it outlines what consumers think about the use of credit cards; and (ii) to practice – it outlines the ways that credit cards can be used responsibly by consumers. More importantly, the study enables stakeholders (e.g. consumers and credit card companies) to make more informed decisions with relation to the use of credit cards.

### **Credit Cards and Facilitated Spending**

Payment mechanisms change from time to time. Prior transactions were initially in cash while business payments were in either cash or cheques. In the early 1900s, proprietary cards were first introduced as a means of creating customer loyalty and improving customer service. However, in the middle of the 1900s, the first “travel and entertainment” card was issued by Diners Club which expanded its transactions to multiple merchants beyond their local geographical area. A couple of years down the road, “universal” card products were introduced whereby customers were allowed to purchase goods and services in many places. These cards are now recognized as credit cards, which has become a common mode of payment in today’s society and have now become one of the main causes of overspending.

Essentially, marketers would want consumers to buy more - the higher the sales of product offerings, the more profits can be gained by the organization. More often

than not, marketers create marketing strategies to influence consumers to buy more of their product offerings. Nonetheless, the fault cannot be solely thrown at the marketers as it is the role of marketers to facilitate more sales for the organization. The fault actually lies within consumers themselves. Consumers often attempt to maintain their lifestyle over their lifetime even though their income and wealth may fluctuate over time. Human needs and wants have evolved and increased throughout the years - from what used to be basic necessities such as food and education to sources of luxuries such as technological products and superior quality of food and education.

The introduction of credit cards into the market, which enables consumers to spend beyond their income, further fosters consumer spending. The issue of irresponsible use of credit cards lies in the irrationality of consumers as they expect their future incomes to be higher than their present income. The consumer mindset is programmed in a manner that today’s spending can be covered by tomorrow’s earnings. Convenience of advance credit has also supported consumer spending of future money without much thought.

### **Shift in Spending Culture**

Traditionally, consumers in the past had a mindset to save first and spend later. However, young consumers in contemporary times have moved towards a new mindset on spending – borrow first, repay later. When asked whether there is a cultural change in their mindset on spending, young consumers agreed that such a change is apparent in the contemporary era. No doubt, they recognized that such a change is attributed to contemporary facilities of advance credit, particularly



credit cards. As such, it is obvious that young consumers today are influenced by the contemporary culture of 'spend first, worry later', which becomes one of the main factors for irresponsible usage of credit cards.

**Credit Cards Advantages and Disadvantages**

Credit cards allow users to have a bigger spending power. The credit card gives individuals the ability to spend more than they may or may not be able to afford. The credit card is an easy access to credit.

*"I think the main advantage of credit cards is that it ensures convenient transactions whereas the disadvantages could be overspending."*

*"Disadvantage of using credit cards is overspending ... and it comes with interest. The advantage is that it is convenient and easy to carry around because it is just one plastic card."*

**Cashless Generation**

In the current study, most young consumers stated that credit cards are becoming a need. To them, carrying cash on hand is not safe anymore. Crime rates have increased in every country year by year. Credit cards offer convenience and a good security system to safeguard their money from theft. Consequently, consumers are fulfilling their security needs through the use of credit cards.

**Implications and Recommendations**

This study attempts to understand consumer perceptions towards the usage of credit cards. From the current study, "buy now, pay later" has been the prevalent message to young consumers from credit card companies as these companies have successfully made immediate gratification a reality. Generally, young consumers are

aware of the advantages (e.g. convenience, easy to use) and disadvantages of owning credit cards (e.g. overspending, high interest rates for late payments). Despite being aware of the negative consequences of owning a credit card, the value and meaning of credit cards in the contemporary era have overshadowed the disadvantages. In practical terms, credit cards are viewed as viable alternatives to cash as young consumers believe that they provide them with security from theft of their cash. Attractive rewards provided by credit card companies further attract consumer spending through credit cards as they are able to redeem gifts without forking out money from their pockets to obtain those products. In particular, credit card companies are observed to create value that is attractive to consumers, such as offering consumers extra bonuses and free gift redemptions when points collected from dollars spent meet certain requirement levels, and thus, consumers are motivated to spend more in order to redeem the wide variety of offered gifts. Further, some of the credit card bills are paid by the parents of young consumers and thus, these consumers do not realize the real value of money and spend according to their hearts' desires. To make matters even worse, parents often find out the spending of their children only at the end of the month or when credit card statements arrive. In terms of social meanings, young consumers believe that owning and using credit cards provides them with an opportunity to show off their social status and make a good impression on others as credit cards are perceived to be held by individuals who have a substantial amount of income. To promote the responsible use of credit cards, plausible actions can be initiated by several parties, including the government, credit card companies and the society at large. Awareness is essential



in dealing with this issue. Young consumers believe that there is a lack of awareness campaigns to promote responsible usage of credit cards.

As the public is well influenced by the culture in society, the government's approach to solving these issues is essential. Hence, governments and non-governmental organizations are recommended to carry out more campaigns to raise consumer awareness and educate young consumers in managing credit card spending.

## Conclusion

Overspending is one of the main reasons why young consumers are in debt. Findings from the current study illustrate a change in consumer culture from one which focused on saving first, spending later to one which encourages spending now, thinking later. Various rationales have been identified as motivators that encourage credit card usage, including security trends for a cashless society and as a reflection of social desires. Attractive rewards and poor spending restrictions afforded by credit cards were the main influences that caused young consumers to spend more than what they could afford. Consumers who purchase using credit cards spend more as compared to those who purchase using cash or cheques. These findings suggest that young consumers tend to spend more with the availability of credit cards, and in many circumstances they are not able to pay back their credit card spending. To remedy this situation, actionable suggestions were recommended. Governments are recommended to carry out campaigns to educate young consumers on the usage of credit cards and tighten regulations for new credit card applicants. Credit card

companies are also not exempt as they ought to promote their credit cards in a responsible manner, such as informing both advantages and disadvantages of the advertised credit cards. Higher interest rates for late payments and restrictions on the number of credit cards that an individual can hold should also be enforced. Ultimately, the decision to use credit cards responsibly falls on the hands of young consumers themselves. As such, young consumers are recommended to think carefully before they swipe their cards, have budgets, and if possible, apply for debit cards instead of credit cards to avoid situations of overspending.

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## Problem of Employment and the Law in India

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### Abstract

*India is one of the most populated countries in the world ranking II with respect to population, 64 percent of total population in India is working, yet India is still facing the problem of unemployment. There are many youths in the country who are not getting the work and to be precise the eligible work. Making a case for promoting highly productive and well paid jobs Niti Ayog has said that not employment but a "severe under employment" is the main problem facing the country.*

### Introduction

Employment means an occupation by which a person earns a living. In other words employment is a relationship between two parties usually based on a contract where work is paid for. According to Oxford dictionary, employment is an action of giving work to someone in *Collins Dictionary* – employment is the fact of employing some one. In *Cambridge Dictionary* it is defined as – employment is the fact of some one being paid to work for a company or organization.

### Problem of Employment in India

India is one of the most populated countries in the world ranking II with respect to population, 64 percent of total population in India is working, yet India is still facing the problem of unemployment. There are many youths in the country who are not getting the work and to be precise the eligible work. Making a case for promoting highly productive and well paid jobs Niti Ayog has said that not

employment but a "severe under employment" is the main problem facing the country.

### Origination

In the old days, the population of world was smaller and there was hardly a person who was not employed in some way. But this situation is no longer exist. The industrial civilization brought about a change in the situation. It introduced machines which can work of many persons, it naturally threw many persons out of employment. No doubts, this industrial civilization has greatly increased the wants of and opened up many new opportunities for employment. But this increase in scope for employment has not been able to absorb the men discharged. This automation of works has complicated the line employment problem in India.

The number of unemployed persons in India is increasing at alarming rate. More than 1/3 of total population lives below the poverty line. There are three classes of employment here :



### *First*

Those persons who live on agriculture work for four or five months in a year and rest of the time, they practically remain unemployed.

### *Secondly*

In the towns and cities a class of unemployed person who find no employment in the factories due to the setting up of big machines there lastly, there are a large number of educated people who are unemployed.

Problem of employment among educated youth is a serious one. For every vacancy, there are a large number of applicants. Out of many candidates who are interviewed on few gets job. It is a very serious conditions when students dedicates several years of life in studies and after getting bachelor and master degree, facing unemployment problem.

This problem can be reduced in a large extent if the system of present education is change instead of giving only theoretically education the students should be given vocational training. The institutes prepare students with skill and knowledge for a particular trade. There is growing demand for skilled people in various industries. On the other hand, the country should promote industrialization so that more job opportunities can be created for the workers.

## **Law regarding Employment in India**

In India, there are a large number of Acts regarding employments or labour's rights, labour condition, health and safety, maternity, wages,

compensation and retirement etc., in which some are as follows :

### **Constitutional Provisions**

Article 16 of constitution provides the right of equality of opportunities in employment and appointment. It provides no citizen shall be discriminated on the basis of religion, race, caste, sex, descent, place of birth, residence or any of them.

**Article 38** directs the state to secure a social order for the welfare of the people regarding economic conditions.

**Article 39** provides the rights to get equal pay for equal work. Article 43 deals with the provision of human condition of work and article 43A direct the state to make legislation regarding participation of workers in management of industries Article 48 direct that the state shall evidence to organize agriculture and animal husbandry.

### **Workmen compensation Act, 1923**

It is one of the earliest pieces of labour legislation. It covers all cases of accidents arising out of and in the course of employment and the compensation to be paid in proportion of injury and the loss of earning capacity. The injured person or in case of death, the dependent can claim the compensation.

**Employees' State Insurance Act, 1948** : Provides a scheme under which the employer and the employee must contribute a certain percentage of monthly wage to the insurance corporation. Workers in need of genuine medical attention approach this facility.

### **Maternity Benefits Act, 1961**

This Act provides the maternity leave to women workers. This leave is extended by the Maternity Benefits Act 2017 from 12 weeks to 26 weeks. This benefit could be availed by the women for the period extending up to 8 weeks before the expected date of delivery and 18 weeks can be availed post child birth.

The adoptive mother also take benefits of 12 weeks from the date of adoption. This amendment Act has come in to force from 1 April 2017.

### **Payment of Bonus Act, 1965**

It provides mandatory annual payments of bonus to eligible employees of establishments which employ 20 or more persons. According to this Act, every employee who draws a salary of INR 10,000/- or below per month and has worked not less than 30 days is eligible for bonus. This provision has been amended by payment of bonus (Amendment) Act 2015 enforceable from 1 April 2014 and the Scope of eligibility is not that employees to 21000.

### **Industrial Dispute Act, 1947**

This Act provides the establishment of authorities for speedy trial of industrial dispute and prohibit the illegal strike and lockout and provides the compensation in case of retrenchment and lay off.

### **Child Labour Act, 1986**

It prohibits the labour by the children under 14 years of age in the hazardous industries. This act also amended by the 2016 amendment Act enforceable from 30

July 2016. By this amendment a new category of person "Adolescent" (Child under 14 to 18 years) has been shown and limits the working hours 6 hours in a day and 1 hour rest after 3 hour of work and no overtime. By this amendment penalty also enhanced for the violation of this Act now the imprisonment is from 6 months to 2 years and fine from 20,000 to 50,000.

### **The Payment of Wages Act, 1936**

This Act provides the modes of payment of wages. All wages shall be paid in current coin or currency notes or by cheque or by crediting the wages in the bank account of the employee. The Payment of Wages (Amendment) Act 2017 which come in to force 28 Dec 2016 changed there provision and provides that employer should pay his employees only by cheque or crediting the wages in his bank account.

### **The Minimum Wages Act, 1948**

This Act provides for fixation and enforcement of minimum wages in respect of scheduled employments. The object of this Act is to prevent sweating or exploitation of labour regarding low wages. It ensures a minimum subsistence wage for workers. The Act also requires the appropriate govt. (both centre & states) to fix minimum rates of wages and also review and revise the same at intervals not exceeding five years. The number of scheduled employments in U.P. are 61 after the amendment 2017. This amendment is effective with 1 April 2017.



## Employment in 2017

Unemployment rate in India has shot up to a five years high of 5 percent in 2015-16, with the figure significantly higher at 8.7 percent for women as compared to 4.3 percent says a report by Labour Bureau. This figure could be an alarm bill for the present government which has taken a series of steps such as 'Make in India' to create jobs for inclusive growth in the country.

According to the 5<sup>th</sup> annual employment – Unemployment rate was estimated to be 5 percent at all India level. Unemployment rate was 4.9 percent in 2013-14, 4.7 percent in 2012-13, 3.8 percent in 2011-12.

According to the Union labour and Employment Minister Bandaree Dattatreya, the centre will frame a new sector-wise national employment policy in this financial year after consultation with the ministries including micro, small, and Medium enterprises, heavy industries, electronics and information technology, health, education, textiles and more importantly, commerce.

He said the policy's thrust would be to ensure a transition from informal to formal jobs takes place in the country. Employment is falling on a global level but in India it has been marginal. The pace of job creation fell to a six year low in 2015 with 1.35 lakh new jobs being created compared with 4.21 lakh in 2014 and 4.19 lakh in 2013.

(According to survey of Labour Bureau under the Ministry of Labour and Employment).

## Conclusion

To conclude this article it can be said that the industrialization is responsible to a large extent for arising the problem of employment in India and due to growing population it is too difficult to control. State is endeavoring to control unemployment. There are a lot of Acts and policies regarding employment which provide various facilities but the current situation of employment in India is not good we hope the improvements of this condition in future.

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## A Case Study & Analysis of DBTL (PAHAL)

(With special consideration of the difficulties being faced by the customers)

Ms Ratnanjali Singh

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### Abstract

*At a central government level, various subsidies have been launched under the budget of centre's subsidy bill like food, fertiliser, petroleum and other subsidies. Of which petroleum has been sanctioned the bill of Rs. 30,000 Crores which includes all the 3 major Oil Marketing Companies (OMC's). Direct Benefit Transfer for LPG Subsidy Scheme (DBTL) scheme has been implemented under the same bill to help the customers in availing subsidies who meets some specific requirements. This paper aims to study the difficulties being faced by the customers, who are the eligible customer to avail the LPG subsidy, what is the future scope of the scheme? Primary data was collected through surveys & target respondents were from Agra city. Secondary data included the Aadhaar Seeding report collected from the Sales office of Indian Oil Corporation Limited, Agra.*

**Key Words:** DBTL(PAHAL), Aadhaar, Subsidies.

### Introduction

DBTL scheme which is known as the PAHAL scheme was launched under the Central Government Schemes aiming to transfer subsidies directly into the consumers' bank accounts. It is one of the largest cash transfer schemes introduced by the government under different campaigns. It was earlier launched on 1st June 2013 and finally covered 291 districts till then. The scheme was studied comprehensively and was identified by some of the customers' grievances which was partially modified prior to the new launch.

Major LPG cylinder providers in India are:

- Bharat Petroleum Corporation Limited (Bharat Gas)
- Hindustan Petroleum Corporation Limited (HP Gas)
- India Oil Corporation Limited (Indane)

In the paper "Rationalising Subsidies, Reaching the Underserved" the findings say that the consumption of subsidised LPG has increased significantly. On the contrary it also says that the high consumption of LPG does not mean that population of India is wholly using this as there are various households which are still using the traditional methods of cooking using kerosene, biomass. It also shows the distribution of LPG according to the incomes of families and the price of cylinders that are issued where the data is highly skewed towards the richer population (urban) and less in the rural areas. Which leads to this question unanswered that who is actually getting benefitted if the scheme is implemented for the poor and what are the difficulties are they facing?



## 1. Direct Benefit Transfer for LPG subsidy scheme (DBTL)

The PAHAL (DBTL) scheme was earlier launched on 1st June 2013 and finally covered 291 districts. It required the consumer to mandatorily have an Aadhaar number for availing LPG Subsidy.

### • Options to receive LPG subsidy

Under the modified scheme, the LPG consumer can now receive subsidy in his bank account by two methods. Such a consumer will be called CTC (Cash Transfer Compliant) once he joins the scheme and is ready to receive subsidy in the bank account. The two options are:

- **Option I (Primary):** Wherever Aadhaar number is available it will remain the medium of cash transfer. Thus, an LPG consumer who has an Aadhaar Number has to link it to the bank account number and to the LPG consumer number.
- **Option II (Secondary):** If LPG consumer does not have an Aadhaar number, then he can directly receive subsidy in his bank account without the use of Aadhaar number. This option which has now been introduced in the modified scheme ensures that LPG subsidy is not denied to an LPG consumer on account of lack of Aadhaar number (a unique number provided by government. In this option, Either consumer can:
  - Present bank account information (bank account holder name /account number /IFSC code) to the LPG distributor for capture in LPG database OR

- Present LPG consumer information (17 digit LPG consumer ID) to his bank

### • LPG Consumers who are already CTC prior to launch on PAHAL (DBTL)

Domestic LPG Consumer who had already joined the earlier PAHAL (DBTL) scheme by linking their Aadhaar to bank and LPG database don't need to take fresh action for receiving subsidy as the subsidy will be transferred to their bank accounts via Aadhaar based on the previous seeding. Such CTC consumers cannot exercise Option II above.

### • Pricing under PAHAL (DBTL)

In the PAHAL (DBTL) district(s), domestic LPG cylinders will be sold to CTC domestic LPG consumers at Market Determined Price (does not include subsidy) from the date of launch of the scheme. Amount transferred to consumer bank account.

The total cash applicable on LPG cylinder will then be transferred to the CTC consumer for each subsidized cylinder delivered (up to the cap) as per his entitlement.

**Grace Period-** Non-CTC consumers will be allowed 3 months from the date of launch of PAHAL (DBTL) to become CTC. During this period such consumers will receive their entitlement of subsidized cylinders at the then applicable subsidized retail selling price decided by authority based on demand it may vary day today.

**Parking Period-** After the grace period of 3 months, all non-CTC LPG consumers will get an additional 3 month Parking Period, during which the sale will happen at Market Determined Price for all LPG consumers.

