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From the Chief Editor's Desk

It gives me immense pleasure to bring to your kind notice that with the publication of a few papers sent to us from foreign countries like America and other countries and published in this issue, our journal has gone international. We do, hereby, appreciate all the authors and researchers for their valuable contribution towards Uttaranchal Business Review (UBR).

In globalised economy, our country is facing a host of challenges. **Dr. Shikha Gupta** has discussed several issues of demographic potential of the country in her paper titled "India Rising: Seizing the Demographic Dividend".

Repatriation management has drawn attention of numerous researchers, planners, the Government and the society as a whole. **Dr. Ruchi Srivastava** has discussed the issues of Repatriation Management in our country.

Ajay Kumar Mohanty & Santanu Kumar Das have detailed 'Volatility in Indian Stock Market' in their research paper. **Pearl Gillespie & M. Saeed** have thrown light on Global Perspective on the Business Environment in Italy.

Jose G. Vargas & Hernandez have show-cased in their paper the Impact of the Energy Reforms in the fertilizer market in Mexico and the impact of globalization on business strategy of Mexican International enterprises.

Dr. Subrata Debnath tried to explore the Cultural Resources of Tripura for Entrepreneurial Development. Whereas **Dr. Dharmendra S. Mistry** has elaborated on corporate Social Reporting Practices of Select Public and Private Sector Banks in India.

Dr. Aminul Islam has discussed the Apex Bank's contribution on socio-economic development in rural areas in West Bengal. **Dr. Kavita Arora** has presented her research findings on 'Evaluation of Mutual Funds performance using appraisal ratios'.

Needless to mention, we do look forward to your reactions, suggestions and feedback. I, wholeheartedly, thank our advisory board members for their valuable guidance and our editorial board for their total support.

I remain to be,

Sincerely,

Dr. D.S. Chaubey

(Professor & Editor-in-Chief)



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INDIA RISING: SEIZING THE DEMOGRAPHIC DIVIDEND

ABSTRACT

The economics of demography provides better understanding to the policy makers to set their priorities for future planning. Demographic transition also helps in creating policy environment that takes maximum advantage from the demographic potential of the country. Changes in family structure, the status of women and children and the way people work all provide a powerful narrative in which the policies can be framed. In this light, the present paper describes the beginning of the demographic transition process that India has been experiencing since 1950. This paper explains why demographic change is of such profound importance. It examines India's demography, and looks at the nature of the demographic transition across the region. Finally, it explores the practical policy challenges created by changing demography—focusing especially on labor markets, education, the family, health, and pension. The paper reveals that an ageing population, high illiteracy rate (especially amongst the elderly women citizens), high proportion of unorganized sector workers and urbanization and disintegration of the informal social security (the rural joint family) make India one of the most suitable countries to be addressed by socio-economic policies and programs.

Key Words: Demographic Transition, India, Population, Change

JEL Codes: J11; J21; I12; O40

During recent years there has been an increasing awareness of a direct influence of demographic structure on the macro economy. Thus, the notion of demographic dividend needs to be well appreciated and acknowledged in considering the economic growth of a country (Vasundhra, 2012; Shekhar and Ashoka, 2011). An understanding of demography is of enormous importance to policy-makers. It can be used in three main ways. First, it is a predictive tool of great power, providing a powerful lens through which to view future trends. Second, demographic change can provide beneficial conditions for development, offering a country the chance to set out on a path of rapid growth. Finally, demography offers a narrative about the challenges of the future. Demography is the story of people. And in the modern economy, more than ever before, it is the quality, commitment, and enthusiasm of a country's people that determine whether it thrives. During the last 50 years, India has undergone demographic as well as economic changes of historic proportions. The present demographic structure of India represents the transition from high birth and death rates to low birth and death rates as the country develops from a pre-industrial to an industrialized economic system. This transition is not casual: a

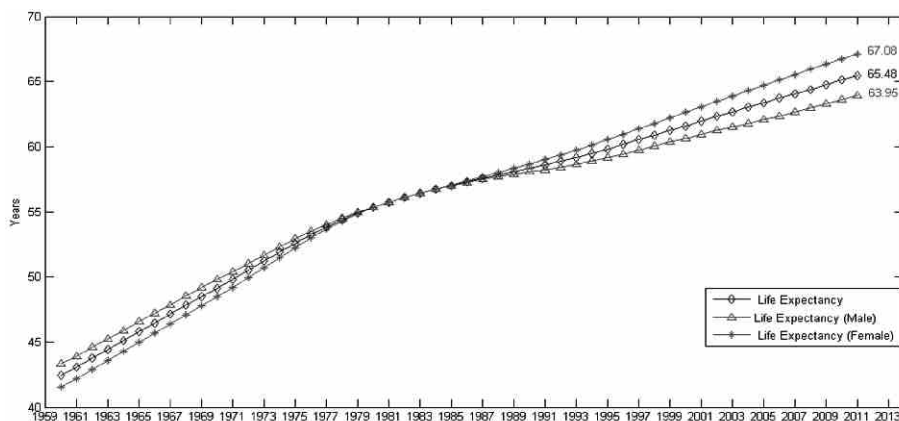
■ **Dr. Shikha Gupta**

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lower fertility rate (i.e. lower number of children) implies smaller families. Therefore a smaller number of mouths to be fed and, eventually, more resources saved and invested in capital and education. More investments, then, contribute to boost the economic growth. India transited from the "Hindu Rate of Growth" of around 3.5 per cent during the first three decades of planned economic development to a higher growth trajectory of close to 6 per cent over the last 25 years, it has moved on to a new growth trajectory along which growth could average as much as 9 per cent per or more annum. By 2008, India had established itself as the world's second-fastest growing major economy. But, the growth rate of Indian economy is not as significant as the same in population, which can double a population in 35 years. China and India began their own family planning programmes almost together in fifties. China could steer through well and India, with political backlash, slowed down and could surpass China in population in next 18 years. When population increase, the demand for natural resources will also increase as such the natural resources will decrease further. There will be substantial increase in green house effect. It can misbalance our nature and hence endanger the human species.

First important reason for cheer is increase in life expectancy. India has seen dramatic increase in life expectancy resulting in greater longevity. For example, around the middle of the 1900s, the life expectancy in India was merely 32 years. By the turn of the century, life expectancy had doubled to 64 years. In 2011 the life expectancy in India reached to 65.48 years. That year, the life expectancy for women was 67.08 years and for men 63.95 years (Figure 1).

Figure 1: Life Expectancy in India

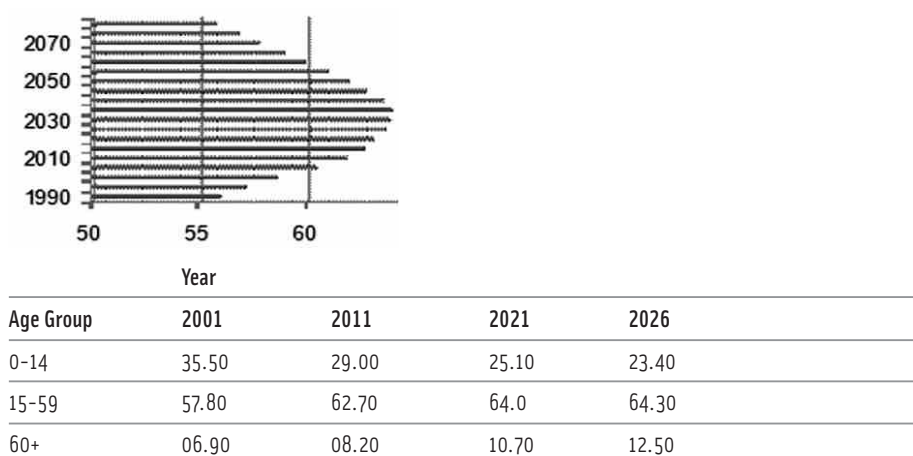


Source: UNDP

Life expectancy rose rapidly in India due to improvements in health care facilities¹, nutrition, prenatal care, water and sanitation facilities, medicine and advance in technology that allow earlier detection and treatment of formerly fatal health problems. An increase in life expectancy, which can be thought of as a proxy for population health, has a number of potential economic effects. To the extent that health affects labour quality and productivity, one would expect improved health in India, and therefore rising standard of labor inputs, to have an effect on GDP per worker. Added to this, due to longer life, healthy individuals may be inclined to accumulate savings than individuals in poor health. Higher savings as a proportion of national income increases investment prospects and may therefore lead to higher national output. In essence therefore, dramatic reduction in life expectancy affects the labour force and hence labour productivity in addition to the allied potential lasting adverse effects on growth particularly within the Indian economy. Indeed, health improvements can influence the pace of income growth via their effects on labour market participation, workers productivity, and increased savings (Bloom and Canning (2000), Bloom et al. 2001). But, high life expectancy in India will also raise the issue of ageing population such as increased spending for pensions, potential labour shortages, as well as problems in the field of social and health care. At present, in India 90 per cent of the population do not have pension and less than 10 per cent have medical insurance.

Another demographic change which will add to India's growth story is young population. In 2020, the average Indian will be only 29 years old, compared with 37 in China and US, 45 in West Europe and 48 in Japan. Further, between 2010–2030, India will add 241 Million people in working-age population (and that means the children who are currently in our education system), Brazil will add around 18 million, while China will add a meager 10 million people during the same time. Moreover, 70 per cent of Indian will be of working age in 2025, up from 61 per cent now. Also by 2025, the proportion of children younger than 15 years will fall to 23 per cent of India's total population, from 34 per cent today, while the share of people older than 65 per cent will remain around just 5 per cent. Also, 64 per cent of India's population is expected to be in the age bracket of 15–59 years by 2026, with only 13 per cent of the total aged above 60 years (Table 1 and Figure 2).

Table 1 and Figure 2: Demographic Projection for India



Source: Census of India

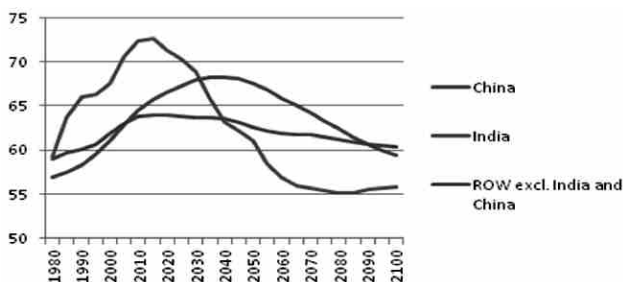
Note: All numbers are in percent of total population.

¹Due to improved health care facilities in India, the death rate is on decline, this indicate that by the year persons above age of will increase and will be of the total population.

While China's demographic dividend would start tapering off by 2015, India is expected to enjoy the benefit until 2040. An increasing proportion of working population will provide a window of opportunity to improve labor productivity, increase domestic production, enhance revenue from services, increase savings and reduce the burden of old residents on the working population. Empowered with unique demographic advantages and guided efforts, India is poised to position itself among developed economies within the next 10-15 years.

Third, the idea of Demographic Dividend assumes that more people in a certain age group will mean more jobs and more income for the country. Since a majority of the youth knock on the doors of the labour market right by the age of 15, the youth segment of the population will also have to be considered in relation to the larger working age (15-59 years) population. As on 2010, half of India's population is below 25 years of age, and 62 per cent of its population is in the working-age group. India, thus, accounts for 17.5 per cent of the world's total working-age population. From 2010 to 2030, India's total working-age population is poised to rise from 749 million to 962 million, accounting for about 28 per cent of the increase in the world's total working-age population over the period. In contrast, the working-age population of China will shrink by 45 million. More important, the median age an Indian will be 32 years in 2030, much younger than US with a median age of 39 years, UK (42), Japan (52), and even China (43) and Brazil (35). Right now about one quarter of the world's workers are in China, that falls to below 20% by around 2030, at the same time India the share of the world's employed that reside in India will rise from around 17% to around 21% (Figure 3).

Figure 3: Working Age Population as Percentage of Total Population



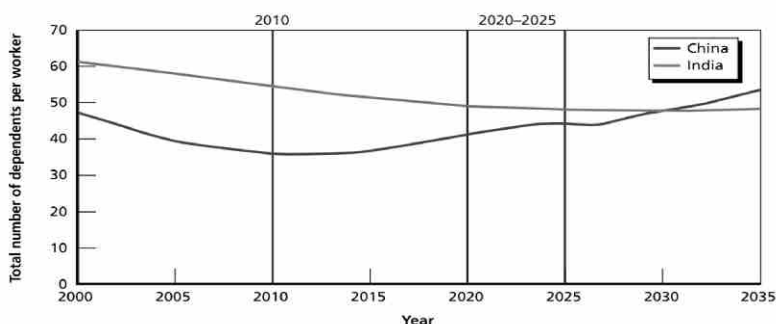
This means India will have the largest youth workforce in two decades. This demographic advantage can help propel India's GDP growth by a CAGR of 6.7%, faster than China's projected growth of 6.6%, as per projections made by global think-tanks including Ernst & Young and IHS. While much of the young workforce would be absorbed in the fast-growing services sector whose share in GDP is expected to rise from 57% in 2010 to 68% by 2030, India will still be left with 47 million surplus labour who can migrate to other labour-deficit countries such as US, UK and Japan. By 2050, India will have 100 crore employable people. This is presented as the dividend against USA's 27 crore employable people and Europe's 45 crore (Ray, 2013).

Fourth, demographic factor which will add to India's growth story is 'dependency ratio'². A nation's "dependency ratio" is the ratio of the dependent population to the working-age population. At 46.6 people under age 15 for every 100 of working age, India's 2010 youth dependency ratio is nearly twice that of China's (24.4). India has fewer old-age dependents than China, but the difference between the two countries in their old-age

² A high dependency ratio indicates that the economically active population and the overall economy face a greater burden to support and provide the social services needed by children and by older persons who are often economically dependent. A high youth dependency ratio, for instance, implies that higher investments need to be made in schooling and child-care.

dependency ratios (8.3 for India, 11.8 for China) is much smaller than it is for youth dependents. Currently, 85 percent of India's dependents are youths, compared with 67 percent in China (Figure 4). What is different about India is the prediction that it will see a sharp decline in this ratio over the next 30 years or so. The dependency ratio in India is expected to fall to 48 percent in 2025 because of continued fall in child dependency ratio and then rise to 50 percent by 2050 because of an increase in the old age dependency ratio as the bulge moves forward and the death rate in the older income group declines. In short, one child policy of China have created disproportionately large elderly population that effect of which China will feel around 2030 when 400 million people will be over the age of 60. India, however, is poised to advance in the next 40 years with an increasingly younger population. This is what constitutes the demographic dividend for India (Charles Wolf et.al., 2011)

Figure 4: *The Dependency Ratios in China and India, 2000-2035*

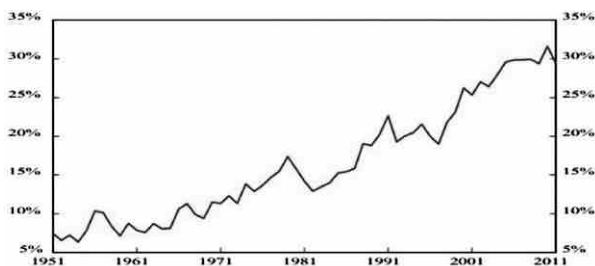


Source: *US Census Bureau, 2010*

The proposition behind this story is: as fertility levels decline, the dependency ratio falls³ initially because the proportion of children decreases while the proportion of the population of working age increases. The period when the dependency ratio declines is known as the "window of opportunity" when a "demographic dividend" may be reaped because society has a growing number of potential producers relative to the number of consumers. India's fertility rate—that is, the average number of children a woman expects to have in her life time—used to be 3.8 in 1990. This has fallen to 2.9 and is expected to fall further. Since women had high fertility earlier, India now have a sizeable number of people in the age-group 0-15 years. A more indirect but vital benefit for the economy is the effect this can have on savings. Human beings save most during the working years of their lives. When they are children, they clearly consume more than they earn, and the situation is the same during old age. Hence, a decline in the nation's dependency ratio is usually associated with a rise in the average savings rate. India's savings rate as a percentage of GDP has been rising since 2003. It was 29.5 in 2011 and now stands at 33% which is comparable to the Asian super-performers, all of whom save at above 30%, with China saving at an astonishing near 40% rate. But in China, consumers are less willing to spend because of limited social safety nets.

³However, as fertility levels continue to decline, dependency ratios eventually increase because of the proportion of working age starts declining and the proportion of older persons continues to increase. As populations grow older, increases in old-age dependency ratios are indicators of the added pressures that social security and public health systems have to withstand.

Figure 4: Indian Household Saving Rate

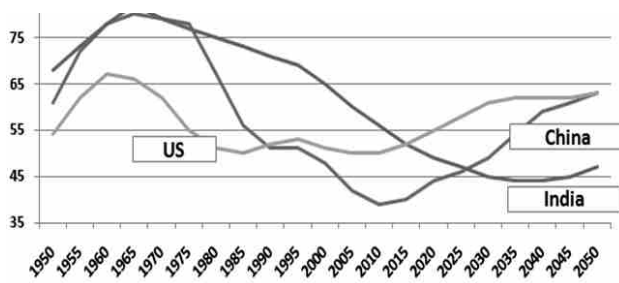


Source: Ministry of Statistics and Programme Implementation

India to hold its savings and investment rate above the 30% mark for the next 25 years. Where India has been very successful in lifting its rate of actual output growth, at the same time India has an increase in the investment to output ratio. Currently around 31 percent, India's investment ratio compares with China's 48 percent. India aims to raise its ratio by about four or five percentage points over the next few years, fuelled largely part by household and corporate savings.

Another demographic trend that may have economic implications for India is fall in dependency ratio. The latest value for Age dependency ratio (% of working-age population) in India was 54.34 as of 2011. Over the past 51 years, the value for this indicator has fluctuated between 81.51 in 1965 and 52.4 in 2013 (youth dependency ratio 44.2% and elderly dependency ratio 8%). India's dependency ration is expected to fall sharply compared to China and USA (Figure 5).

Figure 5: Age Dependency Ratio in India, China and US



Source: UNDP

The dependency Ratio is important because As the chart shows, India is just entering its Goldilocks period while China, like the United States, is already leaving. Furthermore, The dip in the Indian chart is more gradual and longer-lasting than the corresponding dip for China. For the next several decades, China will be tacking into the wind while India still has its spinnaker up. Chinese economic growth will slow, while India's, assuming a supportive policy environment, will edge past it (Dolan, 2011). Fall in dependency ration is considered as good indicator of economic growth because it shows the ratio of economically inactive compared to economically active. Economically active will pay much more income tax, corporation tax, and, to a lesser extent, more sales and VAT taxes.

Added to these, there are many demographical factors which will contribute to India's growth story. Young people of India are shifting from traditional job search models to entrepreneurship models. The main reason behind this shift is the requirement of very low capital intensity compared to the US and Europe; and willingness to challenge the status quo, to create different business models. For example, Western pharmaceutical companies go from lab to mice to men to market, a billion dollar process. Indian companies are exactly opposite. The companies look for medicines that already work on people: 3000 to 4000 years old treatments like Ayurveda. They figure out in the lab why it works, replicates that knowledge in clinical trials, and launch it, all for half billion dollar. This is also called 'revers pharmacology'. Urbanization will bring tremendous transformation because now hundreds of millions people may have access to ICTs which is a potent tool of social transformation and economic growth in the modern world. But for urbanization to succeed, business will have to move into Tier Two and Tier Three cities and not get concentrated in the main metropolitan areas. Finally change in the family system will also bring some opportunities and challenges to the Indian society and economy. In the last few years, there has been a shift from the joint family system to nuclear family systems. Nuclear family system is regarded as best in the sense that it promotes savings in the society and enhances the level of education of children. But, the joint family system, which used to provide the most widespread form of social security wherein the young ones take care of the old, is disintegrating.

Concluding Remarks

From the above discussion it is clear that demographic dividend can accelerate economic growth. Evidently, countries such as Thailand, Brazil, China have reaped the reward from their demographic dividend. Because demographic dividend has a finite window and is not automatic, the timing of policy action is critical. But many policymakers mistakenly think that a demographic dividend results automatically from a large population of young people relative to the population of working-age adults and without the needed population, social, and economic policies. This is not the case. India can not reap the dividend of demographic change until policymakers does four things better. First, evidence suggests that India faces a major deficit in the areas of education and health which could adversely affect the conversion of a growing labour force into an effective workforce offering quality, low cost labour. With low mortality rate and a baby boom still on, India has to ensure that its children are healthy and educated and grow to add to the economy. As we have seen, most women in the working-age population do not seek employment in the labor market because of what they term personal or family responsibilities. To change this circumstance would require action and progress on three fronts: (i) increasing education levels starting at the primary and secondary level, especially in less developed regions; (ii) reducing the burden of household work, which adds on average an extra four to five hours of daily work for both non-working and working females (Saqib and Arif, 2012); and (iii) empowering women to reduce gender disparities and breaking down traditional mindsets through pro-active policies and interventions, including reservation of jobs in the public sector and higher grade positions. Country's economy, becoming less of a burden when they age in huge numbers. Therefore, additional investment in health and education sector are needed in India to open the window of opportunity. Second, a gender equitable environment is critical to achieving a demographic transition because in the such a setting, women are free to access and use family planning without many of the barriers they currently face in developing countries like India. Such an environment also enables women and couples to choose the number, timing, and the spacing of children and allow women to participate in the labour force and contribute more to the family's economic well being. As an important step toward gender equity, and to foster economic growth, countries need to develop and enforce policies that enable girls to go to school and equip them with skills to compete for higher-paying jobs. In many parts of India, women—especially poor women—consistently have lower access than men do to mass media and technology, leaving them less informed and less empowered. Women need improved access to a variety of types of information that will help them shape and improve their own lives as well as their children's lives. Third, it has been rightly emphasized that for India to reap the gains of the demographic dividend, it is necessary to create productive employment

opportunities for the new entrants into the labor force. A key factor in ensuring remunerative and productive employment opportunities is ensuring mobility of labor both from rural to urban areas and across and within sectors. This requires a smooth-functioning labor market and availability of skills in demand, with better-educated and more skilled labor earning higher returns. Investments in job creation should be mainly in sectors with high demand for low-skilled workers. Jobs also need to be created in knowledge-intensive sectors with greater added value as the level of education⁴ in the country increases. The job market must also be modernised with increased flexibility in hiring, job mobility and increased investments in training by the private sector. Access to employment must be equal for both men and women. Added to this, for knowledge economy India needs a flexible education system, basic education would provide the foundation for learning, secondary and tertiary education would provide full capabilities and through technical skills further means of achieving life long learning. Fourth, in case of India, most women in the working age population do not seek employment in the labour market because of what they term personal or family responsibilities. To change this situation would require empowering women to reduce gender disparities and breaking down traditional mindsets through proactive policies and interventions, including reservation of jobs in the public sector and higher grade positions. Last but not the least, the value of India's demographic dividend will depend in great measure on whether the public and private sector have the political will and foresight not only to create jobs but also to train the new young workforce, encourage global trade, improve a failing education system, provide better housing, lure capital to support invention and innovation, and implement policies that engender confidence in the economy.

