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Contents

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Rural Marketing in India: Opportunities and Challenges

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Abstract

The Indian rural market has a huge demand base and offers great opportunities to marketers. Two-thirds of Indian consumers live in rural areas and almost half of the national income is generated from there. Rural Marketing in India has always been complex to forecast and consist of special uniqueness. In the recent years, rural market has acquired significance and attracted the attention of marketers as 68.84% population of India reside in 6,38,000 villages and overall growth of economy has resulted into substantial increase in the purchasing power of the rural communities. Rural markets are becoming attractive for a number of reasons. Rural incomes are growing due to green revolution, rise in agricultural produce prices, Skilled India programmes, financial inclusion, etc. and consumers are buying discretionary goods and lifestyle products, including mobile phones, television sets and two-wheelers. The rush to rural markets is not a recent phenomenon and companies have been testing these markets. The article focuses on understanding the present scenario of rural market, opportunities and challenges in the rural market.

Keywords : rural incomes, financial inclusion, lifestyle products

Introduction

The general impression among marketers is that the rural markets have potential only for agricultural inputs like seeds, fertilizers, pesticides, and cattle feed and agriculture machinery. But this is partly correct. Over 50% of national income is generated in rural India' and there are opportunities to market modern goods and services in rural areas and market agricultural goods in urban areas. It has been estimated that the rural markets are growing at a faster rate. Generally rural marketing means different types of things to different types of the people. Rural marketing plays a significant role within the development of economic standards, especially in India. Rural marketing is a process which includes development, market expanded at a CAGR of 13.2 per cent to US$ 100 billion during 2009–15. The Fast Moving Consumer Goods (FMCG) sector in rural and semi-urban India is estimated to cross US$ 20 billion by 2018 and US$ 100 billion by 2025. In rural markets, durables like refrigerators as well as consumer electronic goods are likely to witness growing demand in the coming years as the government plans to invest significantly in rural electrification. Credit Suisse estimates that nearly 75% of the factories that opened in India in the past decade were built in rural areas; they now account for almost 55% of the country's manufacturing GDP and 70% of all new manufacturing jobs. As a result, per capita GDP in the countryside has grown at a compound annual rate of 6.2% since 2000, eclipsing the 4.7% urban growth rate. Rural markets are becoming attractive for a number of reasons. Rural incomes are growing due to green revolution, rise in agricultural produce prices, Skilled India programmes, financial inclusion, etc and consumers are buying discretionary goods and lifestyle products, including mobile phones, television sets and two-wheelers. The rush to rural markets is not a recent phenomenon and companies have been testing these markets.

The rural market of India started showing its potential in the 1960s. The 70s and 80s witnessed its steady development. And, there are clear indications that the 21st century is going to see its full blossoming. In our country, where research on consumer behavior has been nominal, not much systematized information is available about the rural consumers. Only a few enlightened companies, known for their marketing orientation, viz., Hindustan Lever, Philips India, Asian Paints, Singer and Larsen and Toubro have made concrete efforts in this direction. But, by and large, we have still to understand the rural buyer, his habits, attitudes and behavior, particularly from the marketing point of view.

Many assumptions prevail about rural marketing. For instance, one assumption is that the rural buyer is not very discriminating. Once he is persuaded to buy a particular product, he develops a strong affinity for it, and if satisfied, becomes brand loyal. As a result, Indian manufacturers are generally known to prefer selling fewer items at higher prices than selling more items at lower prices. A contrary view is that the rural buyer, being suspicious of the marketer's hard sell techniques, is quite discriminating, and is not easily persuaded. Yet another assumption is that the rural buyer is not particularly keen about quality and packaging. Some other assumptions can be quoted. But, all these need deep probing for arriving at valid and reliable conclusions. Consumer research, thus, is indispensable for entering the rural segment of the market.

Materials and Methods

For the purpose of in depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used is analytical and descriptive. Both primary as well as secondary source of Information have been taken.

Results and Discussions

The concept of Rural Marketing in India Economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets. The rural market in India is not a separate entity in itself and it is highly influenced by the sociological and behavioral factors operating in the country. The rural population in India accounts for around 627 million, which is exactly 74.3 percent of the total population. Rural Markets are defined as those segments of overall market of any economy, which are distinct from the other types of markets like stock market, commodity markets or Labor economics. Rural Markets constitute an important segment of overall economy, for example, in the USA, out of about 3000 countries, around 2000 counties are rural, that is, non-urbanized, with population of 55 million. Typically, a rural market will represent a community in a rural area with a population of 2500 to 30000. The concept of rural marketing in India is often been found to form ambiguity in the minds of people who think rural marketing is all about agricultural marketing. However, rural marketing determines the carrying out of business activities bringing in the flow of goods from urban sectors to the rural regions of the country as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas. To be precise, Rural Marketing in India Economy covers two broad sections, namely - Selling of agricultural items in the urban areas and Selling of manufactured products in the rural regions. The Registrars of Companies in different states chiefly manage, the rural market in India brings in bigger revenues in the country, as the rural regions comprise of the maximum consumers in this country. The rural market in Indian economy generates almost more than half of the country's income. Rural marketing in Indian economy can be classified under two broad categories. These are: The market for consumer goods that comprise of both durable and non-durable goods and the market for agricultural inputs that include fertilizers, pesticides, seeds, and so on.

The rural market has changed drastically in the past one decade. A decade ago, the rural market was more unstructured and was not a prioritized target location for corpo rates. Very few companies, mainly the agro-based ones, were concentrating in these markets. There are no innovative strategies and promotional campaigns. A distribution system did exist, but was feeble. Illiteracy and lack of technology were the other factors leading to the poor reach of products and lower level of awareness amongst villagers. Gradually, corporate realized that there was saturation, stiff competition and clutter in the urban market, and a demand was building up in rural areas. Seeing the vast potential of 75 per cent Indians living in rural areas, they started focusing on these unexplored, high-potential areas. Companies came up with special rural products, like Chic Shampoo sachets @ Re 1, Parle G Tikki Packs @ Rs 2, customized TVs by LG, Shanti Amla oil by Marico. All these brought positive results for them. Also, campaigns like Project Bharat by Hindustan Lever, where trials were generated across India in 1999, saw 30 per cent of its total personal products growing to contribute 50 per cent five years down the line. In the first phase, they covered 11.5 million rural households and increased awareness by 41 per cent.

Rural consumers are particularly aspiring or striving to purchase branded, high quality products. Consequently, businesses in India are optimistic about growth of the country's rural consumer markets, which is expected to be faster than urban consumer markets. The report highlights the better networking among rural consumers and their tendency to proactively seek information via multitude sources to be better informed while making purchase decisions. Importantly, the wider reach of media and telecommunication services has provided information to India’s rural consumers and is influencing their purchase decisions. In line with general trend, rural consumers are evolving towards a broader notion of value provided by products and services which involves aspects of price combined with utility, aesthetics and features, and not just low prices.

The hinterlands in India consist of about 650,000 villages. These villages are inhabited by about 850 million consumers making up for about 70 per cent of population and contributing around half of the country's Gross Domestic Product (GDP). Consumption patterns in these rural areas are gradually changing to increasingly resemble the consumption patterns of urban areas. Some of India's largest consumer companies serve one-third of their consumers from rural India. Owing to a favourable changing consumption trend as well as the potential size of the market, rural India provides a large and attractive investment opportunity for private companies.

Rural Marketing is a developing concept, and as a part of any economy has untapped potential; marketers have realized the opportunity recently. Improvement in infrastructure and reach promise a bright future for those intending to go rural. Any macro-level strategy for these markets should focus on availability, accessibility and affordability. Constant scanning and sieving of ideas and plans is essential at all times. Focused attention needs to be paid to market research that goes on to reduce the uncertainly in dealing with these markets. More specifically, in relation to rural areas, demand is seen to be very highly price elastic. It is essential to the break the price barrier. Only this can keep the grey area local brands in check. There is no doubt every marketer/company must realize that the rural consumer is not a miser. He is not simply looking for the cheapest product in every category.

Investments in Rural Marketing

Following are some of the major investments and developments in the Indian rural sector-

- The United Economic Forum (UEF), an organisation that works to improve socio-economic status of the minority community in India, has signed a Memorandum of Understanding (MoU) with Indian Overseas Bank (IOB) for financing entrepreneurs from backward communities to set up businesses in Tamil Nadu. As part of the agreement, entrepreneurs who have been chosen by the UEF will get term loan / working capital requirements from the bank. The UEF will appoint mentors to guide entrepreneurs for successful implementation of the project, with both IOB & UEF periodically monitoring the progress of the project.
- Tata Motors, India's biggest automobile

company by revenues, plans to aggressively expand its network with a focus on rural markets. The company is aiming to more than triple its network to 1,500 over the next three years from 460 now, making it the biggest such expansion by a passenger vehicle maker in the country so far.

- Bharti Airtel is applying for a payments bank licence and has involved Kotak Mahindra Bank as a potential investor in the venture, in a bid to tap significant revenue opportunities from the Reserve Bank of India's financial inclusion initiative. Payments banks are meant to fan out into the rural, remote areas of the country, offering limited but critical services such as money transfers, loans and deposit collection. While banks have the knowhow, telecom companies have the network, making it an ideal match.

Government Initiatives for Rural Marketing

The Government of India has planned various initiatives to provide and improve the infrastructure in rural areas which can have a multiplier effect in increasing movements of goods, services and thereby improve earnings potential of rural areas subsequently improving consumption.

E-commerce players like Flipkart, Snapdeal, Infibeam and mobile wallet major Paytm have signed Memoranda of Understanding (MoUs) with the government to reach rural areas by connecting with the government’s common service centres (CSCs) being setup in villages as part of the ‘Digital India’ initiative.

With the increasing demand for skilled labour, the Indian government plans to train 500 million people by 2022, and is looking out for corporate players and entrepreneurs to help in this venture. Corporate, government, and educational organisations are joining in the effort to train, educate and produce skilled workers.

The Union Cabinet has cleared the Pradhan Mantri Krishi Sinchaee Yojana (PMKSY), with a proposed outlay of Rs 50,000 crore (US$ 7.5 billion) spread over a period of five years starting from 2015-16. The scheme aims to provide irrigation to every village in India by converging various ongoing irrigation schemes into a single focused irrigation programme. The Government of India aims to spend Rs 75,600 crore (US$ 11.34 billion) to supply electricity through separate feeders for agricultural and domestic consumption in rural areas. This initiative is aimed at improving the efficiency of electricity distribution and thereby providing uninterrupted power supply to rural regions of India.

To promote agriculture-based businesses, the Government of India has started ‘A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship’ (ASPIRE). Under this scheme, a network of technology centres and incubation centres would be set up to accelerate entrepreneurship and to promote start-ups for innovation and entrepreneurship in agro-industry.

The Government of India seeks to promote innovation and technology development in the remote rural and tribal areas. The government plans to form a committee to study various innovations and submit their reports to the concerned Department or Ministry. The programme called the ‘Nav Kalpana Kosh’ aims to improve rural areas at various levels, such as governance, agriculture and hygiene.

Banks are working to set up rural ATMs, which will dispense smaller denomination currency notes. Confederation of Indian Industry (CII), an association of Indian businesses, plans to set up a centre of excellence for start-ups in smaller towns across the country to help create a conducive environment for their incubation and growth.

As is the trend with urban India, consumers in the rural regions are also expected to embrace online purchases over time and drive consumption digitally. The rural regions are already well covered by basic telecommunication services and are now witnessing increasing penetration of computers and smart phones. Taking advantage of these developments, online portals are being viewed as key channels for companies trying to enter and establish themselves in the rural market. The Internet has become a cost-effective means for a company looking to overcome geographical barriers and broaden its reach. Market research firm Nielsen expects India's rural FMCG market to reach a size of US$ 100 billion by 2025. Another report by McKinsey Global Institute forecasts the annual real income per household in rural India to rise to 3.6 per cent 2025, from 2.8 per cent in the last 20 years.

Opportunities in Rural Marketing

The rural market has been growing gradually over the past few years and is now even bigger than the urban market. The saving to income percentage in rural area is 30% higher than urban area. At present 53% of all FMCGs and 59% of consumers durables are being sold in rural area. Major opportunities available in rural market are as follow:

- Literacy rate is increasing in rural areas. According to census 2011 it stood at 68.9% (2001 census 58.7%). There are more graduates in rural than in urban India. This brings social and cultural changes in buying behavior of the rural customers and more aware about national and international brand. Due to increase in literacy rate they get jobs in nearby towns. They earn urban salaries but continue to live in self owned homes in the villages, they have high purchasing power and prefer to buy branded product.
- Projects from private companies and the rural employment initiatives by the Government like MNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) schemes have given the rural population an opportunity to meet their daily needs. Government decided to expand the agriculture loan at lower rate of interest and distribute million of Kisan Credit Cards, has given a boost to the income level to the rural sector. Companies have the opportunity to enter in this new market and take the advantage of increased disposable income.
- It has been observed that companies which cater both urban and rural markets tackle the recession in the better way. The demands for goods in the urban market often follow a cyclic whereas in the rural market it is steady. So companies can safeguard themselves from the harmful effects of recession after entering in the rural market.
- Today's rural children and youth will grow up in an environment where they have 'information access' to education opportunities, job opportunities, government schemes, worldwide news and mandi prices. Rural areas offer a great potential for growth in internet usage with the number of claimed internet users in these spaces to be reached at 45 million. The electronic ethos and IT culture moves into rural India, the possibility of change are becoming visible.
- In 50 years only, 40% villages have been connected by roads, in next 10 years another 30% would be connected. Rural telephone density has gone up by 300% in the last 10 years. Government of India is planning its most ambitious national program in Jan. 2013 to facilitate electricity through decentralized renewable energy sources. The government aims to provide LED lights to around 400 million homes that do not have an electricity connection by 2017. Rapid development of rural infrastructure is also major attraction for marketers.
- The rural market in India is vast and scattered and offers a plethora of opportunities in comparison to the urban sector. It covers the maximum population and regions and thereby, the maximum number of consumers. More than eighty percent of rural markets in India still do not have access to any sort of organized marketing and distribution.

Challenges in Rural Marketing

Rural market witnesses a high demand and it's the rural segment of market that contributes more profit than its urban counterpart. Rural marketing broadly involves reaching customers, understanding their wants, supply of goods and services, and ultimately satisfying consumers, leading to more sales. The general impression is that only agricultural inputs like seeds, fertilizers, pesticides, cattle feed and agricultural machinery has a potential for growth in the rural market. However, there is a growing market for consumer goods now. It has been estimated the rural market is growing at the rate of five times its urban counterpart.

India is ingenious with a good degree of ethnic, cultural and regional diversity. About 3/4th of the total population resides in the rural areas and majority of them are dependent upon agriculture for their subsistence. Agriculture contributes about 24.7% to the Gross Domestic Product (GDP) of the country. It also contributes about 13.1% to the total Indian exports. This sector provides employment to 58.4% of the country's workforce and livelihood to more than 650 million people. Despite this fact, the condition of these people has not shown any significant improvement. The development of the nation largely depends upon the development of the rural population.

Despite the fact that rural markets are a huge attraction to marketers, it is not easy to enter the market and take a sizeable share of the market, in the short time due to the following reasons.

- Transportation is essential for movement of products from urban production centers to remote villages. In rural India transportation facilities are quite poor. Nearly 80 percentages of villages in the country are not connected by so there is a sea of opportunities for retailers to serve the consumers in rural and semi urban India. CRISIL study estimates that over 60% of India's population would be residing in rural area in 2026.
- Penetration rate in rural India is very low. Due to poor transportation facilities it is not possible for a marketer to access the rural market.
- A storage function is necessary because there is a time gap between production and consumption of commodities. Agricultural commodities are produced seasonally but they are demanded over the year so there is need to store them. But in rural areas, there is lack of public as well as private warehousing. Marketers face problems of storage of their goods.
- Rural society in India is underdeveloped. Modern technology has tried to develop the people and markets in rural areas. But the technology has made very less impact in rural areas.
- Media have lots of problem in rural areas. Television is a good source to communicate the message to rural people. But due to non availability of power as well as television sets, majority of rural population cannot get the benefits of various media.
- India is a country of many languages. Language becomes barrier in effective communication in the market efforts. The number of languages vary from state to state, region to region and district to district, etc.
- The literacy rate is low in rural areas as compared to urban areas. Marketers face communication problem due to the lack of literacy rate. Print medium is not much effective and it is irrelevant since its reach is poor. So, low level of literacy becomes challenge for marketers in rural areas.
- Seasonal demand is main problem of rural market. Agriculture situation plays a significant role in the demand of commodities in the rural market because it is the main source of income. Again agriculture depends on monsoon so buying capacity of rural consumers varies. Despite this, many rural areas are not

connected by rail transport. Kuccha roads become unserviceable during monsoon.

Conclusion

Rural India offers huge opportunities which companies can tap for their growth and development. However, Companies face many challenges in tackling the rural markets. 833 million people reside in India as compared to 377 millions in urban India so vast untapped opportunities are available in rural India, but marketer unable to tap these opportunities because of lack of infrastructure facilities. Literacy rate is low in rural area so people are unable to identify brand difference. Now trend has gone to change literacy rate in rural area is increasing. Number of middle and higher income household in rural India is expected to grow from 80 million to 111 million. There is rapid development in infrastructure all these opportunities attract companies to target rural market. With some technologies breakthrough in distribution and marketing of products in rural India, companies in rural market can earn more profits, market share, etc. The Rural market is a greater future prospect for the marketers and there are many opportunities available for them in rural markets.

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Foreign Direct Investment in Indian Retail Sector

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Abstract

In the growing market, retail has become one of the major emerging trends in the entire economical cycle. Over the past one and half decade the technological revolution results in overwhelming changes in trade linkages and cross-border capital flows. The most prominent phase of globalization is the rapid integration of production and financial markets. Foreign direct investment (FDI) has been one of the core features of globalization. In order to develop and modernize the economy, India adopted various reforms such as encompassing deregulation, privatization and private participation in the provision of infrastructure, and the reduction and simplification of tariffs. The main criterion behind these reforms is to attract FDI. Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. In November 2011, India's Central Government announced retail reforms for both multi-brand stores and single-brand stores which paved the way for retail innovation and competition with multi-brand retailers such as Wal-Mart, Carrefour and Tesco, as well single brand majors such as IKEA, Nike, and Apple. The announcement sparked intense activism, both in opposition and in support of the reforms. On the above backdrop, the present study is undertaken to analyze the role of FDI in retail sector and ultimately on the development of the economy as a whole.

Keywords : pillar of retail, Indian consumers, domestic players

Introduction

Over the last decade, the retailing business has growing significantly. More recently, over the few years, it has seen the launch of a large number of formats by leading retailers covering both a broad spectrum of merchandise categories as well as single category stores. Not only have the domestic players grown significantly, the Indian consumer market has evinced interest from most of the large international retailers are working within the confines of the existing policy and legal frameworks. With increased economic prosperity of Indian consumers, we have also witnessed the launch of a large number of luxury brands in the country.

Retail marketing even focuses on satisfying the customers, maintaining a proper profit margin for the owner of the goods. Customer needs are the basic key factors of retail. Retail marketing consists of 5 basic pillars, first is saving the precious time of the customers. Second is setting the right prices of the goods, third is creating a proper connection with the emotions of the customers, fourth pillar is paying the right respect to the customers and lastly solving the problems of the customer is another pillar of retail.

Creating customer loyalty is the basic function of retail, as once you create customer loyalty towards your brand it will be easier for you to stay in the market for a longer period of time. Creating customer loyalty is not a very easy task, as it takes years for a brand to create customer loyalty.

One can only create customer loyalty if one has a retail marketing plan, some of such marketing plans are the sales promotional activities like loyalty cards, loyalty one, gifts, coupons, special discounts and reward program.

Reward program includes special gifts on purchase of bulk goods and loyalty cards are special privileged cards which are offered to customers in order to provide them huge discounts and free gifts. These sorts of special sales promotional activities not only increase the sales target but at the same time increase customer loyalty also. With so many new sales promotional programs promoted by the retail marketing strategies, now it is possible to create a healthy relationship with the customers. Previously creating emotional bonding with the customers was not taken into consideration, and thus customers were only treated as customers who were just supposed to pay the price of the goods. Thus, this resulted in lower customer loyalty and it gave rise to huge number of product switching.

Previously customers used to shift to other brands very easily as there did not exist any brand loyalty. But now with the extensive features of retail marketing, it has become easier for the company not only to capture a huge market but at the same time create a strong bonding with the customers. Thus, this sort of marketing strategy did not only ignite the sales target and profits but at the same time increased the brand loyalty.

The distribution of finished products begins with the producer and ends at the ultimate consumer. Between two of them there is a middleman – the retailer. Retailing is the set of business activities that adds value to the product and services sold to the consumers for their personal or family use. Often retailing is being thought of as the sale of products in the stores, but retailing also involves the sales of services: overnight lodging in a hotel, a haircut, a car rental, or home delivery of Pizza. Retailing encompasses selling through the mail, the internet, and door-to-door visits – any channel that could be used to approach the consumer. Retailing is responsible for matching individual demands of consumer with supplies of all the manufacturers.

Retailing has become such an intrinsic part of our everyday lives that it is often taken for granted. The nations that have enjoyed the greatest economic and social progress have been those with a strong retail sector. The world over retail business is dominated by small family run chains and regionally targeted stores. Gradually more and more markets in the Western world are being taken over by billion-dollar multinational conglomerates, such as Wal-Mart, McDonald's, Marks and Spencers, etc. The larger retailers have set up huge supply/distribution chains, inventory management systems, financing pacts, and wide scale marketing plans which have allowed them to provide better services at competitive prices by achieving economies of scale.

Materials and Methods

For the purpose of in depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used is analytical and descriptive. Both primary as well as secondary source of Information have been taken.

Results and Discussions

Foreign Direct Investment (FDI) in India has been a point of debate, for some time now. To start with, let us first understand what is meant by the term Foreign Direct Investment. The most common definition of FDI has been originally provided by the International Monetary Fund and was subsequently endorsed by the Organisation for Economic & Cooperative Development.

'Foreign Direct Investment reflects the objective of obtaining a lasting interest by a resident entity in one economy ("direct investor") in an entity resident in an economy other than that of the investor ("direct investment enterprise"). The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence on the management of the enterprise. Direct investment involves both the initial transaction between the two entities and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated.

India is fast emerging as a key destination for FDI. India ranks third in FDI attractiveness ranking, the first being China. Developing countries, emerging economies and countries in transition increasingly see foreign direct investment (FDI) as a source of economic development, modernisation and employment generation, and have liberalised their FDI regimes to attract investment.

An international retailer can enter the Indian retail market through any of the following methods:

- Hi-Tech items / items requiring specialized after sales service
- Social sector items
- Medical and diagnostic items
- Items sourced from the Indian small sector (manufactured with technology provided by the foreign collaborator)
- Two-year test marketing (simultaneous commencement of investment in manufacturing facility required)

Foreign owned Indian companies cannot own and run retail shops to sell other category of goods to consumers in India. Hundred per cent FDI is, though, permitted on specific approval basis in case of trading companies in India, for carrying out any of the following:

- Export Trading
- Bulk imports with sales either through custom bonded warehouses / high seas sales
- Cash and carry wholesale trading
- Sales substantially to group companies

FDI up to 100% is allowed for e-commerce activities, subject to the condition that such companies would divest 26% of their equity in favour of the Indian public in 5 years, if these companies are listed in other parts of the world. Further, these companies can engage only in business-to-business (B2B) e-commerce and not in retail trading, inter-alia, implying that existing restrictions on FDI in domestic trading would be applicable to e-commerce as well.

FDI up to 51% is allowed, with prior government approval for retail trade in 'Single Brand' products. FDI in retailing of goods under multiple brands, even if the goods are produced by the same manufacturer is not allowed under the current guidelines.

Some of the popular entry options for foreign players have been as follows:

- Franchising of operations appears to be the most popular strategy followed by the international retailers for entry into India. Under franchising, the parent company lends its name and technology to a local partner, and gets royalty in return. In case a master franchisee is appointed at the national or regional level, the parent company gets the right to appoint local franchisees. Nike, Marks and Spencer, Pizza Hut and Mango are some of the best-known foreign players who have adopted this setup of operations.
- The other route for entry is a joint venture, whereby the international partner provides equity and support to the Indian investor. The Indian partner provides all the local knowledge that is typically needed in such a venture. Mc Donalds and Reebok have adopted the joint venture route in India.
- An international organisation may also set up a manufacturing facility in India. Two key retailers who have adopted this strategy include Benetton and Bata.
- On the other hand companies may also set up distribution offices in India and thereby trade in the country through local Indian retailers. Swarovski and Hugo Boss operate in India through distribution offices. Metro Cash and Carry has entered into the country by way of wholesale trading.

While it is obvious that the benefits of a large organised retail sector are many, investments into the country need to ensure that it is the consumer who gets a better product. It is argued that FDI will increase volumes in sales, which would translate into more manufacturing, more jobs in industry, and more prosperity. International experience has demonstrated that the only way that farmers can get better prices for their products is through improvement in the value added food chain. An organised retail sector can provide the forward linkages for mass marketing of processed and packaged goods. Organised retailing would generate employment, both direct and indirect, as notwithstanding the capital intensity of modern retail business, it continues to be labour intensive as well. It would also lead to creation of indirect employment in support activities throughout the supply chain, starting from producers to packaging, storage, transport and other logistic services.

It is further believed that far from leading to an influx of imported goods, foreign companies would source most of their items domestically and would in fact, use quality Indian products to stock thousands of their outlets in foreign countries, thus giving a fillip to our manufacturing as well as export. Transfer of technology to ventures would ensure adherence of quality standards, good marketing production techniques and introduction of global best practices in management. This would result in the integration of Indian manufacturing with the global supply chain.

Those against the opening up of the retail sector to FDI argue that the global players come with deep pockets. This is believed to be unfair to the domestic retail industry. There are apprehensions in certain quarters that FDI in retailing would lead to unfair competition and ultimately, result in large scale exit of domestic retailers, especially small family managed outlets. There is also the fear that global retail chains would use India as a dumping ground for sub-standard or outdated products. The Indian advantage is that it is amongst the least saturated of all major global markets in terms of penetration of modern retailing formats.

The benefits from FDI do not accrue automatically and evenly across countries and sectors. In order to reap the maximum benefits from FDI, there is a need to establish a transparent, broad and effective enabling policy environment for investment and to put in place, an appropriate framework for its implementation.

Recent policies pronouncements by the government indicate that the retail industry, including the wholesale sector, will be opened to foreign direct investment (FDI). The argument is that the organized retail sector is very small and therefore it needs fresh funds to expand. Ignore the idiocy of this tautological argument. Instead let's focus on what will be the impact of such investment on the estimated 50 million retail outlets in India that provide livelihood to approximately 100 million people.

Necessity of FDI in Indian Retail

It is universally acknowledged that, FDI inflow offers many benefits to an economy. Transactional Corporations (TNCs) can complement local development efforts by:

i. Increasing financial resources for development.

ii. Boost export competitiveness

iii. Generate employment and strengthening the skill base

iv. Protecting the environment to fulfill commitment towards social responsibility

v. Enhancing technological capabilities through transfer, diffusion and generation.

Future Turnover and Share of Retailing in India (Crore Rupees)

Year	Total Retailing Turnovers	Growth Over Last Year, in %	Organised Sector Turnover	Growth Over Last Year, in %	Market Share in %
2011	23,55,000	10.82 %	1,75,000	25.00	8
2012	26,40,000	12.10 %	2,20,000	25.71	9

Year	Total Retailing Turnovers	Growth Over Last Year, in %	Organised Sector Turnover	Growth Over Last Year, in %	Market Share in %
2013	29,50,000	11.74 %	2,75,000	25.00	11
2014	32,65,000	10.67 %	3,45,000	25.45	12
2015	36,25,000	11.02 %	4,25,000	23.18	13

At present growth of turnover of retailing is 11 percent and in the next 10 years it is estimated to increase 11 percent every year. In case of organized retailing, growth would be more than 25 percent every year up to 2020. The table specifies the necessities of FDI in India. India needs large amount of foreign exchange through FDI in retailing to sustain and enhance its economic growth. For achieving such high growth of retail sector there will be need for capital, proper infrastructure, latest technology, skilled worker etc. FDI can play an important role in fulfilling these need that's why India has liberalized its norms regarding FDI in retail sector. FDI in retail sector will lead to competition and efficiency. Through FDI in retail, Major global Players are expected to be beneficial for consumers, Farmers as well as well as economy as a whole.

Policy of Indian Government for FDI in Retail

The Indian Government has opened up the retail sector for foreign players given that it is bursting with opportunities to explore. Though there is 100 percent FDI permitted in the cold chain sector but FDI opening in single and multi brand retailing is expected to yield much better results. Moreover, there is less consolidation in retail sector, weaker competition and an ever growing middle class with a large appetite for consumer goods and services. The current FDI in retail policy of Indian Government is being discussed below:

i. 51 percent FDI permitted in the multi brand retailing. The unbranded products are allowed for agricultural produce like fruits, vegetables, flowers, grain, pulses, fish and meat.

ii. Minimum investment to be brought in, as FDI, by the foreign investor would be US $100 million.

iii. FDI is not likely under the automatic route implying that FIPB approval is needed on case by case basis.

iv. 50 percent investment should be done at improving the back-end infrastructure. Back-end infrastructure will include investment made towards processing, manufacturing, distribution, design improvement, quality control, packaging, logistics, storage, warehouse, agriculture market produce infrastructure etc.

v. 30 percent of the raw materials should be procured from small and medium enterprises (SMEs).

vi. Permission to set up stores only in cities with a minimum population of 1 million which is 53 cities in India according to 2011 census.

vii. Government has the first right to procure materials from the farmers.

viii. While the proposals for FDI will be sanctioned by the Centre, approvals from each State Government will be required.

ix. Retail trading, in any form, by means of e-commerce, would not be permitted, for companies with FDI, engaged in the activity of multi brand retailing.

For the last many years, the Government's policy towards Foreign Direct Investment (FDI) in organized retail sector especially in multi-brand retail continues to be widely debated in commercial circles. Previously 51% FDI was allowed in single brand retailing whereas 100%

had been permitted since December 2011 and there is not provision in multi-brand retailing. While defenders argue that FDI would bring in technology to develop logistics and supply chains, help food processing industry to grow, provide employment to lakhs and enhance competition in the retail sphere, the critics point at the harmful effect of retail FDI on the unorganized sector, the 'pop and mom' stores. Owing to lack of Government's clear-cut policy of FDI, a number of MNCs used the indirect and covert path to enter the country, such as setting up of cash and carry Joint Ventures (JVs) with local business houses.

Impact of FDI in Indian Retail Sector

India is in the midst of a retail boom. The sector witnessed significant transformation in the past decade from small-unorganized family-owned retail formats to organized retailing. Indian business houses and manufacturers are setting up retail formats while real estate companies and venture capitalist are investing in retail infrastructure. Many international brands have entered the market. With the growth in organized retailing, unorganized retailers are fast changing their business models. However, retailing is one of the few sectors where foreign direct investment (FDI) is not allowed at present.

FDI in the retail market will impact the industry in a number ways. Some of them are as follows:

i. With the entrance of foreign retailers such as Wal-Mart, IKEA, Tesco, Abercrombie and Fitch, Amazon, and others into the Indian market, a streamlining of the existing retail partnerships is expected

ii. The share of foreign players in the industry is estimated to increase to 10-12 percent this year (2015).

iii. The value of the Indian retail market stood at USD 435 billion in 2010, with the 7 percent share of modern retail. The retail market is expected to grow.

iv. Due to the terms and conditions of FDI investments, like the minimum limit of USD 100 million and 50 percent to be ploughed into backend infrastructure, the Indian supply chain is likely to benefit. Sophisticated foreign technology will considerably boost the domestic supply chain through efficient storage and transportation facilities, resulting in minimizing wastage

v. With the entry of new players into the retail industry, the demand for agricultural products is set to rise. This is anticipated to increase the productivity output of Indian agriculture and bring better farming practices into the agriculture sector

vi. The unorganized retail sector also projected to grow, but at a slower pace. The quality and diversity of products in the retail sector is also expected to improve.

vii. Indian consumers will have better accessibility to a wide range of foreign brands.

viii. The rise in competition will force Indian retailers to work on enhancing the quality of their products.

Market liberalization, a growing middle-class, and increasingly assertive consumers are sowing the seeds for a retail transformation that will bring more Indian and multinational players on the scene. The big Indian retail players looking to expand their operations include Shopper's Stop, Pantaloon, Lifestyle, Subhiksha, Food World, Vivek's, Nilgiris, Ebony, Crosswords, Globus, Barista, Qwiky's, Café Coffee Day, Wills Lifestyle, Raymond, Titan, Bata and Westside. Well established business houses such as Wadia, Godrej, Tata, Hero, Malhotras, etc., are drawing up plans to enter the fast-growing organized retail market in India. According to reports, Reliance Industries Ltd. plans to enter the retail business in a big way and has identified 18 cities, starting with Ahmadabad, to set up malls. The international players currently in India include McDonald's, Pizza Hut, Dominos, Levis, Lee, Nike, Adidas, TGIF, Benetton, Swarovski, Sony, Sharp, Kodak, and the Medicine Shoppe are entering India indirectly, via the licensee/franchisee route, since Foreign Direct Investment (FDI) is not allowed in the sector.

Despite all these developments, the organized retail business still comprises a small proportion of the total size of the Rs. 9, 00, 00 Crores ($200 billion) retail sector. Retail business is growing at 5-6 percent per annum. However, it is now set to grow at 25-30 per cent per annum. In developed countries, organized retailing makes for over 70 per cent of the total business. Recently, the Government announced its intention to open up the retail sector to foreign investment. It is still, however, debating whether to allow 26 per cent or 49 per cent FDI in the sector.

Conclusion

FDI has proved to stimulate growth and development of the countries. In addition to direct capital financing, FDI can be a source of valuable technology and know-how while fostering linkages with local firms, which can help jumpstart an economy. In order to promote competitive markets, restrictions on FDI must be reduced. FDI's potential for impact can be greater because of the combination of scale, capital, and global capabilities which allow MNCs to close existing large productivity gaps more aggressively. The Indian retail industry is witnessing large and far reaching changes in last 2 decades of development. Many big Indian corporate have already build significant businesses in different format and sectors of retail. The modernization process started by modern retailers has made positive impact on independent retailers who have also upgraded in terms of assortment, delivery and ambience. The concern about the competition to domestic companies, monopolization of market, loss of employment, procurement of produce from farmer at low price have been addressed properly through provisions in the scheme announced on FDI in retail. The international experience of FDI in retail and our own retail condition shows that doubts and rhetoric associated with the opposition of FDI need to be analyzed in proper perspective.

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Role of Organised Retail Sector in Indian Economy

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Abstract

Retailing is currently the booming sector of the Indian economy. Retail sector is expected to grow tremendously in next few decades, attracting huge attention from all quarters of the economy-entrepreneurs, business heads, investors as well as real estate owners and builders. Retail sector is expected to create huge employment as it will expand across the country at a massive scale. The reason for this expansion of retail is evidently related to the liberalization and opening up of the Indian economy which had immense effects on the consumer demand, tastes and preferences as well as the buying capacities of the Indian's over the past few years. Slowly and steadily retail has witnessed considerable growth while a new form of organized retail sector has emerged within the retail industry. In the growing market, retail marketing has become one of the major emerging trends in the entire economical cycle. It is the retail market only which provides the consumer a basic platform to encounter with goods and a shop keeper for the first time. Retail market consists of a fixed location like boutique, store, departmental store etc, here in these location consumers meets the shop keeper and purchase goods in return of certain value. Maintaining a certain profit margin, these shop keepers sell goods to their consumers. The basic motive of these shopkeepers is to satisfy the consumers and fulfill their needs and demands.

Keywords : departmental stores, traditional retailing, higher prices

Introduction

Organized retail sector refers to the sectors undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate retail formats of the exclusive brand outlets, hypermarkets, supermarkets, departmental stores and shopping malls. Organised retail in India is a decade or so old phenomenon. During the last ten or twelve years it has progressed well. At the same time, it is facing many problems, challenges, difficulties some are general and others are India specific. The recent years have witnessed rapid transformation and vigorous profits in Indian retail stores across various categories. This can be contemplated as a result of the changing attitude of Indian consumers and their overwhelming acceptance to modern retail formats. Asian markets witness a shift in trend from traditional retailing to organized retailing driven by the liberalizations on Foreign Direct Investments. For example, in China there was a drastic structural development after FDI was permitted in retailing. India has entered a stage of positive economic development which requires liberalization of the retail market to gain a significant enhancement.

An important aspect of the current economic scenario in India is the emergence of organized retail. There has been considerable growth in organized retailing business in recent years and it is poised for much faster growth in the future. Major industrial houses have entered this area and have announced very ambitious future expansion plans. Transnational corporations are also seeking to come to India and set up retail chains in collaboration with big Indian companies. However, opinions are divided on the impact of the growth of organized retail in the country. Concerns have been raised that the growth of organized retailing may have an adverse impact on retailers in the unorganized sector. It has also been argued that growth of organized retailing will yield efficiencies in the supply chain, enabling better access to markets to producers (including farmers and small producers) and enabling higher prices, on the one hand and, lower prices to consumers, on the other. In the context of divergent views on the impact of organized retail, it is essential that an in-depth analytical study on the possible effects of organized retailing in India be conducted. In the developed economies, organized retail is in the range of 75-80 per cent of total retail, whereas in developing economies, the unorganized sector dominates the retail business. Modern retail formats, such as hypermarkets, superstores, supermarkets, discount and convenience stores are widely present in the developed world, whereas such forms of retail outlets have only just begun to spread to developing countries in recent years. In developing countries, the retailing business continues to be dominated by family-run neighborhood shops and open markets. Therefore, wholesalers and distributors who carry products from industrial suppliers and agricultural producers to the independent family-owned shops and open markets remain a critical part of the supply chain in these countries.

Organized retail sector refers to the sectors undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate retail formats of the exclusive brand outlets, hypermarkets, supermarkets, departmental stores and shopping malls.

Materials and Methods

For the purpose of in depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used is analytical and descriptive. Both primary as well as secondary source of Information have been taken.

Results and Discussions

Organised retail in India is a decade or so old phenomenon. During the last ten or twelve years it has progressed well. At the same time, it is facing many problems, challenges, difficulties some are general and others are India specific. The recent years have witnessed rapid transformation and vigorous profits in Indian retail stores across various categories. This can be contemplated as a result of the changing attitude of Indian consumers and their overwhelming acceptance to modern retail formats. Asian markets witness a shift in trend from traditional retailing to organized retailing driven by the liberalizations on Foreign Direct Investments. For example, in China there was a drastic structural development after FDI was permitted in retailing. India has entered a stage of positive economic development which requires liberalization of the retail market to gain a significant enhancement.

Domestic consumption market in India is estimated to grow approximately 7 to 8% with retail accounting for 60% of the overall segment. Of this 60%, organized retail is just 5% which is comparatively lesser than other countries with emerging economies. In developed countries organized retailing is the established way of selling consumer products. Despite the low percentage, Indian textile industry has grown noticeably in organized retailing of textile products. The negative phase in exports may have compelled the Indian textile retailers to explore the opportunities in the domestic market substantially causing the outstanding growth in the concerned segment. These indications give a positive notion that organized retailing has arrived in the Indian market and is here to stay. It is expected to grow 25-30 per cent annually and would triple in size from Rs. 35,000 crore to Rs. 109,000 crore ($ 24 billion).

India is on the radar screen in the retail world and global retailers and at their wings seeking entry into the Indian retail market. The market is growing at a steady rate of 11-12 percent and accounts for around 10 percent of the country's GDP. The inherent attractiveness of this segment lures retail giants and investments are likely to sky rocket with an estimate of Rs. 20-25 billion in the next 2-3 years, and over Rs.

200 billion. Indian retail market is considered to be the second largest in the world in terms of growth potential.

A vast majority of India's young population favors branded garments. With the influence of visual media, urban consumer trends have spread across the rural areas also. The shopping spree of the young Indians for clothing, favorable income demographics, increasing population of young people joining the workforce with considerably higher disposable income, has unleashed new possibilities for retail growth even in the rural areas. Thus, 85% of the retail boom which was focused only in the metros has started to infiltrate towards smaller cities and towns. Tier-II cities are already receiving focused attention of retailers and the other smaller towns and even villages are likely to join in the coming years. This is a positive trend, and the contribution of these tier-II cities to total organized retailing sales is expected to grow to 20-25%

The Indian retail sector is highly fragmented, consisting predominantly of small, independent, and owner managed shop. The domestic organized retail industry is at a nascent stage. India got started with organized chain retailing just a few years ago. There are just very few categories, the most prominent being apparel, where organized retail chains have had a significant presence for more than 3-4 years. Indian retailers have done very well. Particularly after taking into account the various obstacles and hindrances like real estate costs, lack of trained manpower etc.

Growth of organized sector of retailing will yield efficiencies in the supply chain, enabling better access to markets, to producers and to customers. The strength of organized retail lies in resource availability. It can translate into efficient supply chain management, leading to faster inventory turnaround, resulting in improved button lines. It is anticipated that the further belongs to organized sector in India. India's organized sector is all set to explode. While the existing players such as future group, Bharti, Reliance Retail, Essar, Shopper's stop and Aditya Birla group are endeavouring to consolidate their markets, others such as Mohindra & Mohindra, Parsavnath & DLF, Hero Honda & India bulls have announced plans to enter the retail sector.

Growth of Organised Retail Sector

The Indian Organised Retail Sector in the single-brand segment has received Foreign Direct Investment (FDI) equity inflows totaling US$ 344.9 million during April 2000-March 2015, according to the Department of Industrial Policies and Promotion (DIPP). With the rising need for consumer goods in different sectors including consumer electronics and home appliances, many companies have invested in the Indian retail space in the past few months.

- Amazon India expanded its logistics footprint three times to more than 2,100 cities and towns in 2015, as Amazon.com invested more than US$ 700 million in its India operations since July 2014.
- Adidas AG, renowned for its Adidas and Reebok sports brands, has become the first foreign sports company to get government approval to open 100 per cent foreign-owned stores in India.
- Wal-Mart India plans to add 50 more cash-and-carry stores in India over the next four to five years.
- Aeropostale, an American teen fashion retailer, has chosen to enter India over China, and expects India to be among its top three markets over the next four years with revenue target of Rs 500 crore (US$ 75 million).
- Opinio, a hyperlocal delivery start-up, has raised US$ 7 million in a Series-A funding from Gurgaon-based e-commerce fulfillment service firm Delhivery along with investment from Sands Capital and Accel Partners.
- Textile major Arvind Limited has announced a partnership with Sephora, owned by LVMH Moet Hennessy Louis Vuitton, a French luxury conglomerate,

in order to enter into the beauty and cosmetics segment.

- Mobile wallet company MobiKwik has partnered with Jabong.com to provide mobile payment services to Jabong's customers.
- Data Wind partnered with HomeShop18 to expand its retail footprint in the country. Under the partnership, HomeShop18 and DataWind would jointly launch special sales programmes across broadcast, mobile and internet media to provide greater access to the latter's tablet range.
- 'Fashion And You' has opened three distribution hubs in Surat, Mumbai and Bengaluru to accelerate deliveries.
- Abu Dhabi-based Lulu Group plans to invest Rs 2,500 crore (US$ 375 million) in a fruit and vegetable processing unit, an integrated meat processing unit, and a modern shopping mall in Hyderabad.
- Aditya Birla Retail, a part of the US$ 40 billion Aditya Birla Group and the fourth-largest supermarket retailer in the country, acquired Total hypermarkets owned by Jubilant Retail.
- With an aim to strengthen its advertising segment, Flipkart acquired mobile ad network AdiQuity, which has a history of mobile innovations and valuable experience in the ad space.
- US-based Pizza chain Sbarro plans an almost threefold increase in its store count from the current 17 to 50 over the next two years through multiple business models.

Government Initiatives

The Government of India has taken various initiatives to improve the retail industry in India.

- The Ministry of Urban Development has come out with a Smart National Common Mobility Card (NCMC) model to enable seamless travel by metros and other transport systems across the country, as well as retail purchases.
- IKEA, the world's largest furniture retailer, bought its first piece of land in India in Hyderabad, the joint capital of Telangana and Andhra Pradesh, for building a retail store. IKEA's retail outlets have a standard design and each location entails an investment of around Rs 500–600 crore (US$ 75–90 million).
- The Government of India has accepted the changes proposed by Rajya Sabha select committee to the bill introducing Goods and Services Tax (GST). Implementation of GST is expected to enable easier movement of goods across the country, thereby improving retail operations for pan-India retailers.
- The Government has approved a proposal to scrap the distinctions among different types of overseas investments by shifting to a single composite limit, which means portfolio investment up to 49 per cent will not require government approval nor will it have to comply with sectoral conditions as long as it does not result in a transfer of ownership and/or control of Indian entities to foreigners. As a result, foreign investments are expected to be increase, especially in the attractive retail sector.

