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EDITOR'S

MESSAGE

F*ifty Shades of Grey* is a 2011 erotic romance novel by British author E. L. James. It is the first instalment in the *Fifty Shades* trilogy that traces the deepening relationship between a college graduate, Anastasia Steele, and a young business magnate, Christian Grey. It is notable for its explicitly erotic scenes featuring elements of sexual practices involving bondage/discipline, dominance/submission, and sadism/masochism. Third part of this series was published on 15 June 2015. The book, like two other novels of the series, deals with the sado-masochistic relationship that billionaire Christian Grey has with a young, innocent college student, and displays their most avid readership among women, much to the dismay of feminists who see this as a subversion of their crusade against male sexual and economic domination. Over 130 million copies of this soft-porn bestseller have been sold worldwide.

A more social significance of the story is the debate generated by the publishers' claim that part of the profits generated by the Grey books would go towards subsidising 'good literature' – as opposed to porn – by sponsoring the works of notable writers who might otherwise not be commercially viable to print.

Can the 'bad' money generated by pornography be made good money by promoting the worthy cause of literary art? Question. In India, many tax evaders donate hugely to temples, religious organisations and charitable trusts. Mother Teresa once famously said "Give me your money and I will make it clean" while accepting donations from dubious sources, such as dictatorial regimes and organised crime syndicates, to finance her charitable works.

Can the end justify the means?

An idealist like Mohandas Karamchand Gandhi would say 'No' to that

With Best Wishes...

1.7.2015

Dr. Mithilesh
(Editor-in-Chief)

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THE STUDY OF INDO JAPAN TRADE RELATIONS IN THE POST GOVERNMENT CHANGE PERIOD IN INDIA

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Abstract

The Indo Japan relations have always been an important topic for discussions. This paper deals with an overview of trade relations between Indian and Japan. Recently, we saw an increase in number of exports done by India to Japan which is definitely a positive sign. A progressive international trade strengthens political tie up and cross cultural relationship between the two countries.

Keywords: trade, Balance of payments, technology, agreements, MNCs.

INTRODUCTION

What could have been a better scenario than a cordial and respectful business relationship between India and Japan? Rich in resources, technology, intellect and strategic minds; these features mark the flourishing picture of Japan. India, in no terms, is less than any other country in the world. With changing political scenario and international policies, the high spirits point out a flourishing future of Indo-Japan trade relationships. The Japanese economy is one of the third largest in the world. Only the USA and China have a higher GNP. Japan's main export goods are cars, electronic devices and computers. Most important trade partners are China and the USA, followed by South Korea, Taiwan, Hong Kong, Singapore, Thailand and Germany. Japan has a surplus in its export/import balance. The most important import goods are raw materials such as oil, foodstuffs and wood. Major supplier is China, followed by the USA, Australia, Saudi Arabia, South Korea, Indonesia and the United Arab Emirates. Manufacturing, construction, distribution, real estate, services, and communication are Japan's major industries today. Agriculture makes up only about two percent of the GNP. Most important agricultural product is rice. Resources of raw materials are

very limited and the mining industry rather small.

LITERATURE REVIEW

The diversification of investment destination regions is also a prominent development. The bases for Japanese corporations had been largely collected in the Delhi national capital region, where factories for Suzuki and Honda are located. Toyota had established a factory in Bangalore but otherwise Japanese companies risk over concentration. Recently however, Japan has extended its reach to the south in Chennai and Mumbai. (*KONDO ;Masanori*) Another study shows that India-Japan economic relations have transformed from a "resources driven" trade ties to a strategic partnership. (*Shamshad A. Khan*) Indo-Japanese Trade Pact assumes greater significance than ever before in the times of changing global economic order. Japan gives 30 per cent of its foreign aid to India and is committing more than US\$ 4 billion to the Delhi-Mumbai Industrial Corridor (DMIC). (*KVSN;JawaharBabu*) Although investments in IT and automobile industries are increasing, thanks to deregulation, further economic reforms and deregulation are

required to attract foreign investment into India. It is absolutely necessary for India to take steps to strengthen the competitiveness of Indian products and to improve the comprehensive productivity through revision of the Labour Act, improvement of infrastructure and. While both the countries must explore every possibility to reap optimum gains of economic cooperation, It should culminate in bringing the two strong, democratic and peace living nations of Asia even closer towards more of people-people cooperation, and building a new world order. **(KVSN)** India Japan Trade Relations is as old as post world war II era. The trade relations between India and Japan flourished after the establishment of diplomatic ties, especially after the World War II. Japan resurrected form the debacle of the World War II loss with the help of India's iron ore export. Japan reciprocated India by providing yen loans to India in 1958, first of its type, by Japanese government. And as a matter of fact since then, Japan is India's largest aid donor. **(Business maps of India)** In recent years India-Japan relations have acquired rich economic content and strategic intents. Although the bilateral trade at \$18 billion between the two countries is not very impressive and leaves much to be desired, the economic engagement between the two countries is both qualitatively and quantitatively noteworthy. India-Japan defense cooperation, however, has generated a lot interest among the strategic community in the context of rise of China. There has been a lot of speculation about India-Japan strategic partnership to hedge China. **(Rup Narayan Das)** Japanese small and medium enterprises have begun to discover India as the new growth market. Japan and India share a common vision for the world. This is aptly illustrated by the fact that there has been an increase in the number of joint declarations, delegation visits and other business events between the two countries. **(Geethanjali Nataraj)** Japanese firms also prefer to import manufactured goods from their own affiliates overseas rather than from indigenous firms. Japanese affiliates in Asia have accounted for the lion's share of Japan's increase in manufactured goods from Asia over the past decade. Japan's Ministry of Economy, Trade and Industry calls these goods 'reverse imports', and they have almost doubled from 15 per cent of Japan's total manufactured goods imports in 2001 to 27 per cent in 2012. **(East Asia Forum)**

Mutual collaboration in many important sectors such as energy and research and development, would benefit both economies. The signing of the CEPA has brought the two countries closer and may help in expediting the process of signing the civil nuclear agreement. India's ambition to produce clean nuclear energy in future depends heavily on Japan as its manufacturers provide essential parts of nuclear reactors to the US, France, and other members of the nuclear suppliers group. The improved cooperation due to CEPA has opened up new opportunities to both countries in every sphere that is essential for harmonious growth of Asia, which is being highly touted as the world's growth center in the coming century. **(Ashwani)** Japan's FDI into India forms a tiny portion of its global FDI. India is less important to Japan than Japan is to India, particularly as a source of FDI. During 2000–13, Japan supplied, on average, 7 per cent of total global FDI into India, and in 2013 was the third-largest investor in India at 8 per cent. **(Richard Katz)** According to the Indian government, Japanese companies made \$12.66 billion worth of investments in India between April 2000 and June 2012. This accounted for 7 percent of total FDI [foreign direct investment] inflow into India and made Japan the fourth largest investor in India. The number of Japanese affiliated companies in India has grown significantly over the last five years and nearly 1,000 Japanese companies are operating in India. **(Deepal Jayasekera)** The trade between India and Japan is likely to touch \$25 billion by 2014 on the back of a trade deal that the two countries signed in 2011. The potential areas for economic cooperation include capital goods, auto parts, iron, steel and chemicals, it added. The two countries signed a Comprehensive Economic Partnership Agreement (CEPA) aimed at eliminating tariff on majority of products traded between the countries. **(The Economic Times)** Although investments in IT and automobile industries are increasing, thanks to deregulation, further economic reforms and deregulation are required to attract foreign investment into India. It is absolutely necessary for India to take steps to strengthen the competitiveness of Indian products and to improve the comprehensive productivity through revision of the Labour Act, improvement of infrastructure and. While both the countries must explore every possibility to reap optimum gains of economic cooperation, It

should culminate in bringing the two strong, democratic and peace loving nations of Asia even closer towards more of people-people cooperation, and building a new world order(*KVSN; Jawahar Babu*)

OBJECTIVES

The research paper focuses on the following objectives:

- a) To analyze India-Japan relations with respect to culture, trade and political front.
- b) To analyze imports and exports extent between India and Japan.

RESEARCH METHODOLOGY

The study is based on secondary data available through various print and electronic media. Use of magazines, annual reports, articles and URLs has been made to accomplish the objectives of the study.

ANALYSIS AND INTERPRETATION

• *Brief outlook of INDIA-JAPAN relations*

India's relations with Japan are singularly free of any kind of dispute - ideological, cultural or territorial. It is unique and one of warmth emanating from generous gestures and sentiments of standing by each other at times of need. Japan's image in India has historically been positive, going back to the early 20th century when its emergence as a big power was interpreted by India as the beginning of Asian resurgence. Japanese support and assistance to Netaji Subhash Chandra Bose and the Indian National Army (INA) continue to shape popular thinking about Japan. In 1949 Prime Minister Jawaharlal Nehru gifted an Indian elephant to the Ueno Zoo, in Tokyo. This brought a ray of light into the lives of the Japanese children suffering from the aftermath of World War II. The elephant, named Indira after Nehru's daughter, died of old age in August 1983. Her death was widely covered in the Japanese Press. In the collective Indian perception, there was a strong admiration for Japan's post-war economic reconstruction and subsequent rapid growth. This was reaffirmed a generation later by the unique role of Maruti-Suzuki in revolutionizing industrial technology and management concepts in the pre-economic

reform India. Somewhere in Indian thinking was embedded respect for a society which engaged the world on its own terms and preserved its unique character through a process of upheaval and change. The intuitive feeling about Japan was one of friendliness and it was not without reason that Japan consistently ranked as the most admired nation in Indian newspaper polls for a number of years. Since diplomatic relations between Japan and India were established in 1952, the two countries have enjoyed cordial relations based on trade and economic and technical cooperation. The cultural agreement between Japan and India was signed in 1956 and took effect the following year. In 1951, India established a scholarship system for overseas students. This system to this day provides an opportunity for young Japanese scholars who are today in the forefront of Indian studies to study in India. Cultural exchanges picked up in the 1980s with Japanese local governments becoming involved in exchange activities with their Indian counterparts and traditional Indian performing arts being shown in Japan. The Japan Month was held in October and November 1987. Prime Minister Rajiv Gandhi attended the April 1988 opening ceremony of the Festival of India. In January 1994, the Japan Foundation opened an office in New Delhi that is actively engaged in cultural exchanges since 1978. Japan has been extending cultural grant-in-aid to research institutes, universities, and cultural faculties to encourage their activities. In addition, through the UNESCO/Japan Trust Fund for Preservation of the World Cultural Heritage, Japan is helping with the preservation and restoration of the Buddhist monuments of Sanchi and Satdhara by sending experts and in other ways. At the beginning of the 21st century, Japan and India resolved to take their bilateral relationship to a qualitatively new level. Both realize that the current international situation, characterized by inter-dependence and the advent of globalization, offers fresh opportunities to both India and Japan for enhanced engagement for mutual benefit. The foundation for this was laid when Mr. Yoshiro Mori, the then Prime Minister of Japan and Mr. Atal Behari Vajpayee, the then Prime Minister of India agreed during the Japanese Prime Minister's landmark visit to India in August 2000 to establish the "Global Partnership in the 21st Century". Today, India and Japan share a global

vision of peace, stability and shared prosperity, based on sustainable development. Shared democratic values and commitment to human rights, pluralism, open society, and the rule of law underpin the global partnership between the two countries. The global partnership between India and Japan reflects a broad convergence of their long-term political, economic and strategic interests, aspirations, objectives and concerns. Japan and India view each other as partners that have responsibility for, and are capable of, responding to global and regional challenges in keeping with their global partnership. A strong, prosperous and dynamic India is, therefore, in the interest of Japan and vice versa. In the above context and in view of the current international situation, it has been decided to reinforce the strategic focus of the global partnership between Japan and India. Japan and India are partners in peace, with a common interest in and complementary responsibility for promoting the security, stability and prosperity of Asia as well as in advancing international peace and equitable development. It was agreed during the visit of the then Japanese Prime Minister Junichiro Koizumi in April 2005 that the two countries would further strengthen their cooperation and pursue an all-round and comprehensive development of bilateral relations, with a particular and urgent focus on strengthening economic ties, through full utilization of the existing and potential complementarities in their economies. It was decided that both the countries would strive to develop closer dialogue and collaboration to secure peace, stability and prosperity in Asia, promote democracy and development, and explore a new architecture for closer regional cooperation in Asia. It was also agreed that the two countries would strengthen cooperation in diverse areas such as environment, energy, disarmament, non-proliferation and security, taking advantage of, and further building on, their strategic convergences.

This year, India came in second (behind Indonesia) in a government survey on the top countries in which Japanese firms want to set up operations *in the medium term and first in the long term*— and, at last count, nearly 1000 Japanese firms had already set up there. Some of these new firms are suppliers to Japanese companies who already have operations in India. Japan abounds with talk of sales to the burgeoning Indian middle class — often said to

amount to as many as 300 million people. The Suzuki Maruti joint venture, which has a 37 per cent market share, will be joined by a major campaign from Honda. And Panasonic unveiled a new line of air conditioners (AC) for the Indian market — raising its share of the Indian AC market to 15 per cent in 2013, up from only 3 per cent in fiscal 2009. It wants to overtake South Korea's LG Electronics — the largest consumer durables maker in India. As more Indians can afford ACs, the market is growing at about 35 per cent per year. In 2011, India and Japan signed a bilateral free trade agreement (FTA) that will end tariffs on goods accounting for 94 per cent of their trade flows over 10 years. And Prime Minister Shinzo Abe is now making diplomatic forays to India as he tries to build close ties to other countries that feel threatened by China. Yet the oft-expected boom in Japan-India economic ties has repeatedly failed to come to fruition. Trade with India forms a tiny part of Japan's global imports and exports. In April-September 2013, Japan's exports to India amounted to a miniscule 0.14 per cent of its entire global exports, and imports from India in 2013 amounted to just 1.1 per cent of Japan's global imports. Meanwhile, Japan's FDI into India forms a tiny portion of its global FDI. India is less important to Japan than Japan is to India, particularly as a source of FDI. During 2000-13, Japan supplied, on average, 7 per cent of total global FDI into India, and in 2013 was the third-largest investor in India at 8 per cent.

Japanese experts like Joichi Kimura, chief at the government-affiliated Japan Bank for International Cooperation's (JBIC) office in New Delhi, often point to India's poor infrastructure as a reason for the relatively low rate of Japan's FDI into India as well as bilateral trade. India's infrastructural deficiencies in communication, transport and energy have created a major bottleneck to maintaining the higher growth path it has achieved in the past two decades. Japan is now working with India to improve India's industrial infrastructure, not just to increase commerce directly between the two countries but also to help India become a hub in the multi-country supply chain that spans the Asia Pacific. Japan is involved in India's gigantic Delhi-Mumbai Industrial Corridor Project, a State-Sponsored Industrial Development Project, which aims to develop a 900-mile industrial zone with a 4000-

megawatt power plant, three seaports and six airports spanning six states. The two countries signed an agreement to set up a project development fund, with the aim to build the fund to US\$10 billion. The hope is to create 3 million mostly industrial jobs, triple industrial output from the region and quadruple the region's exports within five years.

India also lacks world-class manufacturing capability: another reason multinational corporations (MNCs) have not looked upon it as a potential supply base along the lines of China, Thailand and Malaysia. Again, as in infrastructure, Japan is very skilled at manufacturing and, in a host of countries; FDI from MNCs has improved industrial capability by upgrading the skills of workers and the technological prowess of indigenous firms used as suppliers to the MNC's factories.

Japan could benefit from the software capacity shown by India and Indians in America's Silicon Valley and abroad. Japan, which has focused on custom-made software, has not been able to step up to the plate to produce software for exports. Japan needs to work with Indian firms or help Indians set up their own firms within Japan to become providers, rather than just hiring individuals who may be absorbed in a firm's traditional way of doing things.

With so many opportunities, why haven't we seen better growth in trade and FDI between Japan and India?

Traditionally, Indians, like Japanese, feared that too much inward FDI would mean a quasi-colonization of India on the economic front. Despite a quantum leap in FDI into India, foreign firms say the road to such investments is still filled with tacks, including in the key bottleneck areas of communication, energy and transport.

Also, items that don't fit Japan's needs dominate India's exports. Out of a total of US\$300 billion in exports in 2012, its biggest export was petroleum products at US\$56 billion (20 per cent of the total). But Japan's own refiners dominate the production of petroleum products and so Japan imports little. Until India becomes much more adept at exporting manufactured goods, Japan and Japanese affiliates overseas will not be a good market for Indian exports.

Japanese firms also prefer to import manufactured goods from their own affiliates overseas rather than from indigenous firms. Japanese affiliates in Asia have accounted for the lion's share of Japan's increase in manufactured goods from Asia over the past decade. Japan's Ministry of Economy, Trade and Industry calls these goods 'reverse imports', and they have almost doubled from 15 per cent of Japan's total manufactured goods imports in 2001 to 27 per cent in 2012.

Meanwhile, out of India's US\$490 billion in imports in 2012, only 13 per cent of the top items were in product areas where Japan has comparative advantage. This is the import structure of a poor country, not a newly industrialising one. Until this import structure matures, the market for Japanese exports will be limited.

Finding ways to make increased Japan-India economic cooperation possible will result in internal reforms that help each country grow. In virtually every country where reform has been successful, increased globalization — trade and inward FDI — has been a pivotal ingredient in the recipe. Globalization breaks down the collusion among vested interests that impedes growth. India has made much more progress globalising than Japan. India's cumulative stock of inward FDI soared from only 0.5 per cent of GDP in 1990 to 10.4 per cent today. By contrast, during the same period, inward FDI stock in Japan only rose from 0.3 per cent to 3.4 per cent of GDP. Also, India's trade-GDP ratio has risen from 15 per cent in 1990 to 55 per cent today, while Japan's trade-GDP has risen more slowly from 20 to 30 per cent. India has been, and remains, a tiny part of Japan's global trade. At the same time, Japan is a relatively minor trading partner for India, accounting for just 2 per cent of India's exports and 2 per cent of its imports. Unless India overcomes infrastructural deficiencies, and Japan overcomes structural flaws — resisting imports from competing firms — the 'boom' in economic relations may remain just talk.

Trade between India and Japan during last 5 years

Japan has long been one of the biggest sources of foreign direct investment in India. But a look at trade figures shows that Japan has fallen far behind China in selling goods to India.

Over the past five years, India's imports from China have shot up more than 60%, while imports from Japan have risen only 12%. In the year ended March 31, India's imports from China had reached \$51 billion, while imports from Japan were \$9 billion. The trend has been similar across emerging Asia as China has used its low-priced exports to eclipse the land of the rising sun. For India, Japanese firms recently have just not had the right products or prices. The ones that might have done well in India have often been too focused on surviving tough times at home to think of new markets.

It's not that Japanese companies can't thrive in India. In fact, they have been interacting with Indian consumers for decades. Back in the 1980s—when Japan seemed to be conquering the world and India was being ignored by the world—Suzuki Motor Corp. and Honda Motor Co. were among the first foreign companies to create joint ventures in India. Their vehicles quickly became best sellers across the subcontinent and still are.

These companies' investments over the years have helped keep FDI from Japan high and imports from Japan lower. It wasn't until recent years, partly motivated by Japanese Prime Minister Shinzo Abe's revival plan for the economy, that there has been a renewed effort to leverage Japan's position in India to better target the market. During Mr. Modi's visit to Japan, he pledged to step up defense and economic cooperation. Mr. Abe pledged more than \$30 billion in Japanese investment in India over the next five years — doubling the amount of Japan's direct investment and the number of Japanese companies operating in India. Mr. Abe also expressed hopes to introduce Japan's bullet-train technology to India.

As both countries battle to get back on better growth paths and counterbalance China's growing military presence in Asia, India and Japan will have to go beyond big declarations and build on the warming relations represented by Mr. Modi's first trip to Japan as prime minister.

Exports

YEAR	TOTAL	GROWTH
2009-2010	1,714,278.60	—
2010-2011	2,317,903.33	35.21
2011-2012	3,051,134.40	31.63
2012-2013	3,321,415.89	8.86
2013-2014	4,125,345.29	24.2

Imports

YEAR	TOTAL	GROWTH
2009-2010	3,189,384.21	—
2010-2011	3,930,930.77	23.25
2011-2012	5,767,103.11	46.71
2012-2013	6,754,720.77	17.13
2013-2014	5,721,168.94	-15.3

India's exports to Japan amounted to \$7.1 billion or 0.8% of overall Japanese imports.

1. Oil: \$2.8 billion
2. Organic chemicals: \$565.1 million
3. Gems, precious metals, coins: \$446 million
4. Fish: \$414.1 million
5. Ores, slag, ash: \$371.3 million

6. Food waste, animal fodder: \$342.7 million
7. Iron and steel: \$274.7 million
8. Clothing (not knit or crochet): \$236.7 million
9. Machines, engines, pumps: \$155.1 million
10. Electronic equipment: \$117.2 million

Today, improvements in trade finance, the Internet, and trade agreements have dramatically increased access to markets worldwide. Exporting can be profitable for businesses of all sizes. On average, sales grow faster, more jobs are created, and employees earn more than in non-exporting firms. Exports play an important role in the Indian economy, influencing the level of economic growth, employment and the balance of payments. Lower transport costs, globalization, economies of scale and reduced tariff barriers have all helped exports become a bigger share of national income in the post reform period. Exports are a component of aggregate demand (AD). Rising exports will help increase AD and cause higher economic growth. Growth in exports can also have a knock on effect to related 'service industries'

CONCLUSION

Economic relations between India and Japan have vast potential for growth, given the obvious complementarities that exist between the two Asian economies. Japan's interest in India is increasing due to variety of reasons including India's huge and growing market and its resources, especially the human resources. India's primary exports to Japan have been petroleum products, chemicals, non - metallic minerals, fish and fish products, metalliferous ores and scrap, animal feeds, iron and steel products, clothing and accessories, textile and fabrics and machinery etc. India's primary imports from Japan are machinery, iron and steel products, electrical machinery, transport equipment, plastic materials, metal products, etc.

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MICRO FINANCE: A STRATEGY OF DEVELOPMENT

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Abstract

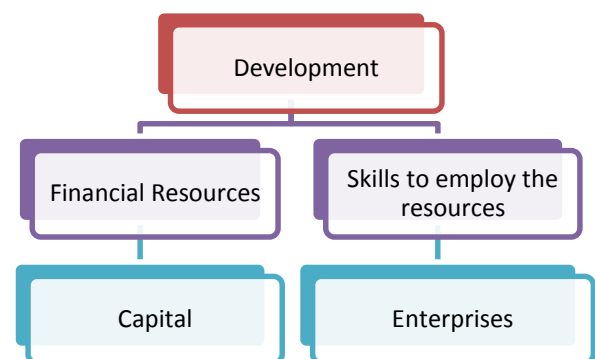
The economic development is largely dependent on the availability of the financial resources and knowledge and skills required to employ that financial resource into productive one. The basic problem of mostly developing countries is this that the most population lacks in both and got less opportunity in formal channel to grow themselves as well as the country as it is proved notion that those countries will be on the path of development whose masses are on the path of development. Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services money transfers, and insurance to poor and low-income households and their micro-enterprises. this is also to be referred as a small-scale financial service (including savings, credit, insurance, business survives and technical assistance) provide to rural people who operate small or micro-enterprise, provide services, work for wages or commission and other individuals and groups working at local levels. This paper attempts to explore the genesis and growth of micro-finance and also explain the models of micro-finance.

Keywords: Poor, Micro-finance, Economic resources

Backdrop:

Poverty is one of the major problems confronting developing countries today and is at the core of the developmental policy. It is no surprise that the World Bank (2001) has chosen the theme of **Attacking Poverty** in its development report in which it is estimated that of the world's 6 billion people; 2.8 billion live on less than US\$2 a day and 1.2 billion on less than US\$1 a day in the 21st Century. It is widely accepted that one major cause of poverty in developing countries is lack of access to productive capital, with formal financial institutions mostly excluding the poor in their lending activities. The economic development is largely dependent on the availability of the financial resources and knowledge and skills required to employ that financial resource into productive one. The basic problem of mostly developing countries is this that the most population lacks in both and got less

opportunity in formal channel to grow themselves as well as the country as it is proved notion that those countries will be on the path of development whose masses are on the path of development.

