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Editorial**FREEDOM OF SPEECH DOES NOT GIVE US LIBERTY TO OFFEND**

Speaking to delegates of a Hindu- Buddhist conclave at the Mahabodhi temple, at Gaya in Bihar, Prime Minister Narendra Modi said while there was no problem with people practicing their own religion, conflict mostly emanated from religious intolerance and radical elements which try to force their own thoughts on others. He said conflict situations generally arise on account of tendency of radical elements to impose their beliefs on others. In his speech his targets were undoubtedly fundamentalists and bigots however we are experiencing many incidents where rationalists, make very bitter remarks on religious faiths. In a southern state of India, Dr Kalburgi, former Vice chancellor of Humpy University was shot dead by two unidentified gunmen at his Kalyangar residence last month. Allegedly murdered were the Rightwing Hindu fundamentalists. Dr. Kalburgi was not a religious leader. He was a rationalist. In 2014, Dr Kalburgi walked into a controversy while speaking on a proposed anti-superstition bill in Bengaluru where he claimed that it is alright to urinate on the idols of gods and that there would be no retribution. He referred to a piece of work by Kannada Jnanpith award-winning writer U R Ananthamurthy, who claimed to have urinated on idols of gods as a child. Is the above statement of Dr. Kulburgi an example of extremely offensive remark on others' religious faith?

He remark was undoubtedly a very offensive one. Interestingly Dr. Kulburgi was not a religious leader. He was a famous writer and was working for promotion of scientific views among the people. A police complaint registered against him in a local police station. But police refused to take any action against him. In 2015 distinguished writer Girish Karnad triggered a major row in Karnataka after he joined a group of Left activists who protested the beef ban in the state. The event was organised in protest against the ban on beef in different parts of the country. To a question he said "Who said large part our population doesn't eat beef?"

He said "Vokkaligas, Muslims, Christians, Dalits and many other communities eat....then how is it against the practice of large population of this country?" Infact Girish smartly lied. In India, most of the Hindu dalits do not eat beef. Actually more than 99 percent Hindus does not eat beef. Almost 80 percent of Indians do not eat beef. A case was filed against him but police remained inert. Just like Dr. Kulburgi, and Girish Karnad many other social reformists take a very controversial stand on certain issues and behave like stubborn fundamentalists and create conflict by forcing their ideologies.

Before Dr. Kalburgi, fundamentalists allegedly killed famous rationalist Narendra Dabholkar in Pune and Govind Pansare in Kolhapur. These murders must be condemned and murderers must be punished at any cost. But, surprisingly, these incidents remained unnoticed in main stream Indian public debate arena. People did not react aggressively against these murders. Even political leadership and a large section of popular media remained silent on this matter. Does it mean that rationalists have very little social acceptability and support base? Does it mean Indians are not rationalists and lack scientific vision? Or, the matter is something different? Is not it possible that people dislike the way some rationalists put forward their ideas? May be people believe that their real intension is to malign their religious faiths. Last year an Indian movie 'PK' silently attacked superstition, miracles and godmen. People liked the movie. The film featured how universal message of God is forgotten and of how people are manipulated by the so-called religious leaders, aptly called as Managers by PK. The movie is symbolic of how convoluted our belief system is, be it Hinduism, Islam or Christianity. The film received positive reviews and emerged as the highest-grossing Indian film of all time, and ranks as the 70th highest

grossing film of 2014 worldwide. *PK* was the first Indian film to gross INR 7 billion worldwide. It was also the first Indian film to gross US\$100 million (Rs 630 crore) worldwide. Success of this movie is an indicator of growing people awareness and tolerance level. Is not it a pointer of growing people orientation towards scientific thinking and rationalism in the country?

I found many saying that that the main intention of many rationalists is not to stimulate social reforms but malign our religion and culture and polishing their own self –image in western media to get foreign fund for their NGOs. They label them as conspirators- paid workers, and fake social reformers. Critics of these rationalist thinkers put forward that rationalist do not respect our fundamental rights. We are a religious country. We must respect each other's faith and religious customs. I feel that rationalist thinkers usually miscalculate the mindset of Indian middle class by perceiving them as less educated. No doubt that Indian middle class is extremely religious and validate customs and traditions with great respect, responsibility and enthusiasm. But being religious does not mean to be illiterate and uneducated. Now, Indian middle class is a very powerful vocal group of highly educated rational thinkers. Indian middle class is aware of the fact that many religious customs and traditions are difficult to be justified scientifically, but they still follow them –as to be a part of ancient culture and tradition nonetheless irrational and superstitious. He has no issues practicing harmless superstitions. decade ago, when 'Gansha Milk controversy' took place in the country, I show my Science teacher cued up long with hundreds of other devotees to offer milk to idol of lord Ganesha in our neighboring temple. Next day I asked him, -Did Ganesh really drink your milk yesterday? My teacher's answer was very interesting. He said No! But I felt good when I offered him milk. Swami Awdutanand once said- besides religious significance, idol worshipping has traditional and spiritual means also. Our forefathers have been endorsing and practicing these traditions for centuries. It is our responsibility to endorse these traditions and hand it over to next generation. When we follow traditions- we are actually are nurturing our cultural and ethnic roots. It is our responsibility to preserve our culture; because our religious customs are back bone of our culture. No one should dictate us on this matter. Indians, believe in scientific and rational thinking. It is evident from the fact that in last 70 years, many superstitions and wrong social customs have gradually disappeared. It is a slow process. We cannot change thousands' of years old customs overnight. We cannot force any one to give up his religious faith. Religion is a very sensitive issue. We need to be careful while attacking the religious faiths of others. People feel insulted when any writer makes acrid remark over their religious faith and cultural roots. Disobedience for restrictions specified under Article 19(2) is more noticeable on social networking sites where rational thinkers very ingenuously challenge religious faiths of Hindus, Muslims and other religious groups. In a recent judgment on the criminality of a poet in using Mahatma Gandhi as a fictitious character and attributing abusive words to him to depict society, the Supreme Court said freedom of speech did not protect the poet from facing trial under Section 292 of Indian Penal Code for indulging in obscenity. Justice Dipak Misra, writing the judgment in *Devidas Ramachandra Tuljapurkar* case said that the SC was clear that "*a person's human dignity must be respected, regardless of whether the person is a well-known figure or not*". The main question in this case which the learned counsel for appellants, was whether the freedom of speech and expression as enshrined by Part 3 of the Indian Constitution include the freedom to offend. The principle that was put forth was broadly accepted in the sense that a poet should have Freedom to Speech and expression too, but the Court refused to agree to the part that freedom of speech gives liberty to offend. Freedom of speech and expression has to be given a broad canvas, but it has to have inherent limitations which are permissible within the constitutional parameters. The Court reiterated that the freedom of speech is a right of great value and transcends and with the passage of time and growth of culture, it has to pave the path of ascendancy, but it cannot be put in the compartment of absoluteness. There is constitutional limitation attached to it. In 2006 human rights activist

Nikhil Soni and his lawyer Madhav Mishra, filed a Public Interest Litigation with the Rajasthan High Court. The PIL claimed that Sallekhana should be considered to be suicide under the Indian legal statute. They argued that Article 21 of the Indian constitution only guarantees the right to life, but not to death. The petition extends to those who facilitate individuals taking the vow of with aiding and abetting an act of suicide. In response, the Jain community argued that it is a violation of the Indian Constitution's guarantee of religious freedom. It was argued that Sallekhana serves as a means of coercing widows and elderly relatives into taking their own lives.

This landmark case sparked debate in India, where national bioethical guidelines have been in place since 1980. In August 2015, the Rajasthan High Court stated that the practice is not an essential tenet of Jainism and banned the practice making it punishable under section 306 and 309 (Abetment of Suicide) of the Indian Penal Code. However, on 31 August 2015, Supreme Court of India stayed the decision of Rajasthan High Court and lifted the ban on santhara. Supreme Court considered Santhara as a component of non-violence ('ahimsa').

Under the Sections 153A The act of promoting enmity between different groups on grounds of religion, race, place of birth, residence, language, caste, community or any other group is a serious offense. Acts prejudicial to the maintenance of harmony between different groups or castes or communities, if the acts disturb public tranquility. Acts causing fear or alarm or a feeling of insecurity among members of any religious, racial, language or regional group or caste or community by use of criminal force or violence against them. Ingredients of Section 295 take that the accused must do such an act with the intention of insulting the religion of any person, or with the knowledge that any class of person is likely to consider such destruction, damage or defilement as an insult to their religion. The accused must destroy damage or defile any place of worship or any object which is held as sacred by any class of persons. Freedom of speech gives us right to express our view -not offend.

Freedom of speech cannot restrict our right to profess, practice and propagate religion. the right to freedom of religion is a fundamental right guaranteed under Article 25 of the Constitution of India. . Our constitution gives us right to express- not freedom to offend.

Dr. Mithilesh Choubey

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STRUCTURAL CHANGES IN TELECOMMUNICATION SECTOR IN INDIA: PROBLEMS OF PUBLIC SECTOR UNDERTAKINGS

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Abstract

The broad objective of the study was to find the impact of structural changes in Indian Telecom Sector on growth and financial parameters of two Public Sector Undertakings-MTNL and BSNL, diagnose the problems faced by them and make a Prognosis for their future. The objectives of the study included identifying strategies for the survival and growth of the two PSUs and suggesting method for their implementation.

Introduction

Telecommunications is defined as the “process of conveying information over a distance by means of a system using electrical energy”.¹ No telecommunication network can work in isolation for the reason that subscribers connected to a network also have a need to communicate with subscribers connected to other such networks. Telecommunications was considered a natural monopoly due to limitations of technology that made it next to impossible for two telecom networks to coexist and interconnect with each other. Moreover since the earliest telecommunications were telegrams that had evolved from the postal communications, most of the telecom companies were providing combined posts and telegraph services. Most of these were government companies. In India, the central government has the exclusive privilege under the Indian Telegraph Act 1885, to provide telecommunication services and till the seventies, these were provided by the Indian Posts and Telegraphs (P&T).

The advent of technology had a large impact on the structure of the telecom sector throughout the world. The interconnection of different networks became much easier and telecommunications no longer remained a natural monopoly that it used to be. On the other

hand, new technologies and new services required a huge amount of investment which incumbent government departments found it difficult to raise. Penetration of telephones was grossly inadequate especially in the developing countries. The quality of service also needed to be improved. Telecommunications sector is highly capital-intensive and potentially high value added. It has enormous network effects across the economy and contributes 2 to 4 % towards GDP in economically developed countries.²

The massive amount of investment required was not possible without participation of private sector. This can be achieved by either issuing licenses for telecom services to the private companies or privatization of the incumbent operators or both.³ The advent of technology on one hand, and the need for massive investments on the other, led to the opening up of the sector to private sector participation, first in developed countries followed by the developing countries.

Literature Review

A number of studies have been conducted analyzing the impact of telecommunications reforms, licensing, competition, regulation, privatization, etc. on efficiency, increases in tele-density,

productivity, investments and overall growth of economy. However, no study has been conducted to see the impact of liberalization and opening up of the telecom sector on the revenue, growth and profitability of the incumbent telecom operators (PSUs) in India and there is no significant study reported internationally also. Therefore, a gap exists in this field.

A Review of Indian Telecom Sector

Rekha Jain, "A Review of Indian Telecom Sector" Sebastian Morris, India Infrastructure Report. (2001): 189-216. The study traces the history of Indian telecom sector from that of wholly owned government ownership until 1984 to the introduction of liberalisation. The study also assesses various policy initiatives from the standpoint of separation of roles, competition, growth, and sequencing of reforms. The study focuses on questions whether new organisations that have been created such as the Telecom regulatory authority of India (TRAI) have been able to respond better? Have the roles and inter-organisational relationships facilitated or hindered policy implementation?

The author provides a brief review of restructuring in some other countries such as Japan's Nippon Telegraph and Telephone Public Corporation, Korea's restructuring initiative as defined by the telecom policy of one telephone per family etc. A comparison of the telecom indicators of India vis-a-vis some other countries such as Indonesia, Philippines, Brazil, Chile, Malaysia, Australia, France, Spain, Germany, UK and USA, is also provided. A comparison is made between the development taking place in the urban areas vis-a-vis that in the rural areas. The changes that have taken place in the telecom sector following the national telecom policy 1994 and the national telecom policy 1999 have been highlighted in the study. The effectiveness of the universal service obligation on (USO fund) have also been commented upon.

A case has been made for the strengthening of TRAI. The study has also commented on the issues in licensing and bidding process. A comparison is made between

the process followed elsewhere such as China and Hong Kong

Indian Rural Sector and the Digital Divide

Payal Gupta and Sarvesh Madhu Agrawal have studied the digital divide between the Urban and the rural areas.⁵⁸ As per the study, despite several attempts over the last more than ten years, telecom infrastructure in rural areas is lagging behind the expected levels. The authors find that though there has been a phenomenal spurt in the growth of tele-density in the country with the evolution of new wireless technologies, gap between urban and rural tele-density has been increasing. The scenario in case of internet spread is even gloomier and hardly any rural areas have access to broadband internet connections. The primary reasons for the slow growth of internet in country have been infrastructural bottlenecks, financial non viability and absence of cost effective reliable technology.

The study is with reference to the Gyan Ganga project, which was a pilot project in the state of Gujrat on e-governance. The parameters considered were; number of villages covered under one project, population of the villages covered more the number of villages and population, larger the reach hence greater the business potential). In general projects covering more than 150 villages, each having population more than 3000, were considered to be viable. All the villages covered were also required to have satisfactory level of literacy as usage of computer and IT directly depend upon literacy level of the population covered. Other socio economic factors were explicitly considered in choosing the location of the project. There were a few technical parameters which were also considered while deciding upon the location. They are; the geographical terrain, back bone connectivity (BSNL lease line), availability of power etc. Availability of power is major factor which influences the success of an IT project.

Research Methodology

To review the changes in the Indian telecom sector and to study their impact on the incumbent public sector operators, secondary

data compiled from the published annual reports of these operators and other sources was used. The growth and financial data compiled from the annual reports of the companies was analyzed statistically to find the impact of post-liberalization structural changes and consequential competition on the growth of services and the financial performance of the PUSs

Objectives of the Study

Liberalization of the telecom sector had a large impact on the working of the incumbents. These incumbent operators were used to operating in a monopoly. Being government departments or government owned companies; these incumbent operators had rigid rules that offered no flexibility. They had limited resources. Most of them were overstaffed. The older technologies were labor intensive as compared to the new technologies. There was an abundance of cadres such as phone mechanics, linemen, telephone operators, cable jointers, etc. that the new technologies mostly wireless, did not need. These operators were used to operate in a seller's market and had no experience of sales and marketing and found it difficult to compete with the newcomers. All this led to a plethora of difficulties for the incumbent operators.

The present study has been undertaken with the following main objectives:

- I. review the structural changes in telecommunications sector in India with special reference to Public Sector Undertakings;
- II. find the impact of the liberalization of the Indian telecom Sector on the growth of services, revenues and profitability of the public sector companies;

Software packages such as "SPSS" were used. A "Paired-Samples t Test" was used to test the hypothesis set up as under:

Hypothesis

- H_0 : There is no significant impact on the financial performance for the period pre NTP99 and Post NTP99
- H_1 : There is a significant impact on the financial performance for the period

Data Collection

For the purpose of finding impact on the growth of services and financial parameters of the PSU operators, data from the published annual reports of the companies was collected. Data published by the regulator (TRAI) and DOT, was also used for the study of the structural reforms of the Indian telecom sector. To compare the impact of competition with some similarly placed international operators, data for British Telecom and Spark New Zealand was collected from the published annual reports and web sites.

Impact on Financial Performance

To study the impact of liberalization on the financial performance of MTNL, the period since the inception of MTNL has been divided in two parts, pre NTP99 period which is from 1986 to 1999 and the post NTP99 period from 2000 to 2013. To study the pre and post NTP99 impact on the financials of the company, the financial parameters taken are percentage growth in revenue, percentage growth in expenditure, percentage growth in EBIDTA (Earnings before interest, depreciation and Tax), and Earnings Per Share (EPS). For the limited purpose of finding the impact of liberalization, expenditure on wages has been excluded. The rationale for this is that the wages in the two PSUs are administered and governed by the pay scales as prescribed by the government for the PSUs. The increase in wages is also dependent on the increase in industrial dearness allowance as well as the pay revisions based on the recommendations of the pay committees set up by the government from time to time. For the case of BSNL, the period is divided into pre 2006-07 and post 2006-07. The rationale for this is; (i) post NTP99 the other major liberalization happened in November, 2003 when the universal access regime was introduced. The licensees

were permitted to use any access technology to provide the services. This lead to a many fold increase in competition, the effect of which was really felt around the year 2006-07; (ii) Unlike MTNL, whose 100% areas is comprised of tier-1 cities, the major areas of BSNL fall in tier-II and tier-III cities and small towns as well as rural areas. Competition in these areas reached much later than MTNL. The parameters used in case of BSNL are the same as in the case of MTNL discussed in the preceding paragraphs

Impact on Revenue, Expenditure and EBIDTA

The hypothesis for these financial parameters is set up as follows:

- Null hypothesis: there is no significant difference between the two sample means or,

$$H_0: \mu_1 = \mu_2$$

- Alternate hypothesis: there is a significant difference between the two sample means or,

$$H_1: \mu_1 \neq \mu_2$$

A ninety percent confidence level is used to test the hypothesis

$$\alpha = 0.05$$

Table 1 gives the statistics for the percentage growth of pre NTP99 and post NTP99 revenue of MTNL.

Table 1

Pre NTP99	Pre NTP99	Post NTP99
Mean	19.66	-2.76
Correlation	0.197	
P(T<=t) two-tail	0	

The test is significant at a confidence level of 95%. That means that the null hypothesis is rejected and the alternate hypothesis that there is a significant difference between the two sample means is accepted. The mean percentage growth of revenue prior to NTP99 was 19.66. Post NTP99 the growth of revenue has been negative with a mean of 2.76%. The difference between the two means is 22.42.

Table 2 gives the result of a paired sample t-test at 95% confidence level for the pre and post 2006 revenue for BSNL

Table 2

	Pre 2006-07	Post 2006-07
Mean	24.6878	-4.844
Coorelation	-0.489	
P(T<=t) two-tail	0.16	

The mean percentage growth in BSNL revenue prior to year 2006-07 was 24.69 as compared to a negative mean growth of 4.84 post 2006. The difference between the mean growths is 29.53 with a standard error of 17.89 and is not found significant at 95% confidence level. There is a negative growth of revenue of both MTNL and BSNL as in the case of Spark New Zealand and BT.92 The revenue of Spark has gone down from 5632 Million NZ\$ in the year 2007 to 4189 MNZ\$ in the year 2013. In the case of BT, though the revenue has been rising till 2009, the same is showing a negative growth since then and has come down from 213990 M£ in the year 2009 to 18017 M£ by 2013.

Finding of Study

Financial Performance

The study reveals: (i) there is a significant impact on the growth of revenue of MTNL post liberalization. However, in the case of BSNL, the same is not found significant at $\alpha = 0.05$; (ii) in case of MNTL, the mean percentage growth in revenue prior to NTP 1999 was 19.66 as compared to mean decline in revenue of 2.76%

post NTP 99; (iii) mean percentage growth in revenue of BSNL prior to 2006 was 24.69 as compared to a mean percentage decline of 4.84 post 2006 ; (iv) the mean growth in expenditure (other than that on wages) of MTNL prior to NTP99 was 15.38 as compared to 5.90 post NTP99. In case of BSNL, the mean expenditure growth prior to 2006-07 was 22.19 % which became negative 1.94 post 2006-07; (v) in both MTNL and BSNL, there is a significant difference in EBIDTA (not including the expense on wages) for the two periods. Though BSNL EBIDTA has marginally decreased interestingly, there is an increase in MTNL

EBIDTA post-NTP99; (vi) for both MTNL and BSNL, the growth in reserves as well as Earnings per Share, is significantly impacted post-liberalization and has become negative. According to the study, customer perception of service is the main factor that explains the decline in revenue for both MTNL and BSNL. Wage bill is found to be the main factor that impacts profitability of the two companies. Data services are likely to contribute more to the growth of revenue in future

MTNL Financial Data (From 1998 to 2013)

	Earnings Per Share	EBIDTA Margin	Percentage growth in revenue	Percentage growth in expenditure other than wages	percentage growth in reserves	Percentage growth in EPS	Percentage growth in EBIDTA less wages
1987	2.166984	51.16126					
1988	3.35254	52.98654	32.4231312	27.91178498	89.92764661	54.70993263	33.535014
1989	10.39365	57.21871	46.0321518	32.59943182	168.6015038	210.0231995	47.2038094
1990	6.715238	58.22362	12.0519304	16.65219881	35.80412794	-35.3909591	12.3762024
1991	5.618889	52.6082	13.7012576	31.00270745	18.43016545	-16.3262894	4.73497337
1992	6.803492	54.73185	18.7168918	18.03118202	31.38401559	21.08251644	23.37579
1993	8.235397	56.54645	17.7842359	18.16217655	28.32591494	21.04661472	19.7976467
1994	13.16984	55.12594	36.8866374	27.85018545	39.11194307	59.91750671	30.989146
1995	17.11	53.94299	18.8256688	16.6205756	51.11161682	29.91804266	16.1201964
1996	19.35524	51.54215	15.7192622	15.45203569	39.91370223	13.12237347	12.5601835
1997	22.40238	49.83267	16.9008529	13.59185667	37.47461228	15.74324653	16.6059023
1998	26.53921	47.68357	15.4733345	14.81297642	54.26600945	18.46600774	12.2710916
1999	29.99778	47.5513	8.11845537	6.266019208	23.99653116	13.0319324	9.98804899
2000	22.22127	37.49264	2.97528445	4.143524993	15.50260266	-25.9236134	0.77688356
2001	27.30508	37.68191	11.6242361	10.22169206	18.91661197	22.87812338	12.172749
2002	28.6081	39.05207	6.20857521	0.923072055	7.663763549	4.772064026	11.6904075
2003	19.99603	33.33282	-5.4883686	4.633662249	6.707029426	-30.1035893	-11.327121
2004	26.76111	30.61469	9.69701353	1.2451117	9.367912601	33.83210951	5.9379758
2005	19.29619	24.09994	-12.201884	-10.24270408	6.354136376	-27.8946588	-10.807138
2006	10.65635	14.61001	-0.5614783	15.88734196	2.840363706	-44.7748548	-14.633518
2007	12.58222	16.38397	-11.718618	-15.29082357	3.700655336	18.07254034	-3.68795
2008	10.02603	15.48054	-3.8050154	2.615083844	2.655262294	-20.3158904	-9.2835258
2009	4.187143	3.803869	-5.643609	-6.406945113	1.22226306	-58.2372871	-3.2701071
2010	-54.26825	-83.4189	-17.950893	22.78347306	-2.256906773	-1396.06884	-16.567184
2011	-44.04365	-33.5111	0.48822516	-0.065233059	-46.14395139	-18.8408553	5.7922311
2012	-64.20254	-54.8599	-8.1846514	12.81055812	-68.30887828	45.77024958	-8.2057454
2013	-84.46	-85.455	1.64262951	3.962987856	-279.0757805	31.55242833	5.93229447

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नई किताब परछाईयों के पाँव

(गज़ल संग्रह)

खिलौने के लिए बच्चे हमारे ज़िद नहीं करते,
वो जाने हैं कि पापा किस तरह पैसे कमाते हैं.
अगर छोटा मचल जाए, बड़ा उसको सिखाता है,
अबे रहने दे पगले, खिलौने टूट जाते हैं.

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MANAGEMENT OF GROWTH- EVOLVING INDIAN MODEL

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Abstract

The acceleration in Indian growth has been slow but steady since the country fully committed itself to deregulation the economy in the 1980s. Prudence and pragmatism from successive governments have been required to move from a growth model based on self – sufficiency to one of the spanners to foreign trade, given the size of the country, its regional social and economic difference and the limited financial leeway available to the State. The new millennium has started under the best auspicious with annual GDP growth close to 8% since 2003-04 compared with 3.5% over the first three decades after independence. In spite a chronic lack of infrastructure and high oil prices in the past couple of years, the current period of expansion is the strongest and lengthiest that the Indian economy has experienced. Is it entirely attributable to a cyclical effects and the strength of tertiary activity or does it result from structural progress benefiting the whole of the economy? How do we explain the industrial investment return?

Key Words: - GDP, NPA, Make in India, USD, portfolio.

Introduction

With the slowdown in demographic growth, the acceleration in the rate of economic expansion has raised average living standards. However, this acceleration has largely the been due to productivity gains, which are not conducive to mass job creation. Furthermore, economic liberalization has led to greater inequalities of income whether between regions or different social classes. Poverty may have fallen overall but vast in qualities remain between the various levels of the society. Between urban and rural areas, and between states, making it difficult to make any general assessment. Given the influx of young generation on the labour market over the next few decades, the major problem shaping up is that of employment, with all its repercussions on urban migration and the potential risk of social crises. To what extent have the original choices of the Indian route to development been able to raise hopes of the economic structure being better suited to demographic growth, most notably through a more ambitious development of labour intensive industries? Are the new growth pattern and reforms leading to a rebalancing?

