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EDITORIAL

Dr. Mithilesh Kr. Choubey

In India where parents stay together and put the happiness of their children above everything else. The biggest lessons learnt from one's parents are often unspoken. Scott Haltzman, a renowned US sociologist, has shown that happier families understand who they are, what they value and why. This keeps families balanced in both good and bad times as they understand that only deep contentment can transcend momentary periods of pleasure and pain.

The rise of global CEOs who spent their formative years in India is acknowledgement that the country is doing at least some things right. Many would agree some of the qualities these leaders possess — humbleness, humility and a strong work ethic — were acquired well before they left the territorial frontiers of India.

Standing on the roof of Jamshedpur Co-operative College, Jamshedpur, I often observe tiny NCC tents, in the college campus and fifty to sixty NCC cadres performing their routine drills. I recall my school days. Participating in the NCC was tough for me. We had to march in synchronisation in unrelenting heat, perform drills that didn't appear to have any real world application, wear pressed uniforms that would wrinkle within minutes of putting them on, and shine shoes for longer than seemed necessary. What could one have possibly learnt from this experience? In hindsight, it was a good way to judge discipline and responsibility.

Hyderabad Public School (HPS) produced four global CEOs from India: Satya Nadella (Microsoft), Shantanu Narayen (Adobe), Prem Watsa (Fairfax) and Ajay Banga (MasterCard). The Hyderabad Public School, Begumpet or HPS, Begumpet is a privately funded public school in Hyderabad in the state of Andhra Pradesh. Earlier known as Jagirdar College, it was established in 1923 as a school exclusively for the sons of jagirdars and other aristocrats. It was renamed as Hyderabad Public School in 1951 after Zamindari system was abolished in 1950. Of course, a first-rate educational system and a plethora of sporting activities were a definitive advantage. But it appears that two things differentiated HPS from other schools. First, there was the sterling leadership of the principal of HPS, MC Watsa. And, second, the NCC training — which involved military exercises — may have helped students develop some of the qualities they possess today.

There are many good schools in Jamshedpur, proving quality education to the children of middle class families. But, these schools' lack orientation towards NCC and sports. Today, many believe that the West is home to creative business thinkers and innovators, and that India is largely a land of bookworms, a place where breakthroughs are rare. When we ask why, the answers vary. Some people blame the education system. Bookworms don't have the creativity to think of new ideas or designs. How can students so completely focused on test scores possibly be innovators?

Though our family upbringing can help in creating future global Indian CEOs, but our students need 'military training' like atmosphere, and ability to think 'out of box'.

Mithilesh / 18/2/2014

FACTORS AFFECTING ADOPTION OF ELECTRONIC BANKING SYSTEM IN ETHIOPIAN BANKING INDUSTRY

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Abstract

The aim of this paper is to identify factors that affect adoption of E-banking in the Ethiopian banking industry. The study was conducted based on the data gathered from four banks in Ethiopia; three private banks (Dashen bank, Zemen bank and Wegagen bank) and one state owned bank (commercial bank of Ethiopia). A mixed research approach was used to answer the research questions that emerge through the review of existing literature and the experiences of the researcher in respect of the E-banking system in Ethiopia. The study statistically analyzes data obtained from the survey questionnaire. A research framework developed based on technology-organization-environment model (TOE) developed by Tornatzky and Fleischer. The result of the study indicated that, the major barriers Ethiopian banking industry faces in the adoption of Electronic banking are: security risk, lack of trust, lack of legal and regulatory frame work, Lack of ICT infrastructure and absence of competition between local and foreign banks. The study suggests a series of measures which could be taken by the banking industry and by government to address various challenges identified. These measures include: establishing a clear set of legal framework on the use of technology in banking industry, supporting banking industry by investing on ICT infrastructure and banks needs to be focused on technological innovation competition rather than traditional bases of retail bank competition.

Key Words: E-banking, Mixed research approach, Technology organization, environment frame work (TOE).

1. Introduction

The rapidly growing information and communication technology (ICT) is knocking the front-door of every organization in the world, where Ethiopian banks would never be exceptional. In the face of rapid expansion of electronic payment (E-payment) systems throughout the developed and the developing world, Ethiopian's financial sector cannot remain an exception in expanding the use of the system (Gardachew 2010, p.2). Technological innovations play a crucial role in banking industry by creating value for banks and customers, that it enables customers to perform banking transactions without visiting a brick and mortar banking system. On the other hand E-banking has enabled banking institutions to compete more effectively in the global environment by extending their products and services beyond the restriction of time and space (Turban 2008). However, mirroring the development of E-commerce, the adoption and diffusion of electronic banking (E-banking) system is not well developed in Ethiopia.

All banks in Ethiopia are too late to move with technological advancement and they should clearly chart out the time schedule for their integration and technological advancement. Some of the banks even today do not have their own websites which can help them to provide at least the information on financial services offered by them. All most, all banks operated in Ethiopia with some exemptions¹ provide service to customers by using traditional systems, that is why every bank customer is highly dissatisfied

by the disappointing status of financial development in Ethiopia. Even the time wasted in travelling for search of bank branches and the long waiting time to access the account is really disappointing. This is particularly because of the non-integration of branches of the same bank, i.e. even within individual banks their branches are not linked to each other and it is a must to physically visit the branch in which an account has been opened.

As it is stated in different E-banking literature some of the problems related with adoption of E-banking are: Low level of internet penetration and poorly developed telecommunication infrastructure. According to Jensen (2003), most countries in Africa, except South Africa, have Internet infrastructure only in their major cities. Lack of suitable legal and regulatory framework for E-commerce and E-payment is another impediment for the adoption of new technology in banking industry. Ethiopia has not yet enacted legislation that deals with E-commerce concerns including enforceability of the validity of electronic contracts, digital signatures and intellectual copyright and restrict the use of encryption technologies and High rates of illiteracy. Low literacy rate is a serious impediment for the adoption of E-banking in Ethiopia as it hinders the accessibility of banking services. For citizens to fully enjoy the benefits of E-banking, they should not only know how to read and write but also possess basic ICT literacy (Gardachew 2010). But risks related with security issue, lack of competition among local & foreign banks and social awareness on the E-banking system were not addressed. In order to encourage further E-banking adoption in developing countries, a better understanding of the barriers and drivers impacting E-banking adoption is critical (Zhao et al. 2008). By gaining an in-depth understanding of the factors and conditions that influence developing country's ability to fully adopt and realize its benefits, strategic implications can be generated for the researchers and practitioners regarding how to promote the growth of E-banking in the developing countries. However, despite the importance of these adoptions, limited studies are currently available in developing countries, especially in

Ethiopia. Therefore, more studies are still required to understand the relevance of E-banking in the country to identify areas in which the country lags behind that inhibit their E-banking adoption and diffusion. Therefore, to address the current gap in the literature, this study is designed to identify the E-banking adoption situation in Ethiopia and commonly focusing on the investigation of factors that affect adoption of E-banking system.

The remaining parts of the paper are organized as follows. The second section presents review of literature. The third section provides Objective of the study. The fourth section provides methods, while the fifth section is results. The final section, section six presents conclusion.

2. E-banking system in Ethiopian banking industry

The appearance of E-banking in Ethiopia goes back to the late 2001, when the largest state owned, commercial bank of Ethiopia (CBE) introduced ATM to deliver service to the local users. In addition to eight ATM Located in Addis Ababa, CBE has had Visa membership since November 14, 2005. But, due to lack of appropriate infrastructure it failed to reap the fruit of its membership. Despite being the pioneer in introducing ATM based payment system and acquired visa membership, CBE Lagged behind Dashen bank, which worked aggressively to maintain its lead in E-payment system. As CBE continues to move at a snail's pace in its turnkey solution for Card Based Payment system, Dashen Bank remains so far the sole player in the field of E-Banking since 2006. (Gardachew 2010)

Dashen bank, a forerunner in introducing E-banking in Ethiopia, has installed ATMs at convenient locations for its own cardholders. Dashen's ATM is available 24 hours a day, seven days a week and 365 days a year providing service to Debit Cardholders and International Visa Cardholders coming to the country. At the end of June 2009, Dashen bank has installed more than 40 ATMs in its area branches, university compounds, shopping malls, restaurants and hotels. In the year 2011 the payment card services have witnessed

significant strides, Dashen's ATM service expanded to 70 and 704 POS terminals (Annual report of the bank 2011).

Available services on Dashen Bank ATMs are: Cash withdrawal, Balance Inquiry, Mini statement, Fund transfer between accounts attached to a single card and Personal Identification Number (PIN) change. Currently, the bank gives debit card service only for Visa cards. Dashen bank clients can withdraw up to 5,000 birr in cash and can buy goods and services up to 8,000 to 13000 birr per day. Expanding its leadership, Dashen Bank has begun accepting MasterCard in addition to Visa cards. Dashen won the membership license from MasterCard in 2008. Harnessing its leadership with advanced banking technology, Dashen Bank signed an agreement with iVery, a South African E-payment technology company, for the introduction of mobile commerce in April 21, 2009. According to the agreement, iVery Payment Technologies has licensed its Gateway and MiCard E-payment processing solution to Dashen Bank. Dashen's Modbirr users can transfer 500 birr to other Modbirr users in 24 hours a day. This would make Dashen Bank the first private bank in Ethiopia to acquire E-commerce and mobile merchant transactions (Amanyehun 2011). Although Dashen's new technology is one step ahead in that it allows transfer of funds from one's account to others, the first ever E-banking gateway was signed between Ethiopian Commodity Exchange (ECX) and Dashen Bank and CBE. The E-banking system being developed with both banks is designed to give a secure electronic data sharing gateway between clients, banks and ECX, by facilitating a smooth transaction (Abiy 2008)

By the end of 2008 Wegagen Bank has signed an agreement with Technology Associates (TA), a Kenyan based information technology (IT) firm, for the development of the solutions for the payment system and installation of a network of ATMs on December 30, 2008. Zemen Bank, the only Ethiopian bank anchored in the idea of single branch banking, by launching full-blown internet banking, a service which is new to Ethiopian banking

industry in the year 2010. The bank tested the venture through its first phase of the online service, and now it is already started the full-fledged version, which enable customers to make online money transfer freely. Previously, the online banking service, delivered by the bank, only gave access to bank statements and exchange rate information. The new and never-been-tried service proposed by the bank is to include free account money transfer, corporate payroll uploading system where employers could upload payroll to the system and make payments to individual worker's accounts online and online utility bill settlement system, when utility companies are ready (Asrat 2010).

The agreement signed by three private commercial banks to launch ATM and POS terminal network, in February 2009 is welcoming strategy to improve electronic card payment system in Ethiopia. Three private commercial banks - Awash International Bank S.C., Nib International Bank S.C. and United Bank S.C. have agreed in principle to establish an ATM network called Fettan ATM network. If everything goes as planned, Fettan ATM will install over 140 ATM machines and over 340 POSs across Ethiopia. There will be one ATM at every branch of the consortium banks, all domestic airports serviced by Commercial service, shopping complexes and merchants. The agreement is the first significant cooperation between competing banks in Ethiopia, which others should be encouraged to follow as there is no single bank in Ethiopia that can afford to provide Extensive geographical coverage and access (Binyam 2009).

The following table 2.1 provides the E-banking services, which are available in the Ethiopia banking industries at present.

Table. 2.1. E-Banking services provided by four Ethiopian banks.

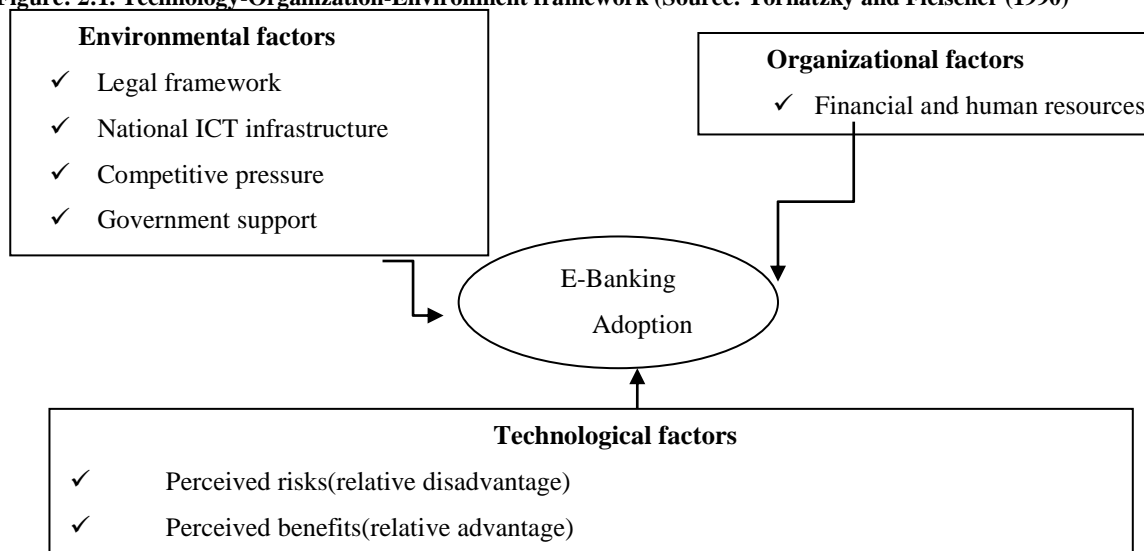
S.No.	Banks	Services
1	Commercial Bank of Ethiopia(CBE)	Automated teller machine,(ATM) and Telephone bill payments, point of sales terminal(POS)
	Dashen bank	Automated teller machine (ATM), Mobile Banking (Modbirr), point of sale (POS) terminals, Telephone banking.
3	Wegagen Bank	Automated teller machine, (ATM), point of sale (POS) terminals and Telephone banking service.
4	Zemen Bank	Automated teller machine, (ATM), online banking. Point of sale (POS) terminals, internet banking, Mobile/phone banking

Source: The researcher, 2012

Factors influencing Banks to adopt E-banking system:

Many researchers have been used different frame works in the study of adopting new technological innovation. Among frameworks that have been developed based on the past studies includes, the Technology-organization-Environment framework (TOE) (Tornatzky & Fleischer 1990), which identifies three basic Factors for the adoption of technological innovation, i.e, technological factors, organizational and environmental factors.

TOE framework was proposed by Tornatzky and Fleischer; it is designed for studying the likelihood of adoption success of technology innovations. This framework is a comprehensive and well received framework in the context of innovation adoption by organizations and has been used in many studies (Salwani, et al, & Ellis 2009; Chang et al 2007, Zhu & Kraemer 2006). According to Tornatzky and Fleischer (1990), technology adoption within an organization is influenced by factors pertaining to the technological context, the organizational context, and the external environment. Based on this, the researcher adopts the TOE framework to summarize possible key factors affecting E-banking adoption as shown in Figure 4.1.as follows

Figure: 2:1. Technology-Organization-Environment framework (Source: Tornatzky and Fleischer (1990))

The technological factor refers to adopter's perception of E-banking attributes. Typical characteristics of technology considered in technology adoption studies are based on the assumption of Roger's diffusion of innovation (Rogers 2003), Which include relative advantages (perceived benefits), and relative disadvantages (perceived risks). While the organizational factor refers to the organization's characteristics that influence its ability to adopt and use of E-banking system. The environmental factor refers to the external environment in which an organization operates and its condition for supporting the development of E-banking services. For each context, various factors have been identified from the literature but only those that are considered relevant for E-banking adoption are included in the framework. Details of factors considered in this study are discussed below.

2.2. Empirical Evidences

Some related studies are conducted by different researchers in different parts of the world. However, there are limited numbers of studies conducted in Ethiopia on the adoption of technological innovation. Specifically, Gardachew (2010) conducted research on the opportunities and challenges of E-banking in Ethiopia. The aim of his study was focused on analyzing the status of electronic banking in Ethiopia and investigates the main challenges and opportunities of implementing E-banking

system. The author conducted a survey on the existing operating style of banks and identifies some challenges of using E-banking system, such as, lack of suitable legal and regulatory frame works for E-commerce and E- payments, political instability in neighboring countries, high rates of illiteracy and absence of financial networks that links different banks.

Wondwossen and Tsegai (2005) also studied on the challenges and opportunities of E-payments in Ethiopia; their objective was studying of E-payment practices in developing countries, Africa and Ethiopia. The authors employs interview and on site observation to investigate challenges to E-payment in Ethiopia and found that, the main obstacles to the development of E-payments are, lack of customers trust in the initiatives, Unavailability of payment laws and regulations particularly for E-payment, Lack of skilled manpower and Frequent power disruption. According to Wondwossen and Tsegai (2005), an adequate legal structure and security framework could foster the use of E-payments, which is contradicting with the finding of the previous study.

On the other hand the study conducted by Daghfous and Toufaily (2007) on the success and critical factors in adoption of E-banking by Lebanese banks. The research was conducted on the factors that can lead to success the adoption

of E-banking and the other factors that can constitute as barrier to its adoption, it focus on the organizational, structural and strategic factors which can accelerate or, on the contrary, slow the adoption of this electronic mode of distribution and communication by the banks, through analyzing the case of the Lebanese market. In order to test the validity of the theoretical framework, structured survey was used, interview questionnaire that was given to E-banking managers or to information technology managers of all the banks on the official list of institutions operating on the Lebanese market, with a total of 57 banks, 31 of them operate internationally and 26 are strictly local were used to gather data. The results of their study shows that the organizational variables (bank size, functional divisions, technical staff, technical infrastructure, perceived risks, decision makers' international experience and mastery of innovation) are variables which exert significant impact on the adoption of E-banking, among the structural characteristics, the result revealed that internal technological environment of the bank is a very important factor in determining the adoption of E-banking, also the result shows that banks which are developing in the international scale are more likely to adopt E-banking innovations. Finally the result of the study indicated that extent of penetration of E-banking in the growth phase of an emerging market has an important correlation with the improvement of commercial performance. The other descriptive case study analysis conducted by Khalfan et al (2006) on 'Factors influencing the adoption of internet banking in Oman, aimed to identify the main potential factors or impediments that are currently inhibiting the incorporation or adoption of E-commerce applications in the Omani Banking sector. Data, used in their study were collected using semi structured interviews and survey questionnaire as well as reviewing some bank documents. The results of their study provide a Pragmatic picture about the adoption of E-Commerce applications in the core financial sector domain of Oman. One of the main findings is that security and data confidentiality issues have been a major barrier. The banking sector was reluctant to use E-commerce applications as they felt that

transactions conducted electronically were open to hackers and viruses, which are beyond their control. Lack of top management support is the other inhibiting factor in the adoption of electronic commerce applications as per their finding.

The study of Shah et al. (2005) on critical success factors (CSF) in E-Banking conducted in United Kingdom, aims to determine the critical issues related to financial sector organizations when they establish businesses online. The survey method was used by researchers which target the financial sector in the UK. The study indicates that Understanding the CSFs in E-banking is important for senior management of banking related organizations, because it would potentially help them improve their strategic planning process. The analysis of the study indicates two major types of statistical analyses were conducted, descriptive statistical analyses and factor analysis. In descriptive analyses, the factors (or variables) were ranked in order of their mean score, the highest score being the most important and so on. The top six factors in order of importance were: user-friendly website, systems security, support from top management, fast responsive customer service, promotion of electronic commerce within organization, and all time availability of services and rapid delivery of services.

Factor analysis, which was done to group together, related variables to uncover factors (in terms of factor analyses), found the following factors to be critical for the success in E-banking. Issues related to organizational flexibility and speed of services delivery were found to be at the top of the importance list. Issues related to organizational flexibility and speed of services delivery were found to be at the top of the importance list. Business processes and systems integration and enhanced customer services were next in the list of importance.

Gerrard et al. (2006) in their study in Singapore identify risk to be an important factor for Internet Banking adoption. All respondents who did not use Internet Banking services had a negative perception of the security in Internet

Banking. The respondents perceived that there were many security risks when using the internet. They felt the privacy was a concern, feeling all their financial information could be in jeopardy. Risk was one of the two most frequently mentioned factors in their study, "Concern about risk was mentioned by all respondents. An empirical investigation conducted by Sathye (1999) on the adoption of Internet Banking by Australian consumers also identified, security concerns as key factor in internet banking adoption. A report on Internet Banking in Australia finds that, security concerns among banks and customers are keeping both away from Internet Banking" Sathye (1999).

The study of Kerem (2003) on the adoption of electronic banking: underlying consumer behaviour and critical success factors conducted in Estonia, was intended to study the further understanding of, how consumers perceive electronic banking in the heyday of interactive channels in Estonia, as Estonia is internationally renowned for being a pioneer in the acceptance of new technologies. A series of an in depth interviews was conducted with leading industry experts in Estonia. The selection criterion for the respondent was mainly their involvement with the development of Internet banking systems from the early days of its emergence. The survey conducted for this research addressed six different issues influencing the adoption of Internet banking (Better prices, Recommendations, Better service, Marketing efforts, Better access and higher privacy). The most important factors in starting to use Internet banking are first and foremost better access to the services (convenience), better prices and higher privacy. Better service (i.e. preferring self service over office service) was also of above the average importance. Two factors that the respondents did not consider relevant to their adoption decision were banks' marketing activities and personal recommendations from friends and colleagues. Also the survey conducted six main obstacles (computers are difficult, no access to internet, internet banking is expensive, low security, have had no chance to try and I prefer personal contact) in adopting Internet banking (results of

a preliminary study, 100 respondents), the most important factors discouraging the use of Internet banking are lack of Internet access and not having a chance to try out Internet banking in a safe environment. Finally the research indicates that banking activities alone may not be sufficient in achieving growth if general infrastructure, economic environment and government initiatives are not supportive. The research conducted on identifying the attitudinal, social and perceived behavioral control factors that might influence the adoption of Internet banking by Hoppe et al. (2001) were based on theory of planned behavior (TPB) and the diffusion of innovations theory (DIT) developed by a previous research in Singapore. The aim of the study was to collect South African data in order to test out the hypotheses regarding the factors, which affect adoption of Internet banking and compare these results with those collected in other countries. Online questionnaire was used to collect empirical data and the results of the study shows that intention to adopt Internet banking can be predicted by attitudinal factors, perceived behavioral control factors to a lesser degree, and not by subjective norms. All attitudinal factors except banking needs are found to be significant, with complexity and risk showing a negative relationship.

In general, Review of Empirical studies shows that understanding the critical success factors (CSFs) in E-banking is important for banking industries because it would potentially help them improve their strategic planning process. The main obstacles and barriers that oppose E-banking adoption are the concerns of security, privacy of information and technology investment cost. Also the literature indicates that according to the customers there are different factors that influencing the adoption of E-banking such as, perceived advantages and other factors related to the services itself & how to be accepted and used by the customers, which differ from country to country, reflecting the economical and technological development in each country. In this study researcher has identified the main factors influencing adoption of E-banking in Ethiopian banking industries by

using survey and interview conducted with managers of the selected banks.

3. Methods Adopted

In order to attain the objective of the study and answer the research questions; researcher adopts both quantitative and qualitative (Mixed) research approach. The rationale of using such a mixed approach is to gather data that could not be obtained by adopting a single method and for triangulation (Creswell 2003). The method of data collection techniques consists of Survey, interviews and document analysis. With regard to survey, questionnaire was distributed to the staff of the 4 purposely selected banks (one state owned bank and three private commercial banks) to identify their intension on the adoption of E-banking systems. The questionnaire was distributed to 160 employees, all staff of E-payment or IT department of each bank was participated in the study. Interviews were conducted with the managers of the purposely sampled banks found in Addis Ababa and with one person (banking supervision department manager) at National Bank of Ethiopia (NBE). Collecting of data by using questionnaire and interview were supported by different documents obtained from records and reports of the industry, from web site, books, articles and Journals. Finally the data obtained from survey were analyzed by using descriptive statistics, statistical package for social science (SPSS).

4. FINDING

Although there are many associated benefits with the adoption of E-banking, there are many reasons which obstruct implementation of the system. In case of Ethiopian banking industries, many private banks still using old banking system and don't have access to take advantage from electronic banking facilities. Wondwossen & Tsegai (2005) observed the following reasons which may be considered as hindrance factors for the use of electronic payment system in Ethiopia. These hindrance factors include, lack of appropriate infrastructure for E-payment, lack of internet facilities with

customer and learning how to interact with bank website. Moreover, factors that can affect adoption of E-banking in the country regarding the technological factor, organizational factor and Environmental factor were presented as follows.

Technological factor

The issues raised in this study in relation with technological factor are the relative advantages (perceived benefit) the firm gained from adoption of E-banking system and the relative disadvantages (perceived risk) which hinder banking industries from the adoption of new technological innovations.