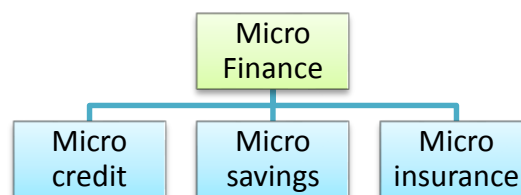


The Nobel Prize winner Prof. Muhammad Yunus of Bangladesh started a small initiative in form of providing loans to the poor people who do not have collateral for opening small businesses. The result was astonishing as the repayment percentage was very high. Inspired by the success of the Grameen Bank in Bangladesh in reaching the poor, microfinance institutions using group-based lending are increasingly becoming important institutions in breaking the vicious circle of poverty in many developing countries today. Poverty Alleviation has been the upmost concern of the policy makers in India because more than 24% of population is below the poverty line. The government machinery and banks have been working together to channelize the flow of credit to the less privileged and deprived section of society. In order to promote balanced development and reduce the income inequalities, the concept of micro finance (MF) has been recognized as comprehensive and viable approach in recent times.

Micro Finance:

Micro finance is composed of micro credit and micro savings and micro insurance. Micro-credit as the provision wherein debtor takes money either from formal or informal sources of credit on unilaterally decided terms by the creditor. If we combine together positive aspects of both the systems like, low rate of interest, easy and periodical repayments, no collateral or security and less paper work etc., we come closer to understanding the concept of micro-finance. Micro finance can be defined as a form of financial development that has primarily focused on alleviating poverty through providing financial services to the poor. Most people think of micro finance as being about micro credit i.e. lending small amounts of money to the poor. Micro finance is not only this, but it also has a broader perspective which also includes insurance, transactional services and most importantly, savings.¹

¹ Barr, Michel S, "Microfinance and Financial Development", 2005, p. 278



Difference between micro credit and micro finance

Sl. No .	Characteristics of loan	Micro-credit	Micro-finance
1.	Size of loan	Small	Small
2.	Repayment period	Short	Short
3.	Source of mobilization	External	Both external and internal
4.	Repayment	Definite obligation to repay	Obligation if source external
5.	Collateral	May or may not be needed	Not needed
6.	Purpose of use	Mostly fixed, limited scope for deviation	Flexibility, consumption, income generation, any other
7.	Scope of operation	Usually individual loans though group loans might be given	Mostly group loans trickling down to individuals

Source: Society for Development Studies, Series of Policy Research Studies.

From the above table it can be seen that micro finance is a broader term than the micro credit as micro credit only considers the provision of loan while micro finance services not only include micro credit but micro saving and micro insurance too.

Microfinance has received increased public attention since 2005, which was declared the Year of Microcredit by the United Nations and since Professor Muhammad Yunus and Grameen Bank were awarded the Nobel peace Prize in 2006. Microfinance investments have since had an impressive track record, with individual and institutional investors attracted by the dual objective of a social and financial reward. The microfinance sector has evolved with the rise of commercial microfinance and a gradual command of financial market expertise.

The term micro finance is of recent origin and is commonly used in addressing issues related to poverty alleviation, financial support to micro entrepreneurs, gender development etc. There is, however, no statutory definition of micro finance. The taskforce on supportive policy and Regulatory Framework for Microfinance has defined microfinance as "Provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards". The term "Micro" literally means "small". But the task force has not defined any amount. However as per micro Credit Special Cell of the Reserve Bank of India, the borrowable amounts upstate limit of Rs.25000/- could be considered as micro credit products and this amount could be gradually increased up to Rs.40000/- over a period of time which roughly equals to \$500- a standard for South Asia as per international perceptions. 'Microfinance refers to small scale financial services for both credits and deposits-that are provide to people who farm or fish or herd; operate small or micro enterprise where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries in both rural and urban areas'². The Task Force on Supportive Policy and Regulatory Framework for Micro-Finance'

²Robinson, Marguerite, "Introducing Savings Mobilization in Microfinance Programs: When and How?" Microfinance Network, Cavite, Philippines, and HIID, USA, November 1995.

constituted by NABARD³ defines "micro-finance as the provision of thrift, saving, credit and financial services and products of very small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve their standard of living". The emphasis of support under micro-finance is on the poor in 'pre-micro-enterprise' stage for building up their capabilities to handle larger resources. This perception is quite significant, keeping in view the limitations of any approach of micro-enterprise development to help the poorest of the poor for self-employment (Awasthi, 1994⁴&1996⁵).

Microfinance has come to be referred to as a small-scale financial service (including savings, credit, insurance, business survives and technical assistance) provide to rural people who operate small or micro-enterprise, provide services, work for wages or commission and other individuals and groups working at local levels. Fortunately, microcredit practice in India has much to offer to the rural population⁶. These include poverty alleviation, livelihood promotion, developing the local economy, gender empowerment, building organizations and changing wider systems and institutions within society. India is also fast becoming one of the largest microcredit markets in the world especially with the growth of women's savings and credit groups (self-help groups)' which are set to reach 17 million women by 2008 (Gulati and Bhatia 2000⁷).

³NABARD; "Task Force on Supportive Policy and Regulatory Framework for Microfinance- A Report", NABARD, Mumbai, 1999

⁴Awasthi, Dinesh, N.; "Promoting Group Entrepreneurship", In Gautam Raj Jain & Debmuni Gupta (ed.), "New Initiatives in Entrepreneurship Education And Training", Ahmedabad, Entrepreneurship Development Institute of India, 1994

⁵Awasthi, Dinesh, N.; "Rural Entrepreneurship Development: Relevance, Approach and Issues", Working Paper, Ahmedabad, Entrepreneurship Development Institute of India, 1996

⁶Sen, Manab; "Study of Self Help Groups And Micro Finance In West Bengal", Report Of State Institute Of Panchayat And Rural Development (SIPRD), Kalyani, West Bengal, 2001

⁷Gulati, A. & S. Bhatia; "Institutional Credit to Indian Agriculture: Defaults and Policy Options",

Microfinance is about provision of thrift credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and to improve their living standards. Microfinance is generally taken to refer to the provision of financial services, primarily savings and credit but also other financial services, to poor and low income households that do not have access to formal financial institutions. Thus, ADB's microfinance development strategy⁸ states that: "Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services money transfers, and insurance to poor and low-income households and their micro-enterprises" The ADB definition of microfinance includes low income households as well as those below the poverty line. There are a significant number of low income households that are not below the poverty line, but which nevertheless have limited access to financial services. This is especially true in rural areas. There is a need to develop financial systems that can reach this target group, as well as the poor. In some cases, serving low income clients as well as the poor can improve the financial viability of MFIs, thereby making it easier to reach poor clients as well. Serving low income clients may also provide indirect benefits to the poor, through greater employment opportunities, and lower cost and more accessible goods and services. While these poor and low income households do not have access to financial services, they have considerable effective demand (in and economic sense) for such services. ADB (2000) notes that:

- ❖ There is a demand for safe and convenient deposit services. Contrary to some preconceptions, there is much evidence that the poor have the capacity and willingness to save. They need to save for emergencies, investment, consumption, social obligations, the education of their children, and many other purposes.
- ❖ There is also a demand for credit, both from households and micro-enterprises. Poor households require credit to finance

livelihood activities, , for consumption smoothing, and to finance large expenses for purposes such as education, housing improvements, and migration.

- ❖ Poor and low income households also have a demand for other financial services, such as insurance. Migration, whether international or internal, also tends to create a demand for funds transfer services.

ADB's microfinance development strategy defines microfinance as providing a broad range of financial services such as:

- ❖ Deposits
- ❖ Loans
- ❖ Money transfers
- ❖ Insurance to poor and low income households and their micro-enterprises.

The World Bank defines 'microfinance' as the financial services provision to the low – income clients, including consumers and the self-employed (Ledgerwood, 2000⁹). These clients are usually borrowers who are considered "unbankables" by the conventional financial service. Though they may well be people experiencing financial difficulties, in many cases, the repayment rates of loans are high sometimes as high as 97% (Callaghan et al, 2007¹⁰).

The basis of microfinance; improving and offering self employment possibilities, is definitely an approach based on the knowledge that "low employment growth has been a major correlate of slow poverty reduction in developing countries"¹¹. This fact, supported by the International Labour Organization (ILO) and UNDP research (Khan 2007), illustrates that employment has an important role in achieving pro-poor growth. Often the problem lies not necessarily in unemployment but in extremely hard work at levels of low productivity. In addition there is very little

NABARD Chair Unit, Institute of Economic Growth, Delhi, 2000

⁸ The Asian Development Bank (Finance for the poor: Micro Finance Development Strategy, 2002

⁹ Ledgerwood, J.; "Microfinance Handbook: An Institutional and Financial Perspective", Washington DC, The World Bank, 2000

¹⁰ Callaghan, I., H. Gonzalez, D. Mauric, C. Novak & M. Stanley; "Microfinance- On the Road to Capital Markets", Journal of Applied Corporate Finance, 19(1), 2007

¹¹ Khan, A. R.; "Employment and Pro-Poor Growth", In Poverty in Focus, Analyzing and Achieving Pro-Poor Growth, International Poverty Centre (Ed.), UNDP, 2007

financial compensation for labour.¹² Since poor wage employment but also a decline in agricultural trade due to state policies may cause complications, the poor are more likely to benefit from self employment opportunities (Khan 2007). This is exactly what microcredit brings to poor regions where people tend to be stuck in unhealthy, unequal, insecure labour conditions or rely on the impossible conditions of moneylenders.

As stated above, to achieve pro-poor growth more productivity is needed. According to Khan (2007) this means investing in human capital and capabilities. This is based however on the belief that the poor are not well equipped with skills, which can be a point of debate. Yunus' belief is, opposed to Khan's, that the poor indeed have the skills and knowledge to perform trade and market their goods. All they need is the opportunity to do so (Yunus 1997). Microfinance is based on the belief that: "Poor people have skills and a capacity to produce for the market but have lacked access to financial services. They have faced usurious interest rates and have had to deal with interlinked markets in ways which reduce their earnings."¹³ The Microfinance Services Regulation Bill defines microfinance services as "providing financial assistance to an individual or an eligible client, either directly or through a group mechanism for:

- ❖ An amount, not exceeding rupees one lakh fifty thousand in aggregate per individual, for small and tiny enterprise, agriculture, allied activities (including for consumption purposes of such individual) or
- ❖ An amount not exceeding rupees fifty thousand in aggregate per individual, for housing purposes, or
- ❖ Such other amounts, for any of the purposes mentioned at items (i) and (ii) above or other purposes, as may be prescribed."

In India, microfinance is generally understood but not clearly defined. For instance, if an SHG gives a loan for an economic activity, it

is seen as microfinance. But if a commercial bank gives a similar loan, it is unlikely that it would be treated as microfinance. In the Indian context there are some value attributes of microfinance:

- ❖ Microfinance is an activity undertaken by the alternate sector (NGOs). Therefore, a loan given by a market intermediary to a small borrower is not seen as microfinance. However when an NGO gives a similar loan it is treated as microfinance. It is assumed that microfinance is given with a laudable intention and has institutional and non-exploitative connotations. Therefore, we define microfinance not by form but by the intent of the lender.
- ❖ Second, microfinance is something done predominantly with the poor. Banks usually do not qualify to be MFOs because they do not predominantly cater to the poor. However, there is ambivalence about the regional rural banks (RRBs) and the new local area banks (LABs).
- ❖ Third, microfinance grows out of developmental roots. This can be termed the "alternative commercial sector." MFOs classified under this head are promoted by the alternative sector and target the poor. However these MFOs need not necessarily be developmental in incorporation. There are MFPs that are offshoots of NGOs and are run commercially. There are commercial MFOs promoted by people who have developmental credentials. We do not find commercial organizations having "microfinance business."
- ❖ Last, the Reserve Bank of India (RBI) has defined microfinance by specifying criteria for exempting MFOs from its registration guidelines. This definition is limited to not-for-profit companies and only two MFOs in India qualify to be classified as microfinance companies.

Microfinance encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients. It includes loans, savings, insurance, transfer services and other financial products and survives. Microfinance is thus one of the critical dimensions of the broad range of financial tools for the poor, and its

¹² Wield & Chataway; "Unemployment and Making A Living", In Poverty and Development into the 21st Century, Allen, T. & Thomas, A. (Eds.), Oxford University Press, Oxford, 2000

¹³ Greeley, M.; "Part I: Microfinance and Poverty, 1. Poverty Reduction and Microfinance- Assessing Performance", IDS Bulletin, Vol. 34, No. 4, 2003

increasing role in development has emanated from a number of key factors that include:

- ❖ The fact that the poor need access to productive resources, with financial services being a key resource, if they are to be able to improve their condition of life;
- ❖ The realization that the poor have the capacity to use loans effectively for income-generation, to save and re-pay loans;
- ❖ The observation that the formal financial sector has provided very little or no services to low-income people, creating a high demand for credit and savings services amongst the poor;
- ❖ The view that microfinance is viable and can become sustainable and achieve full cost recovery;
- ❖ The recognition that microfinance can have significant impact on cross cutting issues such as women's empowerment, reducing the spread of HIV/AIDS and environmental degradation as well as improving social indicators such as education, housing and health.
- ❖ Studies have shown that micro-finance plays three broad roles in development
- ❖ It helps very poor households meet basic needs and protects against risks,
- ❖ It is associated with improvements in household economic welfare,
- ❖ It helps to empower women by supporting women's economic participation and so promotes gender equity.

The reason for the spread of the micro finance movement is many. The prime ones are:

- ❖ The informal lenders have been exploitative, usurious and a dysfunctional. The poor wanted to get rid of the exploitation. Public policies often aimed at dismantling the informal credit systems and lending groups without offering alternate sources of institutional credit.
- ❖ Institutional credit failed to serve the rural poor effectively with its extra precautionary attitudes on lending to rural poor.
- ❖ Rural poor earn more than consumption during a certain period in the year and in the rest they consume more than they earn. If the surplus during the glut could be saved then it could help in the dearth season. People with homogeneous socio-economic factors at common to all with a

handholding support system. Movement provided the platform for this, a particular locality can fight a problem United we stand was the maxim and SHG.

Micro finance is accessing financial services in an informally formal route, in a flexible, responsive and sensitive manner which otherwise would not have been possible for the formal system for providing such services because of factors like high transaction cost emanating from the low scale of operation, high turnover of clients, frequency of transaction etc.¹⁴ Micro finance and Self Help Group (SHG) must be evolved to see that SHGs do not charge high rates of interest from their clients and improve access to those who cannot sign by making their use through thumb impression. Several key features of micro finance that differentiate it from commercial banking procedures are outlined by Elahi and Danopolous¹⁵. They mentioned five characteristics of this poverty alleviation and women empowerment tool:

1. Small loan size, which is determined by micro lending institutions and dependent on the country's socio-economic development;
2. Focus on women borrowers, who have little access to credit;
3. Emphasis on the utilization of loans to start micro-enterprises as they provide employment opportunities to clients;
4. Absence of tangible collateral and formation of joint-liability groups to enforce payment; and
5. Savings mobilization programmes, which require borrowers to open savings accounts and accumulate financial assets.

Additionally, micro finance provides psychological benefits to its poor clients by promoting a sense of 'self-respect and dignity, much more than handouts and grants... success, self-respect and dignity are basic ingredients in overcoming the conviction that they and their children are born losers, born to

¹⁴Mahajan, Vijay & G. Nagasri; "Building Sustainable Microfinance Institutions in India", Paper Presented At Seminar on New Development Finance, Frankfurt, September, 1999

¹⁵Elahi, K O & danpolous, C P.; "Micro finance and Third World Development: A critical review", Journal of Political and Military Sociology, 32(1), pg. 61-77, 2004.

fail'.¹⁶ Utilizing micro loans to advance entrepreneurial endeavours makes the poor better off than simply relying on welfare and high-interest loans from moneylenders. As the old adage goes, 'Give a man a fish and you feed him for a day. Teach them how to fish and you feed him for a lifetime'. Providing the poor with the right financial tools and knowledge to start a micro-enterprises will help them long-term and allow them to become self-sustaining the process. Micro-finance by definition refers to the entire range of financial and non-financial services, including skill up-gradation and entrepreneurship development, rendered to the poor for enabling them to overcome poverty. In the context of designing programmes for the poor, micro-finance is recognized and accepted as one of the new development paradigm for alleviating poverty through social and economic empowerment of the poor, with special emphasis on women empowerment¹⁷. The operational framework of micro-finance, therefore, essentially rests on the premises that:

- ❖ Formation of self-employment enterprises is a viable alternate means of alleviating poverty,
- ❖ Lack of access to capital assets/credit acts as constraint on the existing and potential micro-enterprises; and
- ❖ The poor are capable of saving deposit their poor income level.

The essence, therefore, micro-finance could be referred to as an institutional mechanism of providing credit support in small amount which is usually linked with small groups along with other complimentary support such as training and other related services to people with poor resources and skills to enable them to take up economic activities.

Microfinance gives access to financial and non-financial services to low income people, who wish to access money for starting or

developing an income generating activity. The individual loans and savings of the poor clients are small. Microfinance came into being from the appreciation that micro-entrepreneurs and some poorer clients can be bankable, that is they can repay, both the principal and the interest, on time and make savings, provided financial services are tailored to suit their needs. Microfinance as a discipline has created financial products and services that together have enabled low-income people to become clients of a banking intermediary. The characteristics of microfinance products include¹⁸:

- ❖ Little amounts of loans and savings,
- ❖ Short-term loans (usually up to the term of one year),
- ❖ Payment schedules attribute frequent instalments or frequent deposits
- ❖ Installments made up from both principal and interest, which amortized in course of time,
- ❖ Higher interest rates on credit (higher than commercial bank rates but lower than loan-shark rates), which reflect the labour intensive work associated with making small loans and allowing the microfinance intermediary to become sustainable over time,
- ❖ Easy entrance to the microfinance intermediary saves the time and money of the client and permits the intermediary to have a better idea about the clients' financial and social status,
- ❖ Application procedures are simple,
- ❖ Short processing periods (between the completion of the application and the disbursement of the loan),
- ❖ The clients who pay on time become eligible for repeat loans with higher amounts,
- ❖ The use of tapered interest rates (decreasing interest rates over several loan cycles) is an incentive to repay on time. Large size loans are less costly to the MFIs, so some lenders provide large size loans on relatively lower rates.
- ❖ No collateral is required contrary to formal banking practices. Instead of collateral, microfinance intermediaries use alternative methods like, the assessment of clients' repayment potential by running cash flow

¹⁶Van Maanen, G.; "Microcredit: Sound Business or Development Instrument", The Netherlands: A-D Druk, 2004.

¹⁷The World Bank; "The World Bank Development Report on Poverty", Oxford University Press, 1990

¹⁸Murray, U. and Boros, R, "A Guide to Gender Sensitive Microfinance", The Socio-Economic and Gender Analysis (SEAGA) Programme, FAO, 2002, pp. 10-11

analysis. Which is based on the stream of cash flows, generated by the activities for which loans are taken?

Necessity of Micro Finance to Rural Poor:

Micro Finance is regarded as an effective tool for poverty alleviation. The Asian Development Bank¹⁹ has recognized micro finance as a powerful tool to promote economic growth, reduce poverty, support human development and improve the status of women. For the past 20 years, the government, international agencies and social organizations have been focusing on women's development programmes. The main priority of the Tenth Periodic plan was poverty alleviation, women's empowerment and gender mainstreaming. Most of the poor people live in rural areas and have little opportunity. Micro-Finance could help poor people who have no collateral, but a willingness to work and a desire to do some business activities from which he/she will acquire employment as well as income.

Micro Finance is equally important to both men and women. Women's experience of poverty is different and more acute than that of men because of gender based forms of exclusion. Women become poor through deterioration in the household's access to resources. Women's lives are governed by more complex social constraints and responsibilities than men's and they are more concentrated in the non-monetized sector. The existence of the gender complexity in the handling of income affects the quality of family life, the quality of children's nutrition and education as well as household stability. Unless and until women do not have access to economic opportunities, poverty cannot be reduced²⁰.

Microfinance loans serve the low-income population in multiple ways by:

- ❖ Providing working capital to build businesses;
- ❖ infusing credit to smooth cash flows and mitigate irregularity in accessing

food, clothing, shelter, or education; and

- ❖ Cushioning the economic impact of shocks such as illness, theft, or natural disasters.
- ❖ By providing an alternative to the loans offered by the local money lender priced at 60% to 100% annual interest, microfinance prevents the borrower from remaining trapped in a debt trap which exacerbates poverty.

Conclusion:

Microfinance has received extensive recognition as a strategy for poverty reduction and for economic empowerment. Microfinance is a way for fighting poverty, particularly in rural areas, where most of the world's poorest people live. Accessing small amounts of credit at reasonable interest rates give poor people an opportunity to set up their own small business. Creating self employment opportunities is one way of attacking poverty and solving the problems of unemployment. The Scheme of Micro-finance has been found as an effective instrument for lifting the poor above the level of poverty by providing them increased self-employment opportunities and making them credit worthy. People belong to villages are still unaware about banking policies and credit system. So NGO should communicate to them and share their view with villagers. Banks should convert and build up professional system into social banking system for poor. Government of India and state governments should also provide support for capacity building initiatives and ensure transparency and enhance credibility through disclosures. Many studies show that poor people are trustable, with higher repayment rates than conventional borrowers. When poor people have access to financial services, they can earn more, build their assets, and cushion themselves against external shocks. Poor households use microfinance to move from everyday survival to planning for the future: they invest in better nutrition, housing, health and education.

¹⁹The Asian Development Bank; "Finance for the poor: Micro Finance Development Strategy", 2002

²⁰Dhakal D. K. et. al.: "SAARC Finance Seminar on Micro Credit Operations, Dhaka, Bangladesh", Nepal Rastra Bank, 2002

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INTEGRAL HUMANISM- INDIAN VISION OF DEVELOPMENT AND GOVERNANCE

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Abstract:

Today the world is facing a great crisis in its race for economic prosperity. We have seen many inventions in science and technology. We have a number of materialistic comforts and resources around us. Despite this the human life has become more complicated. The countries and the people who are poverty-ridden face their own special problems, but those who have all sources of prosperity are also caught in a whirlpool of problems. Man feels helpless in exploring the road to happiness and inner joy. There is economic progress, but mental peace and happiness is missing. Here comes the significance of 'Integral humanism' a concept developed by Pt.Deendayal Upadhyaya ji which presents an alternative vision to resolve the present dilemma. The present paper discusses about the concept of integral humanism, its main features and relevance to the Indian conditions. An attempt is also made to compare it with the Gandhian notion of Swaraj.

Critique of western culture and civilization

Before coming to the idea of integral humanism Pt.Dendyal ji makes a critique of the western ideas. To him western political thought has accepted the philosophy of nationalism, democracy and socialism as ideals. But all these ideals have in practice proved incomplete and mutually opposing. For example, nationalism led conflicts between nations and in turn to global conflicts, whereas if status-quo is regarded as synonymous with world peace, the aspirations of many small nations to be independent would have never been fulfilled. World unity and nationalism conflict with other. Some advocate suppression of nationalism for world unity whereas other regard world unity as a utopian ideal and emphasize national interest to the utmost.¹

Democracy and socialism according to Deendyal ji are also full of contradictions and another means of exploitation of the common masses. Democracy grants individual liberty but at the same used by the capitalist system for exploitation and monopoly. The mechanization of industries made enormous production possible with an output of much smaller human effort than before. Taking advantage of the newly acquired individual freedom and equality of opportunity, the rich monopolized to themselves the means of productions and creation of wealth. On the

strength of this economic power they slowly captured the Government machinery also.²In brief, the individual freedom bestowed by democracy led to the exploitation of the common people by a few rich.

Though socialism was brought to end the exploitation of the common people, but it eliminated the freedom and dignity of the individual. According to Karl Marx the private ownership of the means of production in the hands of a few persons is the root cause of exploitation of the masses. And the ultimate remedy is to capture this ownership from these few and hand it over to the society. This power must be entrusted to government and to ensure that the government uses it in the interest of the masses; people must tolerate, as passing phase, the dictatorship of the proletariat. At the end there would be a classless and stateless society. Though revolution took place in Russia, but it was soon observed that the dictatorship that emerged was not that of the exploited people but of a party, or more of the party bosses. The ruling group concentrated all power into its hands permanently. It was shocking that the Marxist brand of socialism not only failed in establishing a classless society but it also took away the basic rights and freedom that democracy had bestowed on the people.