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⁴Added to this, for knowledge economy India needs a flexible education system, basic education would provide the foundation for learning, secondary and tertiary education would provide full capabilities and through technical skills further means of achieving lifelong learning.

VOLATILITY IN INDIAN STOCK MARKET: A STUDY WITH REFERENCE TO SELECT NIFTY COMPANIES

ABSTRACT

Volatility is the most basic statistical risk measure. It can be used to measure the market risk of a single instrument or an entire portfolio of instruments. While volatility can be expressed in different ways, statistically, volatility of a random variable is its standard deviation. In day-to-day practice, volatility is calculated for all sorts of random financial variables such as stock returns, interest rates, the market value of a portfolio, etc. Stock return volatility measures the random variability of the stock returns. Simply put, stock return volatility is the variation of the stock returns in time. More specifically, it is the standard deviation of daily stock returns around the mean value and the stock market volatility is the return volatility of the aggregate market portfolio. Volatility has been one of the most active and successful areas of research in time series econometrics and economic forecasting in recent decades. Volatility is a statistical measure of the dispersion of returns for a given security or market index. The aim of this paper is to estimate conditional volatility models in an effort to capture the salient features of stock market volatility in India and evaluate the models in terms of out-of-sample forecast accuracy. The sample of this study is five companies taken from Nifty companies. The sample companies are Reliance Industries, State Bank of India, Jindal Steel, BHEL and Asian Paints. The study period has been taken from January 2007 to December 2012. Tools used for the study are descriptive model, unit root test and GARCH model (1, 1). This finding has implications for more volatile during the study period for all sample companies.

Keywords: Stock market, Volatility, GARCH model, Unit root test.

1. Introduction

Volatility is a statistical measure of the dispersion of returns for a given security or market index. Volatility is generally measured either by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier is the security. In terms of options pricing, volatility is a variable in option-pricing formula showing the extent to which the return of the underlying asset will fluctuate between now and the options expiration. Volatility, expressed as a percentage coefficient within option-pricing formula, arises from daily trading activities. How volatility is measured will affect the value of the coefficient used.

Volatility is the variability of the asset price changes over a particular period of time and it is very hard to predict it correctly and consistently. In financial markets volatility presents a strange paradox to the market participants, academicians and policy makers -without volatility superior returns cannot be earned, since a risk free security offers meager returns, on the other hand if it is 'high' it will lead to losses for the market

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participants and represent costs to the overall economy. Therefore there is no gainsaying with the statement that volatility estimation is an essential part in most finance decisions be it asset allocation, derivative pricing or risk management.

Volatility is an important phenomenon in markets in general and security markets in particular. Modeling stock market volatility has been the subject of empirical and theoretical investigation by both academicians and practitioners. As a concept, volatility is simple and intuitive. It measures the variability or dispersion about a central tendency. In other words, it measures the current price of an asset deviates from its average past values. The study of volatility becomes more important due to the growing linkages of national market in currency; commodity and stock with rest of the world markets and existence of common players have given volatility a new property –that of its speedy transmissibility across markets. To many among the general public, the term volatility is simply synonymous with risk: in their view high volatility is to be deplored, because it means that security values are not dependable and the capital markets are not functioning as well as they should.

2. Review of Literature

There are few studies which examined emerging equity market volatility. Bekaert and Harvey (1995) examined the emerging equity market characteristics in relation to developed markets. Emerging markets found to have four distinguishing features: average returns were higher, correlations with developed markets returns were low, returns were more predictable and volatility is higher. They argued that modeling volatility is difficult in emerging markets, especially in segmented markets. In fully integrated markets volatility is strongly influenced by world factors whereas in segmented markets it is strongly influenced by local factors. More open economies had lower volatility and political risk to a large extent explained the cross sectional in volatility. Finally, they found significant decline in volatility in emerging markets following capital market liberalization. Bekaert et al. (1998) argued that emerging markets returns are highly non-normally distributed and exhibit positive skewness in it.

Poshakwale Sunil (2002) examined the random walk hypothesis in the emerging Indian stock market by testing for the nonlinear dependence using a large disaggregated daily data from the Indian stock market. The sample used was 38 actively traded stocks in the BSE National index. He found that the daily returns from the Indian stock market do not conform to a random walk. Daily returns from most individual stocks and the equally weighted portfolio exhibit significant non-linear dependence. This is largely consistent with previous research that has shown evidence of non-linear dependence in returns from the stock market indices and individual stocks in the US and UK.

Yakob, Beal and Delpachitra (2005) examined seasonal effects of ten Asian I'acilk markets, including the Indian stock in aicl, fiu the period January 2000 to March 200.V I In<<v stated that this is a period of stability ami therefore ideal for examining seasonality as n was not influenced by the Asian financial crisis of the late

nineties. Yakob, et al., concluded that the Indian stock market exhibited a month-of-the-year effect in that statistically significant negative returns were found in March and April whereas statistically significant positive returns were found in May, November and December. Of these five statistically significant monthly returns, November generated the highest positive returns whereas April generated the lowest negative returns. In a similar study by Bodla and Jindal (2006) several seasonal anomalies in the Indian stock market utilizing the S&P CNX Nifty index for the period January 1998 to August 2005. For the monthly effect, they did find some significant differences utilizing ANOVA for their sub-period, January 2002 to August 2005. However, they were unable to find any significant differences among individual months.

Rakesh Kumar and Raj S Dhankar (2011) in their article titled, "Distribution of Risk and Return: A test of normality in Indian stock market", examined the normality of return and risk of daily, weekly, monthly and annual returns in Indian stock market. They used parametric and non-parametric test to prove these objectives. They have selected Sensex, BSE 100 and BSE 500 indices from Bombay Stock Exchange (BSE) for the period 1996 to 2006. The results show that, the returns are negatively skewed for all the indices over the period. Asymmetry is found in risk and return in case of daily and weekly returns i.e., risk and return relationship seems inconsistent in case of daily and weekly returns. Monthly and annual return, however are found normally distributed for all three indices over the period of time. The study shows the importance of time horizon in investment strategy for the Indian stock market.

Raja sethu Durai and Saumitra N Bhadurai (2011) in their article titled, "Correlation dynamics in Equity markets", aimed to analyze the correlation structure of the Indian equity markets with that of world markets. The indices considered for the study are NASDAQ composite (USA), S & P 500 (USA), FTSE 100 (UK) and DAX 30 (Germany) classified as developed markets. KLSE composite (Malaysia), Jakarta composite (Indonesia), Straits times (Singapore), Seoul composite (South Korea), Nikkei (Japan), Taiwan weighted index (Taiwan) and the S & P CNX Nifty (India) are classified as Asian market, for the period 1997 to 2006. The logistic smooth transition regression (LSTR) model results for the conditional time varying correlation of S & P CNX Nifty with six Asian market and S & P CNX Nifty with four developed markets show that there is a significant regime shift in the year 2000 and there is a considerable increase in integration in the second regime. This indicates that the S & P CNX Nifty index is moving towards a better integration with other world markets but not at a very noteworthy phase.

3. Statement of the Problem

Most of the stock market investors are not able to pick rights stocks at right time and they met with loss. This paper provides guidance to the investors on how to invest in stocks at right time.

3.1. Objectives of the Study

- To study the volatility behavior of selected companies listed in NSE.
- To analyze the volatility using GARCH model.

3.2. Sample Design and Tools used for Analysis

Sample Area: Indian Stock Market Population: Nifty

Sample: The sample of this study is 5 companies taken from Nifty

Study Period: January 2007 to December 2012

Sampling Techniques: The research has adopted non-probability convenience sampling

Sources of Data: Secondary data was collected from NSE website. The other required data were collected from various books, journals and magazines.

Sample companies for the study: Reliance Industries, State Bank of India, Jindal Steel, BHEL, Asian Paints.

Tools used for the study: Descriptive model, Unit Root Test and GARCH (1, 1) Model.

4. Methodology

4.1 Descriptive Model

Descriptive statistics are typically distinguished from inferential statistics. In the business world, descriptive statistics provide a useful summary of security returns when researchers perform empirical and analytical analysis, as they give a historical account of return behavior.

4.2 Unit Root Test

A unit root test is a statistical test for the proposition that in an autoregressive statistical model of a time series, the autoregressive parameter is one. It is a test for detecting the presence of stationarity in the series. For randomness purpose, there are two unit root tests. One is Augmented Dickey Fuller (ADF) which is parametric test another most powerful test to check the randomness is the Phillips Perron (PP) unit root test which is non-parametric test. If the test statistic value is greater than critical value at 1% or probability value is less than the value then we reject our null hypotheses.

4.3 GARCH Model

In this model, the conditional variance is represented as a linear function of its own lags.

The simplest model specification is the GARCH (1, 1) model

The general specification of GARCH is, GARCH (p, q) is as

$$\sigma_t^2 = \omega + \sum_{j=1}^q \alpha_j \sigma_{t-j}^2 + \sum_{j=1}^p \beta_j \alpha_{t-j}^2$$

Where, p is the number of lagged σ^2 terms and q is the number of lagged α^2 terms.

5. Results and Analysis

5.1 Descriptive Statistics

Table 1: *Descriptive Statistics of Sample Companies from 2007 to 2012*

Company Name	Mean	S.D	Skewness	Kurtosis
Reliance	0.0040	0.2009	0.8743	15.7882
SBIN	0.0147	0.1808	-2.5049	16.1630
Jindal Steel	1.0947	5.2686	3.9668	25.8009
BHEL	0.0726	2.9698	-0.2144	4.8774
Asian Paints	1.3257	1.6573	-0.321	2.5642

Table 1 reports the results of negative values for the skewness indicate data that are skewed left and positive values for the skewness indicate data that are skewed right. By skewed left, we mean that the left tail is long relative to the right tail. Similarly, skewed right indicates that the right tail is long relative to the left tail. Some measurements have a lower bound and are skewed right. A kurtosis value near zero indicates a shape close to normal. A negative value indicates a distribution which is more peaked than normal. A negative value indicates a distribution which is more peaked than normal, and a positive kurtosis indicates a shape flatter than normal. An extreme positive kurtosis indicates a distribution where more of the values are located in the tails of the distribution rather than around the mean.

5.2 Augmented Dickey Fuller Test (ADF)

Table 2: ADF Test of Reliance Industries

		t-statistic	Prob
Augmented Dickey-Fuller test statistic		-6.6194	0.0000
Test Critical values	1% level	-3.5461	
	5% level	-2.9117	
	10% level	-2.5936	

Table 2 reports the results of Augmented Dickey Fuller Test of Stationarity of Reliance Industries returns for the study period. It is to be noted that the Reliance Industries are stationarity in the level difference itself with the value of -6.6194 and with the probability value of 0.0000. The test statistic value was smaller than the Test Critical values were -3.5461, -2.9117 and -2.5936 at 1% level, 5% level and 10% level respectively. It is concluded that during the study period, the returns of Reliance Industries were stationarity in the level difference itself. Hence, the return values were considered to be stationary.

Table 3: ADF Test of State Bank of India

		t-Statistic	Prob
Augmented Dickey-Fuller test statistic		-10.9609	0.0000
Test Critical values	1% level	-3.5461	
	5% level	-2.9117	
	10% level	-2.5936	

Table 3 reports the results of Augmented Dickey Fuller Test of Stationarity of State Bank of India returns for the study period. It is to be noted that the State Bank of India are stationarity in the level difference itself with the value of -10.9609 and with the probability value of 0.0000. The test statistic value was smaller than the Test Critical values were -3.5461, -2.9117 and -2.5936 at 1% level, 5% level and 10% level respectively. It is concluded that during the study period, the returns of State Bank of India were stationarity in the level difference itself. Hence, the return values were considered to be stationary.

Table 4: ADF Test of Jindal Steel

		t-Statistic	Prob
Augmented Dickey-Fuller test statistic		0.4561	0.0000
Test Critical values	1% level	-3.5482	
	5% level	-2.9126	
	10% level	-2.5940	

Table 4 reports the results of Augmented Dickey Fuller Test of Stationarity of Jindal Steel returns for the study period. It is to be noted that the Jindal Steel are Stationarity in the level difference itself with the value of 0.4561 and with the probability value of 0.0000. The test statistic value was smaller than the Test Critical values were -3.5482, -2.9126 and -2.5940 at 1% level, 5% level and 10% level respectively. It is concluded that during the study period, the returns of Jindal Steel were Stationarity in the level difference itself. Hence, the return values were considered to be stationary.

Table 5: *ADFTest of BHEL*

		t-Statistic	Prob
Augmented Dickey-Fuller test statistic		-0.9862	0.0000
Test Critical values	1% level	-3.5461	
	5% level	-2.9117	
	10% level	-2.5936	

Table 5 reports the results of Augmented Dickey Fuller Test of Stationarity of BHEL returns for the study period. It is to be noted that the BHEL are Stationarity in the level difference itself with the value of -0.9862 and with the probability value of 0.0000. The test statistic value was smaller than the Test Critical values were -3.5461, -2.9117 and -2.5936 at 1% level, 5% level and 10% level respectively. It is concluded that during the study period, the returns of BHEL were Stationarity in the level difference itself. Hence, the return values were considered to be stationary.

Table 6: *ADF Test of Asian Paints*

		t-Statistic	Prob
Augmented Dickey-Fuller test statistic		-6.8144	0.0000
Test Critical values	1% level	-3.5461	
	5% level	-2.9173	
	10% level	-2.5936	

Table 6 reports the results of Augmented Dickey Fuller Test of Stationarity of Asian Paints returns for the study period. It is to be noted that the Asian Paints are Stationarity in the level difference itself with the value of -6.8144 and with the probability value of 0.0000. The test statistic value was smaller than the Test Critical values were -3.5461, -2.9173 and -2.5936 at 1% level, 5% level and 10% level respectively. It is concluded that during the study period, the returns of Asian Paints were Stationarity in the level difference itself. Hence, the return values were considered to be stationary.

5.3 GARCH Model

Table 7: *Volatility Behaviour in Reliance Industries-Variance Equation*

Variable	Coefficient	Std. Error	z-Statistic	Prob
C	0.0188	0.0264	0.7121	0.4764
ARCH	0.2068	0.3433	-0.6026	0.5468
GARCH	0.5918	0.5918	1.0453	0.2959

The results of GARCH (1,1) effect for Reliance Industries returns are given in table 7. According to the table, the effect of variance equation coefficient of Reliance Industries was 0.0188. The coefficient of parameters 'C' at 0.0188, ARCH at 0.2068 and GARCH 0.5918. The sum of ARCH and GARCH Reliance Industries was close to one (0.7986). This reveals the Reliance Industries experienced the lower volatility. It's not at the very risky to the investors during the study period from 2007 to 2012.

Table 8: Volatility Behaviour in State Bank of India-Variance Equation

Variable	Coefficient	Std.Error	z-Statistic	Prob
C	0.0103	0.0026	0.0026	0.0001
ARCH	-0.0613	0.0514	0.0514	0.2331
GARCH	0.4615	0.1465	0.1465	0.0016

The results of GARCH (1,1) effect for State Bank of India returns are given in table 8. According to the table, the effect of variance equation coefficient of State Bank of India was 0.0103. The coefficient of parameters 'C' at 0.0103, ARCH at -0.0613 and GARCH 0.4615. The sum of ARCH and GARCH State Bank of India was close to one. This reveals the Reliance Industries experienced the lower volatility. It's not at the very risky to the investors during the study period from 2007 to 2012.

Table 9: Volatility Behaviour in Jindal Steel -Variance Equation

Variable	Coefficient	Std.Error	z-Statistic	Prob
C	3.50E+11	1.11E+15	0.4080	0.6832
ARCH	-0.1157	1784.93	-0.5191	0.6037
GARCH	0.4327	583.38	0.4876	0.6259

The results of GARCH (1,1) effect for Jindal Steel returns are given in table 9. According to the table, the effect of variance equation coefficient of Jindal Steel was 3.50E+11. The coefficient of parameters 'C' at 3.50E+11 ARCH at -0.1157 and GARCH 0.4327. The sum of ARCH and GARCH Jindal Steel was close to one. This reveals the Jindal Steel experienced the lower volatility. It's not at the very risky to the investors during the study period from 2007 to 2012.

Table 10: Volatility Behaviour in BHEL -Variance Equation

Variable	Coefficient	Std.Error	z-Statistic	Prob
C	2.6773	5.4191	0.4941	0.6213
ARCH	0.9506	1.4686	0.6473	0.5174
GARCH	-0.5778	1.7126	-0.3374	0.7358

The results of GARCH (1,1) effect BHEL returns are given in table 10. According to the table, the effect of variance equation coefficient of BHEL was 2.6773. The coefficient of parameters, 'C' at 2.6773, ARCH at 0.9506 and GARCH -0.5778. The sum of ARCH and GARCH BHEL was close to one. This reveals the BHEL experienced the lower volatility. It's not at the very risky to the investors during the study period from 2007 to 2012.

Table 11: *Volatility Behaviour in Asian Paints - Variance Equation*

Variable	Coefficient	Std.Error	z-Statistic	Prob
C	6.3594	2.0017	3.1771	0.0015
ARCH	0.2419	0.2097	1.1538	0.2486
GARCH	-0.2307	0.4146	0.5563	0.578

The results of GARCH (1,1) effect for BHEL returns are given in table 11. According to the table, the effect of variance equation coefficient of Asian Paints was 6.3594. The coefficient of parameters, 'C' at 6.3594, ARCH at 0.2419 and GARCH -0.2307. The sum of ARCH and GARCH Asian Paints was close to one. This reveals the Asian Paints experienced the lower volatility. It's not at the very risky to the investors during the study period from 2007 to 2012.

6. Summary and Conclusion-Reliance Industries

- The results of Augmented Dickey Fuller Test are noted that the Reliance Industries are Stationarity in the level difference itself with the value of -6.6194.
- The results of GARCH (1, 1) effect for Reliance Industries. The coefficient of parameters Reliance Industries 'C' are 0.0183, ARCH 0.2069 and GARCH 0.5918.

State Bank of India

- The results of Augmented Dickey Fuller Test are noted that the State Bank of India is stationarity in the level difference itself with the value of -10.9609.
- The results of GARCH (1, 1) effect for State Bank of India. The coefficient of parameters State Bank of India 'C' is 0.0103, ARCH 0.0103 and GARCH -0.0103.

Jindal Steel

- The results of Augmented Dickey Fuller Test are noted that the Jindal Steel is stationarity in the level difference itself with the value of 0.4561.
- The results of GARCH (1,1) effect for Jindal Steel. The coefficient of parameters Jindal Steel 'C' at 3.50E+11, ARCH at -0.1157 and GARCH 0.4327.

BHEL

- The results of Augmented Dickey Fuller Test are noted that the BHEL are stationarity in the level difference itself with the value of 0.4561.
- The results of GARCH (1,1) effect for BHEL. The coefficient of parameters BHEL 'C' at 3.50E+11, ARCH at -0.1157 and GARCH 0.4327.

Asian Paints

- The results of Augmented Dickey Fuller Test are noted that the Asian Paints are stationarity in the level difference itself with the value of -6.8144.
- The results of GARCH (1,1) effect for Asian Paints. The coefficient of parameters Asian Paints 'c' at 6.3594, ARCH at 0.2419 and GARCH -0.2307.

India has been witness to years of up and down cycle in the stock markets. Since 1992, the Indian markets have peaked every fourth year and then dropped 35-45% during the next three years. Some of the major conclusions derived in the study are as under. News related to any political and economical affair has direct effect on stock market. Any unusual news about a particular company will affect the value of the scrip. It is suggested that the

investors who want to measure the accurate volatility of the stock market, the GARCH model which is the best one to measure the volatility of the stock market. It's in the final hands of the investor to invest in stock market at the right time.

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REPATRIATION MANAGEMENT – A TOOL FOR CONGRUENCY BETWEEN THE MOTIVATIONS AND EXPECTATIONS BETWEEN THE COMPANY AND THE REPATRIATES

ABSTRACT

Repatriation is the process of returning a person to their place of origin or citizenship. Expatriates are sent to their host countries to fulfil certain mission and objectives of the company and as a result of these assignments they gain international experience to increase performance and knowledge sharing at their home, organizations. However, the positive returns to expatriation cannot be harvested right away as the repatriation process involves some difficulties regarding adjustments in the home country they return to. Despite the growing recognition of its impact on successful expatriate management, repatriation continues to be a source of frustration to many HR managers and the expatriates themselves. This article tries to know the underlying reasons for the failure of repatriation adjustments when returning back to home. This article discusses the various organizational and individual strategies for the repatriation adjustment.