Role of Organised Retail in Indian Economy

Organized retailing brings many advantages to producers and also to urban consumers, while also providing employment of a higher quality. Organized retailing in agricultural produce can set up supply chains, give better prices to farmers for their produce and facilitate agro-processing industries. Modern retailing can bring in new technology and reduce consumer prices, thus stimulating demand and thereby providing more employment in production. The organized retail market boom expected to become one of the pillars of Indian economy.

Benefits to Agriculture Sector: On the agricultural front, the organized retailing will work with farmers to improve yields by enabling them to obtain quality input supplies; adopt superior farm technology; and access timely credit at reasonable rates. Organized retailing will offer the farmer an alternative market which is more transparent, and less time consuming. Organized retailers have already started procuring fruits and vegetables from farmers directly bypassing middlemen who add more cost than value to food chain. All these will enhance farmer's realization, improve quality of products at the shop and reduce the ultimate consumer price.

Advantage to Manufacturing Sector: The Planning Commission of India has identified four sectors viz. food processing industry; textiles and clothing; tourism; construction as the major employment generating sectors for the Eleventh Plan period. Except tourism, all these sectors are getting filling with the growth of organized retail. Small and Medium Industry (SMI) sector will get a tremendous boost by producing for the big organized retail companies and will grow along with the organized retail business.

Improvement of Government Revenues: Another important advantage of organized retailing is its contribution to government revenues. Unorganized retailers normally do not pay taxes and most of them are not even registered for sale tax, VAT, or income tax. Organized retailers are corporate entities and hence file tax returns regularly. The growth of organized retail business will be associated with a steady rise in tax receipts for the central, state and local government.

Boost to Exports: Organized retail's link with exports comes through foreign investors. International retailers look for sources around the world and a country in which they operate becomes a source for their global sales. Some of the international retailers that have plans for India in the future have already developed suppliers in the country and have started exporting from India.

Rise in Growth and Productivity: In India, organized retail will raise productivity and growth by pulling up the current lagging sectors, such as agriculture, food processing industry and textiles. Organized retail has potential to lift the Indian economy to higher levels of growth and productivity by removing the inefficiencies of various sectors. Besides, in order to meet the rapidly growing demand for retail space, construction of real estate is taking place at a fast pace.

Impact on Employment: Retail is a huge sector for employment. The growth of organized retail is enhancing the employment potential of the Indian economy. While providing direct employment in retail, it will drive the growth of a number of activities in the economy which in turn will open up employment opportunities to several people. Organized retailing is expected to bring about positive employment impact in terms of quantity (more jobs will be created) and quality (security of job, benefits etc. will be better).

Conclusion

The Organised Retail Sector of Indian Economy is going through the phase of tremendous transformation. An important aspect of the current economic scenario in India is the emergence of organized retail. There has been considerable growth in organized retailing business in recent years and it is poised for much faster growth in the future. Major industrial houses have entered this area and have announced very ambitious future expansion plans. Transnational corporations are also seeking to come to India and set up retail chains in collaboration with big Indian companies. However, opinions are divided on the impact of the growth of organized retail in the country.Organized retailing brings many advantages to producers and also to urban consumers, while also providing employment of a higher quality. Organized retailing in agricultural produce can set up supply chains, give better prices to farmers for their produce and facilitate agro-processing industries. Modern retailing can bring in new technology and reduce consumer prices, thus stimulating demand and thereby providing more employment in production. The organized retail market boom expected to become one of the pillars of Indian economy.

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Digital India: A Need of Hours

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Abstract

Digital India is a large umbrella program which will restructure and refocus several existing schemes to bring in a transformative impact. The Digital India vision aims to transform our country into a digital economy with participation from citizens and businesses. Today, every Nation wants to be fully digitalized that will empower society in a better manner. The 'Digital India' programme, an initiative of Government of India, will emerge new progressions in every sector and generates innovative endeavors for all. The motive behind the concept is to build participative, transparent and responsive system. This will provide all services electronically and promote digital literacy. Digital Technologies which includes the concept of cloud computing and mobile applications have emerged as the catalysts for express economic growth and citizen empowerment. This initiative will ensure that all government services and information are available anywhere, anytime, on any device that is easy-to-use, seamless, highly-available and secured. With proven technologies like Cloud, Machine to-Machine (M2M), Analytics, Mobile (web-based interface), Social and Security at our disposal, this transformation can be made into a reality. Companies all over the world desire to invest in Digital India-the 21st century India, as a growth opportunity.

Keywords : digital platform, empowered society, knowledge economy

Introduction

Digital India-the dream project of the Government and a blessing for the citizens could help in connecting the dots of various projects, past and present, to bring India to a global platform. It will help in moving with the universal trends of digital innovation and create positive impact in the lives of people - rural and urban, young and old. As per the World Bank report, a 10% increase in mobile and broadband penetration increases the per capita GDP by 0.81% and 1.38% respectively in the developing countries. If Digital India project could help increasing the broadband penetration across India by 50% and mobile penetration in rural India by 30% in next 2 years, the corresponding increase in GDP could be 9%. Adding to this growth and prosperity would be the impact of other pillars that would empower the citizens with gamut of services at their fingertips. The benefits of the Digital India initiative are beyond imagination and the opportunities to innovate in the digital world for all stakeholders are limited only by their own imagination. The Aadhaar card would facilitate lifelong and unique identification and authentication of citizens across the country. This unique id along with digital platforms could enable efficient and equitable service delivery at anytime, anywhere and on any device. With increased penetration of mobile, they become obvious choice for attaining inclusiveness in others sectors like financial, education, healthcare to name a few. 115 million bank accounts were opened under the Jan Dhan project in less than a year, which was first step towards inclusion in financial systems for base of the pyramid. Moreover, with several industries undergoing digitization lately, local language content would help to gain adoption and to bridge the rural-urban divide. Problem of urbanization could be tackled by enabling equivalent infrastructure in rural areas or building satellite towns through 3 types of connectivity proposed by APJ Abdul Kalam namely: physical, electronic and knowledge. The digital businesses models not only help in reaching to wider audience, but at the same time, make the services more affordable, attractive and feasible for the end users. For example, entrepreneurial ventures such as Big Basket (grocery at home), Portea Medical (home healthcare), Super Profs (online education), etc. are enabling inclusive growth by delivering high quality services to masses at low-cost. E-Commerce is bringing paradigm shift in the delivery of sale and service and slowly replacing the traditional brick and mortar sellers. As per GSMA, the global business impact of connected life could be $4.3 trillion by 2020. India will be a big beneficiary of this. All these digital initiatives, technologies and services would together create a multiplier effect and transform individuals, governments, enterprises and societies towards greater prosperity. Digital India initiative could help in achieving the objectives of Education for all, Information for all, Healthcare for all, Broadband for all if the government focuses on strong leadership structure, enables private participation, creates detailed implementation plan with common 'citizen centric' framework and robust security / privacy measures, and ensures integrated efforts from all departments.

Materials and Methods

For the purpose of in depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used is analytical and descriptive. Both primary as well as secondary source of Information have been taken.

Results and Discussions

A good Governing body requires a good communication platform to communicate with the stakeholders efficiently. Communicating with the citizens has been a big challenge for the government of India with widespread geography, massive population, and enormous linguistic & cultural diversity. The way of communication has changed a lot from postal and telegraph era to print and broadcasting media to the era of Digital Communication. The efficient way to communicate with the citizens of the world's largest democracy with a population of 1.2 billion is only possible by connecting with everyone on a digital platform. Though India is considered as the IT powerhouse of the world, there is a huge digital divide.

The Digital India initiative is a dream project of the Government to transform India into a digitally empowered society and knowledge economy. It is centered on three vision areas:

- Digital Infrastructure as a Utility to Every Citizen: The government is planning to provide high-speed internet connectivity to 250,000 Gram Panchayats, which will be a core utility for digital inclusion. The citizens will be provided with a digital identity which will be unique, lifelong, online, and valid. There will be easy access to Common Service Centers and a shareable private space for every citizen on a public cloud.
- Governance and Services on Demand: Under this vision, all the government departments will be seamlessly integrated with high-speed optical fiber, which will improve inter operability of these organizations and will result in real-time service delivery from online or mobile platform. Apart from this, the government is planning to make all citizen entitlements portable through cloud for easy and country-wide access and to digitally transform the services for improving ease of doing business in India. The government also plans to use the power of Geographic Information Systems (GIS) for decision support systems & development.
- Digital Empowerment of Citizens: This vision is to empower citizens through digital literacy and universal access to digital resources. e.g. all documents to be available on cloud and in Indian languages. Government also wants to provide collaborative digital platforms for participatory governance. e.g. My Gov website for crowd sourcing ideas.

Pillars of Digital India

Broadband Highways: The first step is to provide high speed broadband highways through fiber optics that connect all the remote areas, government departments, universities, R&D etc. Web based portals and Mobile apps will be developed to access online information while on the move.

Universal Mobile Access: In the coming years, network technologies like 3G, 4G and upcoming 5G will storm the speed. Government is specially preparing to connect unconnected areas and speedy use of these technologies. General public will access the online government services with the help of handheld devices. Nation is ready to be well-connected, efficient, and more productive in every aspect.

Public Internet Access: Virtuous technologies that support cost containment, collaboration, security, services-on-the-go, social-connect, and in-built intelligence that deliver remote access to any information or service available across the domain. This change will open new doors of e-services to every citizen.

e-Governance: This governance will transform every manual work into fully automation system. It will revolutionize the system in the following ways:

- Online access to applications i.e. availability of all databases and information in electronic format.
- Effortlessly tracking of assignments.
- Interface between departments for superior production of work.
- Quickly respond, analyze and resolve persistent problems and many more.

e-Kranti: This kranti will fully focus on digital knowledge program where education, health, farming, rights, financial and many more services will be delivered on a very high bandwidth. Physical boundaries no longer are a limitation when almost everyone and everything is a digital handshake away.

Information for All: Websites and mobile apps will convey data and realistic participation and through social media. Everything is connected through virtual networks. Swift work flow and no delays due to wait in queues.

Electronics Manufacturing: This milestone will create a huge base for electronics manufacturing in India with the aid of digital technologies and skills. The empowerment of manufacturing through the Internet of Things will enable intelligent workshops that demonstrate data driven operational excellence and decentralized production control systems within and beyond the physical factory walls.

IT for Jobs: The government is preparing to provide training and teaching skills to the youth for employment opportunities in the IT sector. BPO industries will be established for the fastest growing segment of the Information Technology Enabled Services industry. It offers e-services 24/7 in every field and gives more jobs potentials.

Early Harvest: This programme will generate short timeline projects where every manual service is altered by e-service. E-services like:

- Implementation of Wi-Fi in all the universities.
- Public Wi-Fi Sports to access online gen.
- Educational books to e-books.
- People will use the e-services for entertainment, weather information, latest updates etc.
- Replacement of manual attendance to Biometric procedure

The Digital India vision aims to transform India into a digital economy with participation from citizens, businesses and promises to make India an important investment destination. Sectors like financial, edification, healthcare, automobiles and many more all over the world is ready to contribute in this mega project. New potentials will arise to change this development model. Villages will turn into smart economic centers that connect farmers directly to e-markets to know the price and make them less vulnerable to the whims of weather. CEO Google has shown interest in providing free public Wi-Fi in hundreds of Indian railroad stations, which are major transit and social hubs for their communities. This rebellion will open affordability of products and services in better ways. Indians and others, have worked together to shape the knowledge economy. Our contribution to sustainable development of one-sixth of humanity will be a foremost force of noble for world and planet.

Impacts of Digital India

The Digital India project provides a huge opportunity to use the latest technology to redefine the paradigms of service delivery. A digitally connected India can help in improving social and economic condition of people living in rural areas through development of non-agricultural economic activities apart from providing access to education, health and financial services. However, it is important to note that ICT alone cannot directly lead to overall development of the nation. The overall growth and development can be realized through supporting and enhancing elements such as literacy, basic infrastructure, overall business environment, regulatory environment, etc. Economic impact

According to analysts, the Digital India plan could boost GDP up to $1 trillion by 2025. It can play a key role in macro-economic factors such as GDP growth, employment generation, labor productivity, growth in number of businesses and revenue leakages for the Government. As per the World Bank report, a 10% increase in mobile and broadband penetration increases the per capita GDP by 0.81% and 1.38% respectively in the developing countries. India is the 2nd largest telecom market in the world with 915 million wireless subscribers and world's 3rd largest Internet market8 with almost 259 million broadband users. There is still a huge economic opportunity in India as the tale-density in rural India is only 4510 where more than 65% of the population lives. Future growth of telecommunication industry in terms of number of subscribers is expected to come from rural areas as urban areas are saturated with a tale-density of more than 160%. The digital platform can enable more creative and service-oriented business models that create employment opportunities. The Digital India project itself will create employment opportunities for 17 million people directly or indirectly which will help in fighting against unemployment problems in India. Government has planned to give IT training to 100 million students in smaller towns and villages as employment opportunity in IT sector is very high in India.

Social impact

Social sectors such as education, healthcare, and banking are unable to reach out to the citizens due to obstructions and limitations such as middleman, illiteracy, ignorance, poverty, lack of funds, information and investments. These challenges have led to an imbalanced growth in the rural and urban areas with marked differences in the economic and social status of the people in these areas. Modern ICT makes it easier for people to obtain access to services and resources. The penetration of mobile devices may be highly useful as a complementary channel to public service delivery apart from creation of entirely new services which may have an enormous impact on the quality of life of the users and lead to social modernization.

The poor literacy rate in India is due to unavailability of physical infrastructure in rural and remote areas. This is where m-Education services can play an important role by reaching remote masses. According to estimates, the digital literacy in India is just 6.5% and the internet penetration is 20.83 out of 100 populations. The digital India project will be helpful in providing real-time education and partly address the challenge of lack of teachers in education system through smart and virtual classrooms. Education to farmers, fisher men can be provided through mobile devices. The high speed network can provide the adequate infrastructure for online education platforms like massive open online courses (MOOCs). Mobile and internet banking can improve the financial inclusion in the country and can create win-win situation for all parties in the value-chain by creating an interoperable ecosystem and revenue sharing business models. Telecom operators get additional revenue streams while the banks can reach new customer groups incurring lowest possible costs. Factors such as a burgeoning population, poor doctor patient ratio (1:870), high infant mortality rate, increasing life expectancy, fewer quality physicians and a majority of the population living in remote villages, support and justify the need for tale medicine in the country. M-health can promote innovation and enhance the reach of healthcare services. Digital platforms can help farmers in know-how (crop choice, seed variety), context (weather, plant protection, cultivation best practices) and market information (market prices, market demand, logistics). Environmental impact: The major changes in the technology space have not only brought changes to the economic system but are also contributing to the environmental changes. The next generation technologies are helping in lowering the carbon footprint by reducing fuel consumption, waste management, greener workplaces and thus leading to a greener ecosystem. The ICT sector helps in efficient management and usage of scarce and non-renewable resources. Tele presence in work environment as well as home helps in creating a virtual environment for face to face conversations and minimizes the need for travel. Similarly, the flexible work environment where work from home and bring-your-own-device (BYOD) are permitted, can significantly reduce their carbon footprint and operational costs by not only reducing the electronic waste in the form of laptops, desktops, etc. but also by reducing the need of large fixed office space for businesses. A program in the UK found that an employee can save 1,175 driving miles each year, amounting to a 364.5kg reduction in carbon emissions when he works from home 1.5 days per week. M2M enabled devices and technologies like smart meter, smart grid, smart logistics and smart building help in many different ways by efficient energy management. Cloud computing technology minimizes carbon emissions by improving mobility and flexibility. The energy consumption can be decreased from 201.8 terawatt hour (TWh) in 2010 to 139.8 TWh in 2020 by higher adoption of cloud data centers causing a 28% reduction in carbon footprint from 2010 levels. Digital media for paper intensive services such as governance, ticketing, newspaper, etc. could not only result in efficient delivery of services but at the same time would lower the use of paper, thus preventing deforestation.

The Impending Challenges

The Digital India initiative is an ambitious project of the Government and is, by far, the biggest ever conceived. There are many challenges discussed below that could come in the way of successful completion of the project.

- Approximate cost of implementing this mammoth project is Rs. 1.13 trillion (including ongoing and new schemes).
- The National Optic Fibre Network (NOFN) project which is the back bone of the Digital India project has been delayed several times and is suffering two years' time overrun. The delayed project may lead to delay in other dependent projects and meeting the budget limit will be difficult.
- It is an umbrella project involving participation of several departments and demanding commitment & effort. Hence, strong leadership and timely support of all the involved entities will play a critical role.
- To achieve timely completion of the projects extensive private participation is necessary. The private participation in the government projects in India is poor because of long and complex regulatory processes.
- About 4 billion people in the world do not have Internet connection and India comprises of 25% of them. India is the 4th largest smart phone market with almost 111 million smart phone users. Average monthly cost of 500MB mobile data plan on prepaid is $3.4 in India against $35.8 in Brazil, $15.5 in China and $17 in Russia.16 Despite lowest data tariffs in the world, adoption of internet in India is not encouraging. Faster adoption of Internet will be difficult due to illiteracy, affordability and availability of mobile devices and data

tariffs, lack of local language content, lack of regionally relevant Apps. Still the use of Internet is low because of high data tariffs.

- Though the National Optic Fibre Network (NOFN) project is aiming to build a nationwide high speed broadband by the end of the year 2016-17 there are other supporting infrastructure deficits, such as lack of robust and large data centers to hold the data of entire country. In addition, the last mile connectivity and the physical infrastructure at customer premises are unaffordable by most of the rural Indians. Infrastructure fulfillment is necessary with the NOFN project.
- Nation Crime Records Bureau (NCRB) report shows the rapid increase in cyber crime in India by 50 % from 2012 to 2013. There have been several incidences of cyber crime on corporate and individual level in the past few years. Putting the data of 1.2 billion people on the cloud could be risky and could threaten the security of individuals and the nation. Hence, the Digital India project demands very strong network security at all levels of operation.

Conclusion

The Digital India program is just the beginning of a digital revolution, once implemented properly it will open various new opportunities for the citizens. It is one of the highly ambitious programs of Indian government. The program is a multi-ministry program, with the involvement of central cabinet ministers, state governments etc. Various grand companies like Microsoft, Google and Fujitsu will also agreed be partner and help the success of Digital India initiative. While there are many obstacles in the path of Digital India program, one major of which is electricity. But this problem will soon be solved as there will be pressure on local leaders to get electricity in their village when Digital India program will be running in the nearby villages. IT gives employment to about 30 lakh people. Once Digital India becomes reality, it can give jobs to five crore plus people.

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Growth of Two-Wheeler Industry in India

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Abstract

Indian Two-Wheeler Industry is the largest in the world as far as the volume of production and sales are concerned. India is the biggest two-wheeler market on this planet, registering an overall growth rate of 9.5 percent between 2006 and 2014. The growth in Indian Automobile Industry owed the most to a steep upsurge witnessed in the two-wheeler segment in 2014. The volume growth recorded in the 2014-15 fiscal year stood at a commendable 14.8 percent on a year-on-year basis. The 'Make in India' campaign of the Government of India is also going to attract more foreign investment into Indian Two-Wheeler Industry creating further growth opportunities in the coming years. In 2015, total two wheeler sales were up 1% from 2014. ICRA estimates that domestic two wheeler industry will post modest 2-4 % volume growth owing to moderate growth under scooters.

Keywords : make in india, public transport, growth rate

Introduction

During independence, the population of India was nearly 36 crores. The mobility and transportation requirement was relatively less. Major means of public transport like horse cart, bullock-cart, bicycle, train etc. were not the means of fast transport and also were not the requirement of those days. Only some high income people were having private vehicles like car. Some higher middle class and persons in the lower strata of rich people started using scooters in 1950s. Middle class and poor people were using bicycles for their transportation requirements. As the infrastructure was very poor in the country, public transportation was also a bottleneck. Literacy level in India was also less during that time. Due to some steps taken by the Indian government, literacy level went up which lead to a better income which in turn enhanced the purchasing power of people. This played a major role in economic development of India. Also, the population was growing at quite high rate. In addition, due to the industrialization, people started migrating from rural areas to urban areas. This resulted in expansion of the boundaries of the cities, which made people to travel longer distances compared to earlier ones. An efficient public transportation, therefore, became inevitable. However, city municipalities could not cope up with the ever increasing demand of the public transportation. Hence, people started searching for the faster mode of transport to reach their destinations. In 1970s, public transport was trying to meet the demand of the people. Bicycle was the most preferred two-wheeler due to low maintenance cost and ease of use. But, the main problem with bicycle was its slow speed. During that time, two wheelers like scooters and motorcycles were existing. But, the purchasing process was not so easy. People were required to book the vehicle first and after many years, they were getting the delivery of the vehicle. The private transport was in shortage due to the government policies of not granting permission to increase the production facilities of the existing car and scooter manufacturers or allowing new players to enter. The public at large, therefore, was not able to fulfil their desire of own transport, which should be speedy as well as affordable. This was the situation till early 1990s. Two-wheeler industry in India was not permitted to expand and hence the sales were limited, and the growth was not substantial. The two-wheeler industry in India has grown rapidly since the announcement of liberalization in 1991. After liberalization automobile industry, especially two-wheeler sector started showing upward trend with respect to growth. Previously, there were only a handful of two-wheeler models available in the country. But after liberalization, number of companies introduced two-wheelers in India. Even, the customers also increased because of the easy procedure of purchase. Owning a two wheeler was not just the necessity, but became a trend over the years. This trend of owning two-wheelers was due to variety of facts peculiar to India. One of the chief factors was limited public transport in many parts of India. Additionally, two-wheelers offered a great deal of convenience and mobility for the Indian family. For the two-wheelers, driving was also not a big problem as with four wheelers. The feeling of freedom and being one with the nature was experienced by riding a two wheeler. Indians preferred two wheelers because of their manageable size leading to easy maneuvering of the vehicle on the road, low maintenance, affordable prices, and easy loan repayments. Indian streets started flooding with people of all age groups riding a two wheeler. Motorized two wheelers were seen as a symbol of status by the populace. Liberalization, urbanization and increased personal transport requirements were the major sources of growth for two-wheeler industry in India. Currently, India is the second largest producer of two-wheelers in the world.

Indian Two-Wheeler Market is noticing a continuous upsurge in demand and thus resulting in growing production and sales volume. This owes a lot to the launching of new attractive models at affordable prices, design innovations made from youths' perspective and latest technology utilised in manufacturing of vehicles. The sale of two-wheeler products has increased substantially. The sales volumes in the two-wheeler sector shot up from 15 percent to 24 percent between 2008-09 and 2013-14.

A considerable expansion was seen in the sales volume of the scooter segment during 2014-15 as far as the two-wheelers were concerned. The domestic motorcycle sales volume moved up to 10 percent, whereas the scooter segment recorded a growth of 30.7 percent in sales volume. In the past 2-3 years, around a dozen new scooter brands have been introduced in India. But the motorcycle segment lags behind in this regard. This is due to the fact that the recently launched gearless scooters cater to the needs of both men and women, while motorbikes are a segment preferred by men only.

The growth momentum is also propelled by the fact that the two-wheeler manufacturers in India have understood the market's needs and have been able to deliver as expected. At the end of 2014, the global business involving two-wheeler designing, manufacturing, engineering and selling was at an average of US$ 3.5 billion per manufacturer. However, India's Hero Moto Corp - the world's largest two-wheeler manufacturer and seller clocked an average of US$ 15 billion on the same lines. Though, further growth in Indian Two-Wheeler Industry will depend heavily on people's personal disposable incomes that rely on India's economic growth in days to come.

Materials and Methods

For the purpose of in depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used is analytical and descriptive. Both primary as well as secondary source of Information have been taken.

Results and Discussions

Indian Two-Wheeler Market is noticing a continuous upsurge in demand and thus resulting in growing production and sales volume. This owes a lot to the launching of new attractive models at affordable prices, design innovations made from youths' perspective and latest technology utilised in manufacturing of vehicles. The sale of two-wheeler products has increased substantially. The sales volumes in the two-wheeler sector shot up from 15 percent to 24 percent between 2008-09 and 2013-14.

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The year 2015 brought mixed news for the Indian two-wheeler industry. While the scooter segment performed well on the sales chart, motorcycles remained an area of concern for the industry.

Last year, total two wheeler sales stood at 16,122,322 units, up one percent from 2014. According to ICRA, a rating agency, motorcycle sales remain impacted owing to stressed rural demand which was hit by sluggish wage rates, untimely rains hurting crop realisations and limited increase in minimum support prices of crops.

	2015	2014	% Change
Scooter	4880117	4320925	12.9%
Motorcycle	10523909	10896687	-3.4%
Total	15404026	15217612	1.2%

Source: Society of Indian Automotive Manufacturing (SIAM)

In 2015, scooters witnessed year-on-year sales jump of 12.9 percent with sales of 4,880,117 units. While motorcycle sales were down by 3.4 percent last year. 10,523,909 units of Motorcycles were sold last year as against 10,896,687 units in the year 2014.

ICRA estimates that the domestic two wheeler industry will post a modest 2-4 percent volume growth during fiscal 2016 owing to moderate growth under scooters.

Hero Moto Corp's Splendor remained the highest selling two-wheeler in 2015, despite its sales falling 1 percent year-on-year. It sold 24, 89,336 units last year as against 25, 04,264 during 2014.

It was closely followed by Honda Activa which remained the best selling scooter. It sold 24, 09,166 units in 2015 as compared to 20, 85,835 units in 2014.

However, by the end of the year, Activa's sales too started falling, as during November-December, 2015, year-on-year sales of Activa declined 3.8 percent and stood at 357,978 units.

Top 10 Selling Two Wheeler in 2015

Model	Year 2014	Rank	Model	Year 2015	% of change
Splendor	2504264	1	Splendor	2489336	-1%
Activa	2085835	2	Activa	2409166	16%
Passion	1382641	3	Passion	1186621	-14%

Model	Year 2014	Rank	Model	Year 2015	% of change
HF Deluxe	1102690	4	HF Deluxe	1081851	-2%
CB Shine	872894	5	CB Shine	799490	-8%
TVS XL Super	7741150	6	TVS XL Super	718296	-7%
Discover	693570	7	Glamour	628288	18%
Pulsar	627904	8	Pulsar	624182	-1%
Dream	614280	9	Jupiter	499905	51%
Glamour	530389	10	Maestro	497276	4%

Source: Society of Indian Automotive Manufacturing (SIAM)

The most exported two-wheeler was Bajaj Auto's 100cc motorcycle Boxer. The motorcycle was discontinued from Indian market, and was replaced by CT 100. Last year, Bajaj exported 745,245 units of Boxer. In 2014, 794,137 units of Bajaj Boxer were exported.

The Indian arm of Japanese two wheeler manufacturer Honda acquired the second slot after witnessing a sales jump of 3.4 percent. The company had sold 4,314,558 units in 2015, as against 4,172,717 units during 2014.

In August, Honda two-wheelers recalled 13,700 units of its CBR 150R, and CBR 250R motorcycles for starter relay switch problems. The competition between the top players in two-wheeler segment is evident from the fact that during April to June period, Honda two wheelers outsold its rival Hero Moto Corp in eight states and one union territory. Honda outshone Hero Moto Corp in Maharashtra, Karnataka, Gujarat, Kerala, Punjab, Delhi, Himachal Pradesh, Goa and the union territory of Chandigarh. The competition between Hero and Honda intensified last year, with both the companies vying for highest volume growth.

Company wise Sale Performance in 2015

Rank	Company Name	2015	2014	% of change
1	Hero Moto Crop	6296920	6444542	-2.3%
2	Honda Motorcycle & Scooter India	4314558	4172717	3.4 %
3	TVS Motor Company	2158025	2082676	3.1 %
4	Bajaj Auto	1809612	1885263	-4.0 %
5	India Yamaha Motor	594608	566794	4.9 %
6	Royal Enfield	444527	296380	50.0 %
7	Suzuki Motorcycle India	328423	337620	-2.7 %
8	Mahindra Two Wheelers	150927	194516	-22.4 %
9	Piaggio Vehicles	27830	26998	3.1 %
10	Harley Davidson Motor Company India	4445	4080	8.9 %

Source: Society of Indian Automotive Manufacturing (SIAM)

Honda launched a total of 16 products for the Indian market last year. During the period of April-October, Honda strengthened its market share to 26 percent in the two wheeler segment.

Chennai based TVS Motor Company domestic sales were up 3.1 percent for the year 2015. It sold a total of 21, 48,025 two-wheelers, as against 20, 82,676 units during 2014. The company did not launch any new products last year, however, maintained a steady month-on-month rise in sales. Bajaj Auto launched a total of 9 products for its Indian consumers. In the sports motorcycle segment, after the launch of the Avengers, the company's market share increased to 53 percent.However, the company witnessed 4 percent de-growth in overall volumes. Last year, it sold 1,809,612 units as against 1,885,263 units during 2014.

India Yamaha Motor posted a decent sales growth of 4.9 percent last year, and stood at 5, 94,608 units. Yamaha's Fascino, launched in May 2015, performed well in the sales chart. From July onwards the 113cc two-wheeler featured in the top 10 selling scooters list. The domestic two-wheeler industry is expected to reach 22-23 million units by 2017-18, according to ICRA estimates. While the scooter segment is going to garner market share owing to increased urbanisation, decline in rural economy will subdue the sales in motorcycle segment.

Two-Wheeler Manufacturers : Growth Factors

- Relatively Low Cost of Two-Wheelers in India.
- Steep Fall in Fuel (especially petrol) Prices.
- Reduced Excise Duty.
- High Interest Rates on Passenger Cars and LCVs.

SWOT- Analysis of Two Wheeler Industry

Strength	Weakness
◆ Significant contribution to Indian economy. ◆ Two wheeler markets are expanding from 12% to 14% growth. ◆ A favorable industry to Asian economic condition. ◆ Most helpful for a developing country like India in terms of transport feasibility	◆ Rise in raw material cost. ◆ Due to competition, pricing reduces and affects to low quality of products and services.
Opportunities	**Threats**
◆ Reduced excise duty ◆ Steep fall in fuel prices ◆ “Make in India” campaign invites FDI ◆ Rural market which possess potential has been untapped by higher segment vehicles. ◆ KTM plans to open its plant in India.	◆ Due to heavy competition of four wheeler low priced cars have emerged in market which causes threat to two wheeler on the basis of price.

Conclusion

Competition is very high in the market and hence change of strategy is undertaken like expansion with new tie ups to explore in rural as well as in the premium segments. For the future, in this stiff competition period, the players eye on customer satisfaction and after sales service. Technology plays a very crucial and elixir role for innovation product differentiation, quality improvement, new product development, add value creation to customers and key players in the market thus increasing the growth of the industry and relative market shares of the key players in the industry.

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Corporate Social Responsibility of Companies- A Comparative Study of Tata Steel and Mecon Limited

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Abstract

Social responsibility is the obligation which an organization assumes to maximize its positive impact and minimize its negative impact on society. Socially responsible businesses win the trust and respect of their stakeholders, employees, customers, and society and, in the long run, increase profits.The companies are gaining huge profits on the cost of the resources of the area where they are operating their business.So it is the duty and the responsibility of the corporate sector to do some beneficial work for the land and the area where they are operating.But it has been found that they are not doing welfare activities in the area where they are working.So in the year 2013 the government of India ammended the Indian Companies Act 1956 and added a new chapter for the Corporate Social Responsibility and from then onwards it is the duty of the corporate sector from 1st April 2014 to spend some amount for the poor or haves not of the society. This phenomena is known as Corporate Social Responsibility.The paper presented here is taken to improve the two giant companies of India Tata Steel and Mecon Limited to see that whether these companies are doing justice with the CSR or not and compare their performance in the field od CSR.

Keywords : obligation, responsible, beneficial, welfare, stakeholders

Introduction

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship or responsible business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. With some models, a firm's implementation of CSR goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others.The term "corporate social responsibility" became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed. Proponents argue that corporations increase long term profits by operating with a CSR perspective, while critics argue that CSR distracts from business' economic role. A 2000 study compared existing econometric studies of the relationship between social and financial performance, concluding that the contradictory results of previous studies reporting positive, negative, and neutral financial impact, were due to flawed empirical analysis and claimed when the study is properly specified, CSR has a neutral impact on financial outcomes. Most consumers agree that while achieving business targets, companies should do CSR at the same time. Most consumers believe companies doing charity will receive a positive response. Somerville also found that consumers are loyal and willing to spend more on retailers that support charity. Consumers also believe that retailers selling local products will gain loyalty. Most consumers agree that while achieving business targets, companies should do CSR at the same time. Most consumers believe companies doing charity will receive a positive response. Consumers also believe that retailers selling local products will gain loyalty. Becker-Olsen (2006) found that if the social initiative done by the company is not aligned with other company goals it will have a negative impact.

Business dictionary defines CSR as "A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship

(1) through their waste and pollution reduction processes,

(2) by contributing educational and social programs and

(3) by earning adequate returns on the employed resources."

A broader definition expands from a focus on stakeholders to include philanthropy and volunteering.

The Ministry of Corporate Affairs has notified Section 135 and Schedule VII of the Companies Act 2013 as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 to come into effect from April 1, 2014.

With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSRactivities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act. CSR encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of organizations at a given point in time.

Materials and Methods

Extensive literature survey regarding the topic and related concepts has been done. Resources have been taken from both primary and secondary data or information Secondary data inclusive of quantitative and qualitative data as well collected from various sources including books, research papers, newspapers, magazines, and websites is used for the purpose of study. Resources have been taken from both primary and secondary data or information. The data obtained is compiled and analyzed using statistical tools. The study will be conducted in the command areas of the Tata Steel company which covers its peri-urban areas and over 800 villages in the state of Jharkhand, Odisha, and Chattisgarh keeping in mind the cultural diversity of India, the company undertakes all its initiatives sensitively with special reference on the Affirmative Action Communities – upliftment of schedule castes/tribes and preserving the culture and heritage.

The study about MECON has no specific geographical area of commercial operation therefore it can take up CSR & Sustainability projects/activities at any location in India considering its business interests. However backward districts identified by Planning Commission for Backward Regions Grant Fund (BRGF) and included in DPE Guidelines,2013 (Annexure-II) shall be preferred area of operation. Since the Head Office of MECON is situated in Ranchi, Jharkhand state shall get the priority for CSR & Sustainability projects/activities.

Results and Discussions

The present study aims to analyze the role of TATA STEEL and MECON LTD. in proper implementation of CSR in its command areas for the development of its stakeholders in the society and to compare the performance of the two companies in the field of corporate social responsibility. We have undertaken this study to understand the importance of CSR in not just nation building but as a strategy to successfully build up a business. We shall try to understand how the Tata group and MECON LTD. has successfully carried forward the vision of his forbearers and used it to further develop their business.

1. To evaluate whether CSR has become a key business process for sustainable development of both the companies.
2. To evaluate whether the scheme has generated social and environmental concern of stakeholders particularly in the command areas of TATA STEEL and MECON LTD.
3. To evaluate whether these two companies has succeeded in subscribing to the principles of Global Compact.
4. To evaluate whether TATA STEEL or MECON LTD. is a good corporate citizen.
5. To compare the performance of the two companies and find out which company is performing better than the other in the areas of CSR.
6. To know how the TATA STEEL and MECON LTD. has fulfilled its responsibility towards all stakeholders, what specific activities, programs and strategies it has set, devised and implemented for the same.

Tata Steel's approach in corporate social responsibility

Tata Steel's Vision strikes a balance between economic value as well as ecological and societal value by aspiring to be "a Global Benchmark in Value Creation and Corporate Citizenship". A pioneer in adopting Sustainability as a Policy, Tata Steel is guided by the approach that wealth created must be continuously returned to society. The responsibility of combining the three elements of society - social, environmental and economic – is of utmost importance to the way of life at Tata Steel. It is the combination of these three elements that ensures that business is sustainable for all stakeholders. Tata Steel supports and propagates the principles of the United Nations Global Compact as a Founder Member, is a signatory to the Worldsteel Sustainability Charter and supports the Affirmative Action programme of the Confederation of Indian Industry.

CSR Activities of Tata Companies & Societies: Through the following schemes, programmes, companies and societies Tata group keeps on heading towards the fulfillment of corporate social responsibility.Tata Steel Tata Steel has adopted the Corporate Citizenship Index, Tata Business Excellence Model and the Tata Index for Sustainable Development. Tata Steel spends 5-7 per cent of its profit after tax on several CSR initiatives.

1. **Self-Help Groups (SHG's) :** Over 500 self-help groups are currently operating under various poverty alleviation programs; out of which over 200 are engaged in activities of income generation thorough micro enterprises. Women empowerment programs through Self-Help Groups have been extended to 700 villages. From the year 2003 to 2006, the maternal and infant survival project had a coverage area of 42 villages in Gamharia block in Seraikela Kharsawa and a replication project was taken up in Rajnagar block. For providing portable water to rural communities 2,600 tube wells have been installed for the benefit of over four Lakh people.
2. **Supports Social Welfare Organizations Tata Steel supports various social welfare organizations :** They include; Tata Steel Rural Development Society- Tribal Cultural Society- Tata Steel Foundation for Family Initiatives- National Association for the Blind - Shishu Niketan School of Hope - Centre for Hearing Impaired Children -Indian Red Cross Society, East Singhbhum.
3. **Healthcare Projects :** In its 100th year, the Tata Steel Centenary Project has just

been announced. The healthcare projects of Tata Steel include facilitation of child education, immunization and childcare, plantation activities, creation of awareness of AIDS and other healthcare projects.

4. **Sports & Adventure :** Tata Steel pays special attention to the sporting activities for youth at the State and National levels. The Company has begun work for opening Feeder Centres at out-locations and in Greenfield project areas. Plans are in place for opening Excellence Centres in selected sports at various schools, which have the infrastructure. It is the only Indian company to invest in world-class facilities, create academies and to maintain and manage international level arenas. Apart from academies in various fields of sports (Tata Football Academy, Tata Archery Academy and Tata Athletics Academy), the Company has also established the Tata Steel Adventure Foundation (TSAF), to induct people from all walks of life to the thrills and wonders of adventure sports, thereby developing a healthy rapport with environment and nature. Advanced sports infrastructure includes the JRD Tata Sports Complex, an international stadium with an 8-lane polyurethane track and football field, the Keenan Stadium that hosts international cricket matches and another stadium at Keonjhar, for advantage of the tribal-rural sports enthusiasts.

5. **Environment :** Transition to a green economy is expected to deliver a sustainable future with an optimised ecological footprint globally. Having already halved the amount of energy needed to make a tonne of steel over the last 40 years, Tata Steel has set itself a target of reducing CO2 emissions by a further 20% within the next decade.

6. **Responsible Mining :** With almost a century of experience in mining raw materials safely, efficiently and sustainably, Tata Steel's long-term strategy is to have as much control as possible over its raw material resources and to ensure security of supply for its operations globally. The Company has adopted best practices for monitoring and management of environmental parameters including ambient air quality levels and dust suppression arrangements, water impact, noise level, waste and fines generation and rejections etc.

7. **Health :** The Medical Services Division exclusively provides curative services through multi-specialty hospitals - Tata Main Hospital (TMH), Jamshedpur as well as hospitals located in all mining units (Noamundi, West Bokaro, Jharia, Joda, Sukinda and Bamnipal). Several key healthcare and well-being projects undertaken include Project MANSI on maternal and new born survival, Project RISHTA on adolescent health,Project ROSHNI to provide nursing and midwifery training to tribal girls and Projects like SATHI, Kavach, BASE and Sneh Kendra on HIV/AIDS awareness and treatment.

8. **Education :** In India, Tata Steel plays a significant role in educating communities, with special focus on rural and affirmative action groups. Offering financial assistance to meritorious students through a range of scholarship programmes is one of the most prominent roles of the Company in this direction. Some of these scholarship programmes include the Jyoti Fellowships for SC/ST communities, Parivar Scholarships for children of relocated families, Moodie Fellowship for meritorious tribal students and the JN Tata Endowment that advances 'loan scholarships'.The Company has built and facilitated construction of numerous educational institutes, including the prestigious Institute of Mathematics in Bhubaneshwar. Tata Steel India has also undertaken the '1,000 Schools Project' in Odisha and aims to complete this vast educational infrastructure project in FY 14-15.

Mecon Limited's approaches in corporate social responsibility

MECON's concern towards Corporate Social Responsibility (CSR) has been duly reflected in its engagement in rura or community development activities since 60's. In order to fulfill the objectives of CSR, a dedicated group was formed way back in 1976 with a few handpicked individuals and the group was named as (CDC) Community Developmentcommittee.Subsequently in the year 2010, "CSR Cell" was formed to coordinate the CSR activities of the organisation in association with other employees drawn from various sections as per requirement.

Presently, MECON is carrying out a number of activities with special attention to the development of weaker/marginalized/under privileged sections of the society including SC/ST/OBC/Minorities, women and children, old and aged, physically challenged etc. in the slum areas of Ranchi and Khuti district of Jharkhand. The Company shall carry its normal business in a manner that is beneficial to society & environment also in addition to propagation of business.MECON LIMITED spend 2% of its profit on CSR according to the government guidelines.

Following are some of the CSR activities carried on by MECON LIMITED :

1. **Under the "Community education scheme" :** Free education is being provided to the under privileged poor children at 13 (thirteen) nos. primary education centers, which are running in the slum areas/backward areas/ rural areas in and around Ranchi and nearby villages. No. of students in these centers is around 400.

2. **MECON is running a Vocational Training Institute (VTI) :** For providing technical/ professional education to the poor & rural youths, who are not able to continue their higher studies. The institute is affiliated to National Institute of Open Schooling (NIOS), New Delhi. Presently, the institute offers five types of course viz. Radio & TV technician, Electrical technician, Welding technology, Computer Applications and Yoga.

3. **Under, the "Resource Generation Programme for Women" :** Free Stitching/ Embroidery Training is being provided in 9 (nine) centres) (7 in Jharkhand and 2 in eastern U.P.) which are running in slum/backward areas. 115 students had enrolled in Community Education Center, Ravi Das Mohallah, Doranda, Ranchi Stitching Training Centre, Manitola, Doranda, Ranchi Page 2 Of 7 Jharkhand and 79 of them successfully completed the training. 50 students have enrolled in U.P. at Vill.–Pakri Bhuwari, District–Balrampur. Each centre is equipped with stitching machines and practice cloth/ other accessories required for training have also been provided.

4. **Under the "Community Health Program",** the followings activities were undertaken.

   - General health check-up Eye check-up camps : Around 875 patients were covered & medicines were distributed for free.
   - Cataract Surgery Camp at Ispat Hospital, Shyamali, Ranchi, Jharkhand, Free Surgery, Medicines, Goggles, Beds, Food etc. were provided to the patients.

5. **Following activities were undertaken under the "Aiding Institutions for Differently abled Persons"**

   Creation of Infrastructure (Dormitory & Training centre for Visually challenged Girls) at Braj Kishore Netraheen Balika Vidyalaya, Ranchi (Jharkhand).

6. **Infrastructure Development Programme** (Buildings, Drinking water, Sanitation etc.) in villages/slums of Jharkhand and other States.Construction of Borewells for drinking water in backward areas/ villages.Construction of Toilet Block in Village school of Vill.-Pancha, and Toilet

Complexes [at twoToli(s)] in Vill.–Pancha, Taimara, District–Ranchi.Construction of Toilet Block for Girls in Orphanage at Vill.-Sungi, Dist.-Khunti.Construction of a Classroom at Patel Gyan Vidyapith, Vill.–Sisour, District–Gonda, U.PConstruction of a Classroom at Madarsa Ahle Sunnat Gulshan Mushahid Raza, Vill.–Raigaon, Dewariya Alawal, District–Gonda, U.P.Creation of infrastructure (Construction of Tribal High School) at Vaykti Vikas Kendra, Vill.–Kudri, District–Khunti (Carry–over Project of Financial Year 2011–12).

7. **Contributions for Natural Calamities/ Disasters :** Donation towards Chief Minister's Relief Fund, Odisha for relief & rehabilitation activities in Cyclone affected areas of Odisha.

8. **Other Welfare Programmes :** Distribution of Uniform (Shirt, Pant & Tunic) & Sweaters/Cardigans etc. to the children of Community education centres. Promotion of Hockey by providing Hockey sticks & balls (200 nos. each) for rural areas of Jharkhand. Awareness Programme on CSR & SD for employees.

9. **Sustainable Development :** A project, to save minimum 20kW electric power through use of LED lighting system in MECON's Head Office, in place of conventional tubelights etc. was successfully completed during FY 13-14.

Importance of the study:

A. To the Policy Makers

- This study encourages Private Public Partnership (PPP) for CSR promotion encompassing infrastructure, pollution, child labor, labor productivity & morale.
- It may become helpful to make the policy makers at political and corporate level as well consider CSR an investment and not an expense as it can become instrumental in increasing goodwill and corporate image.

B. To the Society

- Development of infrastructure i.e. parks, water purification, education etc.
- Environment protection
- Uplifting of the rural populace
- Bringing the tribes into the mainstream of the country

C. To the Economy as a whole

- Increase in the growth rate
- Strategic CSR at political and corporate level can make the country a better investment destination.
- Cumulative results may improve Human Development Index (H.D.I.) of the country.