Industrial Deregulation

Reform undertaken in the 1980 involved regulations on the environment in which industrial enterprise operate, through the stage- by- stage dismantlement of the License Raj , the system of receiving prior authorization for investment, importance of capital and intermediate goods, and business diversification.

Other measures and reforms accompanied this process are devaluation of the rupee; extension of export tax incentives; improved access to credit and foreign currencies; liberalization of administered price on certain key inputs for industrial production.

Opening up of the economy

Initial reforms continued the following decade with, in particular, the total abolition of the requirement to obtain prior authorization to invest in industry. The difficult financial backdrop during the balance of payments crises encouraged a second wave of reform extended to the service sector and aimed at gradually opening up the economy: restriction of the number of public monopolies (process of public disinvestment from 1994) opening of service for

which public sector control was strong, such banking, insurance and communication: financial liberalization (removal of controls on corporate capital issues on the domestic financial markets, relaxation of lending conditions, simplification of the interest rate structure and its determination by the market, gradual liberalization of foreign investment (direct and portfolio); liberalization of external trade (total abolition of requirement to obtain permission to import, gradual reduction in

import duties). Industrial policy also underwent a major overhaul with the process of de-reserving sector of small-scale industries that hitherto been protected and unrivalled, strength of retail banking (consumer credit, vehicle loans and mortgages and asset management that reflect the emergence of well of Asian middle class. The second relates to the increase in retail sales and tourism, and to stiffer competition in the telecom sector.

Table – I

Real GDP Growth (%)

(Annual change)	1960/61 to 1979/80	1980/81 to 1989/90	1990/91 to 1999/00	2000/01 to 2005/06	2005/06 to 2012/13
Real GDP	3.5	5.6	5.8	6.6	7.9

Industry has re-established itself

The industrial sector is small for an economy at this rate of its development, with a contribution to GDP limited to 27% - stable since the early 1990s – as up only slightly in 1980 (24%). The manufacturing sectors dominates at around 80% with the mining sector (10%) and electricity (10%) accounting for the rest. Half of manufacturing production has traditionally boiled down to six sectors (chemicals, non-transport machinery and equipment, food products, base metals and alloys, rubber-based products, plastics, oil and coal, cotton textiles) with the chemicals easily dominating (20% of the total). Industrial output is concentrated on base products (36%), intermediate goods (27%) and nondurable consumer goods (23%). Capital goods accounts for just 9.3% of the total.

Manufacturing output has been undergoing a fresh wave of acceleration since mid- 2001/02. In annual data, the index has gained 8.1% a year between 2005/06 and 2012-13, compared (including transport), drinks and tobacco, chemicals and textiles (including ready-to-wear). Production is thus rising on the back of capital and consumer goods. Among infrastructure related industries, steel, refined

petroleum and cement, which are present on the export market, are particularly strong thanks to world prices. In contrast, the chronic counter performance of the electricity sector, with its public monopoly, reflects the obsolescence of plants due to a lack of investment.

Admittedly, manufacturing production in the current Cycle has not reached the level of the 1990s (9.3% a year on average between 1993/94 and 1997/98) when there was an investment boom. However, it seems more robust as it is based on real effective demand-domestic (final consumption and investment) and foreign whose strength requires extension or creation of new production capacities, as the sharp increase in capital goods production and imports demonstrates. In contrast, the investment cycle of the 1990s proved short – lived as it relied on overall optimistic demand forecasts. The current upturn in capital expenditure is particularly marked as business has emerged stronger from a period of draconian restructuring that has enabled them to restore profitability and improve competitiveness.

Persistent volatility in farm production, but lesser impact on the rest of the economy

Despite the reduction in its percentage

of GDP 14%, the farm sector still accounts for more than half of the total (58.2%) workforce. The declining share of the agriculture and allied sector in the country's GDP is consistent with the normal development trajectory of the fast growing economy. Average Annual growth of the agriculture and allied sector during Eleventh Five Year Plan stood at 3.6 percent. Harvests remain highly sensitive to the regional distribution of rain and its timings due to the coverage of irrigated surfaces (40% of cultivable land) especially as storage infrastructure are of poor quality. The great drought of 2002-03 and poor monsoon in 2009-10 & 2012-13 caused a 7% decline in farm production resulting in a slowdown of the economy. In the last decade growth has increasingly come from the service sector whose contribution to overall growth of the economy has been 65 percent.

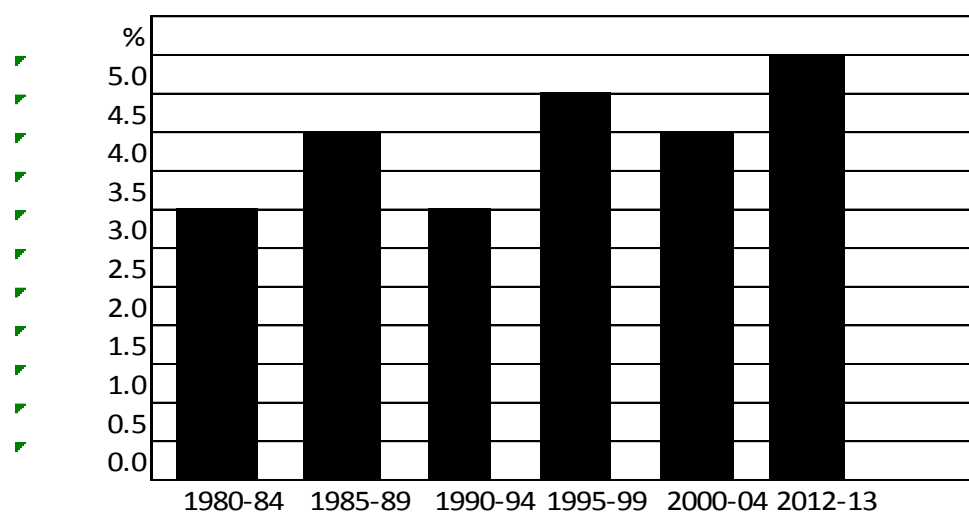
Structural increase in consumer spending:

Given the size of the domestic market, consumer demand is the primary growth driver. The spectacular rise in non – oil imports from 2002/03 to the end of 2012-13(peaking at 70% y/y in March 2013) and the acceleration in durable and non- durable consumer goods production since 2003/04 suggest an enhanced consumption dynamics despite the slight

deceleration at the end of 2012-2013. The general strengthening of consumer demand relates to major structural changes, which tend to reduce dependence on farm revenues; emergence of a middle class – result of the sharp rise in income per capita over the 10 years- and increase in the percentage of the working – age population in the total population. In addition, the structural fall in interest rates and wider availability of bank credit have improved households' access to mass consumption. Revenue effect, consumerism and demographic trends have combined to increase individuals spending, while changing the breakdown thereof.

Poverty indicators have improved over the last 10 years but India remains a very poor country. The percentage of the population living below the poverty threshold was estimated at 29.8% in 2009-10 compared to 37.2% in 2004-05. Moreover, income disparities have widened with liberalization. For all that, a faster rate of economic expansion and slower demographic growth (from 2.1% per year at the start of the 1990s to around 1.7% now) have led to an unprecedented increase in GDP per capita. AT USD 653 in 2004/05, real GDP per capita has climbed nearly 80% in the space of 10 years at the end of 2012-13.

Table-2 Average growth in real GDP per capital



Source: IIF

The income effect doubles with a wealth effect arising from greater ownership of shares (the percentage of household saving held in shares is estimated at 20%) and a booming stock market (+74% y/y in March 2012 for the Mumbai market place). Furthermore, the strength of consumer lending gives the impression that mass

consumption is more accessible. According to the Fitch rating agency, consumer credit rose by an average of 40% per year between 2000 and 2012. It accounts for 24% of total outstanding bank loans, compared with 11% in 1999/2000 but only 10% of GDP

Table – 3

Breakdown of GDP and employment by general sector

		GDP			Employment		
		Primary	Secondary	Tertiary	Primary	Secondary	Tertiary
1950	100	58	14	28	72	11	17
1960	100	53	18	29	72	12	16
1970	100	46	22	32	72	11	17
1980	100	40	24	37	69	14	18
1990	100	32	27	41	67	13	21
2000	100	24	27	49	57	18	26
2010	100	24	27	49	52	19	28
2013	100	14	23	63	50	18	32

Source: CSO and Economic Survey 2013-14, Government of India, in Boil Lot (2013-14)

It would require nearly 10 million new jobs each year (abstraction made from emigration) to absorb young people's arrival on the labor market. But the opening of the economy and industrial restructuring have been weighing on jobs creation since the 1990s; around four million in the 1980s. As it is, the divergences between growth in the working population and in employment heralds of a major social and economic problem.

Reforms: The biggest are yet to come

Physical infrastructure (congestion of the road network, Ports, Airport and rail system;

mediocre public services) remains a major hurdle to stronger growth that is more sustainable in the medium term. Public investment in infrastructures is negligible (2% of GDP) given what is needed. Hence the increasing use of public private partnership to ease pressure on the state budget (recent example being the work to modernize the Mumbai, Delhi airports and other state capital airports.

Electricity sector

The main problem is chronic blackouts despite low consumption per capita.

above which companies must obtain permission to make redundancies from 100 to 300 employees.

Labour Laws

The recent presentation of a bill in parliament concerning social protection for employees in the informal sector should smooth the way for another bill to raise the threshold

Table – 4
Employment by Sector
(In Millions)

	1995	2005	2006	2007	2008	2009	2010	2011	2012
Public Sector									
A. By Branch									
1. Central Government	33.95	29.38	28.60	28.00	27.39	26.60	25.52	24.63	24.14
2. State Government	73.55	72.02	73.00	72.09	71.71	72.38	73.53	72.18	71.74
3. Quasi Government	65.20	57.48	59.09	58.61	57.96	58.44	58.68	58.14	58.03
4. Local Bodies	21.97	21.18	21.18	21.32	19.68	20.73	20.89	20.53	20.41
Total	194.67	180.06	181.87	180.02	176.74	178.15	178.62	175.48	174.32
B. By Industry									
1. Agriculture & Allied	5.39	4.96	4.69	4.75	4.71	4.77	4.78	4.77	4.77
2. Mining & Quarrying	10.16	10.14	11.46	11.37	11.21	11.12	11.03	10.90	10.89
3. Manufacturing	17.56	11.30	10.92	10.87	10.44	10.60	10.66	10.16	10.46
4. Electricity Gas & Water	9.35	8.60	8.49	8.49	7.96	8.39	8.35	8.31	8.33
5. Construction	11.64	9.11	8.94	8.66	8.52	8.45	8.59	8.47	8.45
6. Wholesale trade & Retail Trade	1.62	1.84	1.82	1.78	1.65	1.74	1.71	1.70	1.70
7. Transport, storage & Communication	31.06	27.51	26.75	26.37	26.34	26.01	25.29	23.84	23.86
8. Finance, Insurance Real state etc.	12.83	14.08	13.90	13.69	13.47	13.56	14.13	13.61	13.64
9. Community, social and personal services	95.04	92.52	91.76	90.90	88.54	90.11	90.51	90.95	90.95
Total	194.65	180.06	178.73	176.88	172.84	174.75	175.05	172.71	173.05

Source:- Economic Survey – 2012-2013

Return of public disinvestment

Opposition from different quarter has frozen disinvestment in India's spearhead state-owned companies (24), but sale of minority shares in other profitable public enterprises are still permitted. The aim is to rise 15 billion

Rupees each year (USD 1bm). Foreign ownership of profitable private banks are now unlimited. The Governments minimum stake in state-owned bank remains fixed at 51%. A substantial sum has been collected form disinvestment upto 2010.

Modernization of farming

Subsidized but neglected in two waves of reform, contributing to the rural exodus.

Bureaucracy

According to the world banks doing business survey, it takes 22 days to start a business in South Korea, 41 in china and 89 in India. Despite a more reliable legal system then in china, it is harder to ensure a contract is honored in India.

Challenges ahead and initiative

- i) Indian agriculture has performed well during past decade but lack in terms of productivity, agricultural marketing supply chains and farm mechanism. There is need for stable and consistence policies and private investment in infrastructure.
- ii) Sluggish industrial performance, weak capital good sector and below 4% growth in eight core infrastructure industries are the areas of concern for entering into a double digit growth error. Quick implementation in large central and state sector project which has been delayed on land and environment pretext is a must now days. Make in India program needs startups at a multi -dimensional front.
- iii) The service sector is the dominant sector of Indian economy. It has out grown both industrial and agricultural sector in recent decades. However employment growth in this sector needs to be stepped up as it is below the desire level.
- iv) Financial market requires strengthening as net profits of banks have slowed down. Though Indian banks remains well capitalized

concerns regarding growing NPAs persist.

- v) The way out to stem the different challenges and evolve a stable Indian model of growth is to:-
 - a. Shift national spending from consumption to investment.
 - b. Removing the bottle necks to investments, growth and job creation.
 - c. Structural reforms to make 'Make in India' a success.
 - d. Starting labor intensive projects in central sector.
 - e. Easing up the procedural hassles in trade and industries.

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PROFITABILITY TRENDS IN ITC LTD DURING THE PRE- AND POST-DIVERSIFICATION PERIODS: A COMPARATIVE STUDY

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Abstract

Diversification is a buzzing word in the present business world. It is the strategy for growth where a business ventures into new product line and or markets. A survey of literature on this issue shows that this strategy along with its effects has been explored by many researchers, but very little work has been done on Indian context. In India, ITC Ltd can be recognized as one of the biggest and most successful conglomerate, whose diversification has been a prime strategy of growth. In the present study, a modest attempt was made to analyze the impact of diversification on the profit earning capability of ITC Ltd using the data from 1994-95 to 2013-14. The results reveal that the company under study performed better in terms of profitability in the post-diversification period as compared to the pre-diversification period.

Keywords: Diversification, Profitability

Introduction

In an ever changing environment where we struggle to survive and grow, dynamism is an essentiality. Business activities are no exception to this generalization. As business is much influenced and affected both by the internal and the external environment where it is embedded it has to be dynamic in its functioning. The worldwide wave of globalization started since the last quarter of the twentieth century changed completely the micro and macro environment in and around the business establishments vis-à-vis the central economy which forced the political masters, economic planners, policymakers, business entrepreneurs and their associates to look for different route of business practices to attain economic efficiency and to contribute to social equity. The paradigm shift from state-

controlled subsidized economy to market-dominated open economy took place as a natural corollary to the worldwide wave of privatization, liberalization and globalization. Callous competition came into being and in particular, since the last two decades it becomes so stiff for the business ventures that without adopting "strategic planning" vis-à-vis "strategic management" it becomes even hard to survive and to achieve break even economic targets. Firm's survival is dependent upon its ability to adapt successfully to the changing environment and strategic planning is one tool to manage such turbulence (Ringbakk, 1975). Strategy, in this context, refers to the framework, techniques and plans used by the managers to eliminate competitive threats or to exploit opportunities in order to increase organizational wealth and

security. While strategic management is the process through which managers ensure the long-term adaptation of their firm to its environment (Miles & Snow, 1978, Miles, 1982). To be noted that every company passes through five stages in its life, which are emergence, growth, maturity, regeneration and decline (James, 1973). If a company wants to delay the last phase one has to adapt growth strategy otherwise it cannot survive in today's cut-throat competition. A company that fails to grow will be driven out of the market by the overactive new entrants. A growing company enjoys certain advantages like economies of large-scale operation, government concessions, shareholders cooperation and creditors support. Growth also motivates managers who are achievement seekers and it also provides satisfaction to the employees by way of opening promotional avenues. A company also acquires prestige in the society while growing. Growth thus provides multi-dimensional evolution. Diversification is one out of many growth strategies.

Defining Diversification

The term 'diverse' means various and hence, it can be said that 'diversification' refers to variety. Variety indicates different, discrete, separate etc. Different authors have defined diversification in their own ways. Ansoff (1957, 1965) defined 'diversification' as the entry of firms into new markets with new products. Rumelt (1974) stated that "Diversification move is an entry into new product market activity that requires or implies an appreciable increase in the available managerial competence within the firm". Diversification, in fact, is the extent to which firms operate in different business simultaneously (Pitts and Hopkins, 1982). It represents an increase in the number of industries in which the firm operates (Berry C., 1975). However, a very comprehensive definition is given by Booz, et.al (1985) which includes the objectives, the direction as well as the means to achieve the diversification. To them, diversification as a means of spreading the base of a business to achieve growth and reduce overall risk by including all investments except those supporting the competitiveness of the

existing business directly. Further, they stated, diversification can be in the form of any investment in relation to new product or products, services, customer segments or geographic markets. Besides this, the task of diversification can be achieved by any of the methods including internal development, acquisitions, joint ventures, licensing agreement etc.

Survey of Existing Literature:

Before starting discussion on the issue addressed in the present study, let us get familiar with a few studies conducted on the concerned issue. **Lee and Jang (2007)** while conducting their study chose a sample of 36 publicly traded companies to analyse the difference in financial performance and stability between market-diversified and undiversified hotel companies. The study revealed that diversification did not improve profitability but partially improved the stability of performance. The authors concluded that market diversification was not a method of improving financial performance.

In a study by **Lee & Hall, (2010)** attempt was made to analyze the combining effect of both product diversification and international diversification on firm performance from globalization point of view by considering a cross cultural sample of 186 firms across US, Japan and EEC. The researchers came up with the conclusion that there existed a non-linear relationship between product and international diversification and firm performance. However the direction of curvilinearity varied with different types of diversification and performance measures used. Although results using product diversification revealed a U-shaped curve but the direction of linearity was reversed. Normal U-shaped curves did not reveal an optimal level of product diversification (high & low levels of product diversification) both showed higher levels of performance when ROA was used as performance indicator.

Oyedijo (2012) examined the performance of a sample of 48 companies of Nigeria segregated into 18 specialized, 13 related and 17 unrelated firms, using four financial performance ratios i.e. ROE, ROA, Sales growth and profit margin. Panel Data

Regression Analysis was used to analyse the combined data set for five years (2006-2010). From the results he concluded that the financial performance and growth of sales in Nigerian companies were influenced by the mode of diversification. It was inferred that firms that stuck to their core business performed better and grew faster. Overall, Firms following specialization and related diversification outperformed firms following unrelated and mixed diversification strategy, in a growing economy like Nigeria.

Another study with Nigerian manufacturing firms, by **Patrick (2012)** reflected the impact of product diversification on their performance during the period 2006 to 2010. The results revealed that increase in size resulted in product diversification by manufacturing firms. It was found that diversified firms had a higher ROA. Ownership structure was found to be negatively but significantly related to performance indicating that lesser decisions of diversification would be taken with the increase in number of shareholders. Last but not the least, leverage was found to be positively and significantly associated with performance which meant that total debt level might influence diversification decisions and thus improve performance.

Park and Jang (2013) examined a sample of restaurant industry to study the impact of within-industry and related diversification on their short-run and long-run performance. The findings from the study showed that in the short-run, within-industry, diversification strategies had a negative impact on the firm profitability but no significant impact on sales growth was observed. Whereas, in the long-run, within-industry diversification had a significantly positive effect on profitability but it had no impact on sales growth. In case of related diversification, it had a positive and significant impact on profitability in the short-run but became negative in the long-run, which was significant. Again, the interaction model used in the study indicated that when both the strategies were simultaneously adopted it enhanced efficiency and synergy was quickly realized. With a sample of US Fortune 500 firms for the

period from 1996 to 2003, **Su and Tsang(2014)** came up with the observations that the secondary stakeholders played a positive moderating role in the association between product diversification and financial performance and this moderating influence gained strength in case of unrelated diversification in comparison to related diversification. Hence, it was suggested that it was beneficial if firms would maintain association with different secondary stakeholder scopes proportionate with their product diversification levels to improve financial performance. Having made an extensive literature survey on the relationship between product diversification and financial performance, it is very interesting to note that this domain of study has been investigated by a good number of researchers from different perspectives. A careful scrutiny reveals that study on the consistency of performance influenced by diversification strategy has hardly been done. It is also found that time series analysis of the financial performance of a particular company whose major growth strategy is product diversification has not yet been done. Literature survey also shows that very little work has been done with Indian companies as well. The present study seeks to bridge these gaps as its focus is on the financial performance of an Indian Conglomerate giant, ITC whose one of the most important growth strategy is diversification. The study has been conducted over a period of 20 years taking into consideration the consistency of performance in the pre and post diversification periods. The remaining paper consists of the objectives of the study, methodology adapted in the study, a brief profile of the company under study, findings of the study and lastly, the concluding remarks.

Objectives of the study:

The main objective of the study is to determine the impact of diversification strategy on the profitability of ITC Ltd by conducting a comparative study in the pre and post diversification periods. The present study has the following objectives:

1. To judge the profit earning capability as well as the consistency of ITC Ltd in the pre-diversification and post-diversification periods with the help of selected profitability indicators.
2. To assess the trends of the selected profitability indicators in both the pre-diversification and post-diversification periods.
3. To examine the impact of diversification strategy on profitability with the help of rank analysis of the selected profitability indicators.

Research Methodology of the Study:

This study is mainly analytical and examining in nature. This study focuses on the examination of the profitability of the selected company in Indian corporate sector.

i) Sample Design and Source of Data Collection:

In the present study giant Indian Conglomerate, ITC Ltd has been selected as sample. In this study purposive sampling procedure was followed. The data used in the present study was collected from the secondary sources i.e. published annual reports of the ITC Ltd. The database was collected from the company's library itself.

ii) Period of Study:

In the present study, 1994-95 to 2013-14 has been considered as the period of study where, 1994-95 to 2003-04 has been considered as the pre diversification period and 2004-05 to 2013-14 has been chosen as the post diversification period. During the initial years of the former period, i.e. 1994-95 to 2003-04, ITC adopted the strategy of refocusing or anti diversification. Hence the period can be justifiably called the pre-diversification period. Although ITC started to diversify into a foray of products since 2000, its impact could not be reflected in its financial performance immediately because the diversification strategy was implemented step by step taking a few more years, as such 2004-05 has been considered as the initial year of post-diversification period, up to the recent past i.e. 2013-14. Attempt has been

made to conduct a comparative analysis of the profitability position of the selected company in the pre-diversification i.e. 1994-95 to 2003-04 and the post-diversification period i.e. 2004-05 to 2013-2014.

(iii) Analysis of Data

For measuring profitability and its company specific components of the selected company, appropriate measures of financial statement analysis and statistical measures were used. For analyzing the overall profit generating capability of the company both average and consistency aspects of the selected profitability indicators were considered. Again for analyzing the computed values of profitability, statistical techniques like linear trend analysis and rank analysis were made. Statistical tests were applied at appropriate places.

A Brief Profile of ITC Ltd

ITC Ltd is one among a few companies in the world who have travelled a 100 year journey, undergone extraordinary transformation from a small outpost of a overseas-owned company with a single product to one of India's most valuable and admired multi-dimensional and multi-business enterprise and yet have managed to remain contemporary, relevant and competitive.

The way ITC has followed the strategy of diversification for sustainability and growth; very few companies have done so. The long inspiring journey of challenge and change has unfolded in tandem with the nation's growth and evolution across ten decades. In this journey, ITC has consciously put country before corporate; it is an enterprise that has proudly echoed the credo "Let's put India first". In such endeavor it has not only lead in shareholders' value creation but also in serving all stakeholders and in meeting societal expectations. In its voyage ITC has gained global recognition and stood as an example in sustainable practices. It is the only company of its size in the world which at the same time carbon positive, water positive and solid waste recycling positive. But the most satisfying and meaningful achievement of the company has been the creation of over 5 million sustainable

livelihood. ITC is an outstanding market leader in its traditional business of Cigarette, Hotels, Paperboards, Packaging and Agri-export. It is rapidly gaining market share in nascent businesses of Packaged Foods & confectionary, Branded Apparel, Personal care and Stationary. In the last four decades ITC's topline grew from Rs 145 crore in 1970 to over Rs 45,000 crore in 2014, profit after tax soared from Rs 4 crore to cross Rs 8,700 crore and market capitalization catapulted from around Rs 35 crore to more than Rs2,75,000 crore. From being a one product category, ITC's portfolio now spans 20 categories with over 1,500 stock keeping units. Today a network of 100 factories churn out ITC's products, compared to just six units set up in the first 50 odd years. At present, ITC is one of India's foremost private sector companies with a market capitalization of over US\$33 billion and turnover of US\$7 billion. ITC is rated among the World's Best Big Companies, Asia's Fab 50' and the World's Most Reputable Companies by Forbes magazine, among India's Most Respected Companies by Business World and among India's Most Valuable Companies by Business today. ITC ranks among India's 10 most valuable (company) brands in a study conducted by Brand Finance and published by the Economic Times. ITC also ranks among Asia's 50 best performing companies compiled by Business Week. ITC has gained a unique diversified status by following such corporate strategy which aimed at creating multiple drivers of growth anchored on its time-tested core competencies, which are unmatched distribution reach, Superior brand building capabilities, effective supply chain management and acknowledged service skills in hoteliering.