Perceived Risk

One of the basic barrier a firm faces, while adopting technological innovation is the perceived risks. For example the study of Sohail and Shanmugham (2003) suggests that one of the barriers in the adoption of electronic banking is fear of security risks. More over, all of the bank manager's participated in this study were asked whether security issue is raised with the use of technological facility in the banking industries, and all of them stated that security is the main concern that hinders our bank to use technological facilities.

These were also supported by the survey result shown on table 5.1, as follows.

Table 5:1, Technological factor

	Customers fear risk to use ATM	Lack of confidence with the security	In the case of using mobile banking, ATM and others, security risk affect users decision to use the system	Customers do not trust the technology provided by banks	Lack of trust is considered as barriers for the adoption of E-banking system. Ethiopia.
N Valid	126	126	126	126	126
Missing	0	0	0	0	0
Median	2.0000	2.0000	2.0000	3.0000	2.0000
Mode	2.00	2.00	2.00	2.00	2.00

Note: N-Number of responses; Response measurements, 1-strongly agree, 2-Agree, 3-Neutral, 4-Disagree and 5-Strongly disagree. Source: survey result, 2012

The result presented in the above table shows that, the respondents asked whether customers of banks fear risk to use ATM, and the descriptive statistics result gives median and mode of 2.00, that means the largest number of respondent were agreed on the issue, therefore fear of risk is one of the factor that hinder adoption of E-banking system in the country. Similarly the result shown on the above table revealed that lack of confidence with the security issue is considered as barrier for the adoption E-banking system, were median and mode value for the second question is 2.00. This result were consistent with the findings of Ghazi and Khalid (2012, p.9); Khalfan et al (2006) in which all indicted that, technological barriers, such as security risk as hindrance factor for the adoption of E-banking.

Also the result shown on the above table indicated that lack of trust on the use of technological facility provided by bank is another factor that can hinder adoption of technological innovation by Ethiopian banking industries. This result confirms the finding of Sathye (1999) which suggests; the greatest challenge among the electronic banking sector is winning the trust of customers in the issue of

security or perceived security risk as a key inhibitor in the adoption of online banking.

Organizational factor

One of the basic issue related with organizational factor is, the availability of financial as well skilled human resource to implement the system. In this study costs related with the use of E-banking instrument and technical or managerial skills required to implement E-banking system were considered as organizational factors. As it is shown in the following table 5.2, regarding the cost incurred on the use of different E-banking system like internet/online banking and mobile banking the largest number of respondents 51 out of the total or 40% did not agreed with the idea. Similarly the descriptive statistics result shows that, median and mode value for the first two questions in the table is 4.00. On the other hand the result presented on table 5.2. Blow revealed that unfamiliarity with the service provided though ATM, Internet banking, telephone and mobile phone by customers, Lack of technical and managerial skills on the use of technological innovation and Lack of skills to implement E-banking system are considered as barriers for the adoption of E-banking system.

Table 5.2 Organizational Factors

		Using internet banking increases cost to do banking task.	Relatively using of Mobile to get banking service is expensive for customers.	Customers of our bank were not familiar with service provided though ATM, Internet banking, telephone and mobile phone.	Lack of technical and managerial skills on the use of technological innovation.	Lack of skills to implement E-banking system.
	Valid	126	126	126	126	126
	Missing	0	0	0	0	0
Median		4.0000	4.0000	3.0000	2.0000	3.0000
Mode		4.00	4.00	2.00	2.00	2.00

Note: N-Number of responses; Response measurements, 1-Strongly agree, 2-Agree, 3-Neutral, 4-Disagree and 5-Strongly disagree

The above results were also supported by an interview script received from all respondents, which indicated that, 'compared with traditional banking system, using different technological innovation in banking industry is used to perform banking activities at lower costs. This finding is consistent with the finding of Rasoulina & Javaheri(2006) which suggests, cost, infrastructure, Socio-cultural, time, information, legislation and regulation and economic as the most effective issues affecting the electronic activities. These issues can be either drivers or barriers. For instance, if a country has managed to achieve a cost reduction greater than the investment made in adoption of new technology, then the cost factor can be considered as a driver rather than as barrier. In general, using of E-banking service such as internet banking, mobile banking and others is not expensive when compared with traditional banking system. On the other hand lack of social awareness/lack of familiarity with different technology and lack of sufficient skills to use and implement E-banking system were considered as barriers to adopt E-banking system in Ethiopia.

Environmental factor

Another factor which can affect the adoption of technological innovation in banking industry is an external environment: in this study four basic environmental factors are considered, these are legal frame works, national ICT infrastructure, competitive pressure and government support. The result obtained from survey, interview and literature regarding those four issues were presented in the following sections.

Lack of legal and regulatory framework

Electronic payments are not currently covered in Ethiopian legal system. Lack of such legal framework may thus hinder the introduction of cost effective modern electronic payment instrument such as ATMs, credit and debit cards, mobile/telephone/internet banking. Other policy initiative which is currently under consideration is the development of securities market, particularly, that of long term debt instruments (Getahun 2008). Similarly the study of Gardachew (2010) revealed that lack of legal frame work is one of the challenges for E-banking system in Ethiopia. In contrary the study of Wondwossen and Tsegai (2005) revealed that an adequate legal structure and security framework could encourage the use of E-payments in Ethiopia. However, the result of survey presented in table 5.3 about legal frame work on implementation of E-banking system

revealed that lack of legal frame works and cross country legal and regulatory difference is considered as barriers faced by banking

industries for the adoption of E-banking system in Ethiopia.

Table 5.3.Environmental factor(Lack of legal and regulatory frame work)

	Lack of legal frame works that enforce banking industries to adopt technological innovation	Cross-country legal and regulatory differences will have impact on the adoption of new technological innovation in the banking sector like, ATM, internet banking, mobile banking and Point of sale terminals (POS).
N Valid	126	126
Missing	0	0
Median	2.0000	2.0000
Mode	2.00	2.00

Note: N-Number of responses; Response measurements, 1-strongly agree, 2-Agree, 3-Neutral, 4-Disagree and 5-strongly disagree, Source: Survey result, 2012

Results reported on table 5.3, shows that the median and mode value for the first questions were 2.00, which means, the largest number of respondents 42 or 33% out of the total respondents were agreed that there is no legal frame works in Ethiopia. Likewise, the median and mode value for the second question in the above table were 2.00, largest number of respondents 67 or 53% were agreed that the differences on banking regulation in different country will have impact on the adoption of new technological innovation. Similarly, An interview conducted with one of the bank supervision manager at national bank of Ethiopia (NBE) also prove that, Ethiopia does not have special rule on the use of E-banking system or it is not yet included in the banking regulation. Since there is no legal frame works on the adoption of technological innovation at central bank, Ethiopian banking industry cannot be enforced to implement E-banking system. So lack of legal frame work for the implementation of E-banking system is one basic barrier for Ethiopian banking industry. The finding of this study were also consistent with the study of Tan and Ouyang (2002), they found that lack of legislation is an initial barrier that influence E-banking adoption in china.

Lack of adequate ICT infrastructure

Despite the recent improvements made by Ethiopian government on the national infrastructure, the overall ICT infrastructure in Ethiopia remains inadequate. Card-based payment systems in Ethiopia have been growing fast in recent years. Four commercial banks in the country (including the state owned Commercial Bank of Ethiopia), Dashen bank, Zemen bank and Wegagen bank have introduced wider use of debit or ATM cards. Commercial banks in Ethiopia also cited plans to use new technologies for remittance transfers, including mobile-phone transfers and remittance-linked financial products such as prepaid cards. However, significant challenges to these plans include, lack of adequate financial and telecommunications infrastructure for the new technologies (Alemayehu & Jacqueline 2011). Similarly the study of Wondwossen and Tsegai (2005) stated that lack of sufficient telecommunication infrastructure is one of the basic challenges in the development of E-payment in Ethiopia. More over the questionnaire result in this study presents four questions to examine the perception of bank staff on the issue.

Table 5.4.Environmental factor(Lack of adequate ICT infrastructure)

	Using internet banking is difficult due to low internet access in Ethiopia	Internet connection was not good enough to perform online	Lack of available ICT infrastructure	Mobile banking services may not perform well because of network problems
N Valid	126	126	126	126
Missing	0	0	0	0
Median	2.0000	2.0000	2.0000	2.0000
Mode	2.00	2.00	2.00	2.00

Note: N-Number of responses; Response measurements, 1-strongly agree, 2-Agree, 3-Neutral, 4-Disagree and 5-strongly disagree, Source: Survey result, 2012

The above table 5.4 shows that ICT infrastructure in Ethiopia for internet access is not sufficient to use online banking service, were the median and mode value for the first question is 2.00. Similarly the median and mode value of the rest three questions is 2.00, which indicated that lack of available ICT infrastructure in the country inhibits to use E-banking system. Similarly, an interview script received from the CBE E-payment manager indicates that ‘the poor quality of telecommunication network service is a major obstacle for all banks in Ethiopia to effectively deliver some services such as internet banking, mobile banking and others. Moreover, the IT manager of Zemen bank, indicated that: ‘Our bank were aggressively doing on the provision of high quality service to customers by employing different technological innovation, for example the bank purchase CORE banking system soft ware, which offers service to customers more than the sophisticated ATM machine. It would enable banks to provide Internet banking to deliver product/service to customers. It helps customers to view their balances, transfer funds, and pay bills online. Banks could also offer mobile banking services through which customers can check their

balance and transfer funds by short message service (SMS), as well as phone banking to check balances and make account inquires by phone. However, some experts in the banking industry speculate that underdeveloped telecommunications infrastructure may hinder the visibility and practicality of the CORE banking system. Therefore, one of the major obstacle factor identified in this study is lack of ICT infrastructure, to use E-banking service, such as internet banking, mobile banking, ATM and others.

Lack of competition

As it is stated in different E-banking literature, competitive pressure is considered as driver for the adoption of E-banking in developed country. For example, the study of Laforet & Lu (2005) and Salwani (2009) suggests that, the foreign funded banks are more competitive in securing corporate clients over the Chinese banks because they are perceived to offer better services and more stringent security measures given their longer experience in E-banking development. However, lack of competition in Ethiopia among local and foreign bank hinders Ethiopian banking industries to adopt E-banking system. Respondents were asked whether lack of competition among local and foreign banks influence adoption of E-banking and the result obtained from survey is shown in the following table.

Table 5.5.Environmental factor(Lack of competition)

Options		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	20	15.9	15.9	15.9
	Agree	59	46.8	46.8	62.7
	Neutral	13	10.3	10.3	73.0
	Disagree	29	23.0	23.0	96.0
	Strongly disagree	5	4.0	4.0	100.0
Total		126	100.0	100.0	

Note: N-Number of responses; Response measurements, 1-strongly agree, 2-Agree, 3-Neutral, 4-Dis agree and 5-strongly disagree. Source: Survey result, 2012

The above table 5.5 shows that the largest number of respondents 59 or 46.8%, were agreed with the idea that lack of competition between Ethiopian banking sector and foreign bank is considered as barrier for the adoption of E-banking system. Similarly, an interview result revealed that, Ethiopian government did not allow foreign banks to operate in the country, these is due to protecting of local banks from the well developed foreign bank competition. Therefore, Ethiopian banking industry did not consider about competition with foreign banks and such policies could discourage banking sector of the country from the adoption of E-banking system.

Government support

In addition to the competitive pressure, the study of Chong and Pervan's (2007) survey of Australian SME suggest that, government initiatives are the most significant factor determining the extent and deployment of E-business adoption. Similarly the study of Sherah et al (2009) noted that government support is the major driver for the adoption of E-banking in china. The questionnaire result about government support was shown on table 5.6 as follows.

Table 5.6, Environmental factor(Government support)

	Lack of sufficient government support will affect customers willingness to use technological innovation	Customers may not willing to accept E-banking service
N Valid	126	126
Missing	0	0
Median	3.0000	4.0000
Mode	4.00	4.00

Note: N-Number of responses; Response measurements, 1-strongly agree, 2-Agree, 3-Neutral, 4-Dis agree and 5-strongly disagree, Source: survey result, 2012

As it is depicted on the above table, respondents were asked whether, lack of government support is an inhabiting factor for the adoption of E-banking in Ethiopia and the

median and mode value gives 3.00 and 4.00 respectively. by looking the mode value of 4.00, it is possible to say that the largest number of respondents did not agreed with the idea that

lack of government support affect adoption of E-banking system in Ethiopia. For the second question the median and mode value is 4.00, it implies that unwillingness of customers to accept E-banking system is not considered as barrier for the adoption of technological innovation. On the other hand an interview conducted with IT managers /E-payment managers confirms that, Ethiopian government were doing on improvement of national infrastructure, it will encourage our bank to adopt different technological innovation.

5. Conclusion

This study aims at investigating the main factors affecting adoption of E-banking in Ethiopia. To achieve the proposed objective Technology-organization-Environment (TOE) frame work were used. On the other hand both quantitative as well as qualitative (mixed) research approach was employed in the study. E-banking system, such as ATM, mobile banking, internet banking and others were not well adopted by Ethiopian banking industry. This is due to low level of ICT infrastructure and lack of legal frame works at NBE, which can initiate banking industry to implement the system. In addition to the above two basic factors affecting adoption of E-banking in Ethiopia, Result of the study also shows that security risk and lack of trust on the use of technological adoption are other major barriers

for the system. The level of security risk associated with E-banking product or service, such as ATM, internet banking, mobile banking and others, pose different challenges to different banks. Improvements are required to ensure client confidence. Lack of competition among local and foreign banks is also another challenge for the adoption of E-banking in the country. Technical and managerial skills available in Ethiopian banks for the adoption of E-banking are also limited. This is influencing the choice of technology in Ethiopian banks.

In general, the findings of this study offer additional insights into the current E-banking adoption situation and its implications for E-banking growth in Ethiopia as an example of a developing country. Furthermore, the understanding of the barriers to E-banking adoption identified in this study may help to identify the best course of actions to promote its development. It will also be valuable to all banking industries of the country to increase their awareness and understanding of E-banking benefits. Therefore, Ethiopian government should establish a clear set of legal frame work on the use of technology in banking industry, support banking industry by investing on ICT infrastructure and banks needs to be focused on technological innovation competition rather than traditional bases of retail bank competition.

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Ethiopia officially known as the **Federal Democratic Republic of Ethiopia**, is a country located in the Horn of Africa. It is bordered by Eritrea to the north and northeast, Djibouti and Somalia to the east, Sudan and South Sudan to the west, and Kenya to the south. With over 93,000,000 inhabitants. Ethiopia is the most populous landlocked country in the world, and the second-most populated nation on the African continent. It occupies a total area of 1,100,000 square kilometres (420,000 sq mi), and its capital and largest city is Addis Ababa.

Ethiopia is one of the oldest locations of human life known to scientists and is widely considered the region from which *Homo sapiens* first set out for the Middle East and points beyond. Tracing its roots to the 2nd millennium BC, Ethiopia was a monarchy for most of its history. Alongside Rome, Persia, China and India, the Kingdom of Aksum was one of the great world powers of the 3rd century. In the 4th century, it was the first major empire in the world to officially adopt Christianity as a state religion.

From Wikipedia

SELF HELP GROUP AMONG WOMEN: A STUDY IN UDUPI DISTRICT OF KARNATAKA

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Abstract

The failure of formal institutions to serve the rural poor effectively led to a review and look at the informal financial systems and lending groups. Over the past few decades several informal and innovative approaches in financing the poor in a sustainable manner have been experimented in many developing countries. The origin of SHG is the Brain Child of Grameen Bank of Bangladesh, which was founded by Professor Mohammad Yunus of Chittagong University in the year 1975. This is exclusively established for the poor.

SHGs play a major role in transforming rural economy. Microfinance helps the rural poor to improve their life standard and fulfill their credit needs. SHGs are new innovation in the field of rural economic development, to finance the rural people and also to satisfy their credit needs. This in turn will help to transform the rural economy by way of improving the economic status of each and every individual member of the SHG in the rural areas apart from providing scope for women empowerment. Thus, SHGs play a major role in women empowerment, micro- finance through bank linkages in collaboration with NGOs and contribute to the rural economy.

The objectives of this paper are 1) To study the relation of SHG members and development of leadership qualities 2) To examine the influence of membership of SHGs and gender inequality.

It has been established fact that women's contribution of the poor household income in rural areas is higher than that of men. It is also considered that the saving behavior of Indian

women helped a lot in assisting their family in times of emergency and to become financially sustainable. As a complementary to this micro-finance through self-help groups is working as a powerful tool to assist women by inculcating the saving behavior among them and became the effective approach of financial inclusion. It has been proven in many studies that microfinance through Economic empowerment of women is measured in terms of employment, income share by women, and control over earned income by women, average savings and the like. Today, In India, Self Help Groups represent a unique approach to financial intermediation. This combines access to low-cost financial services with a process of self-management and development for the women who are SHG members. SHGs are formed and supported usually by NGOs or (increasingly) by Government agencies. Linked not only to banks but also to wider development programmes, SHGs are seen to confer many benefits, both economic and social. SHGs enable women to grow their savings and to access the credit which banks are increasingly willing to lend. SHGs can also be community platforms from which women become active in village affairs, stand for local election or take action to address social.

Microfinance and Empowerment of Women

There has been much debate in the gender and development literature on how to achieve women's empowerment, with this debate often centering on whether microfinance programmes do in fact empower women (Jayaweera, 1997). Does access to credit automatically lead to empowerment? – This question is increasingly being asked by academics who are working on the impact analysis of microfinance on women (for example see Cheston and Kuhn, 2002).

Kantor (2003) raised a similar question: does access to income earning opportunities improve women's status within the household or do social norms and practices intervene to make access to resources alone insufficient to challenge intra-household gender relations in some contexts? According to Hunt and Kasynathan (2001), who controls decision-making regarding the use of credit, who manages enterprises supported by credit, whose labour is used, who controls the marketing of products, and who keeps, decides on, and uses any income generated? – These questions are critical for understanding changes in gender relations and the contribution of microfinance to women's empowerment.

Several studies (for example see Chaudhary, 2005; Garba, 1999; Gulati, 1996 etc.) have shown that access to credit and income cannot lead to the empowerment of women instead those are associated with processes of changes in the power structure. Therefore, it is important to make a conceptual distinction between projects that seek to reduce poverty and enhance productivity and those that seek to empower women, as the strategies adopted could be different. Effective poverty targeting can ensure that short-term, material benefits reach the poorest without necessarily leading to enhanced voice and equality (Rao, 2005). Singhe (1993) also noted that the development strategies which simply increase women's access to resources do not necessarily ensure their empowerment.

Cheston and Kuhn (2002) pointed out that the ability of a woman to be empowered through access to financial services depends on many factors – some of them linked to her individual situation and abilities, and others dependent upon her environment and the status of women as a group. Control of capital is only one dimension of the complex and ever-changing process by which the cycles of poverty and powerlessness replicate them. Women also face disadvantages in accessing information, social networks, and other resources they need to succeed in business and in life. According to Ramachandran (2002) credit, productive assets and skills cannot be used to empower the poor especially women unless they are aware, confident and powerful as collective to resist the

landlords, moneylenders, unscrupulous middlemen and even development functionaries. Endeley (2001) argued that women having access to income primarily ensures the welfare of the family, and can hardly address problems of women's oppression and subordination. Using 'empowerment' in connection with projects that focus only on ensuring women's access to moneymaking opportunities can only mislead. The true meaning of empowerment – transforming unequal gender power relations – is in most cases forgotten by development agents and practitioners who tend to avoid challenging male power and control i.e., patriarchy.

The present study is undertaken to study the relation of SHG members and development of leadership qualities and to examine the influence of membership of SHGs and gender inequality

Research Design and Methodology

The study was related to two taluks of Udupi district namely Udupi and Kundapura under both judgment and convenience sampling methods. Only SHGs under SGSY which are enlisted with Directorate of SHGs under SGSY, for the year 2011-12 & completed one years of existence are covered in the study and primary data are collected during the first half of 2013. Five SHGs are randomly selected from each of selected two taluks. Five women members are selected from each SHG which resulted in total sample size of 50. Data was collected from each respondents through questionnaire.

Review of Literature

Sherin (1999) found that 82.69 per cent of the functional SHG respondents had expressed personal empowerment in terms of authority in planning, decision making, implementation and evaluation of the SHGs programmes while only 55.17 per cent of the non-functional SHGs respondents claimed that they had been similarly empowered. Prasad (2000) observed that 90 per cent of women in the SHG federation had learnt to sign their names and many had enrolled to learn how to read, write and learn computers. In many villages, community issues like drinking water, roads, and electricity and health services were being addressed by the women's groups. Involvement was also seen in activities like desilting of tanks, child development in addition to

income generation programmes. Chandargi *et al.* (2004) conducted a study in Dharwad district of Karnataka on the performance of SHGs. The study revealed that the women undertook pottery, diary, basket making as group enterprises. The profit earned from such enterprises was further invested on more appropriate, viable income generating activities to form greater economic stability.

Socio-economic Profile of SHG Members

65% of the respondents belong to the age group of 18-27 years, 28% of the respondents belong to the age group between 28-37 years and 7% of the respondents belong to the age group of 38 & above years. The respondents in the study cover all sections of society wherein representation of Hindu (75%), Muslims (20%) and Christian (5%) are ensured. Moreover, out

of 50 respondents 35 belong to general caste, 19 belong to SC community, 6 belong to ST. Further, 66% of the respondents have completed primary level of education. Moreover, majority of the respondents are married and they live in nuclear family.

SHG Members and Development of Leadership Qualities

Members of the self-help groups could develop leadership qualities in them through sense of devotion to work, duty consciousness, sense of responsibility, organizing ability, self-confidence etc. These qualities were developed through the members' involvement in the various activities of the SHGs. The membership of SHGs helped the women to develop leadership qualities in them.

Table 1: Role of SHG Membership in Developing Leadership Qualities (N=50)

Taluku	Number of SHG members/factors affecting leadership qualities					
	I	II	III	IV	V	Total
Udupi	17	22	20	23	21	25
Percentage	68	88	80	92	84	100
Kundapura	20	24	19	24	17	25
Percentage	80	96	76	96	68	100
Total	37	46	39	47	38	50
Percentage	74	92	78	94	76	100
	I-Sense of devotion to work, II-Duty consciousnesses, III-Sense of responsibility, IV- Organizing ability, V-Self-confidence.					

Source: Primary Data

Table 1 shows that out of the total respondents, 94% declared organizing ability as the main factor in developing leadership quality whereas 92% women were of the view that duty consciousness was responsible for development of leadership in them. 78% declared that sense of responsibility was the main factor in developing leadership quality and 76% women were of the view that self-confidence was the main factor in developing leadership quality. About 74% women were of the view that sense of devotion to work was responsible for development of leadership quality in them.

The influence of membership of SHGs and gender inequality

Gender inequality has been an endemic problem in our patriarchal family system. There is a severe bias against the female members of the family since their childhood. It is reflected in all respects of the family and social relationship. The family lineage and living arrangements are centered on men and inheritance and succession practices tend to neglect women. Boys are favoured over girls for access to nutrition, childcare and education. From the early age a girl is socialized to give priority to the needs of the male members in the family. Women constitute nearly half the total population. Yet the socio-economic and health indicators of

women in India lag far behind men. Illiteracy, low work participation, and poor exposure to mass media are the common causes for low

status of women and their less autonomy. Low status of women and their dependence on men make them vulnerable to many social evils.

Table 2: Influence of Membership of SHGs and Gender Inequality (N=50)

Taluks	Number of SHG members/gender inequality factors					
	I	II	III	IV	V	Total
Udupi	24	23	23	20	17	25
Percentage	96	92	92	80	68	100
Kundapura	20	23	24	22	18	25
Percentage	80	92	96	88	72	100
Total	44	46	47	42	35	50
Percentage	88	92	94	84	70	100
	I- Economic independence, II- Knowledge about gender equality, III- Through education of family members about gender equality, IV- Providing equal opportunity to women, V- Others (Social, political independence).					

Source: Primary Data

The responses of the SHG members covered by the study revealed some significant aspects about the gender inequality (Table 2). Majority (94%) of the respondents opined that attaining education helped them to face gender inequality, 92% of the respondents believed that women were helped by getting proper knowledge while 88% of the respondents achieved economic independence after getting membership of SHGs.

Recommendations

1. Social capability building programmes should be organized from time to time to train the NGO's activists, volunteers, Panchayat representatives, members of youth clubs etc. to promote small savings and women's active and positive role in development process, ensuring their rights, entitlements and due share in developmental benefits.
2. The key elements in the survival and sustainability of the SHG's should naturally be built on those elements that have brought the group together. SHG's have to evolve as sustainable village level institutions for

taking active role in development and governance.