Conclusion

Business and industry has come into existence to promote social growth and social good. They draw resources from the society and add values to generate wealth. Hence, society and business are interdependent and business must take full account of societal expectations. A stable social environment is a pre-requisite for business investment and industrial operations. So industries needs to facilitate such environment by taking care of the concerns of the society. This is what TATA STEEL and MECON LTD. strongly believes in.1 to 2.5% of the retained earnings of the company are made initially depending upon the requirement. The academic community has a specific responsibility to assist the company through a series thorough evaluation studies of the aforesaid programs (CSR). Since it has the necessary expertise to do so. The outcomes of the study will help the policy makers as well the other stakeholders to further fine tune the programme and expedite the implementation as well as boosting the achievements of the end results i.e. a poverty less command area. The magnitude of prevailing poverty and the rare opportunity offered by the steel companies through its different schemes demands such study on a time bound basis so that more improvements in the corporate social responsibilities of the companies can be seen in future after comparing the performance of one company with that of the other's performance and to take certain remedial actions for the same in order to build a socially responsible and committed business entity.

"Corporate Social Responsibility is the continuing commitment by business to behave ethcally and contribute to economic developmentwhile improving the quality of life of the workforce and their families as well as of the local community and society at large''.CSR plays an important role in improving the individual, society as well as it contributes to the growth of the economyby providing a responsible entity to the country as all business entities utilize the resources of the society for the betterment of its people. TATA STEEL and MECON LIMITED are the two most important companies the country whose contribution towards the society and its people is remarkable. Therefore an attempt will be made in this study to analyse the the major activities done and the strategies employed by the two large business entities of the country for the betterment and the growth and prosperity of the society to make this earth a better place to live in and to provide a healthy environment to the other business units to carry on their business in a sustainable manner. The competition among the players in the business sector has increased in each and every field and in the field of CSR also this competition is no less. Therefore through this study various types of information would be gathered about both the companies so that it can be helpful to the following stakeholders in the following manner:

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Emerging Trends of Human Resource Management

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Abstract

In today's highly competitive and turbulent business environment all modern organizations are operating in dynamic changing scenario. Due to increasing complexities and cut throat competition running organizations effectively became challenge for employers. To gain competitive advantage organizations need to implement unique strategies. Managing human resources is very challenging as compared to managing technology or capital and for its effective management; organization requires effective Human Resource Management system. The success of any organization depends upon the efficiency and caliber of the people of that organization. Moreover, it is difficult to find competent, efficient, knowledgeable and highly motivated people. Skills, experience, knowledge and creativity of people cannot be replaced with any machine. Thus, organizations must learn to recognize and appreciate their human assets along with other assets. It gives fruitful results like enhancing employee commitment, retention and reduced employee turnover. Human Resource Management has the responsibility to maximize efficiency and profit, but in the emerging scenario, the role of HR manager is changing rapidly due to changes in government policies, unions, labour legislations and technology. The trends have taken place in the organization, human resource planning, job design, and motivation, recruitment, skill development and employee relations. The challenges can be faced by HRM effectively, if proper strategies are implemented. Hence, the role of HRM will be more significant in future due to the emerging scenario. This paper is an attempt to explain the emerging trends in Human Resource Management.

Keywords : competitive advantage, skill development, human potential

Introduction

The term 'Human Resource' refers to the individuals which comprises the workforce of an organization. Human Resource Management (HRM) deals with recruiting, managing, developing and motivating people including specialized support and managing system for regulating compliance with employment and human rights standards. The origin of HRM function arose in those organizations which introduce welfare management practices. HRM has witnessed many changes in last two decades. Economic liberalization in 1991 created a hyper competitive environment. As International firms entered the Indian market bringing with them innovative and fierce competition, which forced the Indian Companies to adapt and implement Innovative changes in their HR practices. The management of Human resources has now assumed strategic importance in the achievement of organizational growth & excellence. Increasing globalization forces the organization to participate in the matter of emerging issues in management of people.

HR function may set and develop policies and strategies in the following areas

i. Recruitment & Selection.

ii. Training & Development

iii. Compensation, Rewards & Benefits Management

iv. Organizational Design & Development

v. Business transformation & change management.

vi. Performance, Conduct & Behaviour Management

vii. Industrial & Employer relations.

viii. Workforce Analysis & Management of Workforce personal data.

HR professionals play a key role to help the company in achieving CSR objectives. They are facing many challenges in present business scenario, like Globalization, workforce diversity, technological advances and changes in political and legal environment, changes in information technology. All these challenges imposing pressure on HR professionals to attract retain and nurture talented employees. They can't ignore these challenges rather they have to execute innovative mechanism of developing skill and competencies of HR to prepare them to accept the emerging challenges.

The emergence of human resource management can be attributed to the writings of the human religionists who attached great significance to the human factor. Lawrence Appley remarked, “Management is personnel administration”. This view is partially true as management is concerned with the efficient and effective use of both human as well as non-human resources. Thus human resource management is only a part of the management process. At the same time, it must be recognized that human resource management is inherent in the process of management. This function is performed by all the managers. A manager to get the best of his people must undertake the basic responsibility of selecting people who will work under him and to help develop, motivate and guide them. However, he can take the help of the specialized services of the personnel department in discharging this responsibility. The nature of the human resource management has been highlighted in its following features:

- Human resource management is inherent in the process of management. This function is performed by all the managers throughout the organization rather that by the personnel department only. If a manager is to get the best of his people, he must undertake the basic responsibility of selecting people who will work under him.
- Human Resource Management is a pervasive function of management. It is performed by all managers at various levels in the organization. It is not a responsibility that a manager can leave completely to someone else. However, he may secure advice and help in managing people from experts who have special competence in personnel management and industrial relations.
- Human Resource Management permeates all the functional area of management such as production management, financial management, and marketing management. That is every manager from top to bottom, working in any department has to perform the personnel functions.
- Human Resource Management is people centered and is relevant in all types of organizations. It is concerned with all categories of personnel from top to the bottom of the organization. The broad classification of personnel in an industrial enterprise may be as follows: (i) Blue-collar workers (i.e. those working on machines and engaged in loading, unloading etc.) and white-collar workers (i.e. clerical employees), (ii) Managerial and non-managerial personnel, (iii) Professionals (such as Chartered Accountant, Company Secretary, Lawyer, etc.) and non-professional personnel.
- Human Resource Management involves several functions concerned with the management of people at work. It includes manpower planning, employment, placement, training, appraisal and compensation of employees. For the performance of these activities efficiently, a separate department known as Personnel Department is created in most of the organizations.
- Human Resource Management is not a ‘one shot’ function. It must be performed continuously if the organizational objectives are to be achieved smoothly.

Human Resource Management is concerned with the motivation of human resources in the organization. The human beings can‘t be dealt with like physical factors of production. Every person has different needs, perceptions and expectations. The managers should give due attention to these factors. They require human relations skills to deal with the people at work. Human relations skills are also required in training performance appraisal, transfer and promotion of subordinates.

Materials and Methods

For the purpose of in depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used is analytical and descriptive. Both primary as well as secondary source of Information have been taken.

Results and Discussions

Human Resource Management (HRM) is a relatively new approach to managing people in any organization. People are considered the key resource in this approach. It is concerned with the people dimension in management of an organization. Since an organization is a body of people, their acquisition, development of skills, motivation for higher levels of attainments, as well as ensuring maintenance of their level of commitment are all significant activities. These activities fall in the domain of HRM. Human Resource Management is a process, which consists of four main activities, namely, acquisition, development, motivation, as well as maintenance of Human Resources. Human Resource Management is responsible for maintaining good human relations in the organization. It is also concerned with development of individuals and achieving integration of goals of the organization and those of the individuals.

Human Resource Management is concerned with the "people" dimension in management. Human resources may be defined as the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce, as well as the values, attitudes, approaches and beliefs of the individuals involved in the affairs of the organization. It is the sum total or aggregate of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the persons employed in the organization.

The human resources are multidimensional in nature. From the national point of view, human resources may be defined as the knowledge, skills, creative abilities, talents and aptitudes obtained in the population; whereas from the viewpoint of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees.

With increase in investments in manufacturing sector in India, the demand for talent is mounting. Most organizations look for trained manpower at all levels of operations and in today's context, the demand-supply gap is on the rise. Though technical manpower by volume is higher in India and it's employability that is question for many organizations.

The manufacturing sector in India is sweeping back in the national economic space. The current surge in this sector is extremely promising as new manufacturing opportunities are slated to be more skill intensive. India has figured among the top ten manufacturers among the world in 2010 in International year book of Industrial Statistics 2011 published by United Nations Industrial Development Organization. India provided trained manpower at competitive cost making India a favoured global manufacturing hub. India has witnessed increase in jobs in mining & construction sector by 46% and 44% respectively in the first quarter of the year 2011. There will be a high demand for experienced professionals to manage operations in manufacturing sector. According to research close to 30 lakh jobs across levels will be created by 2015. Shortage of talent in construction sector has been a long term problem and is likely to continue to push up project costs and risks. Flow of talent into construction sector and power sector has been gradually drying up as candidates have sought an alternative and often more lucrative career options. Education system is often not delivering the required no. of specialists across project management, engineering, estimating, surveying and contract management. Salary hike will be of an average between 9%-12%. The average salary increase in manufacturing industries like automobiles, construction and engineering has witnessed 13% year on year and this trend is expected to continue. Companies should invest time and money to conduct programmes such as internship and apprenticeship that reach out to specific individuals already considering manufacturing career. About 90000 jobs would be created in manufacturing sector. Apart from using regular channels to recruit companies are also starting to hire Alumni network to rehire former employees.

A look at the trends in managing people in this dynamic industry reflects that Attracting, Managing, Nurturing talent and Retaining people has emerged to be the single most critical issue in lieu of the enormous opportunities spun off by the market. The new avatar of talent is the knowledge professional who is innovative, business savvy, quick on the uptake, has an instinctive ability to network, and possessing unbridled ambition. They are propelled by an urge to experiment, scan new avenues that can spur their creativity. The knowledge professional will gravitate to an organization that is flexible, has strong values, a robust performance ethic and provides challenging work on latest technology. This has led to companies proactively taking measures on three fronts. First, companies create an organizational ambience where talent can bloom. Second, they put in place systems that help unleash their potential and third, they build a reward and recognition mechanism that provides value for people.

HR Managers today are focusing attention on the following

- HR policies based on trust, openness, equity and consensus
- Create conditions in which people are willing to work with zeal, initiative and enthusiasm; make people feel like winners
- Fair treatment of people and prompt redress of grievances would pave the way for healthy work-place relations.
- Prepare workers to accept technological changes by clarifying doubts.
- Commitment to quality in all aspects of personnel administration will ensure success.

Emerging Trends in Human Resources Management

- Increased government involvement in economic growth
- Increasing gap between rich and poor individuals
- Rapidly increasing national debt to GDP ratios
- Growth and increasing instability of sovereign wealth funds
- Increase in state capitalism
- Increased demands for transparency in government and organizations
- Increasing dispersal of national power
- Narrowing of gaps in national power between developed and developing nations
- Increase in the power of non-state actors (businesses, organizations such as the World Bank
- International and internal migrations
- Increased interconnectivity of people, organizations and societies
- Changing family structure
- Increasing power of women
- Increasing social freedom

New Trends in International HRM

International HRM places greater emphasis on a number of responsibilities and functions such as relocation, orientation and translation services to help employees adapt to a new and different environment outside their own country.

- Selection of employees requires careful evaluation of the personal characteristics of the candidate and his/her spouse.

- Training and development extends beyond information and orientation training to include sensitivity training and field experiences that will enable the manager to understand cultural differences better. Managers need to be protected from career development risks, re entry problems and culture shock.
- To balance the pros and cons of home country and host country evaluations, performance evaluations should combine the two sources of appraisal information.
- Compensation systems should support the overall strategic intent of the organization but should be customized for local conditions.
- In many European countries- Germany for one, law establishes representation. Organizations typically negotiate the agreement with the unions at a national level.

HR Managers should take into account the following aspects to ensure success

- Use workforce skills and abilities in order to exploit environmental opportunities and neutralize threats.
- Employ innovative reward plans that recognize employee contributions
- Indulge in continuous quality improvement through TQM and HR contributions like training, development, counseling, etc
- Utilize people with distinctive capabilities
- Decentralize operations and rely on self managed teams to deliver goods in difficult times e.g. Motorola is famous for short product development cycles. It has quickly commercialized ideas from its research labs.
- Lay off workers in a smooth way explaining facts to unions, workers and other affected groups

The recognition of human resource capability to global business growth has changed Indian HRM culture in recent years. Rapid globalization has made companies realize people are key to growth. Now HRM is not merely personnel management i.e. maintaining records and ensuring statutory compliance but it has diverted towards human resource planning, job design, motivation, recruitment, skill development & employee relations. Now companies are using their innovative HR practices to keep up with time in the wake of rapidly developing labour landscape. To face the recent challenges, HRM has to implement effective strategies. The role of HRM will be more significant in future due to emerging scenario.

Conclusion

The traditional functions of HRM now need to be strategically directed towards developing and sustaining organizational capabilities, through activities that overlap with traditional business functions such as finance, marketing, and non-traditional activities, such as knowledge management. Human Resource Information System has great significance in every sector. It can play a virtual role and help the communications process in the organization. Most importantly, organizations can hire and retain the top performers, improve productivity and enhance job satisfaction of the employees. HRM has the responsibility to maximize efficiency and profit, but in the emerging scenario, the role of HR manager is changing rap- idly due to changes in government policies, unions, labour legislations and technology. The trends have taken place in the organization, human resource planning, job design, and motivation, recruitment, and skill development and employee relations. The challenges can be faced by HRM effectively, if proper strategies are implemented. Hence, the role of HRM will be more significant in future due to the emerging scenario.

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Customer Relationship Management in Banks

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Abstract

CRM (Customer relationship Management) as a concept is as old as marketing itself. It is a relationship process which a company can cultivate with its customer groups/segments in such a way that benefits both the customer and the company. It allows companies to gather customer data swiftly, identify the most valuable customer over time, and increases customer loyalty by providing customized products and services. Customer relationship management also reduces the cost of serving the customer and makes it easier to acquire similar customer. Financial firms find it almost impossible to have a complete and holistic view of their customers and that puts them at a disadvantage when knowing their customers is a criteria. More often than not selling financial services and products is infinitely more difficult than the work other industries face. The requirements demanded of financial service employees right now far surpass those of the other industries, which indirectly contributes to the fact that this particular industry lags far behind the others. Customer Relationship Management is becoming an important factor in Indian banking sector. Now each and every bank is realizing the significance of relationship with customer to survive in the competitive world. So, in this paper discussed the Role of Customer Relationship Management (CRM) in the Indian banking Sector.

Keywords : financial Services, customer loyalty

Introduction

Customer Relationship Management systems are becoming popular across several sectors and have emerged as chief business strategy in today's competitive environment in companies. It has been viewed as a process aimed at collecting customer data, find profiles of customers and use the customer knowledge in specific marketing activities. It is a discipline which enables the companies to identify and target their most profitable customers. It is one of the strategies to manage customer as it focuses on understanding customers as individuals instead of as part of a group. CRM manages the relationships between a firm and its customers. CRM and knowledge management are directed towards improving and continuously delivering good services to customers. To understand more in customer relationship management, we first need to understand three components which are customer, relationship and their management. Managing customer relationships is important and valuable to the business. Today, many businesses such as banks, insurance companies, and other service providers realize the importance of Customer Relationship Management and its potential to help them acquire new customers retain existing ones and maximize their lifetime value. Banking sector is a customer-oriented service where the customer is the KEY focus. Research is needed in such sector to understand customers' need and attitude so as to build a long relationship with them. Customer Relationship Management includes all the marketing activities, which are designed to establish, develop, maintain, and sustain a successful relationship with the target customers.

The effective relationship between customers and banks depends on the understanding of the different needs of customers at different stages. The objective is to effectively analyze all the available data about the customer. The analysis of such data helps a firm assess a customer's current and potential profitability satisfaction and loyalty. The ability of banks to respond towards the customers' needs make the customers feel like a valuable individual rather than just part of a large number of customers. CRM is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, reprising, discretionary decision making, and customized service-all delivered through the various sales channels that the bank uses. In order to succeed with strategic organizational change banks should also communicate the change to customers in a way leading them to alter their behavior and attitudes accordingly.

Materials and Methods

For the purpose of in depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used is analytical and descriptive. Both primary as well as secondary source of Information have been taken.

Results and Discussions

Banks play a vital role in the socio-economic development of our country. Banks offer several facilities to enhance the standard of living of our citizens. In the past, owing to lack of information and proper guidance, the general public could not avail the full benefits from the banking industries to improve their standard of living. It is now undeniable that the face of the Indian consumer is changing. This is reflected in the change in the income pattern of the urban household. The direct fallout of such a change will be the consumption patterns and hence, the banking habits of Indians, which will now be skewed towards retail-products. At the same time, India compares pretty poorly with the other economies of the world that are now becoming comparable in terms of spending patterns with the opening up of our economy. In banking context, CRM is a system which has to deal with a large number of individual retail customers and has the analytical capability to manage the customer retention rates of the bank and to enable them to cross-sell their product effectively.

The idea of CRM is that it helps businesses use technology and human resources gain insight into the behavior of customers and the value of those customers. If it works as hoped, a business can: provide better customer service, make call centers more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues. It doesn't happen by simply buying software and installing it. For CRM to be truly effective an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. For example, many financial institutions keep track of customers' life stages in order to market appropriate banking products like mortgages or IRAs to them at the right time to fit their needs.

Customer service management is a key component of business today. The concept is very crucial as it incorporates customer, customer service, customer satisfaction, customer value, customer loyalty, customer retention, etc. In one word, it is linked to Customer Relationship Management (CRM) and Customer Experience Management (CEM). So far as jargons are concerned, more or less relationship Marketing, CRM and customer service management are interchangeably used. Relationship Marketing attracts maintains and enhances customer relationship.

Customer service is an extremely dynamic concept. In the earlier period, the customer was not given due attention because he was at the mercy of bank, while bankers were quite choosy. In the wake of the open market economy, options before the customers have been steadily increasing. In Indian banks customers are getting exposed to service of international standards. The customers are well informed and their expectations are high. Banks are facing increased pressure from the ever growing demands of the customers, who except services of high quality of competitive prices. As a result of this, gaps in the quality of service provided vis-à-vis customers perception have risen. Customer Relationship Management (CRM) is a fundamental business of every enterprise and it requires a holistic strategy and process to make it successful.

CRM is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, reprising, discretionary decision making, and customized service-all delivered through the various sales channels that the bank uses. The model developed here answers what the different customer segments are, who more likely to respond to a given offer is, which customers are the bank likely to lose, who most likely to default on credit cards is, what the risk associated with this loan applicant is. A greater focus on CRM is the only way the banking industry can protect its market share and boost growth. With intensifying competition, declining market share, deregulations, smarter and more demanding customers, there is competition between the banks to attain a competitive advantage over one another or for sustaining the survival in competition.

Over the last few decades, technical evolution has highly affected the banking industry. ATM displaced cashier tellers, telephone represented by call centers replaced the bank branch, internet replaced the mail, credit cards and electronic cash replaced traditional cash transactions. In recent years, banks have moved towards marketing orientation and the adoption of relationship banking principles. The bank would need a complete view of its customers across the various systems that contain their data. If the bank could track customer behaviour, executives can have a better understanding, a predicative future behaviour and customer preferences. Most sectors of the banking industry are trying to use CRM techniques to achieve a variety of outcomes. In the area of strategy, they are trying to:

- Create a customer-focused organization and infrastructure.
- Secure customer relationships
- Maximize customer profitability;
- Identify sales prospects and opportunities;
- Support cross and up-selling initiatives;
- Manage customer value by developing propositions aimed at different customer segments;
- Support channel management, pricing and migration.
- Gaining accurate picture of customer categories.
- Assess the lifetime value of customers.
- Understand how to attract and keep the best customers.

The idea of CRM is that it helps businesses use technology and human resources gain insight into the behavior of customers and the value of those customers. If it works as hoped, a business can provide better customer service, make call centers more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer. For CRM to be truly effective an organization must first decide what kind of customer Information it is looking for and it must decide what it intends to do with that Information. Company analysts can combine through the data to obtain a holistic view of each customer and pinpoint areas where better services are needed.

Customers Loyalty & Satisfaction

When faced with organizational change customers usually require explanatory information as to why the change is conducted. It has been argued that the quality of information is the key for organizations to succeed with change. In this case managers should treat information about change as product for customers where customers' needs are clearly recognized. In relation to the organizational changes, the bank should inform its beneficiary customers via personal letter where all the necessary information is provided as to where, when, and how they could do their errands related to services. In my personal opinion, the bank should also use all possible ways for informing its customers, especially in places where customers are interacting with the bank in most. It can be at the desk when receiving service, via personal bank advisor, via e-mail and letter. The information about the organizational change should be made in a form of short verbal notice when interacting with customers in other banking matters. This way of informing customers is regarded to be the most efficient due to having possibility for making further explanations when customers require such. However, of more significant value for customers is guidance in new system that requires information and education which is positively related to customer loyalty. Moreover, the information process, life cycle of information along with control should be well managed by the bank. Furthermore, the bank should constantly work on ensuring security and privacy of internet banking and e-card usages since these issues are closely related to the trust and thus customers' loyalty. The focus should be not only on providing right services for the right customers but also ensure the safety and confidentiality of the operations customers engage into with the bank.

The information about the organizational changes is of the most important value for the customers. Therefore, the information should be given in time, in a consistent and clear way so customers would not be confused with new system. In addition when pursuing its organizational strategies the bank should always consider the cost for educating the personnel and customers especially in the cases of going to complete banking activity. Customers who cannot manage ATMs, e-cards, internet banking would be put aside of the change which could result in less satisfaction of the services offered by the bank. Therefore, it is essential to meet customers' expectations by studying customers' demands and needs and try to match or to change customers' behavior and attitudes with help of well-defined reorganizational strategies.

However, the concept of customers' loyalty which is seen as relation between the relative attitude that customer has to the services he/she receives and the trust directed behavior he/she shows. Such conclusion could be probably drawn by the personal bank advisors who interact in a specific personal way with beneficiary customers. Relying on the customers' satisfaction of personal advisors one can say that these beneficiary customers are loyal.

Benefits to Customer

CRM helps banks to provide lot of benefits to their customers some key benefits are as follows-

- Service provisioning throughout the entire life cycle of the corporate customer, from the initial stages to the establishment of a close, long-term relationship with profitable clients,
- Optimization of the use of bank resources, such as alternative channels of distribution (internet and home banking),
- Significant reduction in and limitation of operational costs through system automation and standardization,
- Low maintenance and expansion costs owing to the use of modern administration tools which allow bank employees to make a wide range of modifications to the system.
- CRM permits businesses to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers.
- Companies that implement CRM make better relationships with their customers, achieve loyal customers and a substantial payback, increased revenue and reduced cost.
- Challenges Faced By Banks in Successful Implementation of CRM

- The difficulty of obtaining a complete view of customers.
- The need to move away from disjointed, standalone, and inconsistent channels to provide a cohesive, multichannel offering.
- The burden of disconnected legacy systems and disparate databases that store client financial data.
- The cost and complexity of meeting stringent government regulatory and client security and privacy requirements.
- The pressure on margins and growth prospects from increased competition.
- The costs associated with retaining customers and developing customer loyalty.

Although CRM can help banking institutions efficiently manage their customers, many banks fail to meld the concept into the prevailing work culture. But the high incidence of CRM failure has very little to do with the CRM concept itself. Usually it's a case of the banks failing to pay attention to customer data they already have. A lot of banks underestimate the magnitude of CRM. They tend to treat it just like any other application technology, without realizing that CRM, if done properly, is a strategic initiative that touches all areas of an organization.

Conclusion

To survive in the competitive world, Indian bank sector is realizing the importance of customer's relationship and is adopting CRM i.e. customer relationship management. So, with each and every interaction with customer can give opportunity to build a lifelong relationship. In this paper, we have discussed the role of CRM in Indian Bank Sector. In this day and age, customers enjoy complete luxury in terms of customized technical solutions and banks use the same to cement long-term, mutually-beneficial relationships. For a bank to succeed in adopting a CRM philosophy of doing business, bank management must first understand CRM as a holistic concept that involves multiple, interlocking disciplines, including market knowledge, strategic planning, business process improvement, product design and pricing analysis, technology implementation, human resources management, customer retention, and sales management and training. The attempt here have been to describe the importance of following CRM practices for acquiring, retaining and growing customers for sustained success for companies and how it could be automated as an application practice with the help of organization's IT infrastructure. The whole infrastructure combined with the knowledge that it brings forth, guide the destiny of companies in this extremely competitive world. CRM forms the biggest strategic asset that the companies can have for effectively implementing its marketing plans.

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Development and Potential of the Steel Industry in India

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Abstract

Steel is crucial to the development of any modern economy and is considered to be the backbone of human civilization. The level of per capita consumption of steel is treated as an important index of the level of socioeconomic development and living standards of the people in any country. It is a product of a large and technologically complex industry having strong forward and backward linkages in terms of material flows and income generation. All major industrial economies are characterized by the existence of a strong steel industry and the growth of many of these economies has been largely shaped by the strength of their steel industries in their initial stages of development. Steel industry was in the vanguard in the liberalization of the industrial Sector and has made rapid strides since then. The new Greenfield plants represent the latest in technology. Output has increased, the industry has moved up in the value chain and exports have raised consequent to a greater integration with the global economy. The new plants have also brought about a greater regional dispersion easing the domestic supply position notably in the western region. At the same time, the domestic steel industry faces new challenges. Some of these relate to the trade barriers in developed markets and certain structural problems of the domestic industry notably due to the high cost of commissioning of new projects. The litmus test of the steel industry will be to surmount these difficulties and remain globally competitive.

Keywords : income generation, material flows, human civilization

Introduction

The Steel Industry is a key sector in the Indian economy as it meets the requirements of a wide range of important industries such as engineering, electrical and electronics, infrastructure, automobiles and automobile components, packaging etc. Steel is playing vital role to the development of any modern economy and is considered to be the backbone of human civilization. The per capita consumption of steel is indicator of the socioeconomic development and living standards of the people in any country. It is a product of a large and technologically complex industry having strong forward and backward linkages in terms of material flows and income generation. All major industrial economies are characterized by the existence of a strong steel industry and the growth of many of these economies has been largely shaped by the strength of their steel industries in their initial stages of development.[1] Steel industry was in the vanguard in the liberalization of the industrial Sector and has made rapid strides since then. The new Greenfield plants represent the latest in technology. Output has increased, the industry has moved up in the value chain and exports have raised consequent to a greater integration with the global economy. The new plants have also brought about a greater regional dispersion easing the domestic supply position notably in the western region. At the same time, the domestic steel industry faces new challenges. Some of these relate to the trade barriers in developed markets and certain structural problems of the domestic industry notably due to the high cost of commissioning of new projects. The domestic demand too has not improved to significant levels.

The integrated steel plants are faced with the choice between upgrading existing plants or increasing their efficiency by other means and going in for Greenfield investments. If the Indian industry has to strengthen its global presence, it will obviously have to overcome some of the major constraints and challenges lying in the project management. Project management is the discipline of organizing and managing resources, i.e., people, in such a way that the project is completed within defined scope, quality, time and cost constraints. A project is a temporary and onetime endeavor undertaken to create a unique product or service that brings about beneficial change or added value.[2] This property of being a temporary and a onetime undertaking contrast with processes, or operations, which are permanent or semi-permanent ongoing functional work to create the same product or service over and over again. The management of these two systems is often very different and requires varying technical skills and philosophy, hence requiring the development of project management. Iron and Steel industry characteristically is a heavy industry. All its raw materials are heavy and colossal. They encompass iron-ore, coking coal and limestone. Location of this industry is thus governed by its proximity to raw materials, predominantly coking coal. The finished products in turn are also heavy and need efficient transport system for their distribution. The Chhotanagupur Plateau bordering West Bengal, Bihar, Orissa and Madhya Pradesh, therefore has been the natural nerve-center of this industry. Iron and Steel Industry is also a basic or key. It forgoes the heavy machines and tools industry. Umpteen light, medium and small cottage industries depend on it, as a re-index of modernization and industrialization of a country. The industry also necessitates enormous investment, staple infrastructure, principally able means of up-to-date transport and communication, not leaving out plentiful fuel or power supply. However it does not directly create enough jobs, adjusting with huge investments.[3] It demands incessant updating of technology, "R and D" (Research and Development) support, and most importantly a long-awaiting time before it begins to produce dividends. All these contemplations made the government to enter this key industry in a large scale on its own, notwithstanding its natural short comings or limitations. Vishakpatanam Steel plant has the advantage of importing quality coking coal from abroad and is at ease in exporting its products straight to the world market. In 1997-987, it had produced 2.2 million tones of pig iron. The plant has been able to uphold international standards of competence. In the same year it had exported almost 0.8 million tones of steel and pig iron, fetching foreign exchange of 600 crores. The rapid pace of growth of the industry and the observed market trends called for certain guidelines and framework. Thus was born the concept of the National Steel Policy, with the aim to provide a roadmap of growth and development for the Indian steel industry. The National Steel Policy (NSP) was announced in November 2005 as a basic blueprint for the growth of a self-reliant and globally competitive steel sector. The long-term objective of the National Steel Policy is to ensure that India has a modern and efficient steel industry of world standards, catering to diversified steel demand. The focus of the policy is to attain levels of global competitiveness in terms of global benchmarks of efficiency and productivity.[4] The National Steel Policy seeks to facilitate removal of procedural and policy bottlenecks that affect the availability of production inputs, increased investment in research and development, and creation of road, railway and port infrastructure. The Policy focuses on the domestic sector, but also envisages a steel industry growing faster than domestic consumption, which will enable export opportunities to be realized.

Materials and Methods

For the purpose of in depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used is analytical and descriptive. Both primary as well as secondary source of Information have been taken.

Results and Discussions

The current scenario of the Indian steel industry indicates that there is huge growth potential in this industry. India has become the second best in terms of growth amongst the top ten steel producing countries in the world and a net exporter of steel during

2013-14. Steel production in India recorded a growth rate of 4.8 per cent in February 2014 over February 2013. The cumulative growth during April-February, 2013-14 stood at 4.2 per cent over the corresponding period of the previous year.[5]

Steel contributes to nearly two per cent of the gross domestic product (GDP) and employs over 500,000 people. The total market value of the Indian steel sector stood at US$ 57.8 billion in 2011 and is expected to touch US$ 95.3 billion by 2016. The infrastructure sector is India‘s largest steel consumer, thereby attracting investments from several global players. Owing to this connection with core infrastructure segments of the economy, the steel industry is of high priority right now. Also, steel demand is derived from other sectors like automobiles, consumer durables and infrastructure; therefore, its fortune is dependent on the growth of these user industries. In order to realize the growth potential in the steel industry of India, it is essential to ensure that the industry can remain competitive. One of the major aspects in this regard is the availability of inputs. Shortage of inputs like coke has led to increase in costs earlier. Moreover proper infrastructure facilities like transport infrastructure, power etc. are of prime importance in maintaining the competitiveness of the industry. Most developed countries have regulations that are aimed to protect the domestic steel industry. The Indian steel industry has comparatively much lesser protection through regulations. Proper regulatory measures should be adopted by the government to protect the domestic steel industry. The Indian iron and steel industry is nearly a century old, with Tata Iron & Steel Co (Tata Steel) as the first integrated steel plant to be set up in 1907. It was the first core sector to be completely freed from the licensing regime (in 1990-91) and the pricing and distribution controls.[6]

The New Industrial policy adopted by the Government of India has opened up the iron and steel sector for private investment by removing it from the list of industries reserved for public sector and exempting it from compulsory licensing. Imports of foreign technology as well as foreign direct investment are freely permitted up to certain limits under an automatic route. This, along with the other initiatives taken by the Government has given a definite impetus for entry, participation and growth of the private sector in the steel industry. While the existing units are being modernized/expanded, a large number of new/ Greenfield steel plants have also come up in different parts of the country based on modern, cost effective, state of-the-art technologies.

India is the world’s third-largest producer of crude steel (up from eighth in 2003) and is expected to become the second-largest producer by 2016. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India’s manufacturing output. The Indian steel industry is very modern with state-of-the-art steel mills. It has always strived for continuous modernization and up-gradation of older plants and higher energy efficiency levels.

India’s crude steel capacity reached 109.85 Million Tonnes (MT) in 2014-15, a growth of 7.4 per cent. Production of crude steel grew by 8.9 per cent to 88. 98 MT. Total finished steel production for sale increased by 5.1 per cent to 92.16 MT. Consumption of total finished steel increased 3.9 per cent to 76.99 MT. India produced 7.34 MT of steel in the month of September 2015, which was nearly equal to the country's steel productionin September 2014.[7]

The steel sector in India contributes nearly two per cent of the country’s gross domestic product (GDP) and employs over 600,000 people. The per capita consumption of total finished steel in the country has risen from 51 Kg in 2009-10 to about 59 Kg in 2014-15. India's steel consumption for FY 2015-16 is estimated to increase by 7 per cent, higher than 2 per cent growth last year, due to improving economic activity. Steel industry and its associated mining and metallurgy sectors have seen a number of major investments and developments in the recent past. According to the data released by Department of Industrial Policy and Promotion (DIPP), the Indian metallurgical industries attracted Foreign Direct Investments (FDI) to the tune of US$ 8.7 billion, respectively, in the period April 2000–September 2015.[8]

Some of the major investments in the Indian steel industry are as follows:

- National Mineral Development Corporation (NMDC) has planned to invest Rs 40,000 crore (US$ 6.1 billion) in the next eight years to achieve mining capacity of 75 million tonnes per annum (MTPA) by FY2018-19 and 100 MTPA by FY2021-22, compared to 48 MTPA current capacity.
- Posco Korea, the multinational Korean steel company, has signed an agreement with Shree Uttam Steel and Power (part of Uttam Galva Group) to set up a steel plant at Satarda in Maharashtra.
- Iron ore output in India is expected to increase by 25 per cent to 153 Million Tonnes in FY 2016, which in turn will help reduce iron ore imports by two-thirds to five Million Tonnes, SAIL plans to invest US$23.8 billion to increase the steelproduction to 50 MTPA by 2025.
- Arcelor Mittal, world's leading steel maker, has agreed a joint venture with Steel Authority of India Ltd (SAIL) to set up an automotive steel manufacturing facility in India.
- Iran has evinced interest in strengthening ties with India in the steel and mines sector, said ambassador of the Islamic Republic of Iran, Mr Gholamreza Ansari in his conversation with Minister of Steel and Mines, Mr Narendra Singh Tomar.
- Public sector mining giant NMDC Ltd will set up a greenfield 3-million tonne per annum steel mill in Karnataka jointly with the state government at an estimated investment of Rs 18,000 crore (US$ 2.8 billion).
- JSW Steel has announced to add capacity to make its plant in Karnataka the largest at 20 MT by 2022.[9]

Government Initiatives

The Government of India is aiming to scale up steel production in the country to 300 MT by 2025 from 81 MT in 2013-14.

The Ministry of Steel has announced to invest in modernisation and expansion of steel plants of Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL) in various states to enhance the crude steel production capacity in the current phase from 12.8 MTPA to 21.4 MTPA and from 3.0 MTPA to 6.3 MTPA respectively.

The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs 200 crore (US$ 31.67 million).[10]

Some of the other recent government initiatives in this sector are as follows:

- Government of India plans to auction eight coal blocks with reserves of 1,143 million tonnes to steel and cement firms in January 2016, as per coal secretary Mr Anil Swarup.
- Government has planned Special Purpose Vehicles (SPVs) with four iron ore rich states i.e., Karnataka, Jharkhand, Orissa, and Chhattisgarh to set up plants having capacity between 3 to 6 MTPA.
- SAIL plans to invest US$ 23.8 billion for increasing its production to 50 MTPA by 2025. SAIL is currently expanding its capacity from 13 MTPA to 23 MTPA, at an investment of US$ 9.6 billion.
- A Project Monitoring Group (PMG) has been constituted under the Cabinet Secretariat to fast track various

clearances/resolution of issues related to investments of Rs 1,000 crore (US$ 152 million) or more.

- To increase domestic value addition and improve iron ore availability for domestic steel industry, duty on export of iron ore has been increased to 30 per cent.

India is expected to become the world's second largest producer of crude steel in the next 10 years, moving up from the third position, as its capacity is projected to increase to about 300 MT by 2025. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.[1]

SWOT Analysis[12]

Indian steel industry has been blessed with a number of inherent advantages but at the same time it also faces some crucial constraints. The sector's main strengths, weaknesses, opportunities as well as threats/challenges are as summarised below:

Strength

- Availability of quality iron ore and processed inputs like sponge iron
- Low wage level
- Skilled manpower and managerial capabilities
- A regionally dispersed secondary steel sector to cater to local demand
- Opportunities
- Potentially huge domestic demand from steel intensive investments like infrastructure building, real estate, automobile/ auto components, communications, ship building, defence, and medical equipment, consumer durables etc.
- A largely untapped rural market
- Huge potential for productive foreign collaboration particularly in specialized steel making products and equipment

Weaknesses

- High cost of energy/power
- Poor infrastructure linkages for movement of both raw material and finished products
- Inferior quality of indigenously available coking coal
- Relatively high cost of capital specially for smaller producers
- Low labour productivity as well as rigid labour laws
- Dependence on imported technology and equipment including for maintenance operations
- Multiple statutory clearances required for mining and steel making investments
- Threats/Challenges
- Slow growth of infrastructure development
- Potential competition from countries like China
- Unstable/Adverse global market trends
- Dwindling raw material reserves specially iron ore through exports

Conclusion

The Indian steel industry is among the upcoming industries of the world. It has a number of iron ores, which means that it has plenty of resources from which to draw its raw material. The rate of production of steel in India has been going up at a steady rate in the last few years. In the recent times Orissa and Jharkhand have been identified as the potential steel destinations of India - the ones that would provide the Indian steel industry with its necessary raw material. There are also a number of steel companies in India either coming up or have established themselves as prominent forces in the world steel scenario. India has traditionally been regarded as one of the top steel producers of the world. In 2004 it was ranked as the seventh largest producers of steel in the world, which is testimony to the standing of the Indian steel industry of the world. India is also supposed to have the best growth potential in the context of steel and is preceded only by China, which is a prominent steel producing and consuming country of the world.

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Growth of Automobile Industry in India

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Abstract

Automobile industry is the key driver of any growing economy and plays a pivotal role in country's rapid economic and industrial development. It facilitates the improvement in various infrastructure facilities like power, rail and road transport. Due to its deep forward and backward linkages with several key segments of the economy, the automobile industry is having a strong multiplier effect on the growth of a country and hence is capable of being the driver of economic growth. It plays a major catalytic role in developing transport sector in one hand and help industrial sector on the other to grow faster and thereby generate a significant employment opportunities. In India, automobile is one of the largest industries showing impressive growth over the years and has been significantly making increasing contribution to overall industrial development in the country. Automobile industry includes two wheelers, three wheelers, commercial vehicles and passenger vehicles. The Indian automobile industry has made rapid strides and opening up of the sector in 1991. It has witnessed the entry of several new manufacturers with the state-of-art technology, thus replacing the monopoly of few manufacturers. The norms for foreign investment and import of technology have also been liberalized over the years for manufacture of vehicles. At present, 100% foreign direct investment (FDI) is permissible under the automatic route in this sector, including passenger car segment.

Keywords : pivotal role, multiplier effect, key segments

Introduction

One of the major industrial sectors in India is the automobile sector. Subsequent to the liberalization, the automobile sector has been aptly described as the sunrise sector of the Indian economy. This sector has witnessed tremendous growth during the last two decades. On the canvas of the Indian economy, automobile industry occupies a prominent place. Due to its deep forward and backward linkages with several key segments of the economy, automobile industry has a strong multiplier effect and is capable of being the driver of economic growth. A sound transportation system plays a pivotal role in the country's rapid economic and industrial development. The well-developed Indian automobile industry skillfully fulfils this catalytic role by producing a wide variety of vehicles-passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles such as jeeps, scooters, motorcycles, mopeds, three wheelers, tractors etc.

It has been able to restructure itself, absorb newer technology, align itself to the global developments and realize its potential. This has significantly increased automobile industry's contribution to overall industrial growth in the country. Automobile Industry was delicensed in July 1991 with the announcement of the New Industrial Policy. With the gradual liberalization of the automobile sector since 1991, the number of manufacturing facilities in India has grown progressively. The economic contribution of the sector is significant. The industry contributes 22% of India's manufacturing GDP and 7% of India's overall GDP. The sector has also contributed to social development and benefited local communities. It is one of the leading employment providers in the country and has helped create nearly 19 million jobs through direct and indirect employment.

The Indian auto industry is one of the largest in the world. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). As of FY 2014-15, around 31 per cent of small cars sold globally are manufactured in India.

The Two Wheelers segment with 81 per cent market share is the leader of the Indian Automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has 13 per cent market share. India is also a prominent auto exporter and has strong export growth expectations for the near future. In April-January 2016, exports of Commercial Vehicles registered a growth of 18.36 per cent over April-January 2015. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the Two Wheeler (2W) and Four Wheeler (4W) market in the world by 2020.

Materials and Methods

For the purpose of in depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used is analytical and descriptive. Both primary as well as secondary source of Information have been taken.

Results and Discussions

Automobile industry globally and in India is one of the key sectors to economy. The well developed Indian automotive industry produces a wide variety of vehicles, passenger cars, light medium and heavy commercial vehicle multi utility vehicles such as jeeps, scooters, motorcycle, mopeds, three wheelers, tractors and other agricultural equipment etc.

India is developing as one of the world's fastest growing passenger car markets and second largest two-wheeler producer. It is also home to the largest motorcycle manufacturer and the fifth largest commercial vehicle producer. The industry currently accounts for almost 7% of the country's GDP and employs about 19 Million people both directly and indirectly. It's currently the seventh largest producer in the world with an average annual production of 17.5 Million vehicles, of which 2.3 Million are exported. The Indian automobile market is estimated to become the 3rd largest in the world by 2016 and will account for more than 5% of global vehicle sales. It is the second largest two wheeler manufacturer, the largest motorcycle manufacturer and the fifth largest commercial vehicle manufacturer in the world. The total turnover in 2010-11 was USD 58.5 Billion, turnover by 2016 is slated to be USD145 Billion.

The de-licensing of the industry in 1993 opened the sluice gates a flood of international auto-makers that swift into what they saw as the last remaining untouched market, the largest autonomous market of the world. The next couple of years saw an exceptional growth in the industry with assembly lines working overtime to meet demand. The latent of India's 100 million odd people, car companies planned determined capacities. However, India was a much tougher market than they had unreal. They undervalued Maruti's suppress hold of the bottom end of the market and were unable to compete with it on price and absolute value for money. This forced most of the new competitors into the premium end of the market the so called mid-sized luxury section. With prices ranging from Rs. 500,000 to 800,000 reasonably priced by only a handful, there are certainly few takers for these cars. Peugeot, Hyundai, Ford, GM Opel, Mitsubishi, Honda, Mercedes Benz are all saddled with excess capacities.

Manufacturers are rethinking their approaches and vindicating capacities to deal with what is currently seen as a temporary hiccup. Many are still optimistic about mid -sized segment and expect it to have the maximum growth potential. Hyundai and Telco have recently entered into the small segment cars but are finding a great deal difficult to enter the M800 market. Ford has launched its IKON sedan (a variant of the Ford Fiesta hatchback) with a capacity of 20,000 per annum.

Emerging Trends of Automobile Industry

In India the auto industry is one of the major industries and is one of the key sectors of the economy. Today, India is emerging as one of the world's fastest growing passenger car markets and second largest two-wheeler producer. The emerging trends in the Indian Automobile Industry are:

Globalization is forcing Indian auto majors to associate, upgrade technology, admittance of new markets, expand product range and cut costs.

India is emerging as an export hub for sports utility vehicles. The global automobile majors are looking to influence India's cost-competitive manufacturing practices and are measuring prospects to export SUVs to Europe, South Africa and Southeast Asia. India can emerge as a supply hub to feed the world demand for SUVs.

India has the largest base to export compact cars to Europe. Hybrid and electronic vehicles are new developments in the auto industry and India is a key market for them.

FDI growth in the automobile sector has helped to impulse the overall growth in the foreign investment in the country. During April-February 2014-15, FDI in India has increased by 39 per cent to $28.81 billion.

Growth of Indian Automobile Industry

A large number of principles for the automobile industry have been planned in the last five years. These aim to take India to the group of technologically established automobile markets. Today, auto makers are mandatory to issue an intended recall in case of an engineering defect, as they forestall severe penalties when government makes it mandatory under the Motor Vehicle Act.

The Government plans to make fore and side crash tests mandatory for new vehicles from October 2017 and existing vehicles by October 2019. This has forced carmakers to moan up safety landscapes. To pass these tests, cars must have airbags and other safety features such as child restraint systems.

The government wants to adopt Bharat Stage VI emission norms (equivalent to Euro VI norms) quickly, skipping the previous BS V stage. The move is good in intent, but approving new technologies in a short span of time could hurt the auto diligence and impact demand as new technologies will raises prices.