But for non-CTC consumers the total cash on the sale made to such consumers (as per their entitlement) shall be held back with the respective OMC to be transferred to the LPG consumers' bank account in case consumer becomes CTC anytime during the Parking Period.

In case consumer does not become CTC during this Parking Period, the parked funds will lapse and consumer shall become ineligible to receive the parked funds and sale will continue at market determined price till consumer becomes CTC.

After the expiry of the Grace Period of 3 months, and thereafter an additional Parking Period of 3 months, all non-CTC consumers will receive cylinders at market determined price and will not be entitled to total cash until they become CTC. When non-CTC consumers become CTC beyond the parking period they will be eligible to get one time permanent advance and total cash entitlement on balance subsidized cylinders in that financial year.

#### • Permanent Advance

- A one-time Advance will be provided to every CTC consumer joining PAHAL (DBTL).
- The Advance will be notified, from time to time and will remain fixed for a financial year.
- It will remain with the consumer till the time of termination of connection, when it will be finally adjusted.
- LPG consumers who were provided permanent advance on a previous scale will not be eligible for any differential payment on account of the revision in the permanent advance.

### Process of Registration of Subsidy

For Aadhaar Based DBTL Registration ( Primary option)	Form1 - Back Account-Aadhaar Linkage Application Form (For LPG Consumers only)
	Form2 - LPG Linking Form
For Bank Account Based DBTL Registration ( secondary option)	Form3 - Mandate for Non-Aadhaar based LPG Subsidy Transfer ( To be submitted to Bank )
	Form4 - Mandate for Non-Aadhaar based LPG Subsidy Transfer ( To be submitted to LPG distributor)

### Working of Price under DBTL

Currently, 12 cylinders are available to consumers at a subsidised rate. Any requirement beyond this will have to be purchased at the market price .The Centre had capped the supply of subsidised domestic cylinders to six cylinders a year for all domestic consumers effective from September 14, 2012. Later, the cap was increased to nine cylinders. And, just before general elections, it was raised to 12 cylinders a year.In the DBTL district(s),

A one-time Advance will be provided to every CTC consumer joining DBTL. The Advance will be notified, from time to time and will remain fixed for a financial year. It will remain with the consumer till the time of termination of connection, when it will be finally adjusted.



- Domestic LPG cylinders will be sold to CTC LPG consumers at Market Determined Price from the date of launch of the scheme.
- The total cash applicable on LPG cylinder will then be transferred to the CTC consumer for each subsidized cylinder delivered (up to the cap) as per his entitlement as shown in figure below

## Research Methodology

*Scope of Study:* Area of survey shall be Agra

### *Instruments:*

*Primary Data-* The tools for the data collection would be questionnaires and interviews (both structured and unstructured)

*Secondary Data-* Data will be collected through reports, journals, publication of marketing research agencies, newspapers and internet.

*Statistical Techniques:* Relevant analysis tools like descriptive statistics, Z-test etc. are used.

### *Sampling:*

- The sample composition will be based on various income groups.
- Sampling Techniques shall be judgement and convenience based.
- Sample size shall be approximately 55 respondents.

## Data Analysis

Income of the household

- less than 1 Lacs
- 1.5 Lacs to 3 Lacs
- 3 Lacs to 6 Lacs
- 6 Lacs to 10 Lacs
- 10 Lacs to 20 Lacs
- more than 20 Lacs



### Do you have Aadhaar card?

Yes



\*1 \*2

From the data of 55 respondents, I had come across to this conclusion that 98.2% have aadhaar card.

### Are you availing Govt LPG subsidy scheme?



\*1

From the pie chart it's visible that 41 avails subsidy and 14 do not which includes the households of the stated incomes

## Have you linked your Aadhaar card with distributors and bank?

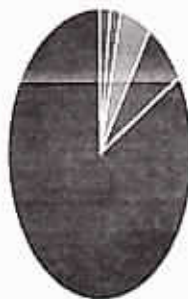
- Yes, I have linked with both but did not receive cash in my account
- I have linked my Aadhaar with bank but not with LPG distributor
- I do not have bank account
- I do not have Aadhaar
- I have linked with both and received cash transfer in my account



Out of five options the majority of respondents say that they have linked it with distributors and bank and are receiving cash transfer. Now there are people who still have not linked their Aadhaar card with either of them or linked by one only.

## Did you face any problem in getting Aadhaar?

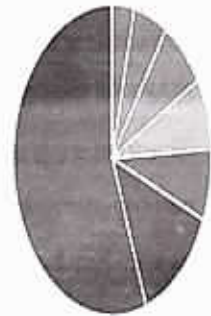
- Yes, I could not find/locate any enrollment agency near to my area
- Yes, I do not have photo identity card or proof of address so was refused Aadhaar
- I have lost my enrollment slip so can't get my Aadhaar
- Yes, I have enrolled with enrollment slip, but have not received Aadhaar
- Want an alteration made in my Aadhaar details, but cannot get it done
- I have tried generating e Aadhaar but could not do so as site was too slow
- None



The majority lies in the "None" option zone which means that they did not have any issues in obtaining aadhaar card.

## 4.6 Did you face any Problem in linking Aadhaar with LPG distributors

- Distributor did not accept registration form/photocopy of Aadhaar card for linking
- Even after giving Aadhaar photocopy distributor insists on submitting in the specified format
- Even after submitting Aadhaar form took more than a week to link
- I was not sure if the Aadhaar got linked in the LPG after my giving the form to distributor
- I had to go multiple times to link Aadhaar in LPG
- I do not know the postal addresses where forms copies of Aadhaar along with POA and other documents are to be sent
- I faced problems in linking my Aadhaar through Telephone/SMS/website



The operational issue arises between the UIDAI and the OMC while linking each other. From the pie chart it's evident that 55.6 % respondent did not face any problem and the rest have issues like the distributor did not accept the documents, changes in the prescribed format, delay in linking from the distributor's side, multiple visits to the OMC distribution centre and also while linking through website, telephone or SMS. So, the data is biased towards the mistakes from OMC side.

## Did you face any Problem in opening bank account?

- Bank did not accept form/Aadhaar photocopy
- I have dropped in box kept with distributor, but the linking delayed/not done
- Banks are not accepting e Aadhaar
- I was not sure if the Aadhaar got linked in the bank after my giving the form to bank
- I had to go multiple times to link Aadhaar in Bank
- Banks are not accepting e Aadhaar

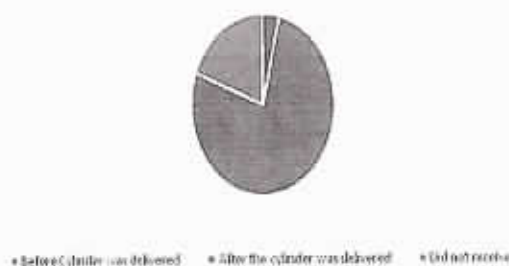


The majority of the customers had shown the reason that they had to visit the bank multiple times to link their Aadhaar card. The majority says "None" again i.e. 80% did not face any problem in linking their accounts.



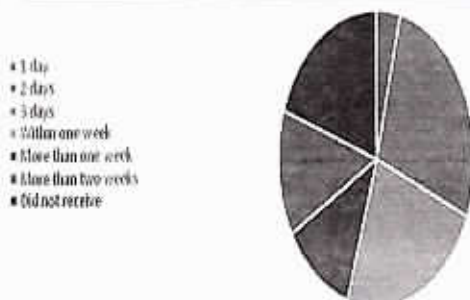
And 12.7% people suffered in visiting the Banks multiple times for linking their Aadhaar cards.

**When did you receive the subsidy amount of Rs.435 in your bank account?**



The majority of section lies in the second option that they received the permanent advance after the delivery of cylinder and some have been lucky in receiving before the delivery of cylinder. The middle section is against that they have not received the amount yet. No cash transfer has taken place yet.

**On an average, In how many days did you receive the subsidy in your bank account after receipt of cylinder?**

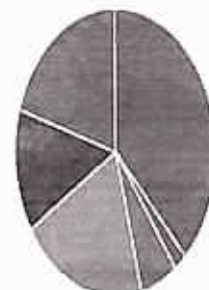


The maximum time taken by the OMC's in figuring out the customers who shall get the subsidy are 3 weeks. The data shows that it has taken more than a week

and in some cases the customers have not received it. Until the OMC does not report it to the sponsor bank on time, the customers will not be notified on their in-time transactions.

**In case of problem with cash transfer, were you able to file your complaints?**

- I have approached my distributor who accepted my complaint
- I have approached OMC officers who received my complaint
- I have filed my complaints using OMC portal
- I have approached my bank and registered my complaint
- I have registered my complaint through OMC toll free number
- I do not know/ how to approach for registering complaint

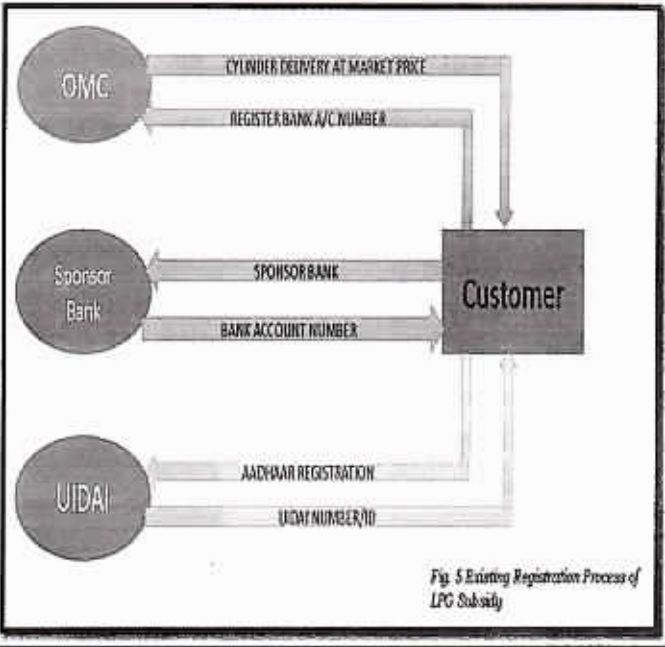


As from the survey conducted, the research states that all the customers face the problem of cash transfer. But the process of redressing complaints is unidentifiable. They don't know whom to approach whether an OMC, Bank and through what means.

**In how many days your complaints/ query was redressed/ replied?**

The maximum time taken to redress the filed complaint is more than a week as per the data. And the response given by the various stakeholders involved in this scheme for the registered complaints have been rated average. Some also states that there is no mechanism of registering the grievance.

Conceptual Framework

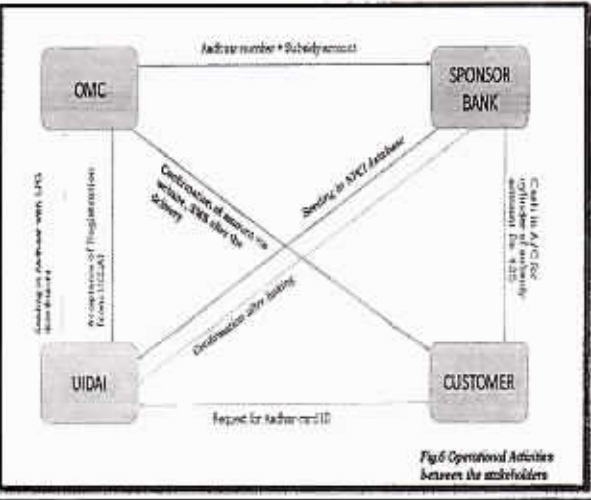


(Self-constructed)

The above model is the existing process of taking a subsidy from the customer's point of view. The various stakeholders involved and their major functions.

UIDAI= Unique identity authority of India

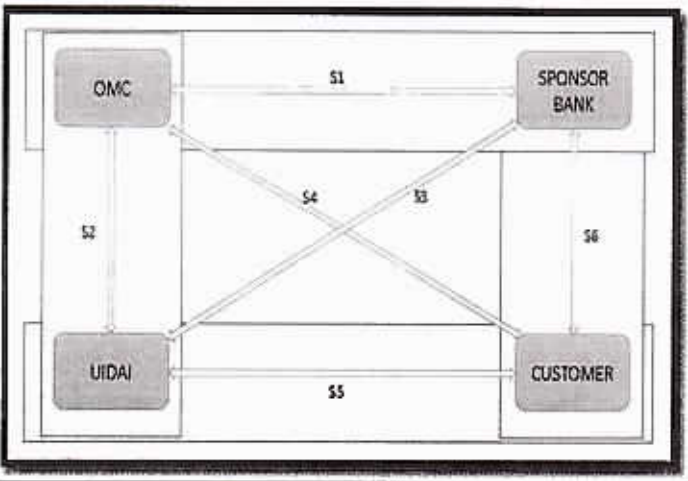
OMC=Oil Marketing Companies



(Self-constructed)

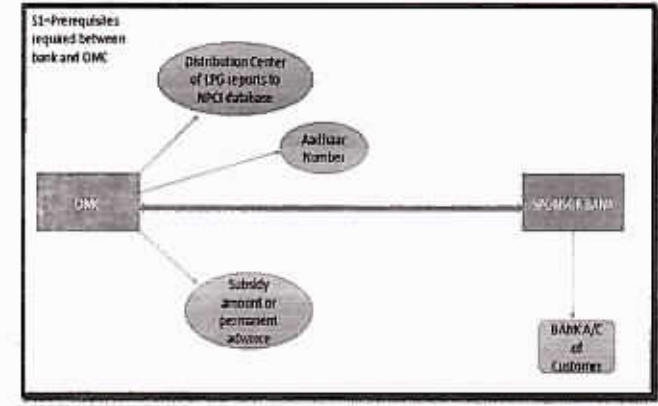
This shows the various operational activities being performed like the transfer of cash, confirmation, required documents within the stakeholders of the scheme and the customer.

NPCI= National Payment Corporation of India



(Self-constructed)

In the given figure, the lines and the written subscript denotes the relationship between the stakeholders. The relationship found was one-to-one, one-to-many. The details of each relation are discussed further in the same chapter.

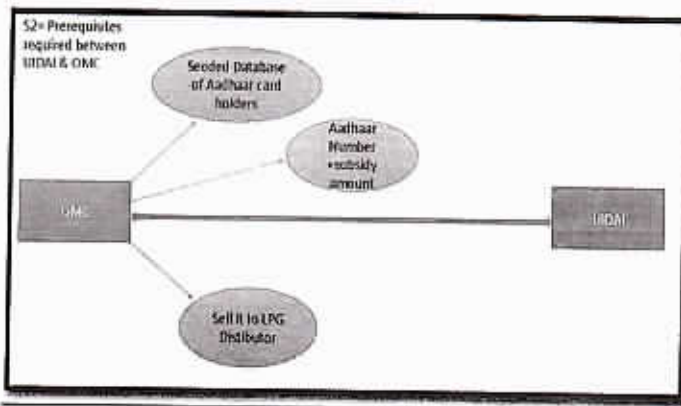


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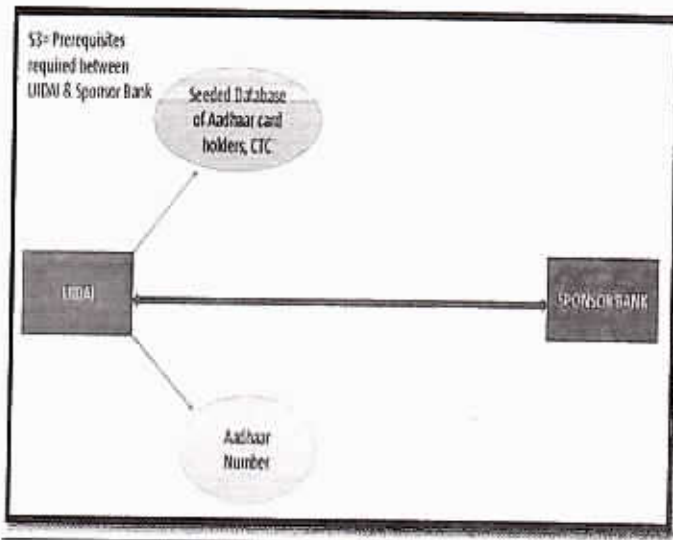


The relation between OMC and Bank/NPCI is depicted using this diagram. The entities involved in the OMC, their requirements from the Bank's point of view. Figure 8 shows the direct relation between OMC and UIDAI. The roles and responsibilities from each of their ends.

S1 denoting relation between OMC and Bank/NPCI

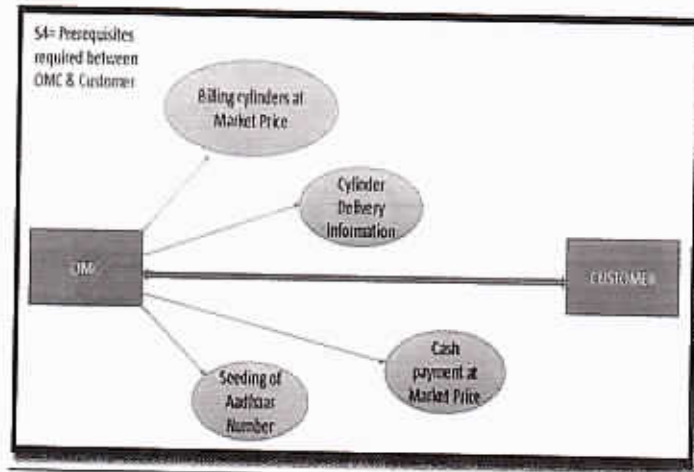


S2 denoting relation between OMC and UIDAI



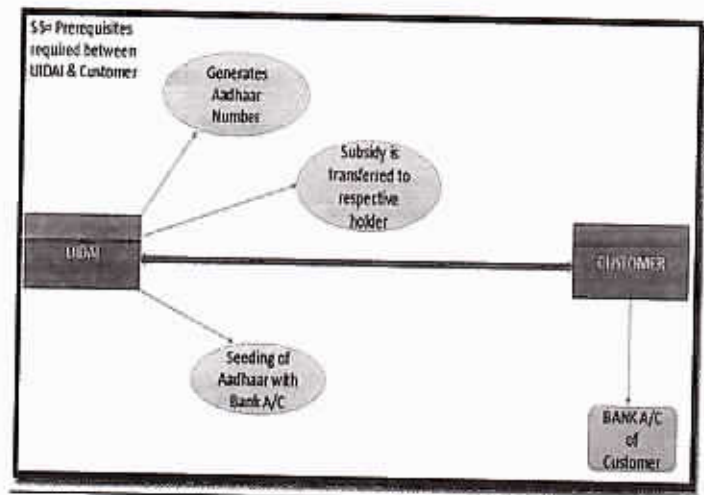
S3 denoting relation between Bank/NPCI and UIDAI

The above figure shows the prerequisites required between UIDAI and Bank.