3. In addition to the institutional sustainability, the group should also become financially viable. Finance sustainability of the group is achieved when the group is able to cover its operational costs from its income.

Conclusion

The SHG can contribute to changes in economic conditions, social status, decision making and increases women in outdoor activities. These SHGs play a very important role in social change. SHG not only changes the outer form of a community or a society but also the social institutions as well as ideas of the people living in the society. In other words it also applies to change the material aspects of life as well as in the ideas, values and attitudes of the people. Today, in India the role of Self Help Groups in the rural development has attracted attention from all over the realm of social sciences. Hence, the study is placed to evaluate the SHGs important role in increasing rural development of Karnataka state. The major findings in the study justify the greater role played by the SHGs in increasing empowerment

of women, by making them financially strong, as well as it helped them to save some amount of money and invest it in further development.

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CORRIGENDUM

This is reference to the article titled "ONLINE ADVERTISING: EMERGING TRENDS AND PRACTICES", published in the year II Volume II issue V (December 2013—February 2014) of Jamshedpur Research Review. The author's name of the article was misprinted as Dr. S.K Gupta.

The author's name should be read as Dr.S.B.P.GUPTA.

ENHANCEMENT OF VENDER IDENTIFICATION, SELECTION AND EVALUATION PROCESS USING LEAN SIX SIGMA METHODOLOGY FOR ZIPNET TEAM OF CARL ZEISS INDIA

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Abstract

The paper is to study the current efficiency level of the existing vendor identification, selection and evaluation system in Carl Zeiss India Private Limited and then improve it using Lean Six Sigma Methodology and suggest controlling steps on the basis of the analysis done in due course. It required a thorough understanding of what exactly is DMAIC (Define, Measure, Analyse, Improve and Control), the vendor identification, selection and evaluation was and what was the true intention behind following the existing vendor identification, selection and evaluation process by the ZIPNET (Zeiss India Platform for Nurturing Employee Talent) team of Carl Zeiss India.

Key Words: Vendor Identification, Lean Six Sigma, Carl Zeiss India

Introduction

Carl Zeiss has always had the culture of enhancing employee learning abilities as it is a very employee friendly company. Everybody acknowledges the knowledge of others in some way or the other. But the issue that was seen was, the vendor management process for addressing the various training needs was not process oriented i.e. no proper framework or procedure did not exist. So, for this reason, the new vendor identification, selection and evaluation process came into picture which provided a process oriented framework to the ZIPNET team and the employees where they could follow a structured approach in meeting/applying to the training requirements in the company. After the “Improve Phase” was done, the next thing was to measure the success of the new process. For that purpose, quantitative and qualitative

research was done with the help of the feedback forms and comments found in them. As on date this new process is being implemented across Carl Zeiss India Private Limited

The research questions of the paper are:

1. A thorough understanding and implementation of different tools and techniques which are available in the Lean Six Sigma Framework.
2. How does vendor management and Six Sigma work for Learning and Development? Why it is important? Why it should be done?
3. Which data should be considered for calculating the efficiency and sigma levels and how best the process efficiency can be improved during my internship period?

Literature Review

As per Bong Choi (2006), Six Sigma management activities were classified in two categories: the preliminary preparation activities (CEO's will, communication, training, policy) and substantial Six Sigma activities (information utilization, standardization, promotion), and the effect of preliminary preparation activities on substantial Six Sigma management activities was empirically analyzed. The causal relations were confirmed through analysis results. These constructs were used to confirm that Six Sigma management activities exert positive effects on corporate competitiveness through process innovation which, in turn, leads to quality improvement.

Preeprem Nonthaleerak (2008), observed two areas of weakness in six sigma implementations relate to the use of the DMAIC methodology in define and control phase. For example, it is concluded that the methodology needs to ensure that the project selection criteria are carefully aligned to company goals rather

than being merely based on shortsighted financial targets and that appropriate larger scale projects are selected. The latter is important as the empirical evidence suggests that Six Sigma is more appropriate for high risk, complicated, large-scale and cross functional projects for which the resources required can be justified. Even though Six Sigma has been accepted positively among the practitioners as a useful tool to improve business performance, the use of rigorous statistical tools and quality tools creates a fear of Six Sigma. This is especially pertinent in non-manufacturing areas where employees do not have an engineering background and lack mathematics skills. The study also found that the application of six sigma in non-manufacturing contexts can be problematic for other reasons; in particular, a lack of data availability is a major concern for the practitioners and creates doubts regarding the quality of six sigma outcomes.

Roger John Hilton (2008), observed that the training of Six Sigma facilitators needs the involvement of academia in designing appropriate courses. In particular “Academia has a critical role to play in ensuring that sound statistical education is an integral part of Six Sigma curricula”. A relationship between knowledge and learning behavior exists in which knowledge is defined as a new idea or improved understanding and the capability of a team doing a quality project successfully and learning is the influence of a team member’s cognitive processes to learn in a quality improvement setting. Hence, we conclude that organizations which spend time and money on integrating Lean Six Sigma learning and practicing culture will always benefit from the outcomes.

As per Ronald D. Snee (2010), the key basic requisite infrastructure for implementing the Lean Six Sigma includes - A structured approach to problem solving, proven analytical techniques, Personnel skilled in improvement and Management systems. Some important guidelines in leading change: have a sense of urgency - produce results quickly, review the progress on a regular basis, understand human behaviour, always have an impact focus and process performance and use improvement as a leadership development tool.

As studied by Alex Douglas (2010), the factors critical to success of quality initiatives

are equal in importance, irrespective of type of initiatives implemented by the firm. The operational and strategic performance metrics of SMEs implementing Six Sigma differs significantly to ISO certified companies. This gives an indication that Six Sigma is beneficial for all type of firm, irrespective of the size of the firm.

James Bucki (2011) developed various parameters like time, money and energy used to nurture a positive vendor relationship cannot be measured directly against the company's bottom line. However, a well-managed vendor relationship will result in increased customer satisfaction, reduced costs, better quality, and better service from the vendor. When and if problems arise, rest assured that a well-managed vendor will be quick to remedy the situation. For achieving this first we need to analyze the business requirements, search for prospective vendors, lead the team in selecting the winning vendor and successfully negotiate a contract while avoiding contract negotiation mistakes.

Ashish Malik (2012) reviewed that Lean Six Sigma is part of a deliberate fact-based cost leadership and quality differentiation strategy employed by firms to realize operational gains, develop organizational learning capability (OLC) and service excellence. For Lean Six Sigma and QMS to be effective, firms need to recombine it with other organizational capabilities such as HR, training practices and appropriate technological capabilities for proper information dissemination. This practice is quite common in large companies. The extent to which firms can develop such values or such a philosophy will also depend on the unique configurations of their strategic milieus and top management commitment.

Research Methodology

Hypothesis Development

Null Hypothesis: The Overall Average for all the training programs (before improvement) = Overall Average for all the training programs (after improvement).

Alternative Hypothesis: The Overall Average for all the training programs (before improvement) < Overall Average for all the training programs (after improvement).

This Hypothesis will be tested in the using ‘One Sample T-test’.
“Improve Phase” to justify it quantitatively

1. Learning about the existing vendor identification, selection and evaluation process

METHODOLOGY
With the help of my mentor and manager the existing process and its aspects were understood like:- what led to the inception of this process, thought process behind the same, etc.
Different vendor identification, selection and evaluation related notes were read and their themes and designs were observed and analyzed.
The current process flow has been observed and how all the departments of Carl Zeiss were integrated into this process was observed.
Read several books, articles and research papers on vendor management process.

Usefulness – This phase of the paper is helpful because reviewing the existing system helped to find out the shortcomings of the process. Also, doing the literature review helped to generate new ideas which helped in the development stage. Also it helped to dig deeper into the thought process and helped to design and implement this project in a more effective manner.

2. Implementation of Lean Six Sigma

METHODOLOGY
Define Phase: In this phase, the Project Charter is created, high-level view of the process is defined, and we begin to understand the needs of the customers of the process.
Measure Phase: Initially we focus on data collection and determine: the start point or baseline of the process and looking for clues to understand the root cause of the process.
Analyze Phase: The collected data is analyzed in this phase. The data collection plan can be altered to include additional information. The analysis is done both on the data and also on the existing process in an effort to narrow down and verify the root causes of waste and defects.
Improve Phase: The “Solution Development” takes place over here. The ideas will be generated using various techniques, but a structured improvement effort leads to innovative and elegant solutions.
Control Phase: The most important objective in this phase is to sustain the improvement steps which have been put forward as part of this project. If there is a fall in the “process efficiency” it should be addressed immediately. The infrastructure which has been built throughout the life of the project will be documented on how exactly the ZIPNET team want to pass that structure on to the employees who work within or with this process.

Usefulness – This phase of the project was helpful in laying out the clear ground work required to implement the entire project. This structured approach using Lean Six Sigma methodology and the various tools helped a lot in improving the efficiency of this current process.

3. Data Collection

METHODOLOGY
For data collection the “Feedback Forms” which were filled up after the training were used.
The “Sigma Level” and “Process Efficiency” will be calculated from this data, using the “Discrete Data” Method of Sigma Level Estimation.
The “Defect Criteria” is defined as part of this project which is listed in the further sections of this document. This is defined in acceptance with the Sponsor, Champion and various other stakeholders of this project.

Usefulness – This phase gave insight as to how much successful this project was. The pre, post and continuous measurement of the “Sigma Level” and “Process Efficiency” gave insights into how the process is being operated and how the employees are accepting the new changes in the system.

Data Analysis

Data collection and Sigma level (Z score) calculation using the calculator

Since January, 2012 there had been several trainings which were conducted at organizational level. The vendors who addressed these training needs were selected without any particular systematic approach.

4. Overall rating for the training & defects

Defect classification criteria: If the vendor selection is done without any standardized structure/procedure (or) without any intimation to the HR team (or) If the “Overall Average Rating” for the training provided by this vendor is less than 4.

No#	Name of the vendor	Average of Overall Rating for the Training	Defect Yes/No)
1	CZLnDV-1	4.467	No
2	CZLnDV-2	4.594	No
3	CZLnDV-3	4.000	No
4	CZLnDV-4	3.500	Yes
5	CZLnDV-5	4.000	No
6	CZLnDV-6	3.571	Yes
7	CZLnDV-7	3.870	Yes
8	CZLnDV-8	4.333	No
9	CZLnDV-9	4.056	No
10	CZLnDV-10	4.286	No
11	CZLnDV-11	3.813	Yes
12	CZLnDV-12	2.000	Yes
13	CZLnDV-13	3.000	Yes
14	CZLnDV-14	4.000	No
15	CZLnDV-15	4.000	No
16	CZLnDV-16	4.000	No
17	CZLnDV-17	3.500	Yes
18	CZLnDV-18	3.000	Yes
19	CZLnDV-19	2.000	Yes
20	CZLnDV-20	4.000	No

Note: The names of the vendors has been hidden from the above table, because they are confidential to the company.

Chi-Square Test

- To check whether the above data is normally distributed, “Chi-Square Test” was performed on the above data. The Chi-Square value obtained was 2.875, which is lesser than the Chi-Square critical value of 30.143. Hence, with 95% confidence the above data which we have considered is **“Normally Distributed”**.

Z calculation

Z calculation for discrete data	
Enter total number of defects	9
Enter total defect opportunities	20
Defect %	45.00%
Yield %	55.00%
ZST(Sigma Level)	1.6257

As seen from the above calculation the current process is at **1.6257 Sigma Level** and the yield is 55%. *Descriptive Statistics.*

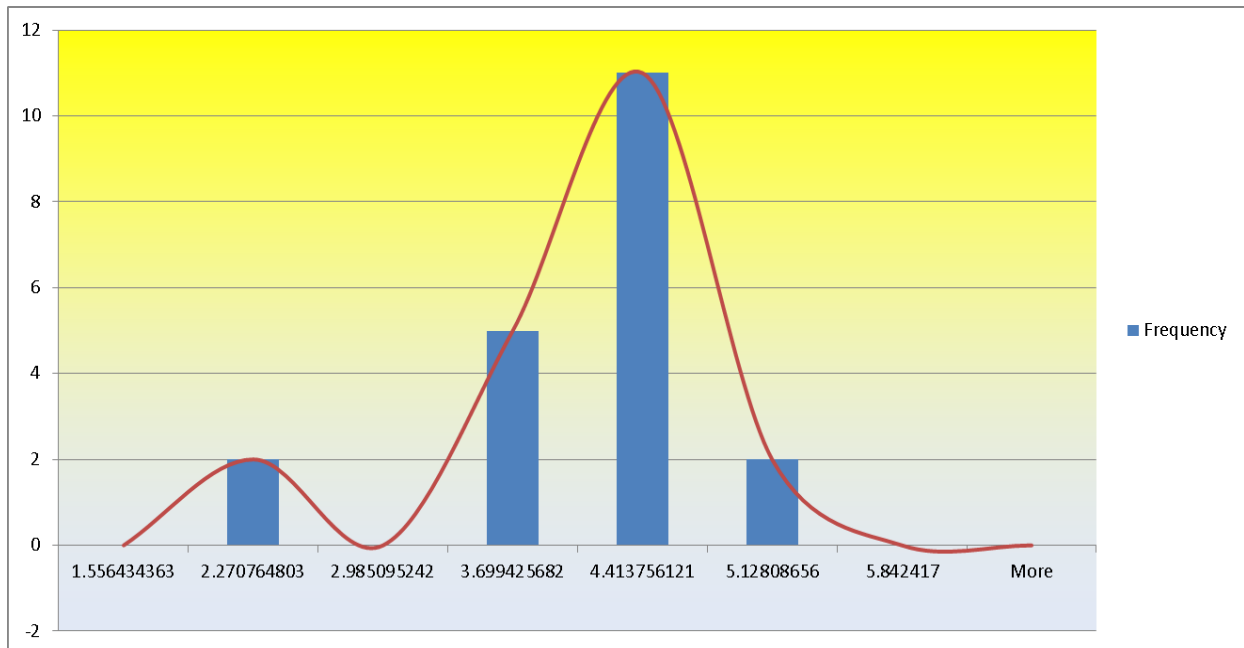
For the “Overall Average Rating Data” when descriptive statistics were analysed the following points were noticed.

Average of Overall Rating for the Training	
Mean	3.699425682
Standard Error	0.159729142
Median	4
Mode	4
Standard Deviation	0.714330439
Sample Variance	0.510267977
Kurtosis	1.592307178
Skewness	-1.392703882
Range	2.59375
Minimum	2
Maximum	4.59375
Sum	73.98851363
Count	20

- The “Kurtosis” for this data is **positive**; hence we can infer that the Distribution Curve will be **“Pointed”**. The general guidelines for this parameter are: Zero – indicates Normal, Positive – indicates Pointed and Negative - indicates Flatter.
- “Skewness” for this data is **negative**; hence we can infer that the Distribution curve will be **“Left Skewed”**. The general guidelines for this parameter

are: Zero – indicates Normal, Positive – indicates Right Skewed and Negative – indicates Left Skewed.

<i>Bin</i>	<i>Frequency</i>
1.556434363	0
2.270764803	2
2.985095242	0
3.699425682	5
4.413756121	11
5.12808656	2
5.842417	0
More	0

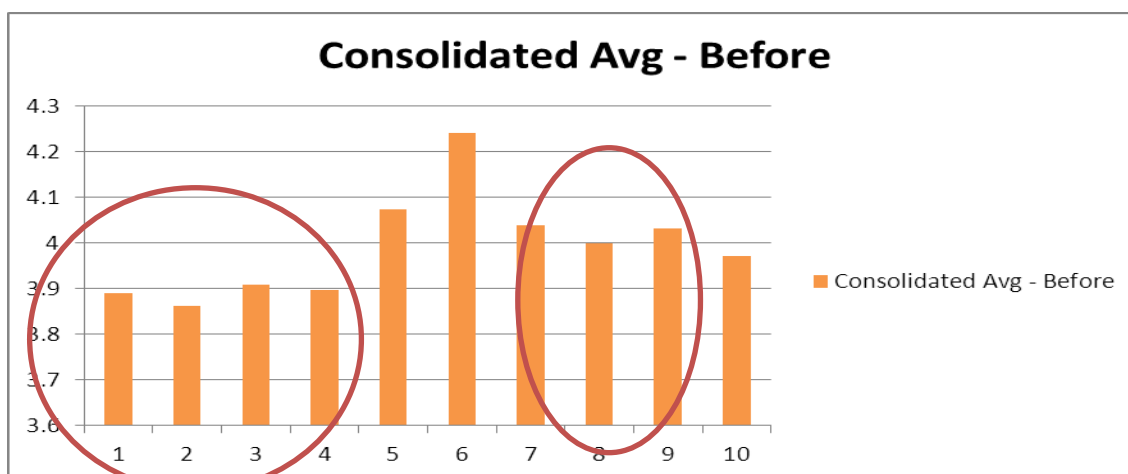


Statistical Analysis

The feedback data which was collected till date based on the following 10 parameters was analysed in this step.

Feedback Parameters

1. Did the training meet your expectations? 2. Training Content 3. How applicable was the training? 4. How useful is the training? 5. Was the training interesting & simulating? 6. Instructor's Skills. 7. Participation / Interactive Session. 8. Coordination. 9. Overall discipline. 10. What is your overall rating of the training?



As seen from the above graph, these crucial points were noticed about the trainings which were conducted till date and also with respect to the vendors who supported in this process. The major findings from the data analysis are as follows.

1. The expectations (low rating of parameter - 1) were not met in these training programs; this is mainly because the content of the training (parameter - 2) was not satisfactory for all the participants and this content was not fully applicable to the target audience (parameter - 3 & parameter - 4).
2. Majority of the participants felt that there was very “less interaction” (parameter -7 in the above graph) during the training sessions. As seen from the analysis – the trainer failed to connect completely with the audience or the content of the training (parameter -2) didn’t have much relevance to the participants, so the participants might have not participated actively during the training program.
3. Coordination (parameter – 8 in the above graph) got less rating – this is because there

must be some communication gap when communicating certain information about the training program like – target audience, timings, etc. This occurred mainly because; there was no proper structure in conducting the training programs in Carl Zeiss India Private Limited.

Statistical Proof for Point – 1

“One Factor Anova” was done to verify point -1 statistically between (Parameter – 1, Parameter -2) & (Parameter – 2 & Parameter – 3).

Between Parameter – 1 and Parameter – 2

Null Hypothesis: The rating of first parameter (Trainer Meeting Expectations) has an effect on the rating of second parameter (Training Content).

Alternate Hypothesis: The rating of first parameter (Trainer Meeting Expectations) has no effect on the rating of second parameter (Training Content).

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.05	1	0.05	0.08	0.77	3.87
Within Groups	7971	2	7971	3709	2552	5621
	189.	74	0.69			
Total	7536	2	2531			
	189.	75				
	8116					

The observed F value (0.083709) is less than the F critical Value (3.875621). Hence, we accept the null hypothesis. We can say with 95% confidence that meeting the expectations out of one particular training program is dependent on the training content.

Between Parameter – 2 and Parameter – 3

Null Hypothesis: The rating of second parameter (Training Content) has an effect on the rating of third parameter (Applicability of the training to the target audience).

Alternate Hypothesis: The rating of second parameter (Training Content) has no effect on the rating of third parameter (Applicability of the training to the target audience).

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.02	1	0.02	0.03	0.85	3.87
Within Groups	2645	27	2645	4763	2232	5621
		4	0.65			
Total	178.	27	1414			
	51	5				

The observed F value (0.034763) is less than the F critical Value (3.875621). Hence, we accept the null hypothesis. We can say with 95% confidence that the training content has an effect on whether one training program is applicable or not to the target audience.

Between Parameter – 2 and Parameter – 7

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	2.17	1	2.17	3.56	0.06	3.87
Within Groups	4018	27	4018	6464	0018	5747
	166.	3	0.60			
Total	4133	27	9572			
	168.	4				
	5873					

Null Hypothesis: The rating of second parameter (Training Content) has an effect on the rating of seventh parameter (Participation/Interaction during the session).

Alternate Hypothesis: The rating of second parameter (Training Content) has no effect on the rating of seventh parameter (Participation/Interaction during the session).

The observed F value (3.566464) is less than the F critical Value (3.875747). Hence, we accept the null hypothesis. We can say with 95% confidence that the training content has an effect on the participation/interaction levels of the participants during the training session.

Findings and Conclusion

- The **“Training Framework”** for Carl Zeiss India was developed. Hence, going forward there will be a systematic approach for executing the Training and Development activities.
- The **“Annual Training Needs”** are gathered and analyzed from the “Annual Appraisal Process” and also during the several meetings which the LnD team had with the business. This helps in saving lot of time and helps in publishing the **“Training Calendar”** with proper structure.
 - To address this issue **“Vendor Selection Form”** and **“Vendor Evaluation Form”** has been developed. This will ensure a proper structure during the vendor meetings.
 - One of the potential gaps identified as part of this analysis is that the vendor database is not updated regularly and most of the information pertaining to the vendors is stored in the emails of different employees working in Carl Zeiss.
 - To reduce this issue, one **“Single Point of Contact (SPOC)”** has to be given the full responsibility for maintaining/updating the vendor database at regular intervals.
 - In **“Pull Methodology”** the business requests for a particular program, and then the LnD team meets those specific requirements.
 - Alternatively in **“Push Methodology”** the LnD team comes up with certain mandatory training programs and these programs will be made mandatory for the employees to attend. Example of push methodology in Carl Zeiss at present is the **“Team Summit”**.

- Hence, going forward the LnD team in Carl Zeiss India should use both these methodologies to drive the training initiatives.
- The entire training process i.e. training needs identification, vendor identification, selection and evaluation, publishing training calendar quarterly, releasing the training manual, giving feedback and analyzing the effectiveness of the training program should be done continuously in the organization.
- Only then the training initiatives and learning process will become part of the culture for Carl Zeiss India private limited.
- As many people in the organization will be busy with their day-to-day activities, the LnD programs or initiatives should marketed well in the organization by using charts, boards and mailers.
- Emails should be sent across the organization at regular intervals emphasizing the importance of each and every training program.

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On Family Businesses

By Nicolas Kachaner et al

To many, the phrase "family business" connotes a small or mid-sized company with a local focus and a familiar set of problems, such as squabbles over succession.

While plenty of mom-and-pop firms fit the description, it doesn't reflect the powerful role that family-controlled enterprises play in the world economy. Not only do they include sprawling corporations such as WalMart, Samsung, Tata Group and Porsche, but they account for more than 30% of companies with sales in excess of \$1 billion.

Conventional wisdom holds that the unique ownership structure of family businesses gives them a long-term orientation that traditional public firms often lack...

We compiled a list of 149 publicly traded, family-controlled businesses with revenues of more than \$1 billion. They were based in the US, Canada, France, Spain, Portugal, Italy and Mexico. (We didn't look at Asian companies because so many of them are family controlled that it's difficult to find a suitable comparison group.) Then we analysed the ways in which these companies were managed and their performance.

Our results show that... when the economy slumps, family firms far outshine their peers. And from 1997 to 2009, we found that the average long-term financial performance was higher for family businesses than for non-family businesses in every country we examined.

From "What You Can Learn from Family Business".

OCCUPATIONAL ROLE STRESS: AN EXPLORATORY STUDY IN THE INDIAN PUBLIC SECTOR BANKS IN JAMSHEDPUR

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Abstract

Stress Management is getting more and more attention now-a-days, particularly in the financial sectors. There is no such thing like stress- free job. Everyone in their work is exposed to tension and anxiety as they get through the duties assigned to them. Banking industry, backbone of the country's economy is not an exceptional one. The job nature of bank employees is very tedious as it involves the direct customer interaction at all levels.

This paper aims to analyses the level of stress faced by bank employees of public sectors banks in Jamshedpur.

Introduction

Stress is a universal element and persons from nearly every walk of life have to face stress. Stress can have negative impacts on both the employee and the organization. The study describes the occupational stress in public sector banks.. Among different occupational stress variables role over load, role authority, role conflict and lack of senior level support contribute more to the occupational stress. Bank employees cannot afford the time to relax and "wind down" when they are faced with work variety, discrimination, favoritism, delegation and conflicting tasks.

Occupational stress in Public Sector Banking:

According to Sharma and Devi (2011), Banks are among the top ten high stress work places in India. Banking is one of the very important sectors in the Indian economy and Public Sector Banks play a big role in the same. With ample studies suggesting that role stress has an adverse effect on employee output, this study tries to explore the factors causing role stress amongst Public Sector Bank employees.