Exports of cars, utility vehicles, two-wheelers and commercial vehicles have grown-up every year since 2000. In 2014-15, auto exports were at a record high. Exports have helped automobile firms to ease risks from the recurring demand in home and overseas markets. The tepid demand in the local market in the last three years saw a renewed exports thrust by automobile firms, particularly those that saw a sharp decline in domestic volumes. Today, every company is looking to make use of the auspicious manufacturing atmosphere in the country.

Passenger Vehicle	13%
Commercial Vehicle	3%
Three Wheelers	3%
Two Wheeler	81%
Total	100%

Category	2011-12	2012-13	2013-14	2014-15	2015-16
Passenger Vehicles	31,46,069	32,31,058	30,87,973	32,21,419	34,13,859
Commercial Vehicles	9,29,136	8,32,649	6,99,035	6,98,298	7,82,814
Three Wheelers	8,79,289	8,39,748	8,30,108	9,49,019	9,33,950
Two Wheelers	1,54,27,532	1,57,44,156	1,68,83,049	1,84,89,311	1,88,29,786
Grand Total	2,03,82,026	2,06,47,611	2,15,00,165	2,33,58,047	2,39,60,409

The production of the passenger Vehicles gradually increased from 31,46,069 in 2011-2012 to 32,31,058 in 2012-2013 but reduced to 30,87,973 in 2013-2014 and again increased in 2014-2015 to 32,21,419 and 34,13,859 in 2015-2016. Commercial vehicles are also shows increasing trends from 2011-2012 i.e. 9,29,136 to 8,32,649 in 2012-2013. Three wheelers has been increased from 2011-12 to 2012-13 but during 2013-14 it's decreased due to lack of economic development and again in 2015-16 production has been increased to 9,49,019 respectively. And in case of Two Wheelers it maintains the increasing trends from 2011-2012 i.e. 1,54,27,532 to 1,88,29,786 in 2015-2016. The industry produced a total of 23,366,246 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in April-March 2016.

Factors determining the Growth of the industry

- Fuel economy and demand for greater fuel efficiency is a major factor that affects consumer purchase decision that will bring leading companies across two-wheeler and four-wheeler segment to focus on delivering performance-oriented products.
- Sturdy legal and banking infrastructure
- Increased affordability, heightened demand in the small car segment and the surging income of the Indian population
- India is the third largest investor base in the world
- The Government technology modernization fund is concentrating on establishing India as an auto-manufacturing hub.
- Availability of inexpensive skilled workers
- Industry is perusing to elevate sales by knocking on doors of women, youth, rural and luxury segments
- Market segmentation and product innovation
- A growing working population and an expanding middle-class are expected to remain key demand drivers. GDP per capita has grown from USD 1,432.25 in 2010 to USD 1,500.76 in 2012, and is expected to reach USD 1,869.34 by 2018.
- India has the world's 12th largest number of high-net-worth individuals, with a growth of 20.8%, the highest among the top 12 countries.
- Increasing disposable incomes in the rural agricultural sector
- A large number of products are available to consumers across various segments. With the entry of a number of foreign players and reduced overall product lifecycle, quicker product launches have become the order of the day.

Employment Opportunities

There are a wide range of jobs available in the automobile industry in 2016. With the number of vehicles available on the road today, the need and requirement for people who can fix these machines is fast increasing. Careers like automobile technician, car or bike mechanics are a great option. Becoming a diesel mechanic is also a significant alternative. Diesel mechanics are responsible for repairing and servicing diesel engines. As they are also required to repair engines of trucks and buses, other than cars, they are provided with hefty wages. If communication with people instead of repairing cars is what interests you, then you have the opportunity of becoming a salesperson or sales manager in an automobile company. Career opportunities in automobile design, paint specialists, job on the assembly line and insurance of vehicles is also available.

The Automotive Mission Plan for the period of 2006-2016 aims to make India emerge as a global automative hub. The idea is to make India as the destination choice for design and manufacture of automobiles and auto components, with outputs soaring to reach US$ 145 billion which is basically accounting for more than 10% of the GDP. This would also provide further employment to over 25 million people by 2016 making the automobile the sunrise sector of the economy. According to the Confederation of Indian Industry, the automobile sector currently employs over 80 lac people. An extension in production in the automobile industry is forecasted, it is likely to rise to Rs. 600000 crore by 2016.

Future Trends in the Automobile Industry

As the auto-shows starts in February 2016, the industry promised a blend of technology and automotives. With the recession trend breaking its leashes form the past two years, 2016 is expected to get back on track with the sales of automobiles in the country.

- Almost Self-governing cars are predicted to be on the streets by 2020
- More than half the cars on the streets are going to be powered by diesel by 2020
- Industry watcher Gartner indicates that 30 percent of motorists want parking info. The facility is likely to come up after glitches in the infrastructure catch up.
- High Performance Hybrid cars are likely to gain greater popularity among consumers.

The Indian automobile industry has a prominent future in India. Apart from meeting the advancing domestic demands, it is penetrating the international market too. Favoured with various benefits such as globally competitive auto-ancillary industry; production of steel at lowest cost; inexpensive and high skill manpower; entrenched testing and R & D centers etc., the industry provide immense investment and employment opportunities.

The automobile industry produced a total 19.84 million vehicles in April-January 2016, including passenger vehicles, commercial vehicles, three wheelers and two wheelers, as against 19.64 million in April-January 2015.

Domestic sales of Passenger Vehicles grew by 8.13 per cent in April-January 2016 over the same period last year. Within the Passenger Vehicles, Passenger Cars rose by 10.18 per cent, during April-January 2016 over April-January 2015.

The domestic sales of Commercial Vehicles increased by 9.43 per cent in April-January 2016 over the same period last year. Sales of Medium & Heavy Commercial Vehicles (M&HCVs) increased at 30.19 per cent.

Government Initiatives

The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route.

Some of the major initiatives taken by the Government of India are:

- The Government plans to set up a separate independent Department for Transport, comprising of experts from the automobile sector to resolve issues such as those related to fuel technology, motor body specifications and fuel emissions, apart from exports.
- Government of India aims to make automobiles manufacturing the main driver of ‘Make in India’ initiative, as it expects passenger vehicles market to triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26.
- In the Union budget of 2015-16, the Government has announced to provide credit of Rs 850,000 crore (US$ 124.71 billion) to farmers, which is expected to boost the tractors segment sales.
- The Government plans to promote eco-friendly cars in the country i.e. CNG based vehicle, hybrid vehicle, and electric vehicle and also made mandatory of 5 per cent ethanol blending in petrol.
- The government has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020 to encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country.
- The Automobile Mission Plan (AMP) for the period 2006–2016, designed by the government is aimed at accelerating and sustaining growth in this sector. Also, the

well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.

Conclusion

Easier and faster mobility of people and goods across the regions, countries and continents is a cherished yearning of mankind. The automobile industry s potential for facilitating this mobility is enormous. Wheels of development across the globe would have to be powered by this industry. However, a seamless development of this industry across countries and continents alone will help in realization of this objective. For such seamless and barrier-free development of the sector, countries will have to come together and develop better understanding. Industry across countries will have to meet challenges of newer technologies, alternative fuels and affordability of automobiles by people at large through constructive cooperation. The industry has recorded phenomenon growth during the last decade. A market trend is growing at a faster rate. The opening of the Indian automobile market for foreign companies the competition is expected to enhance further. The opportunities can be grabbed through the diversification of export basket in untouched foreign destinations. Thus strict quality standards, services and use of latest technology can provide an edge over competitors across the globe.

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Human Resource Management in Coal India Limited

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Abstract

Human Resource is considered as the backbone of any economic enterprise. In recent years the economist has added Human resource besides land, capital and technology as the key factor for building and developing the nation. The optimal utilization of natural resources and the factor inputs of capital technology depend on the extent of use of human resources. The Human Resource Management is a proactive central strategic management activity which is different from conventional personnel management. Human Resource Management is a sun rise concept and traditional personnel management is a sun set concepts. The HRM is a growing concept. It has tremendous relevance to productivity industry. The most of the employees on regular and contract status show excellent performance but just after being regularized their performance decreases, and it has become a different circle. In Industrial sector to see the problem in its totality and a planned approach is needed for maximizing the human resources. In two approaches will not be helpful quantitative aspects need more emphasis organization having excess and poorly utilized manpower cannot think of growth in the future. Today, professionals in the Human Resource area are vital elements in the success of any organization. HRM is very important in organization especially in public sector organization. This paper is an attempt to analyze the Human Resource Management in Coal India Limited.

Keywords : creative abilities, business savvy, national defense

Introduction

Human Resource is the most important asset for any organization and it is the source of achieving competitive advantage. Managing Human Resources is very challenging as compared to managing technology or capital and for its effective management, organization requires effective HRM system. HRM system should be backed up by sound HRM practices. HRM practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals. Human Resource Management (HRM) is a relatively new approach to managing people in any organization. People are considered the key resource in this approach. It is concerned with the people dimension in management of an organization. Since an organization is a body of people, their acquisition, development of skills, motivation for higher levels of attainments, as well as ensuring maintenance of their level of commitment are all significant activities. These activities fall in the domain of HRM. Human Resource Management is a process, which consists of four main activities, namely, acquisition, development, motivation, as well as maintenance of Human Resources. Human Resource Management is responsible for maintaining good human relations in the organization. It is also concerned with development of individuals and achieving integration of goals of the organization and those of the individuals. Human Resource Management is concerned with the "people" dimension in management. Human resources may be defined as the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce, as well as the values, attitudes, approaches and beliefs of the individuals involved in the affairs of the organization. It is the sum total or aggregate of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the persons employed in the organization.

The Human Resources are multidimensional in nature. From the national point of view, human resources may be defined as the knowledge, skills, creative abilities, talents and aptitudes obtained in the population; whereas from the viewpoint of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees.

A look at the trends in managing people in this dynamic industry reflects that Attracting, Managing, Nurturing talent and Retaining people has emerged to be the single most critical issue in lieu of the enormous opportunities spun off by the market. The new avatar of talent is the knowledge professional that is innovative, business savvy, quick on the uptake, has an instinctive ability to network, and possessing unbridled ambition. They are propelled by an urge to experiment, scan new avenues that can spur their creativity. The knowledge professional will gravitate to an organization that is flexible, has strong values, a robust performance ethic and provides challenging work on latest technology. This has led to companies proactively taking measures on three fronts. First, companies create an organizational ambience where talent can bloom. Second, they put in place systems that help unleash their potential and third, they build a reward and recognition mechanism that provides value for people.

Materials and Methods

For the purpose of in depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used is analytical and descriptive. Both primary as well as secondary source of Information have been taken.

Results and Discussions

In organizations, it is important to determine both current and future organizational requirements for both core employees and the contingent workforce in terms of their skills/technical abilities, competencies, flexibility etc. The analysis requires consideration of the internal and external factors that can have an effect on the resourcing, development, motivation and retention of employees and other workers. The external factors are those largely out-with the control of the organization and include issues such as the economic climate, current and future trends of the labor market e.g. skills, education level, government investment into industries etc. On the other hand internal influences are broadly within the control of the organization to predict, determine and monitor, for example the organizational culture underpinned by management behaviors (or style), environmental climate and the approach to ethical and corporate social responsibilities. In order to know the business environment in which any organization operates, three major trends should be considered:

Demographics – It is the characteristics of a population/workforce, for example, age, gender or social class. This type of trend may have an effect in relation to pension offerings, insurance packages etc.

Diversity – It refers to the variation within the population/workplace. Changes in society now mean that a larger proportion of organizations are made up of "baby boomers" or older employees in comparison to thirty years ago. Advocates of "workplace diversity" simply advocate an employee base that is a mirror reflection of the make-up of society insofar as race, gender, sexual orientation, etc.

Skills and qualifications - As industries move from manual to more managerial professions, so does the need for more highly skilled graduates. If the market is "tight" (i.e. not enough staff for the jobs), employers will have to compete for employees by offering financial rewards and community investment.

The traditional functions of HRM now need to be strategically directed towards developing and sustaining organizational capabilities, through activities that overlap with traditional business functions such as finance, marketing, and non-traditional activities, such as knowledge management. Human Resource Information System has great significance in every sector. It can play a virtual role and help the communications process in the organization. Most importantly, organizations can hire and retain the top performers, improve productivity and enhance job satisfaction of the employees. HRM has the responsibility to maximize efficiency and profit, but in the emerging scenario, the role of HR manager is changing rapidly due to changes in government policies, unions, labour legislations and technology. The trends have taken place in the organization, human resource planning, job design, and motivation, recruitment, and skill development and employee relations. The challenges can be faced by HRM effectively, if proper strategies are implemented. Hence, the role of HRM will be more significant in future due to the emerging scenario.

Human Resource Practices in Globalization

International HRM places greater emphasis on a number of responsibilities and functions such as relocation, orientation and translation services to help employees adapt to a new and different environment outside their own country.

- Selection of employees requires careful evaluation of the personal characteristics of the candidate and his/her spouse.
- Training and development extends beyond information and orientation training to include sensitivity training and field experiences that will enable the manager to understand cultural differences better. Managers need to be protected from career development risks, re-entry problems and culture shock.
- To balance the pros and cons of home country and host country evaluations, performance evaluations should combine the two sources of appraisal information.
- Compensation systems should support the overall strategic intent of the organization but should be customized for local conditions.

In many European countries - Germany for one, law establishes representation. Organizations typically negotiate the agreement with the unions at a national level. In Europe it is more likely for salaried employees and managers to be unionized.

The part of the economy is concerned with providing basic government services. The composition of the public sector varies by country, but in most countries the public sector includes such services as the police, military, public roads, public transit, primary education and healthcare for the poor. The public sector might provide services that non-payer cannot be excluded from (such as street lighting), services which benefit all of society rather than just the individual who uses the service (such as public education), and services that encourage equal opportunity.

The Public Sector is that portion of society controlled by national, state or provincial, and local governments. In the United States, the public sector encompasses universal, critical services such as national defense, homeland security, police protection, fire fighting, urban planning, corrections, taxation, and various social programs. The public sector overlaps with the private sector in producing or providing certain goods and services. The extent of this overlap varies from country to country, state to state, province to province, and city to city. This overlap is most often seen in waste management, water management, health care, security services, and shelters for homeless and abused people. Sometimes, service providers move from the public sector to the private. This is known as privatization, and has been taking place in recent years on a large scale throughout the world. In other instances, a service may shift from the private sector to the public. This is less common, but health care is one area where some governments are providing or experimenting with services previously furnished by private providers Governments routinely hire private corporations to provide goods and services for the public sector, a practice known as outsourcing. Examples include the manufacture, construction, or maintenance of aircraft, military hardware electronics and communications equipment, computers, roads, freeways, bridges, parks, and recreation areas.

Human Resource Planning in Coal India Limited

Anticipating and making provisions for the movement of people into, within and out of organization.

Staffing

Locating potential applicants and encouraging them to apply for existing or anticipated job openings (recruitment) and choosing individuals who have relevant qualifications to fill existing or projected job openings (recruitment) and choosing individuals who have relevant qualifications to fill existing or projected job openings (selection).These tasks are often referenced together under a function called staffing.

Job design

Improving jobs through technological and human consideration in order to enhance organization efficiency and employee satisfaction.

Learning, developing and training

Designing and delivering programs using a variety of methods to develop an employee's knowledge, skills and abilities to work at a satisfactory level of performance on the job (training), and broaden an individual's skills for future responsibilities (development).

Performance Management

Designing and developing programs and tools which help managers and employees establish performance standards, identify ways to improve performance asses and document work performance.

Establishing policies and developing programs that fairly compensate employees for work performance and meet the strategic objectives of the organization. Direct compensation includes wages, salaries, incentives, bonuses and commissions. Indirect compensation includes the benefit provided by employers to improve employee's quality of life. Example of some employee include – compensation insurance contributions, health care, paid vacation, sick level programs, Canada compensation plan, Employment insurance and Workers compensation. Payroll is also a key responsibility included in the total compensation function.

Employee and Labour Relation

Designing and developing HR policies and practices that strive to maintain harmonious working relationships between departments, employees and managers. Specific functions include employee communications and managing organization change, absenteeism, sexual harassment, employment equity, and diversity. When employees are unionized, the process (labour relations) includes developing maintaining effective working relationships with representative unions, participating in collective bargaining, providing advice and guidance on grievance procedures and policy interpretation and managing workforce reductions.

Health and Safety

Designing and developing policies, practices and procedures that provide a hazard- free work place and comply with all applicable government statutes and regulations. Additional requirements include informing employees about health and safety, enforcing safety rules, and keeping comprehensive records.

Human Resource Management in Coal India Limited

Coal India Limited is an Indian state-controlled coal mining company headquartered in Kolkata, West Bengal, India. It is the largest coal producer company in the world and contributes around 81% of the coal production in India. It produced 452 million tonnes of coal during FY 2012–13 and earned revenue of INR 882.81 billion from sale of coal in the same financial year. As on 30 January 2015, Union Government of India owns 79.65% of the shares in CIL and controls the operations of CIL through Ministry of Coal. In April 2011, CIL was conferred the Maharatna status by the Union Government of India. On 31 March 2013, its market capitalisation was INR 1.952

trillion (US $35.9 billion) making it India's 5th most valuable company by market value

To take care of energy requirements of India, the Central Government of India did a nationalization of coal industry in the 1970s. By 1972, it acquired most of the coking coal mines in India (226 coking coal mines) through Bharat Coking Coal Limited (BCCL). Similarly, it acquired all 711 non-coking coal mines in India through Coal Mines Authority Limited (CMAL). To consolidate the businesses of both coking and non-coking coal under one entity, a formal holding company in the form of Coal India Limited was formed in November 1975 to manage both the companies.

CIL is the largest coal producing company in the world.. It produced 452.21 MT (million tonne) coal during FY 2012–13. Coal India operates through 81 mining areas in eight states in India. Sustainability Report 2012-13 Coal India 14 August 2013 19 October 2013 It has 470 coal mines out of which 164 are open cast, 275 are underground and 31 are mixed mines. Production from open cast mines during 2012-13 was 91.65% of total production of 452.21 MT. Underground mines contributed to 8.35% of production. CIL further operates 17 coal washeries, out of which 12 are for coking coal and 5 are for non-coking coal. It also manages 200 other establishments like workshops, hospitals etc. Subsidiaries: Coal India produces coal through seven of its wholly owned subsidiaries. It's another wholly owned subsidiary CMPDIL carries out the exploration activities for other subsidiaries. CMPDIL also provides technical and consulting services to it and to third party clients for coal exploration, mining, processing and related activities. CIL also has a wholly owned subsidiary in Mozambique, Coal India Africana Limitada (CIAL) for pursueing coal mining opportunities in that country.

Human Resource Management emphasis in Coal India has been set up to deal with the development of existing Human Resources as well as looking ahead with clear perspective with reference to technological advances and growth of manpower to fulfill demand of production vis-à-vis technology. To cope up with the task emerging from strategic plan, Annual HRD plan is worked out every year to integrate HRD efforts in all the twenty six training centre located in different subsidiaries in following four segments.

Technical Training

It is to provide requirement of training for technology being used in each subsidiary and any other technology being conceived at the corporate level for which preparedness is necessary to meet current shortage of skilled manpower and also preparing statutory personnel for meeting statutory obligation through training. To analyze and project requirement of personnel in critical and non critical categories as well as to prepare them so that capital and technology input to the project through capacity and new equipment or enrichment in the production process through particular systems in technology could provide appropriate return to the investment.

Management Training

Executives at each level and at the time of assuming the charge at the new position i.e. entry to the higher level, a need based training is imparted at the Management Training Centre of each subsidiary companies for the level from E.1 to E.5 and at the apex training Centre, Indian Institute of Coal Management, Ranchi, for higher level, i.e. from M.1 to M.3 level executives.

Transformation Training

A planned attempt to help those who join CIL as part of management policy and for the workmen who are required to acquire skill for movement from conventional to semi-mechanised mines with intermediate technology or at the instance of closure of mines and surplus manpower. These trainees are used as source of supply of manpower in critical and non-critical areas of skills for the technology specific to the subsidiary company.

General Development Training

With a change in the scenario with reference to status of mine, specifically in ECL, BCCL and to an extent in CCL and separate focus for MCL, NCL, SECL and WCL, the vision of the company, health of organisation - profit & loss, criteria for raising productivity, cost parameters and criteria for excellence in performance for survival of the company is propagated through intra - organisational communication as well as face to face interface with workers and supervisors in a planned way by sharing the reality of business.

Changing Human Resource Management in Coal India Limited

Human Resource Information System has great significance in every sector. It can play a virtual role and help the communications process in the organization. The trends have taken place in the organization, human resource planning, job design, and motivation, recruitment, and skill development and employee relations. The challenges can be faced by HRM effectively, if proper strategies are implemented. Hence, the role of HRM in Coal India will be more significant in future due to the emerging scenario.

Employee Welfare

- Pursues a structured CSR policy around coal mining areas to improve quality of life with community consensus and inclusive participation
- Mobile Dispensaries and wellness clinics introduced on a large scale.
- Tele-medicine facilities introduced in central hospitals.
- Provides medical services to employees, their families and local populace through 86 fully equipped hospitals having 5835 beds.
- Employs 1524 specialist Doctors.
- Runs 423 dispensaries and has 640 Ambulances.
- Provides potable water to about 2.3 million populace in remote corners of CIL's areas of operation
- Supports 536 schools under different categories - Project Schools (55); Privately managed Schools with grant packages (284); Private Committee Managed Educational Institutes (72) and other schools where occasional grants are given (125).
- Introduced 'Coal India Scholarships' for 100 Below Poverty Line students plus 25 wards of land losers in government engineering and medical colleges. Scholarship covers education, hostel and mess charges
- Meets the entire cost of wards of workmen securing admission in government engineering and medical colleges
- Committed to generate employment opportunities for people in mining areas by providing vocational training.
- The company Pursues 'Mining with a human face' through socially sustainable inclusive model of growth by making Project Affected People stakeholders in the decision making process for their livelihood.
- Medical facilities extended to nearby communities in fully equipped company hospitals.

Recruitment

Recruitment is a function that requires business perspective, expertise, ability to find and match the best potential candidate for the organization, diplomacy, marketing skills (as to sell the position to the candidate) and wisdom to align the recruitment processes for the benefit of the organization. The HR professionals – handling the recruitment function of the organization- are constantly facing new challenges. The biggest challenge for such professionals is to source or recruit the best people or potential candidate for the organization. In the last few years, the job market has undergone some fundamental changes in terms of technologies, sources of recruitment, competition in the market etc. In an already saturated job market, where the practices like poaching and raiding are gaining momentum, HR professionals are constantly facing new challenges in one of their most important function- recruitment. They have to face and conquer various challenges to find the best candidates for their organizations. Quality of manpower is another issue needs paying attention to, in India. While millions of graduates and post-graduates pass out of Indian universities each year, the actual number of employable talent is severely limited. Employers have to adopt innovative modes of recruitment to ensure that it can separate the wheat from the chaff.

Conclusion

HRM plays a very significant role in the development of Nation. It is found that efficient and committed human resource leads to effective exploitation and utilization of Nation's natural, physical and financial resources. As discussed in the articles on modern day HRM practices, there is a need to align organizational goals with that of the HR strategy to ensure that there is alignment of the people, policies with that of the management objectives. The day when the HR manager was concerned with administrative duties is over and the current HRM practices in many industries are taken as seriously as say, the marketing and production functions.

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Effectiveness of Trade Unions in Coal India Limited

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Abstract

Trade unions today are pluralist in character and pragmatic in method; if they are not, they are unlikely to survive the demands made upon them. As such, the trade unions in Coal India Limited not only defend or improve the wages and conditions of labour but also raise the status of the worker both in the industry and society; and extend the area of social control of the nations' economic life and participate in that control. Trade Unions in Coal India limited are helpful in creating such conditions of work and service and the wage payment that on the one hand, avoids inequalities between the different sections of the community, and on the other hand, provides opportunities for the progressive raising of the standard of living of large numbers of people and also provides for the development of the human personality in its manifold aspects.

Keywords : workers, industrial relation, strike, quality of work life, welfare

Introduction

Coal India limited with its headquarters at Kolkata is the apex body in Coal Industry under the administrative control of the Ministry of Coal. It is responsible for laying down policy guidelines and work ordination with its subsidiary Companies. CIL has been entrusted with the responsibility of investment planning, manpower management, purchase of heavy machineries, financial budgeting etc. on behalf of all its subsidiaries. Coal India Ltd. (CIL) has following 8 subsidiary Public Sector Undertaking companies under its control:-

1. Bharat Coking Coal Limited (BCCL), Dhanbad, Jharkhand
2. Central Coalfields Limited (CCL), Ranchi, Jharkhand
3. Eastern Coalfields Limited (ECL), Sanctoria, West Bengal
4. Western Coalfields Limited (WCL), Nagpur, Maharashtra
5. South eastern coal fields limited (SECL), Bilaspur, Chhattisgarh
6. Northern Coalfields Limited (NCL), Singrauli, Madhya Pradesh
7. Mahanadi Coalfields Limited (MCL), Sambalpur, Orissa
8. Central Mine Planning and Design Institute Limited (CMPDI), Ranchi, Jharkhand.

In the history of coal mines and their process of development the inhuman behaviour, exploitation of particularly lower level employees, payment of low wages than proper wage made the second generation to be sensitive toward their rights. It is rather the compulsion of labours when in third fourth generations slowly and slowly the need of union for the protection of the interests of labours was felt strongly that resulted in the formation of trade union.

It is a difficult task to precisely define the trade union. A union is a continuous association of persons in industry whether employees or independent workers formed primarily for the purpose of the pursuit of the interest of its members of the trade they represent. A trade union is a continuous association for wage earners for the purpose of maintaining or improving the conditions of their work lives. According to the Trade Unions Act, 1926, "the unions must work to protect and promote the interest of the workers and the conditions of their employment". This is their primary objective.

The trade union has many facets economic, social, political and psychological. The unions have an important characteristic than of adaptability to change with the change in environment and as such their nature also changes. These associations are formed

(i) to safeguard and improve working conditions of their members

(ii) to maintain, advance and protect the economic and vocational interests of their members, and more generally to raise their status in the society;

(iii) to enable them to overcome to managerial monopoly and dictatorship; and

(iv) to strengthen their bargaining power with the employers in fact, they are a valuable instrument in regulating the relationship between the two parties.

All functions, concerning the well being of workers, are mostly regulated by trade unions. These functions may broadly be divided into these headings:

(1) **Intra-mural Activities :** These activities refer to those efforts of trade unions which are mainly performed for the betterment of workers in relation to their employment. Through these activities, trade unions ensures adequate wages, better working conditions, better treatment and a reasonable share and control in the profits and management of industry. In order to achieve these objectives collective argumentation, negotiations, strikes and boycotts, are adopted as methods. Therefore, these functions also called militant or fighting functions.

(2) **Extra-mural Activities :** The extra mural activities refer to those activities of the trade union, which are providing help to workers in times of need. Therefore, trade unions help the workers in case of sickness and accident and give them financial support during the period of unemployment strikes and lockouts also roster a spirit of cooperation and difference education among labours. These also organize school, libraries, indoor and outdoor games and recreational facilities for their members.

(3) **Political activities :** Trade unions, these days, are not only confined to their intra-mural and extramural activities. They also contest and try to send their representatives in parliament and Legislature. In many countries, trade unions are politically organized. For instance, in England, Labour government was many times in power.

Trade unions are a major component of the system of modern industrial relations in any nation, each having their own set of objectives or goals to achieve according to their constitution and each having its own strategy to reach those goals. A trade union is an organisation formed by workers to protect their interests and improve their working conditions, among other goals. It is a continuous association of wage earners for the purpose of maintaining and improving working conditions. In developing countries, the right to form a union and bargain collectively protects workers from exploitative and abusive conditions at work and puts pressure on employers to share productivity gains with their employees. Protection of basic worker and human rights in developing nations thus necessitates unionisation so that the working population can reap the benefits of economic growth.

Materials and Methods

This research article has been prepared with the help of huge materials collected from various sources – both primary and secondary. Journals, periodicals also constitute the source of information books of reputed authors have been used as secondary source to prepare this research article. Personal interviews and consultations have been conducted judiciously and utilized in this research work. The materials used have at times been drawn from the website. Also efforts have been made to maintain objectivity.

Results and Discussions

Trade unions in CIL not only act as a mechanism to give voice to employee grievances and problems before management, but they also are fairly involved in welfare measures for workers and in improving the quality of their work life. They actively participate in discussions with management at different levels regarding safety, work conditions, and various other worker related issues. Meetings are held from time to time in which management and union representatives discuss and try to resolve several issues, the primary ones pertaining to labour welfare.

It is important to mention the example of Rajmahal area of Coal India Limited. Trade union activities in the Lalmatia and other collieries in the Rajmahal areas has been little but significant. Actually trade unions here are associated in wide range of activities resulting in minimum discontentment among the workers and the trade unions. The important trade unions they are working in this area are:

(1) Rastriya Colliery Mazdoor Sangh (INTUC)

(2) United Coal Workers Union (AITUC)

(3) Santhal Parganas Mines and Workers Union (Azad Group)

(4) Coal Mazdoor Sangh (C.M.S.)

(5) Jharkhand Colliery Mazdoor Union (Jharkhand Soren Group)

There are few organisations of mining workers are also represented directly in group or association. The significant aspect of the activities of trade unions in the region is the existence of various committees. Trade unions are participating jointly with the management representations in the large number of committees. These committees include Production Committee, Safety and Security committee, Housing committee, Grievance committee, Workers committee, Environment committee, Canteen committee, Welfare committee and so many other committees. It is a matter of great satisfaction that the relationship between trade union and management has been improving gradually. It is said that industrial relation position in this areas is very harmonious and peaceful. Under the prevailing circumstances it is certain that the productivity and development in the coal fields is sure to improve in the years of come.

Rapid changes in technology and successive revisions in pay have undoubtedly improved workers' conditions within the organised sector but mostly at the cost of loss of control over jobs. Such structural changes among the working population, along with economic growth and a sustained increase in capital intensity in both the product and labour markets, have necessitated a paradigm shift in the roles of trade unions: from predominantly bargaining institutions, they have become specialised, representing the voice and interests of labour. In the post-economic reforms era, the enhanced penetration of media has caused workers to become better informed and increasingly aware of economic issues in their respective industries. As a result, management of CIL has also become more sensitive and skilled in handling relationships with employees.

In addition to their traditional bargaining activities, unions now have a newly acquired voice and representative function. Many of them are trying to increase their value to workers by providing a variety of services to their members, as well as to the community to which they belong. Such services range from providing legal and financial advice to improving skills.

Table 1- Strike and Bandh details of CIL

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
No. of Strikes	22**	3+3*	Nil	2 +2*	2+1*	2+1*	1*
Man days Lost	23823	196707	Nil	246899	192383	140407	15424
Production Lost (in tonnes)	95477	239983	Nil	510291	810542	558100	Nil

*IS =Industrial Strike ** BB = Bangla Bandh

(Source: Government of India Annual Report 2013-2014, Ministry of Coal, website:http://coal.nic.in, p.98)

The above table shows the relationship between industrial strikes with the man days lost & production lost, we can see that if the number of strike is NIL, the Man days lost is also NIL and hence production lost is also NIL. But in contrast we can see that in all the years except 2009-2010 is followed by industrial strike and bandh and hence that approximately all the year is suffered with Man days lost and also loss in production in tones. Thus it is quite clear that industrial relation effect the production of the company.

It is found out that in CIL and subsidiaries problem and prospect of industrial relation in public sector enterprise there are well established bi-partite forums consisting of the representatives of the Management and the Central Trade Unions for interaction and redressal of issues related to the wages & service conditions, employment, safety, grievances and welfare etc.

The following joint bipartite forums are operating at different levels:

1. JBCCI at CIL
2. Apex Jt. Consultative Committee
3. Safety Board/ Safety Committee
4. Welfare Board/ Welfare Committee
5. Joint Consultative Committee's
6. Industrial Relation Meetings (Structural meetings with union).

It is also found out that in CIL the management has laid down clear Industrial Relations Policy providing mechanism to discuss the issues, with Recognized Union at Company and Area level and with Representative Status Union at Area level.

By introducing reforms, harmonious Industrial Relations are being maintained through systematic co-operation between the labour and the Management and helps in reducing costs, increasing the production and productivity, improving quality of work and maintaining Industrial Peace & improvement in overall quality of life.

The most important condition necessary for good industrial relations is a strong and enlightened labor movement which may help to promote the status of labour without harming the interests of management, Unions should talk of employee contribution and responsibility. Unions should exhort workers to produce more, persuade management to pay more, mobilize public opinion on vital labour issues and help Government to enact progressive labour laws.

Both management and workers' representation in the area of industrial relations come from a great variety of backgrounds in terms of training, education, experience and attitudes. These varying backgrounds play a major role in shaping the character of industrial relations. Generally speaking, well-trained and experienced negotiators who are

motivated by a desire for industrial peace create a bargaining atmosphere conducive to the writing of a just and equitable collective agreement. On the other hand, ignorant, inexperienced and ill-trained persons fail because they do not recognize that collective bargaining is a difficult human activity which deals as much in the emotions of people as in their economic interests.

Conclusion

From the entire gamut of issues it is evident that trade unions in CIL are not only playing an active role in maintaining good industrial relations, but they are also adequately involved in improving the quality of work life of employees. Roles once considered secondary and ancillary are gradually metamorphosing into an extension of primary functions of unions in CIL. In fact, the welfare of workers seems to be an inseparable component of the functions of these unions. Thus, when trade unions are aiming at attracting more members, active involvement in welfare measures may result in increased membership. Further, if a union is actively involved in labour welfare at the organisation level, workers may be motivated to remain attached to it, rather than joining another union. In this way, the problem of mushroom growth of small unions may be curbed. However, establishing any link between union participation in labour welfare and the lowering of the multiplicity of unions is beyond the scope of this paper, and can be taken up as an area of further research.

In most democratic countries, the trade unions hold certain political view – some even go to extent of holding anarchist view of overthrowing the economic system with a view to bringing about a wholesale change in the system. Elsewhere, unions profess violent activities to achieve the objectives. In this sense, the unions act as enemies of the economic system.

The workers organization are mainly political institutions which are associations of employees formed and maintained for specific purpose of securing concessions from employers. They acquire power, status, authority by support of their membership. This power is used as a regulating device to better managements' discretion and pressurized them to yield to their demand for wages, improvement in working conditions, more amenities and welfare measures etc. As a matter of fact, the union has been regarded as conflict association with strong political and emotional overtones.

Our feeling is that the trade unions should cooperate in atleast crucial areas so that the tempo of growth, particularly in the industrial sector, is speeded up. Thus, the trade unions should maintain:

(a) a reasonable degree of peace in industry – for such a condition by promoting an uninterrupted flow of industrial output adds to the national income as also creates the needed investment climate. A responsible unionism balance the short-run workers gain with their long-run gains originating from a stable growth of industry of which they are employers;

(b) Support technological change, i.e. help and cooperate in the introduction of new machines, new processes or new managerial techniques – these innovations would, by promoting a rise in productivity of the concern, facilitate expansion of production capacity; and

(c) Accept a growth-oriented wage payment system – which would utilize fully the under-utilised labour the link between wages and productivity, on the one hand acts as a means of anti-inflationary method financing wage hikes and, on the other hand, works as an incentive for increased efforts and output.

By extending cooperation in the above areas trade unions will be able to promote industrial growth in particular and economic growth in general. The improved productivity made possible by promoting technological changes and better utilization of labour time will generate surpluses in Coal India Limited.

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Potential and Growth of Paper Industry in the New Millennium

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Abstract

Paper is an integral part of everyday life. Paper is one of the important economic indicators of a country. Today, life cannot be imagined without paper. Paper pervades all sectors of our activity from books to bullets and from morning news paper to nuclear technology. Paper remains the dominant and essential vehicle of modern communications. Paper is a basic medium of communication and dissemination of information. It helps all the human beings for the growth of education, reading, writing, storing, knowledge, quality of life, culture and other sectors of the economy. Modern man/woman starts his/her daily activities with morning news paper and his / her activity ends with writing of diary at night. Kids to kings (all human beings), are using paper either directly or indirectly. It is very difficult to imagine modern life without paper. The per capita consumption of paper is often regarded as a barometer of socio-economic progress of a country. Paper measures the living standards and openers of a society and its educational and intellectual attainments. Growth of paper industry in India has been constrained due to high cost of production caused by inadequate availability and high cost of raw materials, power cost and concentration of mills in one particular area. Government has taken several policy measures to remove the bottle necks of availability of raw material and infrastructure development.

Keywords : industrial economy, quality of life, combined wood

Introduction

Indian paper industry is a booming industry and is expected to grow in the years to come. The usage of paper cannot be ignored and this awareness is bound to bring about changes in the paper industry for the better. It is a well known fact that the use of plastic is being objected to these days. The reason being, there are few plastics which do not possess the property of being degradable, as such, use of plastic is being discouraged. Excessive use of non degradable plastics upsets the ecological equilibrium. Indian paper and newsprint industry has a huge potentials and prospects in coming future. In our, country, demand for paper and newsprint is rapidly increasing. The wood and paper industry is probably the only large-scale industrial system which is genuinely capable of satisfying future requirements with respect to sustainable development.

The word paper is derived from the Latin word from the name of the reedy plant 'papyrus' and French 'papier'. It is a web composed of vegetables fibers, roughly oriented and matted together to form sheets. Paper is made of raw material of the manufacture of paper is cellulose fiber, which is obtained from trees, recovered paper and annual vegetable fibers like cereal straws, kaolin, starch and other products are used as auxiliary materials in the paper production process.

Paper can be defined as a sheet or continuous web of material formed by the deposition of vegetable, mineral, animal or synthetic fibers or mixtures with or without the addition of other substances into liquid vapors, or gas in such a way that the fibers are intermeshed together. Paper is a material made of cellulose pulp, derived mainly from wood, rags and certain grasses, processed into flexible sheets or rolls by deposit from an aqueous suspension and used chiefly for writing, printing and drawing, wrapping and covering walls. It is a thin material used for writing upon, printing upon or packaging, produced by the amalgamation of fibers, typically vegetable fibers composed of cellulose, which are subsequently held together by hydrogen bonding. While the fibers used are usually natural in origin, a wide variety of synthetic fibers, such as polypropylene and polyethylene, may be incorporated into paper as a way of imparting desirable physical properties. The most common source of these kinds of fibers is wood pulp from pulpwood trees vegetable fiber materials such as cotton, hemp, linen, and rice are also used.

Paper is more than an industrial product. It is the cultural barometer of the nation. The new millennium is going to be the millennium of the knowledge. Paper is one of the significant discoveries that turned the history of the world around. Pulp and paper constitute one of the most important segments of India's industrial economy and is treated as a basic sector. Paper pervades all sectors of our activity from book to bullets and from morning newspaper to nuclear technology. From the time immemorial, paper has played a key role in the evolution of our civilization. The importance of paper and paper product in the modern life is so obvious that no other manufactured product processes such diversity of use. It is a basic medium of communication and dissemination of information. It helps all the human beings for the growth of education, reading, writing, storing, knowledge, quality of life, culture, and other sectors of the economy. Kids to kings, all human being, are using paper either directly or indirectly. It is very difficult to imagine modern life without paper.

Materials and Methods

For the purpose of in depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used is analytical and descriptive. Both primary as well as secondary source of Information have been taken.

Results and Discussions

Paper has a long history, beginning with the ancient Egyptian and continuing to the present day. For thousand of year, hand-made methods dominated and then, during the 19th century, paper production became industrialized.

Of all the writing and drawing materials that people have employed down the ages, paper is the most widely used around the world. Its name derived from papyrus the material used by the ancient Egyptian, Greeks and Romans. Papyrus, however, is only one of the predecessors of paper that together are known by the generic term 'tapa' and are mostly made from the inner bark of paper mulberry, fig and Daphne. Recent archaeological excavations in china have revealed some of the oldest 'tapa' paper ever found which shows that paper was being produced in china before western records began.

Chinese papermaking techniques reached Korea at an early date and were introduced to Japan in the year 610. In these two countries, paper is still made by hand on a large scale in the old tradition, preferably from the fresh bast fibres of the mulberry tree.

Very soon, knowledge of papermaking spread to Central Asia and Tibet and then on to India. When the Arabs, in the course of their eastern expansion, neared Samarkand they too became acquainted with the production of paper and paper mills were subsequently set up in Baghdad, Damascus and Cairo, and later in morocco, Spain and Sicily.

In the course of the rapid expansion of trade in the late middle ages, more and more merchants dealt in the commodity called 'paper' that was growing in importance for public and intellectual life. The Nuremberg councilor Ulmann Stromer (Stromeir) mulled over the advantages of making his own paper and, with the help of skilled workers from Italy, transformed the 'Gleismuhle' by the gates of his home town into a paper mill. The dates noted in his diary, 24 June 1390 (start of work on the waterwheel) and 7 and 11 august 1390 (oaths sworn by his Nuremberg foremen), are the first assured records of papermaking on German soil.

The advantages of this mill-based papermaking technique, which spread throughout Europe in the 15th and 16th centuries: far outweighed the disadvantages of considerable outlays of time and capital for building and fitting out with new machinery and equipment.

Technical progress continued in the 17th century. Smoothing the sheet by hand, using a creasing knife or 'blood stone' was supplemented by the use of a smoothing hammer (similar to a forging hammer). Towards the end of the 17th century, a new and much more efficient beater, called a 'Hollander', was invented. This supplemented, or even replaced the stamping mill and further divided papermakers into two new camps.

During the 18th century there had been some concentration of craft activities in large operations, the 'manufactories', which were dependent on skilled papermakers organized into craft groups. The initial model was the vat that was used by J.N.L. Robert, who built the first flat-screen papermaking machine in 1798. The history of the paper industry in the 19th and 20th centuries can be broken down into following five partly overlapping periods, each marked by definite trends:

In the first stage (from about 1800 to 1860), all work sequences previously performed by hand were mechanized.

During the second stage (about 1840 to 1880), efforts were made to obtain rag substitutes on an industrial scale (ground wood pulp and chemical pulp) and appropriate industrial plants (ground wood and chemical pulp mills) were developed.

The third stage (1860 to 1950) was marked by the enlargement of the web width, an increase in working speeds, the introduction of electric drive and further improvements to various machine parts.

The fourth stage (1950 to 1980), which was still dependent on the old methods as far as the mechanics were concerned, brought unprecedented changes in papermaking.

The fifth stage leads into the future. The evolution of new sheet-forming principles (with fluid boundaries between paper and non-woven fabrics) and chemical pulp processes have been the main process improvements.

During the 20th Century machines were designed specifically for the production of particular paper and boards. New materials and chemicals were introduced into the process and automation occurred. New sheet forming principles and chemical pulp processes also evolved.

Paper is an amazing product: it is renewable, clean and incredibly versatile. It continuously offers new possibilities, applications and end-uses. Paper can be impregnated, enameled, creped, waterproofed, waxed, glazed, sensitized, bent, folded, twisted, crumpled, cut, torn, dissolved, molded and embossed.

The globalization of Indian economy has lead to a healthy growth of 6 to 7 per cent industry and that is growth happening in all the sectors. Moreover the per capita consumption of paper in India is going up. Due to environmental concerns, the use of plastics is likely to be banned by the government of India within a short span of time. Hence within 2 to 3 years industry will be witnessing an explosive growth of packaging in India mainly in food, textile and export segments.

To face future challenges, the Indian Paper Industry has been focusing on repositioning of product lines, improving internal efficiencies and making investments in expansion and building production capacities and to further penetrate in the global market. Obviously it is showing its preparedness to meet the challenges. Reading a book will remain a great pleasure into the future and paper, as a ubiquitous material with its many uses, will continue to play an influential role. Many artists will continue to express themselves by using this most versatile material.

The Indian paper industry produces 10.11 million tons paper per annum, just 1.6% of the total world production of 394 million tons, paperboard and newsprint. Needless to say, at present, India lags far behind compared to international standards. The Scandinavian countries, USA, Russia, China, Indonesia and

Japan are the major players in the field of pulp and paper. These countries have some of the best available raw material for paper production and state-of-the-art technology.

Some of the major players in the paper industry of India are BILT, ITC Paperboards & Specialty Papers Division, APPM, SPB, TNPL, Rainbow Papers, JK Papers Ltd., Century Pulp and Paper, The West Coast Paper Millis Ltd., Hindustan Paper and Abhisek Industries Ltd. The industry requires around 2.5 million of land for pulpwood plantation to fully meet the requirement.