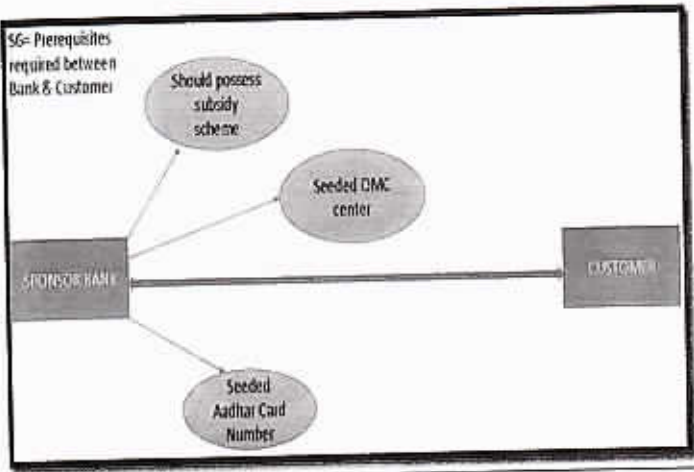
S4 denoting relation between OMC and Customer

The above figure shows the relation between an OMC and Customer. On what conditions does the OMC functions when there is a direct involvement of customer only.



S5 denoting relation between UIDAI and Customer

Similarly, S5 shows a direct contact of UIDAI and Bank. It shows the transfer of subsidy in bank account.



S6 denoting relation between Sponsor Bank and Customer

S6 shows the link between bank and customer. The customer shall be able to fulfil the specified conditions from the bank's perspective to complete the process.

**Conclusions**

1. The implemented scheme is for the households which holds the annual income of less than Rs10 lakhs.

2. The stakeholders so involved are found to be not performing the actions on time like delays in seeding the Aadhaar card with LPG distributors and Banks, delays in cash transfer of permanent advance.
3. The scheme gets limited to its functionality from the time of launching the campaign of Give-it-up.
4. The scope also gets reduced for the customers by the implementation of Green Gas into various households.

**References**

- Primary data was collected through surveys & target respondents were from Agra city.
- Secondary data included the Aadhaar Seeding report collected from the Sales office of Indian Oil Corporation Limited, Agra.



## Gender Discrimination : A Socio-Economic Problem in India

Dr Poonam Sharma

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### Abstract

*Women play a pivotal role in the overall progress of a country as they constitute half the human resources of a nation. The position of women in India has transformed over the decades and Great strides have been made in ensuring equality for women in Indian society. But the greater tragedy was the silence on the issue.. Each village had one or more chilling story of a women's murder or suicide. Violence against women in society does not only seriously affect the ability of women to achieve equality but affects their personal life, social life and daily existence. Gender discrimination is a violation of bodily integrity and of women's basic freedoms and rights. The aim of the paper is to study the different socio-economic aspects related to gender inequality in present scenario in India. This paper highlights also the role of government to prevent women from violence and inequality.*

### Introduction

Women play a pivotal role in the overall progress of a country as they constitute half the human resources of a nation. The position of women in India has transformed over the decades and Great strides have been made in ensuring equality for women in Indian society. However, contradictions and gaps in protecting certain basic rights of women continue to exist. Violence against women continues to be a significant and persistent social and economic problem in India with serious impacts on health, justice and social services systems. Each village had one or more chilling story of a women's murder or suicide. But the greater tragedy was the silence on the issue. The stories were different, but the underlying theme was the same. Violence against women in society does not only seriously affect the ability of women to achieve equality but affects

their daily existence, how they dress, where they go, with whom they associate, and their mode of transportation.

Over the last decades the expansion of education and the altered economic situation have created a new type of Indian woman i.e. working woman. In the recent years western social pattern have gained significant ground in the country and created the desire for self-realization, independence, self-determination, and self-supporting life style within Indian women as well, which resulted in an avoidable loosening of women's conventional roles. Currently millions of Indian potential female employees stay at home. The shortfall in their employment is not only caused by the traditional approach to gender roles, but also by the countrywide bad public security. The fast growing service industry offers increasing opportunities for women, but without a general sense of physical safety, including

safe working environment and overall public security, the utilization of female work potential will remain low.

### **Gender Inequality : Socio-economic Problem**

Traditionally the roles of women can be defined only within the family incorporate, thus the person is interpreted by the society through his or her relations, namely the position in the family, and is not treated as an individual. In that regard a woman can be defined as daughter, sister, wife or mother, but by any means as an individual with own desires. In the traditional society women do not work, do not contribute financially to the household, thereby women's functions can be defined exclusively in family and around home.

In 1993 the UN adopted the Declaration on the Elimination of Violence against Women. In the declaration, violence against women was defined as any act of gender-based violence that results in, or is likely to result in, physical, sexual or psychological harm or suffering to women, including threats of such acts, coercion or arbitrary deprivation of liberty, whether occurring in public or in private life. According to TrustLaw WomanPoll 2011 Report by Thomson-Reuters Foundation, India is the 4th most dangerous country after Afghanistan, the Democratic Republic of Congo and Pakistan.

In the criminal justice system, gender-based crimes are often presented as violence against women and discrimination. Historically, the roots of gender-based violence lie in unequal power relations between men and women, and persistent discrimination against women. Globally, women are underrepresented as actors in the

criminal justice system but over-represented as victims of gender-based crimes, violence, discrimination and harassment. Inequality prevent women from enjoying the fundamental rights guaranteed them under a country's constitution and international law. Gender-based crimes have long-term effects not only on the victims and their families but on the entire community.

### **Gender violence throughout the life cycle**

Gender based violence exists throughout the life of women; following are the different phases of life cycle and different types of violence attached with such phases.

1. **Prenatal phase** - Battering during pregnancy (emotional and physical effects on the woman; effects on birth); coerced pregnancy; deprivation of food and liquids; sex-selective abortion.
2. **Infancy** - Female infanticide; emotional and physical abuse; differential access to food and medical care for girl infants.
3. **Childhood** - Child marriage; genital mutilation; sexual abuse by family members and strangers; differential access to food and medical care; child prostitution.
4. **Adolescence** - Rape and marital rape; sexual assault; forced prostitution; trafficking in women; courtship violence; economically coerced sex; sexual abuse in the workplace.
5. **Reproductive age** - Abuse of women by intimate partners; marital rape; dowry abuse and murders; partner homicide; psychological abuse; sexual abuse in the workplace; sexual harassment; rape; abuse of women with disabilities; legal discrimination.



#### **6. Old-age - Abuse and exploitation of widows**

The policy frameworks and democratic institutions promote women's participation and agency. Despite having the world's largest experiment in grassroots democracy under way with more than a million elected women representatives in panchayats and Urban Local Bodies, local governance structures still see limited leadership and participation by women often elected women representatives serve as proxies for their male relatives (husband, father, brother or son). Such contexts add serious challenges in promoting women's access to information, knowledge, leadership skills, assets, resources and services, decent and productive work. Inequality is increasing in India and 96% of consumption inequality would be on account of gender.

#### **Government's Special Initiative for Gender Inequality**

The Constitution of India not only grants equality to women but also empowers the State to adopt measures of positive discrimination in favour of women for neutralizing the cumulative socio economic, education and political disadvantages faced by them. Fundamental Rights, among others, ensure equality before the law and equal protection of law; prohibits discrimination against any citizen on grounds of religion, race, caste, sex or place of birth, and guarantee equality of opportunity to all citizens in matters relating to employment.

**1. National Commission for Women** – In January 1992, the Government set-up this statutory body with a specific mandate to study and monitor all matters relating to the constitutional and legal safeguards provided for women, review the existing legislation to suggest amendments wherever necessary, etc.

#### **2. Reservation for Women in Local Government –**

The 73rd Constitutional Amendment Acts passed in 1992 by Parliament ensure one-third of the total seats for women in all elected offices in local bodies whether in rural areas or urban areas.

**3. The National Plan of Action for the Girl Child (1991-2000)** – The plan of Action is to ensure survival, protection and development of the girl child with the ultimate objective of building up a better future for the girl child.

**4. National Policy for the Empowerment of Women, 2001** – The Department of Women & Child Development in the Ministry of Human Resource Development has prepared a "National Policy for the Empowerment of Women" in the year 2001. The goal of this policy is to bring about the advancement, development and empowerment of women.

**5. Hindu Succession (Amendment) Act, 2005** – The Hindu Succession (Amendment) Act is to remove gender discriminatory provisions in the Hindu Succession Act, 1956 and gives almost same rights to daughters under Section 6.

**6. The Protection of women from Domestic Violence Act, 2005** – This is an Act to provide for more effective protection of the rights of women guaranteed under the Constitution who are victims of violence of any kind occurring within the family and for matter connected therewith or incidental thereto.

With one of the recommendations of the 'Committee on Status of Women in India' (CSWI) (1971-74), National Commission for Women was established through an enactment, the National Commission for Women Act, 1990 to safeguard and promote the rights of

women. However, as this statutory body, it has only recommendatory powers, it has been ineffective in addressing issues critical to women.

In 1993, India ratified the Convention on Elimination of All Forms of Discrimination Against Women (CEDAW), with one reservation and two declaratory statements. Following this, a taskforce was set up to review and suggest amendments to laws. Important amendments to laws pertaining to divorce and maintenance were carried out, notably – Indian Divorce (Amendment Act) 2001, Indian Succession Amendment Act 2001, Marriage Laws (Amendment) Act 2001.

## Conclusion

In India, legal regulatory framework prevents the women from violence and provides the equality. Govt of India have also taken a lot of steps towards gender equality and taken special initiative to protect the victims from any form of discrimination but Lack of proper and regular inspection and corruption are some of the reasons often put forward for the poor implementation of such constitutions and policies in India. The GOI should include substantive provisions for victim/witness protection that focus on safety, physical and psychological well being, privacy and dignity. Further, full socio-economic rehabilitation of the survivor and her family should be ensured, by providing housing, livelihood support, education facilities and safety.

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## Financing Practices for Disaster Risk Reduction in India

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### Abstract

*Disasters continue to make their impact felt both nationally and locally while policy debates and considerations of best financing practices might occupy attention. Disasters like floods, cyclones and droughts etc. occur repeatedly in different parts of the country. Disasters occur due to ecological unbalances, misuses of natural resources and pollutions. India has multi-hazard prone areas in different places and it faces different disasters all round the year. Disaster Risk Financing has been developed to put in use as weapons for disaster fighting and environment protecting. Risk Finance, can be availed of from the Governments and International Organization. Many microfinance institutions operate in communities and regions where natural disasters are an annual event. The aim of this paper is to study the existing financial support/arrangements which are being available for reducing the disaster risk. This paper also analyses the Govt schemes and microfinance initiatives for disaster financing.*

**Key words:** Disaster risk reduction, microfinance, microinsurance, disaster management, environment protection

**JEL code:** G21, G22, H84, Q5

### Introduction

Disaster is an unprecedented occurrence causing a significant loss of human value including life, property and livelihood. Disasters affect all regions of the world. Floods and storms are most widespread worldwide and they are dynamic in nature with disparity impacts on communities. Due to constantly changing environments, there is a need to recognize hazard and vulnerability characteristics in a more comprehensive manner. Natural and human induced, adverse geo-climatic conditions, environmental degradation, population growth, urbanization, industrialization etc. play a vital role in accelerating the intensity and frequency of disasters resulting in economic losses and human casualties on large scale. In India, natural disasters like floods, cyclones and droughts occur repeatedly in different parts of the country. Many districts

of India are multi-hazard prone and face different disasters all round the year.

For the past 30 years, the country has been hit by approximately 25 major disasters apart from heat waves, cold waves and heavy winds affecting some areas of the country. Floods, earthquakes, cyclones and hailstorms are the most frequently occurring disasters in India. They occur suddenly but the extent of impact depends on the magnitude of the event and the vulnerability of the location.

Enormous sudden-impact disasters destroy communities directly, while the socio-economic framework of nations negatively affected indirectly by disasters. Recent estimates suggest that the number of people displaced by disasters reached more than 32 million

in 2012, double the total in the previous year. The impact of climate on disaster risk is continuing to grow.<sup>1</sup>

Disaster management related issues received adequate attention for the first time in the Xth Five Year Plan (2002-2007) prepared in the backdrop of the Orissa Super Cyclone and the Gujarat Earthquake. The High Power Committee constituted by the Government of India emphasized the need to place disaster management as an integral part of the development agenda. Five Year Plan documents have generally not included issues relating to the management and mitigation of natural and man-made disasters. But a separate chapter on disaster management was included in the Xth Five Year Plan.

The high proportion of disaster losses to life and property in India implies that the disaster preparation and mitigation apparatus needs to be radically upgraded. Central and state governments have to earmark large sum of finances every year not only for the sudden onset disasters but also for the predictable disasters.<sup>2</sup>

### Financing Practices for Disaster Risk Reduction Worldwide

Disasters continue to make their impact felt both nationally and locally while policy debates and considerations of best financing practices might occupy attention. This moment represents a unique opportunity to ensure that disaster risk reduction (DRR) becomes a truly fundamental component of development and poverty reduction. The international financing of DRR is coming under increasing scrutiny which represents the

international community's support to national governments in their efforts to protect development gains from disasters.

A Methodology namely, Damage and Loss Assessment (DaLA), was initially developed by the UN Economic Commission for Latin America and the Caribbean (UNECLAC) in 1972. The DaLA Methodology bases its assessments on the overall economy of the affected country. It uses the national accounts and statistics of the government as baseline data to assess damage and loss. It also factors in the impact of disasters on individual livelihoods and incomes to fully define the needs for recovery and reconstruction.<sup>3</sup>

**Table No. – 1**  
**Damage and Loss Assessment with DRR Financing: A Snapshot<sup>4</sup>**

	Sum of total damage and losses (\$ millions)	Number of DaLA assessments undertaken	DRR financing (1991-2010) (\$ millions)
Mexico	10,698.2	9	586.3
Indonesia	10,166.0	6	1,439.2
Haiti	8,957.9	3	99.2
Honduras	5,072.9	1	161.2
India	4,824.3	2	524.9
Peru	4,680.0	1	333.1
Philippines	4,429.4	1	834.6
Venezuela	4,322.5	2	28.8
Myanmar	4,101.3	1	9.1
Cayman Islands	3,945.1	1	No data
Remaining 34 countries assessed using DaLA	39,915.2	54	3,470.5
	<b>101,112.9</b>	<b>81</b>	<b>7,486.9</b>

<sup>1</sup> Yonetani, M. (2012). "Global Estimates 2012: people displaced by disasters" Internal Displacement Monitoring Centre. Geneva, Switzerland. (<http://www.internal-displacement.org/publications/global-estimates-2012h>).

<sup>2</sup> Planning Commission, Government of India, "Report of the Working Group on Disaster Management for the Twelfth Five Year Plan (2012-2017)".

<sup>3</sup> See <https://www.gfdr.org/node/69> for more details.

<sup>4</sup> Jan Kellest and Alice Caravani, Report on Financing Disaster Risk Reduction, A 20 year story of international aid", Global Facility for Disaster Reduction and Recovery (GFDRR) at the World Bank, Sept 2013.



### Financing Disaster Risk (Government Initiatives)

Disaster Risk Financing has been developed to put in use as weapons for disaster fighting. Risk Finance, can be availed of from the Governments and International Organization. The practice has been popularized for covering the commercial consignments and big assets. Unfortunately the calamities destroy the belongings of the poor too, from which these facilities are still at far distance. If appropriate support is provided they can arrange for Disaster Risk

Financing by tie up arrangements with suitable other financial institutions, which if done rapid whole redress of the disaster can be brought about in the affected areas. Financial assistance in the wake of natural calamities is provided by the GoI in accordance with the schemes of relief funds. These schemes are based on the recommendations of the successive Finance Commissions. There are two present schemes of State Disaster Response

Fund (SDRF) and National Disaster Response Fund (NDRF) which are based on the recommendations of the 13<sup>th</sup> Finance Commission operative from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2015. On the recommendation of the 13th Finance commission, the Minister of Finance GOI has allocated funds for strengthening disaster management institutions, capacity building and response mechanisms.

**State Disaster Response Fund:** Section 48 (1) of Disaster Management Act 2005 provides for constitution of State Disaster Response Fund (SDRF) by the state Governments. Currently, as per the recommendations of the 13th Finance Commission, the GoI has approved an allocation of 33580.93 crore in the State Disaster Relief Fund to all the states, comprising of 25847.93 crore as central share and 7733.00 crore as state share. A statement showing the state-wise and year-wise allocation to the SDRF for the period 2010-15 is given in the following Table No.-2.