Key words: *Repatriation Management, Repatriates, Expatriate Management, Repatriation Adjustment, etc*

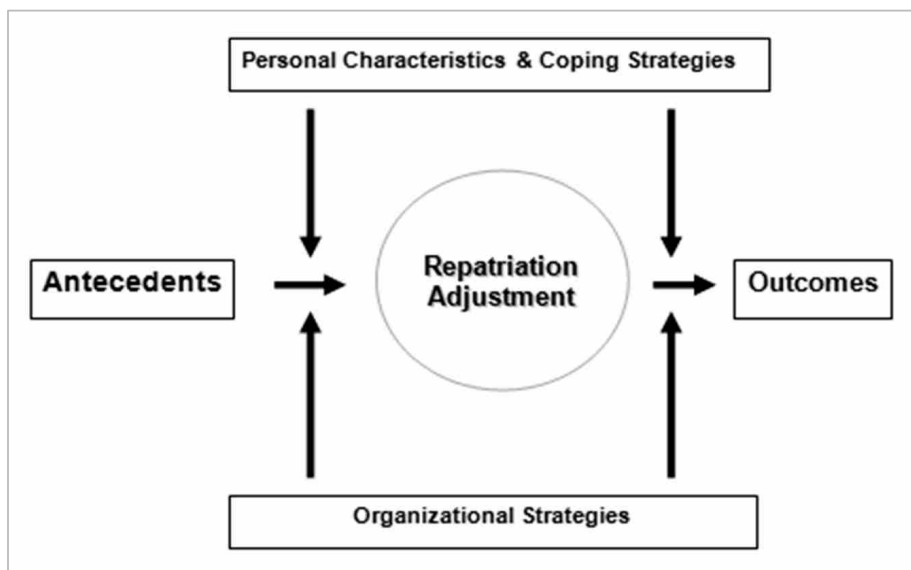
Introduction

Employee retention becomes a major aspect to be considered by a company to retain skilled workforce. The organizations always try to retain the skilled and talented workforce. For those international companies that are regularly sending the employees on global assignments and spending millions of dollars a year, there is a need to focus on repatriation management. Expatriation has become a common application for multinational companies. Many companies assign their high level employees for overseas jobs within the same organization for a certain time period. As a result of these assignments, expatriates gain international knowledge and upon their return they are expected to utilize their international experience to increase performance and knowledge sharing at their home organizations. However, the positive returns from expatriation cannot be harvested right away as the repatriation process also involves some difficulties regarding adjustment to the home country after an international experience and this process can be more traumatic than expatriation.. This article aims to examine the antecedents and the role of organizational and individual level factors moderating the repatriation process.

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Having in mind that the company has spent a huge amount of money on his or her expatriates, on an average it costs two to three times more than having the same employee working in his or her home country, the repatriation process has to be studied carefully. Companies often underestimate the repatriation process because the employees are just "coming back home" so they are supposed to be having no difficulties in adjusting to their own environment. There is a tendency that employees who have been sent to work abroad are more likely to seek new job opportunities than the ones who have not. Black and Gregersen (1999) showed in their study that 25% of the repatriates left their companies within one year of repatriation. This is a turnover rate that is double that of managers who were not sent abroad. In addition, according to the Global Relocation Trends Survey Report, 10 percent of expatriates leave their firm within one year after repatriation, and 14 percent leave between two and three years after. Experts have offered various reasons for such a high attrition rate. Some of the most common reasons are that when expatriates return home, they have changed, the company they work for has changed and their communities have changed as well. Studies also suggest the high expatriate turnover can often be attributed, to the lack of career counseling and insufficient repatriation program.

Figure 1: *Main Frame of the Model*



1. Prominent Problems faced by Employees on Repatriation

Unmet Expectations- Problems encountered upon return mostly arise from unmet expectations and the perceived gap between expectations and realities. Change in society of home country during their absence may be much different to what they had expected. Moreover, they may also feel that while they were out of sight they were also out of mind. Namely, nobody may be much interested in listening to them. Thus, they will realize that their absence did not affect anyone except their families. In terms of work, they may experience disappointment, because in general, they are provided with limited job opportunities, unappreciative of the value of their overseas work experience. They are bound to develop feelings of underutilization. Loss of status and role conflict arising from structural changes or changes in the organizational culture of the parent company is also possible. In addition, contrary to their expectations, they may not be welcomed as heroes by their colleagues and their experience may be debased by coworkers

Organizational and coworker negligence - Expectations of individuals can be either positive or negative and both may lead to different consequences when repatriates see realities. In general, repatriates think that after expatriation experience, they will be offered many job opportunities with increased levels of authority, responsibility and autonomy. They believe that their organization will consider them as valuable and as special employees and treat them with due respect. They expect that their companies will provide them with a good position consistent with their career prospects. They also think that they will be idolized by their coworkers who usually listen impatiently to their stories about overseas experience.

The 2006 ERC Global Benchmarking Survey found that two-thirds of the Human Resources respondents believed international assignments essential to career mobility in their companies. But immediately upon their return many repatriates are alarmed to find that nobody knows what to do with them. They are stuck in lower level, temporary jobs that nobody knows the precise duration of. The old position is gone, either filled or absorbed by other functions and a job of equal challenge and authority did not materialize in honor of his return.

Change happens- This disconnects between myth and reality takes place not only in the mind of the repatriate but also in the fact that even the reality they left has changed. It is not just a matter of the new supermarket where the old grammar school was razed, the duplication of route one, the modernistic renovations to First Community Church and the annoying traffic light interrupting the flow of main street traffic. It's also the people. Some of the old friends and acquaintances have departed and been replaced by outsiders. Others have found new, time-consuming pursuits and aren't available much. With others it is just hard to reconnect.

Unwelcome lifestyle changes- On a practical level, unpleasant adjustments in lifestyle may prove necessary. While on foreign assignment the employee and family are often able to live in a semi-luxury that can't be sustained in the home country. After returning to the US following seven years abroad, one woman, self-sufficient in many ways, sheepishly admitted that one of the most jarring adjustments of her resettlement in the US was the absence of domestic help. Ironically, along with the absence of maids repatriates may miss rubbing shoulders with that slice of the intellectual and cultural elite found in many expatriate communities but seemingly in short supply back home.

2. Repatriation Adjustment

Repatriation Adjustment problems mostly arise from anxiety and uncertainty experienced upon return and the adjustment process generally takes 1 to 1.5 years. Repatriation adjustment is examined on the basis of three main dimensions; *work adjustment*, *socio cultural adjustment* and *psychological adjustment*. *Work adjustment* includes changes in job responsibilities characterized mainly by a decrease in the level of responsibility and authority upon their return to the home organization. Furthermore, adjustment to changes within the organization such as relationships among colleagues is another aspect of work adjustment. Secondly, *socio-cultural adjustment* consists of adjustments to life style, social activities, relationships, financial conditions

and to the culture of the home country. Thirdly, *psychological adjustment* includes expectations, experienced stress and perception of loss of previously held conditions and relationships.

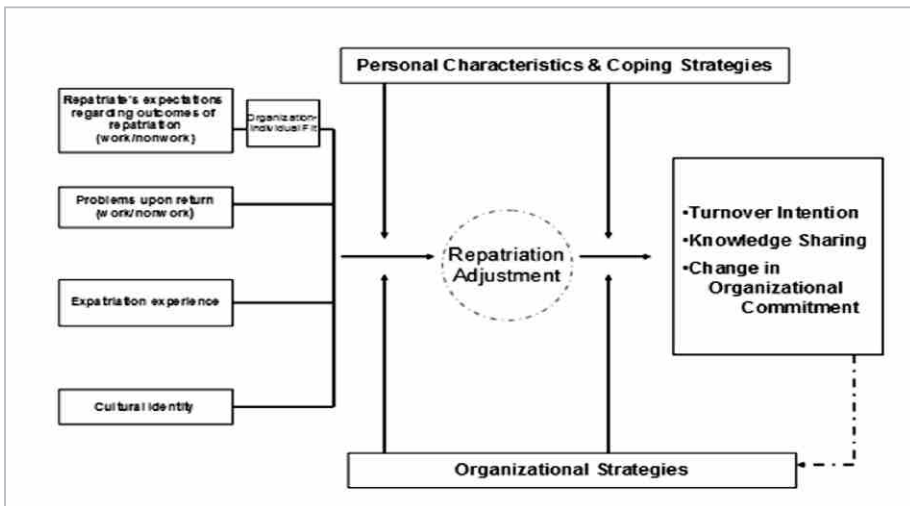


Figure 2: Comprehensive Framework of Repatriation Adjustment

Repatriation adjustment is thought to be affected by three variables:

- a. **Individual variables** include a person's attitudes, values, needs, or characteristics.
- b. **Job variables** refer to the tasks and characteristics of the individual's job.
- c. **Organizational variables** which are the characteristics of the home country Organization.

Individual Variables

Individual variables impacting anticipatory repatriation adjustment include the amount of time spent abroad, the amount of change which has occurred at home during this time, and the number and length of visits home. The degree of change at home may be more important to the formation of accurate anticipatory expectations than the length of time away. Findings also indicate that more organizational change is negatively associated with work adjustment.

1) Proactive in Career Development

Coping strategies which may be practiced during expatriation as well as during repatriation can moderate repatriation adjustments. Expatriates should put an effort to maintain contact with their social and job related networks, especially with possible future supervisors who may offer them good job opportunities. In short, they should be proactive in career development and maintain visibility of business circles in order to avoid job related disappointment. They can also put extra energy for keeping up-to-date about occurrences and problems in their home countries, as well as about the changes in their parent organizations. Finally, they should not trust HR systems of their organizations too much; instead they should claim the responsibility of their possible problems.

2) Change in their perspective

During repatriation, repatriates should first try to change their perspective and realize that repatriation may be a backward step in one's career. They should make personal attempts for resocialization, try to stay

informed about changes, and contact with previous repatriates to observe them as role models who know possible negative experiences upon return. In addition, instead of criticizing and humiliating their home countries, they should try to combine best aspects of foreign and home cultures. They should also be aware of the fact that apart from their country, organizations and friends, they themselves also changed to some extent during the international experience. Finally, they should try to remain patient and flexible during adjustment, to achieve better results.

Job variables

Although Black et al. (1992) believe similarities in work duties will facilitate expectations and adjustment, many repatriates find discontinuities between the domestic and international positions, and feel a loss of momentum in their careers. Research on the connection between foreign work assignments and long-term career goals shows a positive association with expectations, work performance, skill acquisition,

and job satisfaction. Briody and Baba (1991) found repatriates who were satisfied with their jobs utilized their skills and experience, and reported their work was interesting and rewarding, whereas dissatisfied repatriates were in jobs that did not meet their expectations, were not using their skills and experience, and believed their international experience was not career enhancing.

Perhaps the best way to achieve these goals is through planned career development. Planning can help to establish matches between organizational objectives and employee career goals and help to track employee competencies gained through international work assignments. These may include knowledge of other languages, the ability to work with people from other cultures and skills for managing international transitions.

Organizational variables

1) Role of HR -Organizational strategies are mainly the responsibility of HR departments and they should not include only work-related problems because other factors like observed change at socio-cultural environment and problems arising from adjustment of families of expatriates will also influence work - related adjustment. Therefore, organizations should take them into account as well. Organizations also have the responsibility of providing expatriates with accurate and realistic information about job demands and definitions, and changes occurred in organization prior to return, so that expatriates can have more accurate expectations. These strategies are also important for positive perceptions of repatriates and their feeling of belongingness. According to the study of Bossard and Peterson (2005), repatriates reported that they were unsatisfied with organizational strategies regarding their adjustment.

2) Need for Formalized repatriation policies- Many organizations do not make special efforts for their returning expatriates. Dunlap-Hinkler and Parente (2004) mentioned that, according to the annual survey of Organizational Resource Counselors in 1998, 76 % of the organizations had no formalized repatriation policies, even though expatriation policies were generally very strong. There are three main reasons behind the lack of organizational practices. Firstly, there is a lack of expertise in this process. Secondly, organizations avoid these efforts because of costs attached to them. Finally, there are widely accepted false assumptions which ignore the problems expatriates may experience during expatriation and repatriation. As a result, planners can not determine the costs of problematic repatriation adjustment.

During expatriation, organizations can assign sponsors, or contact-persons, for expatriates, who are only responsible for communication with the expatriates. The perception of organizational support alone is very important; therefore, organizations should support the expatriates. Selection of highly qualified employees for expatriation might be important because increased levels of professionalism may decrease adjustment problems. Finally, career planning of expatriates should be conducted carefully from a realistic perspective with regard to repatriation, and overseas assignment should be linked to long term career plans.

Conclusion

In the end we can say that organizational practices like preparing a repatriation directory, organizing reorientation programs, training expatriates prior to return, negotiation with expatriates for job role after return, clarifying tasks and job placement, empowering in consistency with the expectations of repatriate can greatly improve the repatriation process. After their return, organizations should put effort in maintaining quality of interaction, being flexible in process, utilizing repatriates as trainers, personal and career counseling, relocation and financial assistance, and finally providing support to spouses and children.

The present findings in the literature may help expatriates and repatriates by providing some tactics for successful repatriation adjustment. On the other hand, these findings are also valuable for the organizations to increase the return on investment in expatriation. HR departments should realize their critical role in the repatriation process because current trends like globalization and "boundaryless career" increase the importance of organizational expatriation and repatriation practices.

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A STUDY ON THE PERCEPTIONS OF STUDENTS, FACULTY AND NON-TEACHING STAFF OVER THE INFRASTRUCTURAL FACILITIES OF TWO SELECT CENTRAL UNIVERSITIES OF INDIA

ABSTRACT

The university is the apex of educational system and the highest level of human capital development. Zaki (2008) reveals that in order to have quality in education, there are a number of things the institution should provide relating to physical policies, focusing on the infrastructure like buildings, labs, furniture, equipment, books, research journals etc. The study focuses on the infrastructures of two select central universities of India viz., Delhi University located in central India and Manipur University located in remote North East India. The study compares the infrastructures of the two select universities in terms of perceptions of three stakeholders of university system viz., students, faculty members and non-teaching staffs. The study finds that building infrastructure, ventilation, transport, canteen facilities needs to improve in Delhi University and laboratory, hostel and security facilities need to be improve in Manipur University.

Introduction

According to UGC report (2011-2012), India has 44 central universities, 286 State Universities, 111 State Private Universities and 129 Deemed Universities. University Grants Commission (India) governs the India's higher education system and it is the third largest higher education system in the world (after China and the United States). Higher education which is regarded as the backbone of any society needs to have a good quality, since it decides the quality of human resource in any country. Higher education allows students to upgrade the knowledge and skills as per the needs of the society. Ministry of Human Resource Development (MHRD), Government of India, Annual Report (2009-2010) states, "Education is not only an instrument of enhancing efficiency but also an effective tool of augmenting and widening democratic participation and upgrading the overall quality of individual and society".

India ranks 134th having a Human Development Index (HDI) value of 0.547 as per the HDI of United Nations Development Programme (UNDP), 2011. While in the same period, the HDI value of the world was 0.682, making India grouped among the countries with medium human development. India's Education Index was 0.232 in 1980 which has improved to 0.450 in 2011 (Chakravarty & Gupta, 2006; UNDP, 2011).

Problem Statement

The North East Region (NER) of India is a land with different ethnic groups, cultures, languages, religion, etc.

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comprises of eight states: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Sikkim. The region comprises of more than 220 ethnic groups and 440 distinct languages. With the various languages spoken in NER, in order to communicate between the people of this region, English is considered as one of the main languages. The region is having an international border (approx. 98%) with the neighbouring foreign countries like Myanmar, China, Bhutan and Bangladesh. In general, most of the NER is never at peace, facing socio-political unrest, insurgency, clashes among the ethnic groups, etc. According to Shimray (2006), "By and large the 'mainstream' population considers the Northeast a 'land of conflicts', but very few go beyond them to understand the situation that led to social and political unrest". In this competitive world, in order to develop a country, the higher education system of the region needs to be improved. NER having international borders with many countries, there is greater emphasis to be given to meet the standards as per the global scenario. National Academic Accreditation Commission (NAAC) report (2004) states, "Like any other sector, the education field also witnessed perceptible change in Northeast India after independence. There has been rapid increase in the number of higher education institutes in the region. The progress is quite satisfactory from the statistical point of view, but in quality perspective the performance need improvement." The educated young persons are large in number in the region. As compared to the other states in India, the higher education in NER is not up to the standards. In a study done by Kashung Zingram Kengoo (2012), it was found that the number of higher education institutions was expanding in numbers but the quality of higher education is lacking behind due to lack of attention in systematic planning. Lack in resource allocation like finance, infrastructure, educational facilities and poor administration leads to the degradation of the value of higher education in NER. Das (1974) and Heyneman and Loxley (1983) finds in a study that infrastructure is one of the important elements that contribute to the quality of school.

According to National Knowledge Commission Report to the Nation 2006-2009, great attention should be given to the elements of infrastructure such as libraries, laboratories, sports facilities, auditoriums etc., which supports the teaching-learning process, needs to be monitored and upgraded on a regular basis. To assess the availability of various policies programmes and facilities in higher education, there is an urgent need to access and find out from the students, faculties and staff about the awareness and utilization of facilities, as also to cross check the availability of the facilities in the institution.

The study compares the attitude of the students, faculty and non-teaching staff of Manipur University and University of Delhi regarding the infrastructure facility made available to them. The two universities are selected on the basis of their location and establishment. Manipur University (MU), located in Canchipur, Imphal, capital of Manipur, was upgraded as a Central University in 2005,

which was earlier a State University. There are about seventy-six colleges affiliated to Manipur University. The other university selected for study is University of Delhi, informally known as Delhi University (DU), a public central university located in Delhi, India, established in 1922, is one of the top ranking universities in the

country providing high standards in teaching and research. About eighty-three colleges were affiliated to Delhi University. According to India Today Ranking: Year 2014, University of Delhi is ranked as number 1. The University has been consistently ranked number 1 by India Today survey for many years.

Manipur University which is located in Manipur is situated in the northeast India and is a land with varieties of ethnic, language and religion. Imphal is the capital of Manipur which is also the largest city of the state. According to Census of India (2011), the total population of Manipur is 25,70,390 of which male and female are 12,90,171 and 12,80,219 respectively. Manipur is one of the least population density areas in the northeast India. The literacy rate of Manipur is 79.21 percent, in which the male literacy rate is 86.06 while that of female is 71.73. On the other hand, Delhi is the capital of India having a population of 16,787,941 as per census 2011. The comparison of the best university in the country with a new central university set up in the north east region.

Literature Review

To increase the quality of higher education systems, Williams (1993) argues that continuous quality improvement, staff and student participation, meeting customer needs and coordination is needed even if, these institutions are not market oriented. The place of study is attracted by the quality of service and student focus, which have a positive impact (Jie & Idris, 2009). The study was conducted for evaluating the general perception of postgraduate students on TQM in Malaysian universities and its effect on determining the attractiveness of the place of study. Another study shows that infrastructure is one of the important elements that contribute to the quality of school education (Das, 1974; Heyneman & Loxley, 1983). As commented by the Education Commission, the destiny of India is shaped in her classroom (NCERT, 1966). Teachers quality and the quality of education can be improved by introducing human resources practices in educational institutions, which was a suggestion made by Viswanathan (2007) after conducting study on total quality management in higher education showing the poor quality of higher education and suggestions for it (Viswanathan, 2007). Educational quality can be defined in a numerous different way differing from person to person. According to Sallis (2002) and Mukhopadhyay (2001), it is difficult to define the quality of services, especially quality of education, where consumers find difficult to come to a common consensus, however defining the quality of industrial products is an easy task (Sallis, 2002; Mukhopadhyay, 2001). A study conducted by Bagalkoti, Devi and Hegde (2006), found that students perception on quality in higher education varies from person to person and so does the society, government, parents and employers. The full involvement of students in learning is an important criterion to know the potential of total quality management in education, as the student plays an important role in the quality of their own learning (Schwartzman, 1995).

The level of satisfaction is influenced by the infrastructural facilities in the work place (Das, 1974; Uline, Wolsey, Tschannen, & Lin, 2010). Another study conducted by Zaki (2008) reveals that in order to have quality in education, there are a number of things the institution should provide relating to physical policies, focusing on the infrastructure like building, labs, furniture, equipment, books, research journals etc, human policies focusing on faculty, administration and staff development, and intellectual policies for improving research and curriculum, like the financial resources, which involves funds to carry on different projects and all other funds to run day to day affairs.

Objectives

In the light of the above discussions, the study lays down the following objectives

- a) To study the perceptions of students, faculty and non-teaching staff on the infrastructural facilities of two central universities.
- b) To offer suggestions in the light of the above objective.

Methodology

The study is empirical and the variables used are both quantitative and qualitative in nature. An attempt has been

made to study the infrastructure facilities available in two central universities where one is centrally located in Delhi and another remotely located in Manipur. The study is based on both primary and secondary data. The secondary data has been collected from the annual reports of the universities, journals and related websites. The primary data is collected from the post graduate students, faculties and non-teaching staffs of the select universities through self-administered questionnaires in order to study the quality of infrastructure made available to both the Central Universities. Sampling of the students, faculties and non-teaching staffs were carried out from each department of one school/faculty and non-teaching staffs from the administrative section were considered on the principle of random sampling method.

The satisfaction on infrastructural facilities is assessed using variables namely, building, lighting, ventilation, washroom, classroom structure, laboratory, canteen food, transport, hostel, sports ground, recreation, technology, room facility, parking space, security and drinking water (Alanis, Okunola, Tayo, 2008).

A well developed infrastructure plays an important in imparting quality education to an educational institution. The study is an attempt to assess the perceptions of the three segments of a university regarding infrastructure facilities. The infrastructure facilities have been defined by taking the variables of building, lighting, ventilation, washroom, classroom structure, laboratory, canteen food, transport, hostel, sports ground, recreation, technology, room facility, parking space, security and drinking water. The building itself has been considered as an important factor for perceiving the quality of the education which will be imparted. In the study of perception, the physical infrastructure is the first impression from where the perceiver assesses.

The following are the reasons for the selection of the variables which had been selected for the study. Some of the studies have shown a positive relationship between student achievement and behavior variables and building condition. Edwards (1992) and Cash (1993) studied on the basic building evaluation, comparing the results with student achievement scores and found a positive relationship between the two.

Human centric lighting in classrooms can have positive effects on mental health and learning. While several studies have shown that with higher luminance levels and higher color temperatures, pupils' and students' academic performance increased compared to standard lighting, some studies also report that with a reduction of light levels and lower color temperature a decrease in agitation and disturbance during lessons can be achieved.

In a study, conducted by the University of Tulsa's Indoor Program, it was found that the students in well-ventilated classrooms perform better on standardized tests than their peers who receive inadequate fresh air. Other researchers have found that improved air quality at schools leads to healthier students.