Findings of the Study

The present study has been conducted with the help of three tables. Attempts were made in Table-1 and Table-2 to assess the earning capability of the enterprise in the pre-diversification and post-diversification periods using some selected profitability ratios such as, gross profit ratio, net profit ratio, operating profit ratio, return on capital employed and return on net worth. In Table-1 for analyzing the

overall profit generating capability of the company both average and consistency aspects of the selected profitability indicators were considered. The average values were ascertained applying Arithmetic Mean (AM) while consistency coefficients were measured using the ratio of AM to Standard Deviation (SD). In Table-2 linear trend lines were fitted to the series of the selected profitability indicators to measure their trends in both the pre-diversification and post-diversification periods of the company. To examine whether the slopes of the trend lines were statistically significant or not, 't' test was used. In Table-3 rank analysis of the selected profitability indicators was made.

Gross Profit Ratio (GRP)

This ratio shows the relationship of gross profit to net sales in terms of percentage. It measures the efficiency of the production operation. A high value of the ratio indicates effective management while a low value reveals inefficient management and unfavourable trends in the form of reduction in selling price not accompanied by reduction in cost of goods or an increase in cost of production. Table-1 discloses that the GPR of the company fluctuated between 38.56 per cent in 1994-95 and 60.97 per cent in 2000-01 in the pre-diversification period, while it varied between 52.77 per cent in 2006-07 and 59.05 per cent in 2004-05 in the post-diversification period. On an average the GPR for the entire period under study was 54.85 per cent. The mean values of GPR in the pre-diversification period and post-diversification periods were 53.80 per cent and 55.89 per cent respectively. The consistency coefficient of GPR of the company in the pre-diversification period was 8.13 whereas in the post-diversification period it was 24.96. The linear trend lines fitted to the GPR series as shown in Table-2 indicated an upward trend in both the pre-diversification and post-diversification periods. However, only in the pre-diversification period the slope was found to be statistically significant. So, the analysis of GPR reflects that although the average gross profit earning capability of ITC was slightly higher in the post-diversification period as compared to that in the pre-

diversification period, strong evidence of upward trend in it in the post-diversification period was not observed. However, the company was able to enhance its consistency in gross profit earning capability in the post-diversification period as compared to the pre-diversification period

Net Profit Ratio (NPR)

This ratio is very useful to the present and prospective investors as it reveals the net earning capability of the concern. It shows the earning left to the equity and preference shareholders as a percentage of net sales. It also reflects the overall efficiency of production, administration, selling and distribution, financing, pricing, tax management etc. The higher the value of the ratio, the better is the firm's capacity of withstanding any unfavourable future condition. A low ratio value, on the other hand, is alarming. Table-1 shows that the NPR of ITC varied between 10.30 per cent in 1995-96 and 24.62 per cent in 2000-01 in the pre-diversification and in the post-diversification it fluctuated between 21.21 per cent in 2008-09 and 28.69 per cent in 2004-05. The average for the entire period was 21.10 per cent. The mean value of NPR in the pre-diversification period was 18.26 per cent and in the post-diversification period it was 23.95 per cent. The consistency coefficients of NPR were 3.24 and 10.10 in the pre-diversification period and post-diversification period respectively. The linear trend lines fitted to the NPR series in both the pre- and post-diversification periods as depicted in Table-2, disclosed an upward trend. But, only in the pre-diversification period the slope of the trend line was found to be statistically significant. So the analysis of NPR reveals that although ITC was able to enhance its net profit earning capability and also proved to be a more consistent performer in this respect in the post-diversification period as compared to the pre-diversification period, the company failed to maintain a notable degree of increasing trend in it in the post-diversification period.

Operating Profit Ratio (OPR)

This ratio establishes the relationship between operating profit and net sales. It

measures the operating profitability of the company. A high value of this ratio is desirable as it indicates efficient managerial ability while a low value is a danger signal. Table-1 depicts that the OPR of the company ranged between 13.85 per cent in 1994-95 and 38.82 per cent in 2000-01 in the pre-diversification period and in the post-diversification period it varied between 28.00 per cent in 2008-09 and 35.18 per cent in 2013-14. The mean OPR for the entire period was 29.23 per cent. The average values of OPR for the pre-diversification and the post-diversification periods were 27.35 per cent and 31.10 per cent respectively. The consistency coefficient of OPR in the pre-diversification period was 3.57 while that in the post-diversification period was 13.39. In Table-2 it is observed that the trend lines fitted to the OPR series in both the pre- and post-diversification periods showed a rising trend. However, the slope of the trend line only in the pre-diversification period was found to be statistically significant. The net outcome derived from the analysis reflects that although the average operating profit earning capability of ITC was a bit higher in the post-diversification period as compared to that in the pre-diversification period, no strong evidence of upward trend was observed in it in the post-diversification period. However, the company proved itself as a more consistent performer in respect of operating profit earning capability in the post-diversification period as compared to the pre-diversification period.

Return on Capital Employed (ROCE)

This ratio indicates the overall earning capability of the company. It also reflects the overall efficiency with which capital is used. It shows the relationship between EBIT (earnings before interest and tax) and the long term funds invested in the business. The higher the value of the ratio, the higher is the overall profitability of the company. Table-1 shows that the value of ROCE of ITC fluctuated between 23.85 per cent in 1994-95 and 59.44 per cent in 2003-04 in the pre-diversification period while it ranged between 36.08 per cent in 2008-09 and 59.55 per cent in 2009-10 in the post-diversification

period. For the entire period the average value of ROCE was 44.86 per cent. The mean ROCE in the post-diversification period was 48.85 per cent and in the pre-diversification period it was 40.86 per cent. This table shows that the consistency coefficient of ROCE in the pre-diversification period was 3.83 while that in the post-diversification period was 6.75; Table-2 discloses that the linear trend equations fitted to the ROCE series reflected an upward trend in both the pre- and post-diversification periods. However, the trend was found to be statistically significant in the pre-diversification period only. Based on the analysis of ROCE it can be inferred that although strong evidence of an upward trend in ROCE was noticed in the pre-diversification period, the company was able to improve its performance in respect of overall earning capability in the post-diversification period by acquiring a higher average ROCE and a higher consistency as compared to the pre-diversification period.

Return on Net Worth (RONW)

The ratio expresses the relationship between net profit after tax to the funds invested by the owners. It measures the earning capability of the company from the view point of its owners. A high value of the ratio is desirable as it signifies efficient utilization of owners' fund. Table-1 shows that the value of RONW of the company ranged between 23.28 per cent in 1995-96 and 30.61 per cent in 1994-95 in the pre-diversification period and fluctuated between 23.76 per cent in 2008-09 and 33.45 per cent in 2013-14 in the post-diversification period. On an average, the RONW for the entire period was 27.94 per cent. The mean value of RONW in the pre-diversification period was 27.13 per cent while it in the post-diversification period was 28.76 per cent. The consistency coefficient of RONW in the pre-diversification period was 11.69 whereas the coefficient in the post-diversification period was 7.74. Table-2 depicts that the trend line fitted to the RONW series in the pre-diversification period indicated a declining trend which was not found to be statistically significant while an upward trend which was found to be statistically significant at

1 per cent level in the post-diversification period was noticed. The analysis of RONW reveals that although the company failed to enhance its consistency in efficient utilization of owners fund in the post diversification period, ITC showed a considerable improvement in efficient utilization of its owners fund in the post diversification period as compared to the pre-diversification period. In Table-3, attempt was made to analyze the impact of diversification on the profitability of ITC Ltd with the help of comprehensive rank test. The values of the selected profitability indicators were considered over the stretch of twenty years segregated into pre-and post-diversification periods. The test was conducted in three steps; firstly, all the profitability ratios i.e. GPR, NPR, OPR, ROCE and RONW were ranked. In this table, R1, R2, R3, R4 and R5 are the ranks of GPR, NPR, OPR, ROCE and RONW respectively. Secondly, the sum of the ranks of the profitability ratios for each year was ascertained and lastly, the ultimate ranking was done on the principle that lower the sum of the ranks the more favourable was the profitability position of the company in the respective year. Considering the position of the top ten ranks, whether they fall in the pre-diversification or post-diversification, conclusions have been drawn regarding the influence of diversification strategy on ITC's profit earning capability. Table-3 depicts that in case of GPR, OPR and RONW, out of the top ten ranks, five ranks were placed in the pre-diversification period and the other five in the post-diversification. Hence, generally, it can be said that in the case of the above mentioned profitability indicators, diversification strategy did not cast a major impact on the profitability of ITC Ltd. While in case of NPR it was observed that four out of the top ten ranks fell in the pre-diversification period and the rest six ranks were seen in the post-diversification period. Again, in ROCE it is noticed that seven out of the top ten ranks were placed in the post-diversification period while only three ranks were found in the pre-diversification period. Thus, it can be concluded that diversification had a major impact on the net profit earning capability as well as the

overall profit earning capability of the company under study. Finally on analysis of the ultimate ranks it is observed that ranks 5th, 7th, 9th and 10th were found in the pre-diversification period while the higher or more desirable ranks like 1st, 2nd, 3rd, 5th and 8th were in the post diversification period. So the outcome reveals that definitely diversification strategy had a major impact on the overall profit earning capability of ITC Ltd.

Concluding Remarks

From the study conducted it can be concluded that diversification strategy had a considerable impact on the profit earning capability of ITC Ltd. The company established itself as a better and consistent performer in terms of earning profit in the post-diversification

period. While judging the trend it was found that all the profitability indicators displayed a positive trend in the post-diversification period but most of them were significantly upward rising in the pre-diversification period. However, a remarkable transition was observed in the trend of efficient utilization of shareholders' fund (RONW). RONW was negative in the pre-diversification period while it turned positive and statistically significant in the post-diversification period. Again, on ranking the profitability indicators, post-diversification performance proved to be better. So, generally it seems that ITC's diversification strategy was fought with challenges but as the results show, its plan to derisk the portfolio was executed successfully.

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Table -1: Selected Profitability Measures of ITC Ltd in the Pre-diversification and Post-diversification periods

	Years	GPR	NPR	OPR	ROCE	RONW
Pre-diversification	1994-95	38.56	10.98	13.85	23.85	30.61
	1995-96	48.37	10.3	17.83	29.24	23.28
	1996-97	51.5	11.91	20.92	34.17	25.52
	1997-98	53.71	17.11	25.34	34.48	29.86
	1998-99	52.79	17.73	27.59	39.96	27.90
	1999-2000	56.64	19.10	32.08	49.70	28.31
	2000-01	60.97	23.93	36.82	45.71	28.47
	2001-02	58.62	23.52	33.7	43.41	26.95
	2002-03	57.78	23.38	32.67	48.67	25.56
	2003-04	59.03	24.62	32.75	59.44	24.85
Post-diversification	2004-05	59.05	28.69	32.46	53.41	27.75
	2005-06	55.03	22.83	30.59	50.01	24.67
	2006-07	52.77	21.83	29.05	44.68	25.87
	2007-08	52.89	22.37	28.43	40.13	25.88
	2008-09	53.64	21.21	28.00	36.08	23.76
	2009-10	57.71	22.37	30.28	59.55	28.87
	2010-11	57.85	23.56	30.81	57.72	31.26
	2011-12	57.65	24.85	32.91	48.84	32.79
	2012-13	55.86	25.06	33.29	49.38	33.28
	2013-14	56.48	26.72	35.18	48.74	33.45
	Average For The Entire Period Under Study	54.85	21.1	29.23	44.86	27.94
	Average For The Pre-Diversification Period	53.8	18.26	27.36	40.86	27.13
	Average For The Post-Diversification Period	55.89	23.95	31.10	48.85	28.76
	Consistency Score For The Pre-Diversification Period	8.13	3.24	3.57	3.83	11.69
	Consistency Score For The Post-Diversification Period	24.96	10.1	13.39	6.75	7.74

Source: Compiled and computed from published Annual Reports of ITC for the period 1994-95 to 2013-14

Table-2- Trends of the Selected Profitability Measures of ITC Ltd in the Pre-diversification and Post-diversification Periods

	Ratio	Slope	't' value
Pre-diversification	GPR	1.887	4.841**
	NPR	1.783	9.513**
	OPR	2.284	5.929**
	ROCE	3.309	7.702**
	RONW	- 0.197	- 0.752
Post-diversification	GPR	0.158	0.618
	NPR	0.107	0.391
	OPR	0.437	1.961
	ROCE	0.307	0.366
	RONW	1.015	4.154**

Source: Compiled and computed from published Annual Reports of ITC for the period 1994-95 to 2013-14

* significant at 5% level of significance. ** significant at 1% level of significance

Table-3. Rank Analysis of the Selected Profitability Ratios of ITC Ltd for the Pre- and Post-Diversification Periods								
	YEARS	R1	R2	R3	R4	R5	Sum of ranks	Ultimate ranks
PRE-DIVERSIFICATION	1994-95	20	19	20	20	5	84	18
	1995-96	19	20	19	19	20	97	20
	1996-97	18	18	18	18	16	88	19
	1997-98	13	17	17	17	6	70	15
	1998-99	16	16	16	15	10	73	16
	1999-2000	9	15	9	6	9	48	11
	2000-01	1	7	1	11	8	28	5
	2001-02	4	8	3	13	12	40	9
	2002-03	6	9	7	10	15	47	10
	2003-04	3	5	6	2	17	33	7
POST-DIVERSIFICATION	2004-05	2	1	8	4	11	26	2
	2005-06	12	10	11	5	18	56	12
	2006-07	17	13	13	12	14	69	14
	2007-08	15	11.5	14	14	13	67.5	13
	2008-09	14	14	15	16	19	78	17
	2009-10	7	11.5	12	1	7	38.5	8
	2010-11	5	6	10	3	4	28	5
	2011-12	8	4	5	8	2	27	3
	2012-13	11	3	4	7	3	28	5
	2013-14	10	2	2	9	1	24	1

Source: Compiled and computed from published Annual Reports of ITC for the period 1994-95 to 2013-14. Here, R1= Ranks of GPR, R2= Ranks of NPR, R3= Ranks of OPR, R4= Ranks of ROCE and R5= Ranks of RONW

GANDHIJI AND HIS ECONOMIC IDEAS

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Abstract

Gandhiji was a world citizen. Cutting across all languages, religions, nations, caste and creed, he expressed his best wishes towards all. He wished progress of all human races. He was the devotee of truth and non – violence and believed in its insurmountable powers. His thoughts on Economics have very much been influenced by Truth and Non – Violence. Gandhiji stressed on agriculture based economy where co – operatives and self – dependence would be stressed upon. He believed that wants need to be limited and large scale industries would support village Economy and state would control large scale industries. The ownership of the property shall be with private individuals whereas the same would be utilized for the society. The ownership would be only the Trusteeship and thus the evils of capitalism can be avoided. Gandhiji believed in equality; however he opposed equality in certain sense. He believed actual equality comes when all the genuine needs of every individual is met. The capabilities of individuals are not equal; some are more capable than the rest. He believed that one's extra capability should be used for the welfare of the society. He stated that all our capability and property are of Almighty;² and therefore they need to be used for the service of the people. These thoughts of his later developed into the thought of trusteeship. Gandhiji suggested physical labour for every individual. So that every hand would get work, that oppression could be abolished, poverty could be removed and the disparity between rich and poor could be reduced, which would be helpful in creating an ideal state.

Ram Krishna, Vevkananda and Ruskin's '*Andu de lost*' have left deep spiritual impact on Gandhiji's Economic thoughts. Tolstoy's 'labour for survival' also had an impact on Gandhiji. In the words of Gandhiji "Economics that hurts the moral wellbeing of an Individual or a Nation is immoral and therefore, sinful."³ Gandhiji's Economics is based on the Values of Ethics.

Key words – Socialist, truth & Non – Violence

Description

Mahatma Gandhi has been a great philosopher and thinker. We require knowing about Gandhiji. The great practical, philosopher, politician, Socialist, Educationist and Economist was born on 2nd October 1869 at Katiyaward Porbander. His parents were Sri Karmchand Gandhi and Smt. Putli Bai. His mother was religious minded and influenced Gandhiji's thoughts. Gandhiji from early life was of good nature. He received his early education in his home town. In his school days he watched a drama on Srawana and Satya Harish Chandra, which planted in him the seeds of truthfulness. He was married to Kasturba at the age of 13. He completed Matriculation in 1885. In 1891 he completed Law from England and returned to India. While studying Law, he acquainted

himself with the problems Indians in South Africa. His political life began in South Africa. In 1893, while fighting a case, he experienced how Indians were oppressed by the Govt. He started a struggle against oppression in South Africa. Gandhiji from 1915 till his death dedicated his life for the freedom of India. Gandhiji's philosophy of life is great. For the cause for uniting Indians and to spread his ideas, he became Editor of the two newspapers namely 'Harijan', and 'Young India'

His Autobiography 'Usage of Truth' is a living example of his thoughts. His book *Anshakti yog* is among one of the most respected books in the world. In this book he penned down all that he saw and experienced. In 1919, he started Satyagrah against Rowlatt Act. He led Salt Satyagrah and Dandi March in 1930. He

launched Civil disobedience Movement in 1940 and Quit India movement in 1942. In the storm of Truth & Non – Violence movement British were forced to leave India. India became independent on August 15th 1945. He was assassinated by Nathuram Godse on 30th January 1948 around 6.30 P.M. He wanted to turn the world into Heaven but could not. Gandhiji has been a great thinker whose thoughts go beyond all language, science or area. In order to understand his ideas on Economics, it is important to understand the word 'Economic Ideas'.

Economic Ideas deal with those methods that the human beings have developed over the time while living in a natural environment, to fulfill their economic needs. It is important to note that political condition of the period, geographical conditions, religion, society, science, civilization, logic, national outlook and other forces influence Economic thoughts. According to 'Hena' "The history of the Economic thoughts, is the critical study of the development of Economic Thoughts."

Prof. Thenmter while explaining the history of Economic thoughts says "It is the economic issue and especially the policies related to the issue, of given period and place, and the combination of thoughts & wants that go into the minds of people."¹ Human has unlimited needs. Man has fought against the nature in order to fulfill his needs. Since natural resources are based on the principles of *Non – Permanence* Gandhiji presents his deep thoughts and suggests how could one face scarcity, which principles to follow in the matter of trade and commerce, and what methods to follow in order to meet one's requirements. His ideas reveal his deep thinking capability.

Gandhiji's economic ideas are based on simplicity, non – violence, and human dignity.

Ideas Relating to Trusteeship

Gandhiji firmly believed that unless economic disparity is removed, there can be no peace in the society and in the world. He accepted that for social development, this disparity is unhealthy & non – violent society cannot be established. Gandhiji suggested that

rich should voluntarily abdicate their riches and economic power, and use them for the welfare of the society. Keeping this fundamental thought he promulgated the Doctrine of Trusteeship. The central idea of his principle is that the resources are of Society and Capitalist should consider themselves as trusteeship and grantors of the same.

As the duty of the trustee is to take due care of resources so is the duty of a capitalist is to keep National interest in mind and to utilize means of production for common good. In this regard Gandhiji wrote in Constructive Programme Magazine- "A non – violent system of Government is clearly impossibility as long as the wide gulf between the rich and hungry million persists."⁴

Ideas relating to Machines

Gandhiji had a kind of aversion towards machines. In his early life he considered it as a devil. He said, "Machinery is the chief symbol of modern civilization: it represents a great sin. I cannot recall a single good point in connection with machinery but books can be written to demonstrate its evil."⁵ Gandhiji noted that mechanization causes income to go into few hands. He supported the idea of decentralization of income among total population of a country. He considered unemployment as a huge problem. He stated that mechanization is good when the hands are too few for the work intended to be accomplished. It is an evil when there are more hands than required for the work as it is case in India. In a present scenario to a great extent we can accept Gandhiji's Philosophy.

Ideas relating to Mechanization

Gandhiji was not in a favour of mechanization. His objection to mechanization was based on the Economic and social condition of India. He wrote, "Mechanization is good when the hands are too few for the work intended to be accomplished. It is an evil when there are more hands than required for the work. The problem with us is not how to find leisure for the teeming millions inability our villages. The problem is how to utilize their idle hours,

equal to the working days of six months in the year”

Decentralization and small scale industries

According to Gandhiji decentralization of the system of production is a must in order to have a permanent Economic peace. He said that centralization cannot be sustained and defended without adequate force. According to him excess mechanized industrial system and non-violent society are opposed to each other. Decentralization of production and to make distribution possible, Gandhi supported small scale industry. Expressing his views on this issue he said; “Granting for the moment that machinery may supply all needs of humanity, still it would concentrate production in particular areas so that you would have to go in a roundabout way to regulate distribution where as if there is production and distribution both in the respective areas where things are required it is automatically regulated and there is no chance for fraud or speculation.”⁷

Simple living and high thinking

To remove Economic injustice and disparity Gandhiji had a view that one should accept the principle of *Aprigrah*. His view was “That the nature produces as much as it is required for the creation, Therefore the natural law of distribution is that let everyone receive according to his need and no unnecessary hoarding be done.”⁸ In his words. “Rich have excess goods to accumulate, which they are not in need of while others die of hunger. If everyone gathers only the required goods then no one will be lacking any thing and all will be satisfied.”

He suggests that the purpose of life should be simple living and high thinking. He says that to experience true happiness in life our wants should be limited. He knew that in poor country like India happiness can be achieved by limiting wants. But this does not mean that he was anti-development. He was of the view that to lead a decent minimum standard of life goods must be available, but after having attained the standard one must control his desires because unwanted desire is the root of jealousy and evil of all kind. Unwanted desire is

the root cause of present day Anarchy, poverty, unemployment Ecological imbalance and disharmony. So to some extent it is needed to revive some of Gandhiji’s thoughts.

Ideas relating to labour and dignity of work

For Gandhiji, no work was mean. According to him the purpose of life was to work and was no less than a capital. He considered “work as worship.”⁹ He believed that work or labour was the only method to keep body fit. He considered labour as natural law.

Ideas relating to regeneration of villages

According to Gandhiji India means ‘lakhs of villages’. Gandhi firmly believed that without the regeneration of villages New India cannot be conceived. 70% Indians live in villages. All must experience Economic prosperity and social equality. In ancient India agriculture and industries were carried out by co-operatives. In that system there was no possibility of oppression. Consumption and distribution of the production was smooth. According to Gandhiji –Production of all required goods would be done in the village itself. In his view every state would be self-sufficient. Expressing his thoughts about village Swaraj he said; “My village Swaraj is that it is complete republic independent of its neighbor for its own vital wants, and yet dependent for many others in which dependence is a necessity. Thus every village’s first concern will be to grow its own food crops and cotton for its cloth. It should have a reserve for cattle, recreation and play grounds of adults and children. Then if there is more land available it will grow useful money crops: thus excluding ganja, tobacco, opium and like.

The village will maintain a village theatre, school and public hall. It will have its own water works ensuring clear water-supply. This can be done through controlled wells and tanks. Education will be compulsory up to final basic course: as far as possible every activity will be conducted on the co-operative basis. There will be no caste such as we have today with their graded untouchability.”¹⁰

According to Gandhiji every village should be independent, self-sufficient and

powerful. The village must meet its requirement with the resources available in the village. The village must export as less as possible so that the wealth of the village remains in the village. They must settle disputes in the village Panchayats. He said; "If you want to see India, you must see its villages. If you want to develop India, you must develop its villages."¹¹ Gandhiji's thoughts, to a great extent have helped the economic policy makers of India. Today we study about the principles of payment balance and trade balance. We know how less import and complete self-dependence helps balanced economic growth. In a country like America all facilities are provided to the villages, which help increase agriculture production. Besides this America is one of the biggest agricultural based Economy. This has helped it become developed and powerful country. In America Migration, Unemployment and poverty are not big problems.

Economics and Ethics

Gandhi's Economic ideas are idealistic and ethical. In a western sense he cannot be called an Economist. Though his ideas are not practical but are feasible and true. It is not the issue of his ideas that how should a society behave economically or what norms or principles should it follow? He only shares his views that how a society could behave economically.

According to Adam Smith- Man is controlled by his greed, while Gandhiji says that the social behaviour of a person can be changed. It also means economic laws are not permanent they can be changed. Gandhiji considered Karl Marx's economic laws as Non-Permanent, but his views were to change the society. Gandhiji was in a favour to end the oppression by powerful. Gandhi's Economic ideas were related to various problems of human life. Like noted French Economist Sismki, Gandhi also believed that Economics cannot be separated from Ethics, because life can be studied only in its complete sense. Gandhiji wrote; "Economics that hurts the moral well-being of an individual or a nation is immoral and therefore, sinful. Thus the economics that permits one country to prey upon

another is immoral. It is sinful to buy and use articles made by oppressed labour. It is sinful to eat American wheat and let my neighbor, the grain dealer starve for want of customer. Similarly, it is sinful for me to wear the latest finery of Regent street when I know that if I had worn things woven by the neighboring spinners and weavers, that would have clothed me, and fed and clothed them."¹²

Today many countries like America and England, under their Economic Policy ban purchase and sale of various goods. For example-Indian carpets that are made by child laboures, who work under oppressive policies, work for larger hours and yet get less wages than required.

If we implement Gandhiji's ideas, our trade and commerce will progress unhindered and will pave the ways of development. Again under the consumption policy of home produced goods, the capital will remain in the country and quality improved production will lead to Growth in income, demand and employment. This is the example of finest ethical co-operative.