**Table No. – 2**

#### State-wise Allocation of State Disaster Response Fund (in crore)

Sr. No	States	2011-12	2012-13	2013-14	2014-15
1	Andhra Pradesh	534.28	560.99	589.04	618.49
2	Arunachal Pradesh	38.58	40.51	42.54	44.67
3	Assam	276.96	290.81	305.35	320.62
4	Bihar	351.21	368.77	387.21	406.57
5	Chhattisgarh	158.89	166.83	175.17	183.93
6	Goa	3.11	3.27	3.43	3.60
7	Gujarat	527.23	553.59	581.27	610.33

8	Haryana	202.55	212.68	223.31	234.48
9	Himachal Pradesh	137.3	144.17	151.38	158.95
10	Jammu & Kashmir	181.08	190.13	199.64	209.62
11	Jharkhand	272.42	286.04	300.34	315.36
12	Karnataka	169.01	177.46	186.33	195.65
13	Kerala	137.63	144.51	151.74	159.33
14	Madhya Pradesh	412.39	433.01	454.66	477.39
15	Maharashtra	464.82	488.06	512.46	538.08
16	Manipur	7.58	7.96	8.36	8.78
17	Meghalaya	15.38	16.15	16.96	17.81
18	Mizoram	8.98	9.43	9.90	10.40
19	Nagaland	5.22	5.48	5.75	6.04
20	Orissa	411.16	431.72	453.31	475.98
21	Punjab	234.07	245.77	258.06	270.96
22	Rajasthan	630.69	662.22	695.33	730.10
23	Sikkim	23.89	25.08	26.33	27.65
24	Tamil Nadu	308.20	323.61	339.79	356.78
25	Tripura	20.28	21.29	22.35	23.47
26	Uttar Pradesh	404.66	424.89	446.13	468.44
27	Uttarakhand	123.54	129.72	136.21	143.02
28	West Bengal	320.07	336.07	352.87	370.51
Total		6381.18	6700.22	7035.22	7387.01

**Source:** Thirteenth Finance Commission Report, pp 450, Ministry of Finance, GOI quoted in 'Disaster Management in India', Ministry of Home Affairs, Government of India.

**National Disaster Response Fund (NDRF):** Section 46(1) of Disaster Management Act 2005 provides for constitution of NDRF for meeting any threatening disaster management situation or disaster. The Government of India raised this Fund by levying the "National Calamity Contingency Duty" on imported petrol and products, crude oil, motor cars, imported multi utility vehicles, two wheelers, mobile phones, pan masala and certain specific tobacco products. The collection for year

2009-10 was 3160.00 crore and was expected to be around 3900.00 crore in the financial year 2010-2011. For the year 2011-12, the estimate is 4525.00 crores.

**Environmental Relief Fund:** In exercise of the powers conferred by Section 7(A) of the Public Liability Insurance Act, 1991, the Central Government has established the Environment Relief Fund Scheme on 4th November, 2008. The United India Insurance Company Ltd. (UIICL) has opened the Environment Relief Fund



account with State Bank of Travancore, Chennai. Funds in the ERF account is to be placed in fixed deposits. The interest earned from such investments is reinvested on a quarterly basis. The amount from all insurance companies is transferred to the ERF account on the last working day of every month.

**Agency for International Development:** The Government of India has signed a Project Grant Agreement with U.S. Agency for International Development (USAID) for implementation of the Disaster Management Support (DMS) Project. The agreement was signed in 2003. The period of the agreement has been extended up to 2015.<sup>5</sup>

**National Cyclone Risk Mitigation Project:** The Government of India has approved a National Cyclone Risk Mitigation Project (NCRMP), to be implemented in cyclone prone coastal states/UTs with external aid from the World Bank during the period 2011 to 2015.

### **Financing Disaster Risk (Microfinance Initiative)**

Instead individuals, communities, and even countries at risk to disasters are left with limited sets of coping mechanisms which often involve striking increases in high-interest debt, sales of assets, delay of development opportunities, low-yield livelihood strategies in efforts to smooth exposure to risks. In particular these types of informal coping strategies do not stand up well against series of shocks.<sup>6</sup> Post-disaster assistance from governments or humanitarian agencies may stem the

impacts of the most drastic emergencies, but this assistance is too often poorly targeted and fails to assist the most vulnerable. Strong customized financing tools can help the poor to break the poverty cycle by protecting their development gains, reducing impacts and losses of disaster shocks, and providing resources for disaster prevention and risk management. The poor are often ignored when it comes to the area of financial services. It is a common misconception that the poor are unable to save and that they are unreliable borrowers. Commercial banks are often unwilling to provide financial services to the poor. This is particularly unfortunate as access to these services could greatly help to reduce the vulnerability of these individuals by encouraging savings, which could be used in times of crisis, and by reducing their reliance upon moneylenders who charge high rates of interest. Micro finance programmes have emerged in response to the need of the poor for financial services. In India the Women SHGs Associations are an example of an organisation engaged in this type of activity. It is a federation of groups engaged in savings and small credit schemes. Through the establishment of savings groups in the villages and the distribution of small loans, women SHG Associations help their members to reduce their vulnerability and improve their standard of living.

Microfinance has also been integrated in post-disaster recovery contexts, where MFIs are often already active among vulnerable populations affected by disasters. MFIs' own activities, and the microenterprise activities of their existing clients, may be significantly affected by disasters. Physical damage to MFI offices and impacts on electricity, communication, and transport systems can impede access by MFI staff to client communities and

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<sup>5</sup> Ministry of Home Affairs, Disaster Management in India, GoI-UNDP Disaster Risk Reduction Programme (2009-2012).

<sup>6</sup> Churchill, Craig, 2006, "What is insurance for the poor?", Protecting the poor: a microinsurance compendium", published by ILO, Munich Re Foundation, and CGAP Working Group on Microinsurance, <http://www.microinsurancecompendium.org>



make the continuation of normal business activities much more difficult.

Microfinance Institutions (MFIs) are the institutions whose major business is the provision of microfinance services. Many microfinance institutions operate in communities and regions where natural disasters are an annual event. It is the poor and low income people who are normally affected severely by the destructive effect of natural disasters and they are found to be the clients of MFIs. Hence MFIs have to play a vital role in the wake of natural disaster. Microinsurance has also been introduced to protect microcredit loans to ensure that clients are not stuck with loans even if they lose the very assets that the loans have been used to procure. Just as self-help groups emerged as an innovation to provide incentives for repaying loans, so innovative efforts at savings-led microfinance are using savings approaches to create personal incentives to repay loans. Gaining experience with savings and credit buffers, clients of these programs are empowered to think and act more proactively on long-term financial risk management.

Similar initiatives are being developed with risk reduction, e.g. holding workshops on disaster preparedness or linking microcredit for housing to safe-building technical assistance.

However, generally these programs are still too new to effectively judge their effectiveness.

In addition to enhancing participation at community levels, many MFIs are interested to develop systems that adhere to business standards and are able to attract greater private sector interest. Micro-Financing, starting from the Private Sector to the central government has developed some process for lending money on the scheme of Micro Credit Financing. As a result of disaster,

these agencies proceed either for risk avoidance or risk retention or risk reduction or risk sharing or risk transfer. Among them the disaster is the foremost one, which has an enormous effect on people's economy, strength and their social standing. So the financing institutions, Govt. and other allied bodies are in a cross road, whether to lend money or not. The paper mentions the abuses of loan in the consumption or on unforeseen purposes.

Many microinsurance schemes have been established through partnerships of MFIs or community organizations and commercial insurers. Such partnerships allow the MFI to use its existing distribution network to market the insurance, manage client relations, and bundle aggregated sets of insurance policies.

One of the key challenges for many microinsurance programs is the need to introduce or promote a culture of insurance among community members who may not be familiar with how insurance works and the specific benefits it may or may not bring. Linking microinsurance to microcredit loans has been used as a way to protect both lenders and borrowers from disaster risk and as a means for introducing microcredit clients to insurance services. To jump-start acceptance of insurance, compulsory coverage is often used in insurance at all levels to broaden participation and is typically a feature for these microcredit-linked schemes.<sup>7</sup>

## Conclusions

Microfinance has already demonstrated considerable success in promoting livelihood and

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<sup>7</sup> Practice Review on Innovations in Finance for Disaster Risk Management A Contribution to the 2009 ISDR Global Assessment Report on Disaster Risk Reduction ProVentum Consortium with contributions from Christian Aid, AIDMI, and UN/ISDR, March, 2009



development gains and protecting those gains from future shocks due to natural hazards or other threats. MFIs and other financial institutions can play an important role in reducing disaster risk and microfinance needs to be promoted in the disaster and risk management communities as a critical tool to help strengthen resilience and reduce the vulnerability of hazard-prone communities.

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## Understanding Trade Liberalization from Gender Perspective in Context of India

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### Abstract

*In last twenty-five years with the adoption of trade liberalization, India has achieved expeditious economic growth, experienced huge paradigm shift in economy, witnessed increased education levels and fast urbanization. This has made impact on nearly every sphere of life. But Women condition post liberalization has still not improved that much. This is a prime drag, not just on women empowerment but on the India's growth story as well. One of the biggest cause behind it could be a reason that government doesn't consider gender dimension while crafting trade policies because there lies assumption that trade is gender-neutral. Economists argue that men and women benefit equally from trade liberalization by bringing more women into the work force and thereby reducing poverty but the opposite is happening. Women bear multiple responsibilities and face number of constraints such as lack of essential services, control of resources and decision-making. Gender dimensions of trade is creating interest among civil society, development practitioners, government and policy-makers. It becomes government duty to empower women to compete in a global market and encourage their views and ventures. The impact of trade policy on women must be paid serious attention. Trade can empower women and empowered women can further enhance trade. This paper will contribute by understanding complex relationship of trade liberalization, gender, growth and development.*

**Key Words:** Liberalization, Gender, development, India.

### Introduction

Liberalization is a phenomenon which slackens government regulations and integrates world economies for creating economic prosperity through maintaining economic relations between world economies by economic interdependence and cooperation. The economic liberalization in India began since 1991 represented by continuous financial reforms till today. In last twenty five years with the adoption of trade liberalization, India has achieved expeditious economic growth and experienced huge paradigm shifts in economy, witnessed increased education levels and fast urbanization. This has made impact on nearly every sphere of life. But Women

condition post liberalization has still not improved that much. One of the biggest cause behind it could be a reason that government doesn't consider gender dimension while crafting trade policies because there lies assumption that trade is gender-neutral. Economist argues that men and women benefit equally from trade liberalization by bringing more women into the work force and thereby reducing poverty but contrary is happening. Women bear multiple responsibilities and face number of constraints. Gender dimensions of trade are creating interest among civil society, development practitioners, government and policy-makers. It becomes government duty to empower women to compete in a global market and encourage their



views and ventures. The impact of trade policy on women must be paid serious attention. Trade can empower women and empowered women can further enhance trade.

### **Literature-Liberalization and Gender perspective**

In developing countries, India is among those which experienced major market-based reforms in early 1990s thereby witnessing a huge change in Indian economy with trade liberalization and industrial policy regimes (Nagaraj, 2002). According to Jaiswal. A (2014), Trade liberalization in India has caused intense changes at global, national and micro level of household economies, which seen from feminist economics perspective are gendered processes of production, reproduction and consumption. Banerjee P & Veeramani. C (2015) stated that trade liberalization put gender differentiated impact on employment through cost reduction effect, resource reallocation effect, technology effect and scale effect. Fontana. M (2003) puts point that trade liberalization influence gender inequalities at all three levels-macro, meso and micro. Gender inequalities in market participation can be reduced if the sectors that expand include more women than the sectors that contract (macro). Also if government lost revenue from reduced tariffs then it can lead to cuts in public social services provision that favour women (meso). Depending on whether trade liberalization destroys or creates sources of independent income for women, female control over household spending is reduced or extended (micro). It has become apparent that macro-economic policies such as trade policies are not gender neutral. Trade liberalization may have re-distribution effects on gender inequality and these change economies as gendered processes of

production, reproduction and consumption (Van Staveren, Irene, 2007).

According to Acemoglu, Autor and Lyle (2004), if men and women become imperfect substitutes, then industries employ different male and female labor force capacities, then trade liberalization generates relative demand shifts by gender and modifies women's relative employment and wages. Also, the severity of impact of trade liberalization relies on ability of women to reallocate to trade benefited sectors as well as on their interest on working at different levels of income and wages. Aguayo Telleze & Ernesto (2012) states Trade liberalization may impact employment and wages of different social groups, skilled and unskilled workers, as well as women and men differently. It is found out that the effects of trade liberalization on gender depend on various global and local conditions such as labor market institutions, resource endowments, consumer preferences and government institutions. Some studies also concludes that in economies having agriculture base, trade in reality leads to an increase in gender inequality. A large body of research support liberalization negative effect on some sections of women. Feminist analysis of liberalization shows that gender and trade exhibit two-way relationship – gender has an effect on trade, export and investment, whereas liberalization has a different impact on women and men.

### **Objectives**

- 1 To understand why gender perspective is important concerning trade liberalization.
- 2 To access Gendered impact of Trade liberalization on Indian women.
- 3 To Know about Indian women position post liberalization.



## **Research Methodology**

In this paper secondary data is collected as per need of the topic. For getting necessary data, reports, various websites and articles which had studied deeply on effect of liberalization on Indian women, were referred. Duly acknowledgment of Sources is done from where data was drawn. Descriptive research methodology is used in describing the characteristic of data.

## **Importance of Gender specific analysis of Trade Liberalization**

India got caught in 'South Asia paradox' after adopting liberalization policy and economic reforms: the fastest growing economy after China but a huge part of population below the poverty line. Indian economy had attained 7.3 % growth rate of GDP in 2015 and FDI has increased by 33% to 64 billion dollar as on February 2016. A new consumer class is emerging but at the same time social polarization and gender inequality are increasing. The impact of trade policy on women must be paid serious attention. Trade can empower women and empowered women can further enhance trade. Understanding the impact of liberalization reform on women is important because they constitute half of our population. The reality is they face intrinsic hurdles. Liberalization too has not benefited them that much. Duflo (2012) conducted survey and found out that in liberalized economies, women within the household need to have a self-sustaining source of income which gives women sufficient bargaining power also give better health outcomes for children. Sarkar S (2007) argues about the illusive concept of women economic freedom that women have got many new job opportunities under new economic policy, whereas the reality is with new work opportunities laid out to them also

generate further vulnerability and exploitations. World Economic Forum (2008) states that a positive correlation exist between nation's competency and women's economic development. World Bank (2006) suggests that trade liberalization accelerates gender equality and women economic development. Domestic companies when face competition from foreign companies, try to shack discrimination and prejudices against women, resulting in gender wage gap reduction (Bhagwati & Jagdish, 2004)

Free market can act as best system for resource and wealth distribution thereby narrowing the gender gaps. Rationale behind this is trade accelerate development, and development will give opportunities for better education, more jobs, higher income, more credit and better opportunities for women (United Nations, 2004). An International NGO for women IGTN (International Gender and Trade Network) had suggested countries on the ways trade and macro-economic policies need to be made for women's social and economic empowerment and for promoting sustainable development. Crafting trade policies from gender perspective is important for reducing the gap between social and economic policies thereby giving more access to social security and essential services. It also gives women and poor people their right to food, health and education. Understanding this relationship between gender and trade policy becomes important for policymakers so that they can better identify areas where trade liberalization can achieve domestic goals and where trade agreements can undermine other public policy priorities. Understanding liberalization from gendered perspective could help by not only focusing on complementary policy measures alongside trade objectives, but also keeping in focus pace, sequencing and scope of trade liberalization.



## **Gendered impact of Trade liberalization on Indian women**

Researchers from various fields like Anthropology, Economics and sociology have researched on consequences of liberalization on women lives and on their families. Siwal BR (1998) states that when women enter into work force, household responsibilities also take their toll. Women are mentally suffering at both places. So women often work on two full time jobs at same time. Thus, the mixture of capitalism and western culture is eliminating family and community's social controls. Due to which, family violence, divorce, rape and family breakdown increase. Olsen W. and Mehta S.(2006) measured paid and unpaid employment using the Indian National Sample Survey 1999-2000. It is found out Men labour-force participation stood at 85% and women at 35%. There has been a stabilization of women employment rate since 1971, In 1970 it was 31% and 30% in 2000. Concerning women education, T. Paul Schultz (2006) states countries that have adopted a more open trade regime by fostering exports, lowering barriers to imports, and establishing more competitive markets for foreign exchange promotes women's education and health. Increased exports other than natural resources are strongly associated with higher levels of education and health. Whereas Jaiswal. A (2014) argues that education privatization and training increases the cost of education. So family budget shuffles often in which female child bears main casualty because most resources are spent on male child education. Liberalization of the Economy marginalizes a section of women. Migration of women for money and livelihood often gives rise to crime, exploitation and trafficking. Due to neo liberalism and male migration from villages to cities, contract work,

unsocial hours rural women have to carry simultaneous burden of farming, caring and employment. Sengupta. R (2011) exerts women are facing lot of disparity in employment, income and access to healthcare. An increased investment in foreign health services bring extra facilities but these are located in urban areas and are often costly. This limits their usefulness for major section who lives in rural areas. What more, Indian government is till today failed on policy space to reduce health related inequalities.

India has experienced pathetic Sex Ratio after liberalization. Chakraborty T (2010) finds a causal link between industrialization and sex ratio. Trade liberalization affects female survival chance relative to male. Households are more likely to have a male child in regions with higher trade openness relative to regions with lower trade openness. There was significant increase in dowry payments in areas having high trade openness. Clean cloth campaign in their survey found out that in Indian export processing zones women workers and saleswomen face highly volatile, hazardous, and unregulated working conditions. Women bear burden of disguised costs of over-exploitation, subsistence wage, health hazards, lenient labour standards and absence of social security measures involved in transnational business. UNCTAD (2009) emphasizes that in export industry females are low paid, put on unskilled position and hired on temporary contract through labour agencies which often pay less. Menon and van der Meulen (2009) found out in their research by collecting household data from 1983-2004 that trade liberalization had negatively affected skilled women employment and wages which is some where happening due to lack of stringent labor laws, discrimination, low wages compared to men and women's



less bargaining power. Tomlinson J (2008) argues though globalization had generated ample jobs for rural India but work availed to women is almost poorly paid, insecure, mentally and physically unhealthy. Bakshi S K (2011) found out that liberalization had badly influenced gender segregation. Labor market in informal sector having high trade liberalization exhibit an increase in female segregation. Banerjee. P and C. Veeramani (2015) had conducted econometric analysis on Indian manufacturing industries between 1998 to 2008 and found that tariff reduction bring ample employment opportunities for female as firms started to substitute males with low paid female labour. Jhabvala R and Sinha S.(2002) emphasize women workers are paid less than men much below the minimum wage in sectors where liberalization has increased. Though opportunities have increased, women are earning a pittance coupled with gender discrimination, lower category of job in hierarchy, poor and substandard working conditions. Women in small scale enterprises had suffered a lot due to mechanization and automation prevalence in market economy and it has badly affected village based traditional economy.