Schools and universities should have clean washrooms that are cleaned regularly to kill the germs and to prevent the spread of disease; if not clean, it can be a threat to the health of students and staffs. Clean toilets are indeed important to many visitors (Manning 1999), a fact that is consistent with Maslow's (1954) hierarchy of needs.

According to Tobin (1990) "Laboratory activities appeal as a way to learn with understanding and, at the same time, engage in a process of constructing knowledge by doing science". He further suggested that if students are given opportunities to manipulate equipment and materials to construct their knowledge of phenomena and related scientific concepts, a meaningful learning is possible in the laboratory.

Canteen is a great place to promote an enjoyment of healthy eating. Clean and good healthy food should be made available to enhance the student the ability to learn and get the information given in the class. The canteen must be in a safe and clean environment to prevent one from any food borne illness.

Transportation is an important part of a student's life that has to be used every day. In order to prevent absenteeism, transportation should be made very easy and accessible to the students. There may be many reasons why transportation is important to a student, one of which can be mentioned is that without proper transportation facility, it will be time-consuming for finishing everyday tasks and it may become difficult too.

Like any other facility, hostel facility is also one of the important needs of a student who stay far away from the

university campus. The hostel should be available to those who are willing to stay in the campus for direct relation to their studies.

The term recreation implies participation to be healthy refreshing mind and body. Some benefits of recreation are: it helps to relax, reduces stress, refresh senses, refills energy, social benefits, helps in achieving a peace of mind etc. A well maintained sports ground and other sports related facilities encourage the students to participate in various sports activity at various levels. A study done by Chao-Chien Chen (2006) provides an in-depth knowledge about the sports, recreation, and social activity. Chao-Chien Chen (2006) states that various types of sport and recreation participation teach participants to use techniques related to combating negative thoughts, visualizing positive situations, managing tension, learning to learn from past mistakes, developing self-discipline, and coping with stress. Smith believed that participation in college recreational activities increases student commitment to their institution and positively affects their academic performance (Antrobus, Dobbelaer & Salzinger, 1988).

An institution requires to be updated with latest technology to meet the fast challenging global world. The faculty should provide the students with information about the latest technology and should encourage them to use it. The possibilities are endless, when it comes to how the internet, computers, and other forms of modern technology can benefit your classroom instruction.

The faculty members should have a room of their own, with the required facilities and enough space. The classroom structure should be fair enough to have a sound teaching-learning process without any external disturbance. The physical space of the classroom should be organized to maximum safety, comfort and efficiency.

The faculty and the staffs should be provided with a parking space in order to park their vehicles in the university nearby the place of working area so that they can perform their duty in the prescribed time without any hurdle.

Security is the degree of resistance to, or protection from harm. It applies to any vulnerable and valuable asset, such as a person, dwelling, community, nation or organization. The faculty, staffs and students should feel secure inside the campus. If there is any fear from any external security in the nearby surrounding area, one cannot perform his duty freely with full potential.

According to World Health Organisation, access to safe drinking water is essential to health, a basic human right and a component of effective policy for health protection. Not only consumers have a right to information on the safety of their drinking-water, but they have an important role to play in assisting the authorities in an incident by their own actions and by carrying out the necessary measures at the household level.

The satisfaction on different variables of infrastructure may vary, on the basis of, whether the university is centrally located i.e. Delhi or remotely located like in Manipur. The students, faculties and non-teaching staffs of both the university were asked to give opinion on the infrastructure facilities through the self-administered questionnaire made differently for the above three selected groups. The opinions were marked on a five point Likert scale in three types depending on the questions. The scales used are as follows:

Worst (score 1), Poor (score 2), Average (score 3), Good (score 4), Excellent (score 5) Strongly Disagree (1), Disagree (2), Undecided (3), Agree (4), Strongly Agree (5) Extremely Dissatisfactory (1), Dissatisfactory (2), Undecided (3), Satisfactory (4), Extremely Satisfactory (5)

Findings

The findings of the study in terms of the perceptions of the students, faculty members and non-teaching staff regarding the infrastructures of their universities is presented in the following table 1, 2 and 3. Their perceptions are calculated on their responses of the perception regarding infrastructure.

Table No. 1: Perceptions on Infrastructure of Students of Manipur University and Delhi University

Variables	University	N	Mean	SE	t-value	Sig.
Building	Manipur	340	3.74	0.038	2.586	0.010
	Delhi	250	3.58	0.048		
Lighting	Manipur	340	3.92	0.043	0.362	0.718
	Delhi	250	3.94	0.057		
Ventilation	Manipur	340	3.98	0.043	3.249	0.001
	Delhi	250	3.77	0.054		
Washroom	Manipur	340	3.38	0.049	3.528	0.000
	Delhi	250	3.08	0.054		
Classroom Structure	Manipur	340	3.66	0.051	0.416	0.678
	Delhi	246	3.73	0.053		
Laboratory	Manipur	340	3.04	0.054	-6.220	0.000
	Delhi	238	3.59	0.062		
Canteen	Manipur	340	3.16	0.039	6.336	0.000
	Delhi	245	2.62	0.058		
Transport	Manipur	339	3.15	0.046	1.178	0.240
	Delhi	246	3.07	0.073		
Hostel	Manipur	334	3.33	0.038	-1.227	0.221
	Delhi	229	3.45	0.060		
Sports	Manipur	340	3.37	0.043	-2.630	0.009
	Delhi	242	3.56	0.064		
Recreation	Manipur	337	3.25	0.050	-0.854	0.394
	Delhi	242	3.17	0.063		

Source: Survey

The above table no. 1 shows a comparative study on the infrastructure facilities available to the students of Manipur University (MU) and University of Delhi (DU). From the table, it finds that there is a statistically significant difference in the satisfaction in terms of the facilities such as building, ventilation, washroom, laboratory, canteen and sports facilities ($p < 0.05$). The laboratory facility is found to be better in Delhi University with the score of 3.94 in comparison to Manipur University with 3.92, t -value -6.220 and sports facility where the t -value is -2.630, since it has a negative value it is found that the students of DU are more satisfied than the students of MU. In the facilities like building, ventilation, washroom and canteen, the students of MU have more positive feedbacks than the students of DU. According to the students, the building of Manipur University is found to be better with the score of 3.74 in comparison to Delhi University with 3.58, t -value 2.586. Likewise, the score for ventilation of MU is 3.98 and that of DU is 3.77, t -value 3.249, the mean score for washroom of MU is 3.38 and that of DU is 3.08, t -value 3.528, and the score for canteen of MU is 3.16 and that of DU is 2.62, t -value 6.336, where we can see that the students of MU have a positive feedback about the above variables than that of DU. The scores for lighting and classroom do not have much difference, but it is slightly in favour of Delhi University, on the other hand the scores for transport and recreation show that it has a slight positive feedback for Manipur University.

Table No. 2. Perceptions on Infrastructure Facility of Faculty of Manipur University and Delhi University

Variables	University	N	Mean	SE	t-value	Sig.
Building	Manipur	30	3.80	0.101	3.195	0.003
	Delhi	45	3.13	0.129		
Lighting	Manipur	30	4.20	0.074	1.904	0.067
	Delhi	45	3.78	0.123		
Ventilation	Manipur	30	4.13	0.063	3.084	0.004
	Delhi	45	3.56	0.125		
Washroom	Manipur	30	3.23	0.133	1.191	0.243
	Delhi	45	2.82	0.143		
Classroom Structure	Manipur	28	3.93	0.170	2.209	0.037
	Delhi	43	3.37	0.156		
Laboratory	Manipur	28	3.43	0.140	1.968	0.012
	Delhi	40	3.05	0.156		
Technology	Manipur	30	3.70	0.167	0.320	0.752
	Delhi	45	3.53	0.126		
Room facility	Manipur	30	3.60	0.156	-0.158	0.876
	Delhi	45	3.60	0.107		
Parking space	Manipur	29	3.31	0.165	0.153	0.879
	Delhi	38	3.21	0.137		
Security	Manipur	30	3.80	0.147	-0.226	0.823
	Delhi	45	3.87	0.068		

Source: Primary data

other facilities such as lighting, washroom, laboratory, technology and parking space, the faculty members of MU have a slight positive feedback as compared to that of DU. However, the room facility for both the university got the same score from the faculty members. In terms of security, the faculty of DU feels safer within their campus vis-a-vis security measures provided by the authority as compared to MU.

Table 3. Perceptions of Infrastructure Facility of Non Teaching Staffs of Manipur University and Delhi University

Variables	University	N	Mean	SE	t-value	Sig.
Building	Manipur	60	4.20	0.082	1.949	0.56
	Delhi	60	3.97	0.098		
Lighting	Manipur	60	3.92	0.087	-3.169	0.02
	Delhi	60	4.32	0.094		
Washroom	Manipur	60	3.42	0.120	-0.326	0.754
	Delhi	60	3.48	0.146		

Variables	University	N	Mean	SE	t-value	Sig.
Recreation	Manipur	54	3.13	0.112	0.686	0.496
	Delhi	54	3.06	0.174		
Drinking water	Manipur	60	3.00	0.124	-0.774	0.442
	Delhi	60	3.17	0.178		
Parking	Manipur	60	3.42	0.096	-0.814	0.4169
	Delhi	60	3.55	0.135		

Source: Primary data

From the above table no. 3, in which a comparative study is carried out on the infrastructure facilities available to the non-teaching staffs of Manipur University and University of Delhi, it is found that there is a statistically significant difference only in lighting facility ($p < 0.05$), better in Delhi University, with the score of 4.32 in comparison to Manipur University with 3.92, t-value -3.169. In the other facilities such as washroom, drinking water and parking space, the non-teaching staffs of DU gave a slight positive feedback as compared to that of MU. The building facility is better in Manipur University, with the score of 4.20 in comparison to Delhi University with 3.97, t-value 1.949. Likewise the recreation facility for non-teaching staff is slightly better in MU as compared to DU.

Discussion of findings

On the perception of the students, faculty members and non-teaching members of the two select central universities, it is found that both the universities have the favorable as well as unfavorable perception of the infrastructure facilities.

The study finds that in regard to the perception of the students of Manipur University and Delhi University that in areas of building, ventilation, washroom, laboratory, canteen and sports facilities there are significant differences in terms of satisfaction. The laboratory facility is better in Delhi University in comparison to Manipur University. This is due to the fact that it is centrally located and suppliers are available in Delhi itself. Secondly, the latest technology is easily available. The t value of -2.630 also indicates that the respondents of Delhi University are more satisfied with the facility. The facilities of building, ventilation, washrooms and canteen are more satisfactory in the perceptions of the respondents. The reasons could be due to the following factors. In terms of building, Delhi University's buildings are old in comparison to Manipur University as Delhi University was established years ahead of Manipur University. Manipur University has been recently converted to Central University and buildings have been constructed in this decade only. In terms of ventilation, Delhi University is of old structure, as well as being located in a metropolis and buildings are congested. Meanwhile Manipur University is built in a wide open space among paddy fields. The buildings are widely spaced and clean air is available. Washrooms are also part of the building infrastructure which is related to in terms of maintenance and availability of water and cleaning staff. The number of canteen facilities in Manipur University is more in comparison to Delhi University. In terms of transport Manipur University is better due to location of the university on national highway and availability of private transport vehicles. Delhi University fares better in terms of sports facilities due to the fact that stadiums were built when National Games were held in the campus as well the admission of national level as well as international players in the university who uses the facility for their practice sessions. The infrastructure facilities of sports of Manipur University are limited to an indoor stadium for badminton and two football grounds.

Table no 2. shows the perceptions of the faculty members regarding infrastructure facilities of both the universities. The faculty members felt that the variables of building, ventilation classroom structures are better in Manipur University in comparison to Delhi University. This may due to new buildings of Manipur University

while Delhi University has mostly old buildings. The findings are closely related to the perceptions of the students. The degree of satisfaction is more or less same regarding the facilities of lighting, washroom, laboratory, technology and parking space. The faculty members of Manipur University have a slight edge due to the open spaces where the university is located and so the difference in perception occurs. The security aspect is a different case as the study finds that Delhi University is more secured. This may be due to the fact it is located in the capital of the country and security is beefed up 24 hours due to unforeseen threats. Meanwhile Manipur University is located in a state which has innumerable insurgents operating in the state and cases of attacks in the campus by underground outfits have been recorded. Because of these reasons, in terms of security, Delhi University fares better than Manipur University.

The non-teaching staffs are also an important ingredient of the university. Their perceptions regarding infrastructure facilities had been presented in table no. 3. The building facility is found to be better for Manipur University which is due to the newly constructed building. In terms of facilities like washroom, drinking water and parking space Delhi University perceives better which is due to the following reasons. Washrooms are maintained by the administration and since its maintenance is looked after by the non-teaching staffs. Drinking water facilities are better in Delhi University as Delhi is hotter place in comparison to Manipur. Water is required to be consumed time to time due to the heat in Delhi. Therefore drinking water facility is better equipped in Delhi University than in Manipur University. Another factor could be that the facility is looked after the non-teaching staff. Finally parking space is better in Delhi University as it is separately allocated for non-teaching staff. It is not so good in Manipur University as the space provided is less in comparison to teaching staffs' parking space.

Conclusion

From the findings there are some theoretical and practical implications for the perceptions of the infrastructural facilities of two central universities. Students' perceptions are dependent on their level of cognition in terms of awareness and level of satisfaction with the available infrastructure facilities. The need for buildings, ventilation, drinking water, sports facilities and so on in a university system cannot be over-emphasised. These are very much required for a healthy university to conduct one's academic work.

Some of the issues needs to be attended to the both select universities. The requirement of laboratory and sports facilities in Manipur University is current requirement. Laboratory for the sciences is the essence of the academic development in research and development. Secondly, Manipur is considered to be a sports powerhouse but the facility provided by the university is dismal. It could be a fertile ground for producing national and international players. This also implies that the institution has failed to cater the needs of the students in terms of physical and mental needs of the students. In terms of the security measures, Manipur University needs a more robust system of security for the faculty members. The security plays an important role in retaining the human resources who are the primary requirement for a good university.

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BUSINESS ENVIRONMENT IN ITALY: A GLOBAL PERSPECTIVE

ABSTRACT

Italy has long been touted as the mecca of high end sports cars, firearms, and clothing designers. This research aims to investigate, evaluate and analyse the business environment in Italy. The research focuses on five companies that exemplify the idea of Italian business are Lamborghini, Maserati, Benelli, Beretta, and Giorgio Armani. Of those five, there are similarities that can be attributed to their conception and birth in the country of Italy. A descriptive analysis of various sources of data has been consulted to provide Italy's country analysis in regards to its general business and economic landscape, cultures, legal and demography. Subsequently, and to gain a better appreciation for specific business issues and future developments.

Key Words: Business Environment, Economic Landscape, Cultural Environment, Legal And Demographic Environment, etc.

Introduction

Italy has long been touted as the mecca of high end sports cars, firearms, and clothing designers. Italy is an interesting market and offers many good business opportunities in sectors such as life sciences, information and communication technologies, renewable energies, high quality consumer goods, high tech design and engineering products just to name a few. In fact, North American businesses look at the Italian market with great interest but also with a degree of skepticism and concern since they find difficult to understand how the country operates. Italian culture, its business environment, and the regulatory and legal requirements are certainly very different from their American counterparts, and it can be challenging for any foreign company to understand how to achieve its business goals in Italy.

Objectives of the study and Research methodology

In the present research work, the researcher has tried to analyse the business environment in Italy from a global perspective. A descriptive analysis of various sources of data has been consulted to provide Italy's country analysis in regards to its general business and economic landscape, cultures, legal and demography. Subsequently, and to gain a better appreciation for specific business issues and future developments, five of the largest companies in Italy are reviewed to highlight their current and future strategies to succeed in this rapidly

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evolving competitive landscape. Five companies that exemplify the idea of Italian business are Lamborghini, Maserati, Benelli, Beretta, and Giorgio Armani. Of those five, there are similarities that can be attributed to their conception and birth in the country of Italy.

Country Overview:

Population

In July of 2014, Italy's population was estimated to be 61,680,122 people (The World Factbook, 2014). Ranked 171 out of 233, the Italian population is growing at a slower rate than most other countries. Italy's population is comprised of a variety of age groups, the largest of which is 25 - 54.

Age Range	Percentage
0 to 14 years	13.8%
15 - 24 years	9.8%
25 - 54 years	43%
55 - 64 years	12.4%
65 years and over	20.8%

(The World Factbook, 2014).

Location

The country of Italy is located on the southern tip of Europe. It is surrounded on three sides by water, and boasts access to the Mediterranean Sea, the Tyrrhenian Sea, the Ionian Sea, and the Adriatic Sea. The capital city of Italy is Rome, which sits on the central portion of the East Coast of the peninsula.

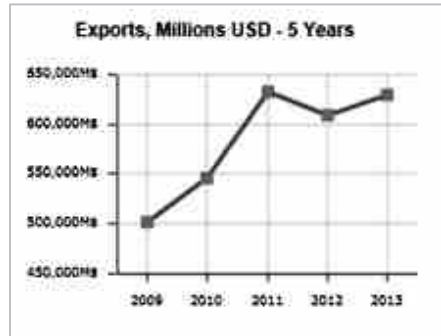
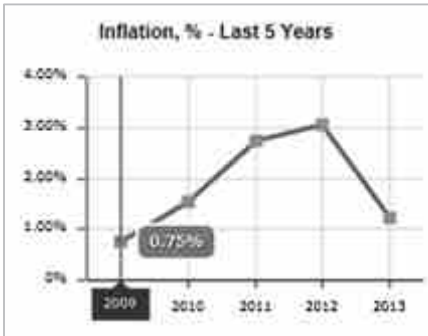
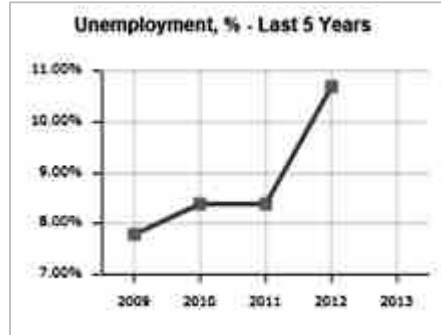
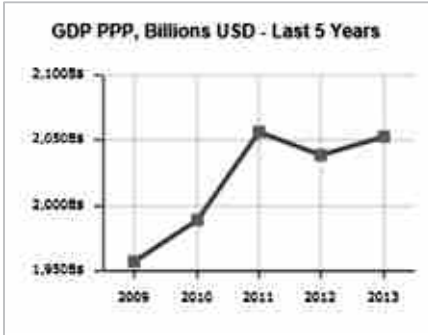
Geography

The peninsula of Italy is home to a wide variety of terrain; it contains mountains, plains, and coastal areas. There are 7,600 km of coastline in Italy. Perhaps the most famous part of Italian geography is the abundance of water. Due to the existence of water in the city of Venice, transportation from place to place is achieved by boat or gondola through a series of canals in the city (Corks, Canals, & Carpaccio, 2013). The northern portion of the country is rugged and mountainous, while the southern half contains plains, lowlands, and coastal areas.

Economy

The economy in Italy is diverse, but is not in the best of shape. The north side is primarily industrial, while the south is based more in agriculture. The Gross Domestic Product (GDP) in 2013 was sitting at \$2,052 billion. These

charts illustrate some of the issues in the Italian economy. Unemployment is rising, and both exports and GDP took a hit in 2012 but partially rebounded in 2013. Italy's top 3 trade partners are currently Germany, France, and the United States (Italy: Economy, n.d.).



Of the export companies, there are a handful who seem to have weathered the financial crisis better than most others. Companies like Maserati and Benelli have used their global activities to temper the effects of the downswing in the Italian economy.

Financially, the country has not yet recovered from the world-wide financial crisis earlier in the decade. According to the Economist, "the number of companies saying that access to finance is their biggest problem and has been increasing over the past two years, even as it has been falling in places like Germany" (Neither Borrowers, 2014).

Italy is also infamous for its highly developed circles of organized crime. The Italian mafia has been romanticized by American media but is a very real part of the Italian economy. Marco Venturi, the president of Confesercenti, explains that "during this financial crisis, mafia organizations are the only businessmen able to invest", and goes on to say that "small and medium-size businesses are the main victims of rackets, loan sharking, and robberies by organized crime that generate 140 billion euros a year of which 100 billion are extracted from companies" (Natanson, 2012).

Political Profile :

Government

Italy is a democratic republic that is segregated into provinces with semi-autonomous power. The governing

body itself is set up in a similar fashion to that of the United States, and contains a parliament made up of a Chamber of Deputies and a Senate. The Chamber of Deputies is comprised of 630 individuals, while the Senate is made up of 315 elected individuals, the previous presidents, and a handful of other people who have been appointed for life (Italy: Government, n.d.).

The president of the Italian republic serves a 7 year term, and is elected by the parliament. The Prime Minister is chosen by the president (Italy: Government, n.d.).

Social Structures

Historically, Italy had a hierarchical social structure that contained two classes of free citizens and a class of slaves. While there is no longer slavery in Italy, there are still six distinct classes that make up the population as a whole.

Class Rank	% of Working Population	Description
Bourgeoisie	10%	High-class entrepreneurs, managers, politicians, and self-employed citizens.
White-collar middle class	17%	Middle class workers not employed in manual work.
Urban petit bourgeoisie	14%	Shopkeepers, small-business entrepreneurs, and self-employed artisans.
Rural petit bourgeoisie	10%	Small entrepreneurs or estate owners who operate in the countryside, mainly in agriculture and forestry.
Urban working class	37%	People employed in manual work.
Rural working class	9%	People operating in the primary industry, such as farmers, loggers, and fishermen.

(Social Class, n.d.)

Cultural Profile:

Family Life

Traditionally, large families were an integral part of the Italian social structure. While the trend of large immediate families has decreased in recent years, Italian families are still deeply involved with their extended families (Italy VS United States, n.d.).

Beliefs and Values

Catholicism is deeply rooted in Italy, and the Catholic belief system visibly manifests itself throughout the country. Patron saints are numerous, and many businesses and homes have symbolic decorations displayed. Italy is home to some of the world's most famous churches. Many of the famous churches in Italy have roots that date back to the Renaissance days, and have ornate carvings, art, and architecture. Perhaps the most famous is Saint Peter's Basilica in Rome, which was rebuilt by famous men of the Renaissance like Michelangelo, Bramante, and Bernini (St. Peter's Basilica, n.d.).