Gandhiji's Ideas were important not because he wanted to give benefit to the producers of any particular sector, but he was of the view that the utility of any industry not to be ascertained by the benefits that its shareholders receive, instead it should be ascertained by the impact it has on physic, spirit and employment of the society.

Economics of Small scale industry

Gandhiji gave a great importance to small scale industries. In a huge country like India with small scale industry, problem of unemployment cannot be solved. Even today it is a huge problem. Only 40% of total population has work and 60% is either unemployed or partially employed. In spite of having such a huge human resource, India is not counted among developed countries. After China, India is the second in population. If human resource is made fully use of and if work be availed for everyone, then India can be among developed countries. But the fact is that the employment in India has reached to its monstrous form.

If Gandhiji's ideas implemented at the village level, training and resources provided for self-development, motivated to work, establishment & expansion of small scale industry on a greater scale, then to a great extent it can help solving problems of unemployment, low income and it can lead to the establishment of peaceful state. Two factors are important for any industry, they are labour and capital. Gandhiji suggested that in capitalist countries those kinds of industries be set up where more capital and less labour is required whereas in India those industries should be given importance where more labour and less capital is required. For India Gandhiji suggested to promote small scale industries on a large scale. But he was not against large scale industries. He acknowledged that there are industries that should be on a big scale industry such as- Iron, Railways, Shipping etc. But industries like textile, shoe, soap, edible oil should be left to the small scale industries.

Aim of Economics –To serve people

Gandhiji stated that the Economics that teaches powerful to oppress the poor is a false Economics. The true Economics is for the benefit of all.

Wealth is a means and not the end

According to Gandhiji wealth is a means and not the end. He said that one should eat to live and not live to eat. It means consumption is not the only purpose of all economic activity. Utilization of wealth is required so that one can do his work effectively.

Fundamental Principles of Gandhian Economics

- Limited wants
- Human dignity
- Non-Violence
- Simplicity
- Trusteeship
- Decentralization

Gandhiji's idea of *Sarvodaya* became popular in the world as an option to the capitalistic system and the Marxist system. Gandhiji himself was the main propagator of this idea. The very word 'Sarvodaya' denotes that all

must develop and progress. The main factor of it is to uplift the poor and downtrodden. Gandhiji's idea is devoid of Marxist class struggle, hate and violence. *Sarvodaya* bases itself on spirituality. His thoughts give place to God and spirit. He states that the purpose of life is to attain God. He used to say 'Truth is God'. Truth is the end, rest is only a means. In order to attain truth one must work and the things he produces is work. There are two factors to make a means sacred-first is non-violence and second is love. Thus Gandhiji's philosophy revolves around Truth, Non-violence and Love. On these spiritual thoughts, Gandhiji's Economic ideas revolve. He realized that to attain love & peace is the goal of life and wished the same for the world. If closely analyzed we find that all human efforts, heights of development, all prosperity are geared towards making life a happy and contented one.

In today's consumerist society, neither do we have peace nor happiness, though everyone wants to have it. Thus from spiritual perspective we find Gandhiji's ideas are practical and relevant though from Economic perspective they may not. Present day time and conditions have changed but Gandhian thoughts cannot be side lined completely. Having side lined Gandhian ideas, we cannot think of having developed and strifless country. Since Economic development is connected with human beings, there has to have same ethical values in Economics. He has stated clearly that how his philosophy of 'Sarvodaya' is based on lofty ideals of freedom, equality, justice and friendship. He said that all need to have equal economic freedom. He gave prime importance to work where violence and oppression have no place. *Sarvodaya* is based on the development of small scale industries and not on heavy industrialization. Society made on this philosophy would be devoid of poverty, unemployment, disease, bondage and scarcity. Thus made society will not have disparity between rich and poor. There will be no class struggle between peasants and landlords between masters and servants between the state and the people. There would be no discrimination and untouchability.

Gandhiji was a great figure and his personality went beyond boundaries. Influence of his ideas were not limited to India alone but were found in various parts of the world. It is true that Gandhiji's economic ideas could not make much impact on India Economic policies and on the character of Indians on a big scale. But we do find that some policies were influenced by his ideas. Beginning of cooperative movements, land reforms, development of house hold and small scale industries, Nationalization of heavy and fundamental industries, stress on agricultural development, Nationalization of Banks and loan facilities are some of the areas where Gandhiji's ideas left big impact. Mixed Economy, socialist society, decentralized Economy are very much base on Gandhiji's economic ideas. Today various government schemes such as widow pension, Old age pension, Free education, self employment scheme and training have been influenced by Gandhiji. Gandhiji's idea was development of all, Good of all.

Researches and studies are being made of Gandhiji's ideas in various universities even in abroad. Efforts have been made to understand his economic thoughts. Students and scholars have been coming to India to study his philosophy. In UNO Gandhian principles have been accepted that countries must solve disputes through non-violence and peace. India has been trying to solve issues with Pakistan and China bilaterally through peaceful ways.

Conclusion:

Concerning India, Economic suggestions made by Gandhiji were no less than any of the Economist of the time. He looked at economic problems of India very closely and suggested some practical methods to solve them. Many economists of India and abroad were much influenced. However his ideas lack wide acceptability. He propagated the idea of expansion of small scale industries, but in present era of rapid Mechanization how small scale industries meet demands would remain a big question. Again in the present era of tough competition and globalization certainly we would be far left behind. Thus the factor of

decentralization and nationalization can be brought together still remains a complicated issue to understand. Gandhiji, through Non-violence wanted to remove class-struggle but his views seem to be impractical in modern times. Today's society is distorted. Everyone in order to maintain his existence wants to oppress the other. In this regard even the idea of *sarvodaya* seems far-fetched. Simple living and high thinking has remained only a slogan. People have become basically consumeristic. It is also said that Gandhiji's principle of simplicity is opposed to economic progress. Another contention against Gandhiji's idea is that how one can sacrifice his hard earned wealth for common good. Further his ideas can have adverse effect on individual's producing capacity. So Gandhiji's idea of trusteeship also seems to be impractical. Human wants are limitless they rise one after another and it is quite natural. So limiting wants also is impractical. Gandhiji's ideas of self-dependency and production of all things is not possible.

In fact Gandhiji's thoughts are wide open but not condensed. They require exhaustive study and analysis. This was one of the reasons why he could not present and propagate his ideas convincingly. Though he was a saint but failed to understand the mind of common man. Limited wants, love, non-violence, truth all are lofty ideals. Man is selfish when his personal interests are concerned. For a common man implementing all his ideas seem impossible.

In spite of all these his economic thoughts do have some relevance in a country like India. For instance, increase in agricultural products, village self-dependency, establishing small scale industry, giving land to landless, loans to peasants, stress on labour based industries, encouragement to animal husbandry, ban on the production of Opium, Ganja, making of socialist society through all these to some extent economic prosperity can be achieved. Gandhiji's ideas are still relevant but as the time changes they require adjustments and changes.

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इस्पतिका

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पत्रकारिता विशेषांक: जनवरी -जून २०१६

प्रवासी भारतीय साहित्य विशेषांक: जुलाई -दिसंबर २०१६

यथार्थवाद विशेषांक: जनवरी- जून २०१७

उपरोक्त अंको के लिए मौलिक रचनाएँ आमंत्रित हैं

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WORK STRESS CONDITIONS OF THE PASSENGER DRIVERS

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Abstract

This paper reports an investigation on the conditions of work stress experienced by bus and taxi drivers and their responses to avoid such stresses taking a sample of 50 participants in Manipur, India. The Driver Stress Inventory (DSI, 1996) questionnaire developed by Matthews et al. (1996), was used to measure the stress level experienced by the drivers whereas the Ways of Coping Checklist (WCCL, 1984) based on Lazarus' transactional model was used to evaluate the level of commitment towards measures adopted by passenger drivers to prevent workplace stress. Statistical tools like factor analysis, regression analysis and t-test were employed for testing the hypothesis, comparing and drawing conclusions. It is found that bus and taxi drivers experienced almost the same level of stress and endowed more or less an equal effort to prevent work stresses.

Introduction

It was in 1829 when horse-drawn passenger services (omnibuses) were first introduced to the UK. The advent of regular motor bus services did not arrive until circa 1898 (Hibbs, 1968 as cited in Tse, Flin, Mearns, 2006). Since then, passenger vehicles had been mushrooming throughout the world even at the edge of far flung North Eastern region of India. As per the annual report of **Transport Department (2013)**, there are 6,258 (bus/ mini bus/ and taxi) registered passenger vehicles in Manipur. The present study focussed on passenger drivers driving buses and taxis from Ukhrul district headquarter to Imphal city en route NH-202 and the other sub division headquarters, blocks and villages of the district. Drivers from two organizations, namely, Ukhrul District Taxi Association (UDTA) and Ukhrul-Imphal Bus and Truck Owners Association (UIBTOA) were approached to participate in the study. Both UDTA and UIBTOA are a registered association under Government of Manipur having their head offices located at

Phungreitang, Ukhrul district and Khuman Lampak, Imphal East district respectively. At present there are 331 registered light vehicles under UDTA and 48 registered bus/mini buses under UIBTOA. This study in particular concentrated to measure the level of occupational stress experienced by passenger drivers and their coping strategy adopted to manage or control such stress experienced by them.

Professional Drivers

There are several sub types of professional drivers. Drivers in public transport, drivers of long distance coaches, drivers of trams and trains, taxi, bus and truck drivers. To simply describe this group, we can just summate that driving their vehicle is their occupation; they are getting paid and have to keep specific demands from the employer and the society (Hanzlikova, 2014). The most important skills and requirements of professional drivers are; reaction time – the ability to quickly respond, far and near vision – the ability to see things close at or at distance, operation and control –

controlling operations of equipment or systems, equipment maintenance – performing routine maintenance and determining when and what kind of maintenance is needed, and psychological eligibility – low level of aggression (**DelVecchio, 2004**). Amongst the specifics of professional driver's work is the responsibility for lives of many persons in the vehicle (in case of passenger bus), material responsibility in case of lorry drivers (high price of vehicle and of load), and the fact that professional drivers spend practically all of the work time by driving a vehicle, which is a high demanding activity both from cognitive perspective and from emotional and social point of view. In both these cases the psychological phenomena of responsibility can be perceived as stressful (**International Labour Office, 1996**).

Work and Health of Professional Drivers

Since the 1950's evidences showed that drivers are at particular risk from poor physical health and became apparent beginning with the UK studies by Morris and his colleagues looking at heart diseases (**Morris, et al., 1953a, 1953b**, as cited in **Tse, Flin & Mearns, 2004**). World-wide research over the last few decades has matured to show that in terms of physical health, drivers are particularly susceptible to respiratory and musculoskeletal disorders, cardiovascular disease and gastro-intestinal problems (**Evans, 1994; Kompier & Martino, 1995; Winkleby, et al, 1988**). Further so, professional drivers are more likely to experience these range of disorders than the population matched for age and social class that does not drive professionally. Exposure to long driving hours, irregular work schedules, social isolation, physical inactivity and whole body vibrations can be assumed to have a similar impact on the drivers' health and well being (**Jensen & Dahl, 2009**). Even the lifestyle of the bus drivers at home and at work is inextricably linked to his or her physical and psychological health also (**Tse, Flin & Mearns, 2004**).

Work Stress

Work stress is a term used to describe stress that originates from the work environment. Work stress is different from other

life stresses in that organizations play a role in moderating the extent of the stress experienced (**Cartwright, Cooper, & Barron, 1996**). Several researchers have categorized types of job stressors. **Cartwright and Cooper (1997)** suggested six major sources of pressure at work: stress in the job itself, role based stress, relationships, career development factors, organizational structure and climate, and the work-family interface. Five categories were suggested by **Ivancevich and Matterson (1980)**, three of which focused on social psychological stressors in the workplace. They employed the frequently used organizational psychology categorization by level of thought and inquiry; individual level, group level, and organizational level. While these approaches have taken a fairly broad view, trying to develop categories into which many specific stressors could be placed, **Thomson, Murphy and Stradling (1994)** have settled for a much narrower set of categories: role overload, role insufficiency, role ambiguity, role boundary (role conflict) and responsibility.

Work Stress of Professional Drivers

Stress can have a significant impact on driving performance. Although moderate levels of stress can be beneficial in maintaining driver attention (**Matthews, Sparkes, & Bygrave, 1996**, as cited in **Hill & Boyle, 2007**), too much stress has been related to impaired driving performance, increases in crash risks (**Beirness, 1993**, as cited in **Hill & Boyle, 2007**), and increases in traffic violations (**Simon & Corbett, 1996**, as cited in **Hill & Boyle, 2007**). Occupation of professional driver is perceived as very stressful, and stress is here the result of conflict demands on driver, and low level of control by driver on these demands and circumstances, such as time press, long shifts, responsibility for security of passengers (**Dorn, 2003**). Work-related stress in professional drivers may result from a range of work and driving demands such as tight deadlines, traffic congestion, behaviours of other drivers, weather, ergonomic factors (e.g., noise, temperature), irregular and long working hours, solitary work and lack of social support (**Vivoli, Bergomi,**

Rovesti et al. 1993; Orris, Hartman, Strauss et al. 1997; Salanne, Keskinen, Kärmeniemi et al., 2006 as cited in Pylkkönen et al., 2013). The driving task for driver is mentally demanding because it involves having to cope with conflicting demands. This is especially the case of public transport drivers. The company and the public want the driver to maintain good contact with passengers and to be service - oriented, for example, through the provision of information to passengers on time tables, routes, stops and fares. The driver is required to drive safely according to traffic rules and conditions. More severe stress reaction may seriously disrupt driver performance and hence reduce safety (Dorn, 2003). Study by Kostyniuk et al. (2002, as cited in Hanzlikova, 2014) has identified four factors that are more likely to occur in fatal crashes. These factors are following other vehicles improperly, driving with vision obscured by rain, snow or fog, drowsy and fatigued driving and improper lane

changing. It has been demonstrated that, all over the world drivers face many work-related stress problems. Many recommendations have been made to manage or reduce stress. However, stress monitoring and stress reduction is not merely a technical process, based on a technical analysis and on the simple, straight-forward realization of recommendations and receipts. Stress monitoring and stress reduction relate to changing and improving organizations and organizational processes (Kompier, 1996).

Road Conditions of Ukhrul District

The inter-district road density of Ukhrul district in 2011 (Transport Department, 2013) was 32.47 km per 100 square km, which is much lower than the state average of 56.51 km per 100 square km. Altogether, just 32 percent of the villages in the district are connected by all-weather road. Pathetic road condition in the district has always been detrimental for development. And, in most of the villages, inter-villages roads are not surfaced yet.

Table 1: Road distance from Ukhrul District Headquarter

Ukhrul to Imphal	81 km
Ukhrul to Jessami block	115 Km
Ukhrul to Yaingangpokpi	56 Km
Ukhrul to Litan Village	43 Km
Ukhrul to Finch Corner	21 Km
Ukhrul to Kamjong block	80 Km

Source: Field Survey

The road distance from Ukhrul district headquarter to Imphal city and other sub divisions, blocks and villages of the district where the study was undertaken were shown in table 1.

Ukhrul District Taxi Association (UDTA)

UDTA (Ukhrul District Taxi Association) controls all the services of the passenger vehicles (medium and light, except the buses and trucks) engaged for commercial purposes in Ukhrul district. The association fixed the fares and timings of each of the taxi services to and fro from Ukhrul to different destinations (villages, blocks, sub-division headquarters and also for the vehicle plying

along the capital city). In every half an hour a taxi leaves from the station. The timing may be extended and relaxed especially during festive seasons.

Ukhrul-Imphal Bus & Truck Owners Association (UIBTOA)

The office of the Ukhrul-Imphal Bus & Truck Owners Association is located at Khuman Lampak, Imphal East. At present there are 14 buses plying from Ukhrul district headquarter to greater Imphal city along NH 202 and 34 buses to the other sub division headquarters, blocks and villages of the district. All the buses and trucks plying to and fro from Ukhrul to Imphal are under the association. The fares and the

timings of the bus services are scheduled by UIBTOA. There are two shifts for the departure of the buses from the station, once in the morning (first trip) and at noon (second trip).

Methodology

Objectives

The study emphasized to measure stress levels being experienced by bus and taxi drivers to and fro along the NH – 202 from Ukhrul district headquarter to greater Imphal city, the other sub division headquarters, blocks and villages of the district and also to evaluate the coping strategies adopted thereof to avoid or manage such stress. Also to compare the stress levels being experienced and the levels of commitment bestowed in adopting strategies to cope or reduce such stresses between bus drivers and taxi drivers.

Hypothesis

H₀1: There will be no significant difference in the experience level of work stress and the commitment level extended to cope with work stress between bus and taxi drivers.

Equipments

Measures: A questionnaire battery was put together comprising of the following instruments:

Demographics: a series of questions to obtain information on age, gender, marital status, educational qualification, place of residence, social status, religion and the likes.

Driving related questions: a sequence of questions with regard to years of driving experience, training on driving, monthly income from driving, ownership of vehicle et cetera.

Drivers' stress level was measured using the Driver Stress Inventory (DSI) questionnaire developed by **Matthews, Desmond, Joyner, Carcary and Gilliland (1996)**. Originally, the DSI questionnaire consists of 41 items but the 41st item was excluded since this particular item contradicts with nature of the study. The 41st item of the DSI questionnaire predominantly

relates to several hours driving with few or no brakes but since the study undertaken was concentrated within a limited geographical area located at hilly terrain with small and curved roadways, which requires a few hours' drive with frequent brakes, thus for this reason, excluded from the present questionnaire. From a pilot survey (10 respondents), it was learned that most drivers have not participated in such study before and are unaccustomed to filling up questionnaires, and more so it was also found that they were more convenient to respond when items were rated on a 5-point scale rather than the originally construed scale based on 10-points Likert type. Therefore, participants were asked to indicate on a 5-point Likert scale (1 = Not at all, 3 = Neutral, 5 = Very much) about how they had the feelings and dispositions described in an inventory of 40 DSI items.

The Ways of Coping Checklist (WCCL) based on Lazarus' transactional model of stress and coping (**Lazarus & Folkman 1984**) was used to measure the commitment level bestowed to cope with occupational stresses. This model views stress as a relationship between the person and the environment that taxes or exceeds the person's resources and endangers his or her well-being. The WCCL has 50 items and the response alternative range according to 5-point Likert scale with 5 = Used a great deal, 4 = Mostly used, 3 = Indifferent, 2 = Used sometimes and 1 = Not used.

Participants

The study was concentrate and carried out in Ukhrul District where NH-202 passes through the district and the sample for the study was collected during spring-summer 2014 from bus drivers and taxi drivers, who have their names registered in the Ukhrul District Taxi Association (UDTA) and Ukhrul - Imphal Bus and Truck Owners Association (UIBTOA) respectively. Prior to commencement of the study ethical approval was sought from both the UDTA and UIBTOA. Convenience sampling was applied while collecting relevant information from the drivers. The sample consisted of 50 participants (25 bus drivers and

25 taxi drivers). Professional driving is an occupation that traditionally has attracted a greater proportion of male (Tse, Flin, Mearns, 2006). Interestingly this study too supports this proposition since only male participants could be included in the survey. The mean age of the drivers was 37.7 years (SD = 9.2).

Analysis

The data was administered using Statistical Product and Service Solutions (IBM - SPSS) English version 21.0. Relevant statistical tools like percentage analysis, factors analysis, regression analysis and t-test, which were applicable for the analysis of the data, were employed for comparing, testing and drawing

conclusions. The criterion regarding the assessment of the level of experience of stress and the commitment in the use of strategies to cope or manage stress, mean scores of each factors of DSI and WCCL were calculated and ranged as (weak=1 → 1.8, low=1.9 → 2.6, moderate=2.7 → 3.4, high=3.5 → 4.2, very high=4.3 → 5). Also regression analysis was run to know the influence or the relationship of each stress and coping factors with the overall stress and coping factor. And finally, the t-test was used to compare the stress level being experienced and the commitment levels endowed in adopting strategies to cope stress between bus drivers and taxi drivers.

Results and Discussions

Table 2: Demographic Profile of the Respondents

Variables	Group	Bus	Taxi	Total
Education	Illiterate	2	2	4
	Can read and Write	2	1	3
	Primary	9	6	15
	High school	9	11	20
	Others (BA, MA)	3	5	8
Marital status	Married	20	21	41
	Unmarried	5	3	8
	Divorced	0	1	1
Place of residence	Rural	19	19	38
	Urban	6	6	12
Social status	SC	2	0	2
	ST	14	12	26
	General	7	9	16
	OBC	2	4	6
Religion	Hindu	10	10	20
	Muslim	0	3	3
	Christianity	14	11	25
	Others (Meitei)	1	1	2

The above table illustrated that there was an educational imbalance. There are more primary and high school educated respondents (84%) than graduate and above (16%), which is to say that most of the passenger drivers are not well educated. 82% of the participants were married and the rest were unmarried (16%) and divorced (2%). 76% of the respondents reside in rural areas and 24% of the respondents reside in

urban areas. With regard to the conditions of the category of their social status, quite many of them belongs to the scheduled tribe 26 (52%) followed by general 16 (32%), scheduled caste 2 (4%) and OBC (Meitei) 6 (12%). Considering the distribution of religion, Christian drivers (25) lead the Hindu (20) by 10% and the Muslim (3) by 44% and Meitei (2) by 46%.

Table 3: Statistics of Driving Related Factors

Variables	Group	Bus	Taxi	Total
Driving experience (Years)	1 – 10	11	21	32
	11 – 20	10	3	13
	21 - 30	4	1	5
Vehicle ownership	Owned	4	20	24
	Private agencies/ Employers'	21	5	26
Vocational training	Yes	7	9	16
	No	18	16	34
No. of hours per trip	1 – 5	23	22	45
	6 – 10	1	3	4
	11 – 15	0	0	0
	16 - 20	1	0	1
Distance travel per trip(Kms)	1 – 50	0	12	12
	51 – 100	22	10	32
	101 – 150	2	1	3
	151 – 200	0	0	0
	Above 201	2	2	4
Duration of halt after a trip(Hrs)	1 – 5	25	23	48
	6 – 10	0	1	1
	11 – 15	0	0	0
	16 - 20	0	1	1
Number of round trip per week	1 – 5	2	2	4
	6 – 10	21	14	35
	11 – 15	1	6	7
	16 – 20	1	0	1
	21 - 25	0	3	3
Monthly Income from driving	1000 – 20,000	23	24	47
	21,000 – 40,000.	2	0	2
	41,000 – 60,000	0	1	1
Traffic Violation	0	22	17	39
	1 – 30	2	6	8
	31 - 60	1	2	3
Accident	0	15	23	38
	1	6	2	8
	2	4	0	4

Specifics about drivers' driving related statistics are shown in table 3. It is understood that most of the drivers had an experience of driving not more than 10 years (64%). When asked about the ownership about the passenger vehicle 'they usually drive'. 48 per cent of the sample was driving vehicle of their owned while the other 52 per cent was driving for private agencies or which is owned by their employers. The drivers normally did not receive any formal vocational training on driving before their carrier as being a driver (68%). Respondents (90%)

indicated that they drove for a short distance, in the bracket of 51 – 100 Kilometres. The income earned from driving was mostly ranged below 20,000, constituting 47 samples out of 50. Majority of the drivers did not face any major traffic violation except some drivers facing violation at their learning stage or at the initial days of their carrier. Thirty eight drivers did not encounter any major accident during their driving carrier with the exception that eight drivers had experienced once and 4 twice.

Reliability Analysis

Table 4: Summary of the Reliability Test

Factors	Cronbach's Alpha	Mean	S.D.	No. of Items
Driver Stress Inventory (DSI)	0.845	2.50	0.45	40
Ways of Coping Checklist (WCCL)	0.863	2.83	0.44	50

Summary of the reliability tests of DSI scale and WCCL scale are given in table 4. The Cronbach's Alpha value for DSI was 0.845 and WCCL was 0.863. **Field (2009)** suggested that Cronbach's alpha values between 0.7 and 0.8 are acceptable. However, **Davis (1964)** suggested that depending on the size of the sample values as low as 0.5 are also acceptable. Since both the scales of this specific study are over 0.7, the scales can be treated as preferable and reliable and retained for further analysis. No item was deleted for improving the factor reliability level.