The unlimited materialistic pleasures and competitive syndrome have resulted in the misuse of natural resources. The mineral and

the natural resources have been used for power and warfare which threatens the mankind. Massachusetts Institute of Technology (MIT) in its research has revealed the fact that the American economy in its production and consumption uses 42 per cent aluminium, 44 per cent coal, 33 per cent copper, 28 per cent iron, 63 per cent natural gas, 33 per cent petroleum products, 24 per cent tin, 38 per cent nickel of the world.³ These non-reproducible resources are being exhausted by the American economy. The American population is about five per cent of the world population but its craze for world power and prosperity has been responsible for the wastage of natural resources. Such indiscriminate use of natural resources by some nations creates shortage elsewhere for all people.

In the western societies due to concentration of industries in the metropolitan cities people live far away from their nature, culture and social environment. All norms of moral values are eroded. Pt. Deendayal ji says that in USA people have bread as well as voting right. But there is lack of peace and happiness. USA has highest number of suicides, mental patients and persons using tranquilizers to get sleep. People are puzzled as to the cause of this new situation. Man obtained bread, he got voting right; still there is no peace, no happiness. Now they want back their peaceful sleep. Sound and undisturbed sleep is a scarce commodity in the present day America. There is a realization that there is a basic mistake somewhere, whereby even after acquiring all good things of life, they are not happy.⁴

Dehumanization of man

Pt. Deendayal ji was very critical of the inhuman condition of man in the western society. He was upset to see that both capitalist as well as communist systems have failed to take account of the integral man, his true and complete personality and his aspirations. One considers him a mere selfish being lingering after money, having only one law, the law of fierce competition, in essence the law of the jungle, whereas the other has viewed him as a feeble lifeless cog in the whole scheme of things, regulated by rigid rules, and incapable of any good unless directed.⁵ The centralization of power, economic and political, is implied in both. Thus, both the system lead to the dehumanization of man.

Pt. Upadhyaya ji also rejected social systems in which individualism reigned supreme. He rejected communism in which individualism was crushed as part of a large heartless machine. Society according to Upadhyaya ji, rather than arising from a social contract between individuals, was fully born at its inception itself as a natural living organism with a definitive 'national soul' and its needs of the social organism paralleled those of the individual.

World standing at cross-roads

Western nations are in crisis. We are also facing similar crisis in our economy. Pt. Deendayal ji feels unhappy to see that we are yet to discover the direction of our progress after independence. We have no speed in our movement of economy. This is despite the long period of six five year plans. The production indices of industries and agriculture could be shown as measures of our progress. Half of our people are living below the poverty line. Villagers are in dying culture. The cities are sprawling with slums. Unemployment is increasing day by day.

In the words of Pt. Deendayal ji 'the world is standing at the crossroads of confusion'. This is proved true if we assess the flow of events in the capitalist nations, the communist nations and even the newly liberated countries like India. Is there any alternative to capitalism and communism? In respond to this question Pt. Deendayal ji propounded the concept of 'Integral humanism'. It is a very comprehensive and holistic vision to address the contemporary socio-economic impulses. It is a critique of both capitalism and communism, advocates a holistic alternative for political action and statecraft consistent with the laws of creation and the universal needs of the human race. In the following section we shall discuss the different components of the notion of integral humanism.

Integral humanism is a new way of looking at life. In it all aspects of life integrated in man are discovered in their full manifestation. It believes that human being is interconnected not only among themselves but also with nature outside man. Their interactions with nature and its endowments constitute harmony. This process is integral in the life and living generally. Its human aspects are realized in the process of productive

activities which help us to be happy. The Vedic culture and its philosophical truth is a clear indication of the spirit of integral humanism. Such a vision focuses on the all round development of man and society unfolding to him the path of divinity and increasing his vision towards the world and the universe.

Recognizing the past glory

Pt.Deendayal ji is of the opinion that we cannot disown our past. We have to recognize our past because we too have created originality in the life of our society. We did not remain always mere passive witnesses to whatever new challenging situation arose, but we too have attempted to reshape our life as required to face the new situations. We have a glorious past. We are one of the earliest civilizations of the world. We have excelled in the field of science, art and literature. Today the need is to revive our past keeping in mind our present needs and circumstances.

Indigenous solutions to the Indian problems

Western ideologies according to Pt.Deendayal ji are not universal. We cannot make development on the basis of these ideologies. They had arisen in specific situations and time. They cannot be free from the limitations of the particular people and their culture, which gave birth to these Isms. He, illustrates the example of Marxism, whose principles have changed with the changing times. Besides many of these ideas are already outdated. Pt Deendayal ji observes that every country has its own peculiar historical, social and economic situations and its leaders decide the remedies to the ills that beset the country from time to time, taking into consideration its background. Therefore, it is neither possible nor wise to adopt foreign Isms in our country in the original form in totol. It will not be helpful in achieving happiness and prosperity.

However, Pt. Deendayal ji is not in favor of rejecting all the knowledge and thoughts of the west. To him, the response of human beings in a particular place, time and social atmosphere may, and does, in many cases have relation and use to other human beings elsewhere and at other times. Therefore to ignore altogether the developments in other societies, past or present is certainly unwise.⁶ what we need to do, according to Pt.Deendatal

ji we should adopt their wisdom to our particular circumstances. In brief, we must absorb the knowledge and gains of the entire humanity so far as eternal principles and truths are concerned. Of these the ones that originated in our midst have to be clarified and adopted to changed times and those that we take from other societies have to be adapted to our conditions.

Integrated spirit of the Indian culture

Pt.Deendyalji appreciates the Indian culture which looks upon life as an integrated whole. The confusion in the west arises primarily from its tendency to think of life in sections and then to attempt to put them together by patch work. In the Indian culture there is diversity and plurality in life but we always attempt to discover the unity behind them. The diversity in life is merely an expression of internal unity. There is complementary underlying the diversity. The unit of seed finds expression in various forms-the roots, trunk, the branches, the leaves, the flowers and the fruits of the tree. All these have different forms and colors and even to some extent different properties. Still according to we recognize their relation of unity with each other through seed.

Mutual co-operation is another significant feature of the Indian culture. Vegetation and animal life keep each other alive. We get our oxygen supply with the help of vegetation whereas we provide carbon dioxide so essential for the growth of vegetable life. This mutual co-operation sustains life on the earth. Pt Deendayal ji observes that the recognition of this element of mutual sustenance among different forms of life and taking that as the basis of an effort to make human life mutually sustaining is the prime characteristic of our civilization. To mould the nature to achieve the social goals is culture but when this nature leads to social conflict it is perversion. The central idea of integral humanism is that while humanity and the entire animate and inanimate nature around man are full of almost infinite diversity, it all has got a common Atma(Soul).The diversity is superficial. Because of the common Atma, all things naturally are cooperative and complementary. Man is made up of four elements i.e.body, mind, intellect and soul.⁷ In the Indian culture we think of the well-being and development of all these four consistently

with the well-being and progress of the society. Along with the material development we have to consider the moral and spiritual development also. Thus, progress of man means progress of the body, mind, intellect and soul of man, all together.

The Indian culture has assigned four objectives to all individuals. These objectives according to Pt.Deendayal ji are called the Purusharthas. These are: Dharma (moral duties), Artha (wealth), Kama (desire) and Moksha (liberation). Every person has these four objectives in mind. But it will be wrong either to assume any one of these as the sole inspiration for any man or to assume in it as the only measure of a man's success in life. The Indian culture considers all these as essential. Pt.Deendayal ji believes that only when Artha and Kama are secured according to the rules laid down by Dharma, the achievement gives happiness to the individual and benefits the society. This is the integrated picture of all the fourfold aspirations of an individual. This concept of a complete human being, integrate individual, is the main goal of the Indian Culture.

In the west it is believed that human progress is a result of the conflict between individual and society. So there is a permanent inevitable conflict between the individual and the society. Contrary to this perception Indian culture believes in the interdependence and complementary relationship between individual and society. In the words of V.V.Nene the expression and good qualities in man can be possible only in society. It is ridiculous to think of a student without a teacher, an orator without an audience, an actor without spectators, and a leader without followers. Not only that, the basic necessities of life as food, clothing, shelter and medical treatment is supplied by society. An individual can supply at the most just a few needs of society, but what the society does for him is much greater in variety.⁸ Thus, both are interdependent.

Swadeshi and Small-scale industrialization: pillars of the Indian economy

In the western economies attempts are made to create desire for more consumption. People are induced to desire and use the things that have been and are being produced. Instead of producing to meet the demand, the

search is on the markets for the goods already produced, if the demand does not exist, systematic efforts are made to create demands. Whether it is capitalist or socialist system, economic value has the most important and central position. Their main goal is more production, more consumption and maximum profit-making. There is centralization of resources into the hands of few and majority of the population live like a second grade citizen. The western economic model is based on wastage and over exploitation of natural resources. Pt.Deendayal ji was not in favor of the western model of economy. He wanted an indigenous solution to the challenges of Indian economy. As far as the objectives of the economic system are concerned he said that it must achieve the production of all the basic things essential for the maintenance and development of people as well as the development of the nation. Having satisfied the basic minimum requirements, the question arises, whether there should be more production for greater property and happiness. We must have such an economic system which helps in the developments of our humane qualities, or civilization and enables us to attain a still higher level of all round perfection. On this point he seems to be very close to John Ruskin who says that 'there is no wealth but life. That country is the richest which nourishes the greatest number of noble and happy human beings.'⁹ Pt.Deendayal ji suggested the following main objectives of the Indian economy:

- An assurance of minimum standard of living to every individual,
- To promote the defensive power of the nation,
- To provide meaningful employment to every able citizen,
- To avoid waste and extravagance in utilizing natural resources,
- To develop suitable machines for Bhartiya conditions,
- It must respect the human being and protect the culture and other values of life.

Pt.Deendayal ji was aware of the fact that we need industrialization in order to fulfill the needs of the growing population. But in this respect he preferred small scale industries. He

said that the cultural values of life, agricultural traditions and the existing conditions of our country compel us to consider why the large scale industries are not useful to us. Some of the aspects of this proportion of Pt.Deendayal ji are worth consideration.

- Continuous promotion of large scale enterprises would root out the small units of production and its crafts and skills, which have traditionally existed in our country,
- We have serious problems of unemployment. Machine-organized large scale enterprises cannot give employment to all the individuals of a large population. On the contrary they increase unemployment,
- Because of the large scale industries, the laborers go away from their villages, they are cut-off from the family living and their community. Such a laborer is derived from his natural values of life and culture and remains only a worker. To earn money becomes his only goal and all other values of life disappear. This does not result in the development of his personality,
- Our agriculture is labor intensive. Therefore; large numbers of laborers are required on important occasions. If the agricultural laborers have to leave their villages to settle in urban areas, the agricultural production process would suffer badly,
- The transport system comes under heavy pressure because of the continuous concentration of industries. This transport expenditure is added to the raw materials as well as the finished products which increases costs and prices. It, therefore, results in an inflationary process.¹⁰

Thus, in the Indian conditions small scale and labor intensive industries are most suitable. They give employment to the more people and sustain the agricultural system. It prevents workers from migration to cities and thereby helps them in connecting with their culture and community.

Deendyal ji gave special importance to

the spirit of Swadeshi. This, in his view, is the oxygen of the Indian economy. He was aware that capital has a vital role in the economy. He said that we have enough labor force and lots of raw material. However, we are deficient in capital. Our planning ought to have perceived the limitation about capital. Due to this reality he emphasized upon small and decentralized enterprises. He said that the positive content of swadeshi should be used as the cornerstone of reconstruction of our economy.

Pt.Deendayal ji also suggested labor participation in the industrial management. He says that labor is also one important form of capital in every industry and thus workers should be raised to the status of shareholders in industry-contributing labor as their share. This will set the pattern of co-partnership and profit-sharing, which in turn will raise the level of production and productivity. Thus; he advocated labor-participation in management as well as in ownership which can contribute to harmonious industrial peace and to increased production and prosperity.

Integral humanism and Gandhian Swaraj

The philosophy of integral humanism and the concept of 'swaraj' by Mahatma Gandhi seem to be very close to each other. Both the concepts have presented an alternative to the western consumeristic culture and civilization. They give more importance to human dignity. Keeping in mind the fact that India lives in its villages they have suggested for rural reconstruction by promoting swadeshi, small scale industries and agriculture-based industries. Both of them have given importance to the dignity of labor. Gandhian theory of bread and labor suggests that a person must do some manual work according to his needs every day. Gandhi recognizes this fact beautifully In his book 'Hind Swaraj' that 'our real happiness and health consists in a proper use of our hands and feet.'¹¹ Pt.Deendyal ji also believed that labor is an important form of capital in every industry and advocated his participation in the industrial management.

Indian culture and civilization was very important for both Gandhi ji and Pt.Deendyal ji. They believed that we have a glorious past; we are one of the earliest civilizations of the world. Today we are facing a number of challenges because we have forgotten our glorious past. Today we need to

revive our past keeping in mind our present needs and circumstances. Both of them talked about indigenous solutions to the Indian problems. They were not in favor of imposing western ideas and models in India. They were very well aware that every country has its own peculiar historical, social and economic situations and its leaders should decide the remedies to the ills that beset the country from time to time, taking into consideration its background. The concept of panchayati raj, Swadeshi, small scale industrialization, rural development, and decentralization are nothing but the Indian solutions to the Indian problems. Both recognized that west might have made progress economically, but inner peace and happiness is only available in the Indian culture and civilization.

The uniqueness of Gandhian swaraj and integral humanism of Pt. Deendayal ji is that both see life as an integrated one. Vegetation and animal life keep each other alive. Both are interconnected and interdependent. Pt. Deendayal ji emphasized that along with material development we have to consider the moral and spiritual development. Contrary to the western notion of conflict between individual and society, he saw this relationship as complementary and co-existent. Gandhian approach is holistic as it consists of social, cultural, economic and political aspects as part of integrated development. Both of them believed that in the Indian culture there is diversity and plurality but we always attempt to discover the unity behind them. For this cause both Gandhi and Pt. Deendayal ji were keen to abolish untouchability. In the words of Pt. Deendayal ji 'if today, the society is gripped with evils like untouchability which lead men to treat other human beings as lower than themselves and thereby threaten the national unity, we shall have to end such evils'¹². It shows that both Gandhi ji and Pt. Deendayal ji were visionary leaders as far as national unity and integrity is concerned.

Concluding Observations

Today, we are passing through a phase of social conflicts, cultural decay and economic uncertainty. Capitalism and communism both have failed in protecting human dignity as well in responding to the economic challenges. The concept of 'good

governance' and the theory of 'neo liberalism' are just like 'old wine in the new bottle' to get legitimacy in order to penetrate in the market of the third world nations. The rich nations are interested only in promoting a consumeristic society and thereby getting the maximum profit of their goods from the market. In the process they are highly damaging the norms of ethics, culture and civilization values of these nations. It is very strange to see that the third world nations are also partners in this 'developmental project'. However, in the race of economic development and prosperity all the nations are in a dilemma, how to achieve mental peace and inner joy. The philosophy of integral humanism seems to resolve this dilemma. The concept of integral humanism looks at the whole universe as an integrated one and believes in the interdependence and co-existence of all living beings. It speaks of two significant visions, morality in politics and swadeshi and small scale industrialization in the economic spheres. These ideas talk about harmony, primacy of cultural-national values and co-existence of man and nature. Keeping in mind the Indian economic conditions Upadhyay ji is primarily concerned with developing an indigenous economic model which suits the Indian conditions. This model seeks to resolve Indian problems with the Indian solutions. It tries to strike a balance between Western Capitalism and Marxist Socialism. The uniqueness of this model is that human being is at the centre of all development and progress. It rejects materialism, individualism and supports culture-based, value-based politics and society. Looking from this perspective Integral humanism is a new way of looking at life and an alternative to the contemporary socio-economic impulses. It represents the Indian vision of development and Governance.

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Pandit Deendayal Upadhyaya (25 September 1916 – 11 February 1968) was an Indian philosopher, economist, sociologist, historian, journalist, and political scientist. He was one of the most important leaders of the Bharatiya Jana Sangh, the forerunner of the present day Bharatiya Janata Party. A revered icon of Integral Humanism, he was an ideologue and a guiding force for an alternative model of governance and politics. While he was a student at Sanatan College, Kanpur in 1937, he came into contact with the Rashtriya Swayamsevak Sangh (RSS). Upadhyaya conceived the political philosophy Integral Humanism – the guiding philosophy of the Bharatiya Janata Party. The philosophy of Integral Humanism advocates the simultaneous and integrated program of the body, mind and intellect and soul of each human being. His philosophy of Integral Humanism, which is a synthesis of the material and the spiritual, the individual and the collective, bears eloquent testimony to this. In the field of politics and economics, he was pragmatic and down to earth. He visualised for India a decentralised polity and self-reliant economy with the village as the base. Deendayal Upadhyaya was convinced that India as an independent nation cannot rely upon Western concepts like individualism, democracy, socialism, communism, capitalism etc. He was of the view that the Indian intellect was getting suffocated by Western theories and ideologies and consequently there was a big roadblock on the growth and expansion of original Bharatiya thought. He welcomed modern technology but wanted it to be adapted to suit Indian requirements. Pandit Upadhyaya edited Panchjanya (Weekly) and Swadesh (Daily) from Lucknow. In Hindi, he has written a drama Chandragupta Maurya, and later wrote a biography of Shankaracharya. He translated a Marathi biography of Hedgewar, the founder of RSS. On February 11, 1968, Upadhyaya boarded the first-class coupe of the Sealdah-Pathankot Express from Lucknow, bound for Patna. His body was found lying parallel to the railway tracks outside Mughalserai station in the early hours of the morning. A commission was appointed to probe the murder and concluded that he had been pushed out of the compartment by unidentified thieves, struck his head against a traction pole and died. It was murder, but was it assassination? Advani writes: "Till date, his murder has remained an unsolved mystery, although outwardly it appeared to have been a case of ordinary crime."

ANALYSIS OF COST OF PRODUCTION OF PADDY/RICE IN KARNATAKA

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Abstract

The paper presented here gives a brief outlook of rice cropping system in Karnataka. The paper studies the cost benefit ratio of paddy cultivation in Karnataka and also the cost of cultivation of paddy in study area. The entire study is based on the survey based field investigation. For this purpose, authors have visited several farmer at the selected region. The structured questionnaires have been prepared. This question have asked to the respondents of the specific centers of our study. Therefore, the project study is based both on primary and secondary data.

Agriculture Sector of Indian Economy is one of the most significant part of India. Agriculture is the only means of living for almost two-thirds of the employed class in India. As being stated by the economic data of financial year 2006-07, agriculture has acquired 18 percent of India's GDP. The agriculture sector of India has occupied almost 43 percent of India's geographical area. Agriculture is still the only largest contributor to India's GDP even after a decline in the same in the agriculture share of India. Agriculture also plays a significant role in the growth of socio-economic sector in India. In the earlier times, India was largely dependent upon food imports but the successive stories of the agriculture sector of Indian economy has made it self-sufficing in grain production. The country also has substantial reserves for the same. India depends heavily on the agriculture sector, especially on the food production unit after the 1960 crisis in food sector. Since then, India has put a lot of effort to be self-sufficient in the food production and this endeavor of India has led to the Green Revolution. The Green Revolution came into existence with the aim to improve the agriculture in India. The services enhanced by the Green Revolution in the agriculture sector of Indian economy are as follows:

- Acquiring more area for cultivation purposes
- Expanding irrigation facilities
- Use of improved and advanced high-yielding variety of seeds
- Implementing better techniques that emerged from agriculture research
- Water management
- Plan protection activities through prudent use of fertilizers, pesticides, and cropping applications

All these measures taken by the Green Revolution led to an alarming rise in the wheat and rice production of India's agriculture. Considering the quantum leap witnessed by the wheat and rice production unit of India's agriculture, a National Pulse Development Programme that covered almost 13 states, was set up in 1986 with the aim to introduce the improved technologies to the farmers. A Technology Mission was introduced in 1986 right after the success of National Pulse Development Programme to boost the oilseeds sector in Indian economy. Pulses too came under this programme. A new seed policy was planned to provide entree to superior quality seeds and plant material for fruits, vegetables, oilseeds, pulses, and flowers. The Indian government also set up Ministry of Food

Processing Industries to stimulate the agriculture sector of Indian economy and make it more lucrative. India's agriculture sector highly depends upon the monsoon season as heavy rainfall during the time leads to a rich harvest. But the entire year's agriculture cannot possibly depend upon only one season. Taking into account this fact, a second Green Revolution is likely to be formed to overcome the such restrictions. An increase in the growth rate and irrigation area, improved water management, improving the soil quality, and diversifying into high value outputs, fruits, vegetables, herbs, flowers, medicinal plants, and bio-diesel are also on the list of the services to be taken by the Green Revolution to improve the agriculture in India.

Review of literature

K.B.Kartik, B.N.Manjunath and S.M.Pillegowda (2008):- The study was conducted in Mandya district of Karnataka during 2008-09 with the sample size of 100 respondents. The finding revealed that, majority of hybrid paddy seed grower were in low category of innovativeness. Whereas, 34.0 and 25.00 percent of hybrid paddy seed grower were in high and medium category of innovativeness, respectively. **Sikandar and Sandeep (2004)** examined the profitability of paddy, maize and wheat crops grown in Himachal Pradesh for the year 2001-02. In this study, different cost concepts of cost A1, cost A2, Cost B and Cost C were calculated. As regard to cost C paddy was highest cost (Rs. 20,835) followed by maize (Rs. 18,709) and wheat (Rs. 17102) per hectare. For all the crops, the lion's share cost was incurred by labor. In respect of gross returns per hectare, it was highest on paddy crop followed by wheat and maize. The study further found that net returns were positive on paddy crop as compared to the wheat and maize crop where net return was negative. The negative return was due to low yield. However, net profit per quintal was negative for all three crops. Ravikumar et al., Studied the most profitable cropping pattern of small and medium farmers in North Coastal Zone of Andhra Pradesh using primary data. A farmer with a land holding less than or equal to 2 acres was categorized as small farmer and the farmer with holding ranging between 2.1 acres to 5 acres was categorized as a medium farmer in

the study benefit-cost (B-C) ratios of major crops, namely paddy, sugarcane, maize and paddy-fallow black gram, were worked out to study the profitability. It was found that for both in small and medium farmers, the B-C ratios were higher for paddy and paddy fallow black gram crops respectively.

Krishna and N.K.Biradar Patil (2004):- Influence of age of a seedling and spacing on seed yield and quality under SRI (System of Rice Intensification) method of cultivation in ES-18 short duration varieties during rabi season at Agricultural Research Station Gangavathi, Karnataka during 2004-05 was studied. The 12 days of seedling produced more no of tillers and productive tiller per plant at harvest compared to 8.16 and 25 days old seedling. Wider spacing of 40 * 40 cm was found to have significant influence on growth and quality parameters. The younger seedling (8 days-old) flowered early and 12 days seedling recorded higher seed yield per ha (3.25 t). The treatment combination of 12 days old seedling with wider spacing recorded maximum.

Elsamma and Nandamohan (2004):- Analyzed the trends in the rice production in Kerala using exponential function both in Linear and quadratic form. The study referred to the period 1975-2000. The result of the exponential linear model (compound growth) showed a negative growth in area (-3.15%) and production (-1.80) while productivity was positive but not statistically significant. The findings of the growth rates estimated using log quadratic equation revealed that area and production of rice showed significant deceleration with significant acceleration in productivity during the period under reference.

Procedure of cultivation of Paddy: Use of quality seeds in cultivation if rice is an important factor to get better crop yield. Therefore, proper care has been taken up in selecting seeds of the best quality. Much of the success in raising the healthy seedlings depends on the quality of seeds. Seeds intended for sowing should satisfy the following requirements: 1) The seed should belong to the proper variety, which is proposed to be grown. The seed should be

clean and free from obvious mixtures of other seeds. 2) The seed should be mature, well developed and pulpy in size. 3) The seed should be free from obvious signs of age or bad storage. 4) The seed should have a high germinating capacity.