SWOT analysis of Indian Paper Industry

Competitive strengths

- Large and growing domestic paper market
- Up to date research institute (CPPRI)
- Know how in non wood pulping and applications
- Well developed printing industry
- Local market knowledge
- Competitive weaknesses
- Fiber shortage, especially virgin wood fiber
- Small and fragmented industry structure, many non competitive mills/machines
- Highly skilled and job specific manpower is not available
- Quality and availability of some of the domestic pigments and chemicals
- Environmental problems of most of the small pulp mills and also some big mills
- Low standard of converting industry
- Infrastructure, transportation
- High cost of raw material including wood, non wood and waste paper
- High energy costs
- High cost of financing
- Impact of high local taxes (sales tax, entry tax, etc.)
- Low input into mill level R&D
- Competitive opportunities
- Domestic market potential
- Modern, world scale paper machine would be cost competitive in most grades
- Forest plantation potential
- Integrates of combined wood and agro based paper making
- Government literacy program – increasing demand for printing/writing papers
- Low labor costs
- Export potential

Competitive threats

- Unprepared mills for international competition (WTO entry) both on price and quality
- Decline in capacity due to environmental pressures
- Decline in capacity as some of the segments/group of mills is unable to compete at national and international levels with respect to quality and cost of products.
- Delayed forest plantations, deficit of wood fibers
- Weakening competitiveness of domestic industry due to shortage and cost of basic inputs

Scope of paper industry in India

The Indian Paper Industry accounts for about 1.6% of the world's production of paper and Paperboard. Paper in India is expected to see an average growth of 7 per cent during the next year according to prediction by the Indian Pulp and Paper Technical Association. The sector is expected to grow 7 per cent per annum. From the current about Rs 35,000 cr. size, the turnover of the industry is likely to touch 60,000 marks by 2025. Currently, the Indian industry is accounts to about 2.5 per cent of the global production of paper. The mills use a variety of raw material viz. wood, bamboo, recycled fiber, biogases, wheat straw, rice husk, etc.; approximately 35% are based on chemical pulp, 44% on recycled fiber and 21% on agro-residues.

The per capita consumption of India stands at only 9.3 kg compared to China's 42 kg, Indonesia's 22 kg, Malaysia's 25 kg and the US' 312 kg. Studies have shown that the growth of paper consumption changes from linear to exponential trends once the GDP growth rate crosses the double digit mark. Analysts often draw comparisons between the growth seen in bottled drinking water and tissue paper industries. Even if one assumes an average 9% GDP growth rate in the medium term, linear extrapolation suggests that by 2025, the country will consume over 24 million tons of paper.

The industry employs 0.37 million people directly and 1.37 million indirectly. The major players of the industry are located in Andhra Pradesh, Tamil Nadu, Maharashtra, Punjab, Madhya Pradesh and Gujarat. In terms of numbers, Gujarat tops the tally with 130 units, followed by U.P (115), Maharashtra (112) and Tamil Nadu (88). Paper consumption is poised for a big leap forward in sync with the economic growth and is 13.95 million tons in 2015-16.

Conclusion

The new Millennium will be dominated by the tremendous progress that has been made in computer science, thus triggering a complete change in our commercial and private communication and information behavior. The globalization of Indian economy has lead to a healthy growth of 6 to 7 per cent industry and that is growth happening in all the sectors. Moreover the per capita consumption of paper in India is going up. The paper industry in India is growing in a rapid speed with demand increment and opportunity creation and attraction to the international players. The India Ratings report in 2014-15, said paper companies would achieve higher profitability and free cash flows due to lower capital expenditure, and this would help in deleveraging. This is because the debt levels of these companies have peaked and cost benefits will accrue from backward integration and a larger scale of operations. The key challenges to be met is market conditions which are poor and technology obsolete, lacking ability in achieving economy scale and lack of skilled labor.

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An Overview of Service Sector Led Growth in Indian Economy

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Abstract

In the last three decades service sector has emerged as the fastest-growing sector in the global economy, providing more than sixty percent of global output and a chunk provider of employment in many countries. Keeping pace with the global trends the service sector in India has also grown rapidly in the last decade. Its growth has been higher than that of agriculture and manufacturing sector. The unique characteristics of growth of India's service sector has been that the entire decline in the share of agricultural sector in GDP, i.e. from 31% in 1990 to 14% in 2013 has been picked up by the service sector while manufacturing sector's share has remained more or less the same. The article tries to investigate the pace and direction of service sector growth in India.

Keywords : services growth, satellite mapping, business services

Introduction

The services sector covers a wide array of activities ranging from services provided by the most sophisticated sectors like telecommunications, satellite mapping, and computer software to simple services like those performed by the barber, the carpenter, and the plumber, highly capital-intensive activities civil aviation and shipping to employment-oriented activities like tourism, real estate, and housing, roadways, and ports to social sector-related activities like health and education. Thus, there is no one-size-fits-all definition of services resulting in some overlapping and some borderline inclusions. The National Accounts classification of services sector incorporates trade, hotels and restaurants; transport, storage and communication; financing, insurance, real estate, and business services; and community, social, and personal services. In the world Trade Organization (WTO) list of services and the Reserve Bank of India (RBI) classification, construction is also included.

India's services has emerged as a prominent sector in terms of its contribution to national and states incomes, trade flows, FDI inflows, and employment.

Table- 1

Retail Industry's contribution to GDP & Employment

Country	Share in GDP (%)	Share in Employment (%)
USA	9.4	16.7
Poland	11.0	14.7
China	8.0	12.0
India	10.0	6.0
Brazil	6.4	6.0

Source: CII- Mckinsey Report 2013

The growth story overall and services of world and India in the 2000s began from almost the same level or around 4-5 per cent in 2000. But over the years, India's overall and services growth rates have outpaced those of the world. Interestingly, unlike world services growth, which has been moving in tandem with its overall growth with mild see-saw movements over the years, India's services growth has been consistently above its overall growth in the last decade except for 2003 (when the former was marginally lower than the later). Thus, for more than a decade, this sector has been pulling up the growth of the Indian economy with a great amount of stability.

The share of services in India's GDP at factor cost (at current prices) increased from 33.3 per cent in 1950-51 to 56.5 per cent in 2012-13. Including construction, the share would increase to 64.8 per cent in 2013-14. With an 18.0 per cent share, trade, hotels, and restaurants as a group is the largest contributor to GDP among the various with 16% business services with a share of 14.0 per cent in third place. Construction, a borderline services inclusion, is at fourth place with an 8.2 per cent share.

Materials and Methods

For the purpose of in depth study the contents have been taken from relevant books and articles from journals government reports. The methods used are descriptive and analytical. Consultation with eminent scholars in this field has shaped the present discussion.

Results and Discussions

The services sector GDP at 10 per cent for the period 2004-05 to 2012-13 has been higher than the 8.5 per cent of overall GDP during the same period. However in 2011-12 and 2012-13, there has also been a deceleration in growth rate of services sector at 8.2 per cent and 6.6 per cent respectively. Among the major broad categories of services, 'financing, insurance, real estate, and business services', which continued to grow robustly both in 2010-11 and 2011-12 decelerated to 8.6 per cent in 2012-13. While in 2011-12 growth in 'trade, hotels, and restaurants' and 'transport, storage, and communication' slowed down to 6.2 per cent and 8.4 per cent respectively, in 2012-13 'trade, hotels, and restaurants' and 'transport, storage, and communication' combined grew by an estimated 5.2 per cent.

Sub-sector wise, among commercial services, in terms of share, the major services are trade, transport by other means (i.e. excluding) while the share of services in employment for many developed countries is very high and in may cases higher than the share of services in incomes, the gap between these shares is relatively less. Except China and India, all the other BRICS countries also have a similar pattern. In the Indian and Chinese cases, there is a wide gap between the two, with gap being wider for India, China's share of services in both income and employment is relatively low due to the domination of the industrial sector, but the gap is also narrower than that of India.

World services export growth reached a high of 12.6 per cent during 2000 to 2008 compared to 6.6 percent in the 1990s, Growth of world exports of services which declined to 11.1 per cent due to the global economic crisis of 2008, quickly rebounded in 2010 and grew by 10 per cent. However, the pre-crisis (2008) level of US $ 3.84 trillion was reached and surpassed only after a lag of two years in 2001 when world services exports reached US $ 4.17 trillion with a growth of 11 per cent. The Euro-zone crisis and the global slowdown in 2012 affected services trade as well. Mirroring the trends in word GDP growth and merchandise trade, world exports of commercial services starting decelerating from Q4 of 2011 with 5 per cent growth followed by 4 per cent in Q1 of 2012, zero per cent in Q2 of 2012 and – 2 per cent in Q3 2012.

World services – sector FDI rebounded in 2011 after falling sharply in 2009 and 2010, to reach around US $ 570 billion, registering a growth or 15 per cent over the previous year. FDI in non-financial services, which accounted for 85 per cent of the total, rose modestly, on the back of increases in FDI, targeting electricity, gas and water as well as transportation and communications. Financial services registered a 13 per cent increase in value of FDI projects in 2011 reaching US $ 80 billion, though still 50 per cent below the pre-crisis average (2005-2007). FDI projects Sectors. The important services for India include trade, tourism, shipping and port services, real estate services, business services including IT and IT enabled services (ITeS), research and development (R&D) services, legal services, and accounting and audit services.

Table 2: Performance of India's Service Sector: Some Indicators

Sector	Indicators	Unit	2008-09	2009-10	2010-11	2011-12	2012-2013
Aviation Airlines passengers (domestic and international)	Million	49.5(a)	54.5 (a)	64.5 (a)	70.2(a)	67.5	
Telecom Connections (Wire line and Wireless)	Lakh	4297.25	6212.8	8463.2	9513.4	8955.1	
Tourism Foreign tourist arrivals	Million	5.28(a)	5.17 (a)	5.78 (a)	6.3 1 (a)	6.65	
Foreign Exchange earnings from Tourist Arrivals	US $ Million	11832 (a)	11136 (a)	14I93 (a)	16564 (a)	17737	
Shipping Gross tonnage of Indian Shipping	Million GT	9.28	9.69	10.45	11.06 (c)	10.45	
No. of Ships	Numbers	925	1003	1071	1122 (c)	1158	
Port traffic	Million tones	744.02	850.03	885.45	911.68	455.77	
Railways Freight Traffic	Million tones	833.31	887.99	832.75	969.78	735.32	
Net tone kilometers of railways	Million	538226	584760	444515	6397.68	470956	
Storage Capacity	Lakh MT	102.25	105.98	102.47	100.85	101.60	
No. of warehouses	Numbers	499	487	479	468	469	

Sources: Directorate General of Civil Aviation, Telecom Regulatory Authority of India, Ministry of Tourism, Ministry of Shipping, Ministry of Railways and Central Warehousing Corporation (Compiled by EXM Bank of India)

Since 2006, India allowed FDI in Single-brand retail to the extent of 51 per cent. In January 2012, the government removed restrictions on FDI in the single-brand retail sector, allowing 100 per cent FDI and from September 2012, FDI in multi brand retail has been allowed up to 51 per cent under the government route and subject to specified conditions. While agricultural products could get vastly improved access to markets with the growth of modern retail trade, the revenue to the government could also increase, as at present the retail sector is largely unorganized and has low tax compliance.

FDI in multi brand retail trading has been permitted subject to specified conditions like the following:

- Fresh agricultural produce, including fruits, vegetables, flowers, grains, pulses, fresh- poultry, fisher, and meat products, may be unbranded.

- Minimum amount to be brought in as FDI by the foreign investor, would be US $ 100 million:
- At least 50 per cent of total FDI brought in shall be invested in 'backend infrastructure' within three years of the first tranche of FDI.
- At least 30 per cent of the value of procurement of manufactured/ processed products purchased shall be sourced from Indian 'small industries' which have a total investment in plant and machinery not exceeding US $ 1 million;
- Retail sales outlets may be set up only in cities with a population of more than 10 lakh as per Census 2011 and may also cover an area of 10 km around the municipal/ urban agglomeration limits of such cities;
- Government will have the first right to procurement of agricultural products.

Conclusion

Service sector is the lifeline for the social economic growth of a country. It is the largest and fastest growing sector globally contributing more to the global output and employing more people than any other sector. Availability of quality services is vital for the well being of the economy. Services sector have grown at the significant rate in comparison to other sectors. Its growth rate is found to be higher than growth of overall GDP. Rising share of this sector in GDP over covers the poor performance of agriculture sector. As a service sub-sector, trade is dominant all in terms of its contribution in Indian GDP. The employment percentage in service sector as well as in industry sector is rising while in agriculture, it is falling continuously. A large proportion of Indian population is still engaged in agriculture sector and the next largest employer is service sector where trade, hotels & restaurants and community, social & personal services are the significant generator of employment. Thus, service sector which is dominant in terms of its growth & shares serves as an engine of growth for Indian economy. It is important for a developing country like India with a large and young population to generate quality employment and move up the value chain. India needs private investments in key infrastructure services such as transport, energy and telecommunications.

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CSR Practices by Central Coalfields Limited - Changing the Face of Tomorrow

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Abstract

Corporates have come into existence to meet the needs of the society and promote social and economic growth. The businesses draw resources from the society to generate goods and services. So, both the corporations and society are interdependent and it is the duty of the corporations to meet the societal expectations. Today, corporate social responsibility (CSR) has become more prominent on the corporate agenda as a corporate strategy to meet the societal expectations. Also, the corporate managements are giving increased attention to CSR as an ethical business practice. The paper explores CSR practices in Jharkhand by Central Coalfields Limited, a public sector enterprise. This research examines how the public sector enterprises implement CSR as a part of their business strategy and then evaluate the impact of CSR actions on the socio-economic development of Jharkhand. For this purpose CSR practices of "Central Coalfields Limited (CCL)" have been studied in the context of development of Jharkhand where it operates. Relevant data has been collected from the corporation and supplemented by the literature surveyed from the various sources like, the company website and visit to the selected sites to witness CSR initiatives. It substantiates how CCL is meeting the challenge of providing sustainable development of the underprivileged and the needy in their command area through their CSR interventions with the available resources. Corporate social responsibility activities are regarded as an important part of business strategy of public sector enterprises in Jharkhand. CSR yields substantial economic and intangible benefits for the corporation and the society, and contributes towards sustainable development of the state.

Keywords : public sector enterprises, sustainable development

Introduction

Core objective behind the existence of the corporates is to cater the needs of the society. Socio-economic development of society accelerates the growth of corporates. Hence, CSR can be in the enlightened self-interest of business. Also, globalization of large corporations has led to firms increasingly operating in countries or areas with very different and generally much lower standards of living than found in their domestic base which may give rise to heightened societal expectations.A critical consideration for many firms is reputational risk, heightened by the greater visibility and criticism of corporate practices. As a result, the businesses now undertake strong CSR program as an essential element for corporate good citizenship and a beneficial social role of business. Industries are aware that CSR can be of direct economic value and hence they are contributing to social and environmental objectives, through integrating CSR as a strategic investment into their core business strategy, its management and operations.

Globally, as CSR practices are gradually being integrated into international business practices and hence is becoming one of the determining factors for market access, it is becoming equally instrumental for local acceptability. Today, it is widely acknowledged by the corporates that CSR by an organization may accrue tangible benefits such as economic gains, increased shareholder value, improved market position, and cost savings. Also, the immense intangible benefits of CSR such as ethical business practices, risk reduction, enhanced reputation and brand value, and improved relationships with investors, employees and customers also indirectly result in tangible economic benefits. It has been observed that firms often engage in CSR "precisely because it enhances shareholder value" and, more specifically, that some CSR activities "create goodwill among consumers in excess of their price tag." Therefore, companies today are making a substantial commitment to CSR as an ethical business strategy for fulfilling a firm's societal obligations, achieving sustainable social development and generating immense goodwill from the society in which they operate.

Society and corporations are interdependent and corporations must take full account of societal expectations. Corporate social responsibility (CSR) has become more prominent, as a corporate strategy to meet the societal expectations, on the corporate agenda today. Also, the corporate managements are giving increased attention to CSR as an ethical business practice.

Jharkhand is a state in eastern India. It has immense mineral resources like coal, iron ore and other mineral resources which have facilitated the establishment of large public and private sector companies in the state. Public sector business organizations in Jharkhand thereby have an inclusive financial, commercial and social approach, leading to a long term strategy minimizing risks linked to uncertainty of social, political and factor market.

CSR in Jharkhand can also contribute a lot to community development. The corporate houses can develop the community by creating employment, providing primary education, contribution to infrastructure development like road and high-ways and addressing environmental concerns. This is more relevant for a country like Indian as well as a state like Jharkhand where the government interventions in these fields augmented by corporate alliance can go a long way in developing the economy, society and environment. The scope of CSR is very wide and it includes housing, sanitation and infrastructure, Education, Water Supply, Health Care, Family Welfare, Environment, Renewable Energy, Agriculture, Employment, Promotion of Sports and Culture etc.

A focus on CSR in Jharkhand would be useful, not only for improving corporate governance, labor rights, work place safety, fair treatment of workers, community development and environment management, but also for industrialization and ensuring global market access for the area which is the richest state in terms of mineral deposit.

Central Coalfields Limited

Central Coalfields Limited is a Category-I Mini-Ratna Company since October 2007. Formed on 1st November 1975, CCL (formerly National Coal Development Corporation Ltd) was one of the five subsidiaries of Coal India Ltd. which was the first holding company for coal in the country (CIL now has 8 subsidiaries). During 2009-10, coal production of the company reached its highest-ever figure of 47.08 million tones, with net worth amounting to Rs. 2644 crore against a paid-up capital of Rs. 940 crore.

The Mission of CCL is to produce and market the planned quantity of coal and coal products efficiently and economically with due regard to safety, conservation and quality. The main thrust of CCL in the present context is to orient its operations towards market requirements maintaining at the same time financial viability to meet the resource needs.

Table No. 1

CCL at a Glance	
Number of Mines	58 Operative Mines (21 Underground & 37 Opencast mines)
Washeries	7 Washeries 4 Coaking Coal Washeries (Kathara, Rajrappa, Kedla & Sawang) - throughput capacity of 9.35 MTPA 3 Non-Coking Coal Washeries (Piparwar, Kargali & Gidi) - throughput capacity of 11.72 MTPA
Operating Coalfields	6 Coalfields (East Bokaro, West Bokaro, North Karanpura, South Karanpura, Ramgarh & Giridih)

Source: CCL Annual Report 2013

The main strength of CCL, so far as coal production is concerned, is its large opencast mines with mechanized coal production, mostly through shovel-dumper combination. Some of the large opencast mines (producing more than 2 MTY) are, Piparwar OCP, Ashok OCP, KDH OCP, Amlo OCP, Kalyani OCP, Tarmi OCP

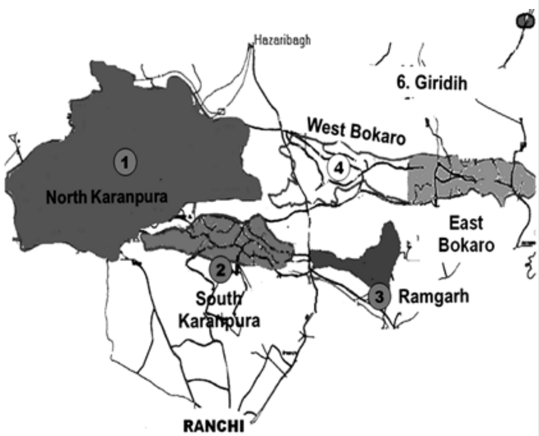

FIG. 1 CCL Command Area

Source: CCL Annual Report 2013

Table No. 2

Jharkhand State vis-à-vis CCL command Areas	
Total area of Jharkhand State	79,714 sq km
Total area of coalfields under command Area of CCL (12 coalfields)	2,336 sq km
Area of CCL mining lease/ acquired under Different Acts	653 sq km
Percentage of area of State	0.80%
Land under mining projects where mining operation is going on	500 sq km
Percentage of area where mining activities is going on in comparison to total area of State	0.60%
Total population of Jharkhand State	2690428
Total population in the CCL Areas who are affected directly or indirectly due to mining and related activities	1,82,500
Percentage of population affected	0.70%

Source: CCL Annual Report 2013

Materials and Methods

The methodology adopted for the research is the study of the command area of CCL in Jharkhand, where it operates its various coal mining and washing activities, with respect to demographics, population affected by the corporate activities, socio-economic status of the population in the area and its CSR needs. The CSR policy and practices of CCL were studied. The relevant data collected from the corporation was supplemented by the literature surveyed from the internet, literature available on the company website and visit to the selected sites to witness CSR initiatives, which substantiated how CCL is meeting the challenge of providing sustainable development of the underprivileged and the needy in their command area through their CSR interventions with the available resources.

Results and Discussions

Central Coalfields Limited has adopted CSR approach into their overall business strategy. Therefore, they have been successful in achieving the objectives of both business and social development. Their approach to work is not mainly relief, welfare and service delivery but it is sustainable development oriented, which have long term benefits. Social initiatives undertaken by CCL have 3 phases overlapping each other:

i. Rehabilitation and Resettlement of Project Affected People (PAP)

ii. Welfare and Community Development and

iii. Comprehensive Community initiative under CSR (2007 onwards.)

CCL Core Value statement i.e. (4Cs) are Customer Care, Concern for Environment & Safety, Care for employees, Cost consciousness. In this backdrop, the responsibility of CCL as a Corporate entity addressing socio economic and environmental concerns of the community becomes quite focused. Such focus on community can albeit CCL.

Central Coalfields Limited implements CSR programs with respect to the state development through four types of initiatives:

(i) CCL as Promoter: CCL taking up CSR activities on its own.

(ii) CCL as a Partner: CCL building up partnership with Voluntary Bodies, Autonomous Bodies, Statutory Agencies, State and Central Government Agencies, to take up Corporate Strategic Responsibility Projects on a sustainable basis.

(iii) CCL as Facilitator: CCL making contributions to various Socially Beneficial Projects in and around CCL command area, in the State of Jharkhand, and in Country at large.

(iv) CCL as a Consultant: CCL extending assistance in terms of technical expertise, managerial expertise, etc. to Welfare and Developmental Projects.

A wide range of CSR initiatives ranging from income generation activities for livelihood, health check-up camps, mobile health services, education, adult literacy, agricultural development, provision of drinking water, management and development of natural resources, infrastructure facilities etc are being carried out by the company. The vision of CCL is to make mining socially sustainable through its CSR measures.

After nationalization of the coal industry the community development programme was taken up by the company, as a key policy initiative. CCL has been working as an ‘agent of change’ by rendering services to the community and creating favorable conditions for their healthy socio-economic, environmental and cultural development, betterment of agriculture, rural education, generating consciousness for better health, education and better living conditions.

Improving the living condition of rural mass residing in and around the company was initially the prime concern of the Community Development (CD) programme. Considering the demography and the population ratios, the said programme was focused to the following plans:

Table No. 3 : Plans for Community Development

Plans of Community Development	Purpose
Special Component Plan (SCP)	for the areas/localities comprising of the major population of Schedule Caste
Tribal Sub Plan (TSP)	for the areas/ localities comprising of the major population of Schedule Tribe
Community Development Plan (CDP)	for the areas/ localities comprising of the major population of General Population

Source: www.ccl.gov.in

Under these plans, the following works were given priority during initial years: Provision of potable drinking water, Construction of Link roads, and Educational facilities. Subsequently, it was observed that for upliftment of social, economic and cultural aspects of the community and environmental protection of the surroundings, focus on more activities were required. In 1988, under the Community Development programme, the activities were taken up by different methods.

Table No. 4 : Methods of Community Development Programme.

Education	By providing infrastructural help to the rural schools and also by supplying books, furniture, sports items etc.
Drinking Water	By installing hand pumps, digging ponds and wells, supply of water through pipelines and tankers.
Community Centers	By creation
Roads/ Culverts	By construction
Rural Health Programme	By reaching out to the rural mass
Self Employment Programme	By imparting training in different trades to the rural youths for gainful employment.
Sports & Cultural Activities	By organizing
Developmental Works	In the form of construction shades, rest shelters, community latrines, drains etc.

Source: Primary Data

The corporate has generously spent good amount every year for the development of the area of its activity. The last five year expenditure on CSR by CCL is as follows:

Table No. 5 : Community Development/ CSR Expenditure

Year	Expenditure in Crores
2010-2011	23.03
2011-2012	30.17
2012-2013	13.66
2013-2014	26.94
2014-2015	48

Source : Annual Report & Accounts of C.C.L 2011-2012, p. 27, Final Report CIL, 14-15.

During the year 2006-07, the following important and socially desirable works were done/started:

- Mobile Ambulance Van for Health Care: Two nos.
- Operation Jyoti: To eradicate all cases of reversible Blindness.
- Girl Child Promotion: Awareness programme on Girl Child Education.
- Health care for BPL families in command areas of CCL.
- Akshar Jyoti: Adult Literacy Programme.

The fund for the CSR should be allocated based on 5% of the retained earnings of previous year subject to minimum of Rs.5/- per tonne of coal production of previous year. Out of above, 4% would be allocated for CSR activities to be carried out within the radius of 15 Kms of the project site and balance 1% would be allocated for carrying out CSR activities by CCL in the State of Jharkhand. Approving Authority for the CSR amount to be spent would be the CMD, CCL in consultation with concerned Functional Directors of the company. Out of Total CSR Budget, 15% and 8% would be allocated separately and exclusively in the Annual Plan for undertaking Welfare Activities under CSR for development of Scheduled Caste and Scheduled Tribes populations respectively and balance 77% Fund would be utilized for implementation of CSR Activities for the entire population including SCs and STs. The CSR Project should be fixed for each financial year. This funding will not lapse. It will be transferred to CSR Fund which will accumulate-as in the case of Non lapsable pool for the North East.

CIL Board while deliberating over the R&R policy of the company, suggested the allocation of fund for CD/CSR activities to be 2%. During the above period it was felt to increase the gamut of work areas and it was contemplated for incorporating various new works and projects in the areas of Girl Child Promotion, Women Empowerment, and Vision for the patients of reversible blindness, Prevention and control of AIDS, Senior citizen Health

Care, Environmental Care and Concern etc.

Budget allocation in the year 2013-14 was Rs. 24.00 Cr. Total available budget in 2013-14 including spill over of previous year was Rs 58.06 Cr. Expenditure made in 2013-14 : Rs. 26.94 Cr.

In accordance with the new policy, summary of the performance of works is given below:

Table No. 6 : CSR EXPENDITURE 2013-14

Activity	Expenditure in Rs Lakh (2013-2014)
Education	365.86
Water Supply	821.78
Health	24.03
Environment	179.76
Social Empowerment	43.15
Sports	45.81
Infrastructure	1140.01
Others	73.74
Total	2694.14

Source: www.ccl.gov.in

During the year 2014, a comprehensive CSR policy was prepared in which the following significant modifications were incorporated:

The peripheral coverage of 8 Kms has been enhanced to 15 Kms.

The allocation of funds for CD/CSR has been increased to 5% of retained earning from the earlier practice of 2.5%, subject to minimum Rs. 5/- per tonne of coal produced.

During 2014-15, CCL pursued the following works under its CD/CSR Plan:

Adoption & Development of Model Village

CCL has adopted two Naxalite-infested villages, namely, Lupungtoil & Semartoli around Ranchi for their overall development. 18 Nos. of medical camps, 09 at each village, have been organized where around 2000 nos. of villagers have been medically examined and distributed medicines worth Rs.92,000/- free of cost. For overall development of these villages, activities like installation of hand pumps, construction of P.C.C. roads, construction of school building, community centers etc. are in progress.

Adoption of Blind Girl Child

11 Nos. of visually challenged girl students of Brajkishore Netrahin Balaika Vidyalaya have been adopted for their education and health care. Initially, an amount of Rs. 2.60 lacs has been provided to the school for two years for the purpose.

Promotion of Girl Child

05 nos. of girl students of St. Anthony School, Jarangdih belonging to BPL families have been adopted for their education and health care. An amount of Rs.1.20 lacs has provided to the school initially for two years for the said purpose.

Promotion of Education

Specific emphasis is being given for providing quality education facilities to the children in CCL Command Area living in nearby villages. During the year financial year 2012-13, infrastructural help has been provided to seventy (70) rural schools in the Command Area of CCL.

Operation Jyoti

A programme to eradicate all cases of reversible blindness in the command area of CCL. Under this programme, 1544 cases were examined and 1099 operations have been made during 2013-14.

CSR Clinic

Fourteen (14) nos. of CSR clinics have been opened in the command area of CCL during 2009-10 for free medical treatment of people under BPL category. During 2013-14, 32657 persons have been benefited through these CSR dispensaries.

CSR Ambulance

There are Eleven (11) CSR Ambulance deployed in different areas of CCL, which have made 115 visits in the command area of CCL giving benefit to 4950 persons.

Drinking Water

For provision of supply of drinking water 126 Nos. of work has been done in the form of installation of hand pumps, digging of wells, ponds, bore hole etc.

Free Medical facilities through Medical Camps

A fleet of 11 Nos. of ambulance van has been engaged for conducting various medical camps giving benefit of a large number of beneficiaries. Health care for rural mass through Mobile Ambulance Van has been done during the year covering 162 villages of CCL command areas providing facilities to 29396 persons.

Infrastructure

- Roads : Construction/repair of 38 Nos. of rural roads has been done.
- School Building : Construction and Repairing works have been done in Seventy (70) Rural Schools.
- Community Centres : 37 Nos. of community centers have been constructed/repaired.
- Under 'Caring and Sharing' CSR Scheme, different institutions and schools of physically and visually challenged, differently-abled persons and Old Age Homes are frequently visited and certain facilities are provided to extend moral support.
- An amount of Rs. 6.21 Crores has been spent for 650 nos. CD/CSR Works which excludes Rs. 13.86 Crores spent on schools extending education to more than 40 thousand students.

Conclusion

CCL as a leading public sector enterprise has a focused approach on CSR in Jharkhand for improving corporate governance, community development and environment management. While exploring the rich mineral resources of the state for greater public benefit, the organization is also contributing to sustainable development of Jharkhand as well as fulfilling societal expectations to generate goodwill in the affected populations in its command area as well as in the minds of customers. With its various CSR activities catering to different needs, it has been successful in providing a positive impetus to the lives of underprivileged and needy and has been changing their lives for the better. CSR activities are regarded as an important part of business strategy of CCL, which yields substantial economic and intangible benefits for the corporation and the society, and has contributed towards sustainable development of the state.

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Indian Labour Laws Reforms Needed in Manufacturing Sector

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Abstract

India is a labour abundant country, labour-intensive manufacturing is concentrated mainly in small, "unorganized" or "unregistered" manufacturing firms which are rarely at the technological frontier, while most of the production activities within the "formal" manufacturing sector are capital-intensive. Thus, despite its labour abundance and the large size of its population and economy, India has a small share of the world market in labour-intensive products. While some commentators have put the blame for this poor performance on India's rigid labour markets arising out of its restrictive labour regulations, others have argued that Indian businesses have found ways to get around these laws. Labour Regulations in India Rigidities in the Indian labour market mainly result from outdated labour regulations that are very restrictive in that, they make labour adjustment by firms in response to demand and technology shocks, very difficult. Among approximately 200 labour laws, including 52 Central Acts, the most restrictive, though not the only restrictive, labour law is the Industrial Disputes Act (IDA). This Act requires firms employing more than 100 workers to seek permission from their respective state governments to retrench or lay off workers. This permission is seldom granted. In addition, the Industrial Employment (Standing Orders) Act makes job description modifications and interplant transfers within a firm (with more than 100 workers in some states and more than 50 in others) very difficult and virtually impossible. The Trade Union Act leads to the formation of multiple unions by allowing any seven workers within a firm to form a union. As one can imagine, the multiplicity of unions becomes a potentially difficult situation for employers to manage.

Keywords : labour intensive, regulations, unorganised, wages, initiatives

Introduction

There are a number of other labour regulations, such as the Employees' State Insurance Act, the Factories Act, the Employees' Provident Fund and Miscellaneous Provisions Act, Minimum Wages Act, Maternity Benefits Act etc that become applicable at various threshold employment levels and apply to a wide variety of establishments. These regulations specify minimum work conditions and benefits. Finally, there is the Contract Labour Act that regulates and restricts the use of contract labour, thereby limiting the substitutability between permanent and contract workers, and restricting, at least on paper, an important channel through which, the firms can reduce costs. For certain tasks, the use of contract labour is prohibited. Since the area of industrial relations belongs to the concurrent list of subjects of the Constitution of India, state governments have been able to make their own amendments to the IDA, even though it is a central (federal) act. Moreover, the implementation of labour laws falls within the jurisdiction of the states. Thus, there is considerable variation in labour market rigidity across states

Recent Labour Reform Initiatives

Almost throughout the postindependence period, there have been amendments to labour laws by the states, to make those laws applicable within those states, either pro-employer or pro-employee relative to central regulations, depending on the ideological inclinations of those respective state governments. Unlike in the past, the recent changes to labour regulations are taking place in the context of attempts to attract Foreign Direct Investment (FDI), improve infrastructure and promote a more liberalized trade regime. The State Government of Rajasthan's recent amendment raises the threshold for seeking permission from the state government for retrenching or laying off workers under the IDA from 100 to 300 workers. It also increases the threshold employment for registration of a firm under the Factories Act, which, as mentioned above, is a regulation that puts a number of stipulations on work hours, work days, minimum age requirement etc. In addition, Rajasthan is raising the minimum membership for the registration of a representative union from 15 per cent of the firm's employment to 30 per cent. Such a change can reduce productive managerial and labour time lost in building consensus and resolving conflict among multiple unions. In addition, the state government's amendment to the Apprenticeship Act will stimulate skill development, i.e., what economists call "human capital formation." At the Centre, there has been a very little movement in the direction of labour reforms, with the burden of bringing about such reforms largely being put on the states.

Among the very few important things done by the Centre in this regard is the recent setting up of a unified web portal where firms can themselves file their compliance reports pertaining to 16 central labour acts. Such a web portal is expected to have a built-in algorithm that will determine which firms need to be visited by inspectors. This is, therefore, a movement away from the Inspector Raj in that, by reducing the discretion of inspectors in this regard, harassment and rent seeking are expected to be considerably reduced. Moreover, the recent central reforms aimed to increase the portability of provident funds will encourage labour mobility as provident fund portability enables employees to transfer funds in their provident fund accounts when they change jobs. Furthermore, the modifications to the Apprenticeship Act by the current government will encourage skill formation. In addition, as mentioned in Finance Minister's recent budget speech, there is a now a new "Ministry for Skill Development"which will soon announce a number of important measures to further boost skill acquisition. It is important to note that restrictions on firing of workers also acts as virtual exit barriers. In addition, firms in India have always faced serious direct exit barriers, stemming from the lack of modern bankruptcy laws. These exit barriers, in turn, make new firms, foreign and domestic, reluctant to enter the Indian market. This problem will hopefully be made less severe by the "Bankruptcy Law Reform" through the design of a modern bankruptcy code that, according to the Finance Minister's budget speech, will bring about "legal certainty and speed," and is a top priority for him for the upcoming fiscal year.

Materials and Methods

For the purpose of in depth study the contents have been taken from relevant books and articles from journals government reports. The methods used are descriptive and analytical. Consultation with eminent scholars in this field has shaped the present discussion.

Results and Discussions

As mentioned above, different states have brought about different kinds of amendments to centrally enacted labour laws. In addition, the degree of enforcement varies across states. This creates some variation in labour market rigidity across states that can be exploited by researchers to study how economic performance of the manufacturing sector, as seen at the firm/plant level or at the industry or even aggregate level varies across states that differ in their labour market flexibility. Besley and Burgess (2004) was the first study of this kind. Using state-level data on aggregate registered manufacturing output, investment, employment and productivity, they found that all these variables declined with pro-employee (restrictive or rigid) labour regulations. The corresponding aggregates for informal (unregistered) manufacturing showed the opposite relationship with such labour regulations, showing that the informal sector picks up the growth that is suppressed by labour market rigidities in the formal sector. Subsequent studies extend this work further by using more disaggregate data. Hasan, Gupta and Kumar (2009) is a study at the level of industry by state. They find that states with relatively restrictive labour regulations have experienced slower growth of labourintensive industries and their overall employment than have other states. An even more disaggregate study is by Hasan and Jandoc (2013), where they pool data on formal and informal manufacturing firms. They find virtually no difference in the firm employment distribution between restrictive labour states and others. However, when they restrict focus to only labour-intensive sectors, the employment share of firms with 0-9 employees is much higher in the restrictive labour regulation (pro-worker) states than other (proemployer) states (about 60 versus 40 per cent). The ranking is reversed for firms falling in the category of 200- plus employees (roughly 10 versus 25 per cent). They find nothing as striking when they perform a similar comparison between high- and lowinfrastructure states.

One interesting finding of their study is that while employment in the Indian apparel industry is concentrated in small firms (employing less than 9 workers each), in the Chinese apparel industry, it is concentrated in very large firms (each employing more than 2000 workers). A recent paper by Dougherty, Frisancho Robles and Krishna (2014), using plant-level data along with the OECD employment protection measure (considered by them to be the most comprehensive with respect to coverage of both formal and informal sectors and the various acts and their implementation and monitoring) shows that total factor productivity in firms in labour-intensive industries as well as in industries facing highly volatile demand (requiring frequent input adjustments) was on average about 11-14 per cent higher in the states with less restrictive labour laws compared to others.

Labour Regulations and Globalization

Theory and Evidence Given the above evidence on the negative effects of restrictive labour regulations, it is not surprising that labour-intensive enterprises in India are not growing rapidly despite major reforms in India's trade and foreign direct investment regimes, ending of small scale reservation in labour intensive industries, delicensing and the expiration of the Multi-Fiber Arrangement (See Bhagwati and Panagariya, 2013). Moreover, unskilled labour intensive sectors such as food and beverages, apparel, textiles, furniture etc have had a constant or even a slightly declining share in GDP over the last two decades, while skill-intensive and capital-intensive industries such as automobiles, petroleum, refining, engineering goods, telecommunication, pharmaceuticals, finance, software etc., have grown much faster and have increased their shares in India's exports from 41 per cent in 1990-91 to 65 per cent in 2007-08 (Das, Wadhwa and Kalita, 2009). On the contrary, given India's abundance in labour, trade liberalization (which normally leads to specialization in activities intensive in the use of the abundant inputs or factors of production) should have led to the expansion of labour-intensive manufacturing relative to the rest of the economy. In fact, India has been losing world market share in apparel slowly to Bangladesh and quite rapidly to China.

As mentioned above, while employment in the Chinese apparel industry is concentrated in very large firms (each employing more than 2000 workers), in the Indian apparel industry, it is concentrated in small firms (employing less than 9 workers each), thereby leading to the sacrifice of significant economies of scale. Unsurprisingly, India's performance in the apparel sector is considerably worse than that of Bangladesh, a much poorer country with a higher poverty rate, worse infrastructure and higher corruption levels. This comparison is highly suggestive of the negative role played by India's rigid labour regulations. How do rigid labour regulations affect India's comparative advantage and the performance of labour-intensive firms in India relative to those in other parts of the world? Apart from directly raising labour costs, rigid labour regulations constrain the size of firms, as explained above (see Panagariya, 2001). The small size of labourintensive firms prevents them from reaping economies of scale, thereby lowering India's comparative advantage in labour-intensive manufacturing. Contrary to the inferences recently made by some commentators1, the absence of bunching of firms at the employment thresholds associated with these laws does not mean that constraints imposed by these regulations are not binding.

In labour-intensive firms, the selection of technology or product type requiring large-scale production might be discouraged by such regulations. The smaller-scale production techniques or product types that firms are pushed to choose by these regulations might have an optimal employment size that is much smaller than, for instance, the IDA threshold. Additionally, there is imperfect enforcement of these regulations. This means that small violations of the legal thresholds might either go unnoticed or disregarded by the inspectors. Restrictive labour regulations prevent firms from making the required adjustments to their inputs in response to shocks to demand and technology. In the presence of trade, this can handicap domestic firms relative to firms in countries where labour market rigidity is not a problem. The realization of the beneficial effects of trade requires both substantial amounts of labour reallocation across industries as well as across firms within an industry. Both types of reallocation, inter- as well as intraindustry, are constrained by restrictive labour regulations. These laws also discourage firms from employing a large number of permanent workers and steer them towards employing more casual or contract workers, who have limited incentive to learn on the job and acquire firm-specific skills. In addition, these regulations will also steer firms towards substituting capital for labour, i.e., they will end up using more capital-intensive techniques of production and produce relatively more capital-intensive varieties of products within each industry. Thus, these labour laws will be working against India's factor abundance based comparative advantage, which is in labour-intensive manufacturing, and will constrain its gains from trade.

We next turn to the empirical evidence regarding the interaction between international trade and labour laws and the impact of this interaction in determining firm performance. Mitra and Ural (2008) find a productivity increasing effect of trade reforms across various two-digit industries across the 15 largest states for the period 1988-2000, with this impact being 33 per cent greater than the rest in the relatively flexible labour market states. Qualitatively, similar effects are also found in the case of employment, output, value added, capital stock and investment. It is, therefore, not surprising that Sundaram, Ahsan and Mitra (2013) find that trade liberalization boosts employment, output and value added more in the rigid labour market states (as compared to the flexible labour market states) for informal enterprises with more than five workers. This indicates that the trade-induced growth of formal manufacturing that is constrained by restrictive labour regulations is picked up to a certain extent by the informal manufacturing sector. As explained above, the relationship between trade and labour regulations can be further understood by looking at the impact of the latter on factor intensities, since it is factor intensities in combination with factor abundance that determines comparative advantage and specialization under trade and, in turn, the gains from trade. Looking across industries and countries over time, Hasan, Mitra and Sundaram (2013a) find that labour market imperfections, arising from restrictive labour regulations, in particular, the combination of hiring and firing regulations, minimum wage regulation and unemployment benefits, are associated with an increase in capital intensity in the various industries of the manufacturing sector, in particular, the unskilled labour intensive industries and industries whose demand and technology are volatile enough to demand frequent labour adjustments.

Therefore, not surprisingly, Hasan, Mitra and Sundaram (2013b) find that India uses more capital-intensive techniques of production than predicted by its level of development than those used by China in many industries including paper and printing, leather, rubber and plastics, chemicals, nonmetallic minerals, base metals, metal products, electrical equipment and instruments, petroleum etc.

Another important labour-market variable which we find that is affected by the interaction of trade and labour market rigidity is the unemployment rate. Hasan, Mitra, Ranjan and Ahsan (2012) find evidence for an unemployment reducing effect of trade liberalization in states with flexible labour markets, with roughly 37 per cent of the actual unemployment decline being possibly attributed to trade liberalization. These results on unemployment are consistent with the results of the study of Hasan, Mitra and Ramaswamy (2007) using twodigit industry level data by state for the period 1988-1997 which finds that trade reforms led to a statistically significant increase in the responsiveness of employment reductions to wage increases, with this responsiveness and the increase in it (due to trade liberalization) relatively greater in states with flexible labour markets (those with less restrictive labour laws). As Rodrik (1997) has argued, this responsiveness inversely reflects the bargaining power of workers which diminishes due to trade liberalization. One channel is quite direct and arises due to cheaper and a larger variety of inputs that can compete with the services of domestic labour after trade liberalization. The other channel is more subtle and arises from the fact that domestically produced goods face more competition from goods produced abroad after trade liberalization. This means that any wage increase, that leads to a cost increase and in turn, a price increase, now leads to a much bigger reduction in quantity of output demanded and, therefore, in employment. This might diminish negotiated wages, which most models of unemployment would predict to lead to a decline in unemployment. This channel is expected to work to its full potential in the presence of a relatively flexible labour market.

Policy Recommendations and Implications

There is clearly an overwhelming evidence to support the view that India's outdated and restrictive labour regulations are a serious impediment to growth of its manufacturing sector, especially the relatively labourintensive industries within that sector. These regulations constrain the firms by curtailing their size and depriving them of significant potential economies of scale. They also force them to adopt relatively capital-intensive techniques of production and to choose the production of capital-intensive varieties of products within each industry, thereby making them go counter to India's factor-abundance based comparative advantage. Furthermore, these laws encourage the use of temporary workers who have no incentive to learn on the job and in whom, the firms have no incentive to invest. Thus, Indian manufacturing firms, especially in labour-intensive industries such as textiles and apparel, are seriously disadvantaged relative to their counterparts in China, Bangladesh, Vietnam etc where labour markets are much more flexible. As is obvious, the only way to provide good jobs to India's vast working population is by expanding labour-intensive manufacturing. While the services sector in India recently has been expanding rapidly, it cannot be its main engine of growth beyond a point since it will run into the constraint imposed by the limited availability of educated workers. The transformation of the work force needed for sustained services-led growth to take place will take decades. Thus, labour regulations have the need to be reformed.

Conclusion

While raising the IDA threshold employment from 100 to 300, as has been done in Rajasthan, might be useful, it should be further raised in steps to much higher levels, with the threshold ultimately completely done away with. And reforms need to go beyond Chapter VB of the IDA, which most commentators usually focus on. As regards the amendment of the Chapter VB of the IDA itself, Bhagwati and Panagariya (2013) suggest excluding, from the definition of retrenchment, the downsizing of employment in response to a shrinking demand or a change in technology and the non-confirmation of a worker on probation. Furthermore, they argue that the Industrial Employment (Standing Orders) Act should be modified to allow greater flexibility in moving a worker across tasks for which he/she is qualified. I would recommend that multiple unions within a firm be disallowed as they can lead to messy situations resulting in huge productivity losses. As mentioned above, the newly initiated self-reporting of compliance with regulations on web portals is expected to end the Inspector Raj. The number of regulations covered under this scheme needs to be expanded. While the economic costs of India's restrictive labour regulations are widely recognized, their reforms are viewed by most as politically not viable. Labour unions are viewed as politically very organized and pivotal in the political process. However, recent empirical evidence suggests that this political constraint need not be taken as given. For example, there is evidence now that greater trade openness has led to a decline in the bargaining power of formal sector workers in India, as well as to their deunionization in the form of declining union membership and union presence. Thus, with the gradual reforms of labour regulations, not only will the political opposition to these reforms erode, the political support for such reforms will grow as workers realize that they are the biggest beneficiaries of such reforms.