### **Indian women Position Post liberalization**

In 2015, Indian women rank 108th on Global gender gap Index and 134<sup>th</sup> on economic participation in economy. In terms of health and survival of women almost 206 districts in India were gender critical. Involvement of women in political decision making in India stands pitiable low at 103rd position among 190 countries. India is world's largest democracy and women owns 61 seat out of 543 in 16th Lok Sabha and only 27 seat in Rajya Sabha comprising 11.5% of total seats in 2013. The proportion of women seats in Parliament becomes 12.24% only against

the target of 50%. In state assemblies women MLA situation seems pathetic having national average pitiable at 9%. Women have only 14% representation in Bihar, Rajasthan and Haryana. Surprisingly in Pondicherry and Nagaland, there are no women MLAs at all. Indian women scored 17<sup>th</sup> position in 2015 Global Women Entrepreneur Leaders Scorecard. Most disturbing of all is declining sex ratio. It fell from 32.2% in 1987-88 to 24% in 2014. India has only three percent of women vice-chancellors in 600-odd universities. The proportion of women directors in Companies BOD was only 6.5% in 2015. Across country, only 30.3% of women were in workforce. There exist a gap of almost 25% of women participation in labour workforce. It is 15.5% in urban areas and 30% in rural areas. In India 140 maternal deaths were reported in 2015 and maternal mortality rate was 167 in 2011-13. In non-agricultural sector percentage share of women in wage employment was 19.3% only.

### **Conclusion**

Most economists have asserted that trade liberalization after 1991 has contributed a lot to Indian economic development and that its effects are beneficial for employment. But this paper's view is liberalization has been a boon for India and bane for Indian women. There is no doubt that Liberalization after 1991 had played important role in availing abundant opportunities for women. Women are becoming central breadwinner in Indian households. Nowadays daughters are often seen financially supporting their siblings and parents. Mothers are seeking work to provide good facilities and environment to their children. Indian women are acquiring more autonomy in their home, on wages and feeling independent. However, there are sufficient empirical



claims and studies as depicted in this paper that the overall effect of Liberalization has proven to be negative on Indian women. Liberalization in India has worse affected cottage and small scale industries creating problem of employment for rural women. The trade liberalization reforms has had effected Women both positively as well as negatively. While female literacy level has improved a lot, the sex ratio is becoming pathetic every year. Women still today are fighting for equal wages and opportunities. Dual responsibility, long working hours, lower wages, glass ceiling effect at workplace, mass influx of women into paid work, insecure and pathetic working conditions and substandard facilities are creating roadblock in career advancement of women. This paper points out that trade liberalization and investment can't be remedies to social inequality and gender problems. There is a total absence of women's voices while crafting trade policies. For sustainable development of all, governments, international institutions and NGO should come forward and co-operate each other by considering gender perspective while making trade policies.

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## Employee Participation and its Impact on their Performance

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### Abstract

*Participation of employee in decision making is concerned with shared decision making in the work situation which is defines it as joint decision making between managers and subordinates. The main aim of this article is to present the importance of employee participation in decision making and the impact of employee participation in the organizational success and their performance. The main reason of employee participation is to increase team commitment, proactive assessment, and development of action plan, improve communication, staff satisfaction and retention. The study shows that there is a significant relation between employee participation and their performance which is required for the success of the organization. The following research paper seeks to explore the correlation between Employee Participation in decision making and their performance. The main focus remains to evaluate the existing academic literature to demonstrate evidence that employee involvement and participation initiatives produce tangible advantages for organizations.*

**Key Words:** Participation, Decision Making, Team Commitment, Proactive Satisfaction & Organisational Success.

### Introduction

Participation of employee in decision making is concerned with shared decision making in the work situation [Mitchell, 1973]. [Locke & Schweiger, 1979] defines it as joint decision making between managers and subordinates. According to [Noah, 2008] it is a special form of delegation in which the subordinate gain greater control, freedom of choice with respect to bridging the communication gap between the management and workers. It refers to the degree of employee involvement in firm's strategic planning activities. A company can have deep or shallow employee participation in decision making [Barringer & Bleudorn, 1999]. The employee participation in the planning process leads to potential innovation, which may facilitates opportunity and recognition in the

organization [Zivkovic et al, 2009]. Managers provide opportunities for participation of subordinates in decision making on the basis of their merits [Witte, 1980; Sagie & Aycon, 2003].

The advantages of employee participation in decision making are:

1. It increases employee's morale and enhances the productivity [Chang& Lorenzi, 1983]
2. It provide employees the opportunity to use their intellectual, which will lead to better decisions for the organization [Williamson, 2008]
3. Employee participation contributes to trust and sense of control[Chang& Lorenzi, 1983]
4. As a result of employee participation, resources required to monitor employee can be minimized



thus reduced cost [Arthur, 1994; Spreitzes & Mishra, 1999]

5. Employee participation in decision making maximizes the view points and give diversity of perspectives [Kemelgor, 2002]
6. Employees will focus more of their energy on future-oriented problem solving rather than blaming their current problems on management.
7. Employees are valued as a part of the team.

## Literature Review

Kanter (1982) postulated that participatory character of the decision-making processes within the organization brings more positive outcomes than bureaucratic structure, as it involves knowledge sharing between workers and managers. Workers seem to be better informed than their managers with regard to the products and services, processes and work tasks, as they are directly involved in these activities. Hence, their views and suggestions might be very valuable in developing company's strategy and achieving enhanced performance.

In turn, Lawler (1990) listed a number of various benefits of employee involvement within the company. He pointed out that employee participation leads to more efficient and innovative methods and procedures in a workplace and improves communication within the organization (between managers and workers as well as across work departments). Greater employee involvement results in higher job satisfaction and lower staff turnovers. Further, as employee participation concerns training and team work, it also leads to greater staff flexibility and higher job motivation. Additionally, high work motivation and better work methods determine increased rate of outputs and hence, contribute to the better quality of the

products and services offered by the company. Finally, better communication and improved worker-management relations reduce a number of disputes and conflicts within the organization and help to resolve existing conflicts in the most effective way. All these factors contribute to improved performance of the organization. It is also important to add that Lawler identified various negative consequences associated with employee involvement. One of them are expectations created amongst the employees. These expectations usually concern organizational changes, personal self-development and career advancement opportunities. If the organization fails to meet these expectations, it will lead to dissatisfaction amongst workers. Employee participation causes also additional costs. Developing new skills is associated with additional costly trainings. In turn, accepting new responsibilities by the employee automatically requires an increased in salary of such an employee. Participatory character of decision-making is also slower than traditional style of leadership as it involves a significant number of people that have to accept the decision (Lawler, 1990).

Markowitz (1996) underlines higher morale of the employees and their greater commitment to performed job as a consequence of increased participation in the decision-making processes. As employees have a decision-making power, they fulfill their duties more accurately. Higher productivity of the employees contributes to higher profits of the organization and greater stability within the industry (Jones, 2006).

More recently, the effects of employee involvement were analysed by Appelbaum et.al (2000). Similarly like Lawler, the researchers emphasized the importance of information on the production (service) processes possessed by employees. The organization



should aim to gain such knowledge from its employees in order to stay profitable. However, three conditions have to be met by the company to gain such knowledge. Employees need to be involved in substantive decisions. They are required to have specific skills and they need to be given appropriate work incentives. This approach indicated that employees cannot provide valuable information to the organization's management if these conditions are not met. Additionally, employees are not willing to provide such information if they are not given appropriate incentives. Hence, this approach underlines the important of coherent and accurate HRM practices within the company (Jones, *et.al.*, 2006).

Grimsrud and Kvinge (2010) postulate that employee participation is associated with the features such as responsibility, control rights, rights on revenue and risk taking. The companies are characterized by the areas of joint interests of employers and employees as well as by the areas where the conflicting interests appear. In particular, the author focuses on two conflict areas. These are principle-agent problem and free-rider problem. Principle-agent issue concerns different approach of the organization (owners and management team) and employees towards the inputs of work and distribution of created outputs. While the organization aims to achieve higher labour productivity and higher value added and keep fixed salaries at the same time, employees intend to share higher profits. Free rider issue refers to the situation when the organization cannot monitor individual contribution of its employees to the organization's development and hence, individual rewards of employees depend on joint efforts. Hence, the organization tends to implement practices that will improve the productivity of employees, while employees seek to take advantage of

such situation and gain additional benefits (i.e. higher return rights) in exchange of improved productivity.

### Objective of the study

1. To examine the effect of employee participation on their performance
2. To find out the various forms of employee participation in decision making process

### Research Methodology

The study used exploratory research design and the research approach was survey based. The data was collected from both primary and secondary sources and the research tool used was self-administered questionnaire, structured and pre-tested. The data was collected from 15 companies chosen on the basis of snow ball sampling technique. The geographical area of the study is NCR only and the companies which participated in the survey belong to various industries a list of which is shown in the table below.

**Table -1**  
**Participating companies in the survey**

Sl	Industrial Sector	No of the participating companies	Geographical Area
1	IT	5	Noida, Ghaziabad, Delhi
2	Pharmaceutical	3	Faridabad, Delhi
3	Automobile	2	Greater Noida, Noida
4	Electrical	2	Delhi
5	Electronics	3	Noida, Gurgaon

The secondary data was collected from business magazines, newspapers and the websites of companies. The primary data was collected from HR managers / senior

level managers of the participating companies after convincing them the confidentiality of the data collected and convincing them that the data collected would be used purely for academic purpose. The questionnaires were mailed to 28 companies across NCR out of which 13 companies did not respond after repeated follow-ups. The reasons cited were non availability of the concerned and intention to not reveal the type of the information needed for the survey. The data collected was analyzed using SPSS 17 and the analysis was done using statistical tests like Correlation and Regression. Before analysis, the data was coded to feed in SPSS software. The coding scheme was prepared for this purpose. Since there was no incomplete questionnaire, all the questionnaires collected from 15 companies were used for the purpose of analysis.

The questionnaire was in English language and included 10 questions to collect the data on the variables of study. The respondents had to answer the questions on 5 point likert scale with 5 being strongly agree and 1 strongly disagree. The scaling was well explained in the questionnaire before the beginning of the questions.

### **Hypothesis of the Study**

$H_0$ : There is no linkage between Employee Participation and their Performance

$H_1$ : There is a positive linkage between Employee Participation and their Performance

### **Variables of the study**

The study was based on two variables. Level of Employee participation in Decision making is the independent variable in the study and Performance of the employees is the dependent variable in the study. These

variables have been measured on the basis of various parameters which are part of the questionnaire.

### **Data Analysis**

To investigate the linkage between Employee Participation and their Performance, Correlation Test was used. The results of the test established positive and significant linkage between Employee Participation and their Performance. Hence the hypothesis 1 was accepted in favor of null hypothesis and the null hypothesis was rejected.

**Table -2**  
**Correlation between Employee Participation and their Performance**

<b>Correlation Coefficient (r)</b>	<b>Significance</b>	<b>Status</b>
.817	.00	Hypothesis 1 ( $H_1$ ) accepted

As the value of correlation coefficient (r) ranges between -1 to +1, the more positive and closer to 1 value confirms the relation between variables to great extent. As per the value of r in the table above, .817 value at a significance level of '.00' means there is a strong positive and significant relation between two variables.

### **Employee Performance based on Participation in decision making**

Productivity is the performance measure encompassing both efficiency and effectiveness, high performing and effective organization posses a culture of encouraging employee participation. Therefore, employees are more willing to get involved in decision making process, like goal setting, problem solving activities which



results in higher performance [Hellriegel, Slocum & Woodman 1998]. Encourage more modern participative style of management raise employee productivity and satisfaction even with low compensation rates [Madison, Wisconsin, 2000]. Job satisfaction increases productivity through high quality motivation and through increasing

working capabilities at the time of implementation [Miller & Mange, 1986]. These were the evidences that participative working environment has more substantial effects on workers' productivity.

**Table -3**  
**Level of Employee Participation in Decision making and their performance**

Level of Employee participation in Decision making (Independent Variable)		Performance of the employees (Dependant Variable)	
Involvement of the Employees	Average	Criteria	Average
Executive level	2.1	Sharing ideas with company	3.7
Managerial level	2.2	Being aware of the company status	3.5
Operational level	3.6	Commitment to the training	4.3
Group Level	3.8	Improving knowledge	4.5
Individual Level	3.2	Reward for better performance	4.7
<b>Total</b>	<b>2.98</b>	<b>Total</b>	<b>4.14</b>

**Table – 4**  
**Correlation between participation in Decision making and performance**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Sharing of idea- Executive Level	1.28	1.012	.185	.898	1.647	6.876	29	.000
Aware of company status – Managerial Level	.723	1.213	.258	.202	1.241	2.823	29	.007

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Commitment to training – Operational Level	.588	.797	.142	.220	.690	3.355	29	.002
Improving knowledge – Group Level	.677	1.021	.194	.250	1.163	3.540	29	.001
Reward for Performance – Individual Level		1.004	.183	1.035	1.785	7.643	29	.000

Table 03 states the average level of employee participation in decision making ( at different situation and circumstances and it is also based on the intellectual ability of the employee) and averages the criteria of performance of the employee, (which includes sharing ideas at common platform like seminars conferences and meeting, being aware of the company status relates to the financial condition, products and customer relation, commitment to training is the after effects of the training and updating the latest information in their field). Table 04 Indicates that there is a significant relationship between employee participation in decision making and their performance.

#### Depth of employee participation in decision making

Table 04 mentions the depth of the employee participation in decision making which show many employees are involved in collective bargaining (salary, Working conditions and facilities provided by the organization) and there is only few participation in analysis of skill gaps and job evaluation, if that is done by

the organization then they can further increase the productivity, because through participation of employees in job evaluation leads to recognize the skill gap and rectify it through the effective way.

**Table -5**  
**Depth of the Employee participation in Decision Making**

Employee Involvement	Average
Collective bargain	4.7
Co- determination	3.5
State of technical equipment	3.2
Training	4.0
Expected skill gaps	2.7
Expected increase in qualification demand	2.9
Job Evaluation	2.8
Total	3.4



## Conclusion

The study in different companies shows what makes an excellent performance of the organization and smooth employer-employee relation is the employee participation in decision making. Based on the research carried out we can state that there is greater significant link between employee participation in decision making and their performance towards the organization. If the organizations enhance participation of their employees in decision making which may lead to commitment, pool of ideas, loyalty, citizenship and trust towards the organization. The researcher further can study the relation and impact of different performance criteria with the same level of employee participation.

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## Role of Food Industry in Country's Economy

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### Abstract

*Indian food industry has seen significant growth and changes over the past few years, driven by changing trends in markets, consumer segments and regulations. These trends, such as changing demographics, growing population and rapid urbanization are expected to continue in the future and, therefore, will shape the demand for value added products and thus for food industry in India. The Government of India's focus towards food processing industry as a priority sector is expected to ensure policies to support investment in this sector. India, having access to vast pool of natural resources and growing technical knowledge base, has strong comparative advantages over other nations in this industry. The food processing sector in India is clearly an attractive sector for investment and offers significant growth potential to investors*

### Introduction

Food industry plays a significant role in country's economic development. Processed agricultural products account for about 30% of the processing industry's out of which 90% is produced by the food industry. Food Industry in India comprises of various segments like fisheries, plantation, fruits and vegetables and confectionery. Food Industry in India has grown over the last few years and it is expected to be worth more than US\$ 310 billion by 2015.

India is the world's second largest producer of food next to china, and has the potential of being the biggest with the food and agricultural sector. The food processing industry is one of the largest industries in India- it is ranked fifth in terms of production, consumption, export and expected growth. The food industry is on a high as Indians continue to have a feast. The food sector has been witnessing a marked change in consumption patterns, especially in terms of food.

India, as a large producer and consumer of food is likely to have an overwhelming impact on world demand and supply Of food products in the future, according to the estimates Provided by the Food and Agriculture Organisation (FAO) in 2012. With its vast production base, India has the Potential to become one of the largest food suppliers to the World and at the same time serve its own vast population (MOFPI 2014).

### Reasons for the Growth of the Food Industry

- Increased urbanization in the country has given a boost to the food industry in India and increased in literacy and rising per capita income have all the basic caused of rapid growth and changes in demand patterns, leading to tremendous new opportunities for exploiting the large market. An average Indian spends about 50 per cent of household expenditure on food items.
- There is a majority of the working women in the country as a result of which families have extra income which they are spending in buying food and



the other reason is time consumption working women have not so much time to cook the food at home so they want to buy food in restaurant or motel.

- India is the seventh largest country, with extensive administrative structure and Independent judiciary, a sound financial & infrastructural network and above all a stable and thriving democracy. The standard of living in the country has improve as a result of which there has been an increased demand for food.
- The Indians have very good investment opportunities exist in many areas of food industries, the important ones being : Supermarkets and malls and have opened all over the country and this has helped in making shopping for food a pleasurable experience.
- The consumers can select, inspect and pick up food items that they like in an ambience that is comfortable. This too has helped to boost the sale of food products in the country. Demand for processed/convenience food is constantly on the rise.

### **Major Companies in the Food Industry that Helpful in Countries Economic Growth**

- **Nestle India Ltd.** Nestle India Pvt. Ltd. was incorporated in 1959 as Food Specialties, Nestle Alimentana, Switzerland promoted Nestle India (NIL). Nestle India is a 51 percent subsidiary of Nestle SA (founded 1866), which is today the world's largest food and beverage company. The net sales of Nestle for the year 2006 were Rs. 281.61 billion. It majorly caters to dairy products, beverages and snack foods, with products ranging from instant coffee, condensed milk, dairy whitener and infant food to chocolates and confectionaries. The company

is focusing on launching new products in all product segments.