Rice cropping system in Karnataka

Mono-cropping system : Tungabhadra project area of Karnataka is dominated by rice-rice mono-cropping system

Sequential cropping system: Rice -based cropping systems in the southern transitional zone of Karnataka are as follows:
Rice-rice, Rice-groundnut, Rice-pulses, Rice-fallow, Rice-vegetables, Rice-maize

Cropping: Rice ratoon cropping system offer considerable potential for increasing rice production and utilizing seasonally idle land and labour as well as residual moisture in the hilly region of Karnataka. The ratoon crop yield ranged from 76 to 350 % of the main crop yields. The ratoon crop had 24% shorter growth duration and 59 % higher mean yield than the main crop.

Determination of Cost of paddy: Cultivation expenses for each activity have been collected from the farmers and they are classified as variable expenses and fixed expenses based on their impact on output. The average cost of cultivation is ascertained by dividing the total cost by the total area of land for each analysis. Cost of cultivation is an important factor and it is the basis on which marketing decisions are made. A farmer whether big or small, prefers to sell his product in the market only when the market price covers the cost of production so as to leave a profit. So, the computation of cost of cultivation is paramount before analyzing the marketing behavior of the farmers. Cost of cultivation of paddy in the study is analyzed on the guide lines of Government of India. The total costs were divided into two broad classes (i) Operational cost (ii) fixed cost.

Methods of measurement of cost items:

Method of measurement of cost items will depend on the item on which cost is measured.

Given below are some of the methods of valuation of items of cost.

Purchased price: This is a method of valuation of item of cost on the basis of current price as actual purchase price. It is used for those items of cost which have both short life span and whose values do not change substantially during short time periods. For example, inputs like fertilizers, chemicals, feeds, seeds, containers, and veterinary medicines can be evaluated on the basis of purchase price. Normal market value or average selling price are used for items whose value does not change in a year. Thus land value can be evaluated by this method.

Present market value: Items, which are not purchased regularly but are traded in the market, are evaluated on present market value. Thus this method may be suitable for items like home grown seeds, manures, value of animals and man labour, products not sold but given away as gifts etc. Depending on the age, livestock in the farm can be evaluated on market value. Crops grown in the field could be valued depending on the plant stage growth.

Net selling price: It is the selling price minus cost of marketing. Used for farm products sold.

Imputed value: There are certain items for which no money is actually spent but they do contribute towards the growth of a crop. Proper evaluation of such items in terms of money equivalent is important for correct assessment of cost production. Thus family labour is an important input in the enterprise, but no money is paid by the farmer to his family members for the work done on the farm. Cost assessment in respect of such items is made by using imputed value of cost. Family labour cost is generally imputed on the basis of prevailing wage rate in the locality. It may be noted that the family of a farmer may comprise male, female or young children all of which may be doing some work on the farm. Although some operations like plucking of leaves can be carried out more efficiently by the women, it is generally the case that the adult males can perform agricultural operation more efficiently than the females or the young

ones. Thus the method of imputation of family labour cost would depend upon the particular member of family involved in the farm operation. A general rule may be framed whereby the work performed by women and young ones can be converted into male equivalents.

Replacement cost less depreciation: It is generally used for property whose value changes appreciably from year to year.

Income capitalization: This concept is based on the premise that purchase of property is in real terms a income for the future. Thus the present value of an asset is judged in terms of income it is likely to generate in the future. It is computed as This concept is based on the premise that purchase of property is in real terms a income for the future. Thus the present value of an asset is judged in terms of income it is likely to generate in the future. It is computed as This concept is based on the premise that purchase of property is in real terms a income for the future. Thus the present value of an asset is judged in terms of income it is likely to generate in the future. It is computed as

$$ICV = PV_0 + Rn / (1+i)$$

where

ICV = Income Capitalization Value.

PV₀ = Present value of the property

R = Expected income per year.

i = Interest rate

n = Number of years income is expected

Original cost less depreciation: This method is appropriate for items which are purchased to be used for a long period of time and for which there is practically no market for resale. Thus this method of valuation is most useful for items like farm buildings, farm machineries, tools and equipments. Present value of each item is worked out by subtracting the depreciation successively from the original value. Depreciation can be worked out on the basis of any of the three methods given below:

(i) Straight line method

(ii) Declining balance method

(iii) Sum of the year digits method

Allocation of joint costs: In case more than one crop is grown on a farm it is very important to determine cost incurred on various items as are used on individual crops. While correct assessment of crop specific costs are impossible, reasonably good estimates of costs can be obtained by following the standard procedures of allocation of joint costs as given below:

Depreciation of farm buildings: Can be charged to the individual enterprise in proportion to the total area under a enterprise in case the building is used for different enterprises. However, if the building is used for single enterprise, the entire depreciation can be charged to that particular enterprise.

Depreciation of farm machinery, tools and implements: As in case of farm buildings here also the depreciation or minor repairs can be charged to individual enterprise in proportion to the area under a given enterprise. Alternatively, time spent on individual enterprise by a given machine / tool and implement can form the basis for charging depreciation.

Taxes and rental for land: These can be allocated to the different enterprises in proportion to the land occupied by the individual enterprise.

Maintenance of farm animal costs: These would be allocated on the basis of proportion of time the animal labour is used for the respective enterprise.

Crops grown in a mixture: Many a times, crops are grown in a mixture. Due to this, it is not possible to determine the cost on various items attributable to individual crops. In such cases the expenditure, which is common to the farm as a whole, are apportioned to individual crops. Thus the cost on maintenance of bullock can be allocated in proportion to the number of hour the bullocks are used for individual crop. Depreciation, land revenue etc. can be apportioned in proportion to the area under each crop. Cost of cultivation of main product can be obtained by deducting from the total cost of cultivation the value of the by-product.

Family Labour: Evaluation of cost incurred on account of family labour is bit cumbersome. This is due to the fact that family labour may comprise people of different age groups and sex. Then, there is a custom dimension attached to this item of cost. Further, there may be a particular kind of work, which can be done better by men than women and must in fact be done by men or women. A possible solution may lie in converting all work done by men and women into men equivalent. Specifically, work done by a youth below 15 years of age can be taken as equivalent to half the adult. Similarly, work performed by a woman can be taken as equivalent to 0.8 men equivalent. It may be noted that these are general guidelines. The exact calculations will vary from situation to situation. For instance, there are certain items of work like plucking of tea, harvesting and planting rice which can be better performed by women than men. Thus in this particular case there is no justification for evaluating the work performed by women as equal to 0.8 men equivalent.

Different components of variable costs may be evaluated as follows:

Animal Labour: The animal labour may be evaluated as sum of

- (a) (i) Fodder and feed
- (ii) Wages of the cattle attendant
- (iii) Interest
- (iv) Depreciation
- (v) Other general charges

Minus, cost of veterinary charges, cost of ropes, chains etc.

- (b) (i) Value of manure
- (ii) Work done outside the farm
- (iii) Appreciation or profit due to sale of animals

Then the daily cost of animal labour is obtained as (a)-(b)/No of days worked in the year

Cost of farm produced seed, fodder and feed:

The cost on account of farm-produced commodities can be obtained as per the prevailing locality prices of these commodities.

Farmyard manure: Farm produced manure can be evaluated as per the prevailing locality rates. In case it is purchased, then the

evaluation is to be done on the basis of purchase price.

Chemical fertilizer: It can be evaluated at the purchase price including the transport charges.

Cost of insecticides and pesticides: It can be evaluated at the purchase price.

Hired and permanent labour charges: These may be evaluated on the basis of hours worked on the field and wages paid for such work.

Cost of owned/hired irrigation: It may be evaluated on the basis of actual amount paid. In case of own irrigation the cost estimates can be based on operational cost per hour.

Interest on working capital: The paid out cost constitutes the working capital. The prevailing bank rate of interest can be taken to work out the interest on working capital for the duration of the crop.

Different components of fixed costs may be evaluated as follows:

Family labour: The value of family labour can be imputed on the basis of wages of attached farm labour and number of men hours used.

Interest on fixed capital: The present value of assets, equipment's forms the fixed capital. Interest on this can be calculated in the same way as in case of interest on working capital.

Owned machine charges: Calculated on the basis of cost of maintenance of farm machinery, which may include

- a) Diesel
- b) Power
- c) Lubricants
- d) Depreciation
- e) Repair and
- f) Other expenses, if any

Rent on lease-in land: It can be calculated on the basis of actual rent paid.

Rental value of own land: It can be evaluated on the basis of interest on the value of land for the period of the crop. Or else, it can be taken as rent paid for a similar land in a given area.

Table: 01 Cost of Cultivation of Paddy (2013-14)

Sl.No.	Particulars	(Rs./ha.)
I	Operational Cost	55184
	Human Labour	28420
	Animal Labour	584
	Machine Power	9093
	Seed	5986
	Fertilizers and Manures	7934
	Plant Protection Charges	1577
	Irrigation charges	332
	Interest on working capital	1258
II	Fixed Cost	12125
	Sub Total (I+II)	67309
	Managerial cost @ 10%	6730
III	Total cost	74039
	Yield (Qtl)	52
IV	Cost of Production (Rs./Qtl)	1424

Table: 02. All India Annual Average Daily Wage Rate for various Agricultural Operations (in Rs.)

Crop Year	Ploughing		Sowing		Weeding		Transplanting		Harvesting	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
2006-07	81.79	42.37	73.29	41.41	64.97	52.82	69.17	56.44	68.45	55.69
2007-08	91.38	49.96	79.28	57.18	70.07	58.27	73.79	61.93	75.24	62.31
2008-09	102.90	55.43	90.00	65.00	80.15	68.02	83.28	71.43	87.05	71.58
2009-10	12.85	70.43	104.52	79.47	92.78	78.94	98.29	86.71	102.82	84.95
2010-11	144.50	87.68	124.84	97.67	110.64	95.20	119.51	103.72	121.63	101.69
2011-12	190.91	NA	173.00	115.82	146.75	120.22	144.86	128.36	163.12	128.93
2012-13	195.20	100.00	182.50	122.75	151.50	123.50	146.75	132.82	170.12	134.50
2013-14	220.00	125.00	200.75	150.00	175.00	135.00	165.00	145.00	210.50	150.75

Sources: Labour Bureau, All India annual average is calculated for 20 major states

Figures for 2013-14 are approximate and are collected from various farmers in field survey. Table depicts the average daily wage rate for various agricultural operations. In ploughing,

sowing, weeding, transplanting and harvesting, average daily wages for men as well as female workers becomes nearly or more than doubled from 2006-07 to 2011-12.

Table: 03. Cost estimate of paddy (Rice) for major states in 2010-11

Crop	State	Cost of cultivation (Rs./Hectare)		Cost of production (Rs/Quintol)	Yield (Qtl./Ha.)
		A2 + FL	C2	C2	
Paddy	Andra Pradesh	35090.78	51505.34	916.98	52.60
	Bihar	15810.83	20960.19	923.40	19.29
	Punjab	30793.45	51279.34	836.46	60.49

	Tamilnadu	38033.45	50632.4	946.75	50.32
	Uttar mPradesh	21281.3	32299.35	806.87	37.51
	West Bengal	32872.72	43019.85	1022.83	36.85
	Karnataka	22408.90	29326.07	697.25	25.12

Note: 1. Cost 2 include all actual expanses in cash and kind incurred in production by owner and rent paid for leased in land.

2. Cost 2 include all actual expanses in cash and kind incurred in production by owner interest on value of owned fixed capital assets (Including land.), rental value of land (net of land revenue), rent paid for leased in land and imputed value of fixed capital assets.

3. FL: Family Labour, is imputed on the basis of statutory wage rate or the actual market rate whichever is higher.

Source: Directorate of economics and statistics, Department of Agriculture and cooperation.

Table: presents cost of production of paddy per quintal in major 7 paddy producing states of India. Cost of production of paddy per quintal is lowest in Karnataka amounting Rs. 697.25 per quintal and it is the highest in case of West Bengal which amounts to Rs. 1022.83 per quintal

Table: 04 Average per-acre Cost and Revenue of all Rice Varieties

Particulars	Unit	Quantity	Rates (Rs)	Amount/acre (Rs)
Land Preperation				
1)Ploughing with tractor	Hr	3	200	600
2)Pudding with tractor	Day	1	500	500
Raising Nursery				
1)Seed	Kg	29	12	337
2)Nursary bed preparation	Day	2	120	240
3)Nursary maintainance	Day	1	120	120
4)Nursery pulling, transport	Day	4	120	480
Fertilizers				
1) DAP	Kg	25	9	225
2) 2)Urea	Kg	50	8.6	430
Transplanting	Day	15	120	1800
Irrigation	Day	4	120	480
Cleaning/Handling	Day	7	120	840
Pesticides				
1)Insecticides	Kg	16	50	800
2)Weedicides	MI	800	300	300
3)Labour charges	Day	3	120	360

Harvesting	Day	10	120	1200
Threshing				
1)Tractor charges	Hr	1	300	300
2)Labour charges	Day	8	120	960
Gunny bag charges	Bag	20	40	800
Land Rent	---	---	---	5500
Total Cost	---	---	---	16,272

Source : Field survey

The average per acre cost for all varieties is Rs. 16,272, which comprised on cost of a seed Rs. 337, fertilizers Rs. 655, Labour usage (man days) Rs. 6,600, transplanting Rs. 1,800, harvesting Rs. 1,200 and threshing Rs. 1,260.

Table:05 Average Total and Net Revenue of all Rice Varieties

Type of Yield	Quantity (Quintal)	Rate/ Quintal (Rs.)	Total Amount (Rs.)
1).Paddy	36	1071	38556
2)Straw		4357	4357
Total Revenue (Gross)			42913
Net Revenue			26647

Source: Field survey

The average paddy production is 36 quintal acre area amounting to Rs. 38,556. The average amount of rice straw is Rs. 4,357 per acre, while the total and net revenue is Rs. 42,913 and Rs. 26,647 respectively.

Table: 06. Cost benefit ratio of paddy cultivation in Karnataka

	Tungabhadra project	Cauvery commend area	In bread rice
Cost of cultivation	Rs.31539 per ha	Rs. 17,889.80 per hectare	Rs. 15,387.76 per hectare
Gross returns	Rs. 47,736.26 per hectare	Rs. 47,736.26 per hectare	Rs. 45,619.89 per hectare
Net returns	Rs.12689.74 per ha	Rs. 29,846.46 per ha	Rs. 30,232.13 per ha
Benefit Cost Ratio	1.14 : 1	1.67 : 1	1.97:1

Source: Nirmala and others,2009 : KJAS, 22:1, : Chengappa and others,2003: EPW, 2003.

The above table shows that cost benefit ratio of paddy cultivation in Karnataka is given. It indicate that in different region different types

of returns are arise. When we analyze the highest BC Ration is from In bread rice.

Conclusion: It has been found from the study that paddy cultivation in selected regions needs hard working laborers'. This picture prevails more or less all over Karnataka as well as India. For this reasons most of the farmers male. It does not mean that women are less efficient and less hard working. But my study reveals that male is hard working than the women. They are the less educated persons in the society. Here, one point should be noted that they are cultivating not for the commercial but for the purpose of their home use. They sell the excess paddy in the market. But there are some farmers who have cultivated for the commercial purpose. It has been observed that from the study that all the farmers under our study need not to have to

possess their own land, rather than they can also take the land on tenancy basis and temporary or marginal farmers earn their livelihood by cultivating leasehold land.

Reference:-

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GLOBALIZATION AND THE TEACHING OF ENGLISH IN INDIA

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Abstract

It is an indisputable fact that globalization which involves spread of ideas and cultures has certainly aided the growth and use of English in India. What began as a by – product of the colonial mindset, has become an established part of our daily lives and by no means can be ignored. The detractors may claim that it is a form of neo-colonialism, and yet the fact remains that it is fast spreading its roots in Indian soil. Nearly one billion people around the world have some knowledge of English, either as a native language or as a second/foreign language. Except for certain regions of the world, English is the predominant language of international commerce. Proficiency in English language in the job market has not only become more crucial with globalization of trade but has opened up new jobs themselves with advances in the telecommunication technology. Many countries in the Indian subcontinent use English as an important tool in higher education, administration and mass media. Presently it is taught in almost every country on earth.

The importance of English language learning cannot be overstressed. It is the official language of sixty three countries and second language in many countries. Pandit Nehru was certainly correct when he said, “English is our major window on the modern world.” Its importance as an international language can be denied by none. It is only through English that we can establish social, economic, cultural and political relations with other countries of the world. It opens a wide window of international relations for us. If we close this window, we will shut ourselves up in the four walls of our nationality. This will certainly bring about our decay and downfall, because modern science has reduced the vast dimensions of the globe to the size of a small ball. Under such circumstances we cannot ignore English. We should give Hindi the place of national language. But this never means that English should be completely eradicated from the Indian curriculum. The University Grants Commission has stated that English is a language which is rich in literature, humanistic, scientific and technical. If under sentimental urges we should give up English, we would cut our self off from the living stream of ever growing knowledge. English language learning/teaching for educational purposes are fraught with difficult challenges in many countries like India and the United

States of America. The latter as a nation of immigrants represents cultural and linguistic diversity. It can be viewed as a mixture of distinct cultures and tongues. Though much more complex, India's linguistic situation can be compared to that of U.S.A. The various states of India have their own languages apart from the National Language (Hindi). A nation like India needs a language that can be commonly used by its people – that is, throughout its North, East, South and West. This language will be a national language. Whereas a regional language “socialises” the behaviour of the people living in a region, national language “socialises” the behaviour of a whole nation. It recognizes the right of uninterrupted independent growth of every language. It integrates the different strands of human thought into a whole like the bunch of flowers of different species, it helps to unite them into a national flower pot. Beyond this perception of a national language is the perception of an international language – a language that may be “commonly used” by all the nations – at least in international affairs. Such a language will be above the barriers of nationalities, political entities and the other dividing walls of humanity. It will usher in a worldwide understanding. It will foster the integration of world cultures. Sapir beautifully brings out his conception of language from the

narrower limits of nationalities to a broader understanding. He says:

The psychological significance of this goes far beyond the association of particular language with nationalities, political entities, or smaller local groups... The extraordinary importance of minute linguistic differences for the symbolisation of psychologically as contrasted with politically or sociologically official groups is intuitively felt by most people.¹

Thus, the barriers that have divided Nations into further fragments of nationalities and sub-nationalities with their further subdivisions in their modes of living, their different social customs, political institutions, colour and creed, all present a lamentable story of human disintegration. We are not in a state of presenting a panacea for all this, but perhaps 'a common language' or an ideal language may be the nearest approach and materialise our old-established-long cherished ideal of 'One World as One Family' ('Vasudhaiva Kutumbakam')! English emerges as an 'Ideal Language' which is universally renowned for its power of expression. India is a country of many regional languages. Our constitution recognises fourteen languages in its Eight schedule. Of the two languages that have been added very recently, one is English. It is to be noted that our constitution does not designate any language as 'Indian' or 'Foreign' or 'National' or 'Regional'. It also does not designate English as foreign or Hindi as Indian. Although the detractors of English claim that it is a 'foreign plant transplanted in Indian soil' the importance of English cannot be underscored. There are people in large numbers who advocate that English should be banished from the Indian scene. A foreign language can never represent our culture. It can never communicate our intellectual heritage to future generations. Mahatma Gandhi condemned the study of English at the cost of the study of mother-tongue.

The critics of English language claim that as an official language, it reminds us of our days of slavery. The continuation of the study of English is nothing but the continuation of the British tradition in India which is shameful for Independent India. Further, India is now a free country. She must have her own national language on the seat of honour. All state and interstate affairs should

be carried on in the national language. They argue that the study of English has weakened our social fabric. It has created national disintegration.

But the learning / teaching of English has its brighter side also. Ever since the introduction of English in India, it has been rightly felt that we gained an easy access to Western thought and culture. This not only broadened our horizon of knowledge but also developed in us a spirit of toleration and cool and impartial consideration. To further strengthen the cause for English, one may state that English education laid stress upon the importance of individual thinking. Since then we witness the "individual patterns of thought." This resulted in the growth of scientific attitude. There being an entirely different culture.

Thus, there are many arguments stating the advantage of the study of English in India. English is one of the major vehicles of the culture of the modern world. If we discontinue its study we separate ourselves from the progressive forces operating in history (Humayun Kabir). Rabindranath was against 'isolation'. Our internal life in our own nation is growing complex every day. This means that various component units requires flexibility. Our contact with English has brought many desirable changes in our everyday life. The late Prime Minister, Pandit Nehru, expressing his views said, one hundred and fifty years of intimate contact has made English as an integral part of our educational system and this cannot be changed without injury to the cause of education. In addition, English has today become one of the major languages of the world and Indians can neglect its study at the risk of loss to themselves. In the future, as well, the standard of teaching English should be maintained at as high a level as possible. English is the language of international trade and commerce, politics and other cultural and scientific and technological gatherings. It is the language which is spoken by more than three hundred million people of the world. It is but certain that we cannot live 'self-centered' and then dream of prosperity. We will have to develop our relations with different nations. Each nation must learn to move outside its own narrow orbit and establish channels of communication with others. There is perhaps in the present world no better means of such

communication than English.

English in India is as old as the East India Company. The concept of “One World” was merely a utopia until the breathtaking revolutions in modern science and technology, especially in the field of communications. Of course, ‘Vasudhaiva Kutumbakam’, ‘the world as one family’, has been there in India since the Upanishadic times. But the history of human civilizations shows that each one developed independently. Contacts between civilizations were now and then established but they were mostly for imperialistic and aggressive purposes. The Hebraic and Hellenic civilizations were overshadowed by the Roman conquest as the Eastern civilizations were distorted by the Western colonization. After millions of years, the various countries of the world have converged to live in the “global village.” Today no country in the world, including India, can afford to isolate herself from the ongoing rapid process of globalization. Economic liberalism in India is almost a decade old phenomenon. A number of multinational companies have come into the country. Corporatization of huge public sector undertakings has directly taken place. Indian Airlines Limited, Indian Oil Corporation, Oil and Natural Gas Corporation Limited, and so on are good example of this process. Disinvestment from many public sector undertakings is on the card. In course of time the university system is likely to be privatized. People have begun to realize that resistance is of no use. Utter disillusionment with the fifty years of Indian Independence seems to be working behind many of the privatizing initiatives.

As the advocates of globalization have pointed out, it is essentially a means of meaningful growth and development. India can capture the markets of other countries as others will have their markets in India. Now goods and services of international standards can be made available to the common people. Most of the unhealthy monopolized trade practices can be checked. The non-productive and non-viable economic sectors will be compelled to arise from their long slumber. The people of all sectors all realize that they have to work to earn their bread and not treat the customers nonchalantly.