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An interdisciplinary Study of Data Mining in Lifestyle Segmentation through Relationship Management

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Abstract

Data mining, a tool of modern marketing is used to understand the behaviour pattern and future trends of purchase. It also helps in building relationship with customer. In marketing, Data mining plays very important role as it helps in data analysis and extraction of valuable information of customer related to their purchase decision. This paper aim to gain deep understanding of the subject customer relationship management with special emphasis on lifestyle products and its segmentation and youth relationship management. The purpose of this paper is to review the accomplishment of data mining and in future providing directives to the future researchers. The researcher aim to identify the role of data mining in marketing and making strategies for customer relationship and inspiring customer to stay loyal and buy again. Applying literature review as a methodology, the researcher aim to do systematic review and critical analysis of secondary data related to data mining to understand the concept clearly. The combining and synthesising of data is done at the time of reanalysis in this research study. The researcher aspires to do reanalysis of data of literature review, research methods used by different researchers, results and findings of similar study based on data mining.

Keywords : customer retention, data mining techniques, customer behaviour

Introduction

Customer Relationship management is a strategy or we can say a philosophy sustained with the help of technology and system to understand customer, reach customer, convert secondary user into primary users and primary into brand loyals. "Customer relationship management (CRM) comprises a set of processes and enabling systems supporting a business strategy to build long term, profitable relationships with specific customers. The most important aspect of customer relationship management is to retain customer. Parvatiyar and Sheth defined CRM as "a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer". It involves the integration of marketing, sales, customer service, and the supply chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value". With the time, CRM is accepted world wide as an effective tool of marketing to understand their customer but the proven and universally accepted definition of CRM is yet not available in marketing. Swift defined CRM as an "enterprise approach to understanding and influencing customer behaviour through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability" The customer relationship works on the idea to convert ex- users to potential user. To get the lost customer back is the serious concern of CRM. Data mining helps in understanding the trends of customer and in forecast of future trends which can be helpful to get the customer back. The data techniques are very useful in segmenting the market to understand the youth behaviour and their lifestyle. With the help of data mining the marketers understand the attitude, behaviour, personality and their choice. The purchasing pattern helps the marketers to understand their likes, dislikes thinking, nature, mood and opinion. It helps the marketer to understand their choice and come up with new designs, new flavours and tastes in the market. It facilitate the marketers to do innovation, novelty and improvement in the product attributes, features and quality Turban, Aronson, Liang, and Sharda defines data mining as ‘‘the process that uses statistical, mathematical, artificial intelligence and machine-learning techniques to extract and identify useful information and subsequently gain knowledge from large databases”. In CRM it is important for the marketers to take on three business processes through the life cycle of customer are Intrude and engage, Acquire, retain and expand. The very first step is to involve customer to grab their attention and try to make a relationship with them. the outline of customer relationship management can be divided into operational and analytical.

Communication is equally important in CRM either dialogs with the customer or written communication through mails. The strategy is to enlighten the customer about mission, vision and policies of the company and make a positive image in the mind of customer. The positioning is done in such a way that the customer will feel good about the company and will take the buying decision, which is the ultimate aim of the marketers. Gupta, A. K., & Gupta, C. Once the customer takes a purchase decision and convert from non-user to user the real work starts from this stage. The information and data of the customer is saved with the help of technology and analysis starts for retaining the customer for a longer time and convert them into brand loyal. The data mining is an effective tool to understand customer, making strategies for retaining a customer and expanding customer.

The key elements for Data mining

"The process of extracting knowledge data discovery of valid, authentic, and actionable information from large databases”. Information technology is the key player in strategizing and developing customer relationship management. The relationship between IT and relationship management involves customer touch point, Applications and data stores. Customer touch point is the basic element as the need is to understand customers, their present and the future needs, wants, desires and demands. To create products according to the requirements of the customer and satisfy them with the product quality. The first person from the company with whom we meet is the customer touch point. The other touch points are phone, email, 3G telephone, video conferencing, postal letters, interactive TV. The term permission marketing also came into existence, in which at the stage of customer touch point the sales person asks for the permission from the customer to sent details of company or marketing and promotional material.

Role of applications in data mining

With the help of IT, Applications are developed to support the relationship management. Applications are nothing but the softwares and programmes developed to hold up the CRM. Data mining helps in evaluation of large storage of data in identifying a pattern, trends or relationship between fragments, groups or persons. The analysis of data helps in understanding the decision making ability of the customer and the idea about factors which influence the purchase decision making process.

Data stores are storage of data related to each and every facet of a customer to understand the customer purchase life cycle. With the help of applications the customer is tracked and details of the customer in kept that which web page he /she is visiting, what purchase decision he / she is taking. A company keeps a track about their customer that from how long they are using their products, how frequently they buy, how long they are retained with the help of data mining and IT.

Materials and Methods

The paper based on customer relationship management and data mining is not available in one particular stream. It is spread in different discipline. The researcher analysed that the methodology suitable to this study would be review of literature method. Applying the literature review methodology, the researcher aim to do systematic review and critical analysis of secondary data related to data mining to understand the concept clearly. The combining and synthesising of data is done at the time of reanalysis in this research study. The researcher aspires to do reanalysis of data of literature review, research methods, results and findings of similar study based on data mining. The researched analysed that the deep understanding of the subject can only obtained after doing systematic study of the available secondary data from secondary resources. To increase the within reach of the customer behaviour can be done by understanding the dimensions of customer life cycle.

The research approach in this study is structured where the systematic literature based review is done. The research method is theoretical analysis, collection, study and discussion on theoretical methods adopted by various researchers and expressive analysis of available secondary data on print as well as electronic sources. The methodology of this research study is to categorize the appropriate literature from print as well as electronic resources for further study. The research reports from double blind peer reviewed research literature as well as internet sources as web pages are considered for data collection and data analysis.

In this research study the researcher took variety of data mining techniques proposed by various researchers with the help of literature review as a method of research. The research method is to examine the thoughts of various researchers and come across the connection between different ideas proposed by different researchers.

Results and Discussions

After analysing the academic literature from print and electronic secondary resources, the researcher find that the data mining model or we can say modelling in data mining and data mining techniques are an important part of CRM, as it helps in converting difficult and complex data into simpler form for easy understanding and analysing formats and trends of consumer behaviour. The data mining is done to store all the data related to customer, analyse the data and the trends; forecast and patterns can be taken care to create models of Data mining.“Data mining typically involves the use of predictive modelling, forecasting and descriptive modelling techniques as its key element” - Maheswari, R. U., Mahesan, S. S., & Subramani, a K. (2014). With the help of data mining models helps in making policies related to pricing, packaging, branding and sales promotion.It also helps in understanding the distribution channels and the policies related to it.The details about the supplier, distributers and their performance is also measured and ranking can be done with the help of data mining.

The mining model can be created by following few steps. It starts from the beginning with defining a problem then collect the data and prepare the data for analysis and exploration. The next step is building mining models and the last step is explore, validate, Deploy and update. The customer relationship management begins with understnding the problems of consumer and to find the solutions to make a customer satisfied.The data is given structure to analyse the hidden pattern and trends of purchase behaviour of consumer. The marketers explore and analyse data to validate and deploy. The marketers run loyalty programs after analysing potential customers whom we can convert into loyal customers.

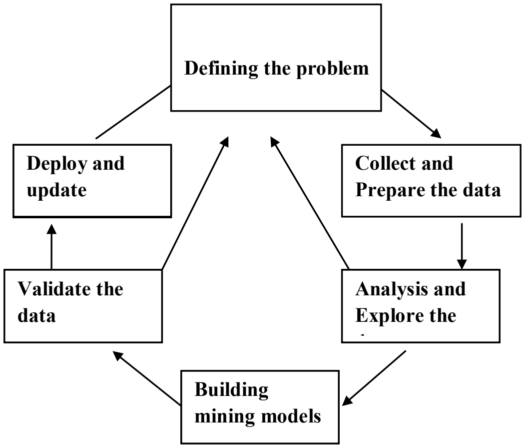

Fig: Data mining model

The mining model can explain the sales forecast, sales ups and down techniques for cross selling and up selling. The threat and likelihood can also be determined with the help of mining models. The other areas covered by mining models are recommendation, series following during shopping the product purchased repeatedly or in a particular sequence with the help of online shopping cart, the prediction can be made for individual customer as well as group behaviour. The data mining helps in making group according to the purchase behaviour.

Data mining techniques are basically the learning new methods for analysing customers through different ways. The concealed traits of customers can be analysed with the techniques of data mining which ultimately helps in understanding their behaviour.

Association rule learning is one of the known and widely used methods for data mining. It helps in finding out the relationship among different unpredictable from large data collection. It helps the marketers to understand cross selling, the preference of customers if they like to buy companion products together or alone. Classification and prediction is another technique for data analysis and analysing future trends. Clustering is a method used very frequently for assemblage of customer for analysing their behaviour. The other way is regression analysis. With the help of regression analysis in foretelling the outline and association of customer with the company. The value can be calculated with the help of regression analysis on the basis of dependent variable and independent variable. The one another practice is visualization. With the help of visualization as a system of graphical representation of hidden relationships and purchase behaviour. According to Friedman (2008) “the main goal of data visualization is to communicate information clearly and effectively through graphical means”. It is used with other data mining models to provide a better and clearer understanding of the discovered patterns or relationships”.

Role of Data Mining in Database and Campaign Management

The campaign planning is an important part of marketing for any company. The focus of marketers and advertisers are the target audience. The demographics, psychographics and geographic information of target audience is very crucial for any campaign planning and campaign management. The dependency of data base management and campaign management on data mining can be easily understandable by the marketers. The data mining helps in converting complex data into simpler data in the form of models to understand easily. Creative solutions have been recently added into the data mining process to increase response rate. The data mining play an important role as a financial indicator. It not only helps in giving simpler data on sales, profit percentage, manufacturing cost, raw material cost, cross selling, up selling but also data on return on investment. The researcher also explained the role of 'scoring'. Score is the forecast presented by the model through data mining. Score is a numeric value, which is allocated to every record which comes from data base management specify the most probable behavioural pattern of the customer. The data base managem ent helps in lining up the data related to perception, attitude, and behaviour of the customer. At the time of planning a campaign, the marketers always pay attention to the needs, wants, demands and attitude of the customers to uncover the key patterns. At the time of delivering brand communication message to the target audience with the help of advertising campaign data mining helps in targeting accurate segment of the target group.

To define a methodology in a research study in data mining and its role in Customer relationship management was very difficult for the researcher. As the Data mining is a part of information technology and customer relationship is from management domain. The relevant data were not available at one particular place. The researcher is from humanities and social science domain from Journalism and mass communication so the field of study is not the specialized area of the researcher and the aim is to gain deep understanding of this subject and researcher took literature review as a methodology. At times it becomes difficult to collect exact and correct data of some specific years that are required for the research. This problem arises due to reserved nature of data available as a secondary source. Sometimes, approximate or tentative data are provided and researcher has to put lot of time and effort to verify it before finalizing the data for the research work.

Conclusion

The data mining technique is an effective method to understand customers and the pattern of their purchase behaviour. The organization as well as the customer both will be benefited by this technique. The company can increase their profit percentage and customer can get the desired product with satisfaction. The only concern is the marketer should keep in mind the privacy of the customers. The organizations understand well that the behaviour of consumer related to their purchase decision and the positioning towards any brands changes with time. Their views, opinion changes which affects the purchase of others as well. So, it is very important to understand the changing pattern of purchase cycle. With the help of information technology, various applications and software are developed which helps in data mining. The strategy for analysing customer should be well planned. As the good business strategy is the key of success, and the strategy is customer oriented not product oriented. In the modern era, the organization understands the value of customer oriented approach; the strategy has got a very good response in the market. Data mining not only helps at the initial stage but also helps afterwards for making tangible rules. There are multiplicities of simplest to most multipart techniques are available in data mining which helps in understanding the pattern of purchase behaviour of consumers. Data mining techniques are helpful in analysing rich literatures and convert it into model. It helps not only in understanding hidden behaviour which is not easily known to the marketers but also helps in sequencing the procedures, occurrence and customer behaviour. conclude that the loylty level is difficult to attain now a days as all the comapies are trying to offer something unique which grabs attention of consumer.The most imporatnt aspect is to find out what customers wants and so data mining becomes so important.If acustomer is getting value in a product on contineous basis then only we can expect some commitement from the customer towards any brand. The researcher discussed as “compressed marketing cycle time” in which he discussed that customer who has a new desire and the time in which the marketer come up with a new product the desire should be the same. If a marketer could not satisfy in a a particular time the desire will shrink.

Data mining is nurturing and the field is going to help the company as well as the customer a lot in future. There is lots of scope in this field as exploratory statistics.

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Importance of Soft Skill in Business

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Abstract

This paper attempts to emphasis the significance of soft skills in working environment. Basically, soft skills refer to personalities, attributes, qualities and personal behavior of individuals. This also includes certain abilities such as communication, problem-solving, self-motivation, decision-making and time management skills. Soft skills fulfill an important role in shaping an individual's personality. A pertinent soft skill play an important roles in making individual's successful career and as well as during social interactions in the society. We all know that today's business environment is becoming more complex, uncertain and competitive. Organizations consider human resources as their key asset, which plays a critical role in organizational performance and success. Organizations usually prefer to see a fine blend of competencies in their employees and, in addition to discipline-based knowledge and skills, adequate levels of soft skills are considered desirable for moving forward. Generally in an organizations the criteria are likely to hire, retain and promote persons who are dependable, resourceful, ethical, having effective communication, self directed, willing to work and learn, and having positive attitude. Because it assumes that technical and professional skills alone cannot help achieve organizational goals and objectives. It is because individual are also involved in different levels of decision-making and leadership activities. Employees also communicate effectively within the organization and outside the organization. Soft skills complement hard skills, which are the technical requirements of a particular job. Now a days employer are increasingly focusing on soft skills, and thus it has become equally important that employee should also adequately appreciate the value of such skills and make deliberate efforts to acquire them. The perception of what is a soft skill differs from context to context. Based on the research findings obtained, basic dimensions of soft skills are identified and which are implemented in business organizations are: Communicative Thinking, and Problem solving, Team work, creativity, negotiation, time management skills etc.

Keywords : business, soft skill, employees, employer

Introduction

In an earlier era, the IndFor decades employers as well as educators frequently complain about a lack in soft skills among employees. Predominantly missed is communication skills, but additional knowledge in business or project management is also ranking highly on the list of missing skills desirable for person in the business world. This problem is in no way restricted to developing nations but also to well known to industrial countries around the world. A reports says that "Employers say many lack 'soft skills', such as team working" and "They go on to explain that candidates are normally academically proficient but lacking in soft skills such as communication as well as verbal and numerical reasoning." A pertinent soft skill play an important roles in making individual's successful career and as well as during social interactions in the society. We all know that today's business environment is becoming more complex, uncertain and competitive. Organizations consider human resources as their key asset, which plays a critical role in organizational performance and success. Organizations usually prefer to see a fine blend of competencies in their employees and, in addition to discipline-based knowledge and skills, adequate levels of soft skills are considered desirable for moving forward.

Generally in an organizations the criteria are likely to hire, retain and promote persons who are dependable, resourceful, ethical, having effective communication, self directed, willing to work and learn, and having positive attitude. it assumes that technical and professional skills alone cannot help achieve organizational goals and objectives. It is because individual are also involved in different levels of decision-making and leadership activities. Employees also communicate effectively within the organization and outside the organization. Soft skills complement hard skills, which are the technical requirements of a particular job. An employee with strong interpersonal skills clearly articulates his or her requirements to a team and attentively listens while others explain their needs. He or she negotiates the differences, so that all individuals come away from the interaction feeling that they were heard, understood and respected. In that circumstance, an employee with strong soft skills can assess the situation as it happens. Companies value such traits in workers because the capacity to speak and listen well, understand other points of view and respond appropriately and in ways that consider others' feelings ensures that people can work well together in teams.

Materials and Methods

For the purpose of in depth study the contents have been taken from relevant books and articles from journals government reports. The methods used are descriptive and analytical. Consultation with eminent scholars in this field has shaped the present discussion.

Results and Discussions

Before going any further in debating the importance of soft skills we have to clarify the question "What exactly are soft skills?" This basic question is not easy to answer, because the perception of what is a soft skill differs from context to context. Generally Soft skills refer to personalities, attributes, qualities and personal behavior of individuals. This also includes certain abilities such as communication, problem-solving, self-motivation, decision-making and time management skills. Soft skills fulfill an important role in shaping an individual's personality.

According to Wikipedia "Soft skills refer to the cluster of personality traits, social graces, facility with language, personal habits, friendliness, and optimism that mark people to varying degrees. Soft skills complement hard skills, which are the technical requirements of a job."

Sometimes called people skills or interpersonal skills, soft skills also include situational awareness. This means one has the ability to read a situation as it unfolds, consider the appropriate ways to respond and select the responses that will yield the best result for all involved. Soft skills are a catch-all term referring to various behaviors that help people work and socialize well with others. In short, they are the good manners and personality traits needed to get along with others and build positive relationships. Unlike hard skills, which include a person's technical skill set and ability to perform certain functional tasks, soft skills are broadly applicable across job titles and industries. It's often said that hard skills will get you an interview but you need soft skills to get and keep the job.

Another particular soft skill is adaptability, which is the ability to work in various situations equally well and to move from one circumstance to another without becoming frustrated or incapable of delivering on assigned tasks. The ability to be diplomatic and respectful even when there are disagreements or conflicts is also a key soft skill. This ability means one can maintain a professional tone and demeanor even when frustrated; it means not rubbing people the wrong way. Soft skills ensure that colleagues can share ideas and can respect each other in various work situations. Companies believe that employees who have such abilities not only produce better results for the business; they also help create an enjoyable work environment. Many individuals intuitively possess these abilities; many others must work to develop them.

Research and expert opinions have been sought in the effort to determine the specific soft skills to be implemented and used in business for learning. Based on the research findings obtained, some basic soft skills have been identified and chosen to be implemented in organizations. The Dimensions are:

i Communicative skills.

ii.. Thinking skills and Problem solving skills.

iii. Team work force

iv.. Life-long learning and Information Management

v. Entrepreneur skill

vi. Ethics, moral and professionalism

vii. Leadership skills

Each of the above soft skills comprised of several sub-skills. These sub-skills are divided into two categories of implementation. The first category delineates the soft skills that every individual must have and the second category represents soft skills that are good to have.

Table shows a detail description of the different categories of implementation for each of the sub-skills.

No.	Soft Skills	Ability to find and manage relevant information from various sources.	Good To Have Elements (Sub-Skills)
1.	Communicative Skills	Ability to receive new ideas performs autonomy learning.	Ability to use technology during presentation. Ability to discuss and arrive at a consensus. Ability to communicate with individual from a different cultural background. Ability to expand ones own communicative skill. Ability to use non-oral skills
2.	Critical Thinking and Problem Solving Skills	Ability to identify and analyze problems in difficult situation and make justifiable evaluation. Ability to expand and improve thinking skills such as explanation, analysis and evaluate discussion. Ability to find ideas and look for alternative solutions.	Ability to think beyond.. Ability to make conclusion based on valid proof. Ability to withstand and give full responsibility. Ability to understand and accommodate oneself to the varied working environment.
3.	Team Work	Ability to build a good rapport, interact and work effectively with others. Ability to understand and play the role of a leader and follower alternatively. Ability to recognize and respect other? attitude, behavior and beliefs.	Ability to give contribution to the planning and coordinate group work. Responsible towards group decision.

No.	Soft Skills	Ability to find and manage relevant information from various sources.	Good To Have Elements (Sub-Skills)
4.	Life-Long Learning & Information Management Skill	Ability to find and manage relevant information from various sources. Ability to receive new ideas performs autonomy learning.	Ability to develop an inquiry mind and seek knowledge.
5.	Entrepreneurship skill	Ability to identify job opportunities.	Ability to propose business opportunity. Ability to build, explore and seek business opportunities and job. Ability to be self-employed.
6.	Ethics, Moral & Professional	Ability to understand the economy crisis, environment and social cultural aspects professionally. Ability to analyze make problem solving decisions related to ethics.	Ability to practice ethical attitudes besides having the responsibility towards society.
7.	Leadership skill	Knowledge of the basic theories of leadership. Ability to lead a project.	Ability to understand and take turns as a leader and follower alternatively. Ability to supervise members of a group.

Importance of soft skill

After having elaborated so much on soft skills, the answer to why they are considered as being so important is still open. There are numerous reasons for having a critical look at a person's soft skills. One straightforward reason is today's job-market, which in many fields is becoming ever increasingly competitive. To be successful in this tough environment, candidates for jobs have to bring along a "competitive edge" that distinguishes them from other candidates with similar qualifications and comparable evaluation results. And where do they find this competitive advantage? In bringing along additional knowledge and skills, added up by convincing personal traits and habits. This sounds familiar. Understandably, employers prefer to take in job candidates who will be productive from a very early stage on.

During the job interview itself good communication skills are valuable. Once employed, the success story of people who know how to master soft skills continues because of much better career opportunities. Simple fact, which can be verified in daily business life, is that employers prefer to promote staff members with superior soft skills. Good hard skills alone are not necessarily enough anymore to be a first choice when it comes to promotion. Soft skills are shaping human beings' personality. During the last decades in many societies the opinion on soft skills has changed considerably. Whereas in the past the mastering of hard skills was rated first and soft skills were considered as "nice to have", the perception has been turned upside down. As mentioned before, good communication skills can easily be used to cover up a lack in hard skills. Nowadays in general, people who are extroverted, who are good in marketing themselves, and who are socializing easily are rated superior to others who lack those attributes. Soft skills are playing an important role in shaping a person's personality, they enable social competence, and they complement the hard skills, which are the technical requirements of a job. As such, soft skills stand with equal importance beside hard skills, but they should not be misused to camouflage a person's lack of expertise in particular areas. So we can say that hard skills are academic skills, experience and level of expertise while soft skills are self-developed, interactive, communicative, human and transferable skills. With the onset of economic liberalization the Indian market is also becoming global, so the attributes of soft skills are to be imbibed by Indian youths to show their real potential at international levels. Soft skills include positive attitude, good interpersonal skills which would make the candidate to achieve greater success in a competitive environment.

Hard truths about soft skill in organizations

Soft skills such as communication ability, aptitude for interpersonal relations, and emotional intelligence often are downplayed. With technical skills such as leading an engineering project, serving as the head of a legal team, or directing a research and development team increasingly valued, those who excel in non-technical ways often find themselves at a disadvantage when looking for a job. There is no doubt of the importance of the technical skills that enable an employee to get the substance of a job done. But an all-too-common observation about those with strong technical skills is that they lack interpersonal and communication skills.

The ideal is for every work group to consist of a combination of those with strong soft skills and those with stronger technical skills. That's the ideal, but how often are managers able to pull off putting together this kind of well-balanced team? A company with high-performing work groups may have gotten some help from its trainers and learning professionals. The role of trainers in developing strong work groups that strike a balance between those with technical skills and those with strong interpersonal abilities is in the training of managers.

Those leading departments or work groups are usually the ones who make the final selection during the hiring process, so the first step may be to train new managers to hire for a balanced team—to consider both technical and soft skills during recruitment. Next, managers can be taught how best to mix and match employees when assigning work projects. It helps if managers first have an understanding of personality types, so a tutorial in personality differences in which managers are given a personality assessment.

Last, it is essential that managers show as much respect for the strengths of those with strong soft skills as they do for those with strong technical skills. That means considering soft skills when deciding on promotions and merit-based salary increases.

If want high-performing work teams that deliver winning products and services to customers, then focus must be in recruitment and employee development should broaden to include both the hard, as well as soft, core of the workforce.

Conclusion

As a conclusion Soft skills refer to personalities, attributes, qualities and personal behavior of individuals. Soft skills are intangible qualities required for full development of an individual. Soft skill plays a vital role in development of any business industry. It has a high significance and importance for everyone in any organization to acquire adequate skills. Soft skills fulfill an important role in shaping an individual's personality by complementing his/her hard skills. As considering revolution of information and communication during the last decades the world has become a global and thus the society perceived importance of soft skills has increased significantly beyond academic or technical knowledge. Grooming people through soft skills will enable them to successfully take part effectively in various activities, and very many situations they are likely to come across in their professional careers and will make them ready to face the challenges in the corporate world. There are various dimensions of soft skill which are implemented in any business organization. A very effective and efficient way of doing this is to include soft skills training and imparting hard skills. There is also an another view is that for every work group to consist of a combination of those with strong soft skills and those with stronger technical skills too. There is no doubt of the importance of the technical skills enable an employee to get a job done. But to some extent they lack interpersonal and communication skills and thus every work group consist of a combination of those with strong soft skills and those with stronger technical skills together. So in brief we can say soft skills has became and important tool in today's global world for survival and sustainable success.

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Employee Satisfaction : A Comparative Study between Tata Steel and Central Coalfield Limited, Ranchi

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Abstract

Employee satisfaction and retention have always been important issues for organizations. High levels of absenteeism and staff turnover can affect the bottom line of the organization, as temps, recruitment and retraining take their toll. The term Employee Satisfaction refers to an individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes toward the job tend to be more productive, creative and committed to their employers while a person who is dissatisfied with his or her job holds negative attitudes about the job. Organizations that can create work environments that attract, motivate and retain hard-working individuals will be better positioned to succeed in a competitive environment that demands quality and cost-efficiency. By creating a positive workplace for their employees, they can increase their employees' job satisfaction. Employee satisfaction can be characterized by job involvement and organizational commitment. Job involvement measures the degree to which a person identifies psychologically with his or her job and considers his or her perceived performance level important to self- worth. Employees with a high level of job involvement strongly identify with and really care about the kind of work they do. High levels of job involvement are related to fewer absences and lower resignation rates. Organizational commitment is a state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization. So high job involvement means identifying with one's specific job, while high organizational commitment means identifying with one's employing organization. Quality of Life improves with job satisfaction. The employee is content and happy with the kind of job done and hence, overall well being for the employee and the family. Tata Steel and CCL are the two major companies of Jharkhand and play a very big role in the development of Jharkhand. This paper deals with employee satisfaction in Tata steel and CCL and draws a comparison on employee satisfaction in these companies.

Keywords : employee growth, motivation, innovation, contribution

Introduction

The most important area of management is to optimally plan & use the human resource. Human resource is a resource with a face & a mind. To make it proper, management is to be effective to enquire their available talents, perfect utilization to ensure that, there is a continuous pursuit to channelize the same to organizational benefit. This is possible only through the achievement of Employee satisfaction.A purported benefit of high levels of Employee morale or satisfaction is lower cost of production and higher productivity which begets both cost efficiency & cost effectiveness. Lower overall corporate cost structure and of higher productivity implies a lower per unit cost of production. Thus companies with higher levels of Employee satisfaction should exhibit general levels of productivity & cost effectiveness.

The primary source or area of Employee satisfaction is typically assumed to be the employees' compensation and benefit packages (Meyer et.al. 2001. Indeed the efficiency wage theory predicts that firms with higher levels of pay will have better overall Employee performance. As confirmation, Levine (1992) and Wadhwani and Wall (1992) each find positive correlations between Employees' wages and various measures of productivity explicit wages are not the only source of compensation for employees. However, Expanded the efficiency wage theory to an "efficiency compensation theory" implying that companies with well designed compensation packages will attract and retain greater level of talents and lead to a higher level of Employee satisfaction initiating and implementing a "well designed" compensation package and other programs that enhances employee satisfaction, however is costly to the firm.

Thus although companies may implement compensation systems that boost employee satisfaction, the marginal impact of these systems on overall corporate profitability may be zero or even negative given the highest costs of such systems2. Indeed, Meyer et.al. (2001) find that common benefits such as onsite childcare and job sharing programs negatively affect profits on average. In general, lower profitability will adversely affect shareholder's wealth. Therefore, it is unclear whether the net impact of company-provided benefits & other Employee satisfaction enhancing programs on overall firm value and productivity is positive, negative or zero.

Employee satisfaction means a state of being mental pleasure, wellness and contented mode of the motivated workforce in respect of their incentives (both financial & non financial), welfare, future prospect, safety and security, workload, recognition, working hour, working condition & environment, health & hygiene, morale, values, interdependence, firm's goodwill & scale of production, bonding with the employer & Employees.

An all round well being, a status of harmonious, recognizable, benevolent & problem less mutual understanding among the employer & employee with high morale, values fraternity & productivity. However, employee satisfaction refers to the common concept of employees' will being and a mental satisfaction to economical, social & psychological balancing. It is a states & status to the employees, where they work, their working condition & congenial surroundings with benefits and amenities conducive to good spirits, high morale, motivation & higher productivity.

So, to have such an environment of work, it is the elementary duties of the employer also to look after measure and understand the employees' attitude, opinions, motivation, to create an atmosphere of building relationship of honesty, integrity, trust and team bonding in the organisation. Which becomes an effective communication and smooth work operations at all levels? It results to bring out the "Best work practices" which lead to carry out betters professional standards of work ethics & to take up new initiatives.

Elements of Employee Satisfaction

lements are the ingredients of achieving employee's satisfaction. Considering all the vibrations on the way of searching employee satisfaction, we can proceed as per following :

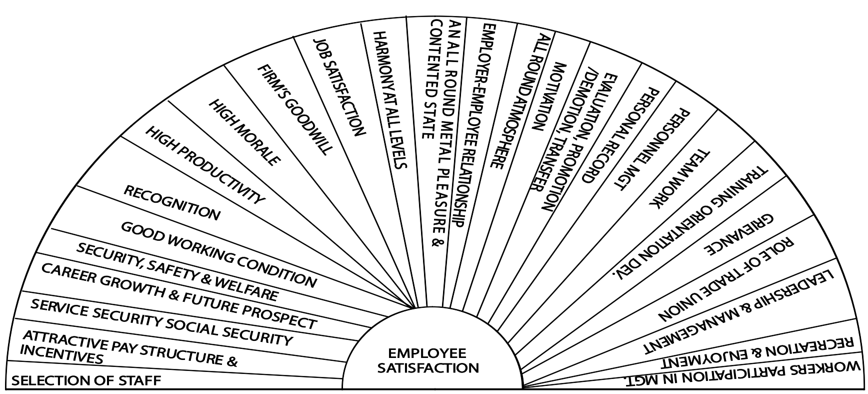

Fig: 1

Materials and Methods

For the purpose of in depth study the contents have been taken from relevant books and articles from journals government reports. The methods used are descriptive and analytical. Consultation with eminent scholars in this field has shaped the present discussion.

Results and Discussion

Tata Steel is one of the blessings of the corporate magnet Jamesetji Nusserwanji Tata which was established in the year 1907 as Asia's First integrated Private sector steel company. Tata Steel limited was formerly names as Tata Iron and Steel Company Limited (TISCO). It is an Indian multinational company. Its headquarter is situated at Mumbai, Maharashtra, India. Tata Steel Company is among the top-eleven global steel companies. It was the 11th largest steel producing company in the world in 2013, with an annual crude steel capacity of 25.3 million tones, and the second largest private-sector steel company in India (measured by domestic production) with an annual capacity of 9.7 million tones after SAIL. It is a subsidiary of Tata group. It is now the world's second most geographically diversified steel producer with operations in 26 countries and a commercial group with a turnover of Rs. 1,48614 crores in Financial year 2014. It has more than 80,000 employees over the continents and is a fortune 500 company. It was ranked 486th in the 2014 Fortune Global 500 ranking of the World's biggest corporations. It was the seventh most valuable Indian brand of 2013 as per Brand Finance. Tata Steel's larger production facilities comprise those in India, The U.K., The Netherlands, Thailand, Singapore, China and Australia. Operating Companies within the group include Tata Steel Limited (India), Tata Steel Europe limited (Formerly Corus), Tata Steel Singapore and Tata Steel Thailand.

In 2008, Tata Steel India became the first integrated Steel plant in the world outside Japan to be awarded the Deming Application Prize 2008 for excellence in Total Quality Management in 2012. Tata Steel became the first integrated steel company in the world, outside Japan to win the Deming Grand prize 2012 instituted by the Japanese Union of Scientists and Engineers.

The Tata Steel Groups vision is to be the world's steel industry benchmark in 'Value Creation' and 'corporate citizenship' through the excellence of its people, its innovative approach and overall conduct, under pinning the vision is a performance culture committed to aspiration targets Safety & social responsibility, continuous improvement, openness and transparency. On February 12, 2012 Tata Steel Completed 100 years of Steel manufacturer in India.

Consistent with the vision and values of founder Jamsetji Tata, Tata Steel strives to strengthen India's industrial base through the effective utilization of staff and materials. The means envisaged to achieve this eve high technology & productivity, consistent with modern management practices. Tata Steel recognizes that while honesty and integrity are the essential ingredients of a strong and stable enterprise, profitability is the resulting effort of the economic activities rendered & its perfection.

Employee benefit, welfare, satisfaction

Employee benefit, welfare as well as satisfaction is extremely important in an organization because it is what productivity depends on satisfied Employees are more likely to be creative and innovative and come up with breakthrough that allow a company to grow and change positively with time and changing market conditions.

Tata steel offers a benefit package to its employee in regards to their stage work life balance and of accomplishing duties & shouldering responsibilities. The benefits to the Employees what they could enjoy are:

- 25 days holiday to enjoy
- Additional anniversary holiday entitlement.
- Private medical insurance
- Membership of Tata Steel's social facilities.

Other advantages are

Tata Steel advantage scheme : Tata steel advantage has been designed to give a fantastic range of discounted goods & services. Just in purchasing for gifts, fashions, electrical goods, car, even weekly groceries, the workforce can save money.

Family Friendly : Only adapting a child or having a baby an employee get support from the company. New fathers can take paternity leave & avail special arrangement as a career.

Childcare Voucher : This scheme supports an employee if he / she is responsible for childcare costs, enabling him/her to take part of his/her salary in paper or electronic childcare vouchers.

Employee Assistance, program : This program supports the workforce when they are in crisis. It offers practical & expert advice & assistance. It is a service that is available 24 hours a day, 7 days a week, free & confidential.

Employees Welfare

Tata Steel recognizes that its people are the primary source of its competitiveness. It is committed to equal employment opportunities for attracting the best available talent and ensuring a cosmopolitan workforce. It will pursue management practices designed to enrich the quality of life its employees develop their potential and maximize their productivity. It will aim at ensuring transparency, fairness and quality in all its dealings with its employees. Tata Steel will strive continuously to foster of openness, mutual trust and teamwork.

The company introduced different welfare schemes of its employees from the very day of its inception. The Human Resource Management of the company is compassionate to do with the employee's wellbeing and their satisfaction. As such, a continuous study could depict the Tata Steel's employees' which includes both statutory and non-statutory facility welfare packages as:

- Attractive salary, pay packages & financial benefits.
- Right to freedom of association and collective.
- Joint consultation.
- Grievance Handling Mechanism.
- Housing
- Medical Care
- Education
- Culture & Counseling
- Specific benefits for female employees.
- Providing a safe, hygienic and human workplace.
- Proper safety management.
- Training and supervision.
- Installation of Academy for the development of quality, standard of HR.
- Discrimination free workplace.
- Guidance for a harassment free work place is taken from the Tata.
- Code of conduct and company's Human Resource Sexual Harassment and Affirmative Action Policies.

According to a study Employees of Tata Steel are mostly satisfied in respect of their pay packages, Administration, Security department civil department, accommodation facilities provided by the company.

A brief profile of Central coalfield Limited

Central Coalfields Limited is a Category-I Mini-Ratna Company since October 2007. During 2009-10, coal production of the company reached its highest-ever figure of 47.08 million tones, with net worth amounting to Rs. 2644 cr against a paid-up capital of Rs. 940 cr.

Formed on 1st November 1975, CCL (formerly National Coal Development Corporation Ltd) was one of the five subsidiaries of Coal India Ltd. which was the first holding company for coal in the country.

Other features of CCL

1. High production and huge production potential: CCL produced 50.02 MT of coal

in 2013-14, which is over 11% of Coal India's Production. The coal reserves in CCL command area is of 42.712 billion tones. CCL has about 14.29% of the coal reserves of India. The coal reserves include non- coking coal (used in power plants) as well as coking coal (used in steel plants). These reserves are good enough for the next 200 years.

2. Infrastructure available in almost all Coal Blocks: For development and operation of coal mines we need a good rail and road network. All coalfields of CCL have a reasonably Good Rail and Road Networks. This Network enables swift movement of Coal to the Consumers.

3. Skilled Manpower available in sufficient number: CCL has been in the business of Coal Mining for over forty years. Its manpower strength is 46,686 and which is well conversant in their jobs.

4. Very low employee attrition rate: The salary and wages offered to the employees in CCL are the best in the Coal Mining Industry. This has resulted in a very low attrition of employees. The performance related pay introduced recently for executives has further boosted the moral of employees.

5. CCL is a Mini-Ratna Category I Company, with a High Financial Autonomy: On the basis of performance of CCL, the department of Public Enterprises has granted Mini-Ratna Category I status to the Company. This means that the company can approve projects up to Rs. 500 Cr. without going to the Government and it can also form joint ventures/ subsidiaries/overseas offices.

6. High cash reserves of 2816 Cr.: The high cash reserves available with the company can be used for opening of New Mines, acquisition of coal mines abroad, and for diversification.

7. Debt free company: As the company is debt free, it can be used to for raising debt from the market for acquisition of energy assets abroad.

Comparative Study between Tata Steel & CCL at a glance

Sl. No	Particulars	Tata Steel	CCL
1.	Nature of the company	A group of public companies and private sector organization	One of the subsidiaries of Coal India Limited. A public sector organization.
2.	Product	Steel	Coal
3.	Founded	Year 1907	Year 1975
4.	Status	Top ten among the global Steel Companies and World's Second most geographically diversified steel producer.	A Miniratna Company of India Government undertaking.
5.	Vission	"We aspire to be the global steel industry bench mark for value creation and corporate citizenship"	"Committed to create eco friendly mining"
6.	Network	Rs. 66663.89 (Cr.) March 2015	Rs. 5812.38 (Cr.) March 2015
7.	Capital Employed	Rs. 118934.06 (Cr.) 2014-15	Rs. 5043.49 (Cr. 2014-15

Sl. No	Particulars	Tata Steel	CCL
8.	Average Net Profit for last three years	Rs. 8412.82 (Cr.)	Rs. 2393.22 (Cr.)
9.	Operation	Global	National
10.	Manpower	79647 (2014-2015)	44642 (as on 01.08.2015)
11.	Employee Benefit Expenses	Total Expenses-Rs.(Cr) 21407.64 i) Salary & Wages including bonus- 18200.99 ii) Contribution to P.F. & Other Funds- 2463.60 iii) Staff Welfare expenses- 743.05	Total Expenses- Rs.(Cr) 3897.19 i) Salary & Wages including bonus- 2777.98 ii) Contribution to P.F. & Other Funds- 366.87 iii) Gratuity- 101.53 iv) Leave encashment- 168.36 v) Others- 482.45
12.	Employee pay packages & satisfaction highlight	a) Average range of Salary Rs. 700k to 7.21m b) Minimum basic pay for the lowest workman grade Rs. 8675 per month. c) Pay can vary greatly by location & title d) According to signed memoran-dum dt. 7th Sept, 2013minimum & maximum bonus would be Rs. 20498 & 15758 e) Man power backed as : Men 95% Women 05% f) According to company report maximum percentage of workforce is highly satisfied.	a) The remuneration of the executives of the company is governed by the guidelines of central government. The pay scale of the officers are industrial pattern. b) The wages of the non-executives are fixed through negotiation with central Trade unions. c) Wagon loader (minimum wage earner draws Rs. 623.36 daily. Non-executives lowest basic pay Rs. 16110.68 (Gr. H)
13.	Accident	Stagnant water pool & unsanitary condition in a plant being constructed by Tata Steel in Odisha, infected more than 280 workers & killed one in 2014-15.	Accidents happened during 2014-15 Fatal accidents - 06 Serious accident - 12 Serious injury - 12

Sl. No	Particulars	Tata Steel	CCL
14	CSR Activities	Tata Steel's direct contribution to community development is Rs. 171.46 cr. which is spent under- a) Health & drinking water b) Education c) Livelihood d) Environment e) Ethnicity f) Promotion of sports g) Infrastructure development to improve the quality of life of the community h) Support to charities, NGOs and Government for Social Causes.	CCL's direct contribution to community development is Rs. 26.9414 (Cr.) under the heads following. a) Education b) Water Supply c) Health d) Environment e) Social empowerment f) Solar light g) Sports h) Infrastructure i) Others.

1) The employees of Tata Steel expressed their highest satisfaction in respect of financial and non-financial incentives including Recruitment and training & they feel happy in this context.

2) The second best parameter of satisfaction of the employees in Tata Steel is Industrial Relation.

3) Motivation, Co-operation & Co-ordination is moderate and better in Tata steel.

4) A mixed feeling regarding working ambience and quality of work life for Tata Steel Employees & Scope of career development is minimum and tough.

5) The image of the organization is high but as a private sector organization freedom of the worker is neglected. They feel stress and pressure always. Whereas, employees of Central Coal Fields Limited are highly satisfied in respect of all the parameters. As :

   i) The CCL employees are satisfied in respect of their recruitment & training program and process.

   ii) The employees are provided enough opportunities to implement their various ideas leading to work simplification, productivity, cost reduction, improved productivity through teamwork.

   iii) Attrition is low. This is because of the quality of life the employees enjoy & the various benefits amenities and welfare packages are allowed to provide them are attractive.

   iv) As a government undertaking the image of the company is recognizable. Employees feel proud of being serving under government undertaking.

Maximum employees like the kind of work they do and enjoy the variety in work. This develops learning instincts in the employee and the employee is encouraged to undergo training to gain more skills and knowledge in the area of work.

The organization culture promotes trust, co-operation and mutual respect in the work place. The employee is willing to perform well, deliver his best to contribute to the growth of the organization. This impacts the pay structure and there is continuous up gradation of the salary.

The employees are trained according to the contemporary requirement in the company and are encouraged by the superiors to achieve high performance. This helps in career development of the employees.

There is a mixed feeling among employees regarding career development and promotional policy. The pay is also not very satisfactory as there is a high correlation amongst these items.

The company provides meaningful direction to the employees to achieve their goals. Individuals are very clear about their own goals and the company's goals. This means the employees are highly motivated to achieve the goals.

The reward and recognition policy of the organisation promotes involvement in improvement initiatives, participation in events that enhance company's image. It ensures equity and uniformity in various kinds of rewards and recognitions in the company.

Conclusion

The employees expressed satisfaction with the following features at Tata Steel and CCL when:

Freedom to work in team - The employees are provided enough opportunities to initiate implementation of various ideas leading to improvement in working processes, improved productivity, cost reduction, work simplification which they develop through teamwork by forming task forces. The plan of implementation is presented to the management and the management is generally very supportive in this regard.

Image of the organization - The employees derive lot of pleasure in working in the organization which has a long track record of adopting modern technology, caring for society in and around Jamshedpur, adopting fair business practices and following high ethical standards in all its business activities, thereby establishing itself as a highly respected company worldwide.

Human Resource Development - The Company gives a high priority to development of managerial skills and personality aspects of the employees by providing state-of- the-art training in the in-house Management Development Centre as well as leading training organizations in the country and abroad. The company also provides excellent on-the job technical training to employees at Shavak Nanavati Technical Institute based on their training needs assessed through periodic appraisal of the employees.

Attrition is low - This is because the quality of life at Jamshedpur and Ranchi is very good. All specialists are available. Medical treatment is free. Tata Steel and CCL gives financial assistance to schools and hence better standard of studies for children and education expenses are low. The critical medical cases are referred to top hospitals in the country and entire expenses are borne by the company for employees and their dependents.

There is uninterrupted water and electricity supply at subsidized rates for employees. When all such facilities are available to employees the obvious consequence of it is employee satisfaction.

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E–Banking in India : Present Scenario

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Abstract

Indian banking has changed immensely in the past few years. The changes are multiple and at a fast pace in the term of transformation of technology advancement. It has become completely dependent on technology. Liberalization, privitazation and globalization policy brings various new players such as private sector banks and foreign banks in the banking sector. It increased the level of competition in Indian banking sector. The immediate impact of such competition has given rise to the adoption of new technology. Today most of the banking happens while you are in the office or attending an important meeting. ATMs are at your doorstep. Banking services are accessible 24x7. There are more plastic cards in your wallet than currency notes. A huge part of this development is due to introduction of IT. Banks today operate in a highly globalized, liberalized, privatized and a competitive environment. In order to survive in this environment banks have to use IT to serve and offer better services to their customers. Electronic banking has emerged out of such an innovative development. The study aims at the progress made by Indian banking sector in adoption of technology. The progress in e-banking in Indian banking industry is measured through various parameters such as Computerization of branches, Core Banking, Installation of Automated Teller Machines, Transactions through Retail Electronic Payment Methods etc. Statistical and mathematical tools such as simple growth rate, percentages and averages etc are used. The article also highlights the challenges faced by Indian banks in adoption of technology and recommendations are made to tackle these challenges.