Factor Analysis

Factor loadings of the Driver Stress Inventory (DSI)

Factor analysis by PCA method extracted 13 predominant factors for the Driver Stress Inventory from 40 items of driving stress inventory. The extracted factors are Driving at low speed; Driving behind a slow moving vehicle; Driving in bad weather condition; Thoughts of having an accident; Other drivers doing something silly; Thoughts of past mistakes and things done badly when driving; Driving on unfamiliar road; Passenger's advice on driving; Thoughts of vehicle breakdown; Feel more anxious when I have passenger(s) in the vehicle; Driving unfamiliar rental bus or taxi; Taking risks on the road and Another vehicle following very close behind which collectively accounts for 77.07% of the total variances. 'Driving at low speed' was the first stress factor reduced using PCA containing 5 items with variables 24, 37, 38, 39, and 40, contributing 20.59 % of the variances. The second factor was 'Driving behind a slow moving vehicle' which identified 4 items

consisting of variables 12, 19, 32 and 34, and explained for 8.68% of the variances. 'Driving in bad weather condition' was the third factor containing 6 items comprising of variables 1, 3, 8, 12 and 27, which explains for 7.94% of the variances. 'Thoughts of having an accident' was the fourth factor composing of 4 items with variables 4, 17, 18 and 31, attributing 6.55% of the variances. 'Other drivers doing something silly' was the fifth factor containing 3 items comprising of variables 11, 20, and 21, contributing 5.78% of the variances. 'Thoughts of past mistakes and things done badly when driving' was the sixth factor containing 4 items comprising of variables 10, 23, 25, and 26, which explains for 4.48% of the variances. 'Driving on unfamiliar road' was the seventh factor containing 4 items comprising of variables 7, 16, 29, and 30, which explains for 4.24% of the variances. 'Passenger's advice on driving' was the eight factor containing 2 items composing of variables 14 and 22, and explains for 3.57% of the variances. 'Thoughts of vehicle breakdown' was the ninth factor containing 4 items comprising of variables 2, 6, 8 and 15, which explains for 3.42% of the variances. 'Feel more anxious when I have passenger(s) in the vehicle', 'Driving unfamiliar rental bus or taxi', 'Taking risks on the road' and 'Another vehicle following very close behind' were the tenth, eleventh, twelfth and the thirteenth major factor extracted using PCA method composing of 1 item each with variables 27, 5, 35 and 36 respectively and contributes for 3.35%, 3.03%, 2.82% and 2.58% of the variances accordingly.

Table 5: Mean, SD and Satisfaction Level of the Driver Stress Inventory Factors

Factors	Mean	S D	Levels
F1 – Driving at low speed	1.86	1.76	Low
F2 - Driving behind a slow moving vehicle	1.97	1.93	Low
F3 – Driving in bad weather condition	2.70	2.00	Moderate
F4 – Thoughts of having an accident	2.94	1.79	Moderate
F5 – Other drivers doing something silly	1.71	1.64	Weak
F6 – Thoughts of past mistakes and things done badly when driving	3.76	1.34	High
F7 – Driving on unfamiliar road	2.55	1.69	Low
F8 – Passenger's advice on driving	2.74	2.42	Moderate
F9 – Thoughts of vehicle breakdown	1.82	5.94	Low
F10 – Feel more anxious when I have passenger(s) in the vehicle	2.85	1.91	Moderate
F11 - Driving unfamiliar rental bus or taxi	2.87	2.51	Moderate
F12 - Taking risks on the road	2.66	1.98	Moderate
F13 – Another vehicle following very close behind	3.51	1.76	High
Total	2.61	2.21	Moderate

The above table 5 explains the results of Driver Stress Inventory (DSI) factors for this study. It was noticed from the table that the means of stress factors are between (1.71 → 3.76), in which the result came in four levels. 2 factors (F6 and F13) shows high level of stress, whereas 6 factors (F3, F4, F8, F10, F11 and F12) shows medium level of stress, while another 4 factors (F1, F2, F7 and F9) shows low level of stress, and finally only 1 factor (F5) shows a weak level of stress. The highest level of stress among the factors appears in F6 (Mean = 3.76, SD = 1.34) and the lowest appears in F5 (Mean = 1.71, SD = 1.64). The drivers generally show moderate level of stress (Mean = 2.61).

Factor loadings of the Ways of Coping Checklist (WCCL)

Factor analysis by PCA method extracted 17 predominant factors for Ways of Coping Checklist, namely, Talk to someone to find out more about the situation; I let my feelings out somehow; Look on the bright side, did something else worthwhile and came up with a different solution; Went along with faith and accept sympathy and understanding from someone; Change something and rediscover myself and came out of the experience better than when I went in; Refuse to believe it is happening and avoid being with people; I get

professional help from work; Seek a relative's or a friend's advice; Sleep more than usual; Make myself feel better by drinking, smoking, using drugs or medication, and so forth; Do something creative; Keep my feelings to myself; Go on as if nothing happen; Keep others from knowing how bad things are; Express anger to the person(s) who cause the problem; Refuse to think about it too much and Double my efforts to make things work, which altogether accounts for 82.01 % of the total variances. 'Talk to someone to find out more about the situation' was the first factor containing 8 items with variables 19, 23, 26, 27, 28, 29, 36 and 37, which accounts for 19.62% of the variances. 'I let my feelings out somehow' was the second factor which contains 6 items with variables 4, 12, 17, 39, 40 and 41, explaining 7.54% of the variances. 'Look on the bright side, did something else worthwhile and came up with a different solution' was the third factor which was composed of 5 items with variables 1, 6, 9, 38 and 43, and contributing 7.09 % of the variances. 'Went along with faith and accept sympathy and understanding from someone' was the fourth factor consisting of 3 items with variables 7, 22 and 23, describing 5.79% of the variances. 'Change something and rediscover myself and came out of the experience better than when I went in' was the

fifth factor containing 6 items with variables 45, 46, 47, 48, 49 and 50, elucidating 5.33% of the variances. 'Refuse to believe it is happening and avoid being with people' was the sixth factor which is made up of 3 items with variables 33, 34 and 35, contributing 4.64% of the variances. 'I get professional help from work' was the seventh factors which is comprised of 3 items with variables 13, 18 and 22, contributing 4.15% of the variances. 'Seek a relative's or a friend's advice' was the eight factor which includes 2 items with variables 24 and 30, contributing 3.78% of the variances. 'Sleep more than usual' was the ninth factor consisting of 1 item with variable 31 and contributing for 3.62% of the variances. 'Make myself feel better by drinking, smoking, using drugs or medication, and so forth' was the tenth factor which contains 2 items with variables 23 and 30, and attributing for 3.19% of the variances. 'Do something

creative', 'Keep my feelings to myself', 'Go on as if nothing happen' were the eleventh, twelfth and the thirteenth major factor extracted composing of 1 item each with variables 50, 14 and 8 respectively and contributes for 3.11%, 2.68% and 2.55 of the variances accordingly. 'Keep others from knowing how bad things are' was the fourteenth factor which includes 2 items with variables 15 and 16, contributing 2.38 % of the variances. 'Express anger to the person(s) who cause the problem' was the fifteenth factor comprising of 4 items with variables 2, 3, 5 and 10, attributing 2.28% of the variances. 'Refuse to think about it too much' and 'Double my efforts to make things work' were the sixteenth and the seventeenth factor which was made up of 1 item each with variables 11 and 42 respectively, and explaining for 2.16% and 2.03% of the variances.

Table 6: Mean, Standard Deviation and Level of the Ways of Coping Checklist Factors

Factors	Mean	S D	Levels
F1 – Talk to someone to find out more about the situation	3.20	0.97	Moderate
F2 – I let my feelings out somehow	3.15	0.82	Moderate
F3 – Look on the bright side, did something else worthwhile and came up with a different solution	3.22	1.06	Moderate
F4 – Went along with faith and accept sympathy and understanding from someone	2.86	0.97	Moderate
F5 - Change something and rediscover myself and came out of the experience better than when I went in	2.64	0.64	Moderate
F6 – Refuse to believe it is happening and avoid being with people	2.23	0.87	Low
F7 – I get professional help from work	3.73	1.14	High
F8 – Seek a relative's or a friend's advice	2.61	1.06	Moderate
F9 - Sleep more than usual	2.72	1.03	Moderate
F10 – Make myself feel better by drinking, smoking, using drugs or medication, and so forth	2.70	1.07	Moderate
F11 – Do something creative	2.91	1.05	Moderate
F12 - Keep my feelings to myself	3.54	1.18	High
F13 – Go on as if nothing happen	3.52	1.50	High
F14 – Keep others from knowing how bad things are	2.93	1.07	Moderate
F15 - Express anger to the person(s) who cause the problem	2.64	0.71	Moderate
F16 – Refuse to think about it too much	1.29	0.58	Weak
F17 – Double my efforts to make things work	2.88	1.27	Moderate
Total	2.87	1.00	Moderate

In table 6, scores of the mean, standard deviation and levels of the Ways of Coping Checklist (WCCL) factors are shown. The table revealed that means of coping factors are between (1.29 → 3.73), in which the result came in 4 levels. Regarding commitments in managing or coping stress, 3 factors (F7, F12 and F13) reveals high level of commitment whereas 12 factors (F1, F2, F3, F4, F5, F8, F9, F10, F11, F14, F15 and F17) illustrates medium

level of commitment, while 1 factor each (F6) and (F16) shows low level and weak level of coping commitment. The highest level of commitment appears in factor F7 (Mean = 3.73, SD = 1.14), whereas the lowest level of commitment appears in factor F16 (Mean = 1.29, SD = 0.58). It is found that extent of commitments in the practice of the coping strategies among the drivers are moderate (Mean = 2.87).

Regression Analysis

Table 7: Regression analysis of the Driver Stress Inventory Factors

Model	Constant	R	R Square	t	F	Sig.
1	145.2	0.721(a)	0.520	7.210	51.978	0.000*
2	149.54	0.692(b)	0.478	6.634	44.015	0.000*
3	117.60	0.846(c)	0.715	10.9721	120.389	0.000*
4	173.30	0.230(d)	0.053	1.635	2.673	0.109
5	163.03	0.499(e)	0.249	3.994	15.953	0.000*
6	197.02	0.018(f)	0.000	0.127	0.016	0.900
7	128.62	0.657(g)	0.431	6.031	36.373	0.000*
8	156.24	0.541(h)	0.292	4.452	19.818	0.000*
9	149.73	0.571(i)	0.326	4.815	23.187	0.000*
10	194.87	0.054(j)	0.003	0.377	0.142	0.708
11	185.37	0.185(k)	0.034	1.304	1.700	0.198
12	157.01	0.448(l)	0.201	3.470	12.039	0.001*
13	200.19	0.004(m)	0.000	0.027	0.001	0.979

*Significant at 5% level

Dependent Variable: Overall Driver Stress Inventory

Table 7 shows the result of linear regression analysis of the driving stress inventory. The regression analysis was used to know the influence or the relationship of each stress factors with the overall stress inventory factor. In model 1, the co-efficient of determination (R^2) was .520 indicating that 52% of variation in the overall driving stress inventory of the driver can be explained by factor 1. 1 percent increase in factor 1 (F1) keeping all other stress factors constant will increase the driving stress inventory of the drivers by 52%. In the same manner the percentages of variations can be explained for the other remaining models too. The co-efficient

determination (R^2) in the Model 2, 3, 5, 7, 8, 9 and 12 were 0.478, 0.715, 0.249, 0.431, 0.292, 0.326 and 0.201 respectively. The co-efficient of determination (R^2) in the model 4, 6, 10, 11 and 13 were 0.053, 0.000, 0.003, 0.034 and 0.000 respectively. The F-values obtained from the above table reveals that regression of five models, that is, model 4, 6, 10, 11, and 13 was found not to be significant at 5% level thus not valid to draw inferences whereas the F-values for the other eight models, namely, model 1, 2, 3, 5, 7, 8, 9 and 12 indicates that the regression was significant at 5% level and it was valid to draw inferences.

Table 8: Regression Analysis of the Ways of Coping Checklist Factors

Model	Constant	R	R Square	t	F	Sig.
1	83.26	.809(a)	0.654	9.535	90.924	0.000*
2	93.13	.578(b)	0.334	4.905	24.059	0.000*
3	97.82	.660(c)	0.435	6.078	36.947	0.000*
4	109.45	.500(d)	0.250	3.996	15.972	0.000*
5	85.85	.606(e)	0.379	5.411	29.283	0.000*
6	126.62	.268(f)	0.072	1.925	3.706	0.060
7	97.37	.617(g)	0.381	5.435	29.543	0.000*
8	114.82	.495(h)	0.245	3.946	15.573	0.000*
9	125.23	.282(i)	0.079	2.036	4.144	0.047*
10	143.48	.034(j)	0.001	-0.236	0.056	0.814
11	119.35	.368(k)	0.135	2.738	7.497	0.009*
12	144.55	.045(l)	0.002	-0.311	0.097	0.757
13	137.38	.082(m)	0.007	0.568	0.323	0.572
14	122.35	.320(n)	0.103	2.344	5.494	0.023*
15	115.41	.320(o)	0.102	2.338	5.468	0.024*
16	123.94	.367(p)	0.135	2.732	7.463	0.009*
17	121.74	.398(q)	0.159	3.010	9.061	0.004*

*Significant at 5% level

Table 8 depicts the result of linear regression analysis of the Ways of Coping Checklist factors. In first model (1), the co-efficient of determination (R^2) was .654 indicating that 65% of variation in the overall coping strategy factor of the driver can be explained by factor 1. 1 percent increase in factor 1 (F1) keeping all other coping factors constant will increase the ways of coping checklist inventory of the drivers by 52%. The co-efficient of determination (R^2) in the model

2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 17 were 0.334, 0.435, 0.250, 0.379, 0.381, 0.072, 0.245, 0.079, 0.135, 0.001, 0.103, 0.002, 0.007, 0.102, 0.135 and 0.159 respectively. The F-Value of the four models (6, 10, 12, 13) indicates that the regression analysis was not significant at 5% level and it was not valid to draw inferences. Whereas F-value of the other thirteen models indicates that the regression analysis was significant at 5 % level and it was valid to draw inferences.

T – Test

Table 9: T-test of DSI and WCCL between Taxi and Bus Drivers

Variables	Taxi		Bus		‘t’ Test	P-value
	Mean	SD	Mean	SD		
Total DSI	208.12	35.32	193.40	36.73	-1.444	0.568 (NS)
Total WCCL	138.16	23.12	145.040	20.74	-1.108	0.447 (NS)

Significant level at 5 %

Table 9 presents the results of T-test of DSI and WCCL. It revealed that there was no significant difference ($t = -1.44$, $p = 0.568$) in the experience of job stress between bus drivers and taxi drivers, meaning which, the null hypothesis (H_0) was failed to reject (at 5% level), though Taxi drivers have slightly scored a higher mean value when compared with their counterpart. Again, the T-test result of the WCCL revealed that there was no significant difference ($t = -1.108$, $p = 0.447$) in the level of commitment extended to cope work stress adopted between bus drivers and taxi drivers, meaning which, the null hypothesis (H_0) was failed to reject (at 5% level), though bus drivers have scored a higher mean value compared to taxi drivers.

Conclusion

The primary aim of the study was to assess the level of stress experienced among bus and taxi drivers and to appraise their strategies adopted to manage such stresses. A non-experimental descriptive design, with descriptive

approach was used for the present study. The study population consisted of 50 exposed bus and taxi drivers as respondents. It was found that majority of the drivers had moderate level of stress, whereas very few were under the influence of severe or mild level of stress. Most of the drivers had an average level of commitment endowed in adopting measures to reduce stress, whereas a very few had committed to either good or poor level. The investigation could not establish any major differences in the experience of job stress between bus and taxi drivers. So both the drivers of taxis and buses experienced more or less to some extent an equal level of stress. In the adoption of strategies to manage stress, bus and taxi drivers did not adopt a significantly different level of commitment to cope with the stresses that they had experienced.

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TOWARDS ETHICS AND GOOD GOVERNANCE: PERCEPT AND PRACTICE

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Abstract

Ethics in governance is the vital precondition for formulation of good public policies and thus, it is fundamental to the success of good governance. Ethical governance means application of rules of the law and for that corruption has to become anathema. To bring about ethics in governance, the menace of corruption has to be eliminated from the body politic and society. The issue is how to deal with the menace of corruption for ushering in ethical governance. Values and institutions matter a lot in this regard. Institutions and incentives are critical for proper functioning of a large number of public servants both elected and appointed. There is need for creation of institutions and designing incentives in promoting ethical conduct of public servants. It is necessary that we should first take steps to ensure that law breakers and criminals do not become law makers. The general awareness among people is also an important element for ushering in the era of good governance and people's vigilance would further strengthen the rule of law. Besides, the menace of endless desires had to be eliminated for ushering in ethical governance. The present study seeks to deal with these subjects in detail.

Introduction

Even after more than six decades of Independence of India, one can see gloomy picture in terms of exploitation, poverty, social exclusion, caste and classes conflicts, deprivation of women, etc. around except some places here and there. Occurrences of communal tension have also become almost a regular phenomenon. Holy books of religions tell us to how to live in peace and harmony. But rarely these teachings have become a way of life of the people.

Now-a-days, there is a trouble in our body-politic, economy and society, which is mainly due to devaluation of human beings. This has further devaluated society as it is sum of human beings. Everybody is interested in hoarding monetary and non-monetary resources as much as one can. This propensity to hoard more and more leads to the society in era of bad governance as people have forgotten love and compassion as our basic attributes as human being for the want of money. In fact, people

are spending more and more to consume more and more rather than spending to meet out their needs. In this context, Mahatma Gandhi had rightly said that there is enough to meet out the needs of the people, but not to meet out their greed. Mahatma Gandhi's talisman ends with the problem of spiritual starvation in our country. Swami Vivekananda long back empathised on man making process which means character building because by way of it efficiency of the character will also be enhanced which is the need of hour. In a nutshell, ethical concern of the society has not taken into consideration for getting money by hook or by crook. This has created various ills in the society.

Seeing the importance of ethics in public life, the Fourth Report of the Second Administrative Reforms Commission (ARC), 2007 is on the theme of 'Ethics in Governance'. The importance of the subject has also been enhanced with the inclusion of

ethics, morality and attitudes as one of the subjects of the Civil Service Exams.

In above context, the role of ethics is very important in ushering in good governance. In this article, after giving a broad concept of ethics and good governance, the focus is on their relationship.

Section – I

Conceptual Understanding of Ethics and Corruption

The word ‘ethics’ is derived from the Greek term *ethikos*, which means ‘arising from habit’. With the passage of time, such habits would become a set of rules and standards that guide behavior, choices and actions of the society. Ethics examines the rational justification for our moral judgements. It tries to determine the good and right thing to do, choices regarding right and wrong, good and evil, questions of obligation and value. Ethics is to consider the practice of doing right actions or what we may call the ‘art of living the good life’. Ethics has always stood against stealing, murder, assault, slander, fraud, exploitation, selfishness and degrading others by jealousy, greed and lower passions. Ethical standards also include those that enjoin virtues of honesty, compassion, unselfishness, fellow-feeling, purity and holiness.

A broader definition of ethics is a systematic enquiry into human conduct in order to discover both the rules that ought to govern our actions and the goals we should seek in life. The Second ARC gives a more general definition by saying ‘it is the moral ideas of people that give rise to and shapes the character of laws and rules.’ However, what the Second ARC said in this regard is worth quoting:

“The Commission is painfully aware that standards do not, by themselves, ensure ethical behavior; that requires a robust culture of integrity. The crux of ethical behavior does not lie in bold

words and expressions enshrined as standards, but in their adoption in action, in sanctions against their violations, in putting in place competent disciplinary bodies to investigate allegations of violations and impose sanctions quickly and in promoting a culture of integrity.”

Integrity connotes that a public authority must protect itself from extraneous influences in matters concerning official duties. What causes weak integrity of the people is corruption, which is a major sign of the failure of ethics in public life.

What do you understand by corruption ? The literal meaning of corruption is moral deterioration of fraudulent activity which comes from the Latin word “*Corruptus*” which means ‘to break or destroy’. The term denotes all forms of improper or selfish exercise of power and influence attached to a public office or to the special position one occupies in public life.

According to World Bank and Transparency International, corruption is operationally defined as the misuse of entrusted power for private gain or the use of public office for private gain. In fact it is a multi-faceted evil, which gradually kills a system. Corruption in India has become pervasive and cancerous which distorts welfare goals, marginalizes development process and material progress, and brings disasters to the well-being of the country. It is really tragic that corruption for many has become habits ranging from big corruption cases involving persons in high places to retail corruption touching the everyday life of common man. In India, economic growth and development is affected negatively by corruption activities such as bribery, fraud, stealing in public resources, nepotism, misappropriation, patronage and seizure of public assets for private use etc. in a number of ways.

The Second ARC pointed out that four factors namely: i) colonial legacy of unchallenged authority and propensity to exercise power arbitrarily ; ii) asymmetrical

power structure of society in the early decades after Independence ; iii) the Indian state chose a set of policies whose unintended consequence was to put the citizen at the mercy of the state ; and iv) over centralization ,aggravated corruption and abuse of office. Although 73rd and 74th amendments to the Constitution were legal steps towards decentralization and local governments have also been constituted, these institutions as the ARC says are not allowed to take root because power has been concentrated both horizontally and vertically in a few hands, which resulted in weakened citizenry and mounting corruption.

Awarding of contracts for public works and procurement of goods and services, recruitment of employees, evasion of taxes, substandard projects, collusive violation of regulation, adulteration of foods and drugs, obstruction of justice and concealing or doctoring evidence in investigation are examples of such dangerous forms of corruption.

Section – II

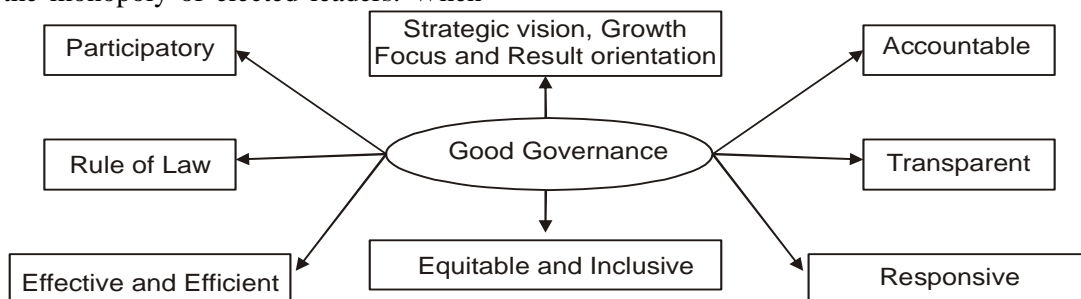
Notion of Good Governance

The concept of governance is as old as our human civilization .In a common parlance, governance means the process of decision making and the process by which decisions are implemented. Good governance, in modern democracy, means democratization of governance. In participatory democracy people elect their leaders to govern them. But governance is not the monopoly of elected leaders. When

governance becomes the privilege of select few or when the people who are governed are kept out of the affairs of governance , it degenerates into mis-governance and becomes a travesty of democracy.

The meaning of ‘good’ in good governance is twofold. It means the values of respect for the will of the people and promotion of the people’s capabilities that signify the goal of achieving self-reliance, development and justice in all spheres be it social, cultural, political or economic. Secondly, good governance implies the functional aspect of an effective and efficient government that works to fulfill the aspirations of all its citizens. Good governance has two interrelated components: the orientation of the state to achieve the goals of equity, justice and the functioning of government to effectively and efficiently realise collective goals.

Good governance is based on the principles such as conducting works with all integrity and fairness, being transparent with regard to all transactions, making all necessary disclosures, complying with all the laws of the land, accountability and responsibility towards the Nation and commitment to conduct the works in an ethical manner. However, the conceptual framework of good governance is characterized by features which are represented in the following figure:



Source : Lakshminarayanan and Sharma (2006)

Focusing on the concept of good governance, the United Nations Development Programme (UNDP) takes a broader view of good governance as comprising mechanism processes and institution through which citizens and groups articulate their interests, exercise their legal rights, meet their legal obligations, and mediate their differences. The UN Economic and Social Council for Asia and the Pacific considers good governance assures that corruption is minimized, the view of minorities are taken into account and that the voices of the most vulnerable sections in society are heard in decision-making. It is also responsive to the present and future needs of society.

In a nutshell, good governance entails implementation of the rule of law which means practicing true democracy which brings about enabling environment conducive to the enjoyment of Human Rights and promoting growth and sustainable human development.

It is clear that to bring about ethics in governance, the menace of corruption has to be eliminated from the body politic and society. Only this way Mahatma Gandhi's vision of a strong and prosperous India i.e. *Purna Swaraj* could be established in real sense.

Section – III

Ushering in Ethical Governance

Ethical governance means application of rules of the law and for that corruption has to become anathema. But what is the reality in this regard is clear from what Second ARC admitted:

“Anti-corruption interventions so far made are seen to be ineffectual and there is widespread public cynicism about them. The interventions are seen as mere posturing without any real intention to bring the corrupt to book. They are also seen as handy weapons for partisan, political use to harass opponents. Corruption is so deeply entrenched in the system that most people regard corruption as inevitable and any effort to fight it as futile. This cynicism is

spreading so fast it bodes ill for our democratic system itself.”

The menace of corruption has to be annihilated in bringing about ethical governance. There are two ways to deal with this issue. *First*, emphasis on values and character building and nothing can be done unless and until these are made as an integral part of life. *Second*, most of the people are law abiding, decent and socially conscious. However, there is a small number of people who cannot reconcile individual goals with the good of society. It is assumed that if those who consistently follow the rule of the law are rewarded and those who do not follow are punished, most of the people will follow right path, which in turn will usher in ethical governance. Conversely, if those who follow rules are not only not rewarded but face difficulties and those who do not follow rule of law are not only not punished but often rewarded, then most of the people would not follow rule of the law.