There are also disadvantages of this

globalization, especially to the poorer sections of the society whose earning and buying capacity is next to nothing. The small scale industries will have to face the challenges from the multinationals. India, having the second largest population in the world, will have to look after the food, shelter, clothing, health, education, and employment of the illiterate and unskilled people. In Professor Amartya Sen’s words, Indian economy has to be people – oriented as against the multinational economy, which is commodity – based. As the well-known industrialist from Tamil Nadu, Dr. N. Mahalingam has emphasized, Gandhian economic principles cannot be sacrificed, if the whole of India has to survive. Whatever the consequences, India is very much in the thick of globalization. Even some of the sensitive sectors like telecommunications and defence have partially been liberalized. Gradually more such sectors are being thrown open to foreign direct investments. Globalization is not an easy rite of passage. It is a difficult and often painful process of coming to the realization that one has to put up the very best for survival. Only the fittest can survive in the toughest and roughest world of competing market forces. As Dr. R.A. Mashelkar, Director General of the Council of Scientific and Industrial Research said:

“meaning of globalization, for a country in stark terms is global competition and in a competitive world one who comes second is not good enough. One has to be at the top to count. The tool that will take a country to a pre-eminent position is knowledge. It gives the country the competitive edge.”²

Clearly then, India cannot be successful in the globalized competitive world, if it does not produce qualitative and profitable knowledge. But knowledge is produced by capable and committed persons only. One Abdul Kalam is not enough for our country. There is a need to produce such great men and women of extraordinary visionary power. There are hundreds of research and university institutions in the

country which are exclusively meant for research and development. Engineers, doctors, technologists, architects, information scientists and other professionals are being produced in countless numbers. They are expected to meet not only the scientific manpower requirements of the country but also the knowledge and technology needs. What actually happens in the educational sector is rather unfortunate. The best join the multinationals and / or go abroad. It is the dross that boss over the rest to abuse power for selfish ends. Of course, exceptions are there but these are a minority and a helpless spectator to the pathetic show of self – destruction. In an article called “Globalization: Imperatives for Indian Education Sector”, Dr. M. Mukhopadhyay, a senior fellow at the National Institute of Educational Planning and Administration, has discussed the middle class origins and collusions of globalization and argued that education has a “determining role” in the process. The advantage of India in the globalized context is that its cost of production is less, but the disadvantage is that its quality of production is low. This problem is applicable to all sectors, including education. He adds:

“In the absence of minimum acceptable standards both in school, higher and professional education, India loses out on quality of manpower.”³

He laments that the Indian scientific manpower does not have the necessary “knowledge, skills and scientific attitude.” Most experts on education have shared these views in various forums. Then, quality education is the best tool to meet the challenges of globalization. One of the major reasons for the low quality of higher education in India is absence of adequate attention to the medium of instruction. English was replaced by the regional languages in some universities and was not at all given any importance in many others. At the same time the efforts to produce text books and teachers for the changed medium did not give the desired results. However, the change of medium was justified quoting countries like Japan and China but forgetting the different situations in those countries. What has happened is mindless

politics with language. The educational system of West Bengal is a good example. English was a compulsory subject from the primary to tertiary level. After 1977, however, English was withdrawn from the primary level and was introduced from Class VI. At the degree level English was made an additional compulsory language. That meant the students had to appear in the examination but were not required to pass in English. If they got more than twenty marks, it would be added to the grand total. Otherwise, it was immaterial whether they acquired, any knowledge of English or not. Further there was also an option for them not to choose English, as they could select Bengali and have nothing to do with English. Moreover, the students who pursued their studies in English could write their answers in their mother tongue. Such unhealthy practices are happening at the postgraduate level too. Recently, the people of West Bengal as a whole pressurised the government to re-introduce English from Class I. Similarly, it has also been made a compulsory subject at the degree level. Those students who are capable can make use of English to their advantage now. This kind of lackadaisical attitude to English has affected higher education in general and English language learning-teaching in particular.

Frequent policy changes have their impact on recruitment of teachers, teacher development, material preparation, and even the classroom situations. When the students know that they do not have to pass in English to obtain their degrees, they do not attend classes, buy textbooks, or study English. When the teachers meet with empty classrooms and indifferent students, demoralization is bound to set in. Some of the English teachers may fall in the esteem of the students and develop complex attitudes. To rebuild the conducive educational environment is not an easy task. Once the teachers are used to indifference, they themselves may become indifferent. The new recruits who are ill-equipped cannot do justice to their profession and may harm the students’ interests. This is a vicious circle. There is an urgent need to break it and remove the poison at the earliest.

Whatever the policies and practices the State and Central Governments may pursue and whatever the circumstances the teachers may be pushed down to, the English

teachers have their obligations and responsibilities to the society. The strength of the teachers is that the whole Indian society has an unshakeable faith in English to transform the students into better qualified citizens. Therefore, the English teachers have no cause to worry about their survival. Globalization has added more value to them than before. It must, however, be remembered that the value is largely utilitarian. If the teachers deliver the goods, that is, enable the students to acquire adequate proficiency in English, they will continue to exercise their magical power. Due respect has to be earned by sincere and dedicated service.

The peculiar problem in India is that only about three percent of the total population speak English. This is the major reason for the politicians to oppose English vehemently. However, people are aware to the fact that English is a language of opportunities for good education and employment, mobility to the highest state of the society, social prestige and so on. It is not uncommon to find poor people sending their children of English medium schools, even though they may be struggling hard for their existence. Their hopes can be fulfilled by the English teachers only. Here literacy is also required. Now computer literacy has become a pre-requisite for a successful life. It is in this context of English and computer technology that the teachers of English have a new and more demanding role to play. Globalization and Information Technology are two sides of the same coin. If globalization is the end, information technology is the means to achieve that end. Today the whole world can be in one's palm in the form of a palm top. As a result, the impact of information technology can be felt everywhere – offices, factories, homes, educational institutions, hospitals, railway stations, airports, bus stations, restaurants, gift corners, grocery shops, and so on. Information technology seems to be the master technology at present. Previously science used to provide the base for technology. Now the role seems to have been reversed, for no science can advance without the necessary technological base. Even fine arts cannot flourish without technological props. In such a technologically driven world, how can English teaching and learning take place successfully without adapting itself to the changing circumstances?

Teaching Aids in education have long been used. The conventional aids like blackboards, chalks, charts, pictures, text books, overhead projectors, slides, natural objects, and so on were and still are used by the teachers for the students to teach a particular subject. The computers, however, are multipurpose mechanisms which can be used by the students themselves without any intermediary. In tune with the paradigm shifts in education from the teacher to the learner, the computers can provide individualized instruction to every student according to his or her ability. Most importantly the students can interact with the computer in different ways – reading, writing, listening and speaking.

The multimedia computer has revolutionized the learning process to a great extent. It has made available virtual classrooms and virtual teachers. Though human teachers are needed, they are not strictly indispensable. Even very complex subjects can be learnt through the computer languages and programmes like the modified PASCAL, LOGO (Logic Oriented, Graphic Oriented), PILOT (Programming in Logic), and PLATO (Programmed Logic for Automated Teaching Operation), and many others are employed to teach all kinds of subjects, including English. The Internet is widely accessible now. If one knows how to use a personal computer, one can learn everything on the earth. As technological experiments are endless and rapid, more and more advanced systems are coming up frequently for Computer – Assisted Instruction.

Methods after methods were designed and developed to teach English around the world in the past several years. But none seems to have emerged as the supreme method. Even the latest communicative approaches and language teaching are found to be wanting. In this maze of methods, the computer method, that is, computer – assisted language learning (CALL) appears to have an edge over all others. The fact is that the computers can accommodate the strong features of many approaches. Srivastava has reported about teaching Hindi to Elementary school children in PLATO. There is a central computer to which any numbers of terminals are attached. The teacher at the central computer and the students at the terminals can

communicate constantly and simultaneously. According to him CALL seems to be very useful for drill practice and presentation of new items.

If globalization is an economic process, information technology is a communicative process. Both of them have come to affect all aspects of human life throughout the world. The teachers of English can use the programmes developed by the leading institutes like Central Institute of English and Foreign Languages and by experts like G. Damodar. Well-established and self-financing professional institutions may be able to provide the infrastructure. The rest will have to depend on the generosity of the State and Central Governments. Some of the governments in states like Tamil Nadu and Andhra Pradesh have already started taking the necessary steps. The teachers of English will have to realize the new significance the language has gained world over and help their students achieve good command over English through the multimedia computer in tune with the advances in globalization and technology. The last decade of twentieth century was marked by two dominant phenomena – Information Technology Revolution and Globalization. Both have had profound implications for English language teaching / learning. With the world moving towards globalization, competent information handling has become vital for survival in a competitive world. The implications of IT revolution for English language teaching are two faceted: firstly, it has led to the shifting of language teaching / learning out of the traditional class room. In other words, it has facilitated language acquisition through multimedia. Secondly, it has necessitated IT personnel with high communicative competence for its expansion. IT has been revolutionizing the world and its impact is felt in all walks of life. One cannot think of an area of public life which can do without the use of IT. Computers have become so widespread in schools, colleges and homes and their use has increased so dramatically that the language teachers must now begin to seriously think about the application for computers for imparting language education in a variety of ways. The history of CALL (Computer Assisted Language Learning) suggests that the computer can serve a variety of purposes in

language teaching. It can be tutor offering language drills or skill practice; a stimulus for discussion and interaction; or a tool for writing and research. With the advent of the Internet, it has also become a medium of global communication and a source of limitless authentic materials.

Today, we are at the threshold of Information Technology revolution which will fundamentally restructure the way we produce, work and perhaps even the way we think. At the heart of this constructive fire, lies the genius of the fresh entrepreneurship driven by scientific and technological paradigm of the much higher order. The following changes at the national and international level are likely to take place. The first and foremost is a further extension of the already extended human life span. Close on the heels comes the next issue, a blurring of the boundaries between the machines and human beings.

India with its massive person power and deeply embedded scientific, mathematical traditions has the potential to emerge as a global economic power in the next millennium. However, the challenge lies in converting mere labour population into enriched human capital suitable for the dynamics of information age. This will require a massive political consensus and a thorough understanding of the widespread revolutionary benefits of the infotech revolution. Founded on such clarity, Government policies will automatically nurture and garner gigantic entrepreneurial energies that lie latent today. The final challenge will be in training, retaining and reculturing over billion people, particularly the young towards the goal of all the social institutions, educational institutions should be the first to address these issues and a sound bases for confronting these problems should be developed. No curriculum can overlook the modifications. Thus education should not be push from the past but be a pull from the future. However, education must become integrated with economy. So a well educated community, with sound basis in vocational skills has to be developed. This is where the need for change in curriculum arises. Students in our colleges must develop different kinds of skills. They will need to have a far greater degree of sophistication of knowledge about economy, politics and geography of the regions where they live.

They also need to have qualities of a healthy mind. Their ideas should have sound basis in reality and at the same time lead to future convictions. Their minds should be open to new ideas and reasoning for good or ill, at the end of the fifth full millennium since recorded history began, English is unique. Hundreds of millions of people use English everyday everywhere in the world. No language has ever before been put to so many uses so massively by so many people in so many places – on every continent and in every sea; in the air and in space; in thought, speech and writing; in print on paper and screen; in sound on tape and film; by radio, television, and telephone; and via electronic network and multi-media. It is also used as mother tongue or other tongue – fluently, adequately, or haltingly, constantly – by over a billion people.

English claims to be the first rate international language. It can even be called a universal language. Hence, its knowledge promotes international understanding. By extending the radius of a person's horizon, it overcomes his prejudices, intolerance and narrow – mindedness. Thus, it is very helpful in fostering true internationalism and co-operation among the nations of the world.

English is a direct medium of acquiring a knowledge of modern arts, science, humanities, technology etc. It is equally important for statesmen and politicians, scientists and doctors, engineers

and educationists, businessmen and research workers. They enrich their knowledge and experience by reading English books and journals. Consequently, they contribute to the progress of their country particularly when it is underdeveloped like India. Study of English as a modern foreign language has tremendous vocational importance for us. It offers opportunities for, many and varied vocations, like diplomatic and foreign services, business, commerce, medicine, teaching, law etc. Against this backdrop, it must be stated, that India cannot afford to remain aloof or indifferent to the growing popularity and reach of English. English must be adopted by every state in India and the future generations of the nation should be adequately fortified to meet growing external changes.

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IMPACT OF GLOBALIZATION ON HUMAN RESOURCE MANAGEMENT

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Abstract

The pace of globalization is increasing continuously in terms of markets for goods and services, investment and business opportunities within one or more organizations. This transformation caused by globalization affects all the department in an organization in which human resource management is not left out in this transformation crusade as it has obligation to move along with the changing demands of the globalization process. This paper examines the impact of the workforce on Human Resource Management either locally or internationally also it revealed the various factors driving globalization in the workforce and the issues and challenges that confront the Human Resource Management in the global markets, and also the benefits of globalization Human Resource Information System (HRIS) to the Human Resource (HR) department.

Keywords: Globalization, Investment, Human Resource Management, Business, and Human Resources Information System

INTRODUCTION

Human resource management is a process of bringing people and organizations together so that the goals of each other are met. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent. Personnel directors are the new corporate heroes. The name of the game today in business is Personnel. Nowadays it is not possible to show a good financial or operating report unless your personnel relations are in order. According to Arthur (1994) see globalization in the tendency of businesses, technologies or philosophies to spread throughout the world, or the process of making this happen. Otokiti (2004) globalization implies the opinion of local and nationalistic perspectives to a broader outlook of an interconnected and interdependent world with free transfer of capital frontiers. However, it does not include unhindered movement of labour and, as suggested by some economists, may hurt smaller or fragile economies if applied indiscriminately. Greengard (1995) defined globalization as the system of interaction among the countries of the world in order to develop the global economy. Globalization refers to the integration of economics and societies all over the world. Globalization involves technological, economic, political

and cultural exchanges made possible largely by advances in communication, transportation, and infrastructure. Armstrong (2004) defined Human Resource Management (HRM) as the function within an organization that focuses on recruitment of management of, and providing direction for the people who work in the organization. Also, Human Resources Management is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration and training. Onasanya (2005) Human Resource Management is also a strategic and comprehensive approach to managing people and the workplace culture and environment. Effective HRM enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives. Human Resource Management is moving away from traditional personnel, administration, and transactional roles, which are increasingly outsourced. HRM is now expected to add value to the strategic utilization of employees and that employee programs impact the business in measurable ways through globalization, therefore Human Resources department are transforming as the

modern business faces numerous and complex challenges, and exploit opportunities. The transformation of human resources today is a direct call of the rapid changes within business due to factors such as globalization. In the global competition within the flat and connected new world, decision making in organizations has become increasingly intricate and convoluted. The new global world has widened the talent pool for excellent and marginal workers, and for permanent and fluid workers. An organization's talent can be a source for a sustained competitive advantage and can affect important organizational outcomes such as survival, profitability, customer satisfaction level, and employee performance.

Human resources need to take advantage of technology and data analytics to build a global human resource information system that collects and stores data from various sources. The system will help to analyze the data to provide business insights, predict future needs and develop strategies to fill those needs. Companies with the ability to foresee and sustainably manage their workforce needs - especially for high skills - will gain the decisive competitive advantage (Aina, 2005). The global supply of talent is short of its long-term demand and the gap is a challenge for employers everywhere. The shortage between the demand and supply of talent is likely to continue to increase, notably for highly skilled workers and for the next generation of multi-national organization. Most organization with large workers Nigeria Breweries Plc may not be able to sustain a net surplus workforce with the right skills for much longer. Now, more than ever, organizations need to place greater emphasis on attracting human capital rather than financial capital. Because capital is broadly available from investors and lenders, and innovations can be duplicated relatively easily and quickly, effective human resource management is the best way to differentiate one company from another. Global staffing and global leadership development are the two components of global human resources with the greatest potential for powerful leverage for global firms. Only the multinationals that will be willing to adapt their human resource practices to the changing global labour market conditions will be able to attract, develop and

retain the right talent, and will likely succeed in the global competition (Griffin, 2002).

FACTORS DRIVING GLOBALIZATION

The last two decades have seen the evolution of the global manufacturing environment, majority of the manufacturers have global presence through exports, strategic alliances, joint ventures or as a part of a committed strategy to sell and produce in foreign markets (Greengard, 2005).

(a) Global Market forces

There is tremendous growth potential in the global markets which resulted in intensified foreign competition in local markets which forces the small-and-medium-sized companies to upgrade their operations and even consider expanding internationally. There has also been growth in demand which necessitates the development of a global network of manufacturing bases and markets when the markets are global, the production - planning task of the manager becomes difficult on one hand and allows more efficient utilization of resources on the others.

(b) Technological Forces

A peculiar trend which was prevalent in the last decade, besides globalization, was a limited number of producers which emerged due to diversity among products and uniformity across national markets. Product diversity has increased as products have grown more complex and differentiated and product life cycles have shortened. These have been diffusion of technological knowledge and global low-cost manufacturing locations have emerged. In response to this diffusion of technological capability, multinational firms need to improve their ability to tap multiple sources of technology located in various countries. They also must be able to absorb quickly and commercialize effectively, new technologies that, in many, cases, were invented outside the firm thus overcoming the destructive and pervasive 'not - invented-here' attitude and resulting inertia.

(c) Global Cost Forces

New competitive priorities in manufacturing industries, that is product and process conformance quality, delivery reliability and speed, customization and responsiveness to customers, have forced companies to reprioritize the cost factors that drive their global operations strategies. The Total Quality Management (TQM) revolution brought with it a focus on total quality costs, rather than just direct labour cost companies realized that early activities such as product design and worker training substantially impact production costs. They began to emphasize prevention rather than inspection. In addition, they quantified the cost of poor design, low input quality and poor workmanship by calculating internal and external failure costs. All these realizations placed access to skilled workers and quality suppliers high on the priority list for firms competing on quality. Similarly, Just-in-Time (JIT) manufacturing methods, which companies widely adopted for the management of mass production systems, emphasized the importance of frequent deliveries by nearby supplies. A number of high technology industries have experienced dramatic growth in the capital intensity of production facilities.

(d) Political and Macroeconomic Forces

Getting hit with unexpected or unreasonable currency devaluations in the foreign countries in which they operate is a nightmare for global operations managers. Managing exposure to changes in normal and real exchange rates is a task which the Global Cost Forces global operations manager must master. If the economics are favourable, the firm may even go so far as to establish a supplier in a foreign country where one does not yet exist. For example, if the local currency is chronically undervalued, it is to the firm's advantage to shift most of its sourcing to local vendors. Human Resource Management issues and challenges in Global Market Human Resource Management (HRM) challenges to business especially those operating across the national boundaries as multinational or global enterprise competing in global markets entails many factors and centralization of its human resource practices is certainly vital to improve global competitiveness and empower employees for global assignment. To achieve success in global market place, the challenge

of all businesses regardless of their size is to understand global corporate cultural differences and invest in human resources. There are certain. Vernon (2004) human resource management issues those are particular for the global enterprise.

The key issues involve staffing policies selecting and retaining talented employee, training and development whilst encouraging employees to be innovative and creative, culture barriers, and legal frame work. Others issues include understanding the challenges of living and working conditions, performance appraisals from a distance, training and management development, compensation packages and labour relations and organized labour laws.

ROLES AND RESPONSIBILITIES OF HUMAN RESOURCE

Human resource is a department which leads the development and upgrade of the corporate culture. The common corporate culture is crucial for the global organization. The organization cannot act the same way around the globe when the corporate culture is different. On the other hand, the development of the common corporate culture is difficult. The nations are different. The HR role is to set up the international team, which develops the unified corporate culture and corporate values. The role of Human Resources is setting the essential training courses for managers. HR has to push managers to apply for the courses. They have to understand roots of the common corporate culture and how they are expected to behave globally. The employees and managers have to communicate globally with colleagues around the Globe. The unified way of communication, the approach to problem solving and identification with the organization make global decisions easier (CIPD, 2006). Human Resources should be the first global function. It has to introduce the globally managed, HR processes focused on the development of the global talents and bringing the unified approach. The performance management and the talent management are usually the first globally managed HR processes. The unified and globally managed performance management process helps to manage the performance of individual businesses in countries and helps to identify the future global leaders for the organization. The global Human Resources are

able to identify best talents in the organization, and more talents of different countries.

It is not easy to introduce the global mobility, but the global organization needs global managers, who are able to run different projects over continents. The identification of global leaders needs strong global Human Resources. The HR professionals have to be trained in global policies, and they have to be managed from different centers of excellence around the Globe. The globalization demands new skills and competencies. Managers have to think globally, and they have to find advantages for the organization on the global basis. They have to be able to negotiate with partners from different cultural background. Human Resources have to adopt its processes, procedures, policies and training to ease the life of managers into the global world of the organization. The role of Human Resources is to help the organization to become the real global organization. Human resources has to identify leaders, it has to look for opportunities to move different processes around the Globe.

BENEFITS OF GLOBAL HUMAN RESOURCES INFORMATION SYSTEM TO THE HUMAN RESOURCE MANAGEMENT

A global Human Resource Information System can put vast amount of multinational employee data to strategic use. Ideally, the global database is automatically updated by the local databases ensuring data is not only inputted correctly, but only once. By applying consistent standards for data management, global HRIS reporting becomes more accurate and streamlined as all of the decision makers receive and have access to the same information. This information can then be used for in-depth analyzes to help HR and the organization make better, more informed decisions (Kane, 2001). By applying a consistent process for capturing and maintaining employee specific data (job, position and qualifications), the global HRIS can be used to identify, plan and budget for employee training, succession planning and expatriate assignments. As the "war on talent" continues to loom, a multinational organization with a global HRIS can very quickly and easily discover the right person to fill a specific position. Having the ability to locate the best qualified employee regardless of his/her location is a competitive advantage.

Additionally, designing the system to identify with employees are interested in overseas assignments will also make the expensive and time consuming expatriate process quicker and easier (Miller, 2004).

Using the Human Resource Information System (HRIS) to think locally, but compensate globally - compensation can be applied fairly across the globe while still being aware of and understanding differences in compensation for similar jobs in various countries. Compensation users are able to review plans in local and additional currencies and languages. A global HRIS can also provide compensation guidelines and help documentation either on or off-line to assist employees in understanding their compensation package and to assist the manager with award decisions and policies (Vernon, 2006). From the view of Greengard (2005) incorporating a global HRIS provides each manager with the capability to toggle a compensation model from the direct reports screen and complete planning for each of their direct or indirect reports. The HRIS is then able to immediately show the impact on local and global budgets and expenditures. From a qualitative perspective, the organization is able to quickly assess current employee availability and their qualifications for staffing the new department or project regardless of the employee's location. Overall, planning becomes more accurate and decisions become more transparent (Vernon, 2006). But, the benefits of a global Human Resource Information System (HRIS) go beyond the ability to analyze and use employee data. The system encourages geographically diverse operations to share ideas and innovations (Miller, 2004). It can also create an element of cultural cohesion and closeness for employees - especially those within the expatriate community (Insight consulting partners, 2004). Employees across the organization regardless of location, will feel more connected to each other and will have a single point of contact.

CONCLUSION

The increasing prevalence of globalization is driven by a number of factors, including shortage of talent in developing countries, global market forces, technological forces, global cost forces. Also, this paper examines

the various issues in Human Resources Management and challenges in the global market also this paper look into the roles and responsibilities of Human Resources in this globalization era, and finally examines the benefits of global HIRS to the growth and development of HRM in an organization.