- **Cadbury's India Ltd.** Cadbury India Ltd is a subsidiary of Cadbury Schweppes which is a dominating player in the Indian chocolate market with strong brands like Dairy Milk, Five Star, Perk, Gems etc. Dairy milk is the largest chocolate brand in India. Chocolates and confectionery contribute to 75 per cent of Cadbury's turnover. It basically caters to the confectionaries segment and is a dominant player. It has a huge product portfolio including chocolates, hard boiled confectionery, malt foods, and cocoa powder.
- **MTR Foods Ltd.** MTR Foods Ltd is an ISO 9002 and HACCP certified company is amongst the top five processed food manufacturers in India. They manufacture, market and export a wide range of packaged foods to global markets that include USA, UK, Australia, New Zealand, Malaysia, Singapore, UAE and Oman. The turnover is estimated at US\$ 261 million (Rs12 billion), with the export market accounting for approximately 10 per cent of MTR's total sales.

Their wide range of products include ready-to-eat curries and rice, ready-to-cook gravies, frozen foods, ice cream, instant snack and dessert mixes, spices(turmeric, coriander, black pepper) and a variety of accompaniments like pickles and papads.

The strategy followed is competitive pricing and labor intensive products that predominantly cater to the Indian palette.

After establishing itself in the south, MTR is developing its brand in the west and north Indian markets in line with the rapid expansion of its products.

- **Hindustan Lever Ltd.(HLL)** The parent company Unilever holds 51.55 percent of HLL's equity. Unilever is a Fortune 500 transnational, which sells Foods and Home and Personal Care brands in about 100 countries worldwide. India's largest fast moving consumer goods company, with leadership in Home & Personal Care Products and Foods & Beverages. HLL's Foods segment is at 9 per cent, beverages are at 12 per cent of its businesses.

It caters mainly to the beverages, staples, snacks and dairy products with a wide range of products like tea, instant coffee, biscuits, ice creams, salt, wheat flour, instant drinks, soups, jams and squash.

- **Godrej Foods** Godrej Industries Ltd, a member of the Rs. 45 billion Godrej Group is India's leading manufacturer of oleo chemicals and food products. The foods division of Godrej Industries produces and markets edible oils, vanaspati, bakery fats, fruit drinks, fruit nectar and tomato puree.

The division has two state-of-the-art manufacturing facilities: at Wadala in Mumbai, the capital of the western Indian state of Maharashtra; and at Mandideep near Bhopal in northern Indian state of Madhya Pradesh. It has a national distribution network consisting of 800 distributors and 24 consignment agents. The plants are equipped with the best of modern equipment for the processing and packaging of a wide variety of food products.

The company's strategy is to increase capacity utilization in edible oils and to tap the health conscious market.

- **ITC-Agro** ITC is a listed company with British American Tobacco (BAT) holding 33 per cent

stake and Institutions holding 50 per cent stake. ITC made its entry into the branded & packaged foods business in August 2001 with the launch of the Kitchens of India brand. A more broad based entry was made in mid 2002 and the company currently has a wider portfolio in the confectionery, staples and snack foods segments. It caters to the staples and snacks food segment having a product range of wheat flour, salt, ready to eat meals, biscuits, confectionaries, snacks and cooking pastes.

- **Dabur India Ltd.** Dabur India Limited is the fourth largest FMCG Company in India with interests in Healthcare, Personal care and Food products. Building on a legacy of quality and experience for over 100 years, Today Dabur has a turnover of Rs.19 billion with powerful brands like Dabur Amla, Dabur Chyawanprash, Vatika, Hajmola & Real fruit juices. Its major products are coconut milk, tomato puree, lemon drink, chilli powder and honey.

Dabur foods is a 100 per cent subsidiary of Dabur India, with a turnover of Rs 858 million in 2004.

The company will further focus on boosting sales to hotels, restaurants and caterers in addition to retail sales.

- **Haldiram Marketing Pvt. Ltd.** Haldiram Marketing Pvt. Ltd was started in 1936. Their major share is namkeen and snack food market in India along with syrups, crushes, chips and papads. They have a strong presence in northern India especially in New Delhi. They exports to USA, UK, Canada, Australia, Singapore and the UAE.



- **Parle Agro Private Ltd** Parle Agro Private Ltd is leading player in the fruit based beverages segment and the bottled water segment. Its flagship product is the fruit based drink Frooti Mango, which has 75 percent market share. It is also present in the mineral water segment.
- **PEPSI CO** Pepesi co was founded in 1965 through the merger of Pepsi-Cola and Frito-Lay. It acquired Tropicana in 1998 and further merged with The Quarter Oats Company including Gatorade in 2001. It caters to the beverages and snack food segment having a product portfolio of soft drinks, fruit juices and chips. It's focus is high volume sales and is planning to raise capacity by setting up of new Greenfield projects as well as appointing new franchisee bottlers.

### Strengths and Opportunities that India Enjoys

- It is the seventh largest country, with extensive administrative structure and independent judiciary, a sound financial & infrastructural network and above all a stable and thriving democracy
- Due to its diverse agro-climatic conditions, it has a wide-ranging and large raw material base suitable for food industries.
- It is one of the biggest emerging markets, with over 1 billion population and a 250 million strong middle class families.
- Rapid urbanisation, increased literacy and rising per capita income, have all caused rapid growth and changes in demand patterns, leading to tremendous new opportunities for exploiting the large latent

market. An average Indian spends about 50 per cent of household expenditure on food items.

- Demand for convenience food is constantly on the rise.
- India's comparatively cheaper workforce can be effectively utilized to setup large low cost production bases for domestic and export markets.
- Very good investment opportunities exist in many areas of food processing industries, the important ones being : fruit & vegetable processing, meat, fish & poultry processing, packaged, convenience food and drinks, milk products etc.

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## **An Investigation of Customer Switching Intention and Satisfaction with reference to Reliance Jio (A Study of Ghaziabad City)**

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### **Abstract**

*In today's world the customers have a wide range of choices in different telecom company's product and services. Customers make their choices on the basis of their contentment level from the service provider. World telecom industry is a rising industry, proceeding towards a goal of achieving two third of the world's telecom connections. Over the past few years information and communications technology has changed in a dramatic manner and as a result of that world telecom industry is going to be a booming industry. Ample economic growth and increasing inhabitants enable the rapid growth of this industry. The telecom company that delivers the most tempting content at fastest possible speed will be the winner.*

*The purpose of this paper is to find out customer satisfaction level and their switching intention towards Reliance Jio products & services offerings in Ghaziabad city as it is been newly launched in telecom sector. The study has also been made to know the extent of switching intention of Reliance Jio subscribers and the reasons that underline customer-switching intentions. The study reveals that with Reliance Jio's massive broad band network, brand lfy is uniquely positioned to offer high speed data services at low rates, as R Jio is expected to offer attractive schemes on data and voice. For average customers, R Jio services will mean a direct cut in their monthly outgo on wireless service- Voice and data. For existing players who are already witnessing drop in their average revenue per users on one hand and mounting debts on the other revised tariff war may just prove extremely costly.*

### **Theoretical Framework**

#### **Customer Satisfaction in Telecom Industry**

After globalization in 1991, the telecom sector in India became one of the largest and fastest growing market in the world ([www.trai.gov.in](http://www.trai.gov.in)). In the last few years, many domestic and foreign companies came into cellular services and starter offering large number of services to the people.

The mobile phone communication became a boon to many vocational industries. One such example is the success story in the Kerala's fisheries sector. The espousal of mobile phones by fishermen and traders was associated with an astonishing reduction in price diffusion, the entire elimination of waste, and embracing the economic



principle of the Law of One Price. This episode is indeed presenting us with the significance of mobile phone and its reach in the uplift of the economic development of one of the main occupational sectors in Kerala. Thus it became all the more important to learn about customer satisfaction of mobile phone subscribers who rely on various mobile phone network service providers. In today's dynamic technological outburst consumers are provided with a plethora of alternatives. In this epoch, marketers have an enormous challenge of retaining their existing customers as well as recruiting new clients.

Customer satisfaction is one of the main factors which influence customer retention as well as customer recruitment.

### **Customer Satisfaction**

According to Philip Kotler, "satisfaction is a person's feelings of pressure or disappointment resulting from product's perceived performance (outcome) in relation to his or her expectations. Customer satisfaction is the level of a person's felt state resulting from comparing a product's perceived performance (outcome) in relation to the person's expectations". This satisfaction level is a function of difference between perceived performance and expectations. If the product's performance, exceed expectation the customer highly satisfied or delighted. If the performance matches the expectations the customer is satisfied. If the products performance fall shorts of expectations the customer is dissatisfied.

Many companies are aiming for high satisfaction because customers who are just satisfied still find it easy to

switch when a better offer comes along. High satisfaction or delight creates an emotional affinity with brand. Variety of factors that affect customer satisfaction includes product quality, product availability and after sales support such as warranties and services. Customer satisfaction is seen as a proof of delivering a quality product or service. It is believed that customer satisfaction brings sales growth, and market share.

India is on the verge of a new millennium. India chose for global economy, exposing her to winds of change in the market place, which has expanded vastly and become fiercely competitive. A successful product can be developed by exploiting these opportunities. While delivering the value of the consumer we make use of marketing support. This support is based on the knowledge of consumers and distribution. Marketing support both at the introduction of products and maturing is considered. The two major factors of marketing are the recruitment of new customers (acquisition) and the retention and expansion of relationships with existing customers (base management). Marketing methods are informed by many of the social, particularly psychology, sociology, and economics. Anthropology is also a small, but growing, influence. Market research underpins these activities. Through advertising, it is also related to many of the creative arts.

### **Method to Measure Customer Satisfaction**

Companies use the following methods to measure customer satisfaction.

**Complaints and suggestion system:** Companies obtaining complaints through their customer service centres, and further suggestions were given by customers to satisfy their desires.

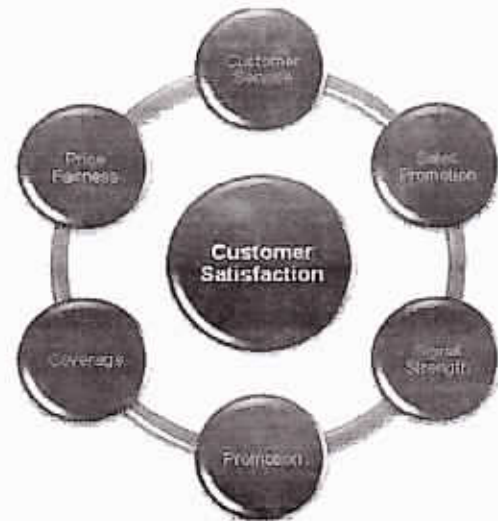
2) **Customer satisfaction surveys:** Responsive companies obtain a direct measure of customer satisfaction by periodic surveys. They send questionnaires to random sample of their customers to find out how they feel about various aspects of the company's performance and also solicit views on their competitor's performance. It is useful to measure the customer's willingness to recommend the company and brand to other persons.

3) **Lost Customer Analysis:** Companies should contact customers who have stopped buying or who have switched to another supplier to learn why this happened.

4) **Consumer Behavior Vs Consumption Behavior:** Consumer behavior refers to the behavior in which a person reaches a conclusion related to the selection, purchases and use of goods and services. Walters and Paul says that, consumer behavior is the process whereby the individuals decide what, when, how and from whom to purchase goods & services.

Consumer behavior relates to a person (Micro behavior) whereas consumption behavior relates to the mass or collective individual (Macro behavior) consumers' behavior as a study focuses on the decision process of the individual consumer or consuming unit such as the family.

In contrast the consumption behavior as a study is to do with the explanation of the behavior of the aggregate of consumers or the consuming unit. Consumer is an axle, around which the complete system of marketing revolves. The study of consumer behavior is one of the most important keys to successful marketing.



### **Customer satisfaction determinant in telecom Industry**

#### **Switching Intention**

One of the very important players of the market is the customer. For every organization its success depends on the satisfaction level of customers. Organizations look forward for achieving long term success in the market. If companies go side by side with all of their stakeholders it can guarantee long-term success. In all stakeholders, customers have most important place. Customers have different perceptions, attitudes, and behaviors towards different brands. Depending upon the various factors



customers often switch over from one brand. Whenever customers switch their loyalties from one product to the other one this behavior is termed as brand switching. Customers' shift from one product to another product of similar nature is called brand switching behavior of customers. The study is focused on telecommunication industry. Despite long-standing market liberalization and efforts to reduce switching costs, many consumers have never switched telecoms provider.

### **Factors Influencing Switching Intention**

Loyalty is a strong relationship between relative individual attitudes and repeat purchases, manifesting as the proportion, sequence, and likelihood of additional purchases from the same supplier. It as a deep commitment to repurchase a product or service in the future, despite situational influences or marketing efforts with the potential to cause behavior change. One can assume that a low level of switching intention would be an indicator of loyalty. Given the continuous nature of mobile phone services, if the consumer does not intend to switch, the consumer's loyalty to the provider may be inferred.

Thus loyalty is a function of consumer satisfaction and switching barriers. Switching barriers consist of discounts for loyal clients, cognitive efforts customers would make to find another supplier and financial, social and psychological risks for buyers. However, it alerted that it might not be possible to determine whether

satisfaction would be more effective than switching barriers to retain a customer.

Switching costs were defined by Porter (1998) as those involved in changing from one service provider to another, including not only costs that can be measured in monetary units, but also psychological effects of becoming a client of a new provider and effort and time involved in adapting to a new firm.

The effects of two categories of switching costs: those incurred by consumers (transaction costs and efforts to learn to use new options) and costs that would lock consumers into a service provider, such as contractual restrictions or penalties for commercial relationship termination.

### **Cultural Differences which leads to switching intension**

Consumer behavior is directly affected by cultural factors, as well as through consequences of culture (Manrai & Manrai, 2011). People in different countries think, feel and act differently (Hofstede, Hofstede, & Minkov, 2010). Such patterns of thinking, feeling and acting are learned during an individual's lifetime, forming what Hofstede, Hofstede and Minkov (2010) called mental programs or culture.

Geert Hofstede developed a model to understand the differences among national cultures. Each dimension is an aspect of a culture that can be measured in relation to other cultures (Hofstede *et al.*, 2010):

- **Power distance (PDI)** expresses the approach of a culture towards inequalities amongst its members.
- **Uncertainty avoidance (UAI)** is the degree to which members of a society feel defenseless by vagueness or unknown situations and have developed beliefs and institutions that try to avoid these.
- **Individualism (IDV)** is the extent of autonomy a society maintains among its members.
- **Masculinity (vs. femininity) (MAS)** indicates that a society will be driven by rivalry and success (masculinity) or whose overriding values are caring for others and quality of life (femininity).

### About Reliance Jio

Jio also known as Reliance Jio and officially as Reliance Jio Infocomm Limited (RJIL), is an upcoming provider of mobile telephony, broadband services, and digital services in India.

The first telecom operator to hold pan India Unified License is Reliance Jio Infocomm Limited (RJIL), which is a subsidiary of Reliance Industries Limited (RIL), it is India's largest private sector company. Formerly known as Infotel Broadband Services Limited (IBSL), Jio will provide 4G services on a pan-India level using LTE technology. The telecom leg of Reliance Industries Limited, it was incorporated in 2007 and is based in Mumbai, India. It is headquartered in Navi Mumbai.

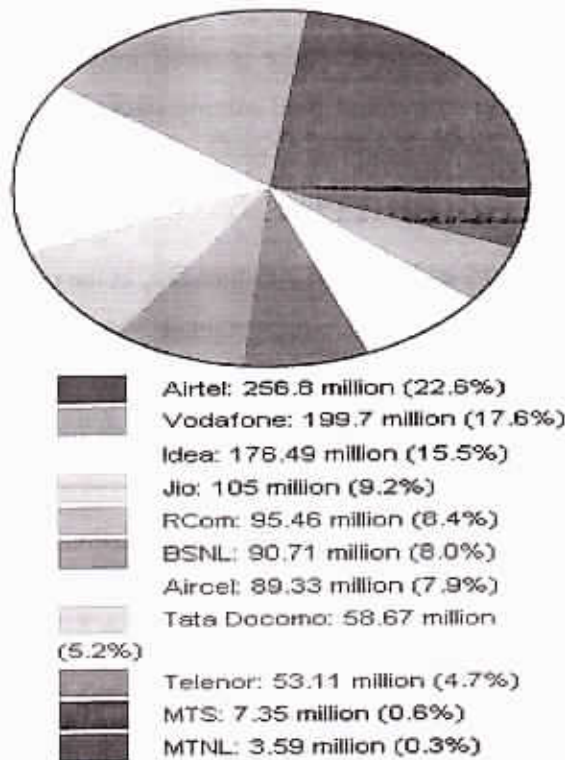
On 5 September 2016, company commercially launched its services. Jio announced that it had acquired 16 million subscribers within the first month of commercial operations. Anywhere in the world this is the fastest ramp-up by any mobile network operator. RJIL is setting up a pan India telecom network to provide to the highly underserved India market, reliable (4<sup>th</sup> generation) high speed internet connectivity, rich communication services and various digital services on pan India basis in key domains such as education, healthcare, security, financial services, government citizen interfaces and entertainment. RJIL aims to provide anytime, anywhere access to innovative and empowering digital content, applications and services, thereby propelling India into global leadership in digital economy.

RJIL is also deploying an enhanced packet core network to create futuristic high capacity infrastructure to handle huge demand for data and voice. In addition to high speed data, the 4G network will provide voice services from / to non-RJIL network.

Reliance Jio is part of the "Bay Of Bengal Gateway" Cable System, planned to provide connectivity between South East Asia, South Asia and the Middle East, and also to Europe, Africa and to the Far East Asia through interconnections with other existing and newly built cable systems landing in India, the Middle East and Far East Asia.