Culture

Italian culture is deeply rooted in tradition and entails embracing and kissing upon greeting people. Looking into a person's eyes and touching them while speaking is considered polite. Dignity is paramount, and personal appearances are very important (Italy, n.d.).

In addition to personal appearances, social stature in Italy is also measured by material things. This might be one of the reasons that Italy produces some of the finest merchandise in the world.

Future Outlook:

Effectiveness of Global Processes

Even the most successful Italian businesses have gone through more than their fair share of trials and tribulations. The tumultuous nature of the political and economic landscape of Italy makes the business world a maze that is difficult for even the most determined or experienced business owners to navigate. Exports like food, cars, guns, clothing, and accessories make up a large percentage of Italian exports, but the processes by which those exports are delivered is murky.

Global Potential

Italy has proven that it produces high quality goods that are in demand all over the world. Some of the most famous brands world-wide originate in Italy and include Lamborghini, Maserati, Benelli, Beretta, and Giorgio Armani (ItalBrand, 2011). Italy has incredible global potential, and will continue to infiltrate the global market with high quality, luxury products.

Italy's Global Industries:

Automobiles

One industry that has helped to put Italy on the map of the global marketplace is the automobile market. Italy is one of the top five manufacturers of automobiles in the world, and Italian cars "enjoy a reputation worldwide for design and speed" (Italian Cars, n.d.).

According to Investopedia, the automobile industry is highly capital and labor intensive. What that means is that in order to be successful in the automobile market, a company must both have money to spend, and be willing to spend it. Italian car manufacturers fit the bill nicely, and Lamborghini and Maserati are two perfect examples.

Firearms

Another of Italy's most prominent global markets is firearms. While firearms are a topic of considerable controversy all over the world and in the United States in particular, Italy's contribution to the industry is nothing less than professional. Beretta, for example, enjoys a 55% market share in the US gun market (Webb, 2010). A share that size speaks for itself in terms of how well Italian companies are performing in the global marketplace.

Clothing

Italian clothing is sold all over the world and has a reputation of being stylish, expensive, and exclusive. While the fashion industry took a hit with the economic downturn that most of the world experienced in the mid-2000s, Italian designers managed to weather the storm better than most.

According to Nicola Misani, "Italian companies grew faster than the rest" during that period of economic turmoil (In 2012). The fashion industry continues to focus on style and beauty, and Italian designers seem to capture the essence of fashion with a dramatic flair.

Global Companies in Spotlight:

Lamborghini

HISTORY. Lamborghini was founded in 1963 by Ferruccio Lamborghini. Ferruccio was a wealthy businessman who was dissatisfied with the quality of the Maserati and Ferrari automobiles. It was this dissatisfaction that led him to develop the Lamborghini automobile company. In 1987, the company was taken over by Chrysler. Chrysler, however, did not move the company to the US as one might initially suspect. Instead, Chrysler chose to retain the

Italian team and continue to manufacture automobiles of Italian design (History, n.d.).

The gold and black Lamborghini logo, which is now recognized worldwide, contains a bull to represent consistency, power, and fortitude (Lamborghini Logo, n.d.).

Company Culture. Lamborghini has an extensive Ethics Code that includes policies on how to handle staff, employment, corruption and illegal payments, and relationships with external clients. In addition, Lamborghini also adheres to "a model of corporate governance which complies with all relevant national and international rules" (Company Profile, n.d.). The company has a policy on quality which says that "the name Lamborghini means quality, reliability, and technical excellence. We from Lamborghini measure our success in terms of:

- Customer satisfaction
- Staff satisfaction
- Quality of products
- Quality of processes
- On-time delivery
- Productivity
- Effective integration into the Group" (Company Profile, n.d.).

Future Focus. Lamborghini is a company that is looking to the future and planning a strategy that will allow it to remain one of the most coveted automobile brands. Stephan Winkelmann, President and CEO of Lamborghini, expresses three main factors that will affect the global automobile industry. These factors are:

- The size of the total worldwide market
- The organization of automobile companies and brand groups
- CO2 emissions issues and regulations (Curti, n.d.).

Going forward, Lamborghini plans to maximize turnover and margins in order to see the largest return on investment possible. Even though the market for luxury cars is complex and competitive, Lamborghini is situated perfectly to excel in the future (Curti, n.d.).

Maserati

History. Carlo Maserati began the journey that would eventually lead to the Maserati automobile company by adding a single cylinder engine to the chassis of a wooden car in the early 1900s. Soon after, he was picked up by Fiat as a test pilot. One of the most notable traits of Carlo Maserati was his obsession with speed. In 1907, he moved to Bianchi to race. His brother, Alfieri, took over Carlo's dream in 1910 when Carlo had to withdraw due to a lung condition. As time went on, the Maserati brothers contributed to a variety of industries, some of the more notable to include engine development, aeronautics, and spark plugs (100 Years, n.d.).

The Maserati logo (pictured below) came into play in 1920 as a creation of another Maserati brother, Mario. The trident in the Maserati logo is a taken from the statue of Neptune in Piazza Maggiore, and is a symbol of strength and vigor.

Additional achievements in the racing arena gave Maserati credibility and prestige. In 1926, a Maserati car driven by Ernesto Maserati won a race in which he broke 167 km/h. In 1929, a Maserati car set a world record for completing a 10 kilometer race with an average speed of 246.069 km/h. Soon, Maserati creations were being used in global racing events, such as the Indianapolis (100 years, n.d.).

Company Culture. Maserati's objectives are quality and innovation, which tie directly into the culture of the company. The culture inside the company continues to be one that focuses on process improvement, cutting edge technology, and outrageous innovation. Customer service is also high on the list of important aspects. Even

though Maserati now has offices and partnerships with dealerships all over the world, it continues to be, at heart, and Italian company. Its headquarters remain in Modena, Italy, and the Italian values that made Maserati what it is continue to be a big part of Maserati's culture (Maserati, n.d.).

Future Focus. Maserati continues to offer top-of-the line luxury sports cars, and plans to make a big splash in 2014 with the introduction of the all new Alfieri. The Alfieri (pictured below) is named after one of the company's founding brothers, and is "reminiscent of classic sports cars from the company's past" (Maserati Says, 2014).

By offering exclusive luxury sports cars that have stood the test of time, Maserati has created an image of style, elegance, quality, and performance. According to the company itself, "Maserati is an extremely dynamic and future-orientated company, recognized and admired throughout the world for being synonymous with style, elegance, quality, and performance. This reputation is the result of the passion and dedication displayed by those who built the marque and are the past, present, and future of our company" (Maserati, n.d.).

Benelli

History. Benelli got its start in 1967 in Pesaro, Italy. The Benelli brothers, who owned a motorcycle company, came up with an idea that the future of hunting would include semi-automatic shotguns. Thus, the first semi-automatic shotgun was born. In 1983, the company was acquired by Beretta, who continued to capitalize on the Benelli reputation of quality and performance (Benelli History, n.d.).

There have been several key milestones in Benelli history, some of which are detailed in the following table :

Year	Achievement
1998	Benelli earns a contract with the U.S. marine corps to manufacture the M4 rifle to use in combat.
2002	Benelli expanded its production to include rifles.
2007	Benelli acquired all rights to the Franchi trademark
2007	Benelli reached a milestone of 2 million shotguns in 40 years of production.

Benelli has been around more than 40 years, and in those forty years has built a name that means quality in the world of guns.

Company Culture. One of Benelli's primary values is tradition, and that tradition has family ingrained into it. When Benelli was purchased by a Chinese firm in 2005, many worried that the company would see drastic changes in the way it was run. However, the Chinese owners recognized the value of the traditional Benelli process and continued to run the company in the same way that it was run when they bought it (Benelli - Family Matters, n.d.).

Future Focus. Benelli's goal is to produce quality firearms that are both functional and aesthetically pleasing. According to the company website, "Benelli's management style and company philosophy have become recognized as models of efficiency, professionalism and innovation, capable of deriving maximum benefit from constantly developing design capacity, highly qualified human resources and advanced technology" (Benelli History). By employing quality people, complying with a sound business process, and investing in innovation, Benelli has the means by which to remain a frontrunner in the world of firearms.

Beretta

History. Like Benelli, Beretta has deep Italian roots. Beretta, however, was in business long before Benelli was even a concept. In fact, Beretta was the first Italian firearms maker. In the early 1500s, Beretta began producing weapons for the Republic of Venice. In the early 1900s, Beretta modernized itself and began using manufacturing methods to simplify and speed up production (World of Beretta, n.d.).

One of the most notable things about Beretta is that it began as a family business and is still a family business.

Jacopo Beretta passed his business down to his son in 1550, and from then on it has been passed from generation to generation. Today, Ugo Gussalli Beretta and his sons continue the Beretta traditions (World of Beretta, n.d.).

Company Culture. "Quality without Compromise" is the core value in the Beretta company. This value was created by the man who started it all. Bartolomeo Beretta established the "Quality without Compromise" logo in the 1500s, and it has remained intact to this day (World of Beretta, n.d.).

Recently, Beretta has been given an opportunity to display its core values for the public eye. Maryland, a state that enjoyed many jobs created by Beretta, passed a gun law that restricted the sale of several models of Beretta guns. Ugo Gussalli Beretta, who was planning on expanding Beretta's production in Maryland, responded with a fiercely Italian letter.

"In return for our investment in jobs, facilities and assistance to the local economy, we ask for respect and a supportive business climate.

We deserve such respect. We make the standard sidearm for the U.S. armed forces. We also make firearms that police and consumers use to save their lives and the lives of others.

We also make sporting firearms that are enjoyed by tens of millions of people worldwide, from Olympic shooters to weekend hunters.

Our business has grown in recent years, and because of that, we needed to expand production in our U.S. facility, located in Accokeek, just outside of Washington, D.C., in the Maryland suburbs.

Unfortunately, as we were planning that expansion, Maryland's governor and legislature voted in favor of new regulations that unfairly attack products we make and that our customers want.

These regulations also demean our law-abiding customers, who must now be fingerprinted like criminals before they can be allowed to purchase one of our products.

We have seen these types of legislative proposals in Maryland before, and they never seem to reduce crime. Maybe this is because the proponents of such legislation blame the product instead of human misconduct.

But in any event, because of these new restrictions and the pattern of harassment aimed at lawful firearm owners we have seen in Maryland over the decades, we decided to expand our facilities in a state that shows more respect for citizens who exercise their Second Amendment rights" (Beretta CEO, 2014).

An unwillingness to compromise fits right in with the centuries old Beretta core value of "Quality without Compromise", and is a perfect illustration of the Italian culture that Beretta was born into.

Future Focus. Beretta remains an uncompromising beacon of superb quality in the gun world, and has not strayed from its roots. Even though the company enjoys global visibility, production, and sales, the core values that were in place 500 years ago are still going strong.

Going forward, Beretta plans a \$45 million expansion in Tennessee that will create 300 new jobs for American citizens. As for why Beretta chose Tennessee for its newest mega-expansion, Jeff Reh, of Beretta USA, said "We started our search by looking at only those states that we felt had a consistent history and likely future history of support for second-amendment rights" (Potter, 2014).

Giorgio Armani:

History. Giorgio Armani is an Italian fashion designer who has made a big name for himself in both local and global cultures. Armani products began with a simple clothing line for both men and women. Since then, an accessories division has been added to offer an extensive line of accessories and perfume (Giorgio Armani, n.d.). The Armani brand originated in 1970 and has enjoyed wide success in the designer clothing market since. A few key milestones in the company's history are listed in the table below.

Date	Milestone
1970	Giorgio Armani establishes himself as a freelance designer.
1975	Armani and Sergio Galeotti establish Giorgio Armani, S.p.A.
1978	Armani enters licensing agreement with GFT.
1979	Giorgio Armani Corp. is established in the United States.
1980	American Gigolo brings Armani fashions to the big screen.
1985	Giorgio Armani becomes sole owner of firm after Galeotti's death.
1989	Armani begins acquiring control of its factories.
1991	A/X store opens in New York.
1997	Collezioni Giorgio Armani stores open in Milan, London, and Tokyo.
2000	Armani opens \$73 million Milan megastore during 25th anniversary year.

(Giorgio Armani, n.d.)

Company Culture. The Armani company has a culture that is explicitly grounded in corporate responsibility. According to the Armani Exchange website, "As a global leader in the fashion industry, Armani Exchange believes that how we work is just as important as the work itself. We strive to ensure that our merchandise is manufactured in a responsible manner, and our standards and systems continue to evolve to reflect those expectations for ethical labor practices and environmental control" (Corporate Responsibility, n.d.). The site goes on to detail policies on discrimination, child labor, and safe working conditions. Clearly, a fair work environment is a prime focus for Armani.

The Armani group also has a very well developed policy for social responsibility and sustainability. The Armani website outlines the importance of environmental, social, and economic sustainability. Giorgio Armani is one of a handful of manufacturers that commits to zero discharge, meaning that the company vows not to eliminate all hazardous chemicals from its production lines by January of 2010 (Social Responsibility, n.d.).

Future Focus. A notable fact about the Armani brand is that Giorgio Armani has remained the sole shareholder of the company throughout its tenure. For this reason, the future of the Giorgio Armani brand is tied directly to the wishes of its founder and shareholder. Since Giorgio Armani turned 80 years old in July of 2014, the future of the company is something that will inevitably have to be dealt with in the relatively near future.

In an interview with Daniela Morera, Giorgio Armani is unsure of what to do with the company, and says "My fear? To have to make an urgent decision. I know that people who have been closely involved with my work for many years are terrified of having to answer to someone else, someone who is not me, and that it won't be me to help them in their problems. This is my real problem" (Morera, 2014). It is clear that Giorgio Armani is not taking the future of his company lightly, and is struggling in coming up with the best plan for succession. According to Morera, Giorgio Armani represents "the very essence of Armani: clarity, elegance, discretion, integrity, and substance" (Morera, n.d.).

Conclusion

Despite the differences in products, practices, and origins, all of the companies discussed have two things in common:

- They have all expanded to become major players in the global market.
- They are deeply Italian, and have retained traditional Italian values and roots.

To become successful in the global marketplace, each of these companies have taken traditional Italian business practices and mixed them with the ingenuity and perseverance that it takes to move a product global. In return, they have benefited by having a more diverse portfolio of offerings which has allowed the companies to withstand the economic and political storms that sporadically plague both Italy and the rest of the world.

Lamborghini and Maserati are known throughout the world as manufacturers of prestigious, luxury vehicles, and the sheer mention of either brand creates a vision of an expensive, privileged lifestyle. It is that image that carries Lamborghini and Maserati beyond the threshold of what most automobile manufacturers achieve and puts them in a league of their own.

Benelli and Beretta both began as a simple, modest endeavor. However, Italian family values and dedication to hard work have put both gun manufacturers on the map for quality, beauty, and performance.

Italy is home to a variety of fashion designers, but none are more well-known than Giorgio Armani. Giorgio Armani created a multi-billion dollar company by employing a shrewd business mind and a calculating eye for fashion and current trends.

Italy is a country of great beauty, and that beauty has been ingrained in the minds of the Italian people as a thing of value. Whether they create cars, guns, or clothing, aesthetics are one of the foremost considerations. Because of that, Italy produces goods that supersede their geographical origins and truly become world class.

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IMPACT OF ENERGY REFORMS IN FERTILIZER MARKET IN MEXICO

ABSTRACT

Energy reforms will bring about major changes in the economy of Mexico, mainly due to the introduction of domestic and foreign-in the exploitation and marketing of petrochemical products-both private initiative. The fertilizer sector is undoubtedly one of the most affected by this approval. The measures agreed within this reform will directly impact domestic production, the quantity of imports and, above all, the demand for these products. The aim of this paper is to analyze the current and future situation of the sector, in order to study the economic impact of this reform and alternatives concerning the present situation live existing and emerging companies in this market.

Key words: Fertilizers; Mexico; Energy reform.

JEL. D43, M21, D47

1. Introduction

The world population has undergone major changes throughout its existence. However, it is about to face one of the toughest challenges never before experienced by the human race, the overpopulation of the planet. It faces a global cycle that will bring social and economic complications, visible mainly in countries with weak economies with high rates of poverty and marginalization issues. This paper focuses on the amount of food shortages, and economic impact on Mexico of one of the main alternatives taken by global organizations to counter this imminent problem: Chemical fertilizers.

According to studies by the United Nations Organization, the world population in

2011 was 7 billion people. By the year 2050 is estimated to be approximately 9.1 billion people that will be on the planet. Much of this phenomenon will be led by developing countries, which suffer the height of the demographic transition and the ravages of this phenomenon will effect within 30 or 40 years.

In aspects of agricultural production, according to the same UN study, is expected to meet global demands have to increase production by 70%. However, developing countries- including Mexico-will have to increase productivity by 100% in order to meet local demands (Gauchin, 2013). The biggest challenge in the coming years for the Mexican agricultural sector is to supply food for a growing population. But what measures must be implemented to increase the level of production in a country that urbanization reduces its surface area available for cultivation every day? Fertilizers are called to be the pioneers of this great revolution and played a significant role in boosting the productivity of crops.

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2. Background

According to the International Association of Fertilizer Industry (IFA for its acronym in English), the global consumption in 2012 recorded a figure of 176.1 million tons, of which 61% were of nitrogen fertilizers, 23% phosphate and 16% of potash. In the same article the IFA estimates that by 2018 there will be an increase in the average annual rate of fertilizer use and consumption of 1.8%; of which 3% is nitrogen, phosphate and 1.5% for potassium.

In Mexico, the manufacture of fertilizers wins big ups and downs over time. Since its privatization and opening to competition in 1991, domestic production remained on the rise until 1997, year in which the State has restricted natural gas. This year 2006 registered a steady decline. However, since 2007, fertilizer production has had a substantial growth. Only 2009 registered decline by the economic crisis in our country. This growth was because of the need for this product in agricultural activities and various actions taken by the government to promote this market (Sagarpa, 2013).

Fertilizers play a key role in agriculture, as these contribute to the improvement of crop productivity by providing nutrients needed for productive development (Rosso, 2011). Also, with technological and scientific advances in the study and manufacture of fertilizers, industry has created new products that not acidify the soil and increase its productive life expectancy (García, 2014a, b). This can raise the quantity and quality of crops, while cares floor and extends its production cycle, which is reflected in an increase in the returns to land.

Mexico is a country rooted in and dependent on primary activities. Although agriculture has been somewhat unprotected in recent years by the state, it has continued to be an important source of national income. According to the World Bank, the contribution of agriculture to GDP has hovered between 3 and 4% between 2009 and 2012. Moreover, it is a country that accounts for a considerable proportion of rural population. This means about 26 million people, equivalent to 22% of the national population (World Bank) live in rural areas in México, mostly living upon agricultural activities.

A. Market structure

The fertilizer market in Mexico has oligopolistic structure with a tendency to perfect competition. A small number of manufacturers and dealers covering much of the domestic market and cater to millions of farmers. However, this oligopoly has not been able to meet the total demand of the country, so the competition between small and emerging companies for the residual market is becoming stronger (Ruiz Funes, 2010).

This structure, together with the national demographic situation and estimates of agricultural production and consumption have increased the chances of entry of new firms, since almost half of the demand in the country have to be supplied by foreign fertilizer. Firms in oligopolistic markets are characterized by positive benefits due to having market dominance. In the fertilizer sector, this has meant that new companies have entered the market. In the next 20 to 40 years, is expected to increase the demand and the market get extended, increasing the profits of existing firms and encouraging the entry of new firms.

The fact that leading companies in the market have failed to supply the domestic demand can be mainly for three reasons. First, productive capacity of enterprises, yet implemented all production resources, not enough to produce 4 million tons that consumers demand. Second, the main objective of a company is unable to meet market needs, but to maximize its profits. The dominant firms in the market probably have achieved this goal without worrying about remaining demand. If companies want to increase their production levels and get higher proportions of markets would then have to invest in new production factors to avoid falling into diminishing returns.

Finally, the cost of production is very high compared to the market price, i.e., the average unit cost is higher than the selling price of fertilizers. The cause of this is due to the lack of adequate technology or the high costs of inputs and raw materials, which cannot produce at competitive prices.

From these assumptions it follows that companies must attract smart strategies to exploit existing and potential market opportunities presented, and thereby maximize profits and gain greater proportion of possible market.

3. Defining the problem

The fertilizer industry is very competitive. This is especially because the fertilizer goods are considered "commodities", i.e., the same homogeneous products with specific norms and standards of quality. The key variable in this market is price. Companies compete for sales and higher market share percentages in the residual part of it. Due to competition, the market price is close to the minimum average cost, which causes the profit margins are minimal and the amount of money that move are large.

The objective of any firm in a competitive market is to maximize profits and increase market share. This can only be achieved through strategies to differentiate their product and generate competitive and comparative advantages that allow the company to achieve its goals. However, to choose the best strategy is necessary to analyze and master all aspects and phenomena that affect the industry.

Energy reforms is a very controversial subject from the social, political and economic points of view. However, it is a very important in the growth and economic development of the country. The entry of new private technologies will eliminate deficiencies by the state-owned enterprise PEMEX mainly, and may exploit and market as many products at competitive prices. This reform will provide access to various products such as oil and natural gas. These are important in the production of fertilizers; however, natural gas plays a vital role in this sector, which is the main input of these chemicals.

A. Research question

How energy reform will impact the structure of the fertilizer market in Mexico? And how it will affect the life and existence of small companies responsible for supplying the residual market oligopoly?

4. Theoretical and conceptual background

According to Peter Parenti, vice president of the National Association of Fertilizer Producers and Traders (ANACOFER), domestic consumption is estimated at 4 million tons per year, worth about 2 billion dollars. However, the supply-demand relationship is very poor in this sector. Total production in the country is not enough to meet domestic demand, as it serves to supply only a third of total consumption. In 2012, the total domestic production was 1.5 million tons; but it had to import 2.7 million tons to supply the domestic consumption (Perea, 2013).