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

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Abstract

The emergence of Islamic finance has witnessed significant growth since introduced Shariah based index in BSE & NSE both 2008 and 2010 respectively. The Islamic investment is based on the principles of Islamic laws such as prohibition of **Riba** (Interest), **Maysir** (Gambling), **Ghara** (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 Value 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 means which is corporations of Muslim world, but this myth actually Islamic finance not only for the Muslim but also for the all others community of 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 divergence with the conscience (Shariah Scholar) of Muslims and the religion of Islam. There is 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. Accounting 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 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 form efficient. 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."¹This 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 also popular in the non-Muslim countries in the world like, USA, UK, China, Philipppians, Sri Lanka, Bhutan. '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. 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," said 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 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 is conducted 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 fundamental analysis of selected companies which were listed in Shariah Index. These are top 50 companies with high market capitalization from all stocks. To forecast 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 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 have been selected from S&P BSE 500 Shariah Index Selected companies on the basis of market capitalisation. The investigator find out the impact of fundament 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 in Shariah Index, data were obtained from the CMIE Prowess data base; bseindia.com and asiaindex.co.in time period have been taken 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 have been applied for analysis which includes fixed effects model and random effects model have been employed 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 narrated the determinants of Islamic stock prices in India, the panel data techniques have been employed. The estimate of fixed effects as well as random effects models for 1st April 2009 to 31st 2014 period. 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			
Earnig 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).³The tables 3, comprising 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. Here all Fundamental factors (DPS, EPS and BVS) are significant

variables because P-value is less than 5% that means all three variables are explain the market value of share. Here we assume 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. The tables 4, all selected 50 companies of S&P BSE Shariah Index in Fixed Effect Model, Here Market Value of Share of dependent variable and DPS, EPS and BVS are independent variables. 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

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		

Source: Authors' estimated by eviews

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

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 eviews

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

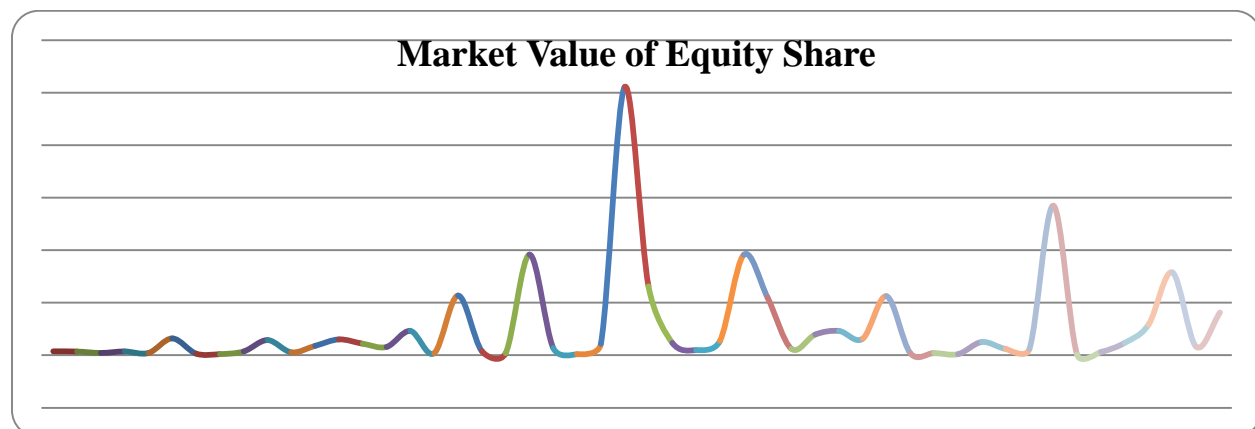
BVS	-0.567787	0.389193	-1.458884	0.1462
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.895857	Mean dependent var	494.8628	
Adjusted R-squared	0.865482	S.D. dependent var	777.5233	
S.E. of regression	285.1698	Akaike info criterion	14.34192	
Sum squared resid	15613786	Schwarz 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 eviews

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

In last, this paper focused period from 1st April 2009 to 31st March 2014, comprising 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. Here all Fundamental factors (DPS, EPS and BVS) are significant variables because P-value

is less than 5% that means all three variables are explain the market value of share. Here we assume 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 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. Random effect model 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. 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. Islamic capital market is similar to Indian capital market, except Shariah screening. Shariah Index is working under the supervision of BSE Sensex. Shariah Index consulted by standar and poor. Shariah Index promotes non-Muslim investor for So investigator suggests that Islamic financial products are more beneficial for the Indian economy. Which followed by ethical and socially responsible investment.

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PATIENT SATISFACTION IN RELATION TO SERVICE QUALITY IN HOSPITALS: A CASE STUDY

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Abstract

Service quality can be related to service potential; service process and service result. The issues surrounding the expectations of patients and relatives from hospitals and provisions of qualitative service are becoming very important now days. This research study aims to apply the SERVQUAL measurement instrument in five hospitals of Jamshedpur city. The study involved adopting the SERVQUAL instrument to the service quality dimensions and asking a sample of patients to complete the questionnaire. Patient's opinions on the basis of service quality dimensions were obtained. Later, the relationship between service quality provided at hospitals and patient satisfaction is analyzed. The geographical scope of the study was the Jamshedpur city. The periodical scope extends to the existing situation when the empirical data was collected. The SERVQUAL instrument has played a diagnostic role in assessing and monitoring service quality in hospitals. It has enabled to identify where improvements are needed from the patients perspective. But as the SERVQUAL instrument can be used to measure the gaps between perception, service provided and expectation, the above research study is not including the gap measurement. The study is confined to general hospitals based at Jamshedpur city only.

Keywords: Service, Service quality, Outpatients, Patient satisfaction, General hospitals, SERVQUAL, service quality dimensions.

INTRODUCTION

Service quality is determined by the differences between customers' expectations of service provider's performance and their evaluation of the services they received. In this way, the association between service quality and customer satisfaction has emerged as a topic of significant and strategic concern (e.g. Bolton and Drew, 1991; Cronin and Taylor, 1992). In general, research in this area suggests that service quality is an important indicator of customer satisfaction. Service quality is also attractive to health care industries as a competitive differentiator.

The health care industry in recent years has restructured its service delivery system in order to survive in an unforgiving environment resulting from maturation of the industry; reduced funding and increased competition. The restructuring has focused on finding effective ways to satisfy the needs and desires of the

patients. This patient centered health care service approach shifts the culture of the health care system from one formed by the preferences and decisions of medical professionals to one shaped by the views and needs of its users. Consumer satisfaction is the fundamental requirement for health care providers.

Satisfaction is important when patients themselves and institutional health care service buyers make selection decisions. In order to understand various factors affecting patient satisfaction, researchers have explored various service quality dimensions considered by patients while evaluating quality at hospitals such as modern equipment, physical facilities, convenience at supplementary services, behaviour by doctors and medical staff. In this study researchers investigated that whether service quality and patient satisfaction are

independent or dependent in the context of five general hospitals in Jamshedpur city.

Quality and Service Quality

The word quality means different things to people according to the context. The transcendent view of quality is synonymous with innate excellence: a mark of uncompromising standards and high achievement. It argues that people learn to organize quality only through the experience gained from repeated exposure. The product based approach sees quality as a precise and measurable variable.

Differences in quality reflect differences in the amount of an ingredient or attribute possessed by the product. User based definitions start with the premise that quality lies in the eyes of beholder. These definitions equate quality with the maximum satisfaction. The manufacturing based approach is supply based and is concerned primarily with engineering and manufacturing practices. Value based definitions defines quality in terms of value and price. By considering the tradeoff between performance and price, quality comes to be defined as "affordable excellence". Service quality is a relatively new academic discipline; emerged in the USA in the 1980, when the manufacturing sector declined in economic importance and the service sector grew. In the service quality literature, it is generally agreed that different people understand different things regarding the service quality as a multidimensional notion. Bolton and Drew (1991); and Oliver (1980) defined customers' service quality as the difference between the actual service performance and their expectations. Similar to Bolton and Drew (1991); and Oliver (1980), Parasuraman et al. (1988: p19) characterised perceived service quality as "the degree and direction of discrepancy between customers' perceptions and expectations".

The services marketing literature reveals that "service quality has been variously defined as focusing on meeting needs and requirements, and how well the service delivered matches customers' expectations" (Lewis 1993: p 22). They also proposed that "service quality is a global consumer judgement or attitude, relating to service and results from comparisons by

consumers expectations of service with their perception of actual service performance" (Lewis, 1991; p 53).

Service quality is the distinction between consumers' expectations for service performance and their perceptions of the service received. Zeithamal and Bitner (1996, p 45) defined perceived service quality as the judgement of a customer about the overall excellence or superiority of a product or service. They also defined service quality as, "the delivery of excellent or superior service relative to customer expectations".

Service quality became a key management issue as it became central to private sector competitiveness. Consumers demanded increasingly higher quality services and accordingly the pressure to provide the quality services in order to remain commercially competitive increased. These forced businesses to develop a better understanding of what service quality mean to the customer and how it could be best measured. A key factor in designing and delivering quality services is the need to understand customer needs in order to provide services which meets those needs within available resources.

While consumers and purchasers of health care are making decisions based on their perceptions of the quality and satisfaction with providers, health care managers need to understand how consumers evaluate health services. If health care providers understand what attribute consumers use to judge health care quality, steps may be taken to monitor and enhance the performance on those attributes. An understanding and measurement of service quality as seen by the patient is equally important to nursing because it is a concept integral to the provision of a better, more focused service for patients. In order to achieve this, it is clearly necessary to capture information on patient needs, expectations and perceptions. Service quality is an important issue in marketing of services due to the fact that both production and consumption of services occur at the same time. Since services cannot be standardized, it is very difficult to present services on quality dimensions. The various service quality dimensions include reliability,

responsiveness, assurance and empathy. The quality of a service will delight a customer when it exceeds the service expectations of the customers.

Service quality deals with degree and direction of discrepancy between consumers' perceptions and expectations in terms of different but relatively important dimensions of the service quality, which can affect their future purchasing behavior. Quality is related to costs, profitability, customer satisfaction, customer relation, behavioral intention and positive word of mouth. Service organizations ascertain quality by making either of these variables or a combination of them. The concept of patient satisfaction is generally defined as the patient's positive evaluation of the health care he/she has experienced. This evaluation is thought to involve a patient's subjective comparison of what he or she is expected to receive in terms of patient care and what was actually provided. Satisfaction is likely to occur if the patient care provided was perceived to be equal to or more than the patient expected. Similarly if patient care was perceived to be less than expected, dissatisfaction is likely to occur. Patient satisfaction is however multidimensional, in that the patient evaluates distinctive aspects of care in addition to making an overall evaluation of healthcare evaluation as a whole. It implies that satisfaction is a consequence of a mental evaluation of what customers experience and the resulting outcome of the services provided. Thus perceived service quality is a cognitive construct while satisfaction is an affective reaction to specific service experience as a consequence of an evaluation process. This distinction between service quality and satisfaction along with cognitive-affective consideration suggests a causal order that would position service quality as an antecedent to satisfaction. Evidence obtained for this from North America and other places supports this causal order.

REVIEW OF LITERATURE

A review of the literature reveals numerous studies that have reported a positive relationship between satisfactions and measures of purchase intentions and between service quality perceptions and satisfaction. Researchers

have identified several possible variables that may result in patient's satisfaction with physician's services. These variables have generally included perceived physician's competence, care and concern towards patients, cost of treatment and communication between the physician and patient. Many studies reveal that a lower priority is placed on patient's perception on patient's nonclinical expectations of service quality.

Some professionals contend that consumer's perception of quality service in health care is distorted due to the inability of patients to judge the technical competence of medical practitioner with any accuracy. Medical course focuses on imparting technical knowledge to the students and doctors do not receive any soft skill training which will enable them to get closer to their patients.

Wisniewski has undertaken a research study aimed to apply the SERVQUAL measurement instrument in a Scottish Colposcopy clinic. The study involved adapting the SERVQUAL instrument to the Colposcopy setting and asking a sample of patients to complete the questionnaire. The results of the research were quite positive with high level of patient satisfaction but revealed the need for improved premises.

Bonshoff and Gray have conducted the studies on the relationships between service quality, customer satisfaction and buying intentions in the private hospital industry. The objective of the study was to investigate whether superior service quality and superior transaction specific customer satisfaction will enhance loyalty among patients in the private health care industry. Study attempts to assess what dimensions of both customer satisfaction and service quality drive 'Overall Satisfaction' and loyalty in the South African private hospital industry. The results reveal that the service quality dimensions, empathy of nursing staff and assurance impact positively on both loyalty and cumulative satisfaction. Results also revealed that the customer satisfaction dimensions are: satisfaction with meals, satisfaction with the nursing staff and satisfaction with fees all impact positively on both loyalty and cumulative satisfaction. The studies conducted aim to

investigate the structural relationship between out patient satisfaction and service quality dimensions where patients have substantial freedom in choosing their medical service providers and to further study the causal relationship between service quality and satisfaction. Results show that the pattern of relationships between service quality and patient satisfaction was similar across the gender, age and service type subgroups. It was also found that the level of satisfaction on the other hand was not the same for subgroups when divided by age and the types of services received. Many of these health service quality dimensions significantly influence patient satisfaction. The dimensions for evaluating health care quality are convenience, degree of concern shown by the doctors and medical staff and physical facilities.

An Exploratory Study on Service Quality Themes determining patient satisfaction with Health Care delivery in India was conducted by Sachin Kamble who has stated that very little emphasis was given by patients on service quality dimensions. Aim of the research is to acquire an understanding of patient's interpretations of satisfaction. For analysis nine service quality themes were identified across the data. Results illustrated that patient thought about many different areas of their illness and experience when considering patient satisfaction. In the case study research of Ahmedabad Civil Hospital, the studies showed that more satisfied the patients are with the quality of their interactions with staff, more likely they are going to take treatments for similar and different medical problems and would recommend the provider to their relatives and friends. Out of 730 patients basically pediatric, obstetric and gynecology have been selected. Total 300 patients have been selected for the study.

Further the study is the part of major research project to assess and validate patient satisfaction scale for reputed national health care services. As consumer satisfaction is essential for the discipline of consumer focus and market orientation, satisfaction is defined as "Consumers emotional feelings about a specific consumption experience".

Understanding and measurement of

service quality as seen by the patient is equally important to nursing because it is a concept integral to the provision of a better and more focused service for patients. Results stated that it is necessary to capture information on patient's needs, expectations and perceptions. Main concerns of patients relate to being treated with dignity and respect, given clear information and psychological support. Older patients tended to be more satisfied with medical care services than their younger counterparts. Results also revealed no consistent satisfaction pattern between male and female patients.

RESEARCH METHODOLOGY

Research design: The research design is a plan, structure, and strategy to answer the problem. There are several methods of data collection. A systematic and scientific methodology which is referred to as research design determines the correctness and accuracy of the results obtained.

Data Collection: The secondary data have been collected by scanning literature, various professional magazines, works carried out by other research scholars, various research agencies reports. The study is based on Primary data collected from various patients and their relatives taking treatment at hospitals. The primary data constituted of information gathered through personal communication with patients and in some cases with relatives also.

Sample size: The study was conducted at five general hospitals located in Jamshedpur city at five different areas. A total of 50 patients i.e. 25 inpatient departmental patients and 25 outpatient departmental patients were asked to participate in survey, using a self administered questionnaire. The patients were assured that their responses would be kept confidential.

Measurement: The distinctive nature of services required distinctive approach to defining and measuring service quality. To measure customer satisfaction with different aspects of service quality, Valerie Zeithmal et al developed a survey research instrument called SERVQUAL. It is based on the premise that customers can evaluate a firm's service quality

by comparing their perceptions of its service with their own expectations. SERVQUAL is seen as a generic measurement tool that can be applied across a broad spectrum of service industries. Unless both perceptions and expectations of services are measured, it is difficult to identify and prioritize performance improvements that are required or to ensure that patient needs and expectations are being met. Similarly the use of service quality dimensions provides both a structure for designing a service quality measurement instrument and a framework for prioritizing results and findings. The SERVQUAL instrument was specifically designed to measure service quality using both the gap concept and service quality dimensions. It was designed to be transportable to any service sector. In its original form SERVQUAL contains 22 pairs of Likert Scale statements structured around five service quality dimensions as Tangibles, Reliability, Responsiveness, Assurance, and Empathy.

The questionnaire is designed for the above study which consists of 17 statements designed to fit into the five dimensions of service quality. The questionnaire consisted of Likert-type items. Each of the seventeen items consisted of a declarative statement and a five-

category "strongly agree" to "strongly disagree" rating scale; only the end points of the rating scale were labeled. Scale categories were labeled numerically from 1 to 5. The perceptions of the patients are judged using these scales. In order to measure the perceived service quality by inpatients and outpatients interviews were conducted to explore how they viewed services at hospitals. In the last statement of the questionnaire, patient satisfaction was operationalised as a second construct. "Patient Satisfaction and service quality is dependent of each other,"

The statistical methods adopted are as follows:

- a) The data have been processed with SPSS software.
- b) The Kolmogorov- Smirnov test has been applied to test the hypotheses.

ANALYSIS AND RESULTS

Table 1 is illustrative of total number of male candidates, total number of female candidates and age group wise classification for the same number of respondents.

Table 1: Age-group wise and Gender Wise Classification of Respondent

Age group	Male	Female	Total
Below 20	1	1	02
20-30	6	4	10
31-40	8	7	15
41-50	6	8	14
51 and above	3	6	09
Total	24	26	50

Source: Survey Data

The data were analyzed in two phases. During the first phase mean is used to calculate the opinions and also the percentile value of each statement. Results are showing that 41.2% of

total respondents strongly agreed that hospitals have modern equipments. Physical facilities and place of supplementary services is also considered under Tangibles where 41% of total

respondents strongly agreed about convenience and visual appeal. 42.4 % of total respondents stated that doctors and medical staff are consistently courteous with patients and they are never found very busy to respond to patient's

requests. To maintain the ethical practice error free records is more important and 42.8 % strongly agreed with that. Promptness of services has been observed by almost 44% of total respondents.

Table 2: Service Quality Dimensions and Patient's Opinion

Sl. No.	Service Quality Statement	Patient's agreement level					Mean Square	% Value
		1	2	3	4	5		
1	The hospital has modern equipments.	20	17	8	5	-	2.06	41.2
2	Physical facilities at hospital are visually appealing.	19	14	3	3	1	2.06	41.2
3	Doctors and medical staff are professional and neat appearing.	22	15	5	7	1	2	40.0
4	The place of supplementary service is convenient.	18	22	15	5	7	2.04	40.8
5	Doctors and medical staff are consistently courteous with patients.	18	15	12	3	2	2.12	42.4
6	Doctors and medical staff are never very busy to respond to patients.	20	16	5	5	4	2.14	42.8
7	Doctors and medical service provided as per promise.	21	16	9	3	1	1.94	38.8
8	Doctors and medical staff keep error free records.	17	19	7	4	3	2.14	42.8
9	Doctors and medical staff provide prompt services to patients.	19	14	11	6	-	2.18	43.6
10	Doctors and medical staff give personal attention to patients.	20	16	7	3	4	2.1	4.2
11	Behavior of doctors and medical staff instill confidence in patients.	17	18	10	4	1	2.08	41.6
12	Patients feel safe while services are being provided.	19	20	4	5	2	2.02	40.4
13	Sincere intent shown by doctors and medical staff.	15	18	15	-	2	2.2	44.0
14	Doctors and medical staff have the knowledge to answer patient's questions.	19	17	8	5	1	2.04	40.8

15	Hospital has convenient operating hours.	13	17	14	4	2	2.3	46.0
16	Doctors and medical staff have patient's interest at heart.	18	15	12	2	3	2.14	42.8
17	Patient satisfaction and service quality are independent.	5	25	15	5	-	2.5	50.0

Apart from the medical treatment every patient when comes to hospital, expects psychological support which is put in statement form as "Behavior of doctors and medical staff instills confidence in patients." Patient feels safe while services are being provided. Here 42% respondents strongly agreed. Knowledge of the doctors and medical staff is very important factor which is put in service quality statement where almost 41% of respondents strongly agreed with this. Among total respondents, 44% found inconvenient operating hours. The next phase of data analysis was to assess the relationship between patient satisfaction and service quality where KS test is used to calculate the relationship between Service Quality and Patient.

Hypothesis testing using KS test

From the table it is found that the largest absolute different is 0.7 which is the value of Kolmogorov- Smirnov D value. Here the critical value for a sample of 50 at an alpha of 0.05 is $1.36/\sqrt{n}$ that is, $D = 1.36/\sqrt{50} = 0.1923$. As the calculated D exceeds the critical value of 0.1923, the null hypothesis that patient satisfaction and service quality are independent of each other is rejected and hence we established an alternative hypothesis as patient satisfaction and service quality are dependent of each other.

Table 3: Ho: Patient satisfaction and service quality are independent

Opinion		Observed Number	Observed Proportion	Observed Cumulative Proportion	Null Proportion	Null Cumulative Proportion	Absolute Difference Observed and Null
Strongly Agree	1	5	0.1	0.1	0.2	0.2	0.1
	2	25	0.5	0.6	0.2	0.4	-0.1
	3	15	0.3	0.9	0.2	0.6	0.3
	4	5	0.1	1.0	0.2	0.8	0.7
Strongly Disagree	5	0	0.0	1.0	0.2	1.0	0.0

CONCLUSION

The results are showing that Service quality dimensions and patient satisfaction are depending upon each other. Patients and relatives expect good behavior of doctors and medical staff, good physical facilities, cleanliness, knowledge of doctors to answer patient's queries.

- 41% respondents are saying that hospital has modern equipments, but during the survey it was observed that still the hospitals need to update themselves. They need to make changes in medical and surgical equipments. Government hospital needs special attention towards the quality services.
- Physical facilities are equally important as far as judging the service quality is concerned. Here physical facilities include seating arrangements for outpatient relatives and patients, conditions of bed for admitted patient, electricity, drinking water facility, indicators to the various rooms and particular doctors' cabin. In this case also 60% of respondents are not satisfied with these facilities. Some of the hospitals are especially full of rural patients where hospitals have to make arrangements for these things.
- The tangibles of SERVQUAL model also include appearance of doctors and medical staff, supplementary services provided at hospitals e.g. X-Ray room, Ultrasound section, Pathology Section, ICU etc. It was observed that patients and relatives do not find it convenient in some of the hospitals.
- The responsiveness of doctors and other medical staff is marked as good by only 43% of respondents. It includes courtesy, how much busy they are, personal attention, promptness in service. Every patient expects not only the physical treatment but also the psychological treatment. In this case special training programme should be provided to the hospital staff members and doctors too.

- Some of the respondents stated that patients are treated only if they have sufficient money to pay. Making the arrangements for partial payment in case of heavy charges could change this perception of patients and relatives.
- Empathy aspect of SERVQUAL includes interest shown by the doctors; do they take the treatment at heart? Looking at the respondents' opinion it can be said that the hospitals are following the empathetic view, but still have a scope to improve by taking the patients into confidence before the treatment starts.
- In the practice of medicine the doctor's charges should commensurate with the services rendered and the patient's ability to pay. The Medical Council of India should set some standards as guidelines for charging the fees to avoid discriminatory pricing.
- The working of the Government hospital should be monitored by the external agencies (e.g. Rotary club, Lions club etc.) periodically to ensure smooth and efficient working.
- The attitude of the doctors towards the community should be changed. They should keep the main objective of the medical profession to render services to humanity with full respect for dignity of human being.
- The doctor should neither exaggerate nor minimize the gravity of a patient's condition. He should ensure himself that the patient, his relatives or his responsible friends have such knowledge of the patient's condition as will serve the best interests of the patient and the family.

In order to improve the quality of the hospital services and enhance patient satisfaction; doctors and administrators should build organizational wide consensus on what attributes patients deem to be most important. This can be accomplished through listening to the experiences and expectations of the patients and

concentrating on improving service quality dimensions.

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SOCIAL MEDIA AND INNOVATIONS IN INDIAN DEMOCRACY

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Abstract

A significant part of Indian voters is still uneducated and unable to franchise its voting rights in a true democratic manner. In the latest 2014 Lok Sabha elections, many political parties used social media for the voter persuasion. Hate speeches, provoking slogans and very offensive pictures were uploaded on the social media sites by the supporters of these political parties during the elections.¹

Social media applications such as *Facebook*, *Twitter*, and *YouTube* etc. have increasingly been adopted by politicians, political activists and social movements as a means to engage, organize and communicate with citizens worldwide. But in India, social media has so far been limited to election campaigns only. And, the role of social media for development and strengthening the Indian democracy is yet to be studied and applied. The following paper highlights the significance of using social media for strengthening Indian democracy and for the engagement of the poorest and most marginalized in political process. The paper emphasizes upon how social media can enable governments to take initiatives so that all of their citizens to have the opportunities to properly participate in political process.

Key words: Social media, Indian democracy, political participation, bottom of pyramid

Book titled “Social Media democracy: innovations in participatory politics” was published in 2013. It was written by Brian D. Loader & Dan Mercea.¹ The book critically investigates the complex interaction between social media and contemporary democratic politics, and provides a grounded analysis of the emerging importance of Social media in civic engagement.

Social media applications such as *Facebook*, *Twitter*, and *YouTube* etc. have increasingly been adopted by politicians, political activists and social movements as a means to engage, organize and communicate with citizens worldwide.² Drawing on Obama’s Presidential campaign, opposition and protests in the Arab states, and the mobilization of support for campaigns against *Uncut* demonstrations, this book presents evidence-based research and analysis. Renowned international scholars examine the salience of the network as a metaphor for understanding our social world, but also the centrality of the Internet in civic and political networks. Whilst acknowledging the power of social media, the

contributors question the claim it is a utopian tool of democracy, and suggests a cautious approach to facilitate more participative democracy is necessary.

Background Paper for Commonwealth Parliamentary Conference, Colombo, and September 2012³ is a well-timed study on the role of social media on political processes, particularly with respect to democracies. Focus attention of this paper was particularly on the impacts of social media on the engagement of the poorest and most marginalized in political processes; and to emphasize the importance for governments to enable all of their citizens to have the opportunities to participate in these new forms of political engagement. The paper further studied the impacts of social media on the, engagement of the poorest and most marginalized in political processes; and emphasized the importance for governments to enable all of their citizens to have the opportunities to participate in these new forms of political engagement.