In Jamshedpur also work stress among Bank employees of Public sector is nevertheless high. Based on conversations had with the Bank employees during my research work I found that they have been going through several pressures from their superiors as well as their colleagues and competition from Private sector Banks also.

Measures to reduce stress among bank employees

Reducing Role Erosion stress by Building an Organizational Culture of Performance and Accountability: A basic pattern of shared assumptions, values and beliefs that decide how employees look at people and situations is understood as Organizational Culture. The culture also decides how problems and opportunities are looked at. While there is no denying that the Public Sector banks have robust practices in place and are pools of talent, the work culture at the Public sector banks does not come across either as customer service and/or high performance oriented. The general approach to a certain task or a problem does not seem very enthusiastic or at all competitive. At the Branch level, chasing targets seem to be resting mostly with the branch managers. Even with Technology aided banking, the executives seem to be too busy with routine work and hardly have time to spend with customers and establish a healthy rapport. An organization can be called effective when the organizational objectives are internalized and met with passion by all its employees. While this passion or engagement needs to be developed from within it will have to be organization driven to be sustainable. In order to develop a culture of performance and accountability, the PSBs will need to open two way communication channels, sharing concerns, challenges and strategies,

involve its own employees and unions in decision making. Under the leadership of the senior management, the Public Sector Banks need to build a strong Performance Oriented Work Culture and growth oriented development.

The new organizational climate will clarify all roles and thus also prevent stress due to conflicting role expectations. Clear and regular communication will foster in trust and bonding within the organization and remove the stress due to Role Isolation. While Role Ambiguity has the lowest mean figure as per the study, it also has the highest variance; hence an improved organizational work climate can also help in bringing down Role ambiguity.

Reducing Inter Role Distance stress by acquiring the right people

According to a report by Lele (Business Standard, 2009), 20% of the 750,000 PSU Bank employees retired in 2011-12 and with the policy of financial inclusion, new branches opened across the country. With most of the Public Sector Banks offering specialized services, skilled people will be needed. Right recruitment and selection will be absolutely imperative for the Public Sector Banks. The search has to be very focussed and refined for the right kind of people. To get into a Public Sector Bank, one needs to be a graduate Indian between 21 to 28 years of age. One has to take a two hours written test checking the comprehension and expression ability of the candidate. The written exam is followed by an interview assessing the personality, intelligence, alertness and suitability of a candidate. The skills are very generic which have little relevance to the real job that s/he will be performing in the bank if selected. On the other hand, some of the leading Private banks like ING Vysya Bank, IndusInd, ICICI, Axis Bank list out clear Job specifications like Graduates with Financial Background or MBAs with Finance specialisation, and are savvy with Capital Markets, Investment products etc. Soft skills include Leadership skills, service orientation, target oriented approach, result orientation etc. The positions available are also very specific such as Relationship Managers – Wealth, Emerging Corporates, Customer Services, and Credit Analyst etc. By being specific in the recruitment

and selection process itself, the Private sector banks stand a better chance in attracting the people with the right skills and mindset. This in turn quickens the employees' learning curve and they are job ready in no time. Additionally because there is heavy reliance on the Information Technology and lot of routine jobs has been automated, Private Sector banks do not have the concept of clerks anymore. Everyone is an officer and has a specific role than of just a support staff. On the other hand, Public Sector Banks still recruit people in the clerical cadre in large numbers. Pertinent to quote here is a working paper by Das, Ray and Nag (2005) where the labour – use efficiency in a large public sector Bank was looked at. The study found that invariably the efficient branches had more number of officers than clerks and vice versa.

The Public Sector Banks will need to invest strategically in their human resource and provide appropriate training. The core competencies required in today's business environment should be identified and the skill gaps plugged quickly enough so that the talent pool can continue to remain productive as well as competitive. Training should also aim at developing flexibility at work to adapt to changing business practices, multiskilling and cross cultural skills. Mergers, acquisitions, outsourcing, reengineering, downsizing etc. in the banking sector are the common practices that are likely to emerge in the times to come. The skill sets should prepare the employees to operate in a global environment and develop an international perspective. When the PSBs recruit the right kind of people in terms of skills and abilities, they will also be in a better position to balance a number of roles that they are required to play.

Findings:

The findings indicate that several changes have happened in the business environment due to which the Public Sector Banks have had to alter their product lines, customer focus, work systems, business objectives and business strategies. But naturally, the employees have had to adapt to the workplace changes which have caused specific types of stress among employees. The study suggests that externally the Public Sector Banks must consciously work

on reinventing their brand image and project themselves as technically sound and professional players with skilled manpower. Internally there should be a shared vision among all employees to become more professional, more competitive and more efficient. The PSBs must involve its employees in the decision making process and also critically review their HR policies and practices. The Manpower Planning and recruitments should focus on attracting, retaining and developing talent in line with the current demands of the business environment. PSBs should also aim at reducing routine work burden on its employees and focus on increasing organizational efficiency through proper training on commercial skills required of them now in the changed business environment.

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Master Dinanath

In a fight with a major company, a frail 84-year-old retired headmaster would seem to be the David to India's publishing Goliath, Penguin Books India. Headmaster, Dinanath Batra, achieved the crowning victory of his career as a right-wing campaigner, when a lawsuit he had filed prompted Penguin to withdraw and destroy remaining copies of a scholarly work on Hinduism by an American professor that Mr. Batra has called "malicious," "dirty" and "perverse."

But now many scholars and intellectuals are worried that an ideological shift is on its way. Past Hindu nationalist governments have been marked by battles over religion and history. Artists tackling religious themes have been targeted by fringe groups, sometimes with a threat of violence attached.

Wendy Doniger's "The Hindus: An Alternative History," was released five years ago in India and the United States. In 2010, Mr. Batra filed a legal notice to the publishing house, charging that the book was "written with a Christian missionary zeal and hidden agenda to denigrate Hindus and show their religion in poor light."

WOMEN ENTREPRENEURSHIP- A CASE STUDY OF MAHABUBNAGAR DISTRICT

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Abstract

The paper presented here is a case study of Banian Manufacturing by Sivasai Mahila Sangham, Manikonda village in Koilkonda mandal Mahabubnagar. The Research methodology adopted for study is personal Interview. The researcher has verified the machinery and accounts of the group and taken the views of other group members for the stud.

Introduction

Women entrepreneurship has been recognised as an important source of economic growth. Women entrepreneurs create new jobs for themselves and others and also provide society with different solutions to management, organisation and business problems. However, they still represent a minority of all entrepreneurs. Women entrepreneurs often face gender-based barriers to starting and growing their businesses, like discriminatory property, matrimonial and inheritance laws and/or cultural practices; lack of access to formal finance mechanisms; limited mobility and access to information and networks, etc. Women's entrepreneurship can make a particularly strong contribution to the economic well-being of the family and communities, poverty reduction and women's empowerment, thus contributing to the Millennium Development Goals (MDGs). Thus, governments across the world as well as various developmental organizations are actively undertaking promotion of women entrepreneurs through various schemes, incentives and promotional measures. Women entrepreneurs in the four southern states and Maharashtra account for over 50% of all women-led small-scale industrial units in India.

In India, the Micro, Small & Medium Enterprises development organisations, various

State Small Industries Development Corporations, the Nationalised banks and even NGOs are conducting various programmes including Entrepreneurship Development Programmes (EDPs) to cater to the needs of potential women entrepreneurs, who may not have adequate educational background and skills. The Office of DC (MSME) has also opened a Women Cell to provide coordination and assistance to women entrepreneurs facing specific problems. There are also several other schemes of the government at central and state level, which provide assistance for setting up training-cum-income generating activities for needy women to make them economically independent. Small Industries Development Bank of India (SIDBI) has also been implementing special schemes for women entrepreneurs. In addition to the special schemes for women entrepreneurs, various government schemes for MSMEs also provide certain special incentives and concessions for women entrepreneurs. For instance, under **Prime Minister's Rozgar Yojana (PMRY)**, preference is given to women beneficiaries. The government has also made several relaxations for women to facilitate the participation of women beneficiaries in this scheme. Similarly, under the MSE Cluster Development Programme by Ministry of MSME, the contribution from the Ministry of MSME varies between 30-80% of the total project in case of hard intervention, but in the case of clusters owned and managed by women entrepreneurs, contribution of the M/o MSME could be upto 90% of the project cost. Similarly, under the Credit Guarantee Fund Scheme for Micro and Small Enterprises, the guarantee cover is generally available upto 75% of the loans extended; however the extent of guarantee cover is 80% for MSEs operated and/ or owned by women. The efforts of government and its

different agencies are supplemented by NGOs and associations that are playing an equally important role in facilitating women empowerment.

Details of Women Entrepreneur Associations in India

- Federation of Indian Women Entrepreneurs (FIWE)
- Consortium of Women Entrepreneurs (CWEI)
- Association of Lady Entrepreneurs of Andhra Pradesh
- Association of Women Entrepreneurs of Karnataka (AWAKE)
- Self-Employed Women's Association (SEWA)
- Women Entrepreneurs Association of Tamil Nadu (WEAT)
- Women Entrepreneurs Association of Tamil Nadu (WEAT)

Tips for Women Entrepreneurs

- Start a business that works for you and your personal life
- Research the product/ service
- Assess the market
- Start business with adequate funds
- Do networking
- Consult with professionals

1. Rural Women turned into Small Entrepreneurs: The Case of Banian Manufacturing by Sivasai Mahila Sangham, Manikonda village in Koilkonda mandal Mahabubnagar District.

The case of Sivasai Mahila Sangham undertaking Banian manufacturing in Manikonda village located at about 16 Km from the district headquarters demonstrates how successful the rural women could be as small entrepreneurs if necessary training and credit are provided to them along with some guidance and encouragement.

Group Formation and Functioning:

The members of Sivasai Mahila Sangham originally belonged to different SHGs formed as long back as 1995 under the DWCRA

programme, due to the facilitation of a NGO called Adarsh and inspired by Kalajatha performances. They were part of a batch of 50 members who were provided training in tailoring activity during 1997-98, as a result of which some of them took to tailoring as a subsidiary occupation. Ten members who were trained in tailoring came together and formed into a SHG called Sivasai Mahila Sangham in the year 2001. Later, they were provided training in Banian making, as a part of a batch of 40 members, under TRYSEM programme at the TTDC, Mahaboobnagar for about three months during 2001-02.

All the members of Sivasai Mahila Sangham possessed unirrigated agricultural land ranging between one and two acres and used to engage in tailoring activity, besides looking after their own agriculture, with some working as agricultural labourers, to support their household income. Out of ten members, seven belonged to BCs and three to other castes. Six members had some education ranging between 5th and 9th class and one member studying in the final year of a graduation course, while three members were illiterate. They were all aged between 20 and 40 years. They met once in a month and contributed savings at the rate of Rs.30 per month. Their SHG is a member of Tirumala VO in the village, formed due to facilitation by Adarsh and comprising 34 SHGs in all. Each group has a fixed deposit of Rs.5000 with the VO and contributes Rs.100 towards savings at the VO level, which is in addition to the individual savings at the group level. It is pertinent to note that the leader of the SHG under reference also happens to be the leader of the VO. Each SHG in the VO was given a loan of Rs.75000 about two years back. The rate of interest per annum was 18 per cent per annum, reduced to 12 per cent at present.

Initiation into Banian Making and Provision of Bank Credit:

During the training in banian making conducted during 2001-02, they could pick up the skills with much ease as they possessed right aptitude for the task on account of their familiarity with tailoring activity earlier. Noticing their enthusiasm, the then Project Director of the DRDA provided them an

opportunity to make use of the same machine on which they were given training to make banians. Two of them visited Tirpur in Tamil Nadu with the help of a trainer who provided them training in banian making, purchased cloth worth Rs.30000 and the group could make the banians successfully, which were sold in the retail market at different places. But, the group could not start their own unit for want of financial assistance until May 2005 when they were sanctioned a loan of Rs.3 lakh including a subsidy of Rs.1 lakh under the SGSY programme of the government.

Functioning of the Banian-making unit :

With the SGSY loan, the group could purchase the required machines at a cost of about Rs.1.2 lakh, cloth worth Rs.80000 and other materials/ equipment such as tables, boxes, etc., from Tirpur in Tamil Nadu. They operated the banian making unit in a rented house by paying a rent of Rs.200 per month. The electricity charges for the unit come to about Rs.400 to Rs.500 per month. They selected the brand name of 'SS Bhima' for the banians produced by them. They sell the banians at retail prices at various places such as the District Collector's office canteen, government offices and banks. They also sell their products at the Adarsh Mahila Resource Centre, Moosapet and the exhibition at Hyderabad. The unit has been functioning quite successfully. They purchased cloth in subsequent phases at a cost of Rs.32000, Rs.18000, Rs.16000 and Rs.9000 so far from Tirpur, and ordered for cloth at a cost of Rs.16000. Their annual turnover worked out to about Rs. 1.7 lakh.

Regarding the main constraints encountered in the trade, they felt that apart from inadequate finance towards working capital requirements, irregular electricity supply is impeding their production. They have to go to different places to sell their products. To overcome the problems in marketing, they are planning to open a stall in the DW CRA building at Mahaboobnagar at which they could open their retail counter on a regular basis.

Repayment of Bank Loan:

After meeting the expenses towards rent and electricity charges and distributing the minimum wages among themselves for the number of days worked per month, they repaid the bank loan at the rate of Rs.5000 per month on a regular basis. So far, they could repay to the tune of Rs.80000 including interest and the loan outstanding stood at Rs.247532 as on December 20, 2006. In the year 2007 they were able to pay Rs.60,000/- outstanding remained 1,87,532/- According to group leader information they have cleared all debts by the end of 2010.

Impact:

The manufacturing of banians has certainly contributed to some addition to their household income in the sense that they could get gainful employment without moving from their village, resulting in a shift from their earlier activity of agricultural labour and tailoring in some cases. It has also increased the self-confidence of members and boosted their self-esteem to some extent. They could now interact with the strangers, meet the officials to get the orders and market their products with much ease. They could now proudly proclaim themselves as small entrepreneurs who could succeed in their collective venture and stand as a model to other rural women interested to pursue such activities.

Success Factors:

The success factors behind this collective venture include right aptitude for the task, adequate training, guidance to purchase the necessary equipment and raw material, provision of credit, encouragement of the officials, and sound leadership. Above all, the group cohesiveness and solidarity and their self-management skills contributed to the success of this group activity.

CONCLUSION

Woman entrepreneurship has been growing in India. Women entrepreneurs create new jobs for themselves and others and also provide society with different solutions to management, organization and business problems. However, they still represent a minority of all entrepreneurs. Women entrepreneurs often face gender-based barriers to starting and growing their businesses, like

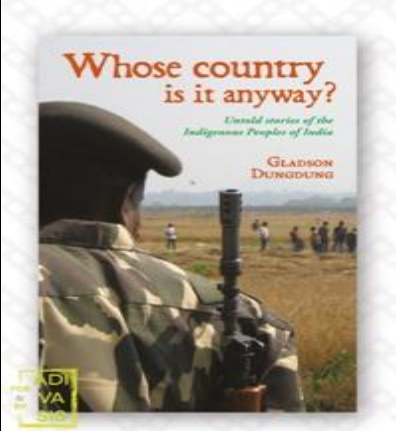
discriminatory property, matrimonial and inheritance. Organizations are actively undertaking promotion of women entrepreneurs through various schemes, incentives and promotional measures.

In India, the Micro, Small and Medium Enterprises development organisations, various State Small Industries Development Corporations, the Nationalised banks and even NGOs are conducting various programmes including Entrepreneurship Development Programmes (EDPs) to cater to the needs of potential women entrepreneurs, who may not have adequate educational background and skills. In spite of difficulties, the women proved their metal and success in the above mentioned case.

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NEW BOOKS



Author	: Gladson Dungdung
Title	: Whose country is it anyway
Sub-Title	: Untold stories of the Indigenous peoples of India
Pages	: 280
Edition	: 2013
MRP	₹ 200.00

The book describes how the Adivasis were discriminated after the Aryan invasion, their plight during the British rule and their condition after formation of States like Jharkhand and Chhatisgarh. It shows how they continue to be exploited, alienated, displaced, and brutally killed in their own country despite having laws and policies in favour of them.

INDIAN FINANCIAL SECTOR IN THE LIBERAL SCENARIO: AN APPRAISAL WITH REFERENCE TO BANKING INDUSTRY

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Abstract

The Indian financial system comprises a set of financial institutions, financial markets and financial infrastructure. During the pre-reform phase, the financial system in India performed reasonably well in channalizing resources from the surplus to deficit sectors. But its operations come to be marked by some serious deficiencies over the years when the banking sector suffered from lack of competition, low capital base, low productivity and high intermediation cost. In this backdrop, various financial sector reforms were introduced in India in early 1990s with a view to create efficient and stable financial institutions and markets. In respect of banks, major efforts were undertaken to simplify the administered structure of interest rate, strengthening capital base, prudential norms and reduction of pre-emption of banks resources. The financial sector achieved efficiency and stability by the combined effect of competition, regulatory measures and policy environment, while competition, consolidation and convergence have been recognized as the key drivers of banking sectors in the coming years.

Consolidation, competition and risk management are no doubt vital to the future of

Indian banking industry, but governance has also emerged as the key issue for the Indian financial system.

Key Words: Financial System, CRAR, NPAs.

1. Background

After the two major problems involving the balance of payments crisis and threat of insolvency confronting the banking system, the Indian financial sector after 1991 had undergone a sea change by way of several reform measures introduced in the said sector.

In the above backdrop, an attempt has been made in this paper to appraise the Indian financial sector with reference to banking industry in the liberal scenario.

2. Indian Financial System – A Synoptic Overview

The Indian financial system comprises a set of financial institutions, financial markets and financial infrastructure. The financial institutions mainly consist of commercial and co-operative banks, Regional Rural Banks (RRBs), All-India Financial Institutions (AIFIs) and Non-Banking Financial Companies (NBFCs). The banking sector which forms the bedrock of the Indian financial system falls under the regulatory ambit of the Reserve Bank of India under the provisions of the Banking Regulation Act, 1949 and the Reserve Bank of India Act, 1934. The financial market in India comprises the money market, the Government securities market, the foreign exchange market and the capital market.

The Scheduled Commercial Banks (SCBs) occupy a predominant position in the financial system accounting for around three fourths of the total assets in the financial system. The Public Sector Banks (PSBs), consisting of eight

banks in the State Bank group and 19 nationalized banks constitute almost three fourths of the total assets of SCBs, while the private sector banks, 30 in number, constitute less than one-fifth of the total assets. The 33 foreign banks operating in India account for about 6-7 per cent of the assets of SCBs. The 196 RRBs play a critical role in extending credit to the poorer section of the rural society. The ownership of RRBs jointly vests with the Central Government, the State Governments and the sponsor banks. The co-operative banking system, with two broad segments of urban and rural co-operatives, forms an integral part of the Indian financial system, while the urban co-operative banking system has a single tier comprising the Primary Co-operative Banks (commonly known as 'Urban Co-operative Banks – UCBs'). The rural co-operative credit system is divided into long-term and short-term co-operative credit institutions which have a multi-tier structure. The term-lending institutions are mostly Government-owned and have been the traditional providers of long-term project loans. Non-Banking Financial Companies (NBFCs) encompass an extremely heterogeneous group of intermediaries and provide a gamut of financial services.

3. Financial Sector –Pre Reform Phase

Until the early 1990s, the role of the financial system in India was primarily restricted to the function of channeling resources from the surplus to deficit sectors. Although, the financial system performed this role reasonably well, its operations came to be marked by some serious deficiencies over the years. The banking sector suffered from lack of competition, low capital base, low productivity and high intermediation cost. After nationalization of large banks in the year 1969 and again in the year 1980, the Government-owned banks dominated the banking sector. The role of technology was minimal and the quality of service was not given adequate importance. Banks also did not follow proper risk management systems and the prudential standards were weak. All these resulted in poor asset quality and low profitability. In the insurance sector, there was little competition. The mutual fund industry also suffered from lack of competition and was dominated for long by one institution, viz., the

Unit Trust of India. Non-Banking Financial Companies (NBFCs) grew rapidly, but there was no regulation of their asset side. Financial markets were characterized by control over pricing of financial assets, barriers to entry, high transaction costs and restrictions on movement of funds/participants between the market segments.

4. Financial Sector Reforms in India

The wide-ranging financial sector reforms in India were introduced as an integral part of the economic reforms initiated in the early 1990s with a view to improving the macro economic performance of the economy. The reforms in the financial sector focused on creating efficient and stable financial institutions and markets. Persistent efforts have been made towards adoption of international benchmarks as appropriate to Indian conditions. The developments have so far brought the Indian financial system closer to global standards. The reforms relating to interest regime constitute an integral part of the financial sector reforms. With the onset of financial sector reforms, the interest rate regime has been largely deregulated with a view towards better price discovery and efficient resource allocation. In respect of banks, a major effort was undertaken to simplify the administered structure of interest rates. Banks now have sufficient flexibility to decide their deposit and lending rate structures and manage their assets and liabilities accordingly. As a part of the reforms programme, due attention has been given to diversification of ownership leading to greater market accountability and improved efficiency. With a view to enhancing efficiency and productivity through competition, guidelines were laid down for establishment of new banks in the private sector and the foreign banks have been allowed more liberal entry. As a part of the financial sector reforms, the regulatory framework and supervisory practices have almost converged with the best practices elsewhere in the world. The minimum Capital to Risk Assets Ratio (CRAR) has been kept at 9% which is one percentage point above the international norm; and additionally, banks are required to maintain a separate Investment Fluctuation Reserve (IFR) out of profits, towards interest rate risk. The regulatory framework in India, in addition to prescribing prudential

guidelines and encouraging market discipline, is increasingly focusing on ensuring good governance through "fit and proper" owners, directors and senior managers of the banks. Over the last few years, several policy initiatives undertaken in the form of recapitalization of the weak RRBs, deregulation of deposits and lending rates and relaxation to lend to non-target groups, have improved their operational efficiency, governance and regulation and brought them almost at par with the rural branches of commercial banks. The Reserve Bank of India has adopted a cautious approach regarding granting licenses for new banks and branches of Urban Co-operative Banks (UCBs), while focusing on consolidation within the sector through mergers and amalgamations. The main area of concern has been the substantial growth in deposits of the Residuary Non-Banking Companies (RNBCs), with just two companies accounting for more than 80% of the total deposits held by NBFCs. The Indian banking sector is gradually heading towards consolidation of core competencies of different

financial intermediaries, which would engender greater economic efficiency in the form of lower transaction cost and greater product sophistication.

5. Performance of the Indian Banking Industry in the Liberal Period

There has been a notable reduction in the ratio of non-performing assets (NPAs) to advances in response to various initiatives, such as, improved risk management practices and greater recovery efforts driven, *inter alia*, by the recently enacted Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002. The financial performance of most of the PSBs has improved in recent times as reflected in their comfortable capital adequacy ratios and declining NPL ratios. The CRAR in respect of all the categories of banks has improved. New private sector banks have displayed an impressive performance, particularly in terms of efficiency and customer service.

TABLE – 1 Performance Indicators of Selected Public Sector Banks (2011 & 2012)

	SBI		PNB		Bank of Baroda		Canara Bank		Bank of India	
	FY11	FY12	FY11	FY12	FY11	FY12	FY11	FY12	FY11	FY12
NII	325	433	118	134	8	103	77	77	78	83
OI	158	144	36	42	28	34	28	29	26	33
PBT	150	185	66	70	57	60	50	41	35	36
PAT	83	117	44	49	42	50	40	33	25	27
NIM	3.32	3.85	3.96	3.84	3.12	2.97	3.12	2.50	2.92	2.52
CIR	47.60	45.23	41.27	39.75	39.87	37.55	42.05	44.02	48.49	42.47
(%)										
ROA	0.71	0.88	1.34	1.19	1.33	1.24	1.42	0.95	0.82	0.72
(%)										
RONW	12.72	13.95	20.61	17.56	20.16	18.22	20.09	14.47	14.37	12.77
(%)										
CAR	11.98	13.86	12.42	12.63	14.52	14.67	15.38	13.76	12.17	1.95
(%)										
Gross NPA	3.28	4.44	1.79	2.93	1.36	1.53	1.45	1.73	2.23	2.34
Net NPA	1.63	1.82	0.85	1.52	0.35	0.54	1.10	1.46	0.91	1.47
PCR	64.95	68.10	73.21	62.73	85.00	80.05	72.99	67.59	72.18	64.18
(%)										

Key Notes: NII – Net Interest Income; OI – Other Income; PBT – Profit Before Tax; PAT- Profit after Tax; NIM - Net Interest Margin; CIR - Cost to Income Ratio; ROA - Return on Assets; RONW - Return on Net Worth; CAR - Capital Adequacy Ratio; Gross NPA – Gross Non Performing Assets; Net NPA – Net Non Performing Assets; PCR- Provision Coverage Ratio. **Source:** KPMG – Indian Banks- Performance Benchmarking Report, 2012.