Keywords : e-banking, core banking, electronic payment, information technology

Introduction

E-banking is the term that signifies and encompasses the entire sphere of technology initiatives that have taken place in the banking industry. E-banking is a generic term making use of electronic channels through telephone, mobile phones, internet etc. for delivery of banking services and products. The concept and scope of e-banking is still in the transitional stage. E-banking has broken the barriers of branch banking.

Evolution of E-Banking

E-banking has its origin in UK and USA in 1920s. It became prominently popular during 1960s through electronic funds transfers and credit cards. The concept of web-based banking came into existence in Europe and USA in the beginning of 1980s. It has been estimated that around 40 percent of banking transaction would be done through Net.

E-Banking in India

In India e-banking is of fairly recent origin. The traditional model for banking has been through branch banking. Only in the early 1990s there has been start of non-branch banking services. The good old manual systems on which Indian Banking depended upon for centuries seem to have no place today. The credit of launching internet banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with internet banking services in 1999. Several initiatives have been taken by the Government of India as well as the Reserve Bank to facilitate the development of e-banking in India. The Government of India enacted the IT Act, 2000 with effect from October 17, 2000 which provided legal recognition to electronic transactions and other means of electronic commerce. The Reserve Bank is monitoring and reviewing the legal and other requirements of e-banking on a continuous basis to ensure that e-banking would develop on sound lines and e-banking related challenges would not pose a threat to financial stability. A high level Committee under chairmanship of Dr. K.C. Chakrabarty and members from IIT, IIM, IDRBT, Banks and the Reserve Bank prepared the "IT Vision Document- 2011-17", for the Reserve Bank and banks which provides an indicative road map for enhanced usage of IT in the banking sector.

To cope with the pressure of growing competition, Indian commercial banks have adopted several initiatives and e-banking is one of them. The competition has been especially tough for the public sector banks, as the newly established private sector and foreign banks are leaders in the adoption of e-banking. Indian banks offer to their customers following e-banking products and services:

- Automated Teller Machines (ATMs)
- Internet Banking
- Mobile Banking
- Phone Banking
- Electronic Clearing Services
- Electronic Clearing Cards
- Smart Cards
- Electronic Fund Transfer

The three broad facilities that e-banking offers are:

- Convenience- Complete your banking at your convenience in the comfort of your home.
- No more Qs- There are no queues at an online bank.
- 24x7 service- Bank online services is provided 24 hours a day, 7 days a week and 52 weeks a year.

Materials and Methods

The study is based primarily on secondary data and analytical in nature. Statistical and mathematical tools such as simple growth rate, percentages and averages are used. The sources of data are Report on Trends and Progress of Banking in India published by Reserve Bank of India, Mumbai. The parameters of the study are Computerization of branches, status core banking, installation of Automated Teller Machines and Transactions through Retail Electronic Payment Methods such as Electronic Clearing services (ECS) - debit and credit, National Electronic Fund Transfer and Electronic Clearing Cards that is debit card and credit card. To analyze progress made by Indian banking industry in adoption of technology, averages, percentages and simple growth rate is calculated. (In this study, simple growth rate is indicated by GR. GR= Yt –Y0 /Y0 x 100 where Yt indicates value of given parameter in current year and Y0 indicates value of given parameter in base year).

Results and Discussions

Computerisation as well as the adoption of core banking solutions was one of the major steps in improving the efficiency of banking sector. It is important to note that presently almost 99 percent of the branches of public sector banks are fully computerized and within which almost 90 percent of branches are on core banking platform. Table indicates computerization in public sector banks over period from 2007-2013. On average during this period 93.02 percent of branches are fully computerized, 70.2 percent branches are under core banking solutions. Growth rate in case of fully computerized branches and branches under core banking solutions has increased.

Table 1: Computerization in Public Sector Banks

Year/ Category	Fully Computerized Branches	GR(%)	CBS Branches	GR(%)
2007	85.6	-	44.4	-
2008	93.7	9.46	67	50.9
2009	95	10.48	79.4	78.8
2010	97.8	14.25	90.2	102.7
2013	99	15.65	98	120.72
Average	94.22		75.8	

Source: Annual Report 2012-13, RBI

Automated Teller Machine (ATM)

ATM is a modern device introduced by the banks to enable the customers to have access to money day in day out without visiting the bank branches in person. The system is known as “Any Time Money” or “Any Where Money” because it enables the customers to withdraw money from the bank from any of its ATMs round the clock. ATM has become the most popular and convenient delivery channel throughout entire country. Table indicates the progress made by ATMs of Scheduled Commercial Banks for the period 2007-2013. In average terms Onsite ATMs are more as compared to Offsite ATMs though the number of both has increased in the period of last 5 years. In percentage terms also Onsite ATMs are more than Offsite ATMs. The percentage of Onsite ATMs has increased but percentage of Offsite ATMs has marginally increased from 48.9% in 2012 to 49.7% 2013. Growth rate has remarkably increased in 2013 in case of both Onsite and Offsite ATMs taking the year 2007 as base year.

Table 2: ATMs of Scheduled Commercial Banks at the end of March each year

Year	On-site ATM	Off-site ATM	Total No. of ATM	Off-site as % of Total	On-site as % of Total
2007	14796	12292	27088	45.4	54.6
2009	24645	19006	43651	43.5	56.5
2010	32679	27474	60153	45.7	54.3
2011	40729	33776	74505	45.3	54.7
2012	47545	48141	95686	48.9	50.3
2013	55760	58254	114014	49.7	51.1
% AGR	25%	30%	27%		

Source: Report on Trend and Progress of Banking in India 2012-2013, RBI

Electronic Clearing Cards

Now-days Electronic Card is being used in place of hard cash. Generally, there are two types of electronic cards : Debit card and Credit card. These are also called plastic money. The most important difference between a Credit card and a Debit card is that while credit card is a post- paid and debit card is pre-paid.

(i) **Debit Cards :** Debit card is a card which authorize the customers to withdraw their own money from the ATM of any bank any time. Nowadays uses of debit card have been increased immensely. It can be also used for fund transfer, payment of bills, online purchasing etc.

Table 3:Bank Group wise Issuance of Debit Cards (In Million)

Bank /Year	2007	2010	2011	2012	2013	% AGR
Public Sector Banks	44.1	129.7	170	215	261	29%
SBI & Groups	24.9	70.8	90	112	139	28%
Nationalized Banks	19.2	58.9	80	103	122	30%
Private Sector Banks	27.2	47.9	54	60	67	14%
Old Private Banks	4	9.8	13	14	15	21%
New Private Banks	23.2	38.1	41	46	52	12%
Foreign Banks	3.7	4.4	3.9	3.8	3.3	-2%
All SCBs	75	182	227.9	278.8	331.3	24%

Source: Report on Trend and Progress of Banking in India 2012-2013, RBI

(ii) Credit Cards :

Table 4: Bank Group wise Issuance of Credit Cards (In Million)

Bank Group/Year	2007	2010	2011	2012	2013
Public Sector Banks	4.1	3.2	3.1	3.1	3.5
SBI & Groups	3.4	2.5	2.3	2.3	2.6
Nationalized Banks	.7	.7	.8	.8	.9
Private Sector Banks	10.7	9.5	9.3	9.7	11.1
Old Private Banks	.03	.06	.04	.04	.04
New Private Banks	10.65	9.44	9.28	9.6	11.1
Foreign Banks	8.3	5.8	5.64	4.9	5
All SCBs	23.1	18.3	18.04	17.7	19.5

Source: Report on Trend and Progress of Banking in India 2012-2013, RBI

Electronic Clearing System (ECS)

Electronic Clearing Service (ECS) is one of the new electronic banking services. ECS is an electronic mode of payment which is used for transfer of funds from one account to another account. ECS consists of- Electronic Credit Clearing Service & Electronic Debit Clearing Service and NEFT.

Table 5: Bank Group wise Volume of ECS Transactions (In Million)

Year	ECS Credit	ECS Debit	NEFT
2006-07	69	75.2	4.8
2009-10	98.1	149.3	63
2010-11	117.3	156.7	132.3
2011-12	121.5	165.3	226.2
2012-13	122.2	177.2	394.1
% AGR	9%	13%	88%

Source: Report on Trend and Progress of Banking in India 2012-2013, RBI

Table 6; Bank Group wise Value of ECS Transactions (In Billion)

Year	ECS Credit	ECS Debit	NEFT
2006-07	833	254	775
2009-10	1176	695	4095
2010-11	1816	737	9391
2011-12	1838	834	17904
2012-13	1771	1083	29022
% AGR	11%	23%	68%

Source: Report on Trend and Progress of Banking in India 2012-2013, RBI

Real Time Gross Settlement (RTGS)

RTGS refers to fund transfer on a real time basis from one bank to the other banks. It means there is no waiting time for clearing. The transactions are settled as soon as they are processed on one to one basis without bunching with any other transaction. The minimum amount for RTGS transaction is Rs. 2,00,000 (Two Lakhs).

Table 7: RTGS Transactions in All Scheduled Commercial Banks

Year	Volume (in Billion)	Amount (in Billion)
2010-11	49	484872
2011-12	55	539308
2012-13	69	676841
% AGR	9%	9%

Source: Report on Trend and Progress of Banking in India 2012-2013, RBI

Cheque Truncation System (CTS)

The Cheque Truncation System (CTS) is a step towards improving the pace of clearance without involving end-to-end physical movement of cheques.

CTS Transactions in All Scheduled Commercial Banks

Year	Volume (in Million)	Amount (in Billion)
2011-12	180	15104
2012-13	275	21732
% AGR	52.78	43.88

Source: Report on Trend and Progress of Banking in India 2012-2013, RBI

Thus, we observe that Indian Banking Sector has shown tremendous technological growth in every parameters especially after 1991 i.e. globalization.

Challenges in E-banking

E-banking is facing following challenges in Indian banking industry

1. One of the major risks of E-banking is insecurity of data and transactions.
2. E-banks are facing business challenges. For the transactions made through internet, the service charges are very low.
3. There is lack of prpoper training both on part of banks and customers in the adoption of new technological changes.
4. There is lack of proper infrastructure for the installation of e-delivery channels.

5. There is resistance to change from bank officials and trade unions.

Recommendations

1. E-banks should create awareness among people about e-banking products and services. Customers should be made literate about the use of e-banking products and services.
2. Special arrangements should be made by banks to ensure full security of customer funds. Technical defaults should be avoided by employing well trained and expert technicians in field of computers, so that loss of data can be avoided.
3. Employees of banks should be given special technical training for the use of e-banking so that they can further encourage customers to use the same.
4. Seminars and workshops should be organised on the healthy usage of e-banking especially for those who are ATM or computer illiterate.
5. E-banking services should be customised on basis of age, gender, occupation etc so that needs and requirements of people are met accordingly.
6. Government should make huge investments for building the infrastructure.

Conclusion

In India, E-banking is in a nascent stage. No doubt Indian banks are making sincere efforts for the adoption of advanced technology and installation of e-delivery channels but still it has a long way to go.

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Problems and Prospects of Civil Aviation Industry in India after New Economic Policy

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Abstract

Aviation industry is one among the most important industries of any country because of its economic and social benefit to the country. The aviation industry not only contributes to the Gross Domestic Product (GDP) of the country and improves employment statistics, but also aids in domestic and international trade, and facilitates many other businesses. Socially the industry connects people to people leading to cultural exchange and enhancement. Indian Aviation Industry has been one of the fastest-growing aviation industries in the world. With the liberalization of the Indian aviation sector, the industry had witnessed a transformation with the entry of the privately owned full service airlines and low cost carriers. With the liberalization of the Indian aviation sector, a rapid revolution has undergone in Indian aviation industry. Primarily it was a government-owned industry, but now it is dominated by privately owned full service airlines and low cost carriers. Around 75% share of the domestic aviation market is shared by private airlines. Earlier only few people could afford air travel, but now it can be afforded by a large number of people as it has become much cheaper because of stiff competition.

Keywords : low cost carrier, liberalisation, airstrips, foreign direct investment

Introduction

Indian Aviation Industry has been one of the fastest-growing aviation industries in the world with private airlines accounting for more than 75 % of the sector of the domestic aviation market. With a compound annual growth rate (CAGR) of 18 % and 454 airports and airstrips in place in the country, of which 16 are designated as international airports, it has been stated that the aviation sector will witness revival by 2011. In 2009 with increase in traffic movement and increase in revenues by almost US$ 21.4 million. There is 21.13% growth in passengers carried by domestic airlines during January-July, 2015 compared to the corresponding period of previous year. The passengers carried by domestic airlines during January-July, 2015 were 455.78 lakhs as against 376.28 lakhs during the corresponding period of previous year thereby registering a growth of 21.13 %. Total number of 67.45 lakh domestic passengers were carried by scheduled domestic airlines in the month of July, 2015. This is being primarily attributed because of the increase in the share of revenue from Delhi International Airport Limited (DIAL) and Mumbai International Airport Limited (MIAL).

India's civil aviation industry is on a high-growth trajectory. India aims to become the third-largest aviation market by 2020 and the largest by 2030. The Civil Aviation industry has ushered in a new era of expansion, driven by factors such as low-cost carriers (LCCs), modern airports, Foreign Direct Investment (FDI) in domestic airlines, advanced information technology (IT) interventions and growing emphasis on regional connectivity. India is the ninth-largest civil aviation market in the world, with a market size of around US$ 16 billion.

The players in civil aviation industry can be broadly categorized in three groups: public players, private players and starts up players. There are three public players in Aviation industry: Air India, Air India express and Alliance Air. The private players include Jet Airways, Air Costa, Air Pegasus, Go Air, Indigo, Spice Jet, TruJet, and many more. Those who are planning to enter the markets are starts up players. Some of them are Omega Air, Magic Air, Premier Star Air and MDLR Airlines.

Materials and Methods

For the purpose of depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used in analytical and descriptive. Both primary as well as secondary sources of information have been taken.

Results and Discussions

Indian aviation industry has completed a century of its existence and these 100 years have witnessed severe highs and lows. On the one hand, there has been rise in the number of companies competing in the industry along with a simultaneous growth in the number of airline passengers; on the other hand the industry players are still struggling against poor infrastructure and high operating costs.

However the air travels penetration is very low in India and there is lot of potential underlying the industry. The emergence of wide middle class with rising disposable incomes has paved the way for industry players marking a more promising future. There is a glamour attached to air travel in addition to the benefits of saving the travel time. The labour is cheap and is available in abundance in the country. The only thing needed is training and polishing the human resource to match to the industry's eligibility criteria.

The Indian mindset supports the industry growth but at the same time the Indian consumers are highly sensitive to price when it comes to air travel. There is low brand loyalty and the consumers easily switch over to the one offering maximum discounts. This has given birth to cut-throat competition among carriers fighting to offer the most lucrative scheme to consumers. Moreover, there is high instability in air passenger traffic in India making it difficult to balance the demand-supply continuum. Another major challenge relates to the high operating costs. The cost of fuel for Indian carriers comprises around 45% of the total costs which stands at some 34% for most countries in the world. There are high taxes on Aviation Turbine Fuel (ATF) and poor infrastructure which add to the running costs making it difficult to compete globally. The investment hurdles further complicate the situation restricting the growth potential of the industry. The opportunities are immense in the sector and what is needs is to work out on the weaknesses.

Due to the increasing costs of fuels aviation industry is facing the difficulty. India's aviation sector stands up to the crisis and races against its fastest growing global competitors. Enhancement in affordability and connectivity add to the expected improvement in both passengers and cargo traffic. Large public and private investments which are supported by government initiatives in air travel infrastructure are expected to pour in. The Civil Aviation Sector contributes significantly to the process of development by generating employment opportunities directly and indirectly besides facilitating enhancement of productivity and efficiency in the movement of goods and services. Civil Aviation is a key infrastructure sector that facilitates the growth of business, trade and tourism, with significant multiplier effects across the economy.

India's aviation industry is largely untapped with huge growth opportunities, considering that air transport is still expensive for majority of the country's population, of which nearly 40 per cent is the upwardly mobile middle class. The industry stakeholders should engage and collaborate with policy makers to implement efficient and rational decisions that would boost India's civil aviation industry. With the right policies and relentless focus on quality, cost and passenger interest, India would be well placed to achieve its vision of becoming the third-largest aviation market by 2020 and the largest by 2030.

Market Size of Indian Civil Aviation Industry

In the second quarter of 2015, domestic air passenger traffic surged 19.2 per cent to 20.3 million from 17 million in the corresponding period a year ago. Total passenger carried in June 2015 increased 13 per cent Y-o-Y to 8.8 million from 7.8 million in June 2014. International and domestic passenger traffic grew 5.3 per cent and 16 per cent, respectively, in June 2015. In June 2015, total freight carried rose 5.4 per cent Y-o-Y to 222,990 tonnes vis-à-vis 211,590 tonnes in June 2014.

International freight movement witnessed higher growth (7.1 per cent) compared with domestic freight movement (2.6 per cent). In June 2015, total aircraft movements at all Indian airports stood at 141,620, which was 8 per cent higher than June 2014. International and domestic aircraft movements increased 6.5 per cent and 8.4 per cent, respectively, in June 2015.Over the next five years, domestic and international passenger traffic are expected to increase at an annual average rate of 12 per cent and 8 per cent, respectively, while domestic and international cargo are estimated to rise at an average annual rate of 12 per cent and 10 per cent, respectively. The airlines operating in India are projected to record a collective operating profit of Rs 8,100 crore (US$ 1.29 billion) in fiscal year 2016, according to Crisil Ltd.[1]

Transcript of "Challenges and issues faced by the Indian Aviation Industry"- There are several challenges in front of aviation industry because of the growth in the aviation sector and capacity expansion by carriers. These include shortage of workers and professionals, safety concerns, declining income and the lack of accompanying capacity and infrastructure. Moreover, stiff competition and rising fuel costs are also negatively impacting the industry.

1. Shortage of Trained Employee: There is a shortage of trained and skilled manpower in the aviation sector as a result of which there is cut-throat competition for employees which, in turn, is driving wages to unsustainable levels. Moreover, the industry is unable to retain talented employees.
2. Regional Connectivity: To provide regional connectivity is one of the biggest challenges facing the aviation sector in India. The lack of airports is hampering the growth of regional connectivity.
3. Rising Fuel Prices: As fuel prices have risen, the inverse relationship between fuel prices and airline stock prices has been established. Moreover, it also led to increase in the air fares.
4. Declining Yields: As more players are attracted towards Aviation industry because of increasing growth prospects it will lead to more competition. All this has resulted in lower returns for all operators.
5. Gaps in Infrastructure: Airport and air traffic control (ATC) infrastructure is insufficient to support growth. While a initiate has been made to upgrade the infrastructure, the results will be visible only after some years.
6. High Input Costs: The input costs are also very high because of some of the reasons like Withholding tax on interest repayments on foreign currency loans for aircraft acquisition. Increasing manpower costs due to shortage of technical personnel.

However, In short some other Challenges and Issues faced by the Indian Aviation Industry are as follows:

- High cost of aviation turbine fuel
- High operational costs
- High service tax and other charges
- Shortage of maintenance facilities
- High foreign exchange rate
- Competition from foreign airlines
- Congestion at airports

- Lack of qualified pilots and technical manpower etc.

Government Initiatives for development of Civil Aviation Industry in India Government agencies project that around 500 Brownfield and Greenfield airports would be required by 2020. The private sector is being encouraged to become actively involved in the construction of airports through different Public Private Partnership models (PPP), with substantial state support in terms of financing, concessional land allotment, tax holidays and other incentives.

Some major initiatives undertaken by the government are:

- Gujarat is expected to get a second international airport at Dholera. The state government has formed Dholera International Airport Co. Ltd. and is obtaining approvals from the union government.
- The Directorate General of Civil Aviation (DGCA) has given its approval to Air India's maintenance, repair and overhaul (MRO) unit.
- The Government of India has decided to award airports in Kolkata, Chennai, Jaipur and Ahmadabad on management contract. AAI has issued the 'Request for Qualification' document for these four airports.
- The Government of India plans to form a committee comprising bankers, aviation experts and technocrats to help turn around and privatise the national airline, Air India.
- The Government of India approved a proposal to set up a second airport in the National Capital Region.
- The Government of India expects to finalise the new aviation policy and revised international flying norms for domestic carriers soon; the government may remove the '5/20' norms for domestic airlines in this new policy.

Opportunities

With new airports and up-gradation of existing airports on the anvil opportunities exist for various organizations including those involved in airport management, terminal construction and design, passenger and cargo handling, strengthening and extension of runways, aprons, aircraft parking stands, taxiways and aerobridges.

This growth potential, coupled with the government's decision to allow private sector participation in the running of five key airports as also in airport modernization, ground services, aircraft manufacture, makes India a very attractive market for airport and avionics equipment manufacturers and service providers. The Government of India policy to liberalise the civil aviation market also presents foreign firms with significant export and investment opportunities.

Also, CAPA estimates India will need a further 3,000 pilots. There will a sharp rise in demand for trained cabin crew not only for the domestic airlines, but also for international carriers," said Sapna Gupta, chief consultant of the Air Hostess Academy. "In the entire Asia-Pacific region, the total human resource requirement in the civil aviation industry will be to the tune of 94,705.

Passenger growth faster than Domestic

- Domestic passenger traffic expanded at a CAGR of 11.6 per cent over FY06–14; by FY17 domestic passenger traffic is expected to touch 209 million
- International passenger traffic posted a CAGR of 9.6 per cent over FY06-14 and is set to touch 60 million by FY17
- During FY14, domestic passenger traffic increased by 5.3 per cent compared to decline of 4.3 per cent in FY13
- During FY14, international passenger traffic increased by 8.4 per cent compared to 5.4 per cent in FY13

Role of Aviation Industry in Indian Economy

The Role of Aviation Industry in India GDP in the past few years has been phenomenal in all respects. The Aviation Industry in India is the most rapidly growing aviation sector of the world. With the rise in the economy of the country and followed by the liberalization in the aviation sector, the Aviation Industry in India went through a complete transformation in the recent period.

Role of Aviation Industry in India GDP – Growth factor

- The growth in the Indian economy has increased the Gross Domestic Product above 8% and this high growth rate will be sustained for a good number of years.
- Air traffic has grown enormously and expected to have a growth which would be above 25% in the travel segment
- In the present scenario around 12 domestic airlines and above 60 international airlines are operating in India
- With the growth in the economy and stability of the country India has become one of the preferred locations for the trade and commerce activities
- The growth of airlines traffic in Aviation Industry in India is almost four times above international average
- Aviation Industry in India have placed the biggest order for aircrafts globally
- Aviation Industry in India holds around 69% of the total share of the airlines traffic in the region of South Asia.

Role of Aviation Industry in India GDP- future challenges

- Initializing privatization in the airport activities
- Modernization of the airlines fleet to handle the pressure of competition in the aviation industry
- Rapid expansion plans for the major airports for the increased flow of air traffic
- Immense development for the growing Regional Airports

Current Scenario of Indian Aviation Industry

Current Scenario of Indian Aviation Industry The Indian aviation industry is one of the fastest growing aviation industries in the world. India has 454 airports and airstrips; of these, 16 are designated international airports. With the liberalization of the Indian aviation sector, aviation industry in India has undergone a rapid transformation. From being primarily a government-owned industry, the Indian aviation industry is now dominated by privately owned full-service airlines and low-cost carriers. Private airlines account for around 75 per cent share of the domestic aviation market.

Future projection of Indian civil Aviation Industry

- Largest civil aviation market by 2030.
- 293.48 Million Passengers in 2017.
- 60 Million International passengers by 2017.
- 85 international airlines connecting over 40 countries.
- 3rd largest aviation market by 2020.
- 800 aircraft by 2020.

Factors Contributing to the Growth of the Aviation Sector

From an over-regulated and under-managed sector, the aviation industry in India has now changed to a more open liberal and investment-friendly sector, especially after 2004. The civil aviation sector in India has moved into a new era of expansion. Some major factors contributing to this are:

- Higher household incomes
- Strong economic growth
- Entry of low cost carriers (LCC)
- Increased FDI inflows in domestic airlines
- Increased tourist inflow
- Surging cargo movement

- Cutting edge information technology (IT) interventions
- Focus on regional connectivity
- Modern airports
- Sustained business growth and
- Supporting Government policies

SWOT Analysis of Civil Aviation Industry

Strengths	Weakness
◆ Growing tourism	◆ Under penetrated Market
◆ Rising income levels	◆ Untapped Air Cargo Market
◆ Liberal Environment	◆ Infrastructural constraints
◆ Modern Fleet	◆ Airport Infrastructure
◆ High Quality	◆ Airways Infrastructure
◆ Economic Growth	◆ National Carrier
◆ Political Stability	◆ Deep Pockets
◆ Skilled Resources	◆ High Cost Structure
Opportunities	**Threats**
◆ Expecting investments	◆ Shortage of trained Pilots
◆ Expected Market Size	◆ Shortage of Airports
◆ Market Growth	◆ High prices
◆ Geographic Location	◆ Middle East Aviation
◆ Lower Costs, Higher Quality	◆ Terrorism

Conclusion

Due to the rise in income levels, disposable income is increasing which enhanced the number of flyers. Indian tourism is also in the growing stage as a result there has been an increase in the number of international and domestic passengers as well. It will lead to the growth in airlines industry. Although currently there are many challenges which are being faced by the Indian Aviation Industry but the growth prospect is very much high. Government has to take an initiative to improve the Airport infrastructure and to pour in some investments as well. Some steps are already being taken by the government for the development of Aviation Industry. Concluding we can say that apart from all the challenges Aviation Industry's future is very bright in India.

Aviation industry is one among the most important industries of any country because of its economic and social benefit to the country. The aviation industry not only contributes to the Gross Domestic Product (GDP) of the country and improves employment statistics, but also aids in domestic and international trade, and facilitates many other businesses. Socially the industry connects people to people leading to cultural exchange and enhancement.

The aviation industry have developed itself to a large extent since its emergence. Due to the rise in income levels, disposable income is increasing which enhanced the number of flyers. Indian tourism is also in the growing stage as a result there has been an increase in the number of international and domestic passengers as well. It will lead to the growth in airlines industry.

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Indian Capital Market : An Overview

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Abstract

The capital market plays a very important role in promoting economic growth through the mobilization of long-term savings and the savings get invested in the economy for productive purpose the capital market in India is a well integrated structure and its components include stock exchanges, developed banks, investment trusts, insurance corporations and provident fund organization. The importance of the capital market cannot be underemphasized for developing economy like India which needs significant amount of capital for the development of strong infrastructure. The enter paper in divided into four parts. In the first part introduction of capital market is covered, in second part conceptual framework of capital market is discussed and in the next section, focus on the trends in the capital market in India is given. In the fourth section, various issues and challenges of the capital market in India is discussed

Keywords : investment, capital market, stock exchange

Introduction

Capital Market Means that market where transactions in long-term securities are made. This market offers help in meeting the long-term financial needs of various sectors of economy. Transactions of securities in this market include primarily the shares and debentures, this market encourages people to invest their small savings in productive activities. On the one hand people earn appropriately and on the other hand, the economy develops.

With the pace of economic reforms followed in India, the importance of capital market has grown in the last ten years. corporate both in the private sector as well as in the public sector raise crores of rupees in these market. The government through reserve bank of India, as well as financial institutions also raise a lot of money from these markets. Thus, it will be correct to say that capital markets generate income and employment in the country.

Conceptual Framework of Capital Market

Conceptual Framework of Capital Market Capital market is the financial market for the buying and selling of the long term debt or equity backed securities. The market channels the wealth of savers to those who can put it to long term productive use. Modern capital markets are hosted on computer based electronic trading system which can be accessed by entities within the financial sector. The capital market can be divided into:

1) Primary Market: It deals with issue of new securities. Companies, government, and public sector institutions can obtain funds through sale of new stock or bonds issue.

2) Secondary Market: It is also called liquid market. In this market the securities are sold by or transferred from one investor to another. Thus, this market gives liquidity to the long term securities.

Trends in Capital Market in India

A. Performance of Primary Market

Primary market facilitates government as well corporate in raising capital to meet their requirements of capital expenditure and/ or discharge of other obligation such as exit opportunity for venture capitalist/ Private Equity firm. The most common primary mechanism for raising capital is an Initial Public Offer (IPO), under which shares are offered to common public as a precursor to the trading in secondary market of an exchange. When securities are exclusively offered to the existing shareholders of company, as opposed to the general public it is called Rights Issue. Another mechanism whereby a listed company can issue equity shares, fully and partly convertible debentures which can be converted into equity shares later on, to a Qualified Institutional Buyer (QIB) is termed as Qualified Institutional Placement.

Table 1

Resource mobilization through primary market

	2007-08	2008-09	2009-10	2010-11	2011-12
Debt	1603	1500	2500	2,245	4791
Equity	54,511	2,082	46,737	46,678	11,647
Private Placement	118,485	173,281	212,635	147,400	156,634

(Source SEBI)

The Indian capital primary market showed a skewed growth. The heat of the financial crisis 2008 was also felt by the primary market when companies put public offer on hold and preferred private as important source of funds mobilization which accounted for about 95% of the total funds. The negative impact of current recession and much awaited reforms could also be observed for the financial year 2011-12. It could be observed that primary debt market in India is not yet mature which range between 1 to 2%. Private placement has been the most popular source of raising funds from the primary market by the companies in India which account for about average 76% B.Performance of Mutual Fund Industry Mutual Funds play an important role in financial services by offering diversification, liquidity and professional management at an affordable price. The Indian Mutual Fund industry consists of 44 players. In addition to advance tax commitments adverse interest rate scenario, slowing growth in India and concerns of global recession were other important reasons that led to the downfall.

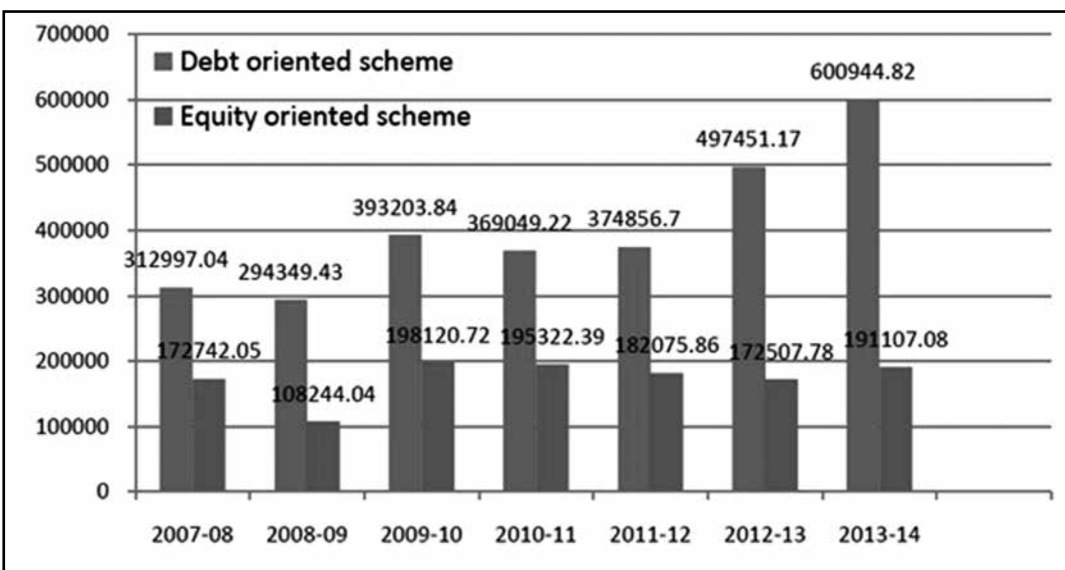

Fig1.Trend of Mutual Fund Investment in Equity and Debt Oriented scheme for the Period 2007-08 to 2013-14 (source: SEBI)

Throughout the period from 2007-08 to 2013-14, investors have shown greater confidence in the debt oriented scheme as these are the regular source of income and investors in India are risk averse. Also, the difference in the amount invested in the debt oriented scheme has increased considerably from the year 2012-13 onwards.

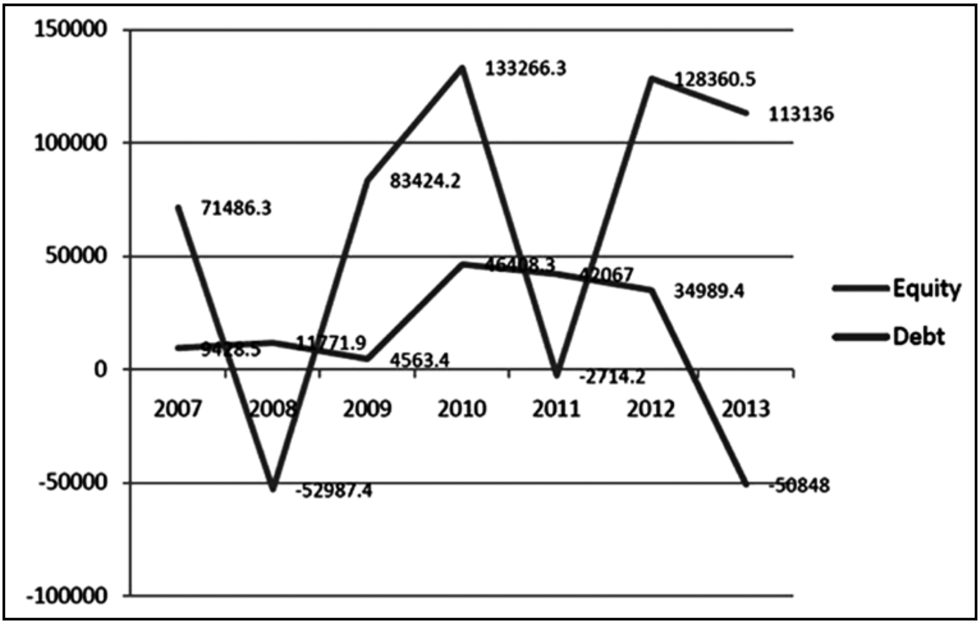

Fig 2 : Trend of FIIs investment in Debt and Equity market from 2007-13 (source : SEBI)

C. Performance of FIIs

Fig2. Trend of FIIs investment in Debt and Equity market from 2007-13 (source: SEBI) The foreign institutional investors have always favored investment in equity market over the debt market but whenever there is crisis in the economy then they tend to prefer debt market over the equity market. As we can see in the above figure that in 2008, investment in the equity market was negative where as in case of bond it was low but positive but as the economy started recovering, the investment in equity market tend to higher than the investment in the debt market.

D. Performance of Secondary Market

Sensex and Nifty are the barometer of India's feel-good factor was at 21,000 marks prior to Global Financial Crisis followed Great recession worldwide. However, in recent years both the index witnessed volatile trends due to global and domestic factors.

Table 2 : Trend Market Capitalization P/E Ratio, P/B Ration In Nse For 2007-2013

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Market Capitalization	5138015.26	3086076	6165620.14	6839083.61	6214911.83	6387886.87	7415296.09
P/E Ratio	-	-	-	-	18.50	17.09	17.38
P/B Ration	-	-	-	-	2.76	3.13	2.99

Market capitalization is the total dollar value of a company's outstanding shares. The BSE shows increasing trend of market capitalization except the year 2008-09 in which economy was in recession. P/B ratio is used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share P/E ratio is the valuation ratio of a company's current share price compared to its per share earnings. Both P/E ratio and P/B ratio shows declining trend through out the period of 2011-12 to 2013-14.

Table 3 : Trend market capitalization P/E ratio, p/b ration in NSE for 2007-2013

	2007	2008	2009	2010	2011	2012	2013
Market Capitalization	4951.80	5707.75	7236.94	4945.21	3785.33	3021.71	3032.11
P/E Ratio	-	-	-	-	16.75	18.68	18.70
P/B Ration	-	-	-	-	2.76	3.13	2.99

The NSE shows fluctuating trend of market capitalization. The P/E ratio is increasing throughout the period of 2011-13. The P/B ratio is increasing in 2012 where as it shows declining trend in 2013.

Table 4 : TRADING STATISTISTIC OF BSE AND NSE FROM 2007 to 2011

	2007-08	2008-09	2009-10	2010-11	2011-12
BSE	986005	739600	1136513	990776	654137
NSE	1481229	141828	2205878	1810910	1605205

The NSE shows increasing trend of quantity of shares delivered where as BSE shows fluctuating trend throughout the period of 2007-08 to 2011-12. E. Performance of Derivative Market

	2007-08	2008-09	2009-10	2010-11	2011-12
BSE	7453356	496502	9026	5623	32175320
NSE	315552569	644094527	665277652	100170366	1168551087

A derivative is a security whose price is dependent upon or derived from one or more underlying assets. Its value is determined by fluctuations in underlying asset. Investors can use equity derivatives to hedge the risk associated with taking a position in stock by setting limits to the losses incurred by either a short or long position in a company's share.

The NSE shows increasing trend in trading of equity derivatives throughout the period from 2007-08 to 2011-12.The BSE shows fluctuating trend for the same.

Issues And Challenges Of Indian Capital Market

Opening of the financial markets will result in competition and greater efficiency. However, foreign participation will bring increased risk and exposure. Stability is thus need for financial markets for which safeguarding mechanism need to be established. The equity market in India is extremely vibrant but equity based funding solely, cannot lead the economy to growth. The debt market remains underdeveloped with a huge potential for increased activity. A strong hand is required to drive the long term financing of infrastructure, housing and private sector development. The road ahead for deepening the capital market need to be paved by the strong linkage between development of economy and the financial system. A greater measure of transparency is also required to built regulating procedures, to bring in a new dimension to financial market and take it to the next level. One of the challenges before the Indian capital market is expanding the investor base and provide them access to high quality financial service. With a population of more than a billion, a mere 1% of population participates in capital market and of that only a fraction is active. Investor participation is very shallow considering the size of Indian economy Trading volume in Indian capital market are lower as compared to other markets such as US, China, UK, Germany etc. Another Challenge faced by the investor is the cost involved in trading, which are comparatively higher in India, than in developed markets Way Forward to Capital Market

1. Investor education and regulation of mutual fund distributors
2. Allowing AMCs to the flexibility to charge fees
3. Innovative products across different asset classes
4. Amending tax regime to encourage domestic AMCs to manage foreign funds from India
5. Although higher investment by domestic institutional investors such as insurance companies, pension funds to make investment in capital markets
6. Make implementation of proposal of SME stock exchange effective
7. Allowing institutional investors to participate in commodity markets
8. Reduction in current withholding tax of 20% on income from debt securities to encourage investment in debt market.

Conclusion

India being an emerging economy needs innovations and reforms in the financial market. Innovation and reforms not only add value in the existing technology and system but also lead to decrease in the cost of capital and mitigate the risk exposure of the capital market instruments. No doubt that there is a positive correlation between the finance and the economic growth of the country. Economic growth needs sound financial system which further requires the well developed financial market. So, if country wants constant economic growth it has to develop its financial market. Emerging economies like India depends heavily on the banking system for financing its capital needs. But banks which are highly protected in India hardly fulfill its funding requirements. Thus, there is the need to develop its capital market especially its bond market which is underdeveloped because of policies constraint. Also, India has a huge market for the infrastructure which requires huge funds. The creation of deep and innovative bond market can fill this gap. Steps have been taken up to develop the equity market but there is lots to be done in case of the bond market development. Reforms need to be initiated, bottlenecks need to be removed, policies need to be changed to deepen the bond market in India and to make it as competitive as the world best bond markets.

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Present scenario and future perspective of Solar Energy in India

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Abstract

Power is a critical element of infrastructure required for economic development and for improving the quality of life. There are five main sources of power in India namely Thermal, Hydle, Nuclear, Solar and Wind. So far solar power is concerned, it is an important constituent of renewable energy found on earth abundantly. The strategic geographical location of India enables it to have long and sunny days for the major part of the year. Hence, solar energy can be a practical solution to generate electricity for the masses. The startup cost is the biggest limitation which has led to the low realization of the potential. Solar energy is a free and an inexhaustible source of fuel. There is no pollution or wastage resulting from its use. In small and remote villages, solar power may be the only source of energy, especially, if it is not possible to draw energy from other sources. It can also be used for hi-tech purposes. Solar powered cars, satellites, air conditioning systems, battery chargers and hand held devices are now increasingly being used. The Government of India has taken many initiatives to tap this solar potential available in the country in a move towards sustainable development. In this article all these aspects are dealt with.

Keywords : soure of energy, solar power, satelites

Introduction

In order to achieve the prime objective of sustainable development, it is essential to exploit all possible alternative sources of energy, so that dependency on fossil fuel can be minimised. In India, an exclusive Ministry, Ministry of New and Renewable Energy (MNRE) has been setup for the development of this sector. Broad objective of this Ministry is to develop and deploy new and renewable energy for supplementing the energy requirements of the country. In view of this, importance of new and renewable energy will be significant in ensuring country's energy security in near future. Besides, MNRE provides about 70% subsidy on installation of cost of power plants in North East states and 30% in other states.

As we know, role of energy is very important in the human development. It enriches life and helps to meet the basic requirements of the people like water supply, transport, communication, domestic lighting etc. in general and industrial and agricultural sectors in particular. Industrial and agriculture sector requires electricity for their production as now a day, most of the production is carried on with the help of machines. So, electricity becomes a universally accepted parameter of the progress. There is a positive correlation between economic growth and energy demand. Country having high per capita energy consumption is treated as developed and low per capita energy consumption as developing/ under-developed. In our country, per capita electricity consumption is about 900 units, which is very low in comparison to the world which is around 3,000 units.

As stated above, sources of electricity may be broadly classified into fossil fuel based electricity and non-fossil fuel based electricity. Sources of first category are coal, oil, natural gas etc. They are obtained from earth deposits and are limited in quantity. Millions of years have taken to come it in present form. Seeing the present consumption level, one day it will be exhausted. If alternative source is not developed, the coming generation will have to suffer a lot. Sources of non-fossil fuel based electricity are hydro, solar, wind, geo-thermal, sea-waves etc. They are non-exhaustible in nature and will prolong forever. At present, about 70% of world's energy requirement is being fulfilled through fossil fuels. But, due to growing awareness against pollution, green house gas effect, health concern, quest for clean energy, imposition of stringent emission norms etc. non-fossil fuel based electricity is becoming popular. Its development is also very important in the reduction of C02 emission, as this fetches additional income through sale of carbon credits under Clean Development Mechanism (CDM) under Kyoto Protocol which came into operation from February 2005.

It cannot be denied that solar energy has growing importance in India. The reasons are not far behind to seek. These may be:-

(i) It is the cleanest form of electricity and does not create pollution.

(ii) It is an inexhaustible source of energy because of the sun.

(iii) It can be used even in the remote areas at a very low cost whereas it is very expensive to extend the electricity in these areas through power grid.

(iv) Coal, oil etc. release CO_2 in the environment while generating electricity, but it does not release CO_2 in atmosphere and hence no pollution is created.

(v) The electricity generated by the solar power can be utilised for various purposes specially in rural areas such as cooking, lighting, heating, drying and running calculators etc.

(vi) Life of solar energy is indefinite whereas estimated oil reserve is only for 30 to 40 years.

(vii) A solar energy system can be installed anywhere easily provided sun rays are available. Solar panels can be easily placed in houses as well.

Solar energy can be used by two ways. One way is through conversion of solar radiation into heat namely solar thermal and another way is through conversion of solar radiation into electricity namely solar photovoltaic (PV). Both technological routes can effectively be utilized by providing huge scalability for solar in India.

Material and Methods

The present article has been prepared with the help of materials which have been collected from various sources. The sources are both primary as well as the secondary. The primary data have been collected by personal interviews with authorities of Jharkhand Renewable Energy Development Authority (JREDA) and through questionnaires. Frequent visits have been made to collect important and relevant data. But, basically this article is dependent on secondary data which have been collected from different magazines, reports, articles and websites. The method used is analytical and descriptive.

Results and Discussions

In spite of heavy capacity addition in power sector since 1991, India has remained a power deficit country. At present, about 30 crore people have no access to electricity out of total 125 crore people all over the world. International Energy Agency estimated that by the end of 2050, an additional 600 Gigawatt (GW) capacities would be required to bridge the demand -supply gap in the country. Traditionally, India has been using mainly fossil fuel based electricity that causes adverse environmental impact and creates pollution. With growing concern over environmental issues, the government has started giving priorities to renewable energy. For this a separate Ministry namely Ministry of New and Renewable Energy (MNRE) has been constituted to monitor the developments in this field. In near future, a significant role can be expected from renewable energy sector as the Government has started ambitious plan to tap the potential of renewal energy in a big way as a move to provide electricity to all in next 4-5 years. Increasing use of renewable energy will help to substitute traditional fuel requirements like wood, agriculture waste, dung (Upla) etc. of rural and semi urban India that will result reduction in air and water pollution in the country.

Share of renewable energy in the country's total energy mix is rising from the level of 7.8% in the year 2008 to 13% as on 31.3.2014. As on 31 March 2014, India has about 31.7 GW of grid connected installed renewable energy capacity. Largest share (21.1 GW) of it was wind energy accounted for about 66% of the capacity, making India the world's fifth-largest wind energy producer. Other contributors of the remaining capacity were Small hydro power (3.8 GW), bio-energy (4.0 GW) and solar energy (2.6 GW). In spite of raising share of renewable energy in the generation mix over the years there is large untapped renewable energy potential in the country.