### The Dominant Players



The services were launched to Jio's partners and employees on 27 December 2015 on the eve of 83rd birth anniversary of late Dhirubhai Ambani, founder of Reliance Industries.

Mr. Akash Ambani is being launched in business as a chief of strategy in Reliance JIO, involved in day to day operations in business or Ms. Isha Ambani is involved in branding and marketing. And the key people are Sanjay Mashruwalla (Managing Director), Jyotindra Tacker (Head of IT). Reliance Industries Chairman Mukesh Ambani committed an investment of Rs. 2,50,000 crores on "Digital India" and said he expected the group's initiatives under it will create over 5,00,000 direct and

indirect jobs. Digital India as company has seen empowers them to fulfill their aspirations.

### Review of Literature

- Abhishek Kumar Singh and Malhar Pangrikar (2013) did a study titled "A Study Report, to Find out Market Potential for 4G Businesses in Pune". Major factors considered in research are: what are the needs of the companies based on the data e-services usage, major player in internet services, and support to customers.
- Debnath (2008): This study explains that the prime focus of the service providers is to create a loyal customer base by benchmarking their performances and retaining existing customers in order to benefit from their loyalty.
- Kalavani (2006) in their study they analyzed that majority of the respondents have given favorable opinion towards the services but some problems exist that deserve the attention of the services providers. They need to bridge the gap between the services promised and services offered. The overall customers' attitude towards cell phone services is that they are satisfied with the existing services but still they want more services to be provided.

Fredric (2008) analyzed the importance of yield management and discrimination pricing in telecommunication sector. Yield management is the process of allocating the right type of capacity or inventory unit to the right kind of customer at the right price so as to maximize revenue or yield. Yield

management and dynamic pricing strategies could be usefully applied to preserve and increase profitability.

- Bhatt (2008), in his study titled "A Study of Mobile Phone Usage Among the Post Graduate Students" analyzed that it is important for mobile carriers, service providers, content developers, equipment manufacturers, as well as for parents and young people alike that the key characteristics of mobile technology is well understood so that the risks associated with its potentially damaging or disruptive aspects can be mitigated.
- Jha (2008), in his study analyzed that it is the youth which is the real growth driver of the telecom industry in India. Considering this fact, the paper is an attempt to give a snapshot of how frequently young people use their mobile phones for several embodied functions of the cell phones.

### **Objectives of the Study**

- To study the satisfaction level of consumers toward Reliance Jio.
- To know the switching intention of Reliance Jio subscribers.

To know the factor influencing the switching intention of Reliance Jio subscribers.

### **Research Approach**

#### **Sample Size**

Sample for the present study taken as 105 subscribers of Reliance Jio who belongs to Ghaziabad city of Uttar Pradesh.

### **Sampling Technique**

#### **Respondent's Choice for Reliance Jio as the service provider**

The sample design here provides information on the target information and final sample sizes. Researcher has used convenient sampling in research.

#### **Data collection Tool**

Researcher has used Questionnaire, as the research instrument to conduct the market survey. The questionnaire consists of open as well as close ended questions which are designed in such a way that it should gather maximum information possible.

The questionnaire was a combination of 17 questions. If choices are given it is easier for the respondent to respond from the choices rather than they think and reply also it takes lesser time. Because they keep on responding and one has to tick mark the right choice accordingly.

Data was collected through two sources:

Primary Source: Primary data was collected directly from the customers through a questionnaire.

Secondary Source: The secondary source was the company website and my colleagues.

#### **Data Analysis**

Data analysis was done mainly from the data collected through the customers. The data collected from secondary sources is also used to analyse on one particular parameter. Qualitative analysis was done on the data collected from the primary as well as secondary Sources.



### RESPONDENT'S CHOICE FOR RELIANCE JIO AS THE SERVICE PROVIDER



**Interpretation:** 14.28% of respondents have chosen because of unlimited calling services, 35.71% of respondents have chosen because of unlimited data services. 7.14% of respondents have chosen because of unlimited SMS services. 42.85% of respondents have chosen because of all the services.

### Respondent's satisfaction with Reliance JIO services

#### RESPONDENT'S SATISFACTION WITH RELIANCE JIO SERVICES



**Interpretation:** 71.42% of respondents are satisfied. 28.57% of respondents are not satisfied.

- Feature convinced respondent's to use Reliance Jio

### FEATURE OF RELIANCE JIO CONVINCED RESPONDENT'S USE



**Interpretation:** 21.42% of respondents are convinced with connectivity of Reliance Jio. 57.14% of respondents are convinced with schemes of Reliance Jio. 14.28% of respondents are convinced with Advertisement of Reliance Jio. 7.14% of respondents are convinced with goodwill of Reliance Jio.

#### ❖ Respondent's Choice for Reliance Jio as the service provider

### RESPONDENT'S CHOICE FOR RELIANCE JIO AS THE SERVICE PROVIDER



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#### ❖ Respondent's switching intention from Reliance Jio

### RESPONDENT'S SWITCHING INTENTION FROM RELIANCE JIO

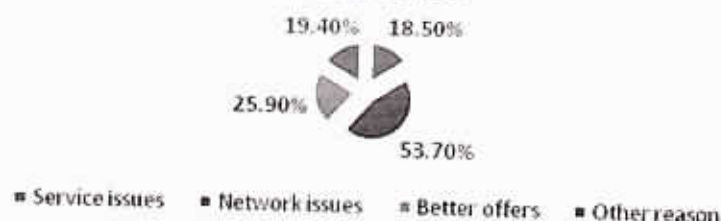


**Interpretation:** 29.9% of people will switching from Reliance Jio after this offer ends. 23.4% of people will not switching from Reliance Jio after this offer ends. 46.7% of people may switch from Reliance Jio after this offer ends.



### ❖ Reason that lead respondent's to switch from Reliance Jio

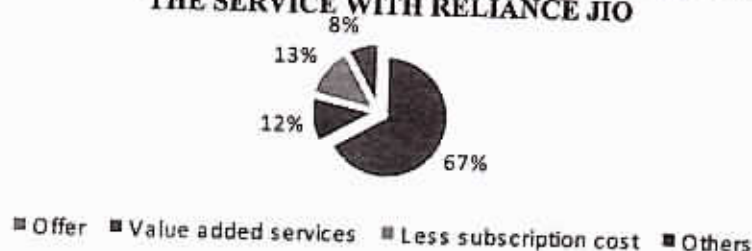
REASON THAT LEAD RESPONDENT'S TO SWITCH FROM RELIANCE JIO



**Interpretation:** 18.5% of people may switch due to service issues. 53.7% of people may switch due to network issues. 25.9% of people may switch due to better offers. 19.4% of people may switch due to other reason.

### ❖ Factor influencing for the continuation of the service with Reliance Jio

FACTOR INFLUENCING FOR THE CONTINUATION OF THE SERVICE WITH RELIANCE JIO



**Interpretation:** 67% of people may continue services due to offers provided by the company. 12% % of people may continue services due to value added services. 13% of people may continue services due to less subscription cost. 8% of people may continue services due to other reason.

### Findings of the Research

There are various vital findings such as :

- In present study it was revealed that people of all age group use Reliance Jio. Mostly the employees are using these services as they have to manage all the expenses from their salary itself.
- All the users are having mobile phone and there average monthly expenditure is near about 500Rs or above because they are consuming more of data which comparatively cost more than the call charges.
- There are many source which Reliance Jio is trying to publicize its services and most of the people came to know about Reliance Jio from newspapers and word of mouth and through hoarding and other mode of advertising.
- Most of the respondents are using Reliance Jio from past 4 to 5 months. Scheme was the main thing which attracted them to use Reliance Jio.
- Most of the respondents are using Reliance Jio because of the unlimited data services whereas some of the respondents are using this because

of this unlimited plan and Reliance Jio was the first company to launch unlimited Plans.

- Almost 70% people are satisfied with the services of Reliance Jio but they want that there should be improvement in network coverage. As there is a big problem of network failure and call crashing.
- Almost half of the people are willing to spread good word of mouth to other people and they rated all the services which concluded that all the service are very good but they still need to be improved.
- There were many people which may switch from reliance Jio as it show there conditional loyalty and their main reason to switch will be the network issue.

There were many people who may not switch because of the offers which Reliance Jio is providing.

## Conclusion

In the world market, India has emerged as the fastest growing mobile phone market. In twentieth century, mobile phone was hyped as a revolutionary gadget. With growing number of service providers and also with the advent of advanced technologies like GSM, CDMA, WLL and 3G technologies and, the competition has increased to a large extent. To give maximum of satisfaction to the customers both the public and private players are putting in their resources and efforts to improve and enhance their services.

Hyper competition in the telecommunication industry, availability of number of subscriber options for consumers, diverse tariff rates offered by each player influence consumers to switch the services providers.

Reliance Jio has become a very successful brand in India & providing customer satisfaction is to be its main motive. It provides unlimited free calling and data services & SMS on the move as people are more dependent on it in their daily lives like wide network coverage and good 4G services. Because 3G services was unable to meet out customer needs and wants. That's why 4G has been evolved for Indian customers.

Reliance Jio possesses congestion free & wide network coverage, attractive 4G schemes & customer services as well as lifetime roaming free services.

Providing customer satisfaction is the most crucial step of the company as they are to be satisfied and provides Internet access on the move such as Wide network coverage and good 4G services as they are important and technology advanced stuff required by almost everybody in today's environment,

Reliance Jio is a home brand company and a very emerging brand in India and will be successful in overseas market in upcoming years. It possesses congestion free & wide network, attractive 4G schemes & customer services to cover one of the widest areas.

From the research it can be concluded that 40% of Reliance Jio users preferred to remain with Reliance Jio and fully satisfied whereas 30% have conditional loyalty they may or may not switch from Reliance Jio. Also good number of customers who are willing to switch from their respective subscribers showed interest in Reliance Jio. Reliance Jio is capturing the wide area of Indian markets increasingly day by day. Hence, these statistics imply a bright future for the company. It can be said that in near future, the company will be booming in the telecom industry.

## Suggestions



- Reliance Jio can increase the supply of the products on Retailer's shop on right time, where it is lacking.
- Reliance Jio should remove the problem of calling congestion & call drop.
- Reliance should make the advertisement of Reliance JIO by putting hoardings, boards, posters, and neon (electric) sign boards in every areas. It should be highlighted punch line "LYF DEKHO LYF JAISI" in will be an add on for the company's sale.
- Reliance Jio should get feedback from existing customers about Reliance Jio and take the reference for making new customers in order to maintain Customer relationship management.
- The customer care people and also employees in Reliance JIO should try to convey brand Reliance JIO while talking to people.
- Reliance Jio should enhance the market penetration & shares in every market and give the high competition to others company.
- There is a scope the company can introduce new offers for the student and provide portability service so that more and more people can use Reliance Jio and can port from their existing number.
- Reliance Jio can improve the network problem in order to be the best.

### Limitations of the Study

Many of the respondents researcher approached did not agree to the need and utility of the project and hence did not agree to provide me with information. As the sample size of the survey was so small and comprise of only 105 customers, the results may have some prone to errors. Study accuracy totally based upon the

respondents response; stipulated short span of time for survey.

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## Financial Health of Regional Rural Banks in Gujarat- A Case study of Saurashtra Gramin Bank, Bhavnagar, Gujarat

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### Abstract

*Indian economy is unique. It's a good combination of social as well as capital economy. Under the banking sector we have scheduled to unscheduled banks. Form public to private sector, even foreign sector banks are also working perfectly with the librated and globalised Indian economy. Recently Narendra Modi declared that "majboot kisaan hi majboot arthvayastha ka aadhar hai" means a strong economy is directly based on strong farmers. Declaration is new but purpose is older one. RBI established regional rural banks with the purpose to facilitate the rural India, because artesian, farmers, handicraft makers, small and cottage stakeholders are lying in rural India only.*

*This paper tries to find out the financial health of regional rural banks of Gujarat, a state known for industrial development. From the year of establishment to year of merger with SBI, Saurashtra Gramin bank, still survives and doing well. This paper tells the revival story of a regional rural bank with its financial performance analysis.*

**Key Words:** Saurashtra Gramin Bank, regional Rural bank, Financial Health.

### Introduction

Banking system in India is as old as Indian civilization is. In northern India they used to called as Sahukar's, in central India they were called Mahajan's and in southern part they are known as chittiyaar's. Indian economy was never apart from banking system. Banking system in India has witnessed many changes though out the centuries. Banking system has developed itself from an unorganized sector to an established organized sector bounded by regulatory framework.

Financial intermediation exposes banks to various types of risks, out of which the credit risk is a major one. Banks have to find ways to increase their credit portfolio without corresponding or higher increase in bad debts or

NPA. The present level of a prospect and prosper borrower provides key to success in banking system. India also provided a legal and institutional system in this regard like other countries of world. Service providers and money lenders use credit history as mechanism. Sharing of credit information divergent balancing of credit penetrations and managing non performance of many assets in banking system. The credit information environment created and supported by apex bank in India also faces the challenges ahead.

In India, RBI is the apex bank. All the financial activities through banks is conducted under guidance of RBI. There are total 219 schedule banks and 1520 no



scheduled banks as per latest updating reports of RBI in 2017.

Name/type of the bank	Number
SBI and its associate banks	1
Nationalized banks	19
Bank as financial intermediary (public)	1(IDBI)
Bank as financial intermediary (private)	26
Bank as financial intermediary (foreign)	43
Regional Rural Banks	56
Schedule Urban Co - operative Banks	54
Schedule State Co - operative Banks	19
Non - Schedule Urban Co-operative Banks	1506
Non - Schedule State Co-operative Banks	14

### Glance of Banking Across the Globe

Banks are not a new concept for west. It was alive even in the times of slavery. From wells Fargo to commercial banks, From IMF to World Bank history is created through global banking. The big economies like US and China are ahead due to proper channelization of services through banks. China is riding the horse of growth due to excellent banking services only. The interest rate for new ventures and start up is hardly 2-3% in china. But in the previous year global economy saw a little slowdown. Act like BREXIT slowed down economy of UK and affected the world economy too.

### Present Indian Scenario for Banking

The Indian economy became the fastest growing large economy for FY16. The economy has been on a relatively sound footing, growth and stable inflation. However, problems such as a weak investment climate and tepid earnings growth continue to plague the economy. The banking sector, being the barometer of the economy, is reflective of the weak macro-economic variables. The

Indian banking system continued to battle falling asset quality issues and the need to maintain capital adequacy in the light of piling bad loans.

Demonetization was like a new shuffling event for Indian banking system. Every thing was at a resetting mode after demonetization. Bank officials were high in demand and respect as they were working day and night to fight the curb of corruption. The banking sector witnessed a balance sheet growth of 7.7 percent in 2015-16 compared to 9.7 percent a year earlier. A bank like PNB which was fighting with a NPA of 5,000 crore suddenly reached to the BEP. However, profitability recorded a substantial decline resulting in lower Return on assets at 0.3% during the year.

The ownership in the banking sector remained with RBI only, as the apex bank of the country, closely monitors developments in the whole financial sector. It is regulatory authority to many determinant of financial system. All the financial activities through banks is conducted under guidance of RBI. There are total 219 schedule banks and 1520 no scheduled banks as per latest updating reports of RBI in 2017.

Name/type of the bank	Number
SBI and its associate banks	1
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## Why Rural Banking?

Indian economy is an agriculture based economy. As per a very famous statement by Narendra Modi – India lives in cities and Bharat lives in villages. The real India who hold agriculture, culture and belongingness lives in villages. Agriculture is the backbone of Indian industries. All the raw material and daily consumables are coming from villages only. Even after 60 years of independence, the rural economy in India is still handicapped in terms of infrastructure and other chronic problems of cultivators. In fact, economic progress and industrial development are determined by the rural sector. More than 70% of Indians depend on agriculture; 60% of industries are agro based; 50% of national income is contributed by rural sector and the agricultural sector is the largest foreign exchange earner to India. Such an essential and key sector is neglected by financial institutions and especially by the banks.

Rural Banks in those days mainly focused upon the agro sector. Regional rural banks in India penetrated every corner of the country and extended a helping hand in the growth process of the country. SBI has 30 Regional Rural Banks in India known as RRBs. The rural bank of SBI is spread in 13 states extending from Kashmir to Karnataka and Himachal Pradesh to North East. The total number of SBIs Regional Rural Banks in India branches is 2349 (16%). Till date in rural banking in India, there are 14,475 rural banks in the country of which 2126 (91%) are located in remote rural areas.

## History of Saurashtra Gramin Bank

The Saurashtra Gramin Bank is jointly owned by the Government of India, Government of Gujarat & State Bank of India. The bank came into existence vide GOI

notification No. 1/26/2005-RRB Dated: 02-Jan-2006 by amalgamation of three erstwhile Regional Rural Banks viz.

1. Jamanagar Rajkot Gramin Bank,
2. Surendranagar Bhavnagar Gramin Bank =  
*Saurashtra Gramin Bank*
3. Junagadh Amreli Gramin Bank

On 2<sup>nd</sup> January, 2006 under Provision of Sec. 3 (i) of Regional Rural Banks Act 1976. Bank caters to the Banking and Other financial needs of more than 1500 Villages/Centers of 11 Districts of Saurashtra region in the State of Gujarat with network of 251 Branches and 6 Satellite Offices on Core Banking System (CBS) platform. The Bank is also providing Banking facility to 891 villages through BC/ICT model adopted by the bank, as per GOI/RBI instruction.

## Research Objectives

This Study has the following objectives:

- To examine the Free Cash Flow to Equity of Saurashtra Gramin Bank.
- To know the impact of Free Cash flow on the performance of Saurashtra Gramin Bank.