Between 2011 and 2012 a decrease of 5.9% in domestic fertilizer production was recorded. It is estimated that the main cause is the limited access and the high cost of natural gas in the country, which is the raw material to produce ammonia, and this for most fertilizers, especially nitrogen. Because of this insufficient production, Mexico has been characterized in recent years as an importer of large amounts of fertilizer. In the same period imports increased 23.8%. It has also led to a reduction in consumption of 4.5% (ANIQ, 2014).

Table 1. Annual growth in production, imports and consumption of fertilizers in Mexico from 2011 to 2012.

FERTILIZERS			
	2011	2012	Growth
Production	\$1,870,879	\$1,759,255	-6.3%
Imports	\$2,767,796	\$3,426,254	23.8%
Consumption	\$4,358,602	\$4,162,083	-4.5%

Source: Based on data from ANIQ (2014).

Fertilizers play a significant role with regard to production costs, because they are one of the main inputs. Farmers that fertilize their land are forced to buy foreign product, most of the time at a higher price due to scarcity of the product in the domestic market and the impending import costs. Also, much of the small-scale farmers, which predominate in the country, do not have enough resources to consume fertilizer at market prices, and depend on government programs that give or subsidize these products to be acquired or purchased at a lower price. It follows that, from 2008 to 2013, fertilize only between 55 and 65% of the sown area (INEGI, 2014).

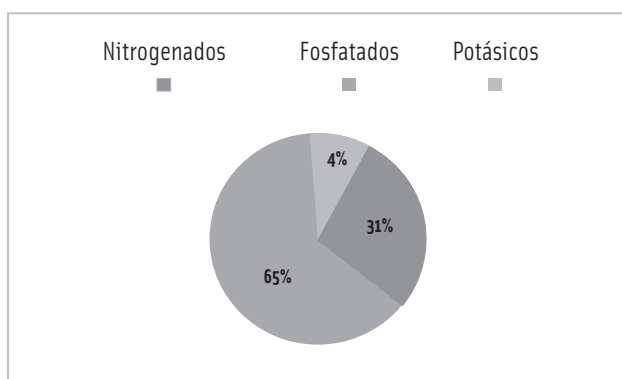
Inorganic fertilizers are classified into 3 types:

- A. Nitrogen (ammonium sulfate, ammonium nitrate and urea, etc.).
- B. Phosphate (single, double and triple).
- C. potassium (chloride, sulfate and potassium nitrate).

According to own calculations, based on data from the National Association of Chemical Industry (ANIQ), in 2012 increased the proportion of phosphate fertilizers with respect to the total production in Mexico, the figure reached 65%, and decreased nitrogen with 31% and 4% potassium.

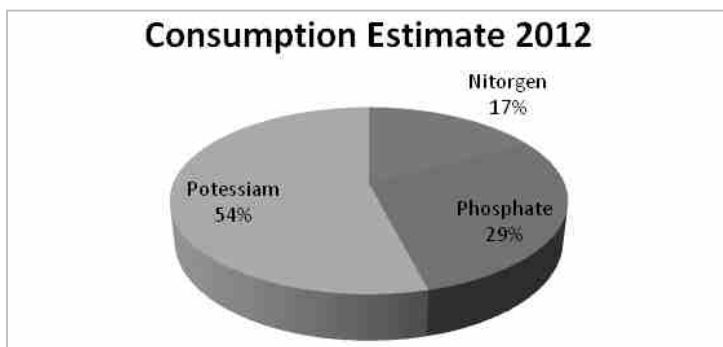
PRODUCTION ESTIMATE 2012

Figure 1. Estimated by type of fertilizer production in 2012 Source: Based on data from ANIQ



With data regarding the consumption of inorganic fertilizers, according to the statistical yearbook ANIQ, it is reported an estimated 54% nitrogen, 29% phosphorous and 17% potassium for 2012. Consumption was estimated by the sum of production plus imports minus exports. In products where it was no production in Mexico, consumption simply equal imports.

Figure 2. Estimated consumption by type of fertilizer in 2012. Source: Based on data from ANIQ



The big difference is shown in the graphs is that since 1999 the company had closed a total monopoly of urea in Mexico, the year in which the company left this fertilizer produced in the country. This caused both the urea and ammonium nitrate to be imported in their entirety. Until 2012, in terms of nitrogen fertilizers, ammonium sulphate only is produced. However, this phenomenon is aggravated when it is noted that more inorganic fertilizer is used in Mexico, especially urea.

Inorganic fertilizers commonly used in our country are urea and diammonium phosphate. Between them they have a consumption of 2.6 million tons, equivalent to 63% of total national consumption. While behind these two, is ammonium sulfate 19%.

Figure 3 Concentration of fertilizer consumption in 2012



Source: Based on data from ANIQ

5. Impact of energy reform in the field of chemical fertilizers

According to official sources, with the entry into force of energy reform in Mexico, PEMEX reactivate the production of natural gas and ammonia at competitive prices, which plan to increase the production of fertilizers at low prices. The objective of this action is to increase fertilizer production in the country and reduce dependence on domestic consumption of imports (Perea, 2013). Natural gas is one of the main inputs for the manufacture of agrochemicals, including means the 60% of cost of production of fertilizers. Produce it in

Mexico is expensive, because its exploitation with the existing infrastructure represents very high costs. In addition, all the production does not cover the total demand. Therefore, it has to rely on imports, which amount exceeds one third of the total consumption (Perea, 2013).

Energy reform will allow the insertion of the national and foreign private business in the exploitation and marketing of natural gas in the country. Thus, class technologies will be used to obtain the raw material at the lowest possible cost, and thus to produce fertilizers at low and competitive prices. With more companies in the market, both in the production and distribution of natural gas, this will offer as many products at lower prices; which is always beneficial for consumers and for manufacturers of fertilizers (Varian, 1999).

The impact of having more distributors of natural gas will increase in the availability and allow domestic manufacture agrochemicals with lower costs and higher sales prices. Fertilizers at competitive prices will help to reduce the cost of agricultural food production, increase fertilizer consumption and reduce the quantities imported (PRI, 2014). However, energy reform not only brings good news, also cause great threats in the fertilizer sector.

The bad news came when PEMEX Announces Purchase of plant-Nitrogenous Agro Pvt Ltd. for an amount of 475 million dollars (CNN, 2014). This company, located in Veracruz, was a monopoly of urea in the country, as it was the only producer of this fertilizer. Its production figures reached 3000 tons per month of this product between 1992 and 1994. However, with the signing of the Free Trade Agreement (NAFTA) in 1994 America, the company survived for only five years. It could not compete against U.S. fertilizer and closed its doors in 1999, coupled with PEMEX ammonia supply stopped due to debts in millions of the company. With this decision, Mexico stopped producing urea importing 100% of national consumption.

The acquired company by PEMEX is 15 years stopped with old, worn and perhaps useless machinery. And if it worked would be the same, since their technology is obsolete for the production of fertilizers today. So, according to PEMEX, it will have to make another major investment of \$ 200 million to rehabilitate and operate the plant. It is planned that the entire process is accomplished in 15 months. Once upon completion of Agro-Nitrogenous operations, PEMEX estimates to revive production of 900,000 tons of urea annually. This represents about 75% of current national demand for this product. This level of production could replace over 400 million dollars per year corresponding to imports (CNN, 2014).

With this decision, PEMEX and Agro- Nitrogenous sum up with enterprises to practicing oligopoly added the fertilizer sector in Mexico, reducing to some extent the residual market for small producers. Many of these small companies that planned to start production operations after energy reform and the decline in the price of natural gas will be limited to continue importing the product and struggle to survive in the market, since large firms are those that largely dominate production activities.

It is interesting to observe how they will react on the market leaders of the imminent entry into enforcement of the energy reform. It will be able to supply domestic demand with local production, and small businesses will only survive as distributors? Or does a residual market will continue to exist even after the energy reform to allow small-scale enterprises producing fertilizer? Let recall that the demand in this sector will sustain increased rates remaining constant over the next 30 or 40 years. It is likely that rates of market growth and demand have a rate faster than the supply and production itself Medium and small businesses could afford to invest in plants and reactors for the production of these agrochemicals. However, returns to scale favor large companies due to the volume of their production. As mentioned above, the key variable in this sector is the price. Therefore, strategic alliances between small businesses are ahead, seeking to share technology and capital in order to buy reactors and perform better production together to minimize production costs and to have the ability to manufacture at competitive prices.

Surely, leading companies will increase their dominance of the market with this reform, so that competition for survival in the residual market will be relentless. The phenomenon of new entrants will be completely reversed,

and that will begin to lose its benefits to be negative, which will cause the output of many firms.

A pretty nice strategy for small businesses is the formation of alliances between them. A strategic alliance is a voluntary agreement between two or more firms that involves exchange, combine or jointly develop goods, services or technology (Peng, 2010). To confront the individual market will be very complicated, so that cooperation is a good start. By combining resources and technology, companies will be able to reduce production costs and maximize profits, which will have higher profit margins and faster growth. However, companies face a widespread social problem worldwide: Cooperation and opportunism.

Forming alliances is not so simple, and less for companies that are playing their capital and survival. Most partnerships are dissolved by opportunistic practices of its counterpart, which has generated a feeling of unease and discomfort with these cooperation strategies. However, they are still a good choice, and in this specific case, apparently is the most viable.

The partnership and cooperation between these firms is a credible threat that may favor the durability of the alliance and subtract incentives for firms to deviate from the strategy. Whether a company decides to break the agreement, would jeopardize the invested capital and market like this can mean the demise of the firm.

6. Method

The methods carried out in this research were fully descriptive. Based on data from INEGI, FAO and ANIQ mainly were analyzed to determine the current status and predictions for the future of this market. The study was carried further from the point of view of microeconomics and strategic management.

7. Conclusions

Energy reform will bring consequences that will directly affect many Mexican industries. One is the market for chemical or inorganic fertilizers. With the entry of new private sector technology, exploitation and production of natural gas will increase. This will increase domestic production, reduce imports, increase consumption and decrease prices of agricultural foods.

However all is not hunky-dory. From a microeconomic point of view it can be predicted that this reform will benefit big business and hurt small ones. The existing oligopoly will become stronger and will cover more market share, bordering to getting small business out of competition. Furthermore, the strategic interaction will lead companies endangered to take action in an effort to compete for the residual market oligopoly and seek to increase its market concentration. Some of these measures are strategic alliances and collusions, where they combined capital and technology resources in order to maximize profits and minimize costs and stay firm foot in the competition.

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METHODOLOGICAL PROPOSAL FOR THE STUDY OF THE IMPACT OF GLOBALIZATION ON BUSINESS STRATEGY OF MEXICAN INTERNATIONAL ENTERPRISES

ABSTRACT

The aim of this paper is to support a methodology proposal for the analysis of the impact on commercial globalization trend in relation to the internationalization of Mexican firms. Also this paper analyzes the advantage the Mexican firms took in the liberalization agenda of the Mexican government with the multilateralism and regionalism policies. For this purpose, the statistics descriptive modeling methodology is used to relate grow of the internationalization of the Mexican firms and the impact in the foreign investment of the main multinationals in Mexico, forcing them to focus on competitive productive processes and improving their internal organization, innovation and development.

Keywords: Globalization, internationalization, multilateralism, multinationals, regionalism.

JEL: F62, F21, F13, F23, F15

1. Introducción

Mexico has experienced a steady increase in the internationalization of Mexican companies, which increased largely due to the open trade policy adapted by the country. Following the entry of Mexico to the General Agreement on Tariffs Trade (GATT for its acronym in English) in 1986 and to adopt business trends on multilateralism and regionalism, has led to an increase in the internationalization of Mexican companies. In light of the foregoing, Mexico, from the late 90's, has experienced an increase in investment abroad of large Mexican companies that have survived the market reforms and structural adjustment policies (Vargas-Hernández, 2011). From this, it follows that the support of the Mexican government to Mexican companies as well as the impact of trade globalization, resulted in a sustained increase in the internationalization of Mexican companies.

This paper analyzes the impact of trade globalization in the internationalization of Mexican companies, same as, taking advantage of Mexico's trade policy openness, through multilateralism and regionalism have increased their presence in international markets.

Through descriptive statistical method of investigation, it is analyzed and developed the increased internationalization of Mexican companies and the impact of foreign investors and major multinationals in the competition, which forces Mexican companies to focus on innovation and development and to adopt more competitive production processes and improved internal organization.

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2. Background of the problem

Following the entry of Mexico to the General Agreement on Tariffs Trade (GATT for its acronym in English) in 1986 and to take business trends multilateralism and regionalism, has led to an increase in the internationalization of Mexican companies, situation that has caused an increase in investment abroad by large Mexican companies that have survived the market reforms and structural adjustment policies (Vargas Hernández, 2011). From this, it follows that the support of the Mexican government to Mexican companies as well as the impact of trade globalization, resulted in a sustained increase in the internationalization of Mexican companies increased, and in the decisions of these to select an internationalization strategy to a specific market.

3. Definition of the problem

Currently, it is being observed that there is an increase in the internationalization of Mexican companies, derivative from trade openness policy adopted by Mexico and the globalization of trade out of which it is part. This trend can be divided into two branches: First observed multilateralism, same as is understood as trade openness of a country through the conclusion of free trade, and on the other, regionalism, which is understood as the trade openness of a country through regional integration (Arango Quintero and Cardona Montoya, 2008).

Therefore, the research questions are:

- A. What is the degree of increase in the internationalization of Mexican companies, from Mexico's entry into the General Agreement on Tariffs Trade (GATT for its acronym in English) in 1986 to date, derived from the globalization of trade which is part of the country?
- B. What is the degree of increase in the internationalization of Mexican companies, since the adoption of trade policy openness of the country, because of multilateralism?
- C. What is the rate of increase in the internationalization of Mexican companies, since the adoption of trade policy openness of the country, because of regionalism?
- D. What is the impact of multilateralism and regionalism in the selection of a destination country at the time of the internationalization of a company?

4. Justification

The importance on the world stage of globalization of markets, societies and cultures, is resulting in a direct impact on the internationalization of Mexican companies, same as, taking advantage of Mexico's trade policy openness, through multilateralism and regionalism have increased their presence in international markets. Similarly, to attract foreign investors and major multinationals to the country, it has impacted directly on free competition, which forces Mexican companies to focus on innovation and development, to adopt more competitive production processes and as an improvement in its internal organization.

5. Assumptions

- A. The trade globalization has an impact on the internationalization strategies of companies.
- B. Multilateralism adopted by a country has an impact on the internationalization of its companies.
- C. Regionalism adopted by a country has an impact on the internationalization of its companies.
- D. Multilateralism and regionalism adopted by a country have an impact on the selection of a country at the time of the internationalization of a company.

6. The trade globalization

A. Conceptual framework

During the last 25 years, the world economy has been characterized by numerous scientific and technological progress, which has changed the pattern of production throughout the world, creating a growing interdependence that encompasses the total activities of an industrial economic sector, either regional or global level. This process is known as globalization and its main feature is that it has generated a significant increase in the flow of trade and investment; in such a way that globalization is seen as a struggle to participate in a greater number of markets and better capture larger volume of foreign direct investment (Gómez 2006).

An integration of the different concepts of trade globalization is poured in the following table:

Table 1 Commercial globalization.

Terms	Meanings and authors
Products at low cost.	Set of economic, technological and social factors that allowed multinational companies to sell their products almost there are no differences in various countries (Levitt, 1984).
Increased volume of FDI flows.	A fight for participating in a greater number of markets and achieve to capture higher volume Flows of foreign direct investment (Gómez, 2006).
Operates without a Country without scale	Global company is one that has abandoned its national identity and operates as a non-country on a global scale (Ohmae, 1991).
Accelerated global integration of economic	Worldwide accelerated integration of economies through trade, production, financial flows, technology diffusion, information networks and cultural flows (IMF, 1996).
Dynamic global market integration.	Dynamic process of increasing freedom and global integration of markets for labor, goods, services, technology and capital (De la Dehesa, 2000).

Source: Prepared.

The process of economic globalization is to operate with relatively low costs as if the whole world or the most important regions of the cities were a single entity.

An approach to the definition of globalization would be to integrate it from its characteristics. Globalization is an economic, technological, social and cultural scale process, which involves increased communication and interdependence among countries, unifying its markets, societies and cultures, through a series of social, economic and political transformations that give them global.

B. Theoretical framework

1) Globalization of markets

Pineda (1998) takes in his work an approach to the definition of globalization, analyzing seven approaches that

try to explain globalization as theory. Among them, the presence of capitalism as a driving force of change worldwide in recent decades largely explains the emergence of the phenomenon of globalization. With countless multidisciplinary impacts as capitalism involves other than strictly economic, sociological, cultural, political, religious, technological, environmental, among others, none of which able to explain the complexity of the phenomenon of globalization.

The main beneficiaries of this process of globalization are multinational corporations that benefit from huge economies of scale, whether in production, distribution and administration to scale and product standardization, as stated by Levitt (1984). The most effective global competitors incorporate a higher quality and profitability to their cost structures, selling in all national markets the same products they sell in their home market, fully standardized products without any differentiation.

In light of the foregoing, Mexican companies not only face fierce competition in international markets but facing international competitors in the domestic market, with standardized products, with improved technology and above all more economical. Consumers initially had local preferences, but today they are seduced by the low price. Currently, it can be observed an increase in the internationalization of Mexican companies, derivative trade openness policy adopted by Mexico and the globalization of trade of which it is part, trend that can be divided into two branches, first multilateralism and on the other part the regionalism.

2) Adoption of trade policy openness

In the eighties, the economic and political framework was created for the United States and agencies like the World Bank and the International Monetary Fund actively promote implementation of neoliberal policies in developing countries, including Latin American (Ruiz Naples, 2004). Undoubtedly one of the most important neoliberal policies of that time was the adoption by Mexico of the General Agreement on Tariffs Trade (GATT for its acronym in English) in 1986-now World Trade Organization (WTO) - which had resulted in the adoption of trade policy openness.

Among the main commitments assumed by Mexico, was the gradual reduction of tariffs on trade as well as the adoption of trade policies of non-discrimination, among which are included national treatment and treatment of the most favored nation, generating with this the greater trade openness in Mexico. Derived from the developments described above, the Mexican government, in compliance with the economic policies of former President Carlos Salinas de Gortari (1988-1994), conducted a series of privatizations of state enterprises and later opened a new concept of growth national economic production that oriented outward to export. In the context of trade liberalization and tariff scale deregulation, Mexico opted for free trade area with Canada and the United States, leading to the signature of the Free Trade with North America (NAFTA or NAFTA for its acronym in English) by Salinas de Gortari on December 17, 1992. Trade liberalization could be the start of a successful integration if it achieved positive effects on the dynamics of innovation and technological process. Any strategy to improve the local economy should be aware of the social dimension that contains the expanded vision of development on the limited size reflected only in quantitative terms of growth, as it could be understood the scope of NAFTA (Hernandez Soto Vázquez, 2008).

a) Mexico and multilateralism

Arango Cardona Quintero and Montoya (2008) define multilateralism as trade openness of a country through the conclusion of trade agreements with a country, taking advantage of the liberalizing trade policies of both countries, in order to increase international trade protecting investors and creating trade policies that benefit both countries.

"In the area of international trade relations, the fundamental and distinctive feature of the strategy promoted by the United States to ensure stability and prosperity has been multilateralism," sustained Renato Ruggiero, Director General of the WTO on October 16, 1995. Ruggiero established the importance of vision and leadership

of the United States, first under the GATT and now the WTO. The core of the international trading system is constituted by the principles of non-discrimination and the nation most favored (NMF). Ruggiero gave six reasons why governments have adhered to the principle of MFN and why it is "essential to resist the lure of the apparent short-term benefits of bilateralism" (Ruggiero, 1995).

Jimenez Martinez (2007) asserts that, the free trade agreements that Mexico has, is one of the most important elements in the process of internationalization. Thus, companies in the region should take full advantage of trade liberalization and to ensure their presence in other countries. The establishment of various treaties can serve as a trigger for the company's operations in foreign markets, and is a clear factor that directly affects the continued development of the internationalization process. After signing the Free Trade Agreement with North America, which includes tariff preferences for signers' countries, support for foreign investment, alternative means of dispute resolution against unfair trade practices, regulations, and intellectual property rights, among others.

Mexico began a race to sign trade agreements with other countries, with the sole aim to diversify exports and build tariff preferences with other countries. Currently, Mexico has a network of 10 FTAs with 45 countries (TLC's), according to the Ministry of Economy (2014). In these trade

agreements, is now including the new TLC Mexico-Central America, which entered into effect on July 1, 2013. In the Mexico-Central America FTA are included Mexico, Costa Rica, Nicaragua, El Salvador, Guatemala and Honduras. This treaty, replaced the three existing trade agreements that Mexico had with Central America (FTA Mexico - Costa Rica 1995, Mexico-Nicaragua in 1998 and TLC's Triangle Northern Mexico in 2001), resulting with this, a total of 10 FTAs with 45 countries. It will be pending to attach to this trade agreements list the recent Free Trade Agreement Mexico-Panama, as in April 2014 was signed by the presidents of both countries.

Similarly, Mexico has 9 limited agreements, Economic Complementation Agreements and partial scope agreements, as part of the Latin American Integration Association (LAIA) and 30 Agreements for the Reciprocal Promotion and Protection of Investments (BITs).

b) Mexico and regionalism

Arango Cardona Quintero and Montoya (2008) explain regionalism, such as trade openness of a country through regional integration with two or more countries, through the holding of regional trade agreements. In fact, the authors argue that regional integration agreements, initially conceived as exceptions to the multilateral trading system, have become the guiding principles of global business dynamics. Regional agreements emerged as a scheme which recognizes exceptions recognizing that multilateralism is a system that is built between countries at different levels of development and seeks to create the conditions for a global free trade.

In recent years, it has been observed the establishment of economic blocs, through which various nations celebrate regional agreements that allow them to join forces to get the most out of its exchange trade (Jiménez Martínez, 2007). This situation has led to a significant increase in trade between regions of neighboring countries, as prime examples are the European Union, NAFTA, the Central American bloc Mercosur and the latest Pacific Partnership (Mexico, Peru, Colombia and Chile). According to the Ministry of Economy (2014), Mexico participates in the Latin American Integration Association (LAIA). Also, México actively participates in multilateral and regional organizations and forums such as the World Trade Organization (WTO), the Asian-Pacific Economic Cooperation (APEC), the Organization for Economic Cooperation and Development (OECD), among others.