Then the issue is how to deal with the menace of corruption for ushering in ethical governance. Values and institutions matter a lot in this regard. Values are required as guiding stars, which are needed to be sustained by institutions. Values without durable institutions would not sustain. Further, institutions and incentives are critical for proper functioning of a large number of public servants both elected and appointed. Public offices and control over public resources tempt office bearers to use public purse for private gain. Hence, there is need for creation of institutions and designing incentives in promoting ethical conduct of public servants.

Section – IV

Efforts Towards Ethical Governance

It is evident from the experience of more than six decades that various measures have been taken to curb corruption in the country. It is also gathered from the experience that where competition, choices, technology (e-

governance), and transparency introduced corruption significantly contained in the country. Access to information and computerization like railway reservation and driving licenses have made service corruption free. Further as mentioned the ARC that :

“Right to Information, effective citizen’s charters, opportunity and incentives to promote proactive approach to citizens, stakeholder’s involvement in delivery of public service, public consultation in decision making and social auditing are some of the instruments of accountability that dramatically curbed corruption and promoted integrity and quality of decision making.”

Ethics in governance has wider implication than happening in different arms of the government. In this regard, ARC has pointed out that:

“an across-the-board effort is needed to fight deviations from ethical norms. Such an effort needs to include corporate ethics in business; in fact, there should be a paradigm shift from the pejorative ‘business ethics’ to ‘ethics in business’. There is need for ethics in every profession, voluntary organization and civil society structure as these entities are now vitally involved in the process of governance. Finally, there should be ethics in citizen behavior because such behavior impinges directly on ethics in government and administration.”

A code of conduct has to be evolved in this regard. Justice Y.K. Sabharwal, former Chief Justice of India’s words about code of conduct are worth mentioning here who said that:

“The common features of the code of conduct for different categories of Government servants include expectation that he shall maintain absolute integrity;

devotion to duty; do nothing which is unbecoming of a public office held by him; render his best judgement in the performance of his official duties; be prompt and courteous; not involve himself in acts of moral turpitude; not take part in party politics; not be associated with activities that are pre-judicial to the interests of the sovereignty and integrity of India or public order ; not to engage himself in interviews with media, except with the lawful authority of his superiors; not divulge official information which has been entrusted to him in confidence; not accept pecuniary advantage, in particular, from those with whom he is involved in official duties; not to engage himself in private trade or business while holding public office; not to indulge in alcoholism or gambling; to manage his financial affairs in such a manner that he is always free from indebtedness and not to involve himself in transactions relating to property with persons having official dealings with him.”

The Second ARC has given a number of recommendations such as reform of political funding, coalition and ethics, ethical framework for Ministers, enforcement of ethical norms in Legislatures, defining office of profit, abolishing schemes such as MPLADs and MLALADs, ethical framework for the judiciary, sanction for prosecution, protection to whistleblowers. Lokpal, Ombudsman at local level, strengthening investigation and prosecution, using information technology, proactive vigilance on corruption, protecting the honest civil servants, etc.

Section – V

A New Paradigm on Ethics and Governance

A new approach on the issue has been delineated in this part of the article, which is fundamental in nature. Desires are the basis of all ills of society. In order to satisfy

desires, a person wants to earn money by hook or by crook and thereby realise happiness. But happiness is not achieved by way of hoarding money and resources. It can only be achieved by way of forgoing or eliminating desires. Let us explain this concept with regard to ethical upliftment.

Each one of us has various wants which have to be satisfied to realize happiness in our day-to-day life. Is it really advisable to have unending demand and always be engaged in satisfying them? This is a continuous process because one want creates a number of wants in geometrical progression and if not satisfied instigate human being to adopt malpractices in his life. The intensity of desire which is not fulfilled is directly related with the intensity of malpractice or level of corruption. Is this way of life sustainable in the present context where people are enveloped in various tensions/problems? People in general expect fruits of an action in term of outcome or expectations before initiating the action or performing his duties. If one follows the dictum that one has performed his duties with the earnest and the outcome is not in our hands, then, the desire will not be created by the people because at that time the mind would be in the state of wantlessness. Noted Economist J.K. Mehta had built his economic activities to get happiness. But the real happiness does not come by taking up various activities to meet out their wants. Happiness, he argued, is accomplished by eliminating them. The remedy of this malady lies in keeping oneself away from the state of desire and pleasure which is only possible when a person merges his individuality into universality. This is only possible if people do not have desires and their motive of taking up activities is to reach a state of wantlessness. In this context, Sri Sri Paramahansa Yogananda observed :

“... original pain involved in want of money is a thousand times multiplied by the creation of other wants and interests. Of

course it is not meant that the running of a business or earning of money is bad or unnecessary. The point is that the desire to create greater and greater wants is bad.”

When a want arises, at the same time, an attempt is made to satisfy it. Fulfilling a want gives a satisfaction and pleasure because unfilling the want is not agreeable by people. The maximum satisfaction can be got by satisfying the maximum wants and in this process the man is constantly engaged in a endless process of creating want and fulfilling it as shunning a want is disagreeable for him. Conversely, satisfying a want means yielding to it as it is satisfying a want, in the direction of wanting mind and in fact in this process people satisfying a want as and when it arises pamper the wanting mind and finally become the slave to it.

But this is not an endurable way of satisfying the wants because this is an unending process. The best way of getting sustainable state of satisfaction is not to yield to a want but to eliminate a want or direct mind instead of obeying the dictations of a want, quit it. Hence, instead of satisfying a want which is a continuous process, it is always better to kill it and this will be the process of elimination of wants rather than yielding a want and satisfying it. This could be achieved by cultivating a nobler of superior want and if we succeeded in it we will kill numerous baser and inferior wants. In this way, a stage comes when one noble want remains and it is self-realization. In achieving this want, one does not require to create a number of wants but eliminate all sort of desires and wants and finally achieve the state of wantlessness a state in which perfect happiness is experienced.

Remembrance of a desire and its fulfilling should also be avoided to be in ethical state of mind. For example, if a stone is thrown in a pond, the water where stone touched it would be away for a while, but immediately assumes its previous position – means become motionless or unaffected by an action or away from desires and their

fulfilling. In the sea, there is only disturbance at the surface and in the depth of it water is motionless. If this approach of life is inherently adopted, it would be instrumental in keeping corruption - free society.

Section – VI

Suggested Measures

It is true that the spirit of good governance lies in ethics and morality, and it demises with the erosion of values, moral deviation, aberration and corrupt behaviour and actions. To ensure that our governance system is working as per the desired set of standards the foremost step to be taken is to view critically the existing relationship between the policy maker and the policy implementer, i.e. the politician and the civil servant. The political masters must set an example themselves by its integrity, sincerity of purpose, austerity and accountability in public life. The constitutional guidelines are the basic foundations of the democracy; the civil servants should be committed to the values and ideas imbibed in our Constitution. If our governance system needs to ensure that the ethical and moral values are adhered to in their fullest form it is desirable that the professional standards are fixed among the public servants. This will help in elevating the ethical standards to new heights. The effective implementation of the code of civil service conduct is another necessary step towards making the actions of public authorities' synchronized with the welfare concept. To preserve the ethical and moral standards of the service the administrators should do whatever they consider necessary for people's welfare and avoid matters which are bad or undesirable. Therefore, what is of equal importance is to provide in-service ethics training to government servants at regular intervals so that they remain motivated to fight against organizational corruption. Enlisted below are some important measures that should be incorporated by our civil servants which can

prove vital in improving their ethical standards:

- I. Integrity, professionalism and dedication ;
- II. Impartial implementation of rule of law ;
- III. Tightening efficiency to provide better quality of service cost – effectively and promptly ;
- IV. Focus on results not procedures ;
- V. Fostering a culture of continuous improvement ;
- VI. Probity, political independence, leadership, excellence, dynamism, openness and productivity ;
- VII. Mutual respect between political leadership and civil service ;
- VIII. Enable citizens to organize and express their needs and the public service to respond to them.

Thus, if there is one principle that is fundamental to ethics in governance in India, it is the principle of *dharma*, the principle of doing the right things; the principle of justice. Failure on the part of the governance machinery will result in the rising level of corruption in the system. The minimum requirement for ensuring that our law makers are able to promote a corruption-free government is that the law makers should not themselves be law breakers. The Vohra Committee Report had highlighted one negative aspect of our politics, namely, the criminalization of politics. So if we want to start a process by which we will be able to achieve a free corruption-free governance , where law makers play a very effective role in achieving this objective , it is necessary that we should first take steps to ensure that law breakers and criminals do not become law makers. Apart from the overwhelming importance of the rule of law, equally important is the empowerment of the citizen. As India is suffering from this monster called corruption which is the result of the decline in the morals and the ethics, the need for strengthening the citizen becomes important.

The rational for corruption-free service as a new fundamental right is worth exploring at this stage. We will be able to tackle corruption only if we are able to follow a three-point strategy. The first is the simplification of rules and regulations so that the scope for corruption is reduced. The second is empowering the public and ushering in greater transparency. The third is effective punishment.

Section –VII

Concluding Comments

To conclude, we must be optimistic. Our scriptures are full of values cherished by various Kings and *Rishis*. Their teachings have been valued across the world. Various steps have been taken towards elimination of corruption from the polity and society. The general awareness among people is also an important element for ushering in the era of good governance and people's vigilance would further strengthen the rule of law. It is expected by the ARC that:

“when the recommendations in this report are implemented, greater efficiency in government work and accountability would be achieved, because more public servants would work not with a private agenda but for the larger public good. Equally importantly, a more corruption free regime would lead to a much higher rate of growth of our GDP, bring an overall improvement in the economy and lead to greater transparency in government actions in serving its people. All this, in turn, will lead to greater empowerment of the people – the core need of vibrant democracy”.

Besides there is also need to empower people spiritually in terms of the teachings given by various religious scriptures. The menace of endless desires has to be eliminated for ushering in ethical governance. What Saint Bala shaw, has said is worth quoting here in this regard: *“Chaha gai chinta gai, manva bay parvah our jisko kuch nai chayahi ooh shawos kaa shaw.”* It means if there is no desire, there will also be not worry and in such a state mind becomes

restful. One who does not require any thing, he is the king of kings.

Finally, it is expected from the administrative functionaries that they will rise above the tyranny of the three Ps – pay, prospect and promotions and inculcate a spirit of service, develop imaginative sympathy, impersonal loyalty and efficiency in action. The transformation of the petty minded, insensitive and callous bureaucrat to one endowed with efficiency and concern is possible through the adoption of a right ethical approach. Then only our societal benefit will come before our individual benefits.

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ACCOUNTING INFORMATION AND STOCK PRICE BEHAVIOUR IN INDIAN SHARIAH INDEX: A PANEL DATA APPROACH

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The emergence of Islamic finance has witnessed significant growth since its introduction as Shariah based index in both BSE & NSE in 2008 and 2010 respectively. The Islamic investment is based on the principles of Islamic laws such as prohibition of **Riba** (Interest), **Maysir** (Gambling), **Gharar** (Uncertainty). The present paper is an attempt to analyse the impact of accounting information on the volatility and valuation of 50 companies listed in S&P BSE 500 Shariah Index representing the 13 sectors of economy including sectors like Oil, Gas, Pharmaceuticals, Textiles and Chemicals etc. Variables for measuring accounting information are; Book value per share (BPS), Dividend per share (DPS), Earning per share (EPS), and Market Price of Share (MPS). The data of the companies have been obtained from the BSE website and the annual reports of the companies. Methodology used for this paper is panel data techniques like Fixed Effects model and Random Effects model have been employed to investigate the objectives. The empirical results reveal that the DPS, EPS, BVS have positive relationship with Market Value of Share (MPS) of Shariah compliant companies. There is huge growth in Islamic finance worldwide. India has opportunities for financial inclusion with Islamic financial products.

Key Words: *Islamic Finance, Accounting Information, Shariah Index, Panel Data.*

JEL Classifications: C23, G10, G32

Introduction

Islamic finance is usually associated with corporations of Muslim world, but this is a myth. Actually, Islamic finance is not only for the Muslim but also for the all others communities all over the globe. Islamic finance including banks, capital market, Islamic micro financing, Interest free loan and other lending institutions, raise capital in accordance with Shariah, or Islamic canonical law. It also refers to the types of investments that are permissible under Shariah form of law. Basically, in Islamic capital market (ICM), market transactions are approved in ways that do not diverge with the conscience (Shariah Scholar) of Muslims and the religion of Islam. There is a declaration of religious law (Shariah Law) that the market is free from activities prohibited by Islam such as usury, Interest (riba), gambling (maisir) and

ambiguity, uncertainty (gharar). Accounting is the art of managing funds from income and expenditure and it plays important role in financial activity of the company. Financial accounting information can be seen as the result of accounting systems that determine and routinely disclose audited, quantitative data concerning the financial position and performance of firm. Audited balance sheets, income statements, and cash-flow statements, along with supporting disclosures, form the foundation of the financial accounting reports to investors and indeed a wide range of accounting information to the users. Financial accounting information supplies various ratios of Individual Corporation that supports a wide range of contractual relationships with share price of company. According to the Accounting Institute of Certified Public Accountants (AICPA. 2005), financial

statements must properly reflect the organization's financial and economic reality, so that the users are not induced to take decisions on misleading information. Financial accounting information also enhances the investment environment of the associated with it. Investment is being defined as the ability of information disclosed by financial statements to confine and summarize firm value. Investment can be measured through the statistical relations between information presented by financial statements and stock market values (returns). The characteristic of stock prices are often a matter of debate. Economists and financial market participants hold diverse views as far as the pricing of an asset is concerned. In an efficient market, stock prices would be strong-minded primarily by fundamental factors such as earning per share (EPS), dividend per share (DPS), book value share (BVS), payout ratio, size of the firm and dividend yield, management, diversification, etc. To forecast future stock prices of companies, fundamental analysts employ stock valuation ratios to obtain a stock's current fair value and forecast future value of the Company. If fair value is not equal to the current stock price, fundamental analysts consider that the stock is either over or under valued and the market price will ultimately sink towards fair value. Fundamentalists do not pay attention to the advice of the random walkers and think that markets are weak and inefficient. By believing that prices do not precisely reflect all available information, fundamental analysts look to capitalize on apparent price discrepancies. Understanding the impact of various fundamental variables on share price is very much helpful to investors as it will help them in taking profitable investment decisions.

S&P BSE 500 Shariah

"The S&P BSE 500 Shariah index is designed to track the performance of the Shariah-compliant companies in the S&P BSE 500 index. The index is calculated in Indian rupees."¹

This index recently launched with the help of

S&P Dow Jones Indices because Shariah Index have reached on the popular phase in the world not only in the muslim country but is also popular in the non- Muslim countries in the world like, USA, UK, China, Philipppians, Sri Lanka, Bhutan. The BSE and S&P Dow Jones Indices have launched an Islamic equity index S&P BSE 500 Shariah index comprising the largest 500 companies in the Indian index. The S&P BSE 500 Shariah index, the first index from the strategic partnership between BSE and S&P Dow Jones Indices in February this year, was designed to represent all Shariah-compliant stocks of the broad-based S&P BSE 500 index."We are delighted to see the launch of the first joint product to come out of the partnership between BSE and S&P Dow Jones Indices," BSE managing director and chief executive **Ashishkumar Chauhan** has said in a statement. *"This is an exciting landmark moment for our partnership, which aims to provide market participants with the relevant and transparent index solutions needed to gauge the performance of various market sectors while facilitating access to the world's financial markets," (Alka Banerjee, managing director of global equity indices at S&P Dow Jones Indices'.²*

Literature review

The fundamental analysis is important for the investor before investing money in capital market. Islamic capital market also the immense way to invest money in share market. There were mostly study depend upon companies which were listed in BSE Sensex in different indexes. On the given literature reviews have being proved that Islamic capital market is going in the right direction towards growth and success not only for the Muslim community but also for all communities in India.

Sukhija (2014) she examined the impact of fundamental factors with share price in different period of time, this study focused on the time period from financial year 2000 to 2013, Earning per Share has positive and

¹ <http://us.spindices.com/indices/equity/sp-bse-500-shariah>

² [articles.economictimes.indiatimes.com
› Collections › Strategic Partnership](http://articles.economictimes.indiatimes.com/› Collections › Strategic Partnership)

significant impact on the share price at five percent level. However, the variables book value, PER and ROCE have a positive relationship with share price and are insignificant. Study related to BSE 200 index in which 80 companies were selected on the behalf of market capitalization. The variable DPS, DPR and Growth have a negative impact on share price and is insignificant. The second part of normal period contains the period from 01-04-2009 to 31-03-2013. PER and ROCE have positive and significant impact on the share price at five and ten percent level. The variable BV, DPS, EPS, DPR and Growth have a positive relationship with share price and statistically insignificant. **Malhotra & Tandon (2013)** have presented a study with an attempt to determine the factors that influence stock prices in the context of National Stock Exchange (NSE) 100 companies. A sample of 95 companies was selected for the period 2007-12 and using linear regression model the results indicate that firms' book value, earning per share and price-earnings ratio are having a significant positive association with firm's stock price while dividend yield is having a significant inverse association with the market price of the firm's stock. **Aurangzeb (2012)** he examined a study from the period of 1997 to 2010 of 3 South Asian countries namely, Pakistan, India and Sri Lanka. Regression results indicate that foreign direct investment and exchange rate have significant positive impact on performance of stock market in South Asian countries while; interest rate has negative and significant impact on performance of stock market in South Asia. Results also indicate the negative but insignificant impact of inflation on stock market performance in South Asia. **Sharma (2011)** investigated the study on the empirical relationship between equity share prices of different industry groups and explanatory variables such as book value per share, dividend per share, earning per share, price earnings ratio, dividend yield, dividend payout, size in terms of sale and net worth for the period 1993-2008. The results revealed that earning per share, dividend per share and book value per share has significant impact on the equity price of different industry groups in India. **Nirmala and Sanju (2011)** identified

the determinants of share prices in the Indian stock market. The study focuses on three sectors viz., auto, health care & public sector undertakings over the period 2000-2009. They employed panel co-integration test and fully modified least squares to examine the effect of dividend, profitability, price earnings ratio and leverage on share prices. The empirical findings showed that dividend per share and price earnings ratio are influenced positively to share price of all three sectors. The results further indicated that debt equity ratio is a significant factor influencing share prices for all the three sectors and that it exerts a negative relation with share price. **Al-Shubiri (2010)** investigated the determinants of market stock price movements of Jordanian commercial bank. The study includes the commercial bank of Amman stock exchange for the period 2005-2008. The study used simple and multiple regression analysis to investigate the determinants of market stock price. The empirical findings show highly positive significant relationship between market price of stock and net asset value per share, market price of stock dividend percentage, GDP and negative significant relationship on inflation and lending interest. **Somoye et al. (2009)** examined the factors influencing equity prices in the Nigerian stock market for the period 2005-2007. They employed simple linear regression model to examine the impact of earning per share, GDP, interest rate, dividend per share and oil price on equity price. The empirical results showed the variable dividend per share, earning per share and GDP exerts a positive correlation to stock prices but are not significant determinants of share price. **Docking and Koch (2005)** found direct relationship between dividend announcement and equity price behavior. Sharma and Singh (2006) used data from 160 Indian firms between 2001 and 2005 and found that earnings per share, price-earnings ratio, dividend per share, dividend coverage, dividend payout, book value per share, and firm size are the determinants of share prices. **Hartono (2004)** examined the impact of dividend and earnings on stock prices and found significant positive impact on equity prices if positive earnings information occurs after negative dividend information. Also, a

significantly negative impact occurs in equity pricing if positive dividend information is followed by negative earning information. Besides, **Sen and Ray (2003)** presented the key determinants of stock price in India. The study is based upon the stocks comprising the BSE index over a period 1988-2000. The empirical study revealed dividend payout was an important factor affecting stock prices. Further, they found earning per share has a very weak impact on the share prices. The study explored one of the crucial factor dividend payout ratios having impact on Indian stock price.

Objectives

This research paper attempts to find out the effect of dividend per share (DPS), Earning per Share (EPS), Book value per share (BVS) on the stock exchange prices (MPS). These are the fundamental analysis of selected companies listed in Shariah Index which include top 50 companies with high market capitalization from all stocks. To estimate future stock prices, fundamental analysts use stock valuation ratios to derive a stock's current fair value and forecast future value.

- To compare the impact of fundamental factors on Stock prices of S&P BSE 500 Shariah compliant companies.
- To suggest in decision making regarding the investment in Shariah Index companies for the benefit of investors.

Hypothesis formation

The hypotheses to be tested by the research work are:

Null hypothesis

H_0 = There is no significant impact of fundamental factors on Shariah compliant stock prices.

H_0 = There is no correlation between fundamental factors and Shariah compliant stock prices.

Data and methodology

The study is exclusively based on secondary data. The data set comprises of 50 companies which have been selected from S&P BSE 500 Shariah Index companies on the basis of market capitalisation. The investigator attempts to find out the impact of fundamental factors which are dividend per share (DPS), earning per Share (EPS), book value per share (BVS) on the market value of share (MPS). The Shariah compliant stock prices of 50 companies data were obtained from the CMIE Prowess data base; bseindia.com and asiaindex.co.in, during the time period from 1st April 2009 to 31st March 2014. Shariah index was extracted from the index segment of the Bombay Stock Exchange of India (BSE) (www.bseindia.com). Various statistical tools and techniques such as Fixed Effects Model and Random Effects Model have been applied for analysis to investigate the objectives.

S.N.	Shariah Index Companies Name						
1	Ametek Auto	14	Mother Sons	27	Mandhata	40	APPM
2	Ametek India	15	C Mahendra	28	Fortis	41	Hind Zink
3	HDIL	16	Welspun	29	Pedilite	42	Exide
4	Shasun Pharma	17	Sundram	30	Baja Auto	43	P&G
5	Aashi India	18	ACC	31	Tata Coffee	44	BSL
6	Vardhaman Textile	19	Vekrange	32	Jublient	45	Bombay Dyeing
7	Prism Cement	20	Chambal	33	AIA	46	Birla Corp
8	Sterlite	21	Asian Paints	34	Wipro	47	HUL

9	Sun Pharma	22	Finolex	35	Airtel	48	Maruti Suzuki
10	Elder Pharma	23	SJVN	36	Nerolac	49	BHEL
11	KSK	24	Adani	37	Ship Corp	50	Godrej Consumer
12	Ambuja Cement	25	Nestle	38	KEC		
13	Amara	26	ICRA	39	Satellite		

Model Specification for the Panel Data

The panel data techniques, Fixed Effects model and Random Effects model have been employed to examine the objective.

Fixed Effect Model

Fixed effect model or LSDV model use for heterogeneity or individually among 50 companies by allowing having its own intercept value. Another term fixed effect is due to the fact that although the intercept may differ across companies but intercept does not vary over time, it is time invariant.

Random Effect Model

In this model, all the 50 companies have a common mean value for the intercept. Now I shall apply Hausman Test to check which model (Fixed effect or Random effect) is suitable to accept.

Hausman Test

This test is used to check which model (fixed effect or random effect model) is suitable to use. Null hypothesis: Random effect model is appropriate and Alternative hypothesis: Fixed

effect model is appropriate. If get the statistical P-value. I shall use fixed effect model, otherwise random effect model.

Afterwards, I shall check which model is appropriate, Fixed effect or Pooled regression model?

Null hypothesis: All dummy variables are equal to zero = Pooled regression model

Alternative Model: Fixed effect model

Empirical Results and Discussion

This part of study is an account of determinants of Islamic stock prices in India, the panel data techniques that have been employed during the research. The fixed effect as well as random effect models has been harnessed in the fundamental analysis of fifty companies for the time period ranging from 1st April 2009 to 31st March 2014. To select appropriate model for our empirical analysis, we conducted Hausman Specification Test. The results of Hausman test revealed that the difference in coefficients between fixed effects and random effects is systematic and provided evidence in favour of random effects model for normal period.

Table 1: Descriptive Statistics Fundamental factors and Market Share

Particular	MPS	DPS	EPS	BVS
Mean	493.72	124.29	23.743	134.96
Median	211.95	56	12.515	104.77
Maximum	5108.7	1850	233.87	1471.8
Minimum	14.138	0	0	-3.22
Std. Dev.	776.17	181.47	29.805	142.93
Skewness	3.1452	4.2459	2.5266	3.8782
Kurtosis	14.681	35.184	13.138	32.689
Jarque-Bera	1833.5	11541	1336.7	9808.4
Sum	123429	31073	5935.8	33740
Sum Sq. Dev.	2E+08	8E+06	221203	5E+06
Observations	250	250	250	250

Source: Authors' estimates.

The table 1, Market value of share has witnessed greater fluctuations which have been indicated by very high variation followed by Dividend per share, Book value per share

and Earning per share in Islamic capital market. Skewness of the distribution of all Fundamental factors of Islamic capital market data is positive skewed.

Table 2: Correlation Matrix of Fundamental factors and Market Share

Particular	DPS	EPS	BVS	MPS
Dividend Per Share	1			
Earnign Per Share	0.32314271	1		
Book Value of Share	0.0254341	0.78203	1	
Market Per Share	0.45663404	0.70473	0.33625	1

Source: Authors' estimates.