TABLE – 2 Performance Indicators of Selected Private Sector Banks (2011 & 2012)
(Rs. in Billion)

	ICICI Bank		HDFC Bank		AXIS Bank		Kotak Mahindra Bank		IndusInd Bank	
	FY11	FY12	FY11	FY12	FY11	FY12	FY11	FY12	FY11	FY12
NII	90	107	105	123	66	80	21	25	14	17
OI	66	75	43	52	46	54	08	10	07	10
PBT	68	88	58	75	51	63	12	16	09	12
PAT	52	65	39	52	34	42	08	11	06	08
NIM	2.64	2.73	4.25	4.22	3.65	3.59	5.20	4.70	3.47	3.33
CIR	41.95	42.91	47.90	48.40	42.69	44.70	54.00	52.60	48.25	49.45
(%)										
ROA	1.35	1.50	1.58	1.77	1.68	1.68	1.80	1.80	1.46	0.57
(%)										
RONW	9.35	10.70	5.47	17.27	17.84	18.60	12.04	13.65	14.28	16.97
(%)										
CAR	19.54	18.52	16.20	16.50	12.65	3.66	19.92	17.52	15.89	3.85
(%)										
Gross NPA	4.47	3.62	1.05	1.00	1.11	1.06	1.20	1.20	1.01	0.98
Net NPA	1.11	0.73	0.19	0.18	0.29	0.28	0.50	0.60	0.28	0.27
PCR	76.00	80.40	82.51	82.38	80.90	80.91	70.14	70.14	72.61	72.72
(%)										

Key Notes: NII – Net Interest Income; OI – Other Income; PBT – Profit Before Tax; PAT- Profit after Tax; NIM - Net Interest Margin; CIR - Cost to Income Ratio; ROA - Return on Assets; RONW - Return on Net Worth; CAR - Capital Adequacy Ratio; Gross NPA – Gross Non Performing Assets; Net NPA – Net Non Performing Assets; PCR- Provision Coverage Ratio. **Source:** KPMG – Indian Banks- Performance Benchmarking Report, 2012.

From Table – 1, it is observed that profitability performance of the selected public sector banks in terms of PBT, PAT, and OI have increased in the year 2012 as compared to the year 2011 (except PAT of Canara Bank and OI of SBI). In relative terms (i.e., ROA and RONW), only SBI among the selected public sector banks has improved its performance in the year 2012 in comparison to the year 2011. However, there has been an increase in both gross and net NPAs.

On the other hand, all the selected private sector banks (Table – 2) have displayed an impressive profitability performance in absolute as well as in relative terms. The gross and net NPAs have significantly decreased (except net NPA of Kotak Mahindra Bank) during the year 2012 as compared to the year 2011.

On the whole, the banking industry has improved its performance during the year 2012 in comparison to the year 2011. Moreover, the private sector banks have performed better than that of the public sector banks, particularly in respect of ROA, CAR, gross NPA, and net NPA.

6. Epilogue

The Indian financial system has undergone structural transformation over the past decade. The financial sector has acquired strength, efficiency and stability by the combined effect of competition, regulatory measures, and policy environment. While competition, consolidation and convergence have been recognized as the key drivers of the banking sector in the coming years, consolidation of the domestic banking system in both public and private sectors is being combined with gradual enhancement of the presence of foreign banks in a calibrated manner. There has been improvement in banks' capital position and asset quality as reflected in the overall increase in their capital adequacy ratio and declining NPAs, respectively. Significant improvement in various parameters of efficiency, especially intermediation costs, suggests that competition in the Indian banking industry has intensified.

In finale, it may be concluded that the major challenges facing the Indian banking sector are the judicious deployment of funds and the

management of revenues and costs. Concurrently, the issues of corporate governance and appropriate disclosures for enhancing market discipline have received increased attention for ensuring transparency and greater accountability. Financial sector supervision is increasingly becoming risk based with the emphasis on quality of risk management and adequacy of risk containment. Consolidation, competition, and risk management are no doubt critical to the future of Indian banking industry, but good governance and financial inclusion have also emerged as the key issues for the Indian financial system.

7. Limitations and Research Opportunities

In the present study, the Indian banking industry has been assessed for two years only. Moreover, the data is secondary in nature. In spite of these limitations, further studies may be undertaken to measure the impact of various reform measures

on the Indian financial sector, particularly in the Indian banking industry.

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On delight and elation

OLIVER BURKEMAN

One of the best-known findings of the "science of happiness" has been the discovery that the countless advantages of modern life have done so little to lift our collective mood. The awkward truth seems to be that economic growth does not necessarily make for happier societies, just as increased personal income, above a certain basic level, doesn't make for happier people.

Nor does better education, at least according to some studies. Nor does an increased choice of consumer products. Nor do bigger and fancier homes, which seem mainly to provide the privilege of more space in which to feel gloomy. Perhaps you don't need telling that selfhelp books are among the things that fail to make us happy. But, for the record, research strongly suggests that they rarely much help...

When you look at the selfhelp shelves with a coldly impartial eye, this isn't especially surprising. That we yearn for neat, book-sized solutions to the problem of being human is understandable, but strip away the packaging and you'll find that the messages of such works are frequently banal.

And whatever you make of the country-by-country surveys of national happiness that are now published with some regularity across the world, it's striking that the "happiest" countries are never those where self-help books sell the most, nor indeed where professional psychotherapists are most widely consulted.

From "The Antidote: Happiness for People Who Can't Stand Positive Thinking"

FDI POLICY OF INDIA AND BHUTAN---A COMPARATIVE STUDY

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Abstract

The term FDI (Foreign Direct Investment) refers to any investment made by a company or entity based in one country, into a company or entity based in another country. Foreign direct investments differ substantially from indirect investments such as portfolio flows, wherein overseas institutions invest in equities listed on the stock exchange of a nation. Entities making direct investments, typically, have a significant degree of influence and control over the company into which the investment is being made. Open economies, with skilled workforces and good growth prospects, tend to attract larger amounts of foreign direct investments than the highly regulated closed economies.

The objective for implementation of FDI policy varies from nation to nation. In case of India, the intent and objective of the Government is to attract and promote foreign direct investment in order to supplement domestic capital, technology and skills, for accelerated economic growth. In case of Bhutan, the nation's long term development is guided by the concept of maximizing Gross National Happiness (GNH). The spirit and intent of this concept as articulated in the Bhutan Vision 2020. This is envisaged through the adoption of policies and programs that operationalises the four pillars of GNH, e.g. Sustainable socio-economic development, conservation of natural environment, preservation of culture and good governance.

In pursuance of the above, the Royal Government adopted the FDI.

The objective of this paper is to do a comparative study of the FDI policies of two neighboring countries; i.e. India and Bhutan, vis-a-vis comprehensive analysis of the nature and pace of economic growth and development

in these two nations while adopting their respective FDI policies.

Key Words: FDI, Economic Growth, GNH, Bhutan Vision 2020.

1. Introduction

The International Monetary Fund defines Foreign Direct Investment (FDI) as when one individual or business owns 10% or more of a foreign company's capital. Every financial transaction afterwards is considered by the IMF as an additional direct investment. If an investor owns less than 10%, it is considered as nothing more than an addition to his/her stock portfolio.

With only a 10% ownership, the investor may or may not have the controlling interest in the foreign business. However, even with just 10%, the investor usually has significant influence on the company's management, operations and policies. For this reason, most governmental agencies want to keep tabs on who is investing in their country's businesses.²

In other word, FDI is an investment made by a company or entity based in one country, into a company or entity based in another country. Foreign direct investments differ substantially from indirect investments such as portfolio flows, wherein overseas institutions invest in equities listed on a nation's stock exchange. Entities making direct investments typically have a significant degree of influence and control over the company into which the investment is made. Open economies with skilled workforces and good growth prospects tend to attract larger amounts of foreign direct

² Duce1,M., July 31, 2003

investment than closed, highly regulated economies.

The investing company may make its overseas investment in a number of ways - either by setting up a subsidiary or associate company in the foreign country, by acquiring shares of an overseas company, or through a merger or joint venture. The accepted threshold for a foreign direct investment relationship, as defined by the OECD, is 10%. That is, the foreign investor must own at least 10% or more of the voting stock or ordinary shares of the investee company. An example of foreign direct investment would be an American company taking a majority stake in a company in China. Another example would be a Canadian company setting up a joint venture to develop a mineral deposit in Chile.³

Foreign direct investment is of growing importance to global economic growth. This is especially important for developing and emerging market countries. FDI from investors in developed areas like the European Union and the U.S. provide funding and expertise to help smaller companies in these emerging markets to expand and increase international sales. In 2012, these emerging markets became the greatest beneficiary of FDI. Inflows exceeded those to developed countries by \$130 billion.

The developed world also receives its fair share of cross-border investment, but of a different nature. Most of this was mergers and acquisitions between mature companies. These already-global corporations are engaged in restructuring or refocusing on core businesses. However, it gets recorded as FDI. This type of investment is more about maintenance, and less about making great strides in economic growth.⁴

1.1 Benefits of FDI

One of the primary benefits of FDI is that it allows money to be freely invested in whichever business that has the best prospects of growth anywhere in the world. The main reason behind this is that investors are on the lookout for the best return for their money with the least risk.

This gives well-run businesses -- regardless of race, color or creed -- a competitive advantage. It reduces (but, of course, doesn't eliminate) the effects of politics, cronyism and bribery. As a result, the smartest money goes to the best businesses all over the world, bringing these goods and services to market faster than if unrestricted FDI weren't available.

Investors receive additional benefits. Their risk is reduced because they can diversify their holdings outside of a specific country, industry or political system. Diversification always increases return without increasing risk.

Businesses benefit by receiving management, accounting or legal guidance in keeping with the best practices practiced by their lenders. They can also incorporate the latest technology, innovations in operational practices, and new financing tools that they might not otherwise be aware of. By adopting these practices, they enhance their employees' lifestyles, helping to create a better standard of living for the recipient country. In addition, since the best companies get rewarded with these benefits, local governments have less influence, and aren't as able to pursue poor economic policies.

The standard of living in the recipient country is also improved by higher tax revenue from the company that received the foreign direct investment. However, sometimes countries neutralize that increased revenue by offering tax incentives to attract the FDI in the first place.

Another advantage of FDI is that it can offset the volatility created by "hot money." Short-term lenders and currency traders can create an asset bubble in a country by investing lots of money in a short period of time, then selling their investments just as quickly. This can create a boom-bust cycle that can wreak economies and political regimes. Foreign direct investment takes longer to set up, and has a more permanent footprint in a country.⁵

³ useconomy.about.com

⁴ UNCTAD, Annual FDI Report, 2013

⁵ Loungani et al, June 2001

1.2 Disadvantages of FDI

The primary hurdle in case of FDI is that excessive foreign ownership of companies can be a concern, especially in industries that are strategically important.

Secondly, sophisticated foreign investors can use their skills to strip the company of its value without adding any. They can sell off unprofitable portions of the company to local, less sophisticated investors. Or, they can borrow against the company's collateral locally, and lend the funds back to the parent company.⁶

2.0 Objective of the Paper

FDI or foreign investment refers to the net inflows of investment to buy a lasting management interest (10 per cent or more of voting stock) in an enterprise operating in an economy other than that of the investor. Foreign direct investments have become the major economic driver of globalisation in recent times. The most profound effect has been seen in developing countries, where yearly foreign direct investment flows have increased from an average of less than \$10 billion in the 1970s to a yearly average of less than \$20 billion the 1980s. From 1998 to 1999 itself, FDI grew from \$179 billion to \$208 billion and now comprise a large portion of global FDI.

The objective for implementation of FDI policy varies from nation to nation. In case of India, the intent and objective of the Government is to attract and promote foreign direct investment in order to supplement domestic capital, technology and skills, for accelerated economic growth. In case of Bhutan, the nation's long term development is guided by the concept of maximizing Gross National Happiness (GNH). The spirit and intent of this concept as articulated in the Bhutan Vision 2020. This is envisaged through the adoption of policies and programs that operationalises the four pillars of GNH, e.g. sustainable socio-economic development, conservation of natural environment, preservation of culture and good

governance. In pursuance of the above, the Royal Government adopted the FDI.

The objective of this paper is to do a comparative study of the FDI policies of two neighboring countries; i.e. India and Bhutan, vis-a-vis comprehensive analysis of the nature and pace of economic growth and development in these two nations while adopting their respective FDI policies.

2. FDI Policy of India

It is the intent and objective of the Government of India to attract and promote foreign direct investment in order to supplement domestic capital, technology and skills, for accelerated economic growth. Foreign Direct Investment, as distinguished from portfolio investment, has the connotation of establishing a "lasting interest" in an enterprise that is resident in an economy other than that of the investor. Hence the government has put in place a policy framework on Foreign Direct Investment, which is transparent, predictable and easily comprehensible. This framework is embodied in the Circular on Consolidated FDI Policy, which may be updated every year, to capture and keep pace with the regulatory changes, effected in the interregnum.⁷

Foreign direct investments (FDI) are a major driving force behind the growth of Indian financial markets. Post liberalization in 1990s, the country is being viewed as a strategic destination by foreign majors to park their investments and benefit from the economic growth.

India remains the world's third most attractive destination for investment by transnational corporations (TNCs) during 2013-15, stated a recent survey by UNCTAD. The country was ranked after china and the US in the survey based on responses of 159 companies.

Moreover, this economic segment enjoys high attention from top officials of the Government, owing to its strategic importance. The Government keeps making efforts to

⁶ Loungani et al, June 2001

⁷ Consolidated FDI Policy of India, 2013

provide impetus to FDI flows in the country and hence undertakes numerous reform initiatives. FDI norms were further liberalized after September 2012 in sectors like civil aviation, power exchanges and retail. The Ministry of Finance has also suggested modifications in FDI caps for various sectors, including tea, media, natural gas and petroleum.

2.1 Who can invest in India?

A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/activities which are prohibited. However, a citizen of Bangladesh or an entity incorporated in Bangladesh can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space and atomic energy and sectors/activities prohibited for foreign investment. NRIs resident in Nepal and Bhutan as well as citizens of Nepal and Bhutan are permitted to invest in the capital of Indian companies on repatriation basis, subject to the condition that the amount of consideration for such investment shall be paid only by way of inward remittance in free foreign exchange through normal banking channels.⁸

2.2 Key Statistics

- India Inc witnessed an increase of 25 per cent year-on-year (y-o-y) to record US\$ 2.32 billion of FDI in April 2013. Sectors that attracted highest levels of FDI include hotels and tourism sector (US\$ 2.32 billion), followed by pharmaceuticals (US\$ 987 million), services (US\$ 238 million), chemicals (US\$ 51 million) and construction sector (US\$ 32 million). Singapore alone infused FDI flows worth US\$ 1.29 billion in April 2013, followed by Mauritius, the Netherlands and the US with FDI inflows worth US\$ 355 million, US\$ 173 million and US\$ 149 million respectively. FDI inflows aggregated at US\$ 22.42 billion in 2012-13.

- India's foreign exchange (forex) reserves stood at US\$ 280.167 billion for the week ended July 5, 2013, according to data released by the central bank. The value of foreign currency assets (FCA) - the biggest component of the forex reserves – stood at US\$ 252.103 billion, according to the weekly statistical supplement released by the Reserve Bank of India (RBI).
- Private equity (PE) firms upped their investments in India Inc by a hefty 42 per cent to US\$ 5.4 billion through 197 deals during the first half of 2013; major deal being the US\$ 1.2 billion-Bharti Airtel deal, according to a report by EY India (formerly Ernst & Young).
- Meanwhile, Merger and acquisition (M&A) activity in India was also quite intense in April-June 2013 period. The deal tally stood at US\$ 10.9 billion across 130 transactions, according to global deal tracking firm Merger market.⁹ The lists of top 10 nations investing in India are given in Table 1 below¹⁰:

Table 1: List of Top 10 Nations Investing In India

Rank Of The Nation	Name Of The Nation	Total Investment
1	Mauritius	Rs 247,092 Crore (\$55,203 Million)
2	Singapore	Rs 58,090 Crore (\$13,070 Million)
3	United States Of America	Rs 42,898 Crore (\$9,529 Million)
4	The United Kingdom	Rs 29,451 Crore (\$6,643 Million)
5	The Netherlands	Rs 25,799 Crore (\$5,739 Million)
6	Japan	Rs 25,001 Crore (\$5,511 Million)
7	Cyprus	Rs 22,702 Crore (\$4,982 Million)
8	Germany	Rs 13,607 Crore (\$3,051 Million)
9	France	Rs 11,244 Crore (\$2,484 Million)
10	United Arab Emirates	Rs 8,683 Crore (\$1,910 Million)

(Source: Department of Industrial Policy and Promotion, September 8, 2011)

⁹ Consolidated FDI Policy of India, 2013

¹⁰ Department of Industrial Policy and Promotion Fact Sheet, September 8, 2011

⁸ Consolidated FDI Policy of India, 2013

2.3 Policy Initiatives

The Indian Government keeps making efforts to sustain global investors' confidence in Indian markets. Prime Minister Manmohan Singh has recently extended his support to the finance ministry and industry department's plan to raise FDI ceiling in telecom to 100 per cent, besides allowing overseas flows into several sectors without prior government approval. The list of sectors where foreign majors would be allowed to invest through the automatic route includes oil and gas refining, courier and commodity and power exchanges. Meanwhile, the Central Government has approved 16 FDI proposals recently, in consultation with the FIPB. The proposals amounted to Rs.1646.875 crore (US\$ 277.55 million). The table below shows the list of sectors where FDI is permitted and the route of entry¹¹.

Table 2: List of Sectors in India Where FDI is permitted and the Route of Entry

Serial Number	Sector	Sub- Sector	% of FDI	Route of Entry
1	Agriculture	Agriculture & Animal Husbandry	100%	Automatic
2		Tea Plantation	100%	Government
3		Mining and Exploration of metal and non-metal ores	100%	Automatic
4		Coal and Lignite Mining	100%	Automatic
5		Setting up coal processing plants	100%	Automatic
6		Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities	100%	Government
7		Exploration activities of oil and natural gas fields	100%	Automatic
8		Petroleum refining by the Public Sector Undertakings (PSU),	49%	Government
9	Manufacturing	Manufacture of items reserved for production in Micro and Small Enterprises (MSEs)		
10	Defence	Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act 1951	26%	Government
11	Information Services	Broadcasting Carriage Services	74%	Automatic upto 49%, Beyond which it is Government Route
12		Cable Networks	49%	Automatic
13		Terrestrial Broadcasting FM (FM Radio)	26%	Government
14		Up-linking of 'News & Current Affairs' TV Channels	26%	Government
15		Up-linking of Non-'News & Current Affairs' TV Channels/ Down-linking of TV Channels	100%	Government
16		Publishing of Newspaper and periodicals dealing with news and current affairs	26%	Government
17		Publication of Indian editions of foreign	26%	Government

¹¹ Consolidated FDI Policy of India, 2013

		magazines dealing with news and current affairs		
18	Print Media	Publishing/printing of Scientific and Technical Magazines/specialty journals/periodicals	100%	Government
19		Publication of facsimile edition of foreign newspapers	100%	Government
20	Airports	Greenfield projects	100%	Automatic
21		Existing projects	100%	Automatic up to 74% , Government Route beyond 74%
22	Air Transport Services	Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline	49% FDI (100% for NRIs)	Automatic
23		Non-Scheduled Air Transport Service	74% FDI (100% for NRIs)	Automatic up to 49% Government route beyond 49% and up to 74%
24		Helicopter services/seaplane services requiring DGCA approval	100%	Automatic
25	Other services under Civil Aviation sector	Ground Handling Services subject to sectoral regulations and security clearance	74% FDI (100% for NRIs)	Automatic up to 49% Government route beyond 49% and up to 74%
26		Maintenance and Repair organizations; flying training institutes; and technical training institutions	100%	Automatic
27	Courier Services	Courier services for carrying packages, parcels and other items which do not come within the ambit of the Indian Post Office Act, 1898 and excluding the activity relating to the distribution of letters.	100%	Government
28	Construction Development: Townships, Housing, Built-up infrastructure	Townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure)	100%	Automatic
29	Industrial Parks	Industrial Parks – new and existing	100%	Automatic

30	Satellites – Establishment and operation	Satellites – Establishment and operation, subject to the sectoral guidelines of Department of Space/ISRO	74%	Government
31	Private Security Agencies	Private Security Agencies	49 %	Government
32	Telecom Services	Telecom services	74%	Automatic up to 49% Government route beyond 49% and up to 74%
33		(a)ISP with gateways (b)ISP's not providing gateways (c)Radio paging (d) End-to-End bandwidth	74%	Automatic up to 49% Government route beyond 49% and up to 74%
34		(a) Infrastructure provider providing dark fibre, right of way, duct space, tower (IP Category I) (b)Electronic Mail (c) Voice Mail	100%	Automatic up to 49% Government route beyond 49%
35	Trading	Cash & Carry Wholesale Trading/ Wholesale Trading (including sourcing from MSEs)	100%	Automatic
36		E-commerce activities	100%	Automatic
37		Test marketing	100%	Government
38		Single Brand product retail trading	100%	Government
39		Multi Brand Retail Trading	51%	Government
40	Financial Services	Asset Reconstruction Companies (ARC)	74% of paid-up capital of ARC	Government
41		Banking –Private sector	74%	Automatic up to 49% Government route beyond 49% and up to 74%
42		Banking- Public Sector	20%	Government
43		Commodity Exchanges	49%	Government
44		Credit Information Companies	49%	Government
45		Infrastructure Company in the Securities Market	49%	Government
46		Insurance	26%	Automatic
47		Non-Banking Finance Companies (NBFC)	100%	Automatic
48		Greenfield	100%	Automatic
49	Pharmaceuticals	Brownfield	100%	Government
50	Power Exchanges	Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010	49% (FDI & FII)	Government (for FDI)

(Source: Consolidated FDI Policy of India, 2013)

2.4 Important Developments

Foreign Investment Promotion Board (FIPB) has granted approvals to various FDI proposals recently.

- a. Telenor Mobile Communication AS, has been given a nod to invest Rs 1,000 crore (US\$ 168.53 million) to raise its stake in Telewings to 74 per cent while Mahle Holding India Ltd has been allowed to bring Rs 280 crore (US\$ 47.2 million) into the country. On the other hand UK-based Aveva Solutions Ltd's proposal for setting up a Limited Liability Partnership (LLP) for software development by investing Rs 8.39 crore (US\$ 1.41 million) has been granted a green signal by the FIPB.
- b. Bangladeshi Rabiul Alam also aims to set up a new company in India with 100 per cent FDI to manufacture engineering products by investing Rs 20.28 crore (US\$ 3.42 million). This proposal has also got a nod from the FIPB.
- c. The aromatic basmati rice industry is attracting increasing investor interest in India. The Abu Dhabi-based Al Dahra International Investment LLC is planning to invest about Rs 112 crore (US\$ 18.88 million) in Kohinoor Foods Ltd (KFL) through equity shares allotment on a preferential basis.
- d. Al Dahra's investment in Kohinoor Foods is second such instance of a West Asian firm investing in an Indian rice company. Recently, Hassad Foods, (part of the Qatar Investment Authority, the Sovereign Wealth Fund of Qatar) has announced that it would acquire a majority stake in the Delhi-based Bush Foods Overseas Pvt Ltd, a basmati rice and ready-to-eat products manufacturer. This trend is of immense significance as West Asia is the biggest market for basmati rice and India has a major market share in the region.
- e. German firm SEA Group is the world's fifth largest living space solution provider. It has debuted in India with an initial investment of Rs 14 crore

(US\$ 2.36 million), which could go up to Rs 40 crore (US\$ 6.74 million) in two years. The company aims to undertake projects in association with big builders, mainly through the franchisee route and offer "creative, durable and high quality home interior solutions to end consumers and corporate clients". While SEA Group has long experiences in German and other European markets, it has now teamed up with leading manufacturers in Europe like bauformat Küchen to bring high quality services to India.