Solar energy scenario at national level

As we know, solar energy is an important source of renewable energy. Due to unique geological condition, India is endowed with vast solar energy potential. In an estimate, India has potential for about 5,000 trillion kilowatt-hours (kWh) per year (considering about 300 clear sunny days in a year) solar power reception on its land area. Solar Potential in India is estimated to be 15,00,000 MW.

Over 10,000 remote and inaccessible villages and hamlets have been provided with basic electricity services through distributed renewable power systems. By the end of March 2015, the installed grid connected solar power capacity was 3,744 MW. The Government has started taking initiatives to produce 1 lakh MW solar power and 60 thousand MW wind power by 2022 with an investment of Rs. 10 lakh crore in the next seven years. These initiatives went momentum after an agreement signed between USA and China that USA will come down its emission level to the level of 2005 by the end of 2025. Till April, 2014 in the country total installed thermal capacity was 168.4 GW whereas total installed hydle and total installed renewal energy was 40.5 GW and 31.7GW respectively. Around 293 Indian and global companies have planned to invest 31-35 billion dollar in Solar, Wind, Biomass and hydle power projects for 266 GW power in the next 5 to 10 years. In addition to this, the Government has announced to develop 25 solar parks of 500 MW each in the next five years.

Development of renewable energy in India

(i) **Institutional framework :** Ministry of New and Renewable Energy (MNRE) is a nodal ministry of the Government of India for all matters relating to new and renewable energy. The broad aim of the Ministry is to develop and deploy new and renewable energy for supplementing the energy requirements of the country. Its role has been increasingly significant in recent times with the growing concern for country's energy security.

Indian Renewable Energy Development Agency (IREDA) is a nodal agency under the administrative control of MNRE at national level. Its key objectives are to operate a revolving fund for the promotion, development and commercialization of renewable energy sources. It also provides concessional loan to project developers, equipment manufacturers, financial intermediaries and end-users.

In each state, a nodal agency namely Renewable Energy Development Agency (REDA) has been formed to promote and facilitate the development of renewable energy projects / programmes in that state. It functions under the direct control of state government and receives financial support from MNRE for programme implementation.

(ii) Existing policy and regulatory support

- Electricity Act 2003:-It provides opportunity to the Government of India to frame policy and mandates State Electricity Regulatory Commissions (SERCs) to take steps to promote renewable and non-conventional sources of energy within their area of jurisdiction. It explicitly states the formulation of National Electricity Policy (NEP), National Tariff Policy and plans thereof for development of power systems.
- National Electricity Policy 2005: It aims to exploit feasible potential of renewable energy resources, reduce capital costs, promote competition and private sector participation.
- National Tariff Policy 2006: It formulates a minimum percentage of renewable energy procurement.
- NAPCC 2008: Under National Action Plan of Climate Change (NAPCC), Government of India identified eight core national missions envisaging several measures to address global warming. One of the missions states that a dynamic minimum renewable purchase standard (DMRPS) be set, with yearly escalation till a pre-defined level is reached.
- Renewable Purchase Obligation (RPO): State Electricity Regulatory Commissions (SERC) set target for distribution companies to purchase certain percentage of their total power requirement from renewable energy sources known as RPO. The states have already specified their RPOs ranging from 2% to 14% of their total energy demand to be met by renewable energy.

(iii) Other planned initiatives

- Solar park scheme: Under this scheme solar parks have to be setup. As per the Draft National Scheme on Solar parks, MNRE will setup 25 solar parks of capacities between 500 MW to 1000 MW. It will provide support of Rs. 20 lakh /MW to the park development agencies.
- Transmission infrastructure: This involves development of a network specifically for wheeling of renewable energy power. It proposes a high capacity transmission system (Green energy corridor) that will evacuate renewable power from renewable energy rich states to load centers and make pockets of renewable energy generation grid interactive.

Incentives for Renewable Energy Projects in India

Government of India provides number of tax and non-tax incentives for promotion of renewal energy including solar energy in the country. The different incentives offered by Central and State governments can be enumerated as below:-

(i) Tax Incentives

- Income tax Holiday: - 100% for 10 consecutive years - MAT @ 20% to apply
- Accelerated depreciation: - @ 80% on solar & wind assets
- Additional depreciation: -@ 20% on new plant/machinery in the 1st year
- Deemed export benefits:-
  - Available to specified goods manufactured and not actually exported
  - Advance authorization from Directorate General of Foreign Trade
  - Deemed export drawbacks
  - Exemption/return of Terminal Excise Duty
- Service tax based on negative list:-
  - Certain services are exempted from service tax

- Customs and Excise Laws :-

  Various duty concessions and exemptions to Renewable Sector

- Reduced VAT:-

  Certain States allow reduced VAT rates (5%) on RE projects

- Additional one-time allowance:-

  Available @15% in Budget 2014 on new plant and machinery

- Tax-free Grants:-

  Grants received from the holding company engaged in generation, distribution or transmission of power

(ii) Non-Tax Incentives

- Feed-in-tariffs
  - When renewable generators sell to state utilities under the MoU route
  - Rates decided by the CERC and the SERC
- Rebates
  - Available on the manufacturing of solar and wind components
  - Targeted at specific types of renewable energy technology
  - Include subsidies and rebates on capital expenditures
- Favorable land policies
  - By various state governments for renewable development
  - Reduce capital costs and favours ease of land allocation
- Government R&D programmes
  - Improve renewable energy technologies
  - Lead to growing performance, importance and reducing costs

Existing targets

Jawaharlal Nehru National Solar Mission (JNNSM) : In the year 2010, the Government of India has launched Jawaharlal Nehru National Solar Mission (JNNSM) as a major initiative to promote solar energy in the country. It was assumed that due to technological development and mass scale production, price of solar power would attain parity with grid power by the end of the Mission period and after that it would enable accelerated and large-scale expansion. Accomplishment of the Mission's objective was planned in three phases. First phase finished in 2013 with targeted capacity addition of 1,100 MW. Second phase will prolong for 2013-17 with cumulative addition target of 10,000 MW and third phase will run from 2017 to 2022 with cumulative targeted capacity addition of 20,000 MW via grid connected solar power. Apart from grid connected targets, JNNSM has also set up targets for off grid applications and solar thermal in India.

Challenges before Solar Power

Solar energy is free gift of nature and found in adandance. In-spite of this, there are lots of hurdles in its utilisation in the form of electricity. Some of them can be enumerated as below:-

- It can only be harnessed when it is daytime and sunny. Cloudy skies reduce its effectiveness. Moreover, it cannot be generated during night.
- It can be generated in those areas where ample sunlight is available in day.
- Solar collectors, panels and cells are relatively expensive to manufacture, in-spite of the fact that prices are falling rapidly. High initial investment makes it very expensive.
- Solar manufacturing in India is in a nascent stage and requires a nurturing environment if it is to compete with international players.
- Most power producers are importing cells/ modules mainly due to cheaper cost. Till

August 2014, the cummulative installed capacity of Indian solar PV manufacturers is about 1,200 MW of cells and 2,500 MW of modules.

- Continuous maintenance is required for solar plants and this causes additional costs.
- Land is a vital component of the total capital expenditure of renewable projects. For capture of sun energy, large areas of land are required. The amount of land required for solar power plant is approximately 1 square KM (250 acres) for every 20–60 MW generation. The non-availability of land also creates hindrances.

Conclusion

Despite of the above shortcomings it cannot be denied that it is an in-exhaustible source of energy and stands as the best alternative for non-renewal sources. Hence, Government has taken many steps to tap solar energy potential in the country and for this it has formulated a comprehensive policy. On the same line, state governments have also framed their solar energy policies so that target can be achieved in time bound manner. Still, a lot of efforts are required to achieve the level of developed countries. For example China is producing four times electricity than India and it is planning heavy capacity addition in near future. In the next one-two decade, growth rate of India is expected to be around 8-9%. To maintain this rate, there would be steep demand in electricity. Recently, the Government has launched ambitious “Make in India” programme with an objective to make India as a production hub. For this, uninterrupted and quality power would be required. The Government has to ensure that to maintain required growth rate and to provide electricity to all in next 5-6 years, electricity from all sources would be required to be tapped. For sustainable development, dependency on renewable energy especially solar energy has to be increased. Extensive Research and Development (R&D) work for making cheaper photovoltaic cell and other solar equipments are need of the time.

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Rational of Financial Management in Public Enterprises

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Abstract

Finance is the life-blood of economic enterprises. It is the pivot on which the whole business process functions. Finance provides security, stability and flexibility to both profit and non-profit organisations in order to develop goods and services to meet the demands. It enables the organizations to adopt and compete in changing economic environments. The basic desire of a business is to produce and distribute goods and services to the customers. This process requires the preliminary investment of funds in both fixed and current assets. Thus cash is invested in raw materials which are processed by making use of fixed assets and are sold. The rate of conversion of original capital investment decides and determines the profitability of a business. The profitability could be augmented if the rat e of flow of funds could be accelerated while a slow rate may lead to low profits or losses. It is this flow of funds that is ultimately considered by financial management. It is therefore essential to plan and control the funds in order to ensure the flow at the expected level of production and distribution. Financial management is concerned with this process of financial planning and control.

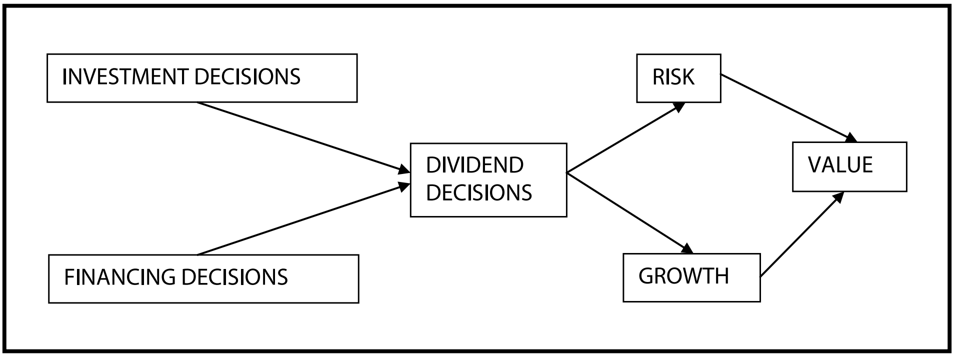
Keywords : capital investment, economic environments, financial decisions

Introduction

The modern concept of Financial Management has become broader based with the result that it has become a vital and integral part of overall management. Financial Management is the area of business management; devoted to a judicious use of capital and a careful selection of sources of capital; in order to enable a spending unit to move in the direction or reaching its goals'. It is a well Known fact that the basic goals or any economic or business activity are profit and wealth maximization. Managing a firm's finance is both an art a science. It requires not only a feel for the situation and an analytical skill, but also a thorough knowledge to apply them and interpret the results. It is important to note that the management of finance does not function in isolation; but in combination or conjunction with other areas like production, marketing and personnel. It is just like different organs of a human body functioning in a synchronized way so as to produce the desired results.

Time is an important variable in business decisions. It signifies the money value of time; which indeed plays a vital role not only in business but in all walks of life. Nevertheless time has another manifestation known as the time value of money which is even important so far as financial decisions are concerned. All business decisions have to be taken in a way so as to achieve the basic objective of wealth maximization. Against this back-drop the components of financial management are listed as:

- Financial Planning and Procurement of funds
- Allocation of funds and management of assets
- Coordination and control
- Profit Planning through (ROI)
- Business Forecasting
- Watching cash flows and maintaining optimum liquidity
- Financial decisions and growth of enterprise.



Public Sector Enterprise

Public sector enterprises or public enterprises have come to enjoy a unique position in the Indian economy in the post-independence era. These enterprises produce diverse products such as steel, coal. Aluminum, fertilizers, basic chemicals, minerals, locomotives, aircrafts, ships etc. They have been responsible for forming a strong industrial base and providing the oasic infrastructure for development in the country.

The significant growth of the public sector form of business organizations has been due to several factors. Viz., our philosophy of socialistic pattern of society, the strategy of heavy industrialization, the need for prevention of concentration of economic power in a few hands, the development of backward areas, etc. This sector has assumed such importance that, no student of commerce or management can afford to ignore its study.

A public enterprise may be defined as a business undertaking which is owned, managed and controlled by the State, on behalf of the public at large. According of Hansen, public enterprises mean "state ownership and operation of industrial, commercial or financial or agricultural undertakings."

A public enterprise is owned by the Central and /or State Government. The primary objective of public enterprises is to serve the nation, along with they may earn profits. In fact, there are multiple objectives like provisions of essential goods and services, creation of gainful employment, filling gaps in industrial structure, etc. public enterprises work for public welfare.

In the establishment and operation of public enterprises, financial resources are provided from the State exchequer. Therefore, public enterprises are accountable or responsible to the public. Such accountability is carried out through parliamentary control on the working of these enterprises. The management of public enterprises vests in the hands of officers who are appointed by the Government directly or indirectly. Even in the case of autonomous enterprises, the concerned ministry exercises a great deal of control over their functioning.

Thus, public enterprises differ from private enterprises in terms of their ownership, management, objectives, financing, freedom of management and flexibility of operations.

Materials and Methods

For the purpose of in depth study the contents have been taken from relevant books and articles from journals government reports. The methods used are descriptive and analytical. Consultation with eminent scholars in this field has shaped the present discussion.

Results and Discussions

At the time of independence the activities of the public sector were restricted to a limited field like irrigation, power, railways, ports and some departmental undertakings. The industrial policy resolution of 1948 and 1956 divided the industries into different categories. Some fields were left entirely for the public sector and rest of the industries were left totally to the private sector, public enterprises in India constitute a major national capability in terms of their scale of operations, coverage of the national economy, technological capabilities and stock of human capital. There are over a thousand public enterprises in India about 650 are owned by the states and the rest are central undertakings. These include departmental undertakings (Railways, post and telecommunication) financial institutions (SBI, IDBI and UTI), government companies incorporated under the Company Act (SAIL, CIL, BHEL etc.) and the government (NTPC, DVC etc). Details regarding the expansion and performance of public sector enterprises are presented in the table

Expansion and Performance of Central Public Enterprises

Running Enterprises (NO)	**1980-81**	**1990-91**	**1998-99**	**1999-2000**	**2009-10**	**2013-14**
	163	236	235	232	242	239
Rs. In Crores						
Capital employed	18207	102084	265093	303411	349209	346305
Turnover	28635	118676	310179	389310	586140	591235
Gross Profit	1418	11102	39727	42422	71250	77250
Net Profit	(203)	2272	13203	14555	19157	23740
Gross Profit To Capital Employed (%)	(7.8)	(10.9)	(15.0)	(14.0)	16.4	22.3
Net profit to Capital (%) employed	(101)	(2.2)	5.0	4.8	5.2	6.8

Source: The Statistical outline of India 2014-15, p 110

It is important to note here the performance public sector enterprises have improved from dismal in 1980-81 to profitable in recent years. In fact the net profit of these enterprises rose significantly from only Rs. 2.272 crores in 1990-91 to as high as Rs. 14.555 crore in 1999-2000. What is more, the reliance of public sector enterprises budgetary resources declined while their gross internal resource generation increased. The contribution of public sector enterprises to exchequer increased markedly from As. 19264 crores in 1991-92 to Rs. 56434 crore in 1999-2000 growth of 293 percent. Despite all this and despite the fact that the ratio of Net profit to capital employed continues to be highly inadequate-looking at huge investments that have been made in the public sector enterprises. In a number of years before liberalization the ratio of net profit to capital employed has been in the range of 2.0 to 2.5%. Bimal Jalan has alleged that it is this “low return on investment" in the public sector enterprises that is to a large extent responsible for the fiscal crisis of the Central Government.

As far as the criteria for the performance of PEs are concerned the public enterprises have done exceedingly well on many fronts. It has contributed to a significant extent in improving overall employment situation, expanding infrastructural facilities in the economy, increasing the output in industrial manufacturing sector and has also helped the economy in earning substantial amount of foreign exchange.

Conclusion

An investigation of Financial Management in Public Enterprises is significant because of the special features of Accounting and Financial Reporting in PSEs. The concepts of Financial Management are equally applicable to both public and private sector enterprises but the rules, procedures, accountability of financial decisions are more rigid in public enterprises as they are financed by Government out of these taxes collected from the public. The nature of public sector accounting is quite different from the private sector as the majority of the public sector enterprises are budget financed and also receive large portion of their funds in the form of grants from the Government. They are subject to nigh degree of direct and indirect regulation as regarding funding and pricing policies. Moreover, public enterprises are required to introduce Efficiency Audit and Propriety Audit which makes financial management in public enterprises more challenging and innovative. The basic objective of accounting and financial reporting in public enterprises is providing.

- Financial information useful for decision making
- Financial information useful for determining the cash flow, balances and requirements of short term financial resources.
- Information useful for evaluating managerial and organizational performances.

In the above background it is indeed interesting and imperative to investigate what methods principals and tools of Financial Management are practiced by Public Enterprises to show case their financial performance.

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Recruitment, Selection, Training and Development in Public Sector Banks

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Abstract

The backbone of Indian financial system is the public sector banks. The public sector banks were nationalised in the 1969. The period of economic reforms started in 1991 with the New Economic Policy (NEP). The components of NEP are liberalization, globalisation and privatization. These permitted entry of new private sector banks and foreign banks in India. Thus the era of cut throat competition began in the banking sector. The management of people is essential for organisation. Human resource management is important for banks because banking is a service industry. The key to survival for any service industry and for that matter banks is its ability to integrate crucial components, technology and people. The question arises here as to how manage human resource in public sector banks? The answer is through planning, acquiring right people and developing people. This can be achieved through various HR practices such as recruitment, selection, training and development in PSBs. Recruitment and selection of right people at right time for the right post is essential. And rapid technological changes transform business- continuous skill up-gradation is achieved through training and development. Added to this there is a major challenge in front of the PSB increasing Non Performing Assets. The public sector banks have IBPS for the recruitment and selection of 29 PSBs for various posts such as probationary officer, clerks, specialist officers, etc. And added to it SBI recruits thousands of employees each. Mere recruitment and selection of employees will not help in competition with the private sector banks but training and development of the employees is crucial for the PSBs. There are various banking and related institutes such as NIBM, the STU, and gramin banks which are providing training and development in this field.

Keywords : service industry, public sector banks, crucial components

Introduction

Human beings are rational animals. They can think, analyze, react and behave in various ways. Management of people is essential for organization. Its function is to give emphasis to human resource organization and to bring in the most recent development in the field. And it tries to relate how these developments are relevant to the organization. Since privatization, globalization and information technology have come into existence the world has become a global village. Indian organization is waking up to the challenges thrown in by the global as well as local economy. Managers are in pressure to survive in this cut throat competition and are constantly trying to increase productivity, improve the quality, cut down waste and eliminate inefficiency.

Organizations are becoming aware of the fact that human resource is quintessential. The dynamic people around the world can build dynamic organizations.

H Koontz has defined management "It is the art of getting things done through and with people organized with formally organized groups."[1] David Decenzo & Stephen P Robbins defined HRM "A process consisting of four functions – acquisition, development, motivation and maintenance of human resource."[2]

Human resource management is the foundation of the organization be it industrial sector or the banking sector. Its basic elements are recruitment, selection, training and development. The first stage of acquisition function is recruitment. It is the process of searching for and obtaining candidates for jobs. It is a positive process, thus encouraging more and more people to apply for jobs.

David defined recruitment "Recruitment is the discovering of potential candidates for actual or anticipated organizational vacancies. It is a linking activity bringing together those with the jobs to fill and those seeking jobs."[3]

The next process in the acquisition function is the selection. It is done to fill the vacancies with required employees. Selection process is mainly about picking the right candidates from the pool of applicants. Several factors influence the selection process. These can be demand and supply of specific skills in the labor market, employment rate, legal and political consideration, HRP etc. According to Koontz "Selection is the process of choosing from among the candidates from within the organization or from outside, most suitable person for the current position or for the future position."[4]

Earlier there were concepts of profit maximization of organizations but nowadays these have been changed to attaining and sustaining competitive advantage by wealth maximization. Competitive advantage depends upon knowledge and skill possessed by the employees. Training and development are the need of the hour. Training and development refers to imparting specific skills and knowledge to the employees.

Banking sector is the consumer based service sector. Globalization has brought integration of various economies of the world leading towards the emergence of cohesive global economy. With the advent of globalization, privatization and liberalization many private sector banks have entered in the banking sector leading to keen competition in the market. As India is a developing country, the role of public sector bank has become the integral part of uplifting of the poor people.

PSBs are the backbone of Indian financial system. PSBs have come a long way under the total Government, ownership and administered regulation from Reserve Bank of India; since their nationalization in the year 1969. These banks have been changing their focus from deposit mobilization to profit planning, to NPA management to computerisation, etc. The NPA of public sector banks was Rs. 2.67 lakh crores in 2015.

Materials and Methods

The materials are books on management, articles, newspaper articles, monthly bulletins and internet. The method of data collection is from secondary sources such as books, newspaper articles, and internet.

Result and Discussions

Recruitment forms the first step of acquisition function. Recruitment is the process of searching for and obtaining applications so as to build a pool of job seekers from whom the right people for the right job is selected.

The purpose of recruitment is to build a pool of applicants. It represents the first contact a company makes with the potential candidates (future employees). The external as well as the internal factors govern the recruitment process. Labor –market conditions, demand and supply of specific skills, unemployment rate, legal considerations; etc are the main external factors. The internal factors include recruiting policy of the organization, HRP (human resource planning), decision to have temporary and part-time employees, growth and expansion phase, size of the organization, etc.

Training has developed into a universally recognized as continuous process of direction, correlation and improvement at every level of performance (Sarkar, 1978) and it is integral part of work and development of every organization, large and small.[5]

When T&D is being discussed education comes in automatically. "Education is the understanding and interpretation of knowledge."- (Memoria)[6]

"Training is the process by which manpower is filled for the particular jobs to perform."(Yoder)[7]

"Development is an inclusive process with which both managers and individual employees are involved. It offers opportunities to learn skills, but also provide an environment designed to discovering and cultivating basic attitudes and capabilities and facilitating continuing personal growth."(Yoder)[8]

Training is essential because technology is developing at a fast rate. Systems and practices get outdated due to new discoveries in technology, including technical, managerial and behavioral aspects. There is a need to have an integrated approach to training and it should be an integral part of the human resource development system of the organization.

Training and development need = Standard performance – Actual performance[9]

Training and development program, help remove deficiencies in employees. This is true when-1) deficiency is caused by a lack of ability rather than a lack of motivation to perform, 2) the individual involved have the aptitude and motivation need to learn to do the job better, and 3) supervisors and peers are supportive of the desired behaviors. There is greater stability, flexibility and capability for growth in an organisation. After undergoing training employees become efficient. Efficient employees contribute to the growth of the organization. Growth renders stability to the workforce. Further trained employees tend to stay with the organization. Training makes employees versatile in operations. Growth indicates prosperity, which is reflected in increased profits every year.

Dissatisfaction, complaints, absenteeism, and turnover can be reduced if employees are trained. Future needs of employees will be met through training and development programs.

A company's training and development pays dividends to the employee and organization. Though no single training program yields all benefits, the organisation which devotes itself to training and development enhances its HR capabilities and strengthens its competitive edge.

Statistics extracted from the Human Dimensions of Liberalization – A Survey Report further demonstrate the importance of training and development. The report reveals that 78 percent of the organizations surveyed had formal training departments. Expenditures on training have been rising. More expenditure has been incurred on developing managers than on training workers. Almost 45 per cent of the organizations today are incurring 20 per cent more expenditure than they did previously on the training of middle and junior level managers, whereas only 37 per cent are doing the service for the workers.[10]

In developing countries such as India, government, trade unions and others exhort companies to put training high on agenda but companies are not obliging to it. However banks being service- oriented organization were the first ones to feel the need for developing human resources. The goals of banks have been changed from class-banking to mass-banking thus changing the role of employees too. Say for example, the role branch manager changed from earlier manager of money to that of development catalyst.

The harsh reality in India is that of its 666,000 cities, towns or villages with a population of 1000 or more only 5% have a commercial bank branch. While there may be 900 million mobile phones operating in a population of 1.2 billion people, Anand Sinha, deputy governor of the Reserve Bank of India, says that India is largely under banked. Only 13% of the population has a debit card. For credit cards that numbers shrinks to just 2%. India's banking base is shockingly low.[11]

P S Shenoy (Chairman & M D, Bank of Baroda, Mumbai, 2000-Becon), said that public sector banks got first shock of reforms, in terms of the new norms for income recognition, asset classification and provisioning in 1992-93 and suffered, when 13 out of 20 nationalised banks, posted a net loss. The key to survival for any service organization and for that matters banks is its ability to integrate three critical components, viz, Customer, People and technology. Enhancing the customer base, cross selling of products and services and strengthening the customer relationship management will be the most important aspects of bank's functioning. "People" are the real strength of the organisation which will give it in the competitive advantage. Training, retraining talented and committed staff is going to be a major challenge before the public sector banks. Public sector banks need operational freedom and autonomy.

Mr. K Upadhyaya said in 2010, that public sector banks were instrumental in reaching out poorest of poor and had suggested to students to consider working in public sector banks, where there is huge opportunity is for youngster. As around 70% of the employees would be retiring in the next five years.

Selection process of public sector banks is based on written test (objectives+ descriptive) and interview test. The objective test includes (a) test of reasoning (b) test of quantitative Aptitude (c) General awareness (d) English language. Descriptive test is to taken to assess the knowledge of socio-economic development and communication skills. In interview shortlisted candidates from the written test are called. The final selection is based on the scores of written test and the interview.

Business standard had reported in January 2010 that Indian Bank Association had been planning a common test for job aspirants in PSB.

IBPS is an autonomous agency in India, which started its operation in 1975 as Personnel Selection Services. In1984, IBPS became an independent entity at the behest of RBI and public sector banks. IBPS is envisioned as self-governed and research oriented institute, with a mission of enhancing human-resource development through personnel assessment.

In the 2011, IBPS announced a Common Written Examination (CWE) for the recruitment of officers and clerks in Indian banks. IBPS CWE is mandatory for anyone who seeks employment in 29 public sector and RRB. IBPS periodically accepts exams applications from candidates at their websites, and the exams are organized at various locations in the country in online mode. Aspirants have to go through an interview process after passing through online test. On the basis of interview, candidates are placed in RRB.

The governing body of IBPS consists of nominees from RBI, Ministry of Finance Government of India, National Institute of Bank Management, representation of public sector banks, Insurance and academics. IBPS RRB and Specialist Officer are two phase processes, while IBPS PO and Clerk consist of three stages. The first stage is common written examination, followed by interview (second) and the third is final placement.

IBPS received about 14 lakh applications in 2014 for 16,000 vacancies for probationary officers in state run banks, excluding State Bank of India. A S Bhattacharya, director and member of IBPS said in Mumbai “We are trying to get right men for the right job”.

SBI plans to hire about 2000 probationary officers in 2016. The selection body also handles the hiring process for other state-run banks- from Allahabad bank to Vijaya bank. Banks excluding SBI are estimated to hire 20,000 officers and 30,000 clerical staff in 2016. For, the year 2015, IBPS has cleared recruitment of 16,344 officers, 3784 specialist officers and 30,683 clerks in state-run banks. Banks other than SBI have hired 1.5 lakh people till the year 2015.

About 1.22 crore candidates have registered with IBPS from 2012 to 2015 and 86 lakh took the CWE. During this period 99.5 people signed up for SBI and 66 lakh appeared for exam.

Training & development in banks and various related institutes are conducted. These are NIBM, Strategic Training Units of SBI, training conducted in Gramin Bank, etc.

1. **NIBM (National Institute of Bank Management)**

   It is the centre for learning, training and development of banking professionals. It has various functions such as education and training of senior bankers, development of financial administrators consultancy to banking and finance sectors. It is also into research (operation & financial sector).

In the year 2003, a postgraduate program in banking and finance (PGPBF) had been started in the institute. The PGPBF is designed as innovative, contemporary, rigorous and practical source of management education. The PGPBF has been renamed as Post Graduate Diploma in Management (banking and financial services)-PGDM (B & FS) following recognition by AICTE, from 2013 onwards. This program attracts young and talented executives, who already are trained in fundamentals of banking. These talented candidates are ready to take managerial responsibilities in banking and financial sector. The institute publishes two quarterly journals namely Prajanan and Vinamaya.

2. Strategic Training Unit (STU) of State bank of India

The SBI is making arrangement to make its employees attend a two-week training program once in 18-24 months. The major focus of STU is upgrading the skills of employees. This is because of major expansion of workforce in recent years and competitive environment.

The STU is linked with over 50 learning centers and four apex training units in SBI located in different parts of the country. It is reviewing skill requirement for the bank and examining the resources and capabilities. The basic idea is to consolidate entire training process for undertaking skilling and re-skilling of the employees. It will be done through e-learning. However STU has designed over 150 e-learning course-modules in key areas such as risk management, treasure handling or credit proposals and also the front office management.

The infrastructure of the unit is owned by the SBI. The unit has over 400 full-time faculties in addition to the many visiting experts. Training huge staff incurs huge some of expenditure. The SBI is one of the largest employees and had about 222033 as on March 31 2014. In 2016 SBI has planned to hire 2000 candidates.

The main focus of STU is to provide training to at least 1.2 lakh employees in a year.

3. Training and development in Gramin Bank-Haryana

The Gurgaon gramin bank has its own training center, Rural Bank Training Centre. The training center conducts program in the various subjects human resource management, recovery management, credit management, finance, etc.

Generally the gramin banks help the entire households in rural area and organizes their financial lives is to give them access to both (1) safe and convenient place to store and access their money and (2) flexible loan products which enable them to access credit when they need it.

The thrust area of the bank is to include all rural poor, totally into the formal Banking systems through financial inclusion. The bank has played vital role by implementing Central and State Government's Debt Relief and Debt Waiver scheme and extended relief to farmers who were distress.

Conclusion

With the advent liberalization, privatization and globalisation today's market is giving tough competition to the PSBs. Reforms in the Economic, trade, industrial and financial sectors have brought change in the environment in which banks have to operate today. The public sector banks should deal with inability to respond quickly to changing environment and human resource development. The 29 public sector banks and the SBI (and its subsidiaries) are hiring thousands of probationary officers and clerks every year. To manage and maintain such a huge workforce recruitment and selection of right employees is essential. And training and development of the employees is the need of the hour. Added to these one major challenges of the banking sector (PSBs) is NPA. The government has announced Indradanush plan to deal with NPAs.

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An Overview of Stock Exchange in India

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Abstract

Stock Exchanges are an organized marketplace, either corporation or mutual organization where members of the organization gather to trade company stocks or other securities. The members may act either as agents for their customers, or as principals for their own accounts. Stock Exchanges also facilitates for the issue and redemption of securities and other financial instruments including the payment of income and dividends. The record keeping is central but trade is linked to such physical place because modern markets are computerized. The trade on an exchange is only by members and stock broker do have a seat on the exchange. The past decade in many ways has been remarkable for securities market in India. It has grown exponentially as measured in terms of amount raised from the market, number of stock exchanges and other intermediaries, the number of listed stocks, market capitalization, trading volumes and turnover on stock exchanges, and investor population. Along with this growth, the profiles of the investors, issuers and intermediaries have changed significantly. The market has witnessed several institutional changes resulting in drastic reduction in transaction costs and significant improvements in efficiency, transparency, liquidity and safety.

Keywords : securities market, market capitalization, liquidity

Introduction

The stock exchange is an institution of paramount importance in economic life of a country. In fact in the absence of the stock it would be impossible to mobilize the resources from investors to the new projects as the ownership right i.e. share will not via bought and sold. This is the stock exchange that provides liquidity to the private investment in corporate enterprises. Reforms in the securities market, particularly the establishment and empowerment of SEBI, market determined allocation of resources, screen based nationwide trading, dematerialization and electronic transfer of securities rolling settlement and ban on deferral products, sophisticated risk management and derivatives trading, have greatly improved the regulatory framework and efficiency of trading and settlement. Indian market is now comparable to many developed markets in terms of a number of qualitative parameters.

Indian stock market marks to be one of the oldest stock market in Asia. It dates back to the close of 18th century when the East India Company used to transact loan securities. In the 1830s, trading on corporate stocks and shares in Bank and Cotton presses took place in Bombay.

Though the trading was broad but the brokers were hardly half dozen during 1840 and 1850. An informal group of 22 stockbrokers began trading under a banyan tree opposite the Town Hall of Bombay from the mid- 1850s, each investing a (then) princely amount of Rupee 1. This banyan tree still stands in the Horniman Circle Park, Mumbai. In 1860, the exchange flourished with 60 brokers. In fact the 'Share Mania' in India began with the American Civil War broke and the cotton supply from the US to Europe stopped. Further the brokers increased to 250. The informal group of stockbrokers organized themselves as the Native Share and Stockbrokers Association which, in 1875, was formally organized as the Bombay Stock Exchange (BSE). BSE was shifted to an old building near the Town Hall. In 1928, the plot of land on which the BSE building now stands (at the intersection of Dalal Street, Bombay Samachar Marg and

Hammam Street in downtown Mumbai) was acquired, and a building was constructed and occupied in 1930.

Premchand Roychand was a leading stockbroker of that time, and he assisted in setting out traditions, conventions, and procedures for the trading of stocks at Bombay Stock Exchange and they are still being followed.

Materials and Methods

For the purpose of in depth study the contents have been taken from interview, relevant books and articles from journals and websites. The method used is analytical and descriptive. Both primary as well as secondary source of Information have been taken.

Results and Discussions

To ensure transferability of securities with speed, accuracy and security, the Depositories Act was passed in 1996, which provided for the establishment of securities depositories and allowed securities to be dematerialized. Further, the compulsory dematerialization of shares for trading purpose has been introduced in a phased manner with the aim of synchronizing the settlement of trade and transfer of securities irrespective of geographical locations, and eliminating the ills associated with paper- based securities system such as delay in transfer, bad delivery, theft and forgery. Although the process of compulsory dematerialization is nearing completion, its full benefits have not been reaped because of slow progress in introduction of rolling settlement.

There are two leading stock exchanges in India which help us trade are:

1. National stock exchange (NSE)
2. Bombay Stock Exchange (BSE)

Bombay Stock Exchange (BSE)

The Stock Exchange, Mumbai, is now Bombay Stock Exchange Limited. The Exchange has a new name, and an entirely new perspective. Bombay Stock Exchange Limited is Asia's oldest stock exchange. It carries within itself the depth of knowledge of capital markets acquired since its inception in 1875. Located in Mumbai, the financial capital of India, it has been the backbone of the country's capital markets. It has evolved in to its present status as the premier stock exchange. At BSE you will find some scripts listed that are not available on NSE. Also BSE has the largest number of scripts which are listed. It is the oldest one in Asia, even older than the Tokyo Stock Exchange, which was established in 1878. It is a voluntary non-profit making Association of Persons (AOP) and has converted itself into demutualised and corporate entity. It has evolved over the years into its present status as the Premier Stock Exchange in the country. It is the first Stock Exchange in the Country to have obtained permanent recognition in 1956 from the Govt. of India under the Securities Contracts (Regulation) Act, 1956. The Exchange, while providing an efficient and transparent market for trading in securities, debt and derivatives upholds the interests of the investors and ensures redressal of their grievances whether against the companies or its own member-brokers. It also strives to educate and enlighten the investors by conducting investor education programmers' and making available to them necessary informative inputs. A Governing Board having 20 directors is the apex body, which decides the policies and regulates the affairs of the Exchange. The Governing Board consists of 9 elected directors, who are from the broking community (one third of them retire every year by rotation), three SEBI nominees, six public representatives and an Executive Director & Chief Executive Officer and a Chief Operating Officer. The Executive Director as the Chief Executive Officer is responsible for the day-to-day administration of the Exchange and he is assisted by the Chief Operating Officer and other Heads of Department the Exchange has inserted new Rule in its Rules, Bye-laws & Regulations pertaining to constitution of the Executive Committee of the Exchange. Accordingly, an Executive Committee, consisting of three elected directors, three SEBI nominees or public representatives, Executive Director & CEO and Chief Operating Officer has been constituted. The Committee considers judicial & quasi matters in which the Governing Board has powers as an Appellate Authority, matters regarding annulment of transactions, admission, continuance and suspension of member-brokers, declaration of a member-broker as defaulter, norms, procedures and other matters relating to arbitration, fees, deposits, margins and other monies payable by the member- brokers to the Exchange, etc.

The National Stock Exchange (NSE)

The National Stock Exchange (NSE) is India's leading stock exchange covering 364 cities and towns across the country. NSE was set up by leading institutions to provide a modern, fully automated screen-based trading system with national reach. The Exchange has brought about unparalleled transparency, speed & efficiency, safety and market integrity. It has set up facilities that serve as a model for the securities industry in terms of systems, practices and procedures.

NSE has played a catalytic role in reforming the Indian securities market in terms of microstructure, market practices and trading volumes. The market today uses state-of-art information technology to provide an efficient and transparent trading, clearing and settlement mechanism, and has witnessed several innovations in products & services viz. demutualization of stock exchange governance, screen based trading, compression of settlement cycles, dematerialization and electronic transfer of securities, securities lending and borrowing, professionalization of trading members, fine-tuned risk management systems, emergence of clearing corporations to assume counterparty risks, market of debt and derivative instruments and intensive use of information technology. The National Stock Exchange of India Limited has genesis in the report of the High Powered Study Group on Establishment of New Stock Exchanges, which recommended promotion of a National Stock Exchange by financial institutions (FIs) to provide access to investors from all across the country on an equal footing. Based on the recommendations, NSE was promoted by leading Financial Institutions at the behest of the Government of India and was incorporated in November 1992 as a tax-paying company unlike other stock exchanges in the country. On its recognition as a stock exchange under the Securities Contracts (Regulation) Act, 1956 in April 1993, NSE commenced operations in the Wholesale Debt Market (WDM) segment in June 1994. The Capital Market (Equities) segment commenced operations in November 1994 and operations in Derivatives segment commenced in June 2000. NSE's mission is setting the agenda for change in the securities markets in India.

The standards set by NSE in terms of market practices and technologies have become industry benchmarks and are being emulated by other market participants. NSE is more than a mere market facilitator. It's that force which is guiding the industry towards new horizons and greater opportunities. Till the advent of NSE, an investor wanting to transact in a security not traded on the nearest exchange had to route orders through a series of correspondent brokers to the appropriate exchange. This resulted in a great deal of uncertainty and high transaction costs. One of the objectives of NSE was to provide a nationwide trading facility and to enable investors spread all over the country to have an equal access to NSE. NSE has made it possible for an investor to access the same market and order book, irrespective of location, at the same price and at the same cost. NSE uses sophisticated telecommunication technology through which members can trade remotely from their offices located in any part of the country. NSE trading terminals are present in 363 cities and towns all over India. NSE has been promoted by leading financial institutions, banks, insurance companies and other financial intermediaries NSE is one of the first demutualised stock exchanges in the country, where the ownership and management of the Exchange is completely divorced from the right to trade on it. Though the impetus for its establishment came from policy makers in the country, it has been set up as a public limited company, owned by the leading institutional investors in the country.

From day one, NSE has adopted the form of a demutualised exchange - the ownership, management and trading is in the hands of three different sets of people. NSE is owned by a set of leading financial institutions, banks, insurance companies and other financial intermediaries and is managed by professionals, who do not directly or indirectly trade on the Exchange. This has completely eliminated any conflict of interest and helped NSE in aggressively pursuing policies and practices within a public interest framework. The NSE model however, does not preclude, but in fact accommodates involvement, support and contribution of trading members in a variety of ways. Its Board comprises of senior executives from promoter institutions, eminent professionals in the fields of law, economics, accountancy, finance, taxation, etc, public representatives, nominees of SEBI and one full time executive of the Exchange. While the Board deals with broad policy issues, decisions relating to market operations are delegated by the Board to various committees constituted by it. Such committees include representatives from trading members, professionals, the public and the management.

Role of Stock Exchange in Indian Economy

Stock exchanges have multiple roles in the economy. This may include the following:

- A stock exchange provides companies with the facility to raise capital for expansion through selling shares to the investing public.
- Besides the borrowing capacity provided to an individual or firm by the banking system, in the form of credit or a loan, there are four common forms of capital rising used by companies and entrepreneurs. Most of these available options might be achieved, directly or indirectly, through a stock exchange.
- Capital intensive companies, particularly high tech companies, always need to raise high volumes of capital in their early stages. For this reason, the public market provided by the stock exchanges has been one of the most important funding sources for many capital intensive startups. After the 1990s and early-2000s hi-tech listed companies' boom and bust in the world's major stock exchanges, it has been much more demanding for the high-tech entrepreneur to take his/ her company public, unless either the company already has products in the market and is generating sales and earnings, or the company has completed advanced promising clinical trials, earned potentially profitable patents or conducted market research which demonstrated very positive outcomes. This is quite different from the situation of the 1990s to early-2000s period, when a number of companies (particularly Internet boom and biotechnology companies) went public in the most prominent stock exchanges around the world, in the total absence of sales, earnings and any well-documented promising outcome. Anyway, every year a number of companies, including unknown highly speculative and financially unpredictable hi-tech startups, are listed for the first time in all the major stock exchanges– there are even specialized entry markets for these kind of companies or stock indexes tracking their performance.
- A number of companies have also raised significant amounts of capital through R&D limited partnerships. Tax law changes that were enacted in 1987 in the United States changed the tax deductibility of investments in R&D limited partnerships. In order for a partnership to be of interest to investors today, the cash on cash return must be high enough to entice investors. As a result, R&D limited partnerships are not a viable means of raising money for most companies, specially hi-tech startups.

- A third usual source of capital for startup companies has been venture capital. This source remains largely available today, but the maximum statistical amount that the venture company firms in aggregate will invest in any one company is not limitless (it was approximately $15 million in 2001 for a biotechnology company). At that level, venture capital firms typically become tapped-out because the financial risk to any one partnership becomes too great.

- A fourth alternative source of cash for a private company is a corporate partner, usually an established multinational company, which provides capital for the smaller company in return for marketing rights, patent rights, or equity. Corporate partnerships have been used successfully in a large number of cases.

- When people draw their savings and invest in shares (through an IPO or the issuance of new company shares of an already listed company), it usually leads to rational allocation of resources because funds, which could have been consumed, or kept in idle deposits with banks, are mobilized and redirected to help companies' management boards finance their organizations. This may promote business activity with benefits for several economic sectors such as agriculture, commerce and industry, resulting in stronger economic growth and higher productivity levels of firms. Sometimes it is very difficult for the stock investor to determine whether or not the allocation of those funds is in good faith and will be able to generate long-term company growth, without examination of a company's internal auditing.

- Companies view acquisitions as an opportunity to expand product lines, increase distribution channels, hedge against volatility, increase their market share, or acquire other necessary business assets. A takeover bid or a merger agreement through the stock market is one of the simplest and most common ways for a company to grow by acquisition or fusion.

- Both casual and professional stock investors, as large as institutional investors or as small as an ordinary middle- class family, through dividends and stock price increases that may result in capital gains, share in the wealth of profitable businesses. Unprofitable and troubled businesses may result in capital losses for shareholders.

- By having a wide and varied scope of owners, companies generally tend to improve management standards and efficiency to satisfy the demands of these shareholders, and the more stringent rules for public corporations imposed by public stock exchanges and the government. Consequently, it is alleged that public companies tend to have better management records than privately held companies (those companies where shares are not publicly traded, often owned by the company founders and/or their families and heirs, or otherwise by a small group of investors). Despite this claim, some well-documented cases are known where it is alleged that there has been considerable slippage in corporate on the part of some public companies.

- As opposed to other businesses that require huge capital outlay, investing in shares is open to both the large and small stock because a person buys the number of shares they can afford. Therefore the Stock Exchange provides the opportunity for small investors to own shares of the same companies as large investors.

- Governments at various levels may decide to borrow money to finance infrastructure projects such as sewage and water treatment works or housing estates by selling another category of securities known as bonds. These bonds can be raised through the Stock Exchange whereby members of the public buy them, thus loaning money to the government. The issuance of such bonds can obviate the need, in the short term, to directly tax citizens to finance development-though by securing such bonds with the full faith and credit of the government instead of with collateral, the government must eventually tax citizens or otherwise raise additional funds to make any regular coupon payments and refund the principal when the bonds mature

- At the stock exchange, share prices rise and fall depending, largely, on economics forces. Share prices tend to rise or remain stable when companies and the economy in general show signs of stability and growth. An economic recession, depression, or financial crisis could eventually lead to a stock market crash. Therefore the movement of share prices and in general of the stock indexes can be an indicator of the general trend in the economy.

Conclusion

Financial markets, and especially stock markets, have grown considerably in developed and developing countries over the last few decades. Better fundamentals (higher economic growth, more macro stability), structural reforms9notably privatization of state-owned enterprises), and specific policy changes (notably domestic financial reform and capital account linearization) have aided in their growth. We have study several aspects of stock market development, market capitalization, listing, degree of new capital raising and trading value. The role of stock market in raising capital for businesses, mobilizing savings for investment, Facilitating company growth, creating investment opportunities for small investors, Government capital-raising for development projects, so, stock exchanges of an economy shows stability and growth.

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