The flagship in the process of regionalization organisms is undoubtedly the Forum Asia Pacific Economic Cooperation (APEC for its acronym in English), of which Mexico is a party. The APEC moves on three pillars: trade liberalization, promotion of investment and technical cooperation. Unlike the European Union, the Asia Pacific region did not seek to form a community, but a forum for cooperation to achieve common goals. According to

Martínez Lagorreta (2002), interest in creating an organization of this type born after World War II in a region where economic growth forced an economic and political interaction expeditiously. In this way, regional forums and organizations and industry forums and government groups were formed.

Another body, undoubtedly important, is the Pacific Alliance, led by Mexico has achieved regional integration between Mexico, Colombia, Peru and Chile, precisely those South American countries that do not belong to block of the Southern Common Market, having completely different trade and economic policies. Such regional bloc, the Pacific Alliance, aims to build a participatory and consensual membership, an area of deep integration to move progressively towards the free movement of goods, services, capital and people, i.e., a common market. Similarly, Pacific Alliances aims to promote higher growth, development and competitiveness of economies throughout, with a view to achieving greater well-being and overcome socioeconomic inequality. It intends becoming a platform of political articulation, economic and trade integration and projection to the world, with special emphasis on Asia-Pacific.

Cooperation and regional integration in Latin America are growing. In recent years, progress has been more on the real integration of Latin American economies that during the past three decades. A series of regional, sub-regional and bilateral agreements are achieving increasing liberalization of mutual trade and economic and growing political (Van Klaveren, 1990) cooperation. One of the main advantages in signing FTAs with trading blocs, is not only to have a greater presence in other markets, but the power to reduce both tariff and non-tariff barriers in international trade, standardizing requirements among member countries of the block. This situation happens for example with the European Union, representing 28 countries, or the Southern Common Market (MERCOSUR), composed of five countries.

The integration then becomes an ideal geostrategic mechanism to achieve favorable positions in key areas by countries with greater bargaining power (Arango Cardona Quintero and Montoya, 2008). Analyzing the mechanism that openness has impacted more Mexican companies is under study, still the case of multilateralism or regionalism. Regionalism offers advantages for foreign investment and exports as they are counting on a single integrated market by several countries with similar market characteristics. This would represent a strategy of international expansion for the company or, standardization and reduction of regulations and tariff and nontariff restrictions. Among these nontariff restrictions can be mentioned the phytosanitary regulations, health, previous permits and export licenses, which would result in greater ease for businesses when exporting their products.

7 Internationalization of companies

A. Conceptual framework

In order to make an integration of the different concepts of internationalization, they are poured in the following table:

Table 2 *Internationalization*

Terms	Meanings and authors
Formulas and commitment levels subject to change.	Sequential process consisting of several stages that require progressive international nature of the company and a growing involvement of outside resources. Internationalization has to be seen as a complex process, which supports various institutional formulas depending on the level of commitment of the company in international markets. These formulas and levels of engagement are subject to change as the company consolidates its presence in the international arena (Duarte Lopez, 1996).

Terms	Meanings and authors
Evolutionary and long-term dynamic process that gradually affects the value chain.	Corporate growth strategy for international geographic diversification through an evolutionary and dynamic long-term process that gradually affects the different activities of the value chain. Also, the organizational company structure with a growing commitment and increasing involvement of its resources and capabilities to the international environment, and knowledge based (Larrinaga Villarreal, 2006).
Economic activity in other countries	The development of the economic activity of the company in other countries. (Good, 1996, 2006).
Adopt rules for transaction	The process of adapting exchange transaction modalities in international markets (Andersen, 1993).
Opening new markets, low production costs.	The objectives of internationalizing a business are opening new markets, lower production costs and structure of production and distribution of the company more efficient (Canals, 1994).
Resources or customers outside the borders.	Internationalize the company is managing any area of business or customers using resources beyond the borders of the country where the company is (Zaldo, 1997).
Gradual commitment to international markets.	It argues that the internationalization of a company is a gradual commitment of management to international markets (Johanson and Wiedershein, 1975, Johanson and Vahlne, 1977, 1990; Nordsrrom and Vahlne, 1993).

Source: *Prepared*

1). Multinational companies

The rapid emergence of developing economies is characterized by a wave of economic growth and the rise of national companies to become global competitors themselves. These companies are globalizing their businesses and competing with the traditional American model of modern multinational corporations (Vargas-Hernández, 2010).

Table 3 *Multinational Company.*

Terms	Meanings and authors
Multipiant company	The company that has one of its revenue-generating plants located outside the home country (Dunning, 1981).
Export company	The export company concentrates its production in the country and sells its goods or services in at least one foreign market (Pla and Leon, 2004).
Global company Multidomestic company Transnational company	They refer to the specific strategic approaches that can be adopted by multinational companies, and specify the basic strategies of multinationalization described by Bartlett and Ghoshal (1991).
Global company.	Multinational company with significant worldwide presence (Pla and Leon, 2004)
Multinational corporation	The multinational corporation is one that concentrates its productive activity in 1 home country and sells its goods or services in at least one foreign market (Jarillo and Martinez, 1991).
Global companies.	Such multinational companies have a significant presence worldwide, assimilates acceptance of global companies (Ohmae, 1991).
Business companies born international.	Business companies born international arise as a unit in the new currents that try to explain the accelerated internationalization (McDougall et al, 1994).

Source: *Trujillo Davila, et al, 2006*

The theory of monopolistic advantage is associated with the interpretations of the emergence of multinational firms proposed by Hymer (1976). He finds that for firms with production facilities abroad, they must have some kind of unique competitive advantage. This competitive advantage may originate in the production, technology, organization, management style or marketing, which means that these companies can compete with foreign companies in their own markets. Although national firms can be found more established and have greater knowledge of the market, they may be forced to bear the cost of developing such an advantage, and therefore, are incapacitated to compete with foreign companies.

2). Foreign direct investment

A concept intrinsically linked to the internationalization of companies and multinational corporations is the direct investment abroad. The legislation currently in force, on foreign investments respects, with some exceptions, the definitions of direct investment from organizations such as the International Monetary Fund (5.º Manual de Balanza de Pagos) and the OECD (Benchmark Definition).

Table 4 Foreign Direct Investment

Terms	Meanings and authors.
Lasting relationship between a resident and a nonresident of an economy.	Lasting relationship between a resident in one economy (subsidiary) and a non-resident (holding company), with the intention of influencing their management, which is required for the latter owns at least 10% of the share capital of the first (OECD Benchmark Definition).
Flow of resources	Investments in a country other than the country of origin for the investor, which draws resources flow (Dunnign, 1988).
Strategy in the internationalization process	It establishes that foreign direct investment is an option of international presence, a mode strategy in the internationalization process of the firm (Duarte Lopez, 1996).
Multinational enterprise	Concept closely linked to multinational corporations as defined and determined (Dunnign, 1979, 1980, 1988).

Source: Prepared

The ways in which such investment occurs are: Investment for the creation of new companies, acquisition of part or all of the share capital of an existing company, reinvested earnings and intercompany loans and related stock companies (Fernandez-Otheo, 2005). Hymer (1976) also considers the cause of FDI the elimination of conflict between competing companies when the markets in which they operate are imperfect. Scepter (1999) states that the solution to these problems could arise when an organization would control all companies rather than independent companies exist, or if they produce agreements between different market participants.

B. Theoretical framework

1) Theory of internalization

The internalization theory of multinational companies has its origin in the theory of transaction costs. The latter assumes that when markets are perfectly competitive, there is no need of any control mechanism, since the threat of being replaced by another company, eliminates the possibility of developing opportunistic behavior and force companies to act efficiently (Whitelock, 2002). When reducing the number of suppliers, then the company is less likely to replace and, therefore, the transaction costs increases due to the need of a rigorous bargaining and to assume and take some monitoring costs to ensure that the contract is fulfilled in conditions that had been established (Dwyer and Oh, 1988). The analysis of the transaction costs predicts that the company internationalizes markets, when asset specificity is high.

The theory of internationalization, as indicated, considers that experiential knowledge is the key to explain the process of internationalization of the company. It is particularly important because it allows linking its internal resources with market opportunities (Ericsson et al. 2000, 2001, Luo, 1999). In the field of exports the theory of internationalization is identified with knowledge concerning consumers, competitors, channels, environment, as a key element of the knowledge base of the firm (Morgan et al., 2003) is identified.

From the microeconomic approach, taking as its starting point the company, the called the International Development Stages Paradigm, proposed by various authors from Uppsala School (Johanson and Wiedersheim, 1975, Johanson and Vahlne, 1977, 1990; Vahlne and Nordström, 1993) who suggests that the process of internationalization of a company is a gradual engagement thereof with international markets.

As the main hypothesis, the model states that firms start their international operations when their size is still small, but expand following the stages of business growth strategy to the nearest markets (Johanson and Vahlne, 1990). According Canals (1997), it can be distinguished four main types of international companies, which in turn, reflect the same stages of internationalization. These stages are the exporting company, a multinational company, global company and transnational company.

There are many theories concerning the process of internationalizing and its determinants, each focusing on one or several partial aspects. This set of theories can be grouped into seven blocks of doctrinal trends: the classical theory, the theory of product life cycle, the Uppsala model, the paradigm of Porter, the strategic theory, the theory of internationalization and Dunning paradigm.

Table 5 *Main theories on internationalization*

School		ContributionAuthors
Theory of absolute advantage.	Ability to produce a good using less input than another producer (Smith, 1776)	Smith, (1776)
Theory of comparative advantage	Countries tend to specialize in the production and export of those goods manufactured with a relatively lower cost compared to the rest of the world. Where these countries are comparatively more efficient than others tend to export and tend to import goods those who are ineffective, and therefore goods are produced at comparatively higher than the rest of the world costs (Ricardo, 1817)	Ricardo (1817)
The Heckscher-Ohlin theory.	If a country has relatively an abundant factor (labor or capital), it will have a comparative and competitive advantage in those goods that require a greater amount of that factor. Heckscher (1919), Ohlin (1933)	Heckscher (1919), Ohlin (1933)
Theory of product life cycle.	Analysis of the interdependence between the stage of product life and internationalization	(Vernon, 1966)
Uppsala model.	Study of the internationalization process of firms (Johanson and Vahlne, 1977, 1990)	Johanson y vahlne, 1977, 1990)
Porter paradigm	Analysis location advantage in the country. (Porter, 1990)	Porter (1990)

School		ContributionAuthors
Strategic theory.	Analysis of strategic interdependence between the stage of product life and internationalization (Bartlett and Ghoshal, 2002)	Bartlett y Ghoshal (2002)
Internationalization theory.	Applying the approach of transaction costs at the mode of internationalization of the company. (Buckley and Casson,1976).	Buckley y Casson, (1976)
Paradigm of Dunning	Ranking factors of internationalization in ownership advantages and location internationalization (Dunning, 1981, 1985, 1993, 1998)	Dunning (1981, 1985, 1993, 1998)

Source: *Own calculations based on Galán, Galande, Gonzalez (2000).*

2). Business growth

It cannot be analyzed the internationalization without studying the growth of businesses. According to Penrose (1959), company's growth is a cumulative process resulting from the interaction between external inducers such as market opportunities and productive services available in the company, derived from its own resources. The impact that foreign competition has in the country, has resulted in growth in Mexican companies while adapting to the needs of international markets. Chandler (1992) and Penrose highlight the existence of internal factors and external factors in the process of business expansion. External forces come from changes in markets, technology and population. A remarkable increase of Mexican companies is a result of regional integration which has been part of Mexico.

Integration can also help in the short term to the transmission of knowledge and technology transfer to domestic producers brings new products and processes generated by trading partners (Grossman and Helpman, 1990). The competition from foreign companies and the transfer of technology and innovative production processes results in an increase in the internationalization of Mexican companies. Having a technological breakthrough opportunities and long-term growth, it would be advantageous for a country to be able to compete successfully in an industry, field or product whose markets offer good prospects for development that rely on key technologies (Arjona, 1995). The internationalization strategy is a growing commitment and involvement of its resources and capabilities to international markets requiring different levels of investment, risk and control.

According to Johanson and Vahlne (1977), internationalization as an evolutionary dynamics nature's phenomenon implies an increasing commitment of companies to human and financial resources in foreign markets. There are illustrative cases in the recent literature showing the importance that in the development of SMEs has had its participation as suppliers of large global companies with foreign capital. Issues such as geographic proximity or cognitive close relations established between local suppliers and global manufacturing companies (Asheim and Isaksen, 2003). Another view of the impacts of foreign direct investment (FDI) has to do with the role that transnational corporations can exert through direct operation on local businesses via its ownership of the latter (Blomström and Kokko, 1996).

It is for this reason that most Mexican companies with foreign capital come mainly from trading partners with which Mexico has signed trade agreements. Torres and Jasso (2009) state that business growth is related not only to the use of its initial resources, but with the development of skills and abilities that accumulates during productive operations and daily management, facing a number of adverse forces arising from the conditions of the economic context in which they operate. The authors note that there are factors that cause expansion or

contraction of business, such as the decline in demand for products or the opportunity to create new markets, changes in demographics and the development of technological innovations.

There has been in recent years a growth in companies in various sectors. Some large national companies have partnered with transnational counterparts to face international competition in domestic field, but also to expand into foreign markets, as it happens especially in cases of the cement, the brewing, chemical, glass and automotive industries (Vidal, 2000).

8. Research methods

A. Table 6. *Methodological congruence*

Variable	Description	Concept	Indicators	Research instruments	Operationalization of variables (items)	Data analysis.
X	Trade globalization	Economic, technological, social and cultural scale process, which involves increased communication and interdependence among countries in the world, unifying its markets, societies and cultures, through a series of social, economic transformations and policies that give them a global (concept of the author).	(XI) Multi lateralism	Databases	Trade agreements signed by Mexico. Blocks and Commercial international trade associations to which Mexico belong.	Descriptive provide graphic Analysis of average Medium Media Inferential statistics Correlation of bstisbrld
Y	Business International ization	internationalization strategy of Mexican companies. Coporate strategy By growth by international geographic diversification through an evolutionary and dynamic long-term process that gradually affects the different activities of the value chain and the organization structure growing commitment and involvement of its resources and capabilities to the international environment, and based on an augmentative knowledge "Villarreal Larrinaga O. (2006).	Expansion in the global global market Growth rate companies abroad document analysis.	Documental analysis Database IQOM		It is used APSS system to make graphs Descriptive statistic Research is longitudinal.

Source: *Prepared*

1. Final thoughts

Through the method of descriptive statistical research is to analyze the increasing internationalization of Mexican companies and the impact of foreign investors and major multinational derivative trade globalization, same as taking advantage of the openness trade policy in Mexico, through multilateralism and regionalism have increased their presence in international markets. Similarly, how globalization impacts the business, strategies for internationalization of Mexican companies when deciding to internationalize to a specific market.

In light of the foregoing, Mexican companies not only face fierce competition in international markets but are also facing international competitors in the domestic market, with standardized products, with better technology and above all, more economical; consumers initially had local preferences, today, are seduced by the low price.

Though, the method of descriptive statistical research is to analyze the increasing internationalization of Mexican companies and its impact of foreign investors and major multinational derivative trade globalization, same as taking advantage of the openness trade policy in Mexico, through multilateralism and regionalism have increased their presence in international markets. Similarly, how globalization impacts the business, strategies for internationalization of Mexican companies when deciding to internationalize to a specific market. In light of the foregoing, Mexican companies not only face fierce competition in international markets but facing international competitors in the domestic market, with standardized products, with better technology and above all, more economical; consumers initially had local preferences, today, are seduced by the low price.

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EXPLORING THE CULTURAL RESOURCES OF TRIPURA FOR ENTREPRENEURSHIP DEVELOPMENT

ABSTRACT

The activities to convert innovative ideas into economic opportunities lie at the very heart of entrepreneurship. Over the time, entrepreneurship has been proven as the generator for economic development. There is a common practice of referring entrepreneurship to the innovative activities relating to any industry or business or service through utilizing physical resources by human resources. Rich in resources of a region alone cannot be considered as developed, unless they are fully exploited or efficiently utilized. In the present paper, an attempt has been made to see the traditional culture of the ADC (Autonomous District Council) area of Tripura as the resource for entrepreneurial activities for gaining economic benefit by the denizens of the said area. ADC area of Tripura has a rich cultural heritage of 19 different tribal communities. Each community has its own folk dance forms which are famous in the country. In spite of huge cultural resources in the ADC area of Tripura, the denizens of the area are very poor and majority comes under the category of economically below poverty line (BPL) as the people of the area have failed to explore the economic potential of their cultural resources and natural resources. The present paper, being a conceptual paper in nature, will unfold the various opportunities for entrepreneurial activities before the people of the ADC area of Tripura through exploring their traditional culture to get a better economic life especially in the era of globalization.

Keywords: *Entrepreneurship, Culture, Economic Development, Globalization.*

Introduction

The innovative ideas and their materialization in real life situation for economic gain are the cornerstone of entrepreneurship. It is an old but living concept. Richard Cantillon in 1725 first used the term to signify the person bearing risk of creating new venture. Since then a number of eminent scholars from different fields tried to define the term 'entrepreneur' from their own point of views. From their definitions, despite the reasonable diversity in form and focus, it is clear that there exists a wide agreement as to the genesis of the term that an entrepreneur is an innovator who takes initiative, maximizes opportunity, carries out new combinations of different values and accelerates the process of economic development. It is the economic value of the term that made it living century after century. History reveals that behind every developed society, there is a critical role of entrepreneurs. It is a common practice that entrepreneurial activities come in real life through industrialization or business activity or as the service providers. But it needs to be remembered that it may come in any form because the secret lies in the term '*Innovative Idea*' that has economic value in real life on materialization. It is not necessary that the physical resources will always be the raw material for entrepreneurial

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activities. As in the present case, the traditional cultural resources of the Autonomous District Council (ADC) area of Tripura have been focused as the raw material for the entrepreneurial activities for the denizen of Tripura. Tripura is a hilly north-eastern state of India. It has a mixed culture of tribal (31%) and non-tribal (69%) population. Majority of the tribal people are economically far behind than non-tribal people and by and large lives in the hilly parts of the state. The tribal people of Tripura had been questing for autonomy for long years to preserve and promote their distinct ways of life. As such, the state government as well as the central government decided to set up an Autonomous District Council (ADC) for the areas predominantly having tribal population of the state to introduce internal autonomy in tribal compact areas and thereby protect the social, economic and cultural interests of the tribal population. The objective behind setting up the ADC is to hand over certain administrative and legal authority to the Council in order that it may devote concerted attention to all aspects of cultural, social and economic improvement of the tribal people who for historical reasons presently belong to the weaker sections of society and thereby to free them from all kinds of social injustice. There is no doubt that the formation of the District Council under Schedule VI of the Constitution of India had fulfilled the long cherished demand of the people of Tripura for self-government in tribal majority areas. In this context, it deserved particular mention that while resting the right of autonomy; the tribal people had not agitated all by themselves. The democratic people of the state in general lent powerful support to their movement. The main objective of forming the District Council under Schedule VI is to remove within a short time the material disparities between the advanced and backward sections of the societies, to strengthen the bonds of unity between the tribal and non-tribal masses, to emancipate not only tribal people but all the deprived people from all types of injustice and exploitation. Tripura Tribal Areas Autonomous District Council (TTAADC) is a symbol of integrity, harmony and unity of the tribal and non-tribal people of the state. Now it is marching through the concerted efforts of the masses. TTAADC is spread over 7132.56 sq. km (2nd / 3rd of state area) and its population is 12, 16, 465 in 527 Village Committee. In spite of rich in natural resources and human resources, the ADC area of Tripura is still economically far lagging behind in comparison to the main land of the country, even after three decades of formation of TTAADC. Not only the natural resources and human resources, the ADC area of Tripura has a rich cultural heritage of different tribal communities. In spite of huge cultural resources in the ADC area of Tripura, the denizens of the area are very poor and majority comes under the category of economically below poverty line (BPL) because the people of the area have failed to explore the economic potential of their cultural resources, human resources and natural resources. Against this backdrop, an attempt has been made in the present paper to focus the various opportunities available before the denizens of the ADC area of Tripura for entrepreneurial activities through exploring their traditional culture to get a better economic life particularly under the globalized regime.

Cultural Entrepreneurship Potential of ADC area of Tripura

Culture is a modern concept based on a term first used in classical antiquity by the Roman orator, Cicero: "*cultura animi*". The term "*culture*" appeared first in its current sense in Europe in the 18th and 19th centuries, to

connote a process of cultivation or improvement, as in agriculture or horticulture. In the 19th century, the term developed to refer first to the betterment or refinement of the individual, especially through education, and then to the fulfillment of national aspirations or ideals. In the mid-19th century, some scientists used the term "culture" to refer to a universal human capacity. For the German non-positivist sociologist Georg Simmel, culture referred to "the cultivation of individuals through the agency of external forms which have been objectified in the course of history". In the 20th century, "culture" emerged as a central concept in anthropology, encompassing the range of human phenomena that cannot be attributed to genetic inheritance. Specifically, the term "culture" in American anthropology had two meanings: (1) the evolved human capacity to classify and represent experiences with symbols, and to act imaginatively and creatively; and (2) the distinct ways that people living in different parts of the world classified and represented their experiences, and acted creatively. Distinctions are currently made between the physical artifacts created by a society, its so-called material culture and everything else, the intangibles such as language, customs, etc. that are the main referent of the term "culture". In the context of the present paper, Cultural Entrepreneurs are cultural change agents and resourceful visionaries who organize cultural, financial, social and human capital, to generate revenue from a cultural activity. Their innovative solutions result in economically sustainable cultural enterprises that enhance livelihoods and create cultural value and wealth for both creative producers and consumers of cultural services and products. Tripura has a rich cultural heritage of 19 different tribal communities, Bengali and Manipuri communities. Each community has its own dance forms famous in the country. The main folk dances are Hozagiri dance of Reang community, Garia, Jhum, Maimita, Masak Sumani and Lebang boomani dances of Tripuri community, Bizu dance of Chakma community, Cheraw and Welcome dances of Lusai community, Hai-Hak dance of Malsum community, Wangala dance of Garo community, Sangraika, Chimithang, Padisha and Abhangma dances of Mog community, Garia dances of Kalai and Jamatia community, Gajan, Dhamail, Sari and Rabindra dances of Bengali community and Basanta Rash and Pung chalam dances of Manipuri community. Each community has its own traditional musical instruments. The important musical instruments are 'Khamb (Drum)', Bamboo flute, 'Lebang', 'Sarinda', 'Do- Tara', and 'Khengrong', etc. Long and intimate association of Poet Rabindranath Tagore with Tripura has added luster to the rich cultural heritage of the state. The state has produced the famous musicians like Sachin Dev Barman and Rahul Dev Barman. They were undoubtedly successful cultural entrepreneurs who left their footprints not only in the Indian music society but also globally. But they have explored the national resource rather than local resource although there are ample cultural resources available for entrepreneurship, especially in the ADC area Tripura. Following is the brief description of various cultural resources of different major tribal communities of ADC area Tripura.