## Research Methodology

Universe- 56 RRB as per RBI website

Population – only 3 RRB in Gujarat,

Sample size- 1

Sample unit – Saurashtra Gramin Bank, Bhavnagar, Gujarat

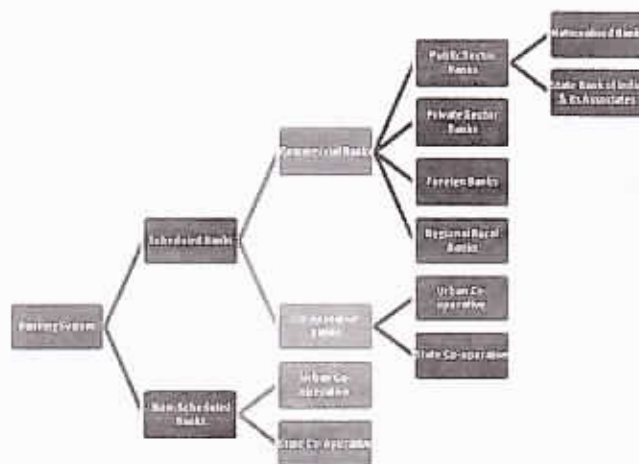
## Research Problem

Is there any Relationship between variables of Free Cash Flow.



## Data Collection Source

Here, we collected data from both the sources primary and secondary:



### Primary data

- By observation of bank's activity during training period.
- Through personal interview of Bank's staff.
- Through bank's internal circular.

### Secondary data

Annual report of bank of last 9 years. Secondary data was extracted from audited annual reports and financial statements of bank for a period of nine years (2008 – 2017). The annual financial statements included: the statement of comprehensive income, the statement of financial position and the cash flow statement.

Tools for study- The statistical techniques like percentage, averages, coefficient of variance, t-test have also been applied

### Justification of Study

Adequate availability of the cash is necessary for managing its cash flows, for getting short term borrowings and to meet cash payments. Appropriate cash planning will

allow the concern to predict its cash surplus or deficit for any planning period and the surplus cash if any should be invested in short term marketable securities, in order to earn profits. Therefore, an effort has been made in this

paper to make a comprehensive study of the Saurashtra Gramin Bank in respect of its Free Cash Flow.

### Period of the Study

The present study covers a period of nine year from which the year the bank started to include cash flow statement in its annual report i.e from 2008-09 to 2016-17. To judge the free cash flow position of

Saurashtra Gramin Bank based on various aspects, a period of 9 years is considered to be long enough to study whether sufficient Free Cash Flow was available to equity as well as to the bank.

### Research Hypothesis

**H<sub>0</sub>:** There is no significant difference in the Free Cash Flow of Saurashtra Gramin Bank during the study period.

**H<sub>1</sub>:** There is a significant difference in the Free Cash Flow of Saurashtra Gramin Bank during the study period.

**H<sub>0</sub>:** There is no significant difference in the Free Cash Flow to Equity of Saurashtra Gramin Bank during the study period.

**H<sub>1</sub>:** There is no significant difference in the Free Cash Flow to Equity of Saurashtra Gramin Bank during the study period.

## Data Analysis and impact of Free Cash Flow on the Performance of Saurashtra Gramin Bank.

Free Cash Flow analysis of the Saurashtra Gramin Bank has been done with the help of information in the cash flow analysis. Various elements such as Free Cash Flow, Free Cash Flow to Equity and Free Cash Flow to the Bank have been applied for judging the performance of the bank.

Data was sorted, cleaned and coded then entered into statistical package for social science (SPSS). Data was analyzed using a T-Test since the nature of the data was quantitative. Data was collected from financial statements and published accounts.

### ➤ Free Cash Flow

Free Cash Flow is helpful in gauging a Bank's cash flow beyond what is necessary to grow at the normal current rate. In order to exist, develop and grow it is imperative for bank to make capital expenditure and free cash flow considers these expenditures. Free Cash Flow enables a bank to have financial flexibility and in making investments beyond the planned ones. The formula for the calculation of Free Cash Flow is:

$$\text{Free Cash Flow} =$$

### Cash Flow from Operations- Capital Expenditures

Where, Cash Flow from Operating Activities (CFO) indicates the inflow of cash from its ongoing and regular activities, i.e., from manufacturing and selling of goods or from providing a service. Cash Flow from Operating Activities (CFO) will never include long term capital expenditure or the investment cost. It is

also known as Operating Cash Flow or Net Cash flow from Operating Activities and is therefore calculated as:

### Cash Flow from Operating Activities (CFO)

$$= \text{EBT} + \text{Depreciation} - \text{Taxes}$$

Profit after tax was obtained from the Income statement. Changes in Capital expenditure were obtained from Balance Sheets and Cash Flow Statements. Depreciation & Amortization was obtained from Prior & Current Balance Sheets: Current Assets and Liability accounts.

**Table -1**

**Statement Showing Free Cash Flow-(Rs. In Lakh)**

Sr no.	Year	Cash Flow From Operations	Capital Expenditure	Free Cash Flow
1	2008-09	5137.85	132.59	5005.26
2	2009-10	1811.16	454.39	1356.77
3	2010-11	11503.6	140.89	11362.71
4	2011-12	-3514.53	226.22	-3740.75
5	2012-13	-5018.89	329.72	-5348.61
6	2013-14	-7196.00	281.45	-7477.45
7	2014-15	14714.33	355.27	14359.06
8	2015-16	-25184.32	392.53	-25576.85
9	2016-17	13074.37	210.78	12863.59
MEAN		591.95	280.43	311.53
STD. DEVIATION		12599.01	111.79	12646.51
COV%		2128.39	39.86	4059.48
GROWTH %		154.47	58.97	157.00
AVG GROWTH (pa%)		17.16	6.55	17.44



## Interpretation

- Table1, shows that the Free Cash Flow was lowest in the year 2015-2016 when it was Rs. (-) 25576.85 Lakhs which then increased to Rs. 12863.59 Lakhs in the year 2016-2017.
- The Free Cash Flow was highest in the year 2014-2015 when it was Rs. 14359.06 Lakhs. The Free Cash Flow increased rapidly in year 2016-17 i.e. Rs. 38440.44 Lakhs which turn to positive Rs. 12863.59 from negative Rs.(-) 25576.85.
- The overall average of Free Cash Flow for the period of study was Rs. 311.53 Lakhs.
- The standard deviation of the Free Cash Flow was 12646.51 with coefficient of variation as 4059.48.
- The overall growth of the Free Cash Flow during the period of the study was 157.00%, with average annual growth of 17.44%.

**Table -2**  
**Cash Flow From Operations**

Sr no.	Year	Cash Flow From Operations
1	2008-09	5137.85
2	2009-10	1811.16
3	2010-11	11503.6
4	2011-12	-3514.53
5	2012-13	-5018.89
6	2013-14	-7196
7	2014-15	14714.33
8	2015-16	-25184.32
9	2016-17	13074.37
MEAN		591.95
STD. DEVIATION		12599.01
COV%		2128.39

**Table -3**  
**Capital Expenditure -(Rs. In Lakh)**

Sr no.	Year	Capital Expenditure
1	2008-09	132.59
2	2009-10	454.39
3	2010-11	140.89
4	2011-12	226.22
5	2012-13	329.72
6	2013-14	281.45
7	2014-15	355.27
8	2015-16	392.53
9	2016-17	210.78
MEAN		280.43
STD. DEVIATION		111.79
COV%		39.86

**Table -4**  
**Free Cash Flow (Rs. In Lakh)**

Sr no.	Year	Free Cash Flow
1	2008-09	5005.26
2	2009-10	1356.77
3	2010-11	11362.71
4	2011-12	-3740.75
5	2012-13	-5348.61
6	2013-14	-7477.45
7	2014-15	14359.06
8	2015-16	-25576.85
9	2016-17	12863.59
MEAN		311.53
STD. DEVIATION		12646.51
COV%		4059.48

**Free Cash Flow to Equity = Cash Flow from Operations- Capital Expenditures+ Net**

### Free Cash Flow to Equity

Free cash flow to Equity is basically the adjusted Free Cash Flow for Debt Cash Flows since shareholders or the stakeholders are the sole claimants of the residual of the bank. Basically, free cash flow to equity comprises of Net income, Capital Expenditure, Working Capital and Debt.

The Net Income can be identified from the income statement; Capital Expenditure can be identified from the Cash Flow from Investing Activities section of the Cash Flow Statement, Working Capital can also be identified from the Cash Flow Statement under the Cash Flow from Operating activities Section, and Debt or Net borrowings

can again be identified from the Cash Flow Statement under the Cash Flow from Financing Activities Section. Free Cash Flow to Equity is used to identify whether repurchases of Stock or payment of dividend are made from Free Cash Flow to Equity or from any other forms of financing. If the amount of Dividend paid or the amount paid for the buyback of shares is less than the amount of Free Cash Flow to Equity, it indicates that the bank made funding with either the debt or with the existing Capital. The Free Cash Flow to Equity is:

**Table -5**  
**Statement Showing Free Cash Flow to Equity(Rs. In Lakh)**

Sr no.	Year	Cash Flow From Operations	Capital Expenditure	Net Borrowings	Free Cash Flow to Equity
1	2008-09	5137.85	132.59	4244.42	9249.68
2	2009-10	1811.16	454.39	-7881.3	-6524.53
3	2010-11	3223.9	140.89	8279.7	11362.71
4	2011-12	-3514.53	-8.09	15254.45	11748.01
5	2012-13	-5018.89	329.72	5279.08	-69.53
6	2013-14	-7196	281.45	30461.99	22984.54
7	2014-15	14714.33	355.27	-2617.73	11741.33
8	2015-16	-25184.32	392.53	-14154.95	-39731.8
9	2016-17	13074.37	210.78	2450.44	15314.03
MEAN		591.95	280.43	4590.68	4008.27
STD. DEVIATION		12599.01	111.79	13041.92	18472.77
COV%		2128.39	39.86	284.10	460.87



GROWTH	154.47	58.97	-42.27	65.56
AVG GROWTH %	17.16	6.55	-4.70	7.28

### Interpretation

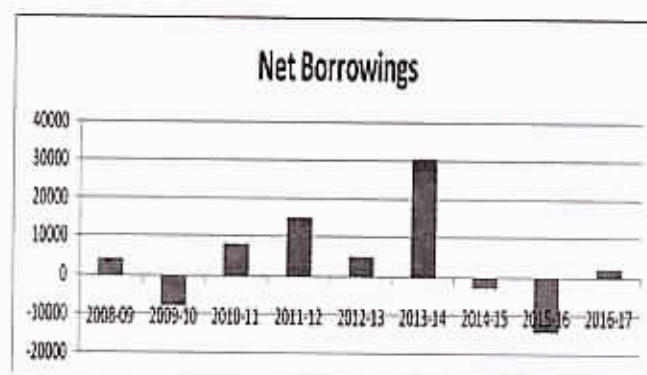
- As per table no.2. The Free Cash Flow to Equity was highest in the year 2013-2014 when it was Rs. 22984.54 Lakhs. and was lowest in the year 2015-2016 when it was Rs. (-) 39731.80 Lakhs.
- Except for the year 2009-2010 and 2015-2016 the Free Cash Flow was positive throughout the study period.
- The Free Cash Flow to Equity increase rapidly in year 2016-17 i.e. Rs. 55045.83 Lakhs which turn to positive Rs.15314.03 Lakhs from negative Rs. (-) 39731.80 Lakhs.
- The overall average of Free Cash Flow to Equity for the period of study was Rs. 4008.27 Lakhs.
- The standard deviation of the Free Cash Flow to Equity was 18472.77 with coefficient of variation as 460.87.
- The overall growth of the Free Cash Flow during the period of the study was 65.56%, with average annual growth of 7.28.

**Table -6**

**Net Borrowings**

Sr no.	Year	Net Borrowings
1	2008-09	4244.42
2	2009-10	-7881.30
3	2010-11	8279.70
4	2011-12	15254.45
5	2012-13	5279.08

6	2013-14	30461.99
7	2014-15	-2617.73
8	2015-16	-14154.95
9	2016-17	2450.44
MEAN		4590.68
Std. Deviation		13041.92
cov%		284.10
Growth		-42.27
Avarage Annaul Growth%		-4.70



**H<sub>0</sub>:** There is no significant difference in the Free Cash Flow to Equity of Saurashtra Gramin Bank during the study period.

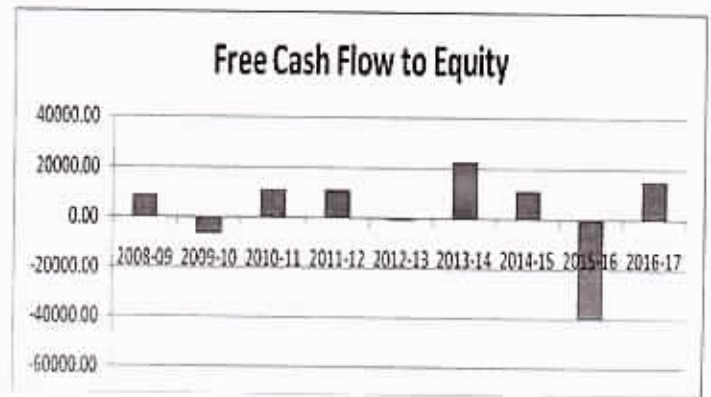
**H<sub>1</sub>:** There is no significant difference in the Free Cash Flow to Equity of Saurashtra Gramin Bank during the study period.

**Table – 7**

**Free Cash Flow to Equity (Rs. In Lakh)**

Sr no.	Year	Free Cash Flow to Equity
1	2008-09	9249.68

2	2009-10	-6524.53
3	2010-11	11362.71
4	2011-12	11748.01
5	2012-13	-69.53
6	2013-14	22984.54
7	2014-15	11741.33
8	2015-16	-39731.80
9	2016-17	15314.03
MEAN		4008.27
Std. Deviation		18472.77
cov%		460.87
Growth		65.56
Average Annual Growth%		7.28



### Testing of Hypothesis 1

$H_0$ : There is no significant difference in the Free Cash Flow of Saurashtra Gramin Bank during the study period.

$H_1$ : There is a significant difference in the Free Cash Flow of Saurashtra Gramin Bank during the study period.

**Table 8: One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
Free Cash Flow	9	311.5256	12646.51189	4215.50396

**Table 9: One-Sample Test**

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Free Cash Flow	.074	8	.943	311.52556	-9409.4440	10032.4951



### Interpretation of T -test

$$t = 0.074 \text{ \& } t_{0.05} = 2.306$$

$$t < t_{0.05}$$

When degree of freedom (df) is 8 and level of significance is 5%, the critical value is 2.306. Since the calculated value of t is 0.074 which is less than the table value, we conclude that there is no significant difference in the Free Cash Flow of Saurashtra Gramin Bank during the study period. Hence, null hypothesis is accepted.

### Testing of Hypothesis 2

**Table 10: One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
Free Cash Flow to Equity	9	4008.2711	18472.76726	6157.58909

**Table 11: One-Sample Test**

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Free Cash Flow to Equity	0.651	8	.533	4008.2711	-10191.1548	18207.6970

### Interpretation of T -test

$$t = 0.651 \text{ \& } t_{0.05} = 2.306$$

$$t < t_{0.05}$$

When degree of freedom (df) is 8 and level of significance is 5%, the critical value is 0.651. Since the calculated value of t is 0.651 which is less than the table value, we conclude that there is no significant difference in the Free Cash Flow to Equity of Saurashtra Gramin Bank during the study period. Hence, null hypothesis is accepted.

### Findings & Conclusion of Study

In light of the present research work it can be concluded that the Free Cash Flow to Equity position of Saurashtra Gramin Bank is very satisfactory with increment rapidly in year 2016-17 i.e. Rs.55045.83

Lakhs which turn to positive Rs.15314.03 Lakhs from negative Rs. (-) 39731.80 Lakhs showing the efficiency with which the Bank is going through its Free Cash Flow. As regards to the Free Cash Flow, the least was in the year 2015-2016 when it was Rs. (-) 25576.85 Lakhs.

The overall average of Cash Flow from Operation was not at all satisfactory during the entire period of the study, it was Rs. 591.95 Lakhs. On analyzing Free Cash Flow to Equity, it was observed that the Bank has put in utmost effort to maintain and increase its Free Cash Flow.

The average Free Cash Flow to the Equity was Rs. 4008.27 Lakhs, with the lowest in the Year 2015-2016 when it was Rs. (-) 39731.80 Lakhs.

The Study reveals that the performance of the Bank is satisfactory since it is generating sufficient cash to cover its cost and to meet its investment activities as well as to pay its customer.

The Bank need to maintain its cash expenses in order to increase its cash in hand, Balance with banks and money at call & short notice. There is a need to maintain balance between profitability and liquidity which is only possible if the bank is having adequate cash balance. The bank should plan to maximize its net income after tax which in turn will help the bank to have adequate cash balance which in turn will enable the bank to have financial flexibility and will be able to make further investments. The bank should have a check on its Free Cash Flow to Equity so that the bank can have proper flow of cash available for its customers and stakeholders throughout the year. They are doing well but still hundred miles to go.

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Simon, N. (2010). *The participatory museum*. Santa Cruz, CA: Museum 2.0.

**For Book chapter:**

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**For Jan-June Issue**

Paper Submission Deadline	10 <sup>st</sup> May
Intimation for acceptance/modification	15 <sup>th</sup> May
Final draft submission deadline	30 <sup>th</sup> May

**For July-Dec Issue**

Paper Submission Deadline	10 <sup>th</sup> November
Intimation for acceptance/modification	15 <sup>th</sup> November
Final draft submission deadline	30 <sup>th</sup> November

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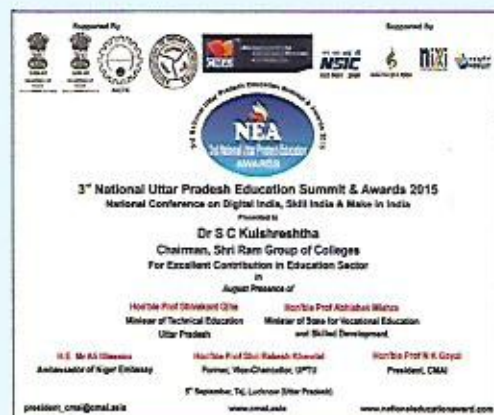


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