The country’s internet user base was around 190 million in 2014. According to

Boston Consulting Group (BCG), internet users will increase from 190 million in 2014 to 400 million in 2018. And 550 million users in 2018. In India has world's second largest Facebook audience - will surpass 100 million mobile phone Facebook users for the first time by the end of year 2015 and by 2017, will have more mobile Facebook users than the US, a report says¹. According to the report, Facebook userbase in the US will hit 123.1 million followed by India at 101.5 million. Facebook has 100 million users in India, its second-largest market worldwide. Similarly, for LinkedIn, India is the second-largest market while for Twitter India is set to be the third-largest market in terms of user base by 2016.⁴

User base of internet is now progressively penetrating semi-urban and rural India. Low price mobile phones are new media for internet connectivity for semi-urban and rural population of the country. Increasing number of social media users in India have set a platform for Indian electorate system to use social media to inform, educate and train the Indians to make democracy more robust and healthy. Role of social media in Indian elections was widely experienced in the 2014 Lok Sabha Elections. Thus, a new debate over the impact of social media on Indian democracy has begun. It is quite evident that people create and absorb wide range and variety of information on cyber space to influence the entire democratic process of India. They are now more alert and decisive on social and political issues. Earlier either they overlooked or remained silent on these issues. Now cyber space has provided them a place for their views.

In a democratic system people have power to choose their representatives. Indian democratic system looks very simple from some distance but is very complex and unpredictable due to wide range of known and unknown social, cultural, economic variables and their interactive impacts. In the 14th assembly elections, national level political parties used social media to connect with their potential voters. It is said that one rightwing Indian political party managed the social media very effectively and eventually got excellent election results. However, the same political party failed

to repeat the performance and lost the battle quite bitterly in the Delhi state elections held only two months later. Does it mean that social media has high impact in terms of creating buzz around the issue has short life span? In Egypt, young agitators used social media to oppose the government and to promote democracy; but the movement lost the momentum soon after some early success. During the Anna Hazare's anti-corruption movement too, social media played very significant role. But afterward many people lost their interest in the entire movement. It is said the social media can create early awareness but to make things effective- grassroots level work matters.

In the second decade of 21st century we witnessed very interesting experiments of social media and political process in India and other parts of the world. The freedom that social media offered for people to communicate increasingly between any parts of the world and at any time, or what might be called *space-time liberty*. An interesting change can be witnessed in the balance of distributional power, away from the 'topdown' dissemination of information by media corporations that were often state owned, to the co-creation of information, and more recently the widespread sharing of ideas, 'news' and information between 'peers', what might be called a *sharing liberty*. Further, A dramatic reduction in the cost of information creation and communication, making it much more accessible to poorer people, witnessed through the dramatic explosion and take up of miniaturized digital technologies such as mobile phones and cameras – what might be termed *access liberty*. These 'liberties' have had dramatic impacts on political processes of countries like India, both enabling governments and politicians to spread their messages directly to individuals, as with texts sent to mobile phones to encourage people to vote in particular ways, but also for individuals to share graphic images and accounts of things happening to others anywhere in the world, thus raising global awareness of political actions by regimes with which they disagree, as evidenced in the 14th Lok Sabha elections in India.

However, another side of the story is related to potential liberties enabled by social

media, for three broad sets of reasons. It is likely that governments are now able to use these technologies to gain considerable additional knowledge about, and power over, individual people. Where governments are benign, and really do have the interests of all of their people at heart, such knowledge can indeed be put to good purpose. But not all governments, or for that matter politicians, do necessarily have such motivations. Likewise, global corporations such as Google now have vastly more information about individuals and many people are concerned about the implications of this, particularly with respect to privacy issues. These are typified by the critical views, particularly expressed by European governments, at the acquisition of what many consider to be private information about people's wireless networks whilst Google was also collecting images for Streetview.

Second, social media are not ubiquitous, and access to them is highly differentiated. Although mobile telephony and the Internet have indeed spread rapidly across the country, there are still places and groups of people who do not have access, and as a result they are becoming increasingly marginalized. In the tribal areas of Jharkhand, people are not educated enough to explore internet on mobile phones. Urban and richer individuals have ever-faster Internet access, enabling them to use ever more creative social media, those who simply do not have the physical access, or cannot afford it, become ever more distanced from the political processes that such technologies permit. In this sense urban rural divide is very wide. Between those who have more disabilities and those who have fewer, and very often between men and women. For example facebook and twitter is mostly used by male. According to a survey report published in TOI on 27 March 2014, 63 percent internet users are male.⁵

A third challenge to India that social media have the capacity to provide greater 'liberty' is that it is based on a fundamentally instrumentalist assumption – that technologies by themselves have the power to make changes (Feenberg, 1991).⁶ However, technologies are not independent of the people who make them, and they are made for particular social,

economic, political and indeed ideological reasons. Moreover, most technologies have unintended consequences, with innately adaptive human beings frequently finding new and often very different uses for a device. The development of mobile banking, particularly in Kenya, was thus never envisaged by those who first designed mobile 'phones. One clear implication of this is that the same technologies can be used not only by different types of government in different ways, but also those different individuals and groups within their citizenries can likewise use them in different ways. Hence, the use of social media in northern Africa and the Middle East in recent years has seen very different outcomes in Tunisia, Egypt, Libya, Syria and Iran.

Fundamentally, though, the poor and the marginalized are not generally those who develop new technologies. If they are indeed to benefit from social media, their role in developing new technology must be taken into account. Therefore, needs to be some powerful external entity that explicitly seeks to ensure that such technologies can indeed be used in their interest, be that political, social or economic.

In case of social media also, applications now developed for current users, and disabled and marginalized mass of India is remained unconcluded. In essence, it would therefore appear that while social media have undoubtedly affected the democracy of India but is still not addressed the interests the poorest and most marginalized – the bottom of pyramid whose voice is remained unheard even after the 50 years independence. There has been change, but whether it is for the better depends very largely on the perspectives of the observer. Just because mobile 'phones are becoming very common in India does not mean that vastly greater numbers of people are actual using social media on their mobiles to enhance democracy. Moreover, social media is also used extensively by extremist groups who are seeking violently to change regimes through war and also who create havoc, rumors communal tension etc for political regions.

The need for digital access.

For social media to contribute to democracy, broadband for all is essential. Public spaces such as libraries and schools should provide access as a way of communication. Appropriate content is necessary, and the digital systems should be affordable and sustainable.

Lessons from the historical sociology of technology and democracy.

We have very complex kind of democracy, and it is important that our technologies are used to support systems that do indeed serve the interests of all people. How to include people in the political process remains a real issue. Technology and connectivity by themselves will not necessarily lead to the introduction or enhancement of democratic processes. There was also a strong view that the increasing tendency for the Internet to be controlled by a small number of organisations, governments and individuals, and that this ran counter to the aspirations of those seeking more democratic processes.

The “dark side” – how Social Media can be used against democracy.

It is important to reflect on the ways that social media is actually being used to counter democratic processes, because so doing can help develop understandings of the policies that need to be in place to resist such actions. There was widespread recognition that it is not just companies and governments that can use social media for negative purposes, and that individuals and small groups intent on using it for bullying, digital ‘monsterring’, or violent actions, are equally problematic. To challenge the negative dominance of some minority groups, it is therefore important for governments actively to engage in responding to ‘negative’ uses of social media. To ensure democracy, it was argued that the ownership of the Internet, and those who control it, needs to be much more democratic. Interestingly, there were also concerns about the lack of a strong bottom-up movement for a free Internet, and that there is far too much ‘slacktivism’ when it comes to action about digital technologies. Given that the major social media sites are increasingly

prevalent, it was also noted that boycotting them is now becoming very difficult; imagine a world without Gmail or Google’s search engine, or Google maps!

Privacy and security.

Some of the issues around privacy have already been alluded to above, but it is evident that there are very different views as to what is and should be private both within and between different cultures. Four important principles for governments were advocated by many of those present: don’t censor, don’t spy on your own people, educate people on safe social media usage, and require companies to be transparent about privacy and security.

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The Digital India programme

A flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy.



The journey of e-Governance initiatives in India took a broader dimension in mid 90s for wider sectoral applications with emphasis on citizen-centric services. Later on, many States/UTs started various e-Governance projects. Though these e-Governance projects were citizen-centric, they could make lesser than the desired impact. Government of India launched National e-Governance Plan (NeGP) in 2006. 31 Mission Mode Projects covering various domains were initiated. Despite the successful implementation of many e-Governance projects across the country, e-Governance as a whole has not been able to make the desired impact and fulfil all its objectives. It has been felt that a lot more thrust is required to ensure e-Governance in the country promote inclusive growth that covers electronic services, products, devices and job opportunities. Moreover, electronic manufacturing in the country needs to be strengthened.

In order to transform the entire ecosystem of public services through the use of information technology, the Government of India has launched the **Digital India programme** with the vision to transform India into a digitally empowered society and knowledge economy. ***

GREEK DEBT CRISIS- EUROPIAN NIGHTMARE

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Abstract

Greece defaulted on a \$1.7 billion IMF payment on June 29, 2015. The IMF reported on July 2, 2015, that the "debt dynamics" of Greece were "unsustainable" due to its already high debt level and "...significant changes in policies since [2014]—not least, lower primary surpluses and a weak reform effort that will weigh on growth and privatization are leading to substantial new financing needs." The report also stated that debt reduction (haircuts, in which creditors sustain losses through debt principal reduction) would be required if the package of reforms under consideration were weakened further. The paper presented here is an attempt to understand the current Greek debt problem and assess its impact on Indian economy. The paper also investigates the solutions available for Greece.

Keywords: Greece, EU, IMF, bailout, Eurozone

Greece became the epicenter of Europe's debt crisis after Wall Street imploded in 2008.

-Credit Eirini Vourloumis for The New York Times

The **Greek debt crisis** started in late 2009. It was the first of five sovereign debt crises in the eurozone – later referred to collectively as the European debt crisis. In Greece, triggers included the turmoil of the Great Recession, structural weaknesses in the Greek economy, and a sudden crisis in confidence among lenders.

In late 2009, fears developed about Greece's ability to meet its debt obligations, due to revelations that previous data on government debt levels and deficits had been misreported by the Greek government.^{1,2,3} This led to a crisis of confidence, indicated by a widening of bond yield spreads and the cost of risk insurance on credit default swaps compared to the other Eurozone countries – Germany in particular.^{4,5} In 2012, Greece's government had the largest sovereign debt default in history. On June 30, 2015, Greece became the first developed country to fail to make an IMF loan repayment.⁶ At that time, Greece's government had debts of €323bn.⁷

Background

The 1999 introduction of the euro as a common currency reduced trade costs among the Eurozone countries, increasing overall trade

volume. However, labour costs increased more in peripheral countries such as Greece relative to core countries such as Germany, making Greek exports less competitive. As a result, Greece saw its current account (trade) deficit rise significantly.⁸

A trade deficit means that a country is consuming more than it produces, which requires borrowing from other countries.⁹ Both the Greek trade deficit and budget deficit rose from below 5% of GDP (a measure of the size of the economy) in 1999 to peak around 15% of GDP in the 2008–2009 periods.¹⁰ Another potential driver of the inflow of investment into Greece was its membership in the EU, which helped lower the yields on its government bonds over the 1998–2007 periods. In other words, Greece was perceived as a higher credit risk alone than it was as a member of the EU, which implies investors felt the EU would bring discipline to its finances and support Greece in the event of problems.¹¹ As the Great Recession that began in the U.S. in 2007–2009 spread to Europe, the flow of funds from the European core countries to the periphery began to dry up. Reports in 2009 of fiscal mismanagement and

deception increased borrowing costs; the combination meant Greece could no longer

borrow to finance its trade and budget deficits.¹²

Table 1: Greek Debt Crisis At a Glance

- Greek GDP fell from €242 billion in 2008 to €179 billion in 2014, a 26% decline overall. Greece was in recession for over five years, emerging in 2014 by some measures.
- GDP per capita fell from a peak of €22,500 in 2007 to €17,000 in 2014, a 24% decline.
- The public debt to GDP ratio in 2014 was 177% GDP or €317 billion. This ratio was the third highest in the world after Japan and Zimbabwe. The public debt peaked at €356 billion in 2011; it was reduced by a bailout program to €305 billion in 2012 and has risen slightly since then.
- The annual budget deficit (expenses over revenues) was 3.4% GDP in 2014, much improved versus the 15% GDP of 2009. Greece has achieved a primary budget surplus, meaning it had more revenue than expenses excluding interest payments in 2013 and 2014.
- Revenues for 2014 were €86 billion (about 48% GDP), while expenditures were €89.5 billion (about 50% GDP).
- Interest rates on Greek long-term debt rose from around 6% in 2014 to 10% in 2015. Based on a debt of €317 billion, the 6% rate represents annual interest payments of roughly €20 billion, nearly 23% of government revenues. For scale, U.S. interest is roughly 8% of revenues. Interest rates on German bonds were under 1% in 2015.
- The unemployment rate has risen considerably, from below 10% (2005–2009) to around 27% (2013–2014).
- An estimated 44% of Greeks lived below the poverty line in 2014.

(Source: Eurostat data Base)

A country facing a “sudden stop” in private investment and a high debt load typically allows its currency to depreciate (i.e., inflation) to encourage investment and to pay back the debt in cheaper currency, but this is not an option while Greece remains on the Euro.⁹ Instead, to become more competitive, Greek wages fell nearly 20% from mid-2010 to 2014, a form of deflation. This resulted in a significant reduction in income or GDP, resulting in a severe recession and a significant rise in the debt to GDP ratio. Unemployment has risen to nearly 25%, from below 10% in 2003. However, significant government spending cuts have also helped the Greek government return to a primary budget surplus, meaning it now collects more revenue than it pays out, excluding interest.¹³

Impact on India

With Greece witnessing a full-blown economic crisis, India's software and engineering exports may take a hit and the country may also face larger capital outflows due to a weaker euro. The Greece situation battered the stock markets globally, including in

India, as foreign investors looked to re-allocate their portfolios in the wake of weakness in euro against various other currencies, while the companies with direct exposure to Eurozone markets were hit hardest. On June 29 2015, Greece's financial crisis intensified with Prime Minister Alexis Tsipras announcing capital controls and shutdown of banks at least for a week. Reacting to the news, the benchmark BSE Sensex dropped by more than 600 points in early trade on 29 June 2015, but managed to recoup some losses later on selective buying in the beaten-down counters and settled the day lower by 167 points at 27,645.15. It is likely that economic crisis in Greece may trigger capital outflows from India. Nevertheless, there is a strong notion that Greece crisis does not have any effect directly on India. But in case of firming up of interest rate in Europe, there can be outflow of capital from India. RBI governor's Raghuram Rajan believe that that India may be able to withstand the impact.

Exports from India would be impacted negatively if the European Union is hit from the Greece crisis. India does not have large exposure

of Greece as far as trade is concerned. So, impact should not be high.

What is new

Greece and its European creditors announced an agreement in Brussels on 13 July 2015 that aims to resolve the country's debt crisis and keep it in the eurozone, but that will require further budgetary belt-tightening that Prime Minister Alexis Tsipras could have trouble selling back in Athens. The International Monetary Fund threatened to withdraw support for Greece's bailout unless European leaders agree to substantial debt relief. Greece's Parliament approved painful new austerity measures. One open question is whether the deal gives enough confidence to the European Central Bank to let it continue channeling sorely needed emergency funding to Greek banks. As part of Greece's commitments, Chancellor Angela Merkel of Germany said, a fund will be created to use the proceeds from selling off assets owned by the Greek government to help pay down the country's debt. That fund would be "to the tune of" €50 billion, she said. Greece will also be required to seek assistance from the International Monetary Fund and to agree to let the organization continue to monitor the country's adherence to its bailout commitments. To reopen, the Greek banks would need more emergency loans from the European Central Bank. However, Yanis Varoufakis, former finance minister of Greece who resigned last week (July 2015) said in an interview with BBC that Greece was subject to a programme that will "go down in history as the greatest disaster of macroeconomic management ever".¹⁴ Now, the European Council has approved the €7bn bridging loan for Greece from an EU-wide emergency fund. It means Greece will now be able to repay debts to two of its creditors, the ECB and International Monetary Fund (IMF). In a damning assessment, Mr Varoufakis told the BBC's Mark Lobel: "This programme is going to fail whoever undertakes its implementation." Asked how long that would take, he replied: "It has failed already." "We were given a choice between being executed and capitulating. And he decided that capitulation was the ultimate strategy."

Solutions

The Economist writes in its latest issue, "All sides insist that their aim is not to eject Greece from the euro, but rather to find a way to keep it in. But the more honest European politicians admit that the likelihood of Grexit has never been higher. Betting now puts it at around 50%. Shockingly, for something so imminent, probable and with such dramatic consequences, there has been remarkably little public debate about how Greece would leave the euro. Grexit will hit Greece's economy harder than staying in and it will cost the creditors a lot more money. If it leaves the euro, Greece will not just default on its loans from European governments but also its liabilities to the ECB. The total—€340 billion (\$375 billion) or more than 3% of euro-zone GDP—is far more than the relief needed to make Greece's debt burden sustainable."¹⁵

That means, one should not expect Greek crisis to be ended soon. As the IMF has pointed out, there's really just no way that Greece can pay that mountain of debt. Near endless suffering imposed upon the Greek population. Greece needs that debt relief, it can only get it by being outside the euro, therefore it should leave the euro temporarily. Being outside the euro is going to solve Greece's basic problem, the absence of economic growth. After the first few months of chaos, hopefully Greece would see that growth return. But the risk is that the eurozone will not let Greece back in: because it is going to good for a country with the economic powerhouse that is Germany to share a currency with it. So, "temporary" exit will actually be a 'permanent' exit.

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CORPORATIVE INITIATIVES IN IMPROVING RURAL RETAIL

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Abstract:

A debate continued for a long time amongst the Indian marketers, both practitioners & academicians, on the justification for the existence of the distinct discipline of rural marketing. Consequently, two schools of thought emerged. The first school believed that the products/services, marketing tools & strategies that are successful in urban areas, could be transplanted with little or no more modifications in rural areas. However, the second school saw a clear distinction between urban & rural India, & suggested a different approach, skills, tools & strategies to be successful in rural markets. With a population already in excess of one billion people, India has caught the eye of multinational corporations across the globe as a place of opportunity for exploring new markets. Hub and spoke model involving engagement with farmers in rural India. A rural shopping mall where farmers can sell their commodities and can buy almost everything including cosmetics, garments, electronics, appliances and even tractors. It serves as an agri-sourcing centers, shopping centers, and facilitation centers

Keywords: Rural Retailing, Urban & Rural India, Retailing Services, Market.

Introduction:

Today Indian consumers are becoming very unpredictable. The consumer today, is richer, younger, eager to accept changes and more inspirational in his/her needs than ever before. This Statement is not confined to urban India but also applicable to rural India. A range of modern retailers are attempting to cater to the needs of the new Indian consumer. The last few years have witnessed an explosion of organized retail formats like supermarkets and hypermarkets in an otherwise fragmented retail market in India. At present 85% of the organized retailing takes place in India's urban areas.¹ A very little part of rural market is covered by organized retailers like Hindustan Uni Lever's Shakti, Indian Tobacco Company's e-Choupal and DCM Shriram Consolidated Ltd.'s Hariyali. During the boom years, as the urban middle class was growing, marketers spared little thought for the rural consumers. Now, when the urban market is near saturation in the face of stiff competition from global players, the

marketers are targeting the rural markets as this seems to be the only way to maintain their market share. Now the focus is at bottom of the pyramid, what Prof. C.K. Prahalad has called tier III of Indian society—the bottom—down, 600 million people living in 6 million odd villages comprising 12% of world's population, which is now attracting not only Indian corporate houses but also global retail leaders.² Overall, there is a huge market which is waiting to be served, ready to splurge, willing to explore new products, brands and services. Organized retailers can tap on their wallets given they do their homework well. According to India Retail Report 2009 by Images, - India's rural markets offer a sea of opportunity for the retail sector. The urban retail split in consumer spending stands at 9:11, with rural India accounting for 55 percent of private retail consumption.³

Now the questions arise, what is the model of retailing in rural India? Is the present model being used in rural India sufficient or do we need some different models? What are the

preferences of rural customers? What are the factors affecting the purchase decisions of rural customers? What is the satisfaction level of rural customers with the existing retail market? In this paper we have attempted to explore the above mentioned issues.

To be precise, rural marketing in Indian economy covers two broad sections

- Selling of agricultural products in the urban areas
- Selling of manufactured products in the rural regions

In present situation, our huge population is helping marketers to think new marketing strategies. 630 Billion Rural populations are greater than total consuming markets of many countries like Canada, South Korea, etc. The word "Retail" originates from a French-Italian word. Retailer-someone who cuts off or sheds a small piece from something. Retailing is the set of activities that markets products or services to final consumers for their own personal or household use. It does this by organizing their availability on a relatively large scale and supplying them to customers on a relatively small scale. For a retailer it is essential to see in which segment it is catering in the above division of villages. For example Shakti caters to villages with a population of 500 or above. Where in Eveready considers even the remotest of village as its target customer. It operates through more than thousand company-owned vans and has over 4,000 distributors to directly providing service to 6, 00,000 retail outlets. ⁴

With several states in the country permitting retailers to purchase produce directly from farmers, the farmers too are adapting to the new opportunity to cultivate assigned crops and take special care of the same. This gets them instant credit at higher prices than what they received from the erstwhile traders/middlemen. Corporate retailers like ITC, Godrej, Reliance, AV Birla and many others have already established the farm linkages. Indian farmers are

finally making good money, after centuries of social and economic exploitation. The Indian government too has chipped in with a massive loan waiver worth Rs.60,000 crore to lighten the farmers' debt burden.

Rural V/S Urban Consumer:

Rural Consumers are heterogeneity in nature (Rural specific and Region specific) whereas Urban Consumers are homogenous in nature. Rural bias: Nearly two thirds of the stores are located in rural areas. Rural retail industry has typically two forms: "Haats" and "Melas". Haats are the weekly markets: serve groups of 10-50 villages and sell day-to-day necessities.⁵ Melas are larger in size and more sophisticated in terms of the goods sold (like TVs).

Role of rural retailing

Retailing is the final phase of the distribution channel and it is clear by now that it is availability and distribution that drives growth in rural Indian markets. Hence retailing will be significant and will undergo greater organization and maturity as is being witnessed in the urban markets, even in the rural markets. Innovative retail models which take into account the nuances of rural markets are the way forward. A Study on buying behaviour of rural consumer indicates that the rural retailers influence 35% of purchase decisions.⁶ Therefore sheer product availability can affect decision of brand choice, volumes and market share. India offers a huge, sustainable and growing rural market which can be tapped effectively through innovative distribution channels with retailing being the most critical element of this strategy as it is the final touch point and the actual touch point with the customer which can be the most critical influence in the buying process.

ORGANIZED RETAIL IN RURAL INDIA

The retail sector in India is witnessing a huge change in its retail industry as traditional markets make way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. In this project an attempt

has being made to understand the current scenario of the organized retail sector in India and the future challenges as well as the opportunities for the Indian retail sector. The challenges are such as opening of the multi brand retail to foreign players, who are at present only allowed to invest in single brand retail up to 51% and 100% in wholesale retail through FDI and also the threat possessed by foreign players such as Wal-Mart, Carrefour and Tesco because it is often said that emergence of this player changes the entire game of retail in the country. It would be challenging for the Indian players to grow in the market and grasp the hold on the consumers to bring them up shopping to their store. The history of Indian retail sector

TRADITIONAL RURAL RETAIL FAIRS

Traditional family run convenience stores are too well established in India than to be wiped out and besides there is uniqueness in the traditional items that represent the sub-continent. The retail stores in India are essentially dominated by the unorganized sector or traditional stores. In fact the traditional stores have taken up 98 percent of the Indian retail market. Now stores run by families are primarily food based and the set up is as Kirana or the 'corner grocer' stores. Basically they provide high service with low prices. If the stores are not food based then the type of retail items available are local in nature. Traditional rural retail fairs in India deal in a good number of handcrafts items which are mentioned below: Hand painted wooden chest drawers Wooden wall brackets Embossed wooden table.