- f. Meanwhile, US-based Customers Bancorp Inc (CUBI) has plans to infuse US\$ 51 million in multiple securities of Religare Enterprises Ltd. Religare is currently aspiring for a banking licence to enter the banking industry. The investments will take place through a combination of primary and secondary market transactions¹².

¹² Consolidated FDI Policy of India, 2013

3. FDI Policy of Bhutan

Bhutan, in its attempt to integrate with the world economy had introduced the FDI Policy for the first time in the year 2002. The country felt the need to encourage and facilitate the development of the private sector. The nation's long term development is guided by the concept of maximizing Gross National Happiness. The spirit and intent of this concept as articulated in the Bhutan Vision 2020 document is to "maximise the happiness of all Bhutanese and to enable them to achieve their full and innate potential as human beings." This is envisaged through the adoption of policies and programs that operationalizes the four pillars of GNH

namely sustainable socio-economic development, conservation of natural environment, preservation of culture and good governance. In pursuance of the above, the Royal Government adopts the FDI Policy 2010 (revised version of FDI Policy, 2002) ,to achieve the objectives as set out in the Economic Development Policy 2010

3.1 Sectors Open for FDI

FDI is allowed in both manufacturing and service sectors. These shall be governed by project specific agreements (if any) and sector specific policies, standards and procedures. The list of the priority sectors are given in the tables below

Table 3: PRODUCTION & MANUFACTURING- Priority List of Activities

Serial Number	Sector	Minimum Project Cost (Nu m)	Maximum Foreign Investor's Equity (%)	Conditions/Requirements
1	Agro-based Production	20	74	None
2	Forest-based Production	50	74	None
3	Energy: (i) Hydro Power	Based on Sustainable Hydropower Policy		
	Energy: (ii) Solar and Wind Energy	20	Based on Renewable Energy Policy	
	Energy: (iii) Other Renewable Energy			
4	Water Based Products	50	74	None
5	Other Manufacturing (Electronics, Electricals, Computer Hardware, Building Materials)	50	74	None

(Source: FDI Policy, 2010, Royal Government of Bhutan)

Table 4: Services- Priority List of Activities

Serial Number	Sector	Minimum Project Cost (Nu m)	Maximum Foreign Investor's Equity (%)	Conditions/Requirements
1	Education	200	100	High end
2	Health	200	100	High end
3	Hotels/Resorts-5 Star and above	200	100	International reputed hotel chains
4	Infrastructural facilities	200	100	PPP Model where in the facility returns to the Government on expiry of the term
5	Research and Development	10	100	Established firms employing a minimum of 5 experts
6	Head Office Services	5	100	None
7	IT/ITES: (i) IT/ITES inside IT Parks and SEZs	5	100	None
	IT/ITES: (ii) IT/ITES outside IT Parks and SEZs	25	74	None
8	Construction Services	100	74	None
9	Waste Management	25	74	PPP Model
10	Water Supply and Management	25	74	PPP Model
11	4 Star Hotels	25	74	None
12	Technical and Vocational Education	25	74	None
13	Transportation and Related Services	25	74	PPP Model where in the facility returns to the Government on expiry of the term
14	Consultancy Services	10	74	Established firms employing a minimum of 5 experts
15	Financial Services	25	51	As per Financial Services Act

(Source: FDI Policy, 2010, Royal Government of Bhutan)

The list of sectors where FDI is prohibited in Bhutan is given in the table below¹³.

Table5: Negative List

Serial Number	Activity
1	Media and Broadcasting
2	Distribution services including wholesale, retail and micro trade
3	Mining for sale of minerals in primary or raw form
4	Hotel 3 star and below
5	General Health Services
6	Industries that do not meet the Certificate of Origin requirements
7	Activities in the Prohibited List

(Source: FDI Policy, 2010, Royal Government of Bhutan)

In addition, the Royal Government also permits FDI in other activities with maximum foreign investors' equity of 74 % and minimum project cost of Nu 50 million and Nu 25 million for manufacturing and services respectively. Moreover collaboration in different forms like technical, marketing and franchise for use of industrial designs, patents and trademarks will be allowed with prior written permission of the Ministry¹⁴.

The criteria for approval/denial of any activity are based contribution of the proposed activity to the following aspects:

- a) GNH Principles including FDI focus areas
- b) Generation of employment for Bhutanese people
- c) Revenue contribution
- d) Foreign exchange earnings
- e) Value addition
- f) Invention/Innovation¹⁵

Irrespective of the above mentioned criteria, the Royal Government still has the right to reject any investment proposal without assigning any reason.

3.2 Implementation of the FDI Policy-Major Achievements

The government has so far approved 13 foreign direct investment (FDI) projects in hotels, hydropower, pharmaceuticals, dairy, steel, water bottling and banking bringing in an investment of about Nu 4.1B since the policy was revised and liberalized to an extent in May 2010. Foreign investor's holdings in these projects range from 20 percent to 100 percent. Of the 13 projects six have foreign investment between 70 to 75 percent. The mountain hazelnut ventures private limited is a 100 percent foreign owned. A foreign partner is required to put in at least 20 percent stake in the company according to the FDI policy. Foreign partners are from India, Hong Kong, USA, Japan, Singapore, Samoa, France and Vietnam. There are four from India. The highest investment is in banking with the international finance corporation (IFC) buying a 20 percent stake in the Bhutan National Bank worth about Nu 1.5B which was approved in December 31, 2012. Next is the delayed 115 MW Dagachhu hydropower project which has a foreign investment of Nu 1.1B. The government approved the highest number of projects in 2012 and according to officials of the economic affairs ministry this is expected to pick up in the next few years. In 2011, nine FDI projects were approved and three in 2010. The list of projects approved under the revised FDI Policy is given in the table below¹⁶:

¹³ FDI Policy, 2010, Royal Government of Bhutan

¹⁴ ibid

¹⁵ FDI Policy, 2010, Royal Government of Bhutan

¹⁶ <http://www.kuensoline.com/13-projects-approved-since-2010/fdi2january13/>

Table 6: List of Projects Approved Under the Revised FDI Policy, 2010

Serial Number	Projects	Sectors
1	Lhaki Steels and Rolling Pvt. Ltd.	Steel
2	Bhutan Hotels Pvt. Ltd.	Hotels
3	Manidheepa-Mohsin Hotels & Resorts Pvt. Ltd.	Hotels
4	Dagachhu Hydropower Project Ltd.	Hydropower
5	Bhutan Concast Pvt. Ltd.	Ingots/Billets
6	Bhutan H2O Pvt. Ltd.	Water Bottling
7	Neethsel Pvt. Ltd.	Pharmaceuticals
8	Koufuku International Pvt. Ltd.	Dairy
9	Shaun Communications (Bhutan) Pvt. Ltd.	BPO/KPO
10	Adruka Pvt. Ltd.	Furniture & interior fill-outs
11	Bhutan Hydropower Services Ltd	Runner reclamation
12	Mountain Hazelnut Ventures Pvt. Ltd.	Hazelnut Plantation
13	Bhutan National Bank Ltd.	Banking

(Source: <http://www.kuensonline.com/13-projects-approved-since-2010/fdi2january13/>)

Several of the FDI projects such as Lhaki Steel and Bhutan Concast started as domestic projects but later became FDI projects because of fund and market constraints.

An FDI project that has been approved includes Druk green power corporation tying up with Alstom, an energy and transport company based in France. The business deals with repair and maintenance of hydropower equipments and

turbines. This has been seen as one solution to ease rupee shortages as the hydropower equipments and turbines were initially sent to Nepal and India for repair.

3.3 Future Outlook

Bhutan is looking at attracting more foreign investments and greater private participation in expanding the country's hydro power sector. While addressing industry chambers-CII, Ficci and Assocham on September 2, 2013, Prime Minister Tshering Tobgay said that, "We encourage private sector participation in the hydro power sector. We encourage Foreign Direct Investment (FDI). For smaller projects, we will be encouraging aggressively the private sector and FDI".

Tata Power, among others, is already working on a hydel project in the neighbouring nation. At present, many of the hydel projects being developed in Bhutan are under an agreement between the two countries. The Indian government has agreed to develop 10,000 MW of hydro power in Bhutan by 2020. Under Indo-Bhutan co-operation, many hydel projects including 1,020 MW Tala plant are already functioning. The Bhutanese Prime Minister said that if there are delays, then the implementation and investment modalities could be re-looked into¹⁷.

4. Conclusion

The need for FDI in Bhutan was felt much later as compared to India. Hence the pace of development of the Indian economy is far ahead as compared to the Bhutanese economy, as can be seen from the above analysis. Bhutan on the other hand started late on the development process but is picking up pace. With the recent change in the government, Bhutan hopes to fully achieve the targeted rate of economic growth and development, while keeping in mind the objectives of GNH.

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Bhutan

officially the Kingdom of Bhutan, is a landlocked country in South Asia located at the eastern end of the Himalayas. It is bordered to the north by China and to the south, east and west by India. To the west, it is separated from Nepal by the Indian state of Sikkim, while further south it is separated from Bangladesh by the Indian states of Assam and West Bengal. Bhutan's capital and largest city is Thimphu. Bhutan existed as a patchwork of minor warring fiefdoms until the early 17th century, when the lama and military leader Shabdrung Ngawang Namgyal, fleeing religious persecution in Tibet, unified the area and cultivated a distinct Bhutanese identity. Later, in the early 20th century, Bhutan came into contact with the British Empire and retained strong bilateral relations with India upon its independence. In 2006, based on a global survey, *Business Week* rated Bhutan the happiest country in Asia and the eighth-happiest in the world

Bhutan's landscape ranges from subtropical plains in the south to the sub-alpine Himalayan heights in the north, where some peaks exceed 7,000 metres (23,000 ft). Its total area was reported as approximately 46,500 km² (18,000 sq mi) in 1997 and 38,394 square kilometres (14,824 sq mi) in 2002. Bhutan's state religion is Vajrayana Buddhism and the population, now (as of 2012/2013) estimated to be nearly three-quarters of a million, is predominantly Buddhist. Hinduism is the second-largest religion.

In 2008, Bhutan made the transition from absolute monarchy to constitutional monarchy and held its first general election. As well as being a member of the United Nations, Bhutan is a member of the South Asian Association for Regional Cooperation (SAARC) and hosted SAARC's sixteenth summit in April 2010.

From Wikipedia

THE EMERGENCE OF CSR IN INDIA – A WAY FORWARD

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Abstract

The business environment of the world has witnessed a tremendous change in last -60-70 years. Few years before the objectives & goals of business was profit maximisation and then turned to wealth maximisation. Now it necessitated the business to realign its objectives and goals from historical objective of profit/wealth maximisation to social objective. It is because organizations have realized that ultimate goal is not profit making besides this trust building is viable and assert able with societal relationship. Gradually social responsibility has becoming an integral part of wealth creation process. Corporate social responsibility is the deliberate inclusion of public interest into corporate decision making, and honouring of triple bottom line (3BL): People, Planate and Profit. Our economy is within the society, society is within the planet and the planet is within the Universe. Therefore, CSR of a business takes care of all these three aspects of corporate sustainability.

This research paper aims to analyse the CSR status in India, current practices of CSR in various Indian companies and also extent of CSR practices being followed by different public and private sector companies in India (on the basis of quantitative disclosures)

Key words: Corporate Social Responsibility, Triple Bottom Line, Public and Private sector companies

Introduction

India is a developing economy, here Corporate Social Responsibility (CSR) play important role in organizations. In Indian industry one can easily notice a paradigm shift from corporate philanthropist to being socially responsible. The importance of CSR is

increasing in Indian corporate scenario because organization have realize that ultimate goal is not profit making beside this trust building is viable and assert able with societal relationship. In recent times, following Lord Darwin's "Survival of the Fittest" theory, corporate around the world have probably well understood that unless they care for the society, it will be difficult for them to grow and exist in future. Gradually social responsibility has become an integral part of wealth creation process. CSR is a big umbrella concept, as no one can imagine economy without society and society without planate. Our economy is within the society, society is within the planet and planate is within the Universe. Therefore, CSR of a business takes care of all these three aspects of corporate sustainability.

Objectives

The main objectives of this study are to:

1. To understand the meaning and various models of CSR
2. To find out the current practices of CSR in various Indian companies
3. To analyse the extent of CSR practices followed by different companies on the basis of quantitative disclosures.
4. To make suggestions for accelerating CSR initiatives.
5. To comment on the future aspect of CSR in India.

Research Methodology

The research paper is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles and media reports. Available secondary data was extensively used for the study. The investigator procures the required data through secondary survey method. Different news articles, Books

and Web were used which were enumerated and recorded.

Background of Corporate Social Responsibility

In the 1970s and 80s environmental concerns such as loss of the rainforest and the effects of pollution led to a recognition that something had to be done to change the way we were using the planet resources. As a result, heads of state came together at Rio, Brazil in 1992 for what was called the Earth Summit. At Rio, governments pledged action to stop the unsustainable use of resources and to promote sustainable development. Put simply, sustainable development is about societies growing in such a way that future generations are not compromised and have access to the same resources that we have. For this to happen social, environmental and economic considerations should be addressed as a whole, not in pieces. The Earth Summit produced various United Nation conventions including conventions on biological diversity and climate change. *CSR is now sometimes considered as the business response to the challenge of sustainable development.*

The 1990s saw social concerns come to the fore. Poverty and disease became global concerns, as did examples of poor business practice in dealing with social issues such as child labor, bribery and corruption that were exposed by the media. Society began to recognize that governments alone could not solve these problems. Indeed the outcomes from the Earth Summit's successor – the World Summit for Sustainable Development in 2002 – focused on partnerships. There appeared to be a role for everyone – governments to provide fair and socially just laws, business to behave responsibly and consumers to think about their actions by reducing waste or asking questions about how and where their goods came from. CSR is “the continuing commitment by business to behave ethically and to contribute to economic development while improving the quality of life of work force and their families as well as local community and society at a large” [World Business Council of sustainable

2. Satisfied Employees

Employees want to feel proud of the organization they work for. An employee with a positive attitude towards the company is less

Development(WBCSD), 2006]. Corporate Social Responsibility can be defined as “Pragmatic responsiveness of business to stake holders, consumers and civil society”. Transparency and accountability are important keys for conducting business in a responsible manner. It enhances the focus on good Corporate Governance. In India, the business houses like TATA's and Birla's had been undertaking CSR without using the label of CSR. Now the business community has also realised the strategic value of being more responsive to the social & community development aligning its activities accordingly.

Different Types of CSR

- **Philanthropy:** donating money for good cause, usually through a charity partner. This is perhaps the best known form of CSR in the traditional sense.
- **Environmental CSR:** taking steps to be more environment and eco-friendly, beyond satisfying legal requirements.
- **Community based CSR:** engaging in activities, may be with other organizations, to improve the quality of life of the people in the local community.
- **HR based CSR:** policies and steps to improve the wellbeing of the staff.

Benefits of CSR

CSR leads to Good Business Governance

Some typical benefits of properly implementing the CSR strategy are listed here:

i. Higher Customer Satisfaction

Corporate Social Responsibility in India Research shows that a strong record of CSR improves customers' attitude towards the company. If a customer likes the company, he or she will buy more products or services and will be less willing to change to another brand. Studies tell that CSR activities give firms competitive advantage, primarily due to favorable responses from consumers.

likely to look for a job elsewhere. It is also likely that you will receive more job applications because people want to work for you; it means a

better workforce. Because of the high positive impact of CSR on employee wellbeing and motivation, the role of HR in managing CSR projects becomes significant.

ii. Positive PR

When integrated with business strategy CSR provides regular opportunity to highlight positive stories through online and traditional media. Companies no longer have to waste money on expensive advertising campaigns. Instead they generate free publicity and benefit from word of mouth marketing.

iii. Improving Operational Efficiency

Perhaps the strongest — and best documented — argument for engaging employees in environmental practices is the connection between CSR involvement and increased operational efficiency. Front-line employees are often in the best position to identify inefficiencies and propose improvements. Educating employees on CSR can improve profitability by supporting greater efficiency through less waste, water and energy usage. CSR is not expenditure; if conducted properly it can save costs in several ways:

- Better quality and efficient staff hire, and retention
- Savings due to implementing energy saving programs
- More effective management of potential risks and liabilities
- Reduced need to invest in traditional advertising

iv. Better Supply Chain Management

Educating employees on sustainability practices throughout the supply chain can lead to greater efficiencies and help build collaboration to meet sustainability, quality and other goals. It can also strengthen relationships between a company and its suppliers by aligning values and objectives.

v. Long Term Business Sustainability

All business ventures start with more or less long term perspective. But soon get drawn into the lure of short term profit seeking. Having a CSR program counters the short-termism and injects long term sustainability through constant interaction with various stakeholders.

Corporate Social Responsibility in India

In India, private business houses like Tata and Wipro have often taken philanthropic initiatives. Public sector conglomerates are also seen in the non-profit societal roles, although that could always be sidetracked as being done under pressure from state or politicians. So, CSR is not new to India. But as an institutional response from the business community it is still in a very nascent stage. It is still one of the least understood initiatives in the Indian development sector. In the recent years, other private businesses are also showing inclinations to undertake activities promoting various social causes. Looking at the businesses around the world, one can clearly see that all those who have survived over the decades have social action components embedded in their working culture.

Disclosure parameter criterions for ten selected Companies in India

- i. Reports from CEO/Chairman/managing Director on CSR policies.
- ii. Information of organisation profile.
- iii. Disclosure of economic value generation and distribution through Value Added Statement.
- iv. Disclosure on direct energy consumption.
- v. Renewable energy usage reporting.
- vi. Information on the quantity on recycling or reusing of water.
- vii. Information on Green House Gases (GHG) emissions.
- viii. Disclosure of other harmful gases.
- ix. Waste types and methods of disposal.
- x. Continuing programmes and practices to assess and manage the community impact.
- xi. Community development initiatives adopted.

- | | | | |
|-------|--|--------|--|
| xii. | Disclosure of occupational health and safety (OHS) measures for the employees and information relating to injuries, occupational diseases. | xv. | Environment Audit. |
| xiii. | Information on customers health and safety measures adopted | xvi. | Assurance of CSR Reports. |
| xiv. | Adoption of pollution control measures and Environment Management System | xvii. | Disclosure of CSR as per international criterions. |
| | | xviii. | Compliance with International Assurance Standards on CSR Report assurance. |

Table-1 CSR orientation of 10 Public and Private sector companies in India

Disclosure Parameters Index No.	ACC Ltd.	BPCL	GAIL	Infosys	IOC	NTPC	ONGC	Reliance Industries	Tata Motos Ltd.	Tata Steel	Score of Individual Disc. Parameters	
											No.	Norm.
1.	√	√	√	√	√	√	√	√	√	-	9	0.90
2.	√	√	√	√	√	√	√	√	√	-	9	0.90
3.	√	√	√	-	-	√	√	√	√	-	7	0.70
4.	√	√	√	√	√	√	√	√	√	√	10	1.00
5.	√	√	√	√	√	√	√	√	√	-	9	0.90
6.	√	√	√	-	-	√	-	-	√	-	5	0.50
7.	√	√	√	√	√	√	√	√	√	√	10	1.00
8.	√	√	√	-	√	√	-	√	√	-	7	0.70
9.	√	√	√	-	-	√	-	√	√	√	7	0.70
10.	√	√	√	√	√	√	√	√	√	√	10	1.00
11.	√	√	√	√	√	√	√	√	√	√	10	1.00
12.	√	√	-	-	-	√	√	√	√	√	7	0.70
13.	√	√	√	√	√	√	√	√	√	√	10	1.00
14.	√	√	√	√	√	√	√	√	√	√	10	1.00
15.	√	-	-	-	-	√	-	-	-	-	2	0.20
16.	-	√	√	√	-	√	√	√	√	√	8	0.80
17.	√	√	√	√	√	√	√	√	√	√	10	1.00
18.	-	√	√	-	-	√	√	√	-	√	6	0.60
Com.Score	16	17	16	11	11	18	14	16	16	11		
Norm	0.88	0.94	0.88	0.61	0.61	1.00	0.78	0.88	0.88	0.61		

Note: Norm – Normalised Disclosure Index Score

Analysis

- Most of the companies included the Chairman/MD/CEO's message on CSR policies and climate change and detailed description of their organisational profile. The both criterions got equal score 9 i.e. 0.90. it is good disclosure practice.
- All the companies reported direct energy consumption with quantity.
- Only 5 companies stated that they were either reusing or recycling of water. As water is valuable natural resources, so its conservation by way of recycling is

very important. But many have not taken any initiative on this issue.

- Almost all the companies (100%) reported information on GHG emissions. This is due to some statutory requirements in India to disclose GHG emission.
- It is also stated that 100% of the companies under study made written statement that they took stringent policy for not appointing any child labour.

CSR Initiatives in India

In recent years CSR has gained growing recognition as a new and emerging form of governance in business. It is already established

in a global context, with international reference standards set by the United Nations, guidelines of the Organization for Economic Co-operation and Development (OECD) and International Labor Organization (ILO) conventions. CSR has become increasingly prominent in the Indian corporate scenario because organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large. This is one of the key drivers of CSR programs. In April 1998, the Confederation of Indian Industry (CII) came up with, perhaps the first, voluntary guideline for corporate governance in the form of “Desirable Corporate Governance: A Code.” The Ministry of Corporate Affairs also established a National Foundation for Corporate Governance (NFCG). It was a result of partnership with the Confederation of Indian Industry.

Recently, the Associated Chambers of Commerce and Industry of India (ASSOCHAM) evaluated the CSR performance of 175 companies. It found that companies of the FMCG sector were taking the maximum CSR initiatives, followed by the chemical and the IT sectors. In terms of CSR activities, “community welfare” is the most preferred initiative. The second most popular CSR initiative is educating the rural youth. Although there appear to be a shift from charity to other activities, the concept is still believed to be strongly linked to philanthropy. ASSOCHAM president Swati Piramall stressed that *“It has to be understood that CSR is about how companies balance their business ethics and behaviour with business growth and commercial success along with a positive change in the stakeholder community.”*

CSR initiatives of some leading Indian private sector companies

Tata Group

Tata Group in India has a range of CSR projects, most of which are community improvement programs. For example, it is a leading provider of maternal and child health services, family planning, and has provided 98 percent immunization in Jamshedpur. The company also endorses sports as a way of life. It has established a football academy, archery

academy, and promotes sports among employees. It offers healthcare services all over the country with programs like rural health development. Tata Group also has an organized relief program for natural disasters, including long-term treatment and rebuilding efforts. It did laudable work during the Gujarat earthquakes and Odisha floods. It also supports education, with over 500 schools, and also is a benefactor of the arts and culture. It has done abundant work in improving the environment and local populations around its industries.

Infosys

Infosys is aggressively involved in a variety of community growth programs. In 1996, the company created the Infosys Foundation as a not-for-profit trust to which it contributes up to 1 percent of profits after tax every year. Moreover, the Education and Research (E&R) Department at Infosys also works with employee volunteers on community development projects. The management team at Infosys continues to set examples in the area of corporate citizenship and has involved itself vigorously in key national bodies. They have taken initiatives to work in the areas of research and education, community service, rural outreach programs, employment, healthcare for the poor, education, arts and culture, and welfare activities undertaken by the Infosys Foundation.

Mahindra & Mahindra

At Mahindra & Mahindra, The K. C. Mahindra Education Trust was established in 1953 with the purpose of promoting education. Its vision is to renovate the lives of people in India through education and financial assistance across age groups and across income strata. The K. C. Mahindra Education Trust undertakes a number of education plans, which make a difference to the lives of worthy students. The Trust has provided more than Rs. 7.5 crore in the form of grants, scholarships and loans. It promotes education mostly by way of scholarships. The Nani Kali (children) project has over 3,300 children under it and the company aims to increase the number to 10,000 in the next two years by reaching out to the underprivileged children, especially in rural areas.

Reliance Industries Ltd.

Reliance Industries Ltd. launched a countrywide initiative known as “Project Drishti”, to restore the eye-sights of visually challenged Indians from the economically weaker sections of the society.

ITC Limited

ITC has traditionally partnered Indian farmer for almost a century. It is now engaged in elevating this partnership to a new paradigm by leveraging information technology through its trailblazing ‘e-Choupal’ initiative. ITC is significantly widening its farmer partnerships to embrace a host of value-adding activities viz. creating livelihoods by helping poor tribes make their wastelands productive, investing in rainwater harvesting to bring irrigation to parched dry lands, empowering rural women by helping them evolve into entrepreneurs, and providing infrastructural support to make schools an exciting platform for village children. In a newly emerged global market as the competition is very intense and the customers are very sophisticated, companies must ensure social responsibility in order to secure fundamental relationships that fuel business growth.