The tables 2, In comparing the returns of the All Selected Shariah Index Companies that mean the relationship between the all fundamental factors (DPS, EPS, BVS and MPS). Islamic capital market fundamental factors are the level of relationship like strong and moderate. This relationship is very similar to the result of Ahama and Ibrahim (2002) in Malaysia and P. Natarajan and M. Dharani (2011).³

Table 3: Pooled OLS Regression Model of Fundament Factors and MPS

Dependent Variable: MPS

Method: Panel Least Squares

Date: 09/11/10 Time: 04:56

Sample: 2010 2014

Periods included: 5

Cross-sections included: 54

Total panel (unbalanced) observations: 249

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	132.9739	46.91754	2.834204	0.005
DPS	0.568736	0.191885	2.963943	0.0033
EPS	26.87104	1.878666	14.30326	0
BVS	-2.540735	0.36907	-6.884159	0
R-squared	0.625749	Mean dependent var		494.8628
Adjusted R-squared	0.621166	S.D. dependent var		777.5233
S.E. of regression	478.5615	Akaike info criterion		15.19538
Sum squared resid	56110177	Schwarz criterion		15.25189
Log likelihood	-1887.825	Hannan-Quinn criter.		15.21812
F-statistic	136.5469	Durbin-Watson stat		1.055739
Prob(F-statistic)	0.0000			

³ Ahmad, Z. & Ibrahim, H., 2002, 'A Study of Performance of the KLSE Syariah Index', *Malaysian Management Journal*, 6 (1&2), 25-34.

Dharani, M. & Natarajan, P., 2011(b), 'Equanimity of Risk and Return Relationship between Shariah Index and General Index in India', *Journal of Economics and Behavioral Studies*, Vol. 2, No. 5, pp. 213-222, May 2011, Dubai, UAE.

Source: Authors' estimated by eviews

The table 3, comprises the all selected 50 companies of S&P BSE Shariah Index in Pooled Regression Model. Here Market Value of Share of dependent variable and Dividend Per Share, Earning Per Share and Book value of Per Share are independent variables. All the Fundamental factors (DPS, EPS and BVS) are significant variables because P-value is less

than 5% which means all the three variables explain the market value of share. Here we assume that the selected 50 Companies are same but that normally does not happen. So researcher cannot accept the Pooled Regression Model because all companies are not same.

Table 4: Fixed Effect or LSDV Model of Fundament Factors and MPS

Dependent Variable: MPS

Method: Panel Least Squares

Date: 09/11/10 Time: 05:00

Sample: 2010 2014

Periods included: 5

Cross-sections included: 54

Total panel (unbalanced) observations: 249

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	380.8633	74.69648	5.098812	0
DPS	0.036575	0.573005	0.06383	0.9492
EPS	7.893972	2.122058	3.71996	0.0003
BVS	-0.567787	0.389193	-1.458884	0.1462
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.895857	Mean dependent var	494.8628	
Adjusted R-squared	0.865482	S.D. dependent var	777.5233	
S.E. of regression	285.1698	Akaike info criterion	14.34192	
Sum squared resid	15613786	Schwarz criterion	15.14712	
Log likelihood	-1728.569	Hannan-Quinn criter.	14.66603	
F-statistic	29.49322	Durbin-Watson stat	1.514075	
Prob(F-statistic)	0.0000			

Source: Authors' estimated by eviews

The table 4 reflects the all selected 50 companies of S&P BSE Shariah Index in Fixed Effect Model. The table shows that Market Value of Share of dependent variable and DPS, EPS and BVS are independent variables. In the table earning per share is

significant variable because P-value is less than 5% that means EPS explain the market value of share. Remaining fundamental variables (DPS and BVS) are insignificant because P-value is more than 5% that is 94 and 14 percentages respectively.

Table 5: Random Effect Model of Fundament Factors and MPS

Dependent Variable: MPS

Method: Panel EGLS (Cross-section random effects)

Date: 09/11/10 Time: 05:03

Sample: 2010 2014

Periods included: 5

Cross-sections included: 54

Total panel (unbalanced) observations: 249

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	252.565	58.75033	4.298955	0
DPS	0.441103	0.18211	2.422173	0.0162
EPS	16.16062	1.764491	9.158797	0
BVS	-1.572056	0.334447	-4.700471	0

Effects Specification

	S.D.	Rho
Cross-section random	309.2584	0.5405
Idiosyncratic random	285.1698	0.4595

Weighted Statistics

R-squared	0.318861	Mean dependent var	191.135
Adjusted R-squared	0.31052	S.D. dependent var	386.7972
S.E. of regression	321.2233	Sum squared resid	25280177
F-statistic	38.23054	Durbin-Watson stat	1.20941
Prob(F-statistic)	0		

Unweighted Statistics

R-squared	0.531461	Mean dependent var	494.8628
Sum squared resid	70246383	Durbin-Watson stat	0.652265

Source: Authors' estimated by reviews

The tables 5, Top 50 companies comprising of market capitalization in S&P BSE Shariah Index in Random Effect Model, Here MPS of dependent variable and DPS, EPS and BVS are independent variables. Here all fundamental factors (DPS, EPS and BVS) are significant variables because P-value is less than 5% that means all fundamental factors are explain the market value of share of 50 companies.

Out of these two models that means fixed effect model and random effect model which one is appropriate model to accept? To answer it, investigator should run **Hausman Test**.

- Null hypothesis: Random Effect Model is appropriate.
- Alternative hypothesis: Fixed Effect Model is appropriate.

Table 6: Hausman Test of Fundament Factors and MPS

Correlated Random Effects - Hausman Test

Equation: Untitled

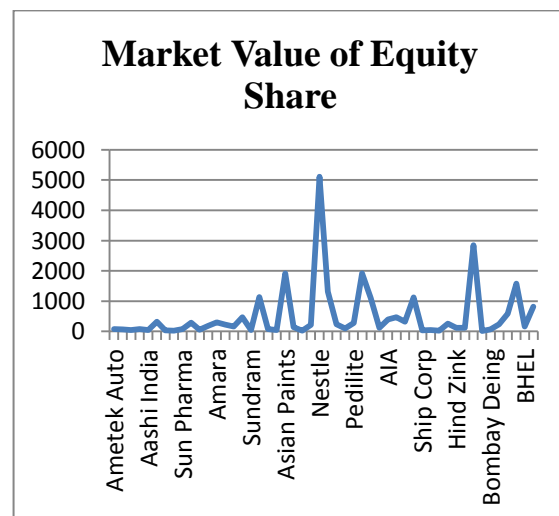
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.	
Cross-section random	71.451467	3	0	
Cross-section random effects test comparisons:				
Variable	Fixed	Random	Var(Diff.)	Prob.
DPS	0.036575	0.441103	0.29517	0.4565
EPS	7.893972	16.160616	1.389702	0
BVS	-0.567787	-1.572056	0.039617	0
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	380.8633	74.69648	5.098812	0
DPS	0.036575	0.573005	0.06383	0.9492
EPS	7.893972	2.122058	3.71996	0.0003
BVS	-0.567787	0.389193	-1.458884	0.1462
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.895857	Mean dependent var	494.8628	
Adjusted R-squared	0.865482	S.D. dependent var	777.5233	
S.E. of regression	285.1698	Akaike info criterion	14.34192	
Sum squared resid	15613786	Schwarz criterion	15.14712	
Log likelihood	-1728.569	Hannan-Quinn criter.	14.66603	
F-statistic	29.49322	Durbin-Watson stat	1.514075	
Prob(F-statistic)	0			

Source: Authors' estimated by reviews

The tables 6, S&P BSE Shariah Index companies in Hausman Test, Here cross sectional data of random effect model in Correlated Random Effect- Hausman Test. Here the P-value is less than 5%. So researcher reject the null hypothesis rather accept the alternative hypothesis that means Fixed Effect Model is appropriated.

Fixed Effect Model, Here Earning Per Share is significant variable because P-value is less than 5% that means EPS explain the market value of share. Remaining fundamental variables (DPS and BVS) are insignificant because P-value is more than 5% that is 94% and 14% respectively. Here EPS is positive meaning that when the EPS goes up MPS goes up and when EPS goes down MPS goes down.

Figure: 1, Market Value Share of Shariah Index Companies

Conclusions

Concluding, this paper focused on the period from 1st April 2009 to 31st March 2014, to investigate all the selected 50 companies of S&P BSE Shariah Index in the light of Pooled Regression Model. It depicts Market Value of Share of dependent variable and Dividend Per share, Earning Per Share and Book value of Per Share which are independent variables. All the Fundamental factors (DPS, EPS and BVS) are significant variables because P-value is less than 5% which means all the three variables explain the market value of share. It is assumed that all the 50 Companies are same but that normally does not happen. So researcher cannot accept the Pooled Regression Model because all companies are not same. Fixed Effect Model here earning per share is significant variable because P-value is less than 5% that means EPS explains the market value of share. Remaining fundamental variables (DPS and BVS) are insignificant because P-value is more than 5% that is 94 and 14 percentage respectively. Random effect model of all fundamental factors (DPS, EPS and BVS) are significant variables because P-value is less than 5% that means all fundamental factors explain the market value of share of 50 companies. Cross sectional data of random effect model in Correlated Random Effect-Hausman Test. Here the P-value is less than 5%. So researcher rejected the null hypothesis and accepted the alternative hypothesis that means Fixed Effect Model is appropriated. Islamic capital market is similar to Indian capital market, except Shariah screening. Shariah Index is working under the supervision of BSE Sensex. Shariah Index is consulted by Standard and Poor. Shariah Index promotes non-Muslim investors for the investment because Shariah is working with triple bottom line which depends upon the people profit and planet. This is Industry trend of today's scenarios to focus on demand for social, ethical and sustainable investments which is already followed by Shariah compliant products. This is the only reason Non-Muslim people believe on the Shariah compliant. Islamic finance is working worldwide and India is a place where Muslim

population is too huge after Indonesia and China. Islamic finance and capital market is growing 15-20 percent in year. Islamic finance helps to grow Indian economy in financial inclusion where Islamic finance works without interest. Islamic financial market works under the umbrella of Shariah principles. So investigator suggests that Islamic financial products are more beneficial for the Indian economy. This is really an ethical and socially responsible investment index.

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AN EMPIRICAL ANALYSIS ON CONSUMERS IN SWITCHING THE CELLULAR SERVICE PROVIDER OF MANIPUR

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Abstract

The aim of the present study was initiated to assess the factors that affect the consumers in switching the cellular service provider. The type of research used for this study was descriptive in nature. The area covered under this study was Imphal City of Manipur that was most likely to adopt switching cellular services as a first mover. A total of 182 completed questionnaire were designed and administered to collect the data consists of five point likert scales representing a range of attitudes from strongly disagree (1) to strongly agree (5) to measure customer switching cellular service. Convenience sampling method was chosen. The data was administered using SPSS English Version 21.0 for analysis which was the most appropriate descriptive and statistical techniques like mean, std. deviation, ranking, simple percentage, factor analysis and chi-square test were used for analysing the data. Factors influencing the switching behaviour of consumers were grouped into five categories namely pricing structure & services, network & scheme, inconvenience, promotion & offers and bills & coverage. The results from the study reveal that better features offered by competition the most important role in switching the service provider. From the study it is clear that cellular service providers have to provide more on increasing network stability, setting tariff rates with minimum call rates and innovative offers competitively. It could be concluded that personal needs were the major reason for using cellular services followed by prestige, influence of friends, emergency needs etc.

Keywords: Switching Behaviour, Cellular service provider, Consumer, Pricing structure & Inconvenience.

Introduction

The Indian telecom sector, seen as providing the most affordable services in the world has grown by leaps and bounds in the last decade. This remarkable journey to 100 million consumers is a testament to the vision and commitment of a company that benchmarks itself with the best in the world (Times of India, 2009).

The marketing communications environment has changed rapidly during the last few years. Specifically, mass markets have been broken down into fragmented markets (Dalgic & Leeuw, 1994) and therefore, marketers are now

shifting away from mass marketing (Kotler *et al.* 2005). Marketers are developing targeted marketing communications to build and maintain relationships with customers in more narrowly defined niche markets. Furthermore, the substantial development in information (Ryals & Knox, 2001) and communications technology (Lichtenthal & Eliaz, 2003) accelerate the movement towards personalized marketing communications. Consequently, companies' interactions with customers are increasingly managed by technologies that enable the firms to personalize communications in real time across multiple media platforms and

channels. Thus, marketing communications is nowadays increasingly interactive by nature. Most of the challenges in service marketing arise from the basic characteristics of services like intangibility, heterogeneity, inseparability and perishability. These characteristics have been staples of service research for more than two decades. Each of these characteristics poses certain challenges and requires specific strategies. These challenges revolve around understanding customer needs and expectations for service, tangibilizing the service offering, dealing with a many of people and delivery issues and keeping promises made to customers (Zeithaml & Bitner, 2000). The distinctive characteristics of services pose difficulties in customer evaluation, lead to greater variability in operational inputs or outputs and emphasize the importance of time factor.

Switching behaviour is a consumer behaviour where the behaviour of the consumers differs based on the satisfactory level of the consumers with the providers or companies. Switching behaviour can be enunciated as the process of being loyal to one service and switching to another service, due to dissatisfaction or any other problems. Even if a consumer is loyal to a particular brand, if the brand does not satisfy his or her needs and the consumers switch to a competitor brand. There are different factors and determinants which affect the consumers in switching their service from one service to another. The cost which is incurred during the switching process is called switching cost. Consumer loyalty is defined as “the degree to which a consumer exhibits repeat purchasing behaviour from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service arises” (Gerrard, 2004). Losing a consumer is a serious setback for the firm in terms of its present and future earnings. In addition to losing the benefits, the firm needs to invest resources in attracting new consumers to replace the ones it has lost (advertising, promotion, initial discounts).

Review of literature

Berry (1980) suggested that services are produced and consumed simultaneously and often less standardized than goods, these unique characteristics of services present special challenges for services marketing. Keaveney (1995) made his research in customer switching behavior in service industry. He gives the view that the customer switching behavior damages the market share and the profitability. He identified the following hierarchical reasons for switching: (1) Price (2) Inconvenience (3) Core service failures (4) Employee responses to service failure (5) Attraction by competitors and (6) Involuntary switching and Seldom-mentioned incidents. Customers also switch due to core service failure. It is the largest reason due to which customer switches from one company to another. It includes three subcategories: (1) mistakes (2) billing errors and (3) service catastrophes. Service encounter refers to the personal interaction between customers and employees of service providers. It is the second largest category due to which customer switches from one company to another. It includes the some aspect of service employee's behaviors and their attitude. It includes (1) uncaring (2) impolite (3) unresponsive and (4) unknowledgeable employees.

Axelsson and Wynstra (2002) claim that because of the characteristics of services (intangibility, heterogeneity, simultaneity and perishability), certain aspects of purchase process become more difficult than the purchase process for goods. Services are very complex, requiring the customer to follow a complicated and extensive series of actions to complete the process. This implies that the purchasing practices for goods cannot directly be applied to services thereby making it difficult for the services marketers to influence the purchasing decisions of the customers.

Buehler (2004) investigated the effect on MNP implementation on consumers' welfare. They reported that MNP implementation will benefit the entrant firm and will hurt the present.

Smura (2004) reported that MNP helps the firms to acquire new subscribers but operators are faced with the task of having to retain their existing subscribers, which may sometimes be harder to do.

Heiskala *et al.* (2005) while attempting to synthesize the contradictory concepts of standardization and customization argue that the front-line vs. back-office dichotomy is a big challenge in services and standardizing the service process may become difficult because of the involvement of customers whose actions may be more difficult to standardize than those of service workers as inherent heterogeneity implies variation from one encounter to another and from one customer to another. Richard and Jamie (2005) in their study investigate determinants that cause mobile phone customers to transit from being loyal to switching. It concluded that there are different factors which affect the customers to switch from loyalty to switching intentions such as price, technical service, functional service quality, switching costs, etc. But, the rating was given that price is the most important factor which affects the customers to switch loyalties to another provider. Dijksterhuis and Nordgren (2006) assert that unconscious is able to process more information, faster and better than the conscious is. A solution could be that companies provide their customers with even more information, data and facts the unconscious would be processing and be making the rational choice for the customer; even if that would seem to be an overload of information in the marketing world. If the unconscious is provided with much information about the service and if the unconscious approve of the relationship which is not measurable then that occurring incidents in the relationship between customer and service provider occur. Dijksterhuis and Olden (2006) argues that the conscious decision making often leads to worst decisions and unconsciously superior decision are made. The conscious thought can assess the importance of aspects of different alternatives suboptimal, while the unconscious decision is more rational. They conclude that customers can make good, rational decisions, which may result from customers

thinking more unconsciously than researchers acknowledge them to do. If customers would think consciously more often the rational decision and therewith their behavior would not occur so often and therefore not be so predictable for researchers. Javalgi *et al.* (2006) point out that since services are intangible and heterogeneous; most consumers will perceive higher risk while purchasing services than goods. Intangibility makes it more difficult to gather information about services. This makes information about services more expensive and may lead to consumers having less information about services than about goods. Further it is stated that since services are intangible and heterogeneous, most consumers will perceive higher risk in services than in goods.

Shin (2006) investigates the effect of MNP in the USA and reported that MNP was an important cause of decreasing switching cost. Ellram *et al.* (2007) suggests that it is difficult to provide consistent quality to service customers as services are provided by human beings and as such are related to the exchange of human knowledge, expertise and capabilities which can fluctuate from person to person and with time. Gronroos (2007) Services marketing is built on carefully understanding the deeper needs of your customers, and then providing services that will help to make them more successful. The most consistently cited assumption in service marketing literature is that the major problems faced by services marketers arise from the basic characteristics like intangibility, inseparability, heterogeneity and perishability. In the research among several companies in Sweden and Finland, with regard to market-orientation of service as against physical goods, concludes that the main challenge in services is the difficulty of developing a concrete, tangible service offering. Further it is pointed out that because services are inseparable; other consumers are involved in production. Due to the simultaneous production and consumption, errors in service specification are noticed during the production and often by the customer, as opposed to errors noticed in a factory by manufacturing when they still can be corrected before delivery.

Roos and Gustafsson (2007) argued that

there are two different terms to describe customers during the switching process; active and passive customers. The active customer switching is the customers that are actively searching for other options. They have made a choice to switch and are comparing options. These customers often contact the new provider themselves and are aware of what they want. There is a tendency to higher knowledge of the product and these customers know what applicants to compare. Passive switchers on the other hand are customers who get influenced by a third party and may not be aware that switching could be an option. This does not necessarily mean that they did not want to switch, often these customers have the intention to switch and are just waiting for the right moment.

Sadai and Jabeen (2007) said that the switching of mobile phone users depends on the following factors: (1) Price (2) Voice quality and (3) Network coverage. They surveyed about 100 respondents, out of which 50 were Telenor users and 50 were Ufone user. They revealed the use of mobile phone providers is highly dependent on the price of their call and SMS charges and then it depends on the voice quality and the network coverage the company is providing. They said that the Ufone has adopted a better policy to retain its customers by lowering its call rates as compared to other companies and Telenor.

Joachim (2008) attempted to find the relationship between customer services on customer retention in telecommunication industry in Nigeria. If retention is not managed, Customer's loyalty may be lost. He examines the potential constructs in Customer retention by investigating the chain of effects of retention from customer service, satisfaction, value and behavioural intention. The hypotheses are supported except that a higher level of customer satisfaction does not lead to customer loyalty. Customer satisfaction does not necessarily lead to customer's loyalty. It is assumed that when the customer is satisfied, then loyalty towards the telecom company is strengthened. Their results show that the respondents in their study

have a positive impression towards their telecom company's ability to meet their changing needs.

Objectives of the study

The main objectives of the present study are

- (i) To assess the factors that affects the consumers in switching the service provider.
- (ii) To identify the most critical problems or challenges faced by using cellular services.
- (iii) To point out the major influences that goes into the decision of using cellular services.

Hypothesis of the study

H_0 : there is no significant difference between satisfaction with cellular service and independent variables.

H_1 : there is a significant difference between satisfaction with cellular service and independent variables.

Research methodology

Research is the systematic and rigorous process of enquiry which aims to describe phenomena and to develop and test explanatory concepts and theories **Bowling (2002)**. In this section, we discuss sample, data collection procedures and operational measures of variables used in the study as well as the statistical tests used to evaluate the hypothesis. The research approach of the study is based upon quantitative. This approach is adopted to understand the customer switching the cellular service in Manipur.

Target population: The target population of this research was Imphal City of Manipur that was most likely to adopt switching cellular services as a first mover.

Sample Size: Total 182 questionnaires were distributed to the target population in order to get the response for the adoption of switching cellular services.

Sampling Technique: Convenience sampling technique has been used in this study. A geographical constraint is the limitation of the study as a result this technique is adopted.

Data collection and Analysis: The study is both empirical and descriptive in nature. Data for the purpose of present study analysis and establishment of objectives and hypothesis has been collected from both primary sources and secondary sources. The primary and secondary data were collected from cellular users through structured questionnaires along with journal, newspaper and reports. The data collection tool for the study was sample questionnaire; consists of five point likert scales representing a range of attitudes from strongly disagree (1) to strongly agree (5) to measure customer switching cellular service and a three-point Likert scales, representing a range of attitudes from dissatisfied (1) to satisfied (3) to measure customer satisfaction. This questionnaire was distributed to the population for data collection. The data was processed in SPSS – 21 for analysis which was the most appropriate techniques and statistical techniques like mean, std. deviation, ranking, simple percentage, factor analysis and chi-square test were used for analysing the data. In this study chi-square was applied when we have one categorical variable from a single population. It was used in order to determine whether sample data were consistent with a hypothesized distribution.

Results and discussion

Table 1 shows profile characteristics of the respondents, Out of the total respondents (N=182), the gender of respondents in percentage show 136 respondents (74.7%) were male and 46 respondents (25.3%) were female. The age groups of respondents in percentage show 25 respondents (13.7%) were upto 20years, 43 respondents (23.6%) were of 21-30 years, 50 respondents (27.5%) were of 31-40 years, 46 respondents (25.3%) were of 41-50 years and least number of 18 respondents (9.9%) is above 50 years. Out of the total number of respondents (23.6%) percent were highly educated with (23.1%) percent were undergraduates, around (29.1%) of the respondents were upto HSC and (24.2%) of the respondent were illiterate. More than one third of the respondents (36.3%) were under the group of BSNL users and least number of respondents was under the groups of Reliance and Tata docoma with (6.6%) before switching the users. No respondents (Tata Indicom and Tata docoma) were found after switching the users; highest number of respondents was under the group of Airtel with (42.9%). The results show that (25.8%) of the respondents were influence from self, (31.9%) of the respondents were influence from family, (35.7%) were influence from friends and (6.6%) were influence from Television. By using the cellular service (18.1%) respondents was unsatisfied, (26.4%) respondents was neutral and the rest more than half of the respondents (55.5%) were satisfied.

Table- 1: Profile of the respondents

Variables		Frequency	Percentage
Gender	Male	136	74.7
	Female	46	25.3
Age	Upto 20 yrs	25	13.7
	21 to 30 yrs	43	23.6
	31 to 40 yrs	50	27.5
	41 to 50yrs	46	25.3
	above 50 yrs	18	9.9
Educational status	Illiterate	44	24.2
	Upto HSC	53	29.1
	Undergraduates	42	23.1
	Postgraduates & above	43	23.6

Before switching users	Aircel	29	15.9
	Airtel	23	12.6
	Vodafone	18	9.9
	Reliance	12	6.6
	BSNL	66	36.3
	Tata indicom	22	12.1
	Tata docoma	12	6.6
After switching users	Aircel	38	20.9
	Airtel	78	42.9
	Vodafone	19	10.4
	Reliance	23	12.6
	BSNL	24	13.2
Influence	Self	47	25.8
	Family	58	31.9
	Friends	65	35.7
	Television	12	6.6
Satisfied	Unsatisfied	33	18.1
	Neutral	48	26.4
	Satisfied	101	55.5

Sources: Survey data

Reliability Analysis

Reliability tests were conducted for the questionnaire including the twenty five variables of switching consumer into service provider in order to test the internal consistency of the statements under each construct. It is important to know the internal consistency of each

underlying statements is consistent with each construct. According to (Zikmund, 2010), Cronbach's alpha value of 0.8- 0.9 is considered as very good and 0.9 or above is considered excellent reliable whereas a score of more than 0.6 is generally moderate (Griffin, 2010).

Table – 2: Cronbach's Alpha Reliability test of the overall items

Cronbach's Alpha Based on Standardized Items	No. of Items
.928	25

Sources: Survey data

The above reliability statistics on “factors influencing the consumers in switching the cellular service provider in Manipur” was composed of twenty five items. The Cronbach's Alpha for these items was 0.92, which was

higher than 0.90, so this factor was excellent and reliable and was retained for further analysis. No item was deleted for improving the factor reliability level.