RURAL INDIA BUYS ⁷

- Products more often (mostly weekly) ;
- Buys small packs, low unit price more important than economy ;
- In rural India, brands rarely fight with each other; they just have to be present at the right place;
- Many brands are building strong rural base without much advertising support, like Shampoos, detergent etc.
- Fewer brand choices in rural areas; number of FMCG brands in rural areas is half that of urban.
- Buys value for money, not cheap products

Results and Discussion:

RURAL RETAILING IN INDIA

India like most other countries has a very large network of local stores spread all across India. It is not really a network since each store is individual or family owned and has no connection with the other. It does however represent a network since large consumer product companies like Unilever, Procter & Gamble, Colgate-Palmolive, Cadbury, Coca-Cola, Pepsi and ITC uses them as their final point of retail to the consumer. These small stores are very personal and have built strong relationship with the local population. They are points of news and connection. They offer credit to the local population and help out in times of crisis. They also have a very good understanding of requirement of the local population and have very low overheads enabling them to offer the best price for their products.

DEMOGRAPHIC PROFILE OF RURAL INDIAN MARKET(Census Report 2011)

- No. of Villages 638,691
- Rural Population 741 Million
- There are total 3,697,527 retail outlets in rural India
- Rural literacy rate(7 year and above) is 45%
- The no of middle income and higher income household expected to grow up to 111 million
- Rural market is growing up to 5 times than urban market
- Investment in formal saving instruments: 6.6 million household in rural 6.7 million in urban
- 145,98 villages with population less than 200 and 13,113 Villages with population over 5000
- 7271 Villages with railway station
- 1,38,000 villages with post offices

- 15039 Villages with hospital
- 12 million rediff signup out of total 20 million are from rural area
- FMCG segment with an estimated annual size of ₹ 50,000 cr.
- 32000 rural bank branches # Sources census of India 2001 Global Retail development index 2010

MAJOR RETAILERS IN RURAL INDIA

Now we analyze the existing rural retail penetrations in India. There are many players which are directly or indirectly involved in rural markets. Some big ones are ITC, HUL, DSCL and Gillette. Almost all telecom companies have penetration and retailing in rural markets.

I. ITC e-CHOUPAL & CHAUPAL SAGAR

e-Choupal is termed as one of the most innovative concepts of independent INDIA. e-Choupal is an initiative of ITC Limited, a large multi business conglomerate in India, to link directly with rural farmers via the Internet for procurement of agricultural and aquaculture products. Following the success of the e-Choupal, the Company launched Choupal Saagar, a physical infrastructure hub that comprises collection and storage facilities and a unique rural hypermarket that offers multiple services under one roof. This landmark infrastructure, which has set new benchmarks for rural consumers also incorporates farmer facilitation centres with services such as sourcing, training, soil testing, health clinic, cafeteria, banking, investment services, fuel station etc. 24 'Choupal Saagars' have commenced operations in the states of Madhya Pradesh, Maharashtra and Uttar Pradesh. ITC is engaged in scaling up the rural retailing initiative to establish a chain of 100 Choupal Saagars in the near future.

- II. **Hindustan Unilever Limited (HUL) – Shakti-** Shakti was initiated to reach the massive un-served and under-served markets that cannot be economically and effectively serviced through traditional methods. HUL identifies underprivileged women in villages and these women are trained to become

Shakti Entrepreneurs (SEs) i.e. distributors of HUL products in villages to earn a sustainable income through this business.

HUL invests resources in training these village women to become entrepreneurs by helping them become confident and independent. They are also a source of inspiration for the other women in the community. Hence, besides being a sale, distribution and communication initiative, Shakti is a micro-enterprise initiative that creates livelihoods and improves the standard of life. The Shakti initiative also enables rural consumers to access world class products, thereby reducing the menace of spurious products. Today, it benefits business by significantly enhancing HUL's direct rural reach and enabling communication of HUL's brands effectively in media-dark regions. The products distributed through project Shakti are some of the country's most trusted brands of consumer goods which are specifically relevant to rural consumers. From 17 SEs in 1 state in 2001 to more than 45,000 SEs in 2008, Shakti has indeed come a long way in impacting lives in rural India.

For HLL greater penetration in rural areas is also an imperative - presently over 50 per cent of its incomes for several of its product categories like soaps and detergents come from rural India. The challenge for HLL now is to take its products to towns with a smaller population - under 2,000 people. As Sehgal points out, HLL's conventional hub-and-spoke distribution model which it uses to great effect in both urban and semi-urban markets wouldn't be cost-effective in penetrating the smaller villages. Now, with this new distribution model, the smaller markets are now being referred to as 'Shakti markets'.

- III. **DSCL-HARIYALI KISAAN BAZAAR-** "Hariyali Kisaan Bazaar" - a rural business centre, is a pioneering micro level effort, which is creating a far-reaching positive impact in bringing a qualitative change and revolutionizing the farming sector in India. It is also an example of how well meaning

corporate can contribute to development of agriculture by building sustainable business models. Each "Hariyali Kisaan Bazaar" centre operates in a catchment of about 20 kms. A typical centre caters to agricultural land of about 50000-70000 acres and impacts the life of approx. 15000 farmers.

FABLES ABOUT RURAL MARKET

Fable 1: Rural occupation is not such a finite demographic. It changes throughout the year. Also, let us examine where rural income comes from. In 1980, two-thirds of rural income was farm income while one-third was non-farm income. By 2012, NCAER estimates that the situation will be exactly the reverse. In 2007, by NCAER estimates, the split was about 40:60 – 41% being the farm income! According to CMIE data, in FY03, despite the monsoons being erratic, India Inc managed to grow at 5.8 per cent with agricultural GDP and IIP (index of industrial production) also growing at a robust pace.

Fable 2: Rural consumers lack purchasing power. While the rural consumer is generally seen as less affluent than his urban cousin, things are changing fast. According to NSSO report no. 527, there was little difference between rural and urban households in the share of the budget allocated to fuel and light (10% for rural, 9% for urban) and clothing, including bedding and footwear (7% for rural, 6% for urban). While in 1998-99 over 83% of rural households fell in the lower and lower middle classes, the number has fallen to 70% in 2006-07; the comparative fall for urban India is from 53% to 27% [NCAER data]. And if experts are to be believed, the number is set to fall at a rapid rate over the next 20 years. In 1990, for every \$100 earned by a person residing in a rural area, a person in an urban area earned approx. \$182. Today, this gap has been reduced to \$56.

Fable 3: Decision maker in rural household is the male of the family: The power distance between the chief wage earner – male and the housewife- female, is rapidly decreasing in rural households. It is assumed that Rural India is still symbolic of some erstwhile male dominated

Indian society and females don't have a say. Though the primary decision maker in the rural family is thought to be the male, he is seldom in the household actually. Mass migration of men seeking employment in urban areas has become such a phenomenon that most immediate purchase decision, especially in categories that do not require savings to be spent are taken by females only.

Fable 4: Fear of technology: Adoption of technology in rural areas is faster than we imagine: Growth in rural teledensity has outpaced urban consistently in this decade. From Mar 07 to Sept 08, rural teledensity increased by 120% while growth in urban teledensity grew by 53% only (TRAI data). For the quarter ending Sept 08, net additions to wireless connections in rural areas were more than twice than in urban areas (19.93 million vs. 8.51 million). Growth for this period in rural was 28% compared to 4% in urban. Also, growth of PC penetration at home in 2008 in rural areas is 24% compared to 7% in urban areas.

Conclusion:

With an approximate population of 700 million people, the rural Indian market is important for multinational corporations to tap. Although rural Indians need to purchase consumer goods just as their Western counterparts do, rural Indian consumers have a different set of needs that must be met by both package and product. Spending time researching the rural Indian consumer as well as the market before diving in can help to prevent unnecessary struggles and failures. If the opportunity exists, partnering with an existing Indian company upon market entry can provide several key advantages to a company. Understanding the available distribution networks in rural India is crucial to making a successful entry into the rural Indian market. Packages need to be designed to withstand more distribution abuse due to poor roads and more primitive modes of transportation. Finally, when creating a package for rural India, small sizes allow consumers to try new products. It also caters to the fact that most rural Indians have low disposable incomes and little storage space at home. By applying

these lessons that have been learned from multinational corporations in the past, the task of entering the rural Indian market should be promising.

Rural Retailing in India Given that an overwhelming majority of India's population lives in rural areas, retailers are fast penetrating rural India. Rural India is experiencing the same changes as urban India - changing consumer preferences and consumption patterns, increasing exposure to different lifestyles and products, and increasing purchasing power. The retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services.

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Insurance Companies in Indian Rural Sector

A GREAT MIRACLE

By: Henry D Thoreau

We might try our lives by a thousand simple tests; as, for instance, that the same sun which ripens my beans illumines at once a system of earths like ours. If I had remembered this, it would have prevented some mistakes. This was not the light in which I hoed them. The stars are the apexes of what wonderful triangles! What distant and different beings in the various mansions of the universe are contemplating the same one at the same moment! Nature and human life are as various as our several constitutions. Who shall say what prospect life offers to another? Could a greater miracle take place than for us to look through each other's eyes for an instant? We should live in all the ages of the world in an hour; ay, in all the worlds of the ages. History, poetry, mythology! I know of no reading of another's experience so startling and informing as this would be. The greater part of what my neighbors call good I believe in my soul to be bad, and if I repent of anything, it is very likely to be my good behavior. What demon possessed me that I behaved so well? You may say the wisest thing you can old man, you who have lived seventy years, not without honor of a kind, I hear an irresistible voice which invites me away from all that. One generation abandons the enterprises of another like stranded vessels. I think that we may safely trust a good deal more than we do. We may waive just so much care of ourselves as we honestly bestow elsewhere. Nature is as well adapted to our weakness as to our strength. The incessant anxiety and strain of some is a well-nigh incurable form of disease. We are made to exaggerate the importance of what work we do; and yet how much is not done by us! Or, what if we had been taken sick? How vigilant we are! Determined not to live by faith if we can avoid it; all the day long on the alert, at night we unwillingly say our prayers and commit ourselves to uncertainties.... All change is a miracle to contemplate; but it is a miracle which is taking place every instant. ***

INCREASED FDI LIMIT IN INDIAN INSURANCE INDUSTRY

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Abstract

Due to economic liberalization started few years ago have started bringing in new investments from global giants and the government was hard pressed to facilitate global integration by lowering trade barriers for the free flow of technology, intellectual and financial capital. The first major reform initiative by the new Indian government led by the Prime Minister Narendra Modi- increasing the FDI limit in the Indian insurance sector from 26 percent to 49 percent will be a welcome move for many companies wishing to enter the market or expand the ownership of their current opening. This long pending decision of the Indian government to increase the cap on Foreign Direct Investment (FDI) in the insurance sector is a great opportunity for global industry participants who want to improve their market position and diversify their operations, in India. Thus liberalization of insurance creates an environment for the generation of long term contractual funds for in frastructural investment. The main aim of this paper is the analyse the benefits of increased FDI cap in insurance sector.

Keywords: Economic liberalization FDI, Global integration, Insurance Sector, Contractual funds, Insurance Sector.

Introduction

Congress and BJP both joined forces to pass one of the most historic economic reforms bill in the Insurance sector, which will now allow foreign direct investors to infuse upto 49% in the Indian insurance companies. The Bill has been Passed in Rajya Sabha, which was approved by Lok Sabha in 4th March 2014 As per industry wathchers, this single amendment in the Insurance Bill can result in investments upto Rs 60,000 crore (\$10 Billion). It is indeed a case of rare consensus when two of India's biggest political party joined forces to let through an important economic reform bill. This amendment also allows foreign investors to invest in pension funds, which were not allowed earlier. Section 24 of the Pension Fund Regulatory and Development

Authority (PFRDA) Act is directly linked with FDI in insurance sector, and thus, pension insurance industry and the corporate world in general, has welcomed this decision and has expressed confidence that this will help the overall market to bring in more capital and more progress. Though there are not instant benefits for the end customer, in the long run,

they are all set to benefit from this decision. Right now, insurance premium penetration is dismally low at 3% of the GDP, against global average of 8% and by introduction of more FDI, awareness and information about insurance will be increased. Moreover, as more players offer their insurance plans, the end customers will get better service and more options, translating to better insurance and better value for money. It's a win-situation for both the corporate and end customer

Table-1.Number of Insurance Companies in India

Type of Business	No. of Public Sector Companies	No. of Private Sector Companies	Total Companies
Life Insurance	01	23	24
General Insurance	06	22	28
Re Insurance	01	0	01
Total	08	45	53

FDI received in 2012-13, Life: 6045.9 cr (23.69% of capital) Non-Life:1586.6 cr (16.67%), (As per IRDA annual report released in Jan 2014)

India's current FM Mr. Jaitley had identified that benefits of insurance in India have not reached a large section of the people as insurance penetration and density are very low and proposed an increase in the foreign direct investment.

A critical factor making India an attractive market for global insurers is its favourable demography, low insurance penetration and the increasing life expectancy of individuals. Currently, the general insurance penetration in India is only 0.8 percent and life is 3.2 percent of GDP in 2013 the life and general insurance density respectively was just US\$11 significantly lower than other Asian countries.

The rising affluent middle class, along with increased insurance awareness will trigger increased demand for insurance products. As a result of the above factors, the Indian insurance industry is expected to grow from US\$350 -400 billion in 2020. The disparity between the current and forecast position creates lucrative opportunity for foreign players to unleash their potential in the country. Global investors and also quietly taking stock of new regulations that support their endeavors to bridge the huge insurance divide in the Indian economy.

Objectives of the Study

To Study the benefits of increased FDI in insurance Sector

Research Methodology

The present Study is based on secondary data. The relevant secondary data has been collected from the handbook of statistics on the Indian economy, RBI, various issues, Economic Survey, Government of India, various issues, Department of Industrial Policy and Promotion (DIPP), Secretariat of Industrial Assistance (SIA) and Central Statistical Organisation (CSO)

Growth Driver

There are various factors that will drive growth in the Indian insurance market, some of the key drivers are:-

1. Rising income & growth of middle class

Post liberalization reforms and growth in service sector has significantly increased the purchasing power of people. The income pyramid is changing with a large number of families entering into higher income group and much more families moving into middle-income group. Currently out of over 247 million households, 75 per cent comprises the humongous middle class. This would create new pockets of fresh demand for affordable and innovative insurance products and services.

2. Society changes and urbanization

It's anticipated that by 2013, 40 percent of Indian population will reside in urban centers and there would be at least 10 cities with a population more than 140 million. This rapid urbanization and fast paced economic growth has significantly altered the family structures. The concept of joint family is fast diminishing in India, especially in urban India where during the last two decades average size of family is fast diminishing in India, especially in urban India where during the last two decades average size of family has reduced to four from six. This trend will continue further where there is negligible dependency on extended family, more and more families are going nuclear way. As such these families are going nuclear way. As such these families would be increasing looking for adequate risk cover which in turn will further drive the demand for new insurance products and services.

3. Financial Sophistication

India has oldest stock market in Asia and the financial services market is quite evolved and relatively stable. In the recent years consumers are getting more comfortable in doing online business and are rapidly adopting

internet as a way to do financial transactions. Riding on the success of online banking and e-commerce, online platform to reach and acquire new customers. While the companies can have a low acquisition cost, the prospective customers now have an improved access to information about various insurance products and service. Such information abundance and ease to buy insurance cover online would further increase the insurance penetration in India.

BENEFITS OF INCREASED FDI IN INSURANCE SECTOR

1. **Insurance Products:** Private as well as government insurers will benefit from the proposed hike of FDI; these companies will offer better and wide range of insurance products to customers at larger competitive prices.
2. **Smaller Companies:** FDI will help smaller insurance companies to break-even faster and help monetize (convert into currency) the holdings of the promoters of the older life insurance companies.
3. **Capital inflow:** Immediate capital inflows of \$2 billion and long term inflows of about \$10 billion can be expected.
4. **Aggression:** The Industry has been cautious in selling products which are capital intensive, it will be able to become more aggressive.
5. **Technology:** Insurers will not just get capital but also technology and product expertise of the foreign of the foreign partner who is the domain expert.
6. **New Players:** We can expect about 100 life and non-life insurance companies to serve a market of our size. Increasing FDI could see 25-30 new insurers entering the market.
7. **State-Run Companies:** people in the country have more faith on government insurance companies and less on private ones, this hike will benefit the state-run companies more than the private ones.
8. **Penetration:** With the population of more than 100 crores, India requires Insurance more than any other nation. However, the insurance penetration in the country is only around 3 percent of our gross domestic product. Increased FDI limit will strengthen the existing companies and will also allow the new players to come in, hereby enabling more people to buy life cover.
9. **Employment:** With more money coming in, the insurance companies will be able to create more jobs to meet their targets of venturing into under insured markets through improved infrastructure, better operations and more manpower.
10. **Level playing Field:** With the increase in foreign direct investment to 49 percent, the insurance companies will get the level playing field. So far the state owned Life Corporation of India Controls around 70 percent of the life insurance market.
11. **Increased Capital Inflow:** Most of the private sector insurance companies have been making considerable losses. The increased FDI limit has brought some much needed relief to these firms as the inflow of more than 10,000 crore is expected in the near term This could go up to 40,000 crore in the medium to long term, depending on how things pan out.
12. **Favourable to the Pension Sector:** If the Pension bill is passed in the parliament then the foreign direct investment in the pension funds will also be raised to 49 percent. This is because the Pension Fund Regulatory Development Bill links the FDI limit in the pension sector to the insurance sector.
13. **Consumer Friendly:** The end beneficiary of this amendment will be common men. With more Players in this sector, there is bound to be stringent competition leading to competitive

quotes, improved services and better claim settlement ration.

By 2020, India's insurable population is expected to touch 75 crore. As a result, the importance of life insurance in financial planning is only set to increase. With the new government's stress on reforms, step taken by IRDA to make insurance more consumer-Friendly and India's favourable demographic, the future of India's insurance industry looks good. However, it remains to be seen how this sector impacts the unbanked sections of India, in the years to come.

Conclusion:

There are always pros and cons of each decision, FDI will increase as compared to demand the prices will come down, thus benefiting the end customers. The insurance sector in India is still under developed as compared to developed countries, and despite private players now allowed to enter this sector, we only have as small number of providers. FDI would increase the number of insurance companies and may also make possible better plans at lower prices. But careful consideration is required to ensure that the investment stays for long term and does not get withdrawn, leaving the companies and their domestic customers in a miserable position, and not all profits are moved outside the country but some reinvested or spent in our country. Regulations need to be revisited to ensure that Insurance Companies are subject to relevant and strict governance. Increasing the FDI ceiling will make the Indian Insurance sector more vibrant and dynamic in the intermediate and long term. Increased competition coupled with wider variety of products will result into a healthy Industry. Insurance companies and other players have to gear-up and plan now to reap the future benefits.

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GITA AS GUIDE For today's youth **Gita Row**

When I say that the Bhagwad Gita is an ideal guidebook for the young, the reaction is almost always: "Gita for the young? Wasn't it meant for retired people? Who has the time to read the Gita when we are already under so much pressure every day of our lives?" Wait, hang on, I tell them...perhaps the Gita can help relieve those very pressures and enable us to overcome stress and threat of failure. Youth is characterised by boundless energy, the spirit of adventure and thirst for new horizons. Yet today, the young seem bored. So many options are available to them — it is like eating different types of exotic food but without salt. All that is required is just a dash of salt to make the fare more palatable. So it is with life. The Gita lends taste to life like does salt to food. Just a sprinkling is enough to bring back the excitement in life, not only during our youth but right through life. So I would say that the Gita is an essential ingredient in life.

In this age of intellectual capital, you are busy acquiring the latest skills and expertise in the belief that it will guarantee success. But success comes only when you put all that knowledge to use. For example, you need the knowledge during examinations or at a job interview. But you get so

nervous that it is not available to you when you need it most. You blank out in the exam hall.

The Gita introduces you to your inner personality. The intellect reasons and discriminates and the mind is the centre of emotions and impulses. The mind is like a virus in a computer and the intellect is like an anti-virus software. The former corrupts your database, the latter protects it. So, only when the intellect is in command of your personality, you can access the knowledge that you have so painstakingly acquired. When the mind is playing up, the 'Access Denied' sign flashes on your screen. Hence, alongside academic education, you need to invest time and effort in developing the intellect to achieve success. The Gita, thus, could be the password to success.

You must be driven not by passion but by a vision, not by the desire to arrogate but to abnegate. Physics tells us that an object is red in colour because it absorbs all other colours except red — which it reflects. Amazingly, what it gives it retains. What it takes, it loses. So it is with life. The more you give the more you get. Dedicate yourself to a higher goal. And see the phenomenal results. What is the driving force behind your action? Is it merely prize money, personal landmarks and records? If so, you will soon get bored with life. If you have a powerful emotional motivation, you outperform your own standard and excel. Further, if you are dedicated to an intellectual ideal, you have access to far greater reserves of energy. Rise still higher to offer your talent as an act of worship to the Divine Power and you can make the impossible happen. Tap your potential.

So go ahead, connect with the Gita. Embark on a journey to transform your life from one of mediocrity to that of excellence.

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हूल दिवस

अमर नायकों को श्रद्धापूर्वक शत-शत नमन

30 जून 1855 को दामोदर-ई-कोह के भोगनाडीह बाम से अंग्रेजों द्वारा स्थापित मुलानी के खिलाफ क्रांति के नये सूर्य का उदय हुआ। संताल हूल के अमर नायकों सिद्धो-काव्दू, चाँद-मेरव एवं बहल फुली-झानों ने वीरता, साहस एवं सैन्य नेतृत्व की नई मिसाल कायम की। इन वीर नायकों के हाथों पीरपैती एवं वीरभूम के युद्ध में ईस्ट इंडिया कंपनी की सेनाओं की हार का बड़ा दूरगामी प्रभाव पड़ा। अंग्रेजों की अपराजेयता का मिथक मंन हुआ और 1857 की क्रांति संभव हुई। संताल हूल के उन महानायकों के प्रति हम कृतज्ञ हैं। साथ ही हमारा मानना है कि इन महान सपूतों के सपनों को तभी पूर्ण किया जा सकता है, जब झारखंडवासी शिक्षित, अनुशासित और विकास के लिए कटिबद्ध हों।

आइए, हम आज संकल्प लें कि स्वच्छ एवं पारदर्शी शासन व्यवस्था के साथ अपने प्रदेश को शिखर पर ले जाकर इन महानायकों के सपनों का झारखंड बनायेगे।

रघुवर दास
माननीय मुख्यमंत्री, झारखंड

द्रौपदी मुर्मू
माननीया राज्यपाल, झारखंड



झारखंड के 3.2 करोड़ लोगों के चेहरे पर मुस्कान लाने को प्रयासरत...

माननीय प्रधानमंत्री श्री नरेन्द्र मोदी और माननीय मुख्यमंत्री श्री रघुवर दास के कुशल नेतृत्व में

विकास की ओर उन्मुख झारखंड



नयी सरकार के छह माह की
विकास यात्रा

- विधि-व्यवस्था में सुधार तथा सरकार में जनसहभागिता...
- झारखंड को भारत का पावर हब बनाने तथा जन-

जन तक विद्युत आपूर्ति सुनिश्चित करने हेतु नये जेनरेशन एवं ट्रांसमिशन लाइन की स्थापना...

- उद्योग के सभी क्षेत्रों में पूंजी निवेश का मार्ग प्रशस्त...
- बेरोजगार युवक-युवतियों को कौशल विकास के माध्यम से उनकी क्षमता में वृद्धि करने की योजना

का शुभारंभ...

- कृषि एवं खाद्य प्रसंस्करण को बढ़ावा देने हेतु कृषकों के आर्थिक उन्नयन की योजना...
- उद्योगों को बढ़ावा देने के लिए आधारभूत संरचना जैसे बिजली, सड़क व रेल में गुणात्मक सुधार...

आपका सहयोग, हमारा प्रयास
सबका साथ, सबका विकास



एक ही लक्ष्य, एक ही धारा
प्रगति करे, झारखंड हमारा