The Way Forward

The proposed mandatory 2 % CSR spending is actually unnecessary for two reasons: One, its proper implementation is impractical and two, social pressures and adoption of voluntary operational norms are more effective. International bodies also prophesize “soft norm” rather than legal binding “hard” rules.

There is another reason against mandatory CSR spending. It is the changed nature of today’s world. The widespread penetration of Internet around the world has turned it as a powerful platform for information dissemination and expressing concerns. This has increased pressure on companies to mind their conduct and heed public opinion.

Finally, more and more companies are discovering that integrating CSR strategies make their operations more profitable and sustainable. This presents an opportunity for NGOs and social organization. They can expect greater partnership with the corporate world in the coming future. It is in their interest to gear up for

such collaborations and utilize core competencies of the business houses.

Conclusion

Based on the study result it can be concluded that the performances of the selected companies on CSR are good. Many companies however over performed whereas many couldn’t perform well to that extend. Of the selected companies, NTPC got the maximum score 18 points which is followed by BPCL, Reliance, Tata Motors. Overall the study has tried to show the quantity of social responsibility disclosures adopted by selected popular companies of Indian Origin. In India, Ministry of Corporate Affairs (MCA), Govt. of India, published guidelines on voluntary disclosure of CSR information in 2009 and it had undergone revision in August 2011 and released under the title “National Voluntary Guidelines on Social, Environmental & Economic Responsibility of business”. The new Companies Act, 2013, which proposes that 2% of profits earned by a certain class of companies must be spent on CSR activities, would mean an estimated Rs 27,000 crore will flow into grassroots development and social enterprise sectors every year. It is currently estimated that the average CSR spend is 1-1.25% Of profits, while the Companies Act, 2013 prescribes 2%. So in near future, it is an expectation, more and more companies will be disclosing their CSR performances fairly and without any hesitations with some standard reporting framework.

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CELEBRITY ENDORSEMENT: ENDORSE WITH INTEGRITY

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Abstract

Celebrity endorsement is a big business today. Idea of celebrity endorsement has often been criticized on ethical and moral grounds. A fresh wave of light thrown on the entire issue when megastar Amitabh Bachchan recently told an audience at the Indian Institute of Management, Ahmedabad, comprising students, faculty members and officials of Gujarat Tourism, that he stopped endorsing Pepsi after a girl in Jaipur asked him why he promoted the soft drink that her teacher had branded as 'poison'. Bachchan also said that he has told this to his son Abhishek and to daughter-in-law Aishwarya, If they have to endorse a product then they have to conduct their life in such a manner that it does not affect others' lives."

The paper presented here, discusses the issue of celebrity endorsement in the present context and tells why do celebrities need to endorse brands with integrity.

Celebrity branding is a type of branding, or advertising, in which a celebrity becomes a brand ambassador and uses his or her status in society to promote a product, service or charity, and sometimes also appears as promotional model. Celebrities are generally held in such high regard that an endorsement can drive consumers to purchase a product that they might not otherwise buy. Where a celebrity does not use a product or offers a dishonest opinion, a clear ethical conflict exists. It is when a celebrity says something misleading that the endorsement is lacking in ethics. Celebrities are often criticized for using their credibility and social image to

promote a product. Critics say that it is an unethical for a celebrity to use his public image, credibility and social image to persuade his fans to buy a product just for some monetary benefits. Another situation that might seem more unethical is when celebrities promote particular products that are not "beneficial" for society. Glorifying certain types of consumables such as instant food and beverages, as well as consumer-oriented products that people don't really "need", may raise concerns with some people. Do people really need to drink large quantities of soft drinks beverages that can lead to health problems?

Amitabh & Pepsi controversy

Amitabh Bachchan recently told an audience at the Indian Institute of Management, Ahmedabad, comprising students, faculty members and officials of Gujarat Tourism, that he stopped endorsing Pepsi after a girl in Jaipur asked him why he promoted the soft drink that her teacher had branded as 'poison'. He said he could not reply immediately, but it made him think, he said. "This impression is on the mind of the people... So I stopped endorsing Pepsi," Bachchan said. "I tell this to my son Abhishek and to daughter-in-law Aishwarya also... If you have to endorse a product then you have to conduct your life in such a manner that it does not affect others' lives." Reacting on the Amitabh Bachchan's comments, a famous adman said "It's not what one would expect a brand ambassador to say, especially someone of the stature of Bachchan. A certain behavior is expected of them."

Criticizing a brand after endorsing it doesn't seem appropriate, many celebrity managers

responded on it. Amitabh Bachchan was associated with Pepsi since 1998. In last 8 years the company has paid him Rs24crore @ Rs. 3 crore annually. Amitabh Bachchan's contract with PepsiCo India as its brand ambassador came to a natural end this year. Comments of Amitabh against Pepsi have been questioned on the ground of moral and ethical grounds. Now people say if he had any dislikings against Pepsi, he could scrap the deal prematurely. The economic times criticized Amitabh Bachchan in its 4th February editorial. The Economics Times writes "What is pertinent is that he has done damage to a brand after his contract to act as its ambassador was over. This harms not just the brand in question but the entire specialized line of business called brand ambassadorship. If it becomes acceptable for a celebrity to trash a brand after his contract to celebrate it is over, rival brands could pay to make sure that such trashing does, indeed, take place. This would destroy the market for brand ambassadorship altogether". The newspaper further writes 'the solution is for brand ambassadorship contracts to make it legally binding, on pain of serious damages, for celebrities to follow a policy of do-no-harm even after their active promotion phase is over.'

Contrary to the newspaper's view many people believe that it was Amitabh Bachchan's personal view and his right to freedom of speech cannot be questioned. Will the newspaper sign a contact paper with their advertisers that it will not publish a story that may harm the image of the brand, advertised in the newspaper? In case of Amitabh Bachchan, it is not clear yet whether Amitabh Bachchan has refused to renew the deal with Pepsi, or PepsiCo India itself was reluctant to sign him as the company's brand ambassador again. The selection of brand ambassador is of great concern to advertisers given the large sums of money to secure their participation. More recently, advertisers have begun attempting to quantify and qualify the use of celebrities in their marketing campaigns by evaluating their awareness, appeal, and relevance to a brand's image and the celebrity's influence on consumer buying behavior.

Celebrity endorsement under scanner

One of the biggest allegations against celebrities is that they use their reputation and social image for money making and sometime misleading their blind supporters. Society expects them to behave in a more dignified way. Now, more voices are coming out to challenge the concept of celebrity endorsement on the ethical and moral ground. Even government is also very serious on this matter. The government has taken a sudden dislike to celebrity endorsements, prompting advertisers to accuse it of hypocrisy. The move has also rekindled a controversy that went viral after film star Amitabh Bachchan suggested recently that his conscience had made him stop endorsing Pepsi. The corporate affairs ministry of India has started airing public-interest radio advertisements warning people not to take investment decisions based on what celebrities say while endorsing brands, much to the alarm of advertisers. Companies have long used big names to sell products — Bachchan appears in ads for ICICI Prudential Life Insurance to hawk policies, while actor Shah Rukh Khan and cricketer Mahendra Singh Dhoni have both pushed real estate. The new government advertisement, which airs on All India Radio's FM channel, tells companies not to waste money on celebrities and urges consumers not to believe them. The ad is presented as a conversation between friends, who are also investors. "It is our money that is being paid to celebrities for brand endorsements," says one. He goes on: "So be careful with your money. If the company spends so much of our money on such endorsements, how can they assure better returns to us?" The ministry is likely to do more such advertisements through the year so that investors don't get swayed by misleading TV commercials." Companies say celebrities can promote brands as long as they are not lying.

Aap Effect

In last six month, we have witnessed a new wave of social responsibility, and personal and professional ethics. Now, the behavior of many celebrities are under microscope for many reasons. In late 2012, former Supreme Court Judge AK Ganguly flew from Ahmedabad to Delhi on an aircraft hired by a company which is

an accused in the 2G spectrum and license allocation case. Observers say it is inappropriate for a judge who had taken a high moral ground in a case to avail the hospitality of one of the accused firms. Emergence of Aam Admi Party is an indication of changing mood of Indian society. Impact of Aam Admi party is not limited to political boundaries only, but its impact can be seen in other areas also. Sensing the mood of society now celebrities are trying to behave in a more dignified way to avoid any public criticism and retain their credibility high. It is kind of credibility management practice. It is not surprising that many observers see this incident as a part of repositioning strategy of Amitabh Bachchan

Credibility is the biggest power booster in the celebrity endorsement business. The study of celebrity endorsements in the past 40 years has centered around two broad themes: source credibility and celebrity-brand congruence. Source credibility studies focus on the factors defining the credibility of a celebrity. Credibility of a celebrity has been found to be a major factor influencing consumer attitudes. Research has identified three dimensions of source credibility: attractiveness, expertise, and trustworthiness. Some of the studies (e.g., Ohanian, 1990) have used all the three dimensions to develop a scale that can measure credibility. More recently, advertisers have begun attempting to quantify and qualify the use of celebrities in their marketing campaigns by evaluating their awareness, appeal, and relevance to a brand's image and the celebrity's influence on consumer buying behavior.

For example, Omnicom agency Davie Brown Entertainment has created an independent index for brand marketers and advertising agencies that determine a celebrity's ability to influence brand affinity and consumer purchase intent. According to the Wall Street Journal, the Davie-Brown Index (DBI) will "enable advertisers and ad-agency personnel to determine if a particular public figure will motivate consumers who see them in an ad to purchase the product advertised."

The Marlboro Man

It is not the first incident when a person, who promoted a brand, stood against the brand sometime later. The **Marlboro Man** is a figure used in tobacco advertising campaign for Marlboro cigarettes. In the United States, where the campaign originated, it was used from 1954 to 1999. The Marlboro advertising campaign, created by Leo Burnett Worldwide, is said to be one of the most brilliant advertisement campaigns of all time. The use of the Marlboro Man campaign had very significant and immediate effects on sales. Eric Lawson, the fourth man to portray the smoking cowboy, who appeared in Marlboro print ads from 1978 to 1981, died in 2014, of respiratory failure due to chronic obstructive pulmonary disease, or COPD. A smoker since age 14, Lawson later appeared in an anti-smoking commercial that parodied the Marlboro Man, and also in an *Entertainment Tonight* segment to discuss the negative effects of smoking. There other men who claimed to have appeared in Marlboro-related advertisements—Wayne McLaren, David McLean, and Dick Hammer also died of smoking-related diseases, thus earning Marlboro cigarettes, specifically Marlboro Reds, the nickname "Cowboy killers". **McLaren testified in favor of anti-smoking legislation at the age of 51.** During the time of McLaren's anti-smoking activism, Philip Morris denied that McLaren ever appeared in a Marlboro ad, a position it later amended to maintain that while he did appear in ads, he was not the Marlboro Man; Winfield held that title. In response, McLaren produced an affidavit from a talent agency that had represented him, along with a pay check stub, asserting he had been paid for work on a "Marlboro print" job. McLaren died before his 52nd birthday in 1992.

But it cannot be denied that Bachchan has opened up a 'bar of worms' for the industry. As reported by the media, the Central Consumer Protection Council (CPCC), under minister KV Thomas, has discussed the issue of celebrity endorsement Reports suggest that Joseph Victor, a CPCC member, has gone to the extent of recommending that celebrities, will be held responsible for a, say, faulty brake line in the car that the star endorses, or a cricket star sued because whitening face cream he represent was recently found to cause cancer.

If recommendations of Central Consumer Protection Council are recommended, celebrity endorsement will be totally different ball game.

Conclusion

Amitabh Bachchan's remarks need to be taken in positive sense. Accusing him that he has harmed the business of celebrity endorsement is not valid. Rather his suggestions might be used as an important guideline for celebrity endorsement. Reference check procedures and quality assurance guidelines that Bachchan advises his son and daughter-in-law to follow when representing a construction company, airline, bank or watch manufacturer is applicable for other celebrities also. Bachchan has questioned the current practices of celebrity endorsement and suggested a very powerful guideline 'endorse with integrity' to his contemporary celebrity endorsers. Celebrity endorsement is a big money spinner for many celebrities. But now time has come that they behave more responsibly while endorsing a brand. A celebrity's life as a brand ambassador or a brand endorser is directly proportional to his credibility. 'Endorse with integrity' will surely increase his life span as a brand endorser.

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Auguste Comte

Isidore Auguste Marie François Xavier Comte (19 January 1798 – 5 September 1857), better known as **Auguste Comte** (French: [ogyst kɔ̃t]), was a French philosopher. He was a founder of the discipline of sociology and of the doctrine of positivism. He is sometimes regarded as the first philosopher of science in the modern sense of the term. Influenced by the utopian socialist Henri Saint-Simon, Comte developed the *positive philosophy* in an attempt to remedy the social malaise of the French Revolution, calling for a new social doctrine based on the sciences. Comte was a major influence on 19th-century thought, influencing the work of social thinkers such as Karl Marx, John Stuart Mill, and George Eliot. His concept of *sociologie* and social evolutionism set the tone for early social theorists and anthropologists such as Harriet Martineau and Herbert Spencer, evolving into modern academic sociology presented by Émile Durkheim as practical and objective social research. Comte's social theories culminated in the "Religion of Humanity", which influenced the development of religious humanist and secular humanist organizations in the 19th century. Comte likewise coined the word *altruisme* (altruism).

TRIBAL WOMEN EMPOWERMENT IN JHARKHAND WITH THE SUPPORT OF NGO

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Abstract.

Jharkhand is a state where hundreds of tribal women are being killed every year for witchcraft practice. 1991 to 2010, a total of 250 women were killed in Ranchi district, nine in Dhanbad, 125 in Bokaro, 185 in West Singhbhum, and 65 in East Singhbhum among other districts. Till tribal women are empowered, things are not going to change. One empowerment strategy for women empowerment is to assist marginalized women to create their own Self-Help Groups. The paper presented here gives a brief illustration of women empowerment initiatives of some leading NGOs in the tribal areas of Jharkhand.

The principle of gender equality is enshrined in the Indian Constitution in its Preamble, Fundamental Rights, Fundamental Duties and Directive Principles. The Constitution not only grants equality to women, but also empowers the State to adopt measures of positive discrimination in favour of women. The national policy for the empowerment of women (2001) has the following goals and objectives.

- (i) Creating an environment through positive economic and social policies for full development of women to enable them to realize their full potential
- (ii) The *de-jure* and *de-facto* enjoyment of all human rights and fundamental freedom by women on equal basis with men in all spheres – political, economic, social, cultural and civil
- (iii) Equal access to participation and decision making of women in social, political and economic life of the nation
- (iv) Equal access to women to health care, quality education at all levels, career and vocational guidance, employment, equal remuneration, occupational health and safety, social security and public office etc.
- (v) Strengthening legal systems aimed at elimination of all forms of discrimination against women
- (vi) Changing societal attitudes and community practices by active participation and involvement of both men and women.
- (vii) Mainstreaming a gender perspective in the development process.
- (viii) Elimination of discrimination and all forms of violence against women and the girl child; and

One empowerment strategy for women is to assist marginalized women to create their own Self-help groups. Self Help groups are the key instruments for supporting women's empowerment, whereby 10-20 rural women from the same village, mostly poor women, come together to contribute two-weekly or monthly dues as savings and provide group loans to their members. Self-help groups are generally facilitated by NGOs, and increasingly advise and train members in a variety of on- and off-farm income-generating activities. Indeed, in a number of recent projects, NGOs were substituted by trained facilitators and animators drawn from self-help groups.

The Government of India and state authorities alike have increasingly realized the importance of devoting attention to the socio-economic betterment and development of rural women in Jharkhand. The Indian Constitution guarantees that there shall be no discrimination on the grounds of gender and race. Tribal women have harder lives and are often discriminated against with regard to land and property rights and in access to medical facilities and rural finance. In the state tribal women undertake the more onerous tasks involved in the day-to-day running of households, including the collection of fuel wood for cooking and the fetching of drinking water, and their nutritional status and literacy rates are lower than those of men. They also command lower wages as labour in the urban areas. Women's voice in key institutions concerned with decision making is also limited. In Jharkhand, many NGOs are working in the direction of women empowerment through building Self Help Groups.

Sewa Bharati

The experiment of Self-Help Group (SHG) by Sewa Bharati proved a major success in the remote areas of Jharkhand. Presently, there are over 1400 SHGs in the state run by Sewa Bharati activists. Every group normally has 15-20 women. This number goes over 25,000. Today, these women are writing a new chapter of change after achieving self-respect and self-dependence with the help of SHGs.

SHGs have brought about a sea-change and awareness among the women who are mostly illiterate. They not only developed the feeling of taking group decisions but also to get rid themselves of the clutches and atrocities of private moneylenders. They not only changed their own life but also extended a helping hand to the needy persons of the society. Women of a similar group in Ranchi helped in eye operation of a minor child at Shankar Eye Hospital in Chennai. The women in the group of Meera, Rani and Neetu make bari, papar, pickle, spices, jute bags, etc. Arati, Anuradha and Sanyukta impart training of making candles, growing mushroom, and making jam and jaily and also

sell the goods made by them. Malati and Keshwanti of Tupudana received the training of making bangles by lakh and goods of jute from Jaipur. Now they not only make all these things themselves but also impart training to other women. They organise stalls of the goods made by them under the banner of Sewa Bharati in various fairs and exhibitions. Some sell the products in local markets while some move up to Delhi to participate in the trade fair organised at Pragati Maidan every year.

Dadamo

Dadamo, 41, has managed to rebuild her life through her Self-Help Group at Sosopi, a small hamlet in the remotest block of Jharkhand's West Singhbhum district. : With a small landholding of 0.14 ha. – and a husband suffering from prolonged illness – it was a difficult life for Dadimo being the sole breadwinner of the family. Besides working as an agriculture labourer in other farmers' fields, she kept a small breed of livestock, which she often needed to sell in order to make ends meet. No matter how hard she was working, her family's food sufficiency would last for only six months. Dadimo is now the proud owner of a shop, on which she devotes her days, while at the same time managing cultivation in their own and leased land. She is also an active federation member of Self-Help Groups in her panchayat.

It was in October 2003 when PRADAN, an NGO working in this area, first set up Self-Help Group in Dadimo's village. At that time, the group had 14 members. Dadimo was the seventh member to take out a loan from the group funds. She used her first loan of Rs. 200 for her puffed-rice business. That loan had a cycle of one week which she repaid within two weeks. Within a little more than three years, she took out 16 cycles of loan, amounting to Rs. 66,600. Dadimo has proven herself to be one of the most credit-worthy members of her SHG, having repaid all of her loans on time. She used her money to invest in her own shop and create improvements for her farming, a task she fulfilled with training support from PRADAN. Today, Dadimo earns an average profit of Rs. 2,300 every month from her shop and around

Rs. 7,000 to Rs. 8,000 a year from her vegetable cultivation.

And she continues to innovate. With her latest loan of Rs. 12,000, Dadimo plans to purchase bullocks both for use in her own field and for offering them for hire. Moreover, she seeks to engage her husband's cooperation in managing a paddy de-husking machine. Dadimo is a fine example of how SHGs can help change lives. Just recently, she managed to transfer her son from the village school to Saint Teresa in the nearest town. She saves Rs. 100 every week in the SHG, and for her loans, makes two Recurring Deposits of Rs. 580 and Rs. 100 in the nearest Post Office. She says, "If you can properly use the money you need not stick with one business only. The only thing you need is courage."

Jharcraft

JHARCRAFT is a Jharkhand government undertaking. It is formed to promote the tasar-culture, handloom, handicraft, and to revive the unique culture of the state.

The Jharkhand Silk Textile & Handicraft Development Corporation Ltd (Jharcraft) signed an MoU with the National Scheduled Caste Financial Development Corporation (NSFDC) under which NSFDC will give Rs 10 crore to Jharcraft for the development of women belonging to the scheduled caste in the state. After receiving the money, Jharcraft will identify and train more than 2000 SC women in the state mainly from five districts, Dumka, Deoghar, Hazaribag, Chatra and Latehar in the first phase. List of those villages in these districts which have 100% or 75% SC population will be made and a survey will be conducted in those villages and make self- help groups of women who want to work with Jharkraft. Various clusters will be made for bamboo lifestyle products and bamboo jewellery and also for reeling, spinning and weaving under which the SHGs of women will be trained. Jharkraft will ensure that these women work for the production of various products and are self-employed. Also, Jharcraft will send them to participate in fairs so that they get exposure and

know about the demands in market and the actual price of their products, will help make them good entrepreneurs. Once the programme is successful in the selected districts, Jharcraft will be extending it to other districts as well. It aims to make those SC women self-sufficient, who are at present living in a very poor condition in remote villages of the state.

The rural women development approach of Sewa Sakti Project

The Rural Women's Development Project known as Sewa Sakti Project is implemented as centrally sponsored scheme in 11 states of India, including Jharkhand. So far 1672 SHGs have been formed in Jharkhand under the project against the target of 1600 SHGs envisaged under the project. Activities of Sewa Sakti project include construction/repair of drainage system, platforms, soaks pits, wells, school buildings, kaccha roads, etc. It creates community assets to fulfil their needs.

Increased income controlled by women gives them self-confidence, which helps them obtain a voice and vote in:

- Household decisions such as domestic well-being decisions. For instance, women tend to use income clout for more equitable decisions about sons and daughters' diet, education and health.
- Economic decisions: acquiring, allocating, and selling assets.
- Fertility decisions: economically empowered women tend to have fewer children
- Land use and conservation decisions: rural women tend to favour sustainable environmental practices since they are usually the ones that collect the families' natural resources such as water and firewood.

Women Self-supporting Poultry Co-operative Federation Limited

Kunti Kumari of Gumla district and Jatri Oraon of Lohardaga have found a new meaning to life when they became financially

independent, with the help of a co-operative society that is supporting a number of self-help groups. They started collecting bamboos from the forest and haystack to design small baskets, vinegar and *sattu*. These were sold in the local market, which fetched them a good amount. Jharkhand Women Self-supporting Poultry Co-operative Federation Limited was registered on March 31, 2005. The state co-operative department supported it with a grant of Rs 15 lakh to meet its infrastructure costs for two years. At present, the federation boasts co-operatives in Lohardaga, Gumla, East Singhbhum, Koderma and Dumka. Now as many as 3,600 poor rural women are able to earn a decent living and send their children to schools. Earlier these deprived their monthly income has increased to Rs 7,000. Several of these women have also opened bank accounts and are saving money. Bamboos and poultry farming have become an important source of livelihood for many women; a few have turned to the handloom sector. Many women are involved in making towels, bedsheets and shawls in the loom and sell them in the local market. The rates, from Rs 50 to Rs 200, are quite reasonable.

Challenges

Apart from weak market linkages in the context of income-generating activities, there are also a few other concerns in relation to women's empowerment in the state. One of the biggest problem is illiteracy and language barrier with respect to tribal women. NGOs find very difficult to communicate with tribal women. Since infrastructure facilities like, roads and transportation facilities are not developed in tribal villages, many tribal villages are totally cut off from the main land. Accessibility is very big challenge. Due to these problems, capacity building of self-help groups, turn out to be a very difficult- which are in need of support in accounting, financial management, and organizational development. Despite the focus in project design, there are gaps during implementation. Another challenge is about

how to link self-help groups to agricultural activities, which are of key importance for the livelihoods of tribal women in the state.

Conclusion

Many NGOs are doing tremendous work for women empowerment in the state. Their activities are multi-dimensional. But, they need to expand their area of activities further. Here, role of government is very important. Government has to work more effectively to increase the literacy rate of tribal women. Health, nutrition, and skill enhancement are the other areas. Infrastructure developments like roads, schools, health centers are the key for women empowerment. Role of NGOs becomes very tough when these facilities are not well developed.

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JHARKHAND TRIBES: THE BIGGEST VICTIMS OF HUMAN TRAFFICKING

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Abstract

The paper presented gives a comprehensive picture of human trafficking in Jharkhand. It analyses the important reasons behind increasing cases of human trafficking in the state. The paper also evaluates the role of government agencies in controlling it.

Key Words: human trafficking, Jharkhand tribes, Women, Sexual exploitation, Poverty, Ujjawala Scheme, Tribes, Government initiatives.

Jharkhand is home to a significant population of India's indigenous tribal communities, who are among the most disenfranchised citizens of the country. According to official statistics, an around nine million out of 32 million person in Jharkhand belongs to tribal communities.