Table – 3: Descriptive Statistics of switching the cellular service

Variables	Mean	Std. Deviation	Ranking
Improper consumer services	4.0275	1.05867	5
Unknowledgeable employees	4.0495	1.03143	3
Long wait times for consumer service	3.8187	1.15872	15

Error in billing	3.9121	1.10397	10
Bills are received in time	3.8791	1.18308	13
Poor network coverage	3.6923	1.17706	20
Provides sufficient geographic coverage	4.0275	1.11955	5
Frequent network problems	3.7308	1.29983	19
No new schemes or upgradation	3.7582	1.25122	17
Unsuitable plans for different age groups	3.7527	1.30844	17
Costly value added services	3.9011	1.13756	12
High call rate	4.0000	1.10248	8
STD/ISD call rate	4.0440	1.09658	4
Free local SMS	3.9341	1.08023	10
Hidden charges	3.9615	1.09426	9
High SMS charge	4.0055	1.14427	7
High internet charge	4.0220	1.12213	6
Unavailability of recharge facilities	3.5879	1.28333	22
Better features offered by competition	4.0659	1.05958	1
Influence from family and friends	4.0549	1.06540	2
Fancy number	3.8407	1.21769	14
High service charges for recharge	3.9341	1.13510	9
Switching existing provider	3.7692	1.18533	16
Promotion and offer	3.6593	1.24128	21
Retailer locations	4.0275	1.05344	5

Sources: Survey data

As seen from the Table 3 reports factors that influence the consumers in switching the cellular service provider scale means, standard deviation and ranking of the source of information. The deduction of the study is that the more the mean value the more is the level of factors that influence the consumers in switching the cellular service provider. It is understood that the consumers in switching are over committed better features offered by competition (Mean=4.0659, S.D=1.05958 & Rank=1) scored the

highest was rated the most important factors among the variables, that influence as a source of the consumers in switching the cellular service provider. The ranking below the table reveals that followed by influence from family & friends. (Mean=4.0549, S.D=1.06540 & Rank=2). Whereas the variable unavailability of recharge facilities scored the lowest (Mean=3.5879, S.D=1.28333 & Rank=22) respectively.

Table -4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.934
Bartlett's Test of Sphericity	Approx. Chi-Square	5.42233
	df	300
	Sig.	.000

A Keiser-Meyer-Olkin measure of sampling adequacy was 0.934 and Bartlett's Test of Sphericity was significant at 0.000. The value

KMO is greater than 0.5. So this implies that the factor analysis for data reduction is effective in this present study.

Factor Analysis

Factor analysis is a multivariate statistical technique used to condense and simplify the set of large number of variables to smaller number of variables called factors. This technique is helpful to identify the underlying

factors that determine the relationship between the observed variables and provides an empirical classification scheme of clustering of statements called factors.

Table – 5: Factor Analysis total variance explained

Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12.679	50.714	50.714	12.501	50.004	50.004
2	2.285	9.14	59.854	2.09	8.36	58.364
3	1.816	7.264	67.117	1.645	6.581	64.945
4	1.386	5.546	72.663	1.586	6.346	71.291
5	1.099	4.398	77.061	1.442	5.77	77.061
6	0.87	3.481	80.542			
7	0.859	3.438	83.98			
8	0.66	2.641	86.621			
9	0.531	2.125	88.746			
10	0.517	2.069	90.815			
11	0.368	1.474	92.289			
12	0.335	1.341	93.63			
13	0.292	1.169	94.798			
14	0.262	1.049	95.848			
15	0.203	0.811	96.658			
16	0.187	0.747	97.406			
17	0.155	0.621	98.026			
18	0.121	0.486	98.512			
19	0.105	0.421	98.933			
20	0.081	0.323	99.256			
21	0.071	0.286	99.542			
22	0.046	0.184	99.726			
23	0.035	0.141	99.867			
24	0.019	0.074	99.941			
25	0.015	0.059	100			

Note: Extraction: Principal component analysis

Principal component analysis was used for extracting factors. Among the twenty five factors five factors were retained depending on component matrix, Eigen values and Communalities. Eigen value represents the total variance explained by each factor. From the Table 5, it could be inferred that the five statements extracted from the 25 statements are

explaining more than 77 per cent of the variance in the 25 services related variables. The extraction communalities are given in the Table 6. Small values (< 0.5) indicate variables that do not fit well in the factor solution and should possibly be dropped from the analysis. In order to reduce the number of factors and enhance interpretability, the factors are rotated. The

rotation increases the quality of interpretation of the factors. There are several methods of the

initial factor matrix to attain simple structure of the data.

Table – 6: Communalities

Statements	Extraction
Improper consumer services	.883
Unknowledgeable employees	.867
Long wait times for consumer service	.244
Error in billing	.783
Bills are received in time	.755
Poor network coverage	.851
Provides sufficient geographic coverage	.810
Frequent network problems	.699
No new schemes or Upgradation	.792
Unsuitable plans for different age groups	.558
Costly value added services	.867
High call rate	.701
STD/ISD call rate	.875
Free local SMS	.883
Hidden charges	.898
High SMS charge	.829
High internet charge	.965
Unavailability of recharge facilities	.290
Better features offered by competition	.893
Influence from family and friends	.918
Fancy number	.739
High service charges for recharge	.798
Switching existing provider	.758
Promotion and offer	.693
Retailer locations	.917

Note: Extraction method: Principal component Analysis

The varimax rotation is one such method to attain better result for interpretation and it was employed and the results are given in Table 6, among the total twenty five statements included promotion and offers, pricing structure and scheme, STD / ISD rate, geographic coverage, discounts and offers via SMS was accounted in the 25 factors among the component matrix value and communalities. Thus the factor analysis condensed and simplified the 25

statements into five statements with 77.061 percent of the variability of all the 5 statements.

The five factors identified as most important are: Pricing structure & services, Network & scheme, Inconvenience, Promotion & offers and Bills & coverage.

From the factor analysis it could be inferred that the five factors influence switching behavior of the respondents.

Table – 7: Rotated Component Matrix^a

Variables	Component				
	1	2	3	4	5
Improper consumer service	0.932				
Unknowledgeable employees	0.92				
Long wait times for consumer service	0.385				
Error in billing	0.884				
Provides sufficient geographic coverage	0.898				
Costly value added services	0.923				
High call rates	0.834				
STD/ISD call rate	0.922				
Free local SMS	0.937				
Hidden charge	0.945				
High SMS charge	0.907				
High internet charge	0.98				
Unavailability of recharge facilities	0.056				
Better features offered by competition	0.936				
Influence from family and friends	0.949				
Retailer locations	0.951				
Frequent network problems		0.802			
No new schemes or Upgradation		0.886			
Unsuitable plans for different age groups		0.718			
Fancy number			0.848		
High service charges for recharge			0.857		
Switching existing provider				0.83	
Promotion and offer				0.81	
Bills are received in time					0.611
Poor network coverage					0.902

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 5 iterations.

Table – 8: Reason for using cellular service

Variables	Mean	Std. Deviation	Ranking
Personal needs	4.2143	1.01547	1
Prestige	3.9835	1.12469	2
Influence of friends	3.9725	1.09459	3
Emergency needs	3.9341	1.04910	4
To stay in touch while move	3.8297	1.16040	5
As a substitute for land line phones	3.8187	1.15872	6
Business needs	3.7253	1.25320	7

Sources: Survey data

The above Table 8 showed the multiple responses of the respondents. It could be concluded that personal needs were the major reason for using cellular services followed by

prestige, influence of friends, emergency needs, to stay in touch while move as a substitute for land line phones and business needs.

Table – 9: Problems faced by the respondents in using cellular service

Sl. No	Problems	No. of respondents	% to total
1	Yes	51	28
2	No	131	72
	If Yes		
	❖ Difficulty in understanding the procedure	26	14.3
	❖ Time consuming	25	13.7
	Sub total	51	28
	Total	182	100

Sources: Survey data

From above table it could be concluded that majority of the respondents were not facing problem with MNP. Nearly, 28 % of the respondents were facing problems with MNP. In that, nearly 14.3% of the respondents stated that difficulty in understanding the procedure as the

major problem in MNP followed by time consuming 13.7%. The case firm should concentrate more on these aspects to switch over the customers.

Table – 10: Chi square analysis

Pairs	Chi-Square	Sig.	Degree of freedom	Result
Gender * Satisfaction with cellular service	4.023	0.134	2	Accepted
Age * Satisfied with cellular service	23.343	0.03	8	Rejected
Educational status * Satisfaction with cellular service	16.972	0.049	6	Rejected
Before using cellular service * Satisfaction with cellular service	26.104	0.010	12	Rejected
After using cellular service * Satisfaction with cellular service	18.613	0.017	8	Rejected
Influence * Satisfaction with cellular service	26.717	0.000	6	Rejected

Sources: Survey data

The above result shows that p value is greater than 0.05 we accept the null hypothesis. So the independent variable gender is in fact not related to satisfaction with cellular services on the other hand age, educational status, before using cellular service, after using cellular service and influence are related to satisfaction with cellular service. Thus we reject the null hypothesis. The variable except gender is lesser than the p value, which means that there is a significant difference between satisfaction with cellular service and respondents of the independent sample.

Conclusion of the study

The study reveals that better features offered by competitor play the most important role in switching the service provider followed by influence from family & friends where as the variable unavailability of recharge facilities plays the least important role. It is found that there is no significant relationship between gender & educational status and satisfaction with cellular service. After analysing the findings of the study, we suggest that cellular service providers concentrate more on increasing network stability and setting tariff rates competitively. From the study it is clear that mobile service provider have to provide more offers for family and friends, need to satisfy the

consumer with minimum call rates and innovative offers. Thus it should invest more on improving their network coverage in order to retain their consumers and should accept valid feedbacks from consumers regularly and make sure that they satisfy the consumers.

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OPEN DEFECTION AND WOMEN SAFETY IN JHARKHAND: SOME ALARMING NOTES FROM THE RURAL JHARKHAND

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Abstract:

As per Census 2011 records, in Jharkhand, 92.4% of the people residing in rural areas do not have toilets. In India, 69.3% of the rural population does not have toilets. Recently, more than 200 girls left their studies at a government-run residential school at Ichagarh in Seraikela-Kharswan district of Jharkhand, about 50 km from the country's premier steel town, Jamshedpur, because of insufficient toilets. In Dumka district of Jharkhand a 17 year old girl killed herself because she was forced to defecate in open fields. Open defecation system has now emerged as the biggest threat for women safety in rural Jharkhand, where tribal community followed the open defecation system for centuries. Apart from that and Open defecation poses a serious threat to the health of children of the tribal community. The practice is the main reason behind the highest number of diarrheal deaths among children under-five in the world. Every year, diarrhoea kills 188,000 children under five in India. Children weakened by frequent diarrhoea episodes are more vulnerable to malnutrition, stunting, and opportunistic infections such as pneumonia.

Key Word: Rural Jharkhand, Open defecation, Women safety& health

Introduction

Open defecation refers to the practice whereby people go out in fields, bushes, forests, open bodies of water, or other open spaces rather than using the toilet to defecate. The practice is rampant in India and the country is home to the world's largest population of people who defecate in the open and excrete close to 65,000 tonnes of faeces into the environment each day. According to latest report of Unicef, India Around 595 million people, which is nearly half the population of India, defecate in the open. India accounts for 90 per cent of the people in South Asia and 59 per cent of the 1.1 billion people in the world who practice open defecation. Open defecation poses a serious threat to the health of children in India. The practice is the main reason India reports the highest number of diarrhoeal deaths among children under-five in the world. Every year, diarrhoea kills 188,000 children under five in India. Children weakened by frequent diarrhoea episodes are more vulnerable to malnutrition, stunting, and opportunistic infections such as

pneumonia. About 43 per cent of children in India suffer from some degree of malnutrition. Diarrhoea and worm infection are two major health conditions that affect school-age children impacting their learning abilities. Open defecation also puts at risk the dignity of women in India. Women feel constrained to relieve themselves only under the cover of dark for reasons of privacy to protect their dignity.¹

Open defecation exposes women to the danger of physical attacks and encounters such as snake bites. Poor sanitation also cripples national development: workers produce less, live shorter lives, save and invest less, and are less able to send their children to school.

Jharkhand tops the list in the country when it comes to open defecation. As per Census 2011 records, in Jharkhand, 92.4% of the people residing in rural areas do not have In India, 69.3% of the rural population does not have toilets.

Recently, more than 200 girls left their studies at a government-run residential school at Ichagarh in Seraikela-Kharswan district, about

50 km from the country's premier steel town, Jamshedpur, because of insufficient toilets. According a report published in the Ranchi edition of Times of India the Kasturba Gandhi Awasiya School has just five toilets for 220 boarders, forcing them to relieve themselves in the nearby fields, where they were regularly harassed by the local boys. "The school has no boundary wall, making it easy for the locals to harass the girls. Sometimes, stones are hurled at the hostel at night.² It highlights the poor state of public toilets in Jharkhand.

According to 2011 census reports, 92.4% people in Jharkhand's rural areas do not have toilets. Over 13 crore households don't have a toilet inside their homes, according to latest Census data available from 2011. A majority of them — over 11.6 crore households — that are without access to toilets are in rural areas.³

Poor state of toilet system puts a large number of Jharkhand's women on major health and safety risks. It is said that that most rapes take place in the tribal areas of Jharkhand when women go to defecate in the open specially in forests.

In Jharkhand, tribal women often go to neighbouring forest areas for defecation, are attacked by local goons. In most of the cases, rape occurrences are not reported to the police. There are two main reasons behind this. Firstly, police has very little presence in nexal prone tribal areas and secondly, fear of social rejection. Rejesh Verma of Hindustan Times, reported from Dumka Jharkhand that being forced to defecate in open fields drove a 17-year-old girl to suicide in July 2015, who had repeatedly begged for a toilet at home. The girl was a first year BA student hanged herself while she was alone at home. According to a report over 92 percent of rural households in Jharkhand don't have toilets. Ashamed that she had to go the fields instead where she lacked privacy; she decided to take her life.⁴ Various studies establishing a link between open defecation and bad health, concluding that a 10% increase in open defecation was associated with a 0.7 percentage point increase in stunted growth among children. More than half a million

children in India die from diarrhoea, cholera and hepatitis due to lack of proper sanitation.⁵ In the undeveloped states like Jharkhand state of public and private toilet system is very serious. Jharkhand tops the list in the country when it comes to open defecation. As per Census 2011 records, in Jharkhand, 92.4% of the people residing in rural areas do not have In India, 69.3% of the rural population does not have toilets.

Table 1: % age of rural population does not have the toilet in Indian States

State	% of rural population does not have the toilet
Jharkhand	92.4%
Madhya Pradesh	86.9%),
Orissa	85.9%),
Chhattisgarh	85.5%)
Bihar	82.4%).

Census Report-2015

The census report 2011 further states that in Jharkhand, the percentage of rural households with no toilets is West Singhbhum is as high as 96.3%, followed by Khunti with 96%, Jamtara with 95.6%, Simdega 95.1% and Garhwa 95.1%. There are many blocks in the state with almost 100% open defecation system. This includes Bermo in Bokaro, Gudri in West Singhbhum, Kunda in Chatra, Bansjor in Simdega, Ramkanda in Garhwa. Less than 1% households in Peshrar, Lohradaga has toilets.⁶

Even when it comes to government schools, the condition of toilets is not very good. According to ASER 2012, a report on academic advancement in Jharkhand, prepared by NGO Pratham, around 16.4% schools of the state does not have toilet facilities while 46.6% have facilities that are not in working condition. Only 37% schools have usable toilets in the country.⁷

Table 2: Percentage of rural households with NO toilets (Jharkhand)

Districts of Jharkhand	Percentage of rural households with no toilets
West Singhbhum	96.3
Khunti	96
Jamtara	95.6
Simdega	95.1
Garwa	95.1

Census Report 2011

The above mentioned incidents show that things have not changed much in last 4 years. Condition of schools is really very disappointing where government provides fund for school building and toilets. Even in residential schools like Kasturba Aawasiya Vidhyalaya, where girls study, not well. The Jharkhand High Court in January 2014 directed the Jharkhand Government to complete all works regarding construction of toilets in the schools before the next academic session. The court had directed the State Government that all the works, both repair and construction, of new ones should be completed before the next academic year in all the government schools. Social economic changes have affected the tribal community of Jharkhand. A young girl, Sumati Murmu (Name changed) who is doing B.Com in Jamshedpur Women's College says:

".....however tribes are more educated now, safety of tribal women is a matter of more serious concern. Crime against women is increasing day by day. Young generation of tribes is now using mobile phones, internet, and other modern communication tools. They watch porn movies on internet. I feel that nature of relationship between man and women was quite simple in past but has become more complex in our tribal society. Certainly, tribal society is now more byzantine. Couple of decades back, cases of rape was rare in tribal society. But now things are changed. Women are not safe in our society. We are not afraid of nexalites and outsiders but the misguided male members of our own community are our new threats. When our female members go to forest or agriculture

field, their safety is under question mark. Even school going small girls are not safe. Local goons disturb them"

As per the status report to the Jharkhand High Court by the Jharkhand State Government, over 36 per cent toilets in Jharkhand schools were not in working condition due to lack of maintenance and other reasons. The report said that 2,238 Government secondary schools, 327 schools did not have girl's toilet while 380 schools did not have boy's toilets in them. According to the report submitted by the Government, out of a total of 4, 0177 elementary schools in the State, 3299 had no boy's toilets while 4,211 had no separate girl's toilet in them. Similarly, out of 2,238 Government secondary schools, 327 schools lacked girl's toilet while 380 schools lacked boy's toilets in them.⁸

After coming into power, Prime minister Narendra Modi, started an ambitious project to have toilet in each and every school by the end of 2015. He urged Corporate India and public sector undertakings to endorse the project. But recent reports show that Corporate India and public sector undertakings have not taken the project seriously so far are likely to fail. Narendra Modi government's ambitious plan to have toilet in each and every school. With the August 15 deadline has crossed, HRD ministry has decided to take help of state governments and if need be get directly involved in construction of toilets. It worth mentioning here that Jharkhand is an industrial state and there is a huge presence of public and private sector companies over here.

According to ministry of HRD, "Eleven big corporates, 67 public sector undertakings including banks had taken the responsibility of constructing toilets but barring few, most have failed to reached even 50% mark. Many companies have told government that due to fear of Naxal violence toilets cannot be constructed. "But not all toilets fall in Naxal dominated areas of Jharkhand."⁹ In a country like India where almost 37.7 million people are affected by water borne diseases, and 1.5 million children lost their life of diarrhea every year, open defecation is the biggest source of pollution

and contamination.

According to Manumita Ghosh, para teacher in a primary school of Bandgaon in the tribal areas of Jharkhand, women are accustomed to open defecation for centuries. Earlier, tribal society was quite secure and there was huge respect for women. Women safety was the joint responsibility of the whole village. But, now time is changed. Women get easy target of rapists when they go to open defecation. In most of the cases, police is not informed. Actually, in many tribal areas, presence of police is almost nil. Minor girls and girls are becoming easy prey to the rapists.

Even in the in the urban areas of Jharkhand, public toilet system is far from satisfactory level. In the city like Jamshedpur where JUSCO and Tata Steel have made public toilets in market places, but these toilets have largely been encroached by local shopkeepers and other. At other places, these toilets have been captured by local anti –social elements where they play cards, take drug- and perform many illegal activities. They toilets are now not safe for women and young girls.

Bihar is a neighboring state of Jharkhand where state assembly has passed an act stating that candidates must confirm that they have a toilet inside their home in order to be nominated for the 2016 polls. The objective of this act is to improve sanitary conditions at the micro level and end the disgusting practice of open defecation which is the root cause of many ills. But, we are waiting for any such act to be passed in Jharkhand assembly.

Toilets have been in the spotlight for some time now. A popular theme with politicians, even the recent polls saw the BJP and the Congress promise to make the nation open defecation-free. Back in 2007, the government had popularised a no-toilet, no-bride

campaign in some of the northern states to dissuade girls from marrying into households without toilets. On April 30 2015 Nadia district of West Bengal declared first open defecation free district in India. Other open defecation free districts are Hoobly, Bardwan and Bikaner.

Unlike many other parts of the country, in Jharkhand's rural areas open defecation is a well-established traditional practice deeply ingrained from early childhood. In the tribal areas toilets is not a socially acceptable topic. Consequently, open defecation has persisted as a norm for many tribes. In the rural Jharkhand The challenge is to motivate people to see a toilet as fundamental to their social standing, status and well-being. According to a research report¹⁰. A significant gap also exists between knowledge and practice. Even when people are aware of the health risks related to poor sanitation (specifically of not using a toilet and practicing good hygiene), they continue with unhealthy practices. Poverty is a significant factor here.

Open defecation in urban areas of Jharkhand is driven by a number of reasons including, lack of space to build toilets in high-density settlements and tenants unwilling to invest in toilets where landlords do not

My study shows that one of the main challenges faced in the drive to eliminate open defecation is the inadequate human resource base for sanitation. In sub-districts where they are most needed, there are no dedicated frontline workers to promote and implement sanitation strategies. Hence we need to recruit frontline workers, and develop appropriate mechanisms for their training, management, and supervision. Awareness is the key for success. Awareness campaigns, media exposure, and pressure from school-age children, are some of the drivers of this awareness.

Table 3 : Baseline Survey All India Abstract Report

Baseline Survey 2012 - All India Abstract Report		
SL.No.	Category	Percentage
1	% of Household not having Toilet	54.28
2	% of Household having Toilet	45.72
3	% of Household having functional Toilet from HH having Toilet	86.99
4	% of Household having defunctional Toilet from HH having Toilet	13.01
5	% of Govt. Anganwadi having Latrine	78.46
6	% of Govt. Anganwadi having adequate Water Facility	67.43
7	% of GPs where VWSC formed	79.98
8	% of GPs where VWSC Functional	74.03
9	% of GPs where Swachhata Doot is Posted	64.57
10	% of Govt School Without Toilet	4.72
11	% of Govt School Without Water Facility	12.15
12	% of Private School Without Toilet	10.08
13	% of Private School Without water Facility	9.89
14	% of GPs Where other Organisation Involved	76.03
<p>Note :-1) Report is based on entries done by 85493 out of 253824 (33.68 %) GPs as reported by 20 States</p> <p>2) Report may get changed because of continuous data entries is being done.</p>		

Table 4: Percentage of households having no latrin

India/State/ Union Territory *	Total households		Percentage of households having No latrine	
	2011	2001	2011	2001
INDIA	246,692,667	191,963,935	53.1	63.6
Jammu & Kashmir	2,015,088	1,551,768	48.8	46.9
Himachal Pradesh	1,476,581	1,240,633	30.9	66.6
Punjab	5,409,699	4,265,156	20.7	43.2
Chandigarh *	235,061	201,878	12.4	21.1
Uttarakhand	1,997,068	1,586,321	34.2	54.8
Haryana	4,717,954	3,529,642	31.4	55.5
NCT of Delhi *	3,340,538	2,554,149	10.5	22.0
Rajasthan	12,581,303	9,342,294	65.0	71.0
Uttar Pradesh	32,924,266	25,760,601	64.4	68.6
Bihar	18,940,629	13,982,590	76.9	80.8
Sikkim	128,131	104,738	12.8	36.6
Arunachal Pradesh	261,614	212,615	38.0	43.7
Nagaland	399,965	332,050	23.5	29.4
Manipur	507,152	397,656	10.7	18.0
Mizoram	221,077	160,966	8.1	11.0
Tripura	842,781	662,023	14.0	18.6
Meghalaya	538,299	420,246	37.1	48.8
Assam	6,367,295	4,935,358	35.1	35.4
West Bengal	20,067,299	15,715,915	41.2	56.3
Jharkhand	6,181,607	4,862,590	78.0	80.3
Odisha	9,661,085	7,870,127	78.0	85.1
Chhattisgarh	5,622,850	4,148,518	75.4	85.8
Madhya Pradesh	14,967,597	10,919,653	71.2	76.0
Gujarat	12,181,718	9,643,989	42.7	55.4
Daman & Diu *	60,381	34,342	21.8	56.1
D & N Haveli *	73,063	43,973	45.3	67.4
Maharashtra	23,830,580	19,063,149	46.9	64.9
Andhra Pradesh	21,024,534	16,849,857	50.4	67.0
Karnataka	13,179,911	10,232,133	48.8	62.5
Goa	322,813	279,216	20.3	41.4
Lakshadweep *	10,703	9,240	2.2	10.8
Kerala	7,716,370	6,595,206	4.8	16.0
Tamil Nadu	18,493,003	14,173,626	51.7	64.8
Puducherry *	301,276	208,655	31.6	50.1
A & N Islands *	93,376	73,062	29.9	46.7

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15 अगस्त

69 वीं भारतीय स्वतंत्रता दिवस की हार्दिक शुभकामनाएं...

किस लक्ष्य की पकड़, जिसका नहीं छोड़े
कभी नहीं छोड़े, पता न चले, काल न चले
आज का दिन हमारे काँचे का, पिछले का न भूलें, आगे का न भूलें

समुद्र कास
सुखी, सुखी

प्रगति की शिखर की स्पर्श करने चल पड़ा झारखंड...

1. यह दिवस हमें एक नया संकल्प देता है कि हमें अपने
2. आत्मिक, शारीरिक और वित्तीय विकास के लिए हम
3. अपने देश के विकास के लिए हमें अपने
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15. अपने देश के विकास के लिए हमें अपने

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