A UN report released in 2013 on human trafficking, gave a grim picture of Jharkhand where most of the 24 districts are stuck in the vicious circle. (*India Country Assessment Report on Human Trafficking 2013*) According to the report, trafficking is rampant in Garwah, Sahibganj, Dumka, Pakur, West Singhbhum (Chaibasa), and Ranchi, Palamu, Hazaribag, Dhanbad, Bokaro, Girdih, Kodarma and Lohardaga districts. Most of the women trafficked from the state belong to the Oraon, Munda, Santhal (including endangered Pahariya) and Gond tribes, but most of them are from Oraon and Munda'. The report further said prominent red-light areas exist in Dhanbad,

Bokaro and Hazaribag districts. The report also mentions the various state initiatives which are not giving the expected results. According to the report there is not a single shelter home under the Centre's Ujjwala scheme, which is a comprehensive scheme for prevention of trafficking and rescue, rehabilitation and re-integration of victims of trafficking for commercial sexual exploitation. Local villagers claim that police does not take any preventive measures to control it. But police complains that they struggled with differentiating between people migrating for employment and those who were being trafficked.

There is hundreds of women work as a member of human trafficking ring. They offer poor girls a good job and education facilities in the town area and later on sell these girls to a middleman just for Rs. 1500 to 2000. Many villages in Jharkhand are located in nexal prone area; when any girl is missing parents assume that she has been taken away by the police or the insurgents. These girls are mostly taken to the metro cities where they work in houses as domestic workers. The main problem is that 67 percent of young girls that are trafficked are tricked into it by someone they know. 80 percent of the girls, who are trafficked, belong to the tribal communities.

Jharkhand's tribes have a tradition known as "mehmaani" where parents send children to live with their uncles for a few months to foster better familial ties. Many families sent their children for "mehmaani" and do not expect them for several months. After a substantial amount of time, they realized that their children had been trafficked.

Unfortunately, many girls who come back home after rescue operations, their family do not accept them. As a result many rescued girls run away after some time after being taunted by their family and neighbours. They consider them “impure” as they had returned from a big city.

The real challenge begins after the girls reach their homes. They need psychological help and counseling majority of the girls who are trafficked are sexually exploited, according to a social activist.

Table 1: Human trafficking in Jharkhand: Key Indicators

- **Trafficking from Jharkhand has increased threefold in the past three years.**
- **As many as 441 people have been rescued from the clutches of traffickers between 2010 and October 2013. The rise in the numbers of the rescued is shocking.**
- **While 55 people, including minors, were rescued in 2010-11, 107 were rescued in 2011-12 and 141 in 2012-13. Between April and October 2013, 137 people have been rescued.**
- **The figures also show that 36% of the people, belonging to Jharkhand and rescued from across the country, are from Gumla district.**
- **"The second on the list is West Singhbhum with 27% followed by Jamtara with 14% of the total rescued people.**
- **The least number of people are trafficked from Sahibganj with only 0.4% people being rescued for trafficking.**

Source: Social welfare, women and children development department, Jharkhand 2013

Poverty

The social and economic indicators of Jharkhand are amongst the worst in the country. Even though the state is rich in minerals, the inequitable distribution of wealth and the lack of political will plague the state. Poverty data released by the Planning Commission in 2013 says 63.04 per cent population is still poor in the State. More than 75% of work force is engaged in agriculture, but generates only 20% of state's GDP. About 45% area is under non-agricultural use and 32% is culturable wastes which are unsuitable for agricultural production and only 23% area is under cultivation. Despite the abundance of industrial production, rural population has not benefited and majority is earning their livelihoods through agriculture. During last ten years agriculture could not grow in the state as per expectations, resulting higher rural poverty.

The incidence of poverty in Jharkhand is estimated at 46%; however 60% of schedule caste and schedule tribes are still below poverty line. Hence, it may be said that agroecological and social factors are main causes for poverty in Jharkhand state. Analysis of data reveals that size of land holding is comparatively higher (0.56 ha) than neighboring states, but only 66% of land area owned by farmers is under cultivation in sample villages, indicating abundance of culturable waste land. Livestock is the second important economic activity on sample households, but the productivity is much low due to domestication of local breeds of animals. The distribution of land and livestock ownership is more equitable in Ranchi than Dumka district. It was observed that lack of employment opportunity might have caused the poverty in the state because only one-third population is engaged in economic activity.

There are no job opportunities for tribes in the state. So they go outside in search of jobs. Now thousands of young tribal girls work in metro cities. During the festival season when they visit their village many of them who have got good job in cities, describe the big cities as promised lands, where people have uninterrupted electricity, running water, cinema halls, big market places and sufficient food to eat. Those stories entice many poor young girls to leave.

Initiatives of social welfare department

The first draft for plan of action to deal with trafficking has already been made by the social welfare department of Jharkhand. The plan of action includes all details like how to conduct rescue operations, correct procedure of lodging FIRs, responsibility of various departments and shelter for rescued people. The plan of action will also help in rescuing the victims right from the transit points and the victims will be saved from being sent to other cities. But these initiatives will take some time to get on track.

At present there are more than 20 anti-trafficking cells in 20 districts of the state, but they do not have the required resources and manpower. In Jharkhand there are only two shelter homes under the Swadhar scheme of the centre while the rules say that every district should have a shelter home under this scheme. The lack of shelter homes leads to the problem of rehabilitation of rescued children.

Compared to the state government initiatives, the eight anti-human trafficking units (AHTU) set up by the ministry of home affairs in the state have been proactively working on various anti-trafficking initiatives. "The Units have already held several refresher courses on human trafficking for the police and other stakeholders. Also, AHTU Jharkhand has initiated partnerships with various organizations in Delhi and Kolkata for getting support for

conducting raids for rescuing," recovery of victims of human trafficking and rescued many trafficked victims.

Action against guilty

Under the Immoral Trafficking Prevention Act (ITPA) trafficking for commercial sexual exploitation is penalized. The punishment ranges from seven years' to life imprisonment. The Bonded Labor Abolition Act, the Child Labor Act, and the Juvenile Justice Act prohibit the bonded and forced labor in India.

Because of the brutal gang rape of December 2012, government has passed a bill in which laws related to sexual violence and making sex trafficking have been amended. But still there is a huge gap between enactment and enforcement of these laws. Because of widespread corruption and bribe, it is easy for agents to bring these young boys and girls for their profit. But there should be strict disciplinary action against everybody involved in such a crime then only this problem can be addressed.

Also better education and other facilities should be provided at native places so that parents do not opt these ways for their kids. Above all attitude towards women and young girls must be changed.

Conclusion

Human trafficking has become a very serious problem for the newly born state of Jharkhand. Every year thousands of tribal girls and children are being trafficked to the metro cities where they work as sex workers, housemaids or as a servant in small road side dhabas, grocery shops and tiny industries. Girls, who work as maid servants, are being treated very badly. Many cases of sexual harassment have been noticed in recent past. It is observed that people involved as middleman in human trafficking cases are most of the time the relatives, neighbours and family friends.

Society has also very negative attitude towards rescued girls. Even parents do not accept them. Government efforts seem to be insufficient so far. Government agencies are not able to estimate the number of tribes, being trafficked every year. Unfortunately rehabilitation centers are also not well managed. Lack of development and almost absence of livelihood opportunities

in the tribal villages of Jharkhand is responsible for mass level human trafficking. To control the problem of human trafficking in the state, state government will have to create new employment opportunities for the tribal community.

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Men gossip more than women

Too many recent studies have come up with the same basic findings for anyone to dismiss as idle gossip the notion that men are worse at keeping secrets and indulge in more personal chit-chat than women. The latest study out this month, in fact, avers that men share confidential information within three hours — especially about office affairs and other romances — thanks to social media, while women hold out for nearly 40 minutes more. The perception that only girls gossip, therefore, could easily have gained ground due to specific canards efficiently disseminated by men — as gossip, what else? A survey conducted four years ago also found that men spent over 30% more time gossiping than women, that too at workplaces rather than at home like the latter. But that can always be passed off as networking.

Another survey last year found men had shorter attention spans at work and tended to wander off for a matter quicker than women. That only corroborates the hypothesis about "gossip guys" being a more apt term than any feminine equivalent. Hitachi's newly-developed RFID device to track employees within offices and even record the frequency and intensity of interactions with colleagues will not do much to improve bonhomie with the management but it could nail the scuttlebutt that girls love to gossip more than guys.

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CROSS-CULTURAL CURRENT IN 'THE COFFER DAMS' AND 'ESMOND IN INDIA'

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Abstract

The theme of East-West encounter is well depicted in Kamala Markandaya's *The Coffe Dams* and Ruth Praver Jhabvala's *Esmond in India*. *The Coffe Dams*, published in 1969, deals with the theme of East-West encounter on the technological as well as the human level.

Indians as "animals". Kamala Markandaya with the likes of Helen tries to neutralize the confrontation between the East and the West. She shows that the relations between the British and the Indians could be harmonious if the latter were treated as equals. *Esmond in India* reflects the conflict between East and West, which is a conflict that mirrors Jhabvala's life, as a citizen of both worlds. Gulab marries Esmond Stillwood, who makes his living by teaching Indian and world culture to young ladies. Their marriage is a marriage of opposites, more so a confrontation of two civilizations. This theme of alienation is gradually heightened. The two novels portray the result of the encounter as destructive and leave a thought with the readers that 'the twain shall never meet.'

Kamala Markandaya (1924) and Ruth Praver Jhabvala (1927) are contemporary novelists who made their mark in Indian English fiction. The depiction of Indian life, interracial and inter - cultural relationships have been the most important aspect of writing for both authors. Jhabvala, a Polish lady married to an Indian lived in India for twenty - four years after which she moved to New York in 1975 where as Kamala Markandaya , an Indian

married to a British, has settled in London . Their writings reflect a personal tie with the East and the West and a blend of traditional values and the inescapable social - cultural change. Both novelists have about ten novels each to their credit with a variety of themes of East-West encounter is b and scenes of action and are novelists of international repute. Kamala Markandaya's fiction reflects the social, economic and political changes in modern India. She won international fame and recognition with her very first novel, *Nectar in a Sieve*, in 1954. Markandaya plays the role of a neutral observer in her novels. Without taking sides, she highlights the drawbacks and the qualities of both the East and the West. She has the attitude of a reformist. C.D.Narasimhaia remarks:

"Generally her novels reflect her strong penchant for Indian values as against the spiritual impoverishment of English society, but Indians are not spared. Actually, her good men and women come from both cultures."¹

Markandaya, to-date has ten novels to her credit. Her well known novels are *Nectar in a Sieve* (1954), *A Handful of Rice* (1966), *The Coffe Dams* (1969) and *Pleasure City* (1982).

The theme of East West encounter is well depicted in '*The Coffe Dams*' and Ruth Praver

Jhabvala's '*Esmond in India*'. A critical study of each reveals the effect of this encounter.

The Coffer Dams, published in 1969, deals with the theme of East-West encounter on the technological as well as the human level. Clinton is the ruthless taskmaster, who exploits cheap Indian labour for corporate profits. Helen uses her head as well as her heart and her union with Bashiam is the union of minds. The chief of the tribals symbolizes the suffering, tension, hope and faith of the uprooted people of the hills. The anxieties, agonies, hopes and achievements of the Indians and the British characters are well depicted.

The theme of East-West encounter is built upon the relationship of Clinton-Helen-Bashiam, with Helen at the centre of it. The dam is being constructed for the welfare of the tribals, but ironically they are the sufferers and are the ones humiliated by the employers. Clinton, the chief engineer of the project and his engineers, work against nature. They have a hostile attitude towards the workers. Clinton gives priority to construction work, even at the cost of humanitarian values.

On the death of Bailey and Wilkins, all work is suspended by the British officers to give them "a decent Christian burial." But in the second incident, when forty-two Indian workers fall into the river and two dead bodies cannot be recovered, then instead of looking at the possibilities of recovery, Clinton decides not to delay the work for as he said "the bodies can be incorporated into the structure".² Helen, his wife, considered the workers as humans but to Clinton the Indians were "black opacities of total incomprehension".³ Clinton did not like Helen's growing fondness for Bashiam and other tribals and thinks if only his wife could "keep away from those bloody aboriginals and behave like the other women on the station would do".⁴

Although Clinton and Helen are shown to be happily married in the first few chapters, her independent nature leads her to exploration and adventure and eventually to trouble. She rebels against the western racist attitude and behaviour. She does not look at the natives as "black apes" but considers them to be as human as the British. She looks at them as emotional, sensitive human beings. Clinton's relationship with the natives never moves beyond the employer-employee relationship while Helen easily moves from one

settlement to the other. Clinton wonders if it was because she was half his age? When he asked her, she laughed. 'It's nothing to do with age. I just think of them as human beings, that's all.'⁵

Helen reflects the spirit of equality, while Clinton, Milli Rawlings and Mr. Rawlings, reflect the attitude of the arrogant British, who considered the Indians as "animals". Milli Rawlings hates Indians and advises others: "Never trust the blacks. That's my motto, and I stick to it".⁶

Helen finds it irritating that the Indians considered Europeans to be above certain tasks. On the other hand, Krishnan felt that the British had eaten India away during the centuries when they were the rulers and Indians the ruled and it would take a century to form again. Several incidents and crisis involving Anglo-Indian relations put Clinton and Helen on opposite sides, initiating a rift between husband and wife and further alienation between Indian mind set and British beliefs.

The inner conflict which emerges out of cross cultural encounter is evident in the form of Anglo-Indian dilemma. The abrupt change of attitude can be a result of deep dissatisfaction. It leads to inner despair. Mostly Markandaya follows a third person method to analyze the motive and conduct of individuals.

Kamala Markandaya with the likes of Helen tries to neutralize the confrontation between the East and the West. It is not always the cultures which clash; it could also be the individual attitude and psyche. Markandaya shows that the relations between the British and the Indians could be harmonious if the latter were treated as equals. Harish Raizada remarks:

"Without subscribing to the imperialist views of Kipling regarding the superiority of the West over the East, she (Kamala Markandaya) believes with him that "never the twain shall meet". Infact, she does not want them to meet or be identical. She wants them to be complementary to each other".⁷

The plot of the novel is centered on the construction of the dam and various characters play their roles in it. Although the dam is constructed finally, the question which remains unanswered is whether the result was worth it?

The Coffer Dams has scenes in which Englishmen and Indians interact. In order to bring out the ethnicity and to highlight the regional and cross-cultural variation, Markandaya manipulates the language spoken by the two races. While Helen and Clinton, the authentic British characters, speak correct English, Gopal Rao and Das, speak Pidgin English. We come across sentences like “Memsahib wanting coffee?” and “Memsahib telling gone jungle, Sahib”.

Ruth Praver Jhabvala’s major fascination has been drama and romance. Jhabvala has written ten novels, five collections of short stories, a large number of screenplays and varied number of essays, articles and interviews.

She was awarded the Booker prize in 1975 for her novel *Heat and Dust* and it brought her worldwide fame. She also won the Neill Gunn International Fellowship in 1978. In 1986, she won the Academy Award for Best Adapted Screenplay for *A Room with A View*. In 1994, she received the Writers Guild of America’s Screen Laurel Award, the Guild’s highest honour. Jhabvala was also nominated for Oscar Prize for her adaptation of Kazuo Ishiguro’s *The Remains of the Day*. She has been admired by many critics.

C.P.Snow remarks:

“Someone once said that the definition of the highest art is that one should feel that life is this and not otherwise. I do not know of a writer living who gives that feeling with more unqualified certainty than Mrs. Jhabvala.”⁸

Jhabvala’s delight in India is reflected in her early novels, particularly in *To Whom She Will* (1955) and *The Nature of Passion* (1956). Her description of her first encounter with India suggests that Jhabvala tries to write from an insider’s perspective. She says “It came about instinctively. I was enraptured. It felt I understood India so well. I loved everything”.⁹ During this early stage, the description

invariably is in terms of “excitement”, “rapture” and “love”.

Esmond in India, published in 1957, though chronologically falls in the first phase, theoretically links to Phase II of her career, where Jhabvala moves away from an interest in India and Indians to an interest in the effect India has on Westerners who live in or visit India. It is Jhabvala’s third venture.

The novel reflects the conflict between East and West, which is a conflict that mirrors Jhabvala’s life, as a citizen of both worlds. The strands of comedy, irony and satire mingle effortlessly and fascinate the readers. Gulab marries Esmond Stillwood, who makes his living by teaching Indian and world culture to young ladies. Their marriage is a marriage of opposites, more so a confrontation of two civilizations. Esmond, who knows the country, its culture and its history so well, is alienated from it. He feels he could never belong to this country. Shakuntala falls for Esmond and wants to run away with him. Esmond, however, plans to leave Shakuntala and Gulab and wants to enjoy the company of the English woman Betty, traveling back with her, to England.

The theme of alienation and racial encounter is brought forward in various instances throughout the novel. Esmond, an Englishman, in his initial enchantment, marries Gulab who is symbolic of India. Soft and sensuous, she acts by her instincts more than her intellect. The alliance between two persons and opposite backgrounds is bound to contain the seeds of potential conflict. Like a typical Indian wife, she never takes her husband as a friend or a partner, but as someone superior to her. When her husband talked to her it seemed to him that he was talking “to her, and her eyes....her beautiful sad eyes, which once he had thought full of all the wisdom and sorrow of the East...remained what he had long since decided a mere blank.”¹⁰

Esmond realizes that in attempting to talk to his wife “it was like talking to an animal. An animal, he thought, I am married to an animal.”¹¹ Esmond is selfish and Gulab is slow and unsophisticated. There is a sharp contrast in their ways of living and thinking.

The marriage between Esmond and Gulab fails because their basic attitude towards life is different. Their tastes with respect to food, clothing, housekeeping and bringing up of

children differ. Gulab loves spicy food-Carrot halwa, spices and red hot curries. She wants her son Ravi to have this food. "Ravi was already taking the paper off the little earthenware pots. 'Carrot Halwa', he cried. Gulab looked pleased; her large melancholy eyes flashed for an instant with a wonderful fire. In the other pots there were gram, tomatoes and potatoes swimming in red curry and chunks of meat soaked in curds. Everything would be highly spiced; Gulab smiled with pleasure".¹² When Esmond is not around Gulab has large amount of food. Her mother Uma, feeds her well, when she visits her and Jhabvala describes it as "a pilau with peas and browned onions and sultanas and almonds, a curry made of thick blocks of cream cheese, dark-brown meat balls, ladyfingers fried with onions in clarified butter"¹³. In contrast to this, Esmond has a typical European taste. He likes boiled food and salads. Along with food, their eating habits also differ. "He sat alone at his smart little dining table in his smart little dining corner and ate his cheese salad. Everything on the table was colourful and modern....it was very different from Gulab's spicy meat eaten on the floor out of the brass bowls."¹⁴

Esmond, loved his Indian wife initially, and was happy with the birth of his dark haired child. Esmond had wanted "an Indian son, a real piece of India, as he had wanted an Indian wife."¹⁵ But in a few years he was disenchanted and Esmond thought wistfully of "fair sturdy little boys with blue eyes and pink cheeks. Angels not Angles, he often found himself murmuring....Ravi was definitely dark."¹⁶

Gulab is overprotective of her son Ravi and her attitude irritates Esmond. He wants Ravi to grow up to be independent. He makes his son sleep in a separate bed. Uma, Ravi's grandmother, says:

"In a bed like a cage he has to sleep and in the man's room- if he wakes and cries in the night, the mother cannot come to him. Is that the way for the child to grow up strong, healthy and happy"¹⁷

Differences arise in the manner of feeding the child too. Uma says "What is this food he is made to eat, boiled food that I would not give even to Pariah dog and not a drop of pure ghee to be found in the house."¹⁸ Esmond also wants to keep away from local customs and rituals. He does not want his son to be given oil massages nor does he want his head to be shaved, which he feels is a 'barbaric custom'.

This theme of alienation and encounter between the East and the West is gradually heightened. In marriage "Esmond seeks an equal- Gulab, a God." The two can never reconcile. Esmond can't bear the animal presence of Gulab around him and he feels he was trapped. Jhabvala writes

"Here, in this flat, which he had tried to make so elegant and charming, but which she had managed to fill completely with her animal presence. His senses revolted at the thought of her, of her greed and smell and languor, her passion for meat and for spices and strong perfumes. She was everywhere.... filled with dust and germs and too much sweetness, in the faint but penetrating smell of over-ripe fruit....and he felt himself stifling in her softness and her warmth."¹⁹

Jhabvala's position as an outsider herself has always made her highly conscious of cultural contrasts and influences. Consequently her novels and stories always force the reader to be aware and even confront the cultural influences and prejudices Jhabvala exposes.

Although Esmond got married to Gulab because he liked the shy nature and her chubby looks, later he detested her, for she did not fit into his westernized outlook of a wife. Gulab doesn't like the way Esmond wants her to be dressed up and Esmond doesn't like her to be in a crumpled saree always. Gulab was still in the saree which she wore at night; it was crumpled and torn, but she felt at ease in it. It had been different when Esmond had made her wear those

flimsy transparent nightdresses with lace and ruffles and ribbons; then she put on her clothes the moment she had got out of bed for she had felt so indecent. It is the same feeling which Shakuntala gets when she watches Esmond and Betty, lying so close to each other although she knew that European men and women behaved in a free way with one another. As Shakuntala watches their slenderness and fairness, Esmond in his cool and crisp white shirt and Betty in her pink candy striped dress, she feels herself to be at contrast to them. She felt herself to be dull, heavy and dark.

This contrast in looks also continues in the culture. Whatever Gulab like or prefers is in contrast with the likings of Esmond. Gulab likes to spend her time leisurely at her mother's place while she has to hurry up and be precise for everything in Esmond's house. Esmond objects to everything which she does and hence Gulab does everything on the sly. She applies a lot of oil in her mother's house for Esmond objected to oil. He considers it to be a filthy habit as it would spoil his cushions and walls and patch it with grease.

Yasmine Gooneratne writes:

"By tracing Esmond's rapidly accelerating journey, from comparative calm to mounting hysteria during the five months covered by the action of the novel... Ruth Jhabvala is able to plot the stages by which the experience of India affects Western sensibility."²⁰

Kameshwar Prasad rightly remarks:

"Jhabvala's picture of Indian society employs an analogous polarization between Europeanised, emancipated, refined behaviour and indigenous, traditional, untutored behaviour.... Esmond in India gives a picture of present cultural and social situation in India."²¹

Jhabvala uses English language effortlessly to differentiate between British and Indian communities, through the manner in which English is spoken by each of them. Syntactical influences of the first language, translations and transliterations form Jhabvala's language, the assertives and negatives are changed into questions by inflection of tone. When asked for a suggestion on a wedding gift for a friend of Indira, Shakuntala asks "She plays tennis? She swims? She laughs a lot and smokes cigarettes?"²² Indira's language is similar. Unsure, if Shakuntala would accompany her, she asks "You will be ready by eleven? You are coming?"²³

Transliterations are commonly seen throughout the novel. Shakuntala addresses her father's friends' as 'Uncleji' and Auntieji.' In the case of transliteration, Jhabvala adopts Kamala Markandaya's technique of providing explanations in the narrative. There are various examples which reflect this. Bachani tells Gulab that her mother has gone to visit Gulab's 'Mamu', her maternal Uncle. Lakshmi bemoans her 'Pitaji' as she was happy at her father's house but is now tired of poverty, which is all her husband can give her. Gulab's son Ravi draws his 'Nani's house'. *Padmasana*, a Yogic pose, is explained as "legs tucked under him, his feet on his thighs, his hands palms upwards on his knees, his eyes wide open and unblinking"²⁴ The *Sirsasana*, is similarly explained as a Yogic exercise in which the spirit mingles with the infinite.

Esmond in India, has an artistic plot and well placed characters, which help to move the story forward. It is a witty novel, depicting the affluent Indian society, which had imitated the style of the British. The novel is well presented in the form of the Comedy of Manners and depicts the author's world as it was at the time the novel was written.

The theme of East-West encounter in both *The Coffer Dams* and *Esmond in India* is well brought out with respect to culture, rituals, language and relationship. The likes of Clinton and Esmond are in India for their individual gains and benefits and hence they develop only a superficial relationship with the natives. In all, the two novels portray the result of the encounter as destructive for the representatives

of both the races and leave a thought with the readers that the 'twain shall never meet'.

Conclusion-

The *Coffer Dams* and *Esmond in India* brilliantly portray the theme of East-West encounter with respect to culture, rituals, language and relationship. We find that the

characters like Clinton and Esmond are in India only for their individual gains. They never develop any deep and meaningful relationship with the natives. Overall, both the novels have an artistic plot which sequentially develops to portray that the result of the encounter between the two races would always be destructive.

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