1. Tripuri Community: The Tripuris constitute the weightiest section of the entire tribal community, representing more than 50% of the total tribal population of the State. The Tripuris live on the slopes of hills in a group of five to fifty families. Their houses in these areas are built of bamboo and raised five to six feet height to save themselves from the dangers of the wild animals. Nowadays a considerable section of this community are living in the plains and erecting houses like the plains' people adopting their methods of cultivation and following them in other aspects of life, such as dress, manners and cosmetics. Tripuri women rear a scarp, called Pachra, which reaches down just below the knee. They weave in their loom a small piece of cloth, which they call 'Risha', and they use this small piece of cloth as their breast garment. The folk dances of Tripuri community are Garia, Jhum, Maimita, Masak Sumani and Lebang boomani dances, of which Garia dance and Lebang boomani dance are main.

ii) **Garia Dance:** The life and culture of Tripuris revolve around Jhum (shifting) cultivation. When the sowing of seeds at a plot of land selected for Jhum is over by middle of April, they pray to the God 'Garia' for a happy harvest. The celebrations attached to the Garia Puja continue for seven days when they seek to entertain their beloved deity with song and dance.

iii) **Lebang Boomani Dance:** After the Garia festival is over, the Tripuris have a time to rest awaiting the

monsoon. During this period, folks of charming colourful insects called 'Lebang' use to visit hill slopes in search of seeds sewn on it. The annual visit of the insects renders the tribal youths to indulge in merry-making. While the men-folk make a peculiar rhythmic sound with the help of two bamboo chips in their hand, the women folk run tottering the hill slopes to catch hold of these insects called 'Lebang'. The rhythm of the sound made by the bamboo chips attracts the insects from their hiding places and the women in-groups catch them. With the change of time jhuming on hill slopes are gradually diminishing. But the cultural life that developed centering round the jhum delved deep into the society. It still exists in the state's hills and dales as a reminiscence of the life, which the tribal of today cherish in memory, and preserve as treasure. In both the dances Tripuris use the musical instruments like Khamb made of Bamboo, Flute, Sarinda, Lebang made of bamboo and bamboo cymbal. Tripuri women generally put on indigenous ornaments like chain made of silver with coin, Bangle made of silver, ear and nose rings made of bronze. They prefer flower as ornaments.

2. Reang Community: Next to Tripuris, the Reangs constitute the second biggest group among the tribal population. It is generally believed that this particular community migrated to Tripura from somewhere in the Chittagong hill Tracts in the middle part of the fifteenth century. The Reangs are very disciplined community. The head of the community enjoys the title 'Rai'. He is supreme in all matters of internal disputes and hence to be obeyed by all belonging to the said community. They generally avoid normal court for justice. The Reangs are very backward both educationally and economically and, therefore, they are still considered to be the primitive group. Hozagiri is the main folk dance of Reang community.

i) Hozagiri Dance: While the theme of the dance remains almost to be the same as of other tribes, the dance form of the Reang community is quite different from others. The movement of hands or even the upper part of the body is somewhat restricted, whereas the movement beginning from their waist down to their feet creates a wonderful wave. Standing on an earthen pitcher with a bottle on the head and a lighted lamp on it, when the Reang belle dance twisting rhythmically the lower part of the body, the dance bewilders the onlookers. The Reangs also use the musical Instruments like Khamb, Flute made of bamboo and bamboo cymbal. The Reang women prefer to put on black Pachra and Rea. Reang women put on coins ring, which generally covers their entire upper region. They also put on rings made of coin in their ears. They are fond of fragrant flowers as ornaments to metal things.

3. Chakma Community: People of Chakma Community in Tripura are found normally in the Sub-Divisions of Kailashahar, Amarpur, Sabroom, Udaipur, Belonia and Kanchanpur. They are followers of Buddhism. Although the Chakmas are divided into several groups and sub-sections, no major difference is noticed in the manner and customs in different groups. The Chakma chiefs are generally called 'Dewans' and they exercise great authority and influence within the community in all internal matters. The Chakma Women, like all other tribal women are experts in weaving. The Chakmas are very neat and clean in their domestic life. Bizu dance is one of the characteristic of the Chakma community.

i) Bizu Dance: Bizu means 'Chaitra-Sankranti'. 'Chaitra-Sankranti' denotes end of Bengali calendar year. It is during this period when the Chakmas sing and dance to bid good-bye to the year just being ended and welcome the new year. The dance is beautifully orchestrated with the rhythm playing of what is known as 'Khenggarang' and 'Dhukuk' sorts of flutes. The Chakma women are fond of flowers, which they often use in their hair. They also use metal ornaments.

4. Halam (Malsum) Community: Malsum is one of the 12 groups belonging to the Halam community of Tripura. Halam, again, originally hailed from one of the branches of Kukis. It is said that Kukis had lived in Tripura even before the Tripuris came in to conquer the land. Those of the Kukis who had submitted to the Tripura 'Raja' came to be known as Halams. Originally the tribe was divided into 12 sub-groups of 'Dafas' but in course of time these sub-groups have split into sections and now as many as sixteen clans are found to be making up for the whole

Halam community. Malsum belongs to one of these 12 groups. The Halams are followers of the 'Saka' cult, but the influence of 'Vaishnavism' is quite marked, particularly, in two sections of the community. They believe in the existence of spirit too. Their worship is solemnized with offerings and sacrifices so that nothing calamitous befalls the community in the form of crop failure or epidemic or any other natural disaster. During the festival, they sit together to settle all internal disputes, try cases or crime and inflict punishment on the offenders which make the Puja a useful social gathering in keeping peace and harmony within the community. Hai-Hak is the main folk dance of this community.

|| **Hai-Hak Dance:** Like other tribal community of the State, the social and economic life of the Halam community also revolves around jhum cultivation. At the end of the harvesting season the Malsum traditionally adore Goddess Laxmi. They enjoy this festive occasion for their famous Hai-Hak dance. It is also a community dance with exquisite beauty. Rhythms of the dance reflect the tradition inherited from distant past.

5. Garo Community: The people of Garo community live in the South and Dhalai Districts of Tripura. Originally they use to live in Tong Ghar made of bamboo to save themselves from wild animals like the other tribals of Tripura. But now they prefer houses made of mud wall with 'Chan' grass as roof. They are believed to have migrated to Tripura from Garo Hills. The life style of the Garo living in Tripura is almost like the other tribal. The Heads of the community is known as Sangnakma and the priest of the community is known as Kama. They put on the dress as good as that of the Khasis. Wangala is the main folk dance of Garo community.

|| **Wangala Dance:** After the happy harvest 'Wangala' (*1st rice eating ceremony*) is performed in every house. The Sangnakma, head of the communities visits every house and cuts a pumpkin as a part of worship. This pumpkin is sacrificed on this occasion. After that the women dance to the beat of 'Dama' and 'Aaduri' made of buffalo horn. The dance projects the rehearsal for war.

6. Lusai Community: The Lusais were originally inhabitant of the hills lying with east and north-east of Tripura and also to the adjoining hilly areas. They have settled down on Jampui Hills situated on the North-East boundary of the state under Kancharpur Sub-Division in North Tripura District. Their number is very insignificant to the total population of the state. Their social life and Customs have been objects of great

1. Attraction to others. The principal means of livelihood of the Lusais still remain to be Jhum cultivation. Of course, this can be considered chiefly to the dearth of plain land in the hills. They prefer living in high altitude of the hills. Welcome is the main folk dance of this community.

|| **Welcome Dance:** The Lusai girls are well dressed. They generally wear their colourful cloth. They perform welcome dance whenever any visitor pays visits to their house. This is very colourful dance where young girls of the entire community take part. Their dress is so colourful that the ornaments are not very much required except fragrant flowers.

7. Darlong Community: The Darlongs are the sub-caste of the Lusai community. They live mostly in Kailashahar Sub-Division in North Tripura District. Their main livelihood is cultivation of pineapple, orange and cotton. Cheraw is the main folk dance of Darlong community.

|| **Cheraw Dance:** The Darlong reposes faith in after life. They believe that man is destined to go to Heaven after death. Incidentally, they think that if a pregnant woman dies, she feels it very difficult, with all her physical strains, to track the long journey to Heaven. Hence, at the last stage of her pregnancy - in fact just at the time or immediately prior to delivery all her relatives perform this 'Cheraw' dance in-group throughout day and night so as to instil confidence in the mind of that woman. They are firm in their belief that even if the woman dies at this juncture, it will be possible for her to go Heaven with courage and confidence together with joy gained through the sound of bamboo as the rhythm of the dance produced till her death.

8. Mog Community: There is a controversy over the origin of the word 'MOG' or 'MOGH'. In a periodical magazine of the Burmese Research Society, this 'word' has been considered to originate from Bengali. But in the model Bengali Dictionary of Bangiya Sahitya Parishad, the origin of this word is 'unknown'. In another Dictionary this word is claimed to have originated from a Burmese word 'Mogh' which is generally used as an epithet before the name of a gentleman. Some others of course referred to the ancient Mogadha Empire for its origination. But it is sad that when the domination of Hindu religion began to thrive in this ancient center of Buddha religion, a branch of Mogadha dynasty left for Chitagong and subsequently settled down in Hill Chitagong. Probably the Word 'Mong' came from 'Mogadhi'(one who hails from Mogadhaor one who is a resident of Mogadha). In English dictionary the words Mog, Mogen, Mouge have been shown as surnames to the inhabitants of Arakan in 15th and 16th centuries. Bangalees of course refer to the inhabitants of Arakan as 'Mog'. The people of 'Mog' community claimed to have come from Arakan and settled down in Tripura in 957 A.D. Almost all the people belonging to the Mog community are the followers of Buddhism. Sangrai (last day of the month of Chaitra, which is the last month of the Bengali Calendar Year) is the occasion of special festival. The people of the Mog community in general and the young boys and girls in particular celebrate the day through cultural programs to invite the New Year. Cakes are prepared at every home and denizens move from house to house to take cakes. On this day water is carried through auspicious pitchers and respected persons are allowed to take bath with this water. The young boys and girls indulge in aquatics traditional Khouyang is played on bet. Paste of fragrant sandalwood and water of green coconuts are sprinkled in every house. There is merriment everywhere and in the midst of pomp and grandeur, fragrant water is poured on the root of 'Bodhi Briksha'. The festival continues for three days. The youths of Mog community on this

auspicious occasion move about from one house to another dancing and singing with pious 'wish Yielding Tree'(Kalpataru) on head. 'Way Dance' or 'Lamp Dance' is the main folk dance of Mog community.

Il *Way (Lamp) Dance:* The people of Mog community observe austerity from the full moon of Bengali month of Ashad down to the full moon Bengali month of Ashwin. Generally, no auspicious occasion like marriage is celebrated during the period. Even the married women do not go to their parents' house during this time. 'Way' festival is celebrated on the day of full moon of the Bengali month of Ashwin. Lamps dedicated to the Lord Buddha are launched on this day. The young boys and girls stand in rows with lamps in hand to worship the Lord Buddha. The youngsters indulge in merriment through songs and dances in the premises of Buddha temple. The traditional dance of the Mog community is known as 'Way Dance' or 'Lamp Dance'.

Besides above major cultural resources of the ADC areas of Tripura, it has plenty of natural resources as well as human resources. So, lacuna lies in the entrepreneurial initiative. As such, there are ample potential for entrepreneurial leaders to exploit these cultural resources and sale it in the global market in an organized manner to gain individual financial benefit from the transaction and also provide better economic life to the denizens of the ADC areas of Tripura. Such cultural entrepreneurial initiative can easily be tagged with the ecotourism of the state which is discussed in the next section of the present paper.

Cultural Entrepreneurship and Ecotourism

According to The International Ecotourism Society [TIES] (1990), ecotourism is "Responsible travel to natural areas that conserves the environment and improves the well-being of local people." Martha Honey expands on the TIES definition by describing the seven characteristics of ecotourism, which are:

- Involves travel to natural destinations;
- Minimizes impact;
- Builds environmental awareness;
- Provides direct financial benefits for conservation;

- Provides financial benefits and empowerment for local people;
- Respects local culture;
- Supports human rights and democratic movements.

The above characteristics of the ecotourism open the opportunities for the denizens of the ADC area of Tripura for embracing cultural entrepreneurship as career by choice and link the same to the ecotourism activities of the state for gaining economic benefits. Potential entrepreneurs may organize different cultural troops to present their cultural heritage through dance, song, drama, etc. before the tourists. These activities may easily be tied-up with the various packages of Tripura Tourism Development Corporation Limited (TTDCL). Generally, tourist package of TTDCL varies from 3 to 8 days (*Table - 1*). According to these packages, tourists travel various places during day time and halts at different tourist lodges at night. So, they may easily be exposed to the different cultural programmes of the denizens of the ADC area of Tripura at the tourist lodges. This will be an attractive step for the tourists of Tripura in one hand and it will also open an opportunity for cultural entrepreneurship for the potential unemployed youths of the state.

Table - 1: Details of Package Tours of Tripura Tourism Development Corporation Limited

Sl. No.	Name of the Package Tour	Duration	Route	Rate		
				Non-AC Vehicle	AC Coach	AC Car
1.	Discover Tripura	8 days & 7 nights	Day-1: Agartala local sight night halt at Agartala.	Rs. 6500/-	Rs. 7500/-	Rs. 8000/-
			Day-2: Agartala-Jumpai Hill night halt at Eden Tourist Lodge.			
			Day-3: Jumpai Hill Sightseeing night halt at Eden Tourist Lodge.			
			Day-4: Eden Tourist Lodge - Unakuti night halt at Unakuti Tourist Lodge.			
			Day-5: Unakuti -Baramura Eco Park-Khumulwng Eco Park-Kamalasagar night halt at Commila view Tourist Lodge.			
			Day-6: Tepania Eco Park-Udaipur local - Night halt at Sagarmahal Tourist Lodge.			
			Day-7: Neermahal- Sepahijala- Agartala night halt.			
			Day-8: Back to Air port			
2.	Golden Tripura	4 days & 3 nights	Day-1: Agartala local sightseeing Kamalasagar night halt at 3200/- Commila view Tourist Lodge.	Rs. 3500/-	Rs. 3800/-	Rs.
			Day2: Kamalasagar - Sepahijala- Neermahal night halt at Sagarmahal Tourist Lodge.			
			Day-3: Sagarmahal -Udaipur local- night halt at Agartala.			
			Day-4: Back to Airport			

Sl. No.	Name of the Package Tour	Duration	Route	Rate		
				Non-AC Vehicle	AC Coach	AC Car
3.	Green Tripura	6 days & 5 nights	Day-1: Agartala local sightseeing night halt at Agartala.	Rs. 2200/-	Rs. 2600/-	Rs. 2900/-
			Day-2: Jumpai Hill night halt at Eden Tourist Lodge.			
			Day-3: Jumpai Hill sightseeing night halt at Eden Tourist Lodge.			
			Day-4: Eden Tourist Lodge - Unakuti - night halt at Unakuti Tourist Lodge.			
			Day-5: Unakuti Tourist Lodge - Baramura Eco Park- Khumulwng Eco Park night halt at Agartala.			
			Day-6: Back to Airport.			
4.	Buddhist Circuit	3 days & 2 night	Day-1: Agartala, -local sightseeing -, Boxnagar- night halt at Udaipur Tourist Lodge.			
			Day-2: Pilak - Mahamuni - night halt at Agartala.			
			Day-3: Back to Airport			

Source: Tripura Tourism Development Corporation Limited

Economic growth of the ADC area of Tripura through cultural entrepreneurship

The barometer for economic growth of a section of people in the society is their per capita income; which can be increased through rotation of money among the different sections of people in the society. All entrepreneurial initiative virtually helps in rotating money among the people through providing product or services. As in the present case, the cultural entrepreneurs will earn money from the tourists and distributes money among the different cultural artists of the ADC area of Tripura. In this process, entrepreneurs will earn their profit to lead their livelihood. This idea may also be conceptualized in a broader spectrum especially, in the era of globalization. On maturity of their business, cultural entrepreneurs may expose their well organized cultural troops in the international market. They may organize different cultural programs in different countries in collaboration with their counterparts in the respective countries. Among the different cultural activities of the tribal people of Tripura, the beautiful *Hozagiri* dance of Reang community can easily be an attractive one in the international market; which has already won the presidential award of India in the event of 26th January program at New Delhi a couple years back. As such, on winding up the present discussion, it may be said that there are ample opportunities before the potential cultural entrepreneurs of Tripura for developing their economic livelihood through exploring the traditional cultural heritage of the denizens of the ADC area of Tripura; which in other way will also increase the per capita income of the cultural artists of the said area exposing them in the global market.

Conclusion

The concept of entrepreneurship is an old but living one because of its economic value in society building. Entrepreneurship refers to any innovative idea that leads to an industry or business or service activity which

provide economic gain for the initiator and also opens source of earning for others too. The raw materials for entrepreneurship may be anything. Sometimes, physical resources act as raw material, sometimes human resources as raw material, some a combination of both physical and human resources act as raw material. In the present paper, an attempt has been made to expose the traditional culture of the ADC area of Tripura as the resource for entrepreneurial activities for gaining economic benefit by the denizens of the said area. ADC area of Tripura has a rich cultural heritage of 19 different tribal communities. Each community has its own folk dance forms which are famous in the country. The main folk dances are Hozagiri dance of Reang community, Garia, Jhum, Maimita, Masak Sumani and Lebang boomani dances of Tripuri community, Bizu dance of Chakma community, Cheraw and Welcome dances of Lusai community, Hai-Hak dance of Malsum community, Wangala dance of Garo community, Sangraiaka, Chimithang, Padisha and Abhangma dances of Mog community, Garia dances of Kalai and Jamatia community, etc. In the present paper, these wide variety cultural resources have been considered for entrepreneurship through linking the same with the ecotourism program of the state and also exposing the traditional cultural heritage of Tripura in the global market. It is expected that if the idea is materialized in reality, it will help in both poverty elimination of denizens of the ADC area of Tripura and the state will get a new identity before the international community. Since, Tripura is going to be the gateway to the Asian countries after the construction of proposed Asian Highway, the potentiality for exposure of cultural heritage of Tripura in the international market will increase in the coming days. As such, this opportunity of cultural entrepreneurship in Tripura can't be ignored at all.

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IMPACT OF SOCIAL NETWORKING IN MANUFACTURING

ABSTRACT

The best-in-class manufacturers have begun to leverage enterprise social networks to foster greater sharing of ideas, information and knowledge across their enterprise. This article explores how manufacturers are seeking to boost sales, marketing, service, and support functions by leveraging emerging social networking and collaboration for greater teamwork and productivity. These days enterprises have started using a new group of social networking tools and technology designed for implementation within enterprise environments to increase collaboration and, ultimately, competitiveness. Social networking once considered to be far from manufacturing is getting more focus and attention for improving competitiveness. Things are changing rapidly, and some of the specific areas of inquiry are: What is the status and extent of enterprise social networking use in manufacturing companies? What stage of maturity are manufacturers at with regard to enterprise social networking implementation? In which functional areas of the manufacturing enterprise (e.g., product design, supply chain, production, service and support, etc.) is enterprise social networking having the greatest impact?

Key words: *Social networking, collaboration, productivity, enterprise competitiveness, talent management, 40/40/20 rule of marketing*

Introduction

This research paper based mostly on current literature review and desk research will bring out the relevance of networking, marketing and social networks in improving the manufacturing productivity as well as strategic focus on organizational competitiveness. Specifically, the following areas of impact will be explored through this paper and the author hopes that it will trigger further investigation and research in this area for enhancing organizational competitiveness.

- Manufacturers are not measuring the effectiveness of social networking yet, but they're increasingly adopting it anyway.
- Executives are most excited about the potential for increasing the speed of idea generation and execution within their companies, as well as the promise of market influence and thought leadership.
- Monitoring and responding to customer experiences and comments in real time is seen as a major value.

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- Not surprisingly, enterprise social networking is growing most rapidly where senior leaders not only support the technology, but also actively use it themselves
- Manufacturers believe a new generation of younger employees will help drive accelerated adoption of enterprise social networking.

Objectives and Research Methodology

Whereas the broad areas of investigation have already been explained in the introductory paragraphs, the following are the key areas on which the study has been focused.

1. To find out the status and extent of usage and implementation of Social networking across the enterprise level of manufacturing companies.
2. To identify the impact of social networking in different functional areas of manufacturing.
3. To estimate the extent of enthusiasm and awareness of Social networking among the executives for operational improvement and
4. To identify target groups for maximizing networking advantages

Extensive use of desk research is adopted in view of the availability of a large and diverse volume of literature

Review of Literature

Theodore Levitt, the great management Guru has said, "People do not want to buy ¼ inch drills, they want to buy ¼ inch holes". So, the customer wants to make a quarter-inch hole for some reason. They buy a quarter-inch bit for their drill in order to achieve this. Marketing the drill bit based on its features (it fits into your drill) wouldn't be as successful in this case as marketing it based on the benefits (you can create a quarter-inch hole). So after all of this reading, I think makes it easy to distinguish between features and benefits: **A feature is what your product does; a benefit is what the customer can do with your product.** Example: LinkedIn has gone even further by referencing the customer in their tagline. Saying "Be great at what you do" makes it clear that the idea is you'll be great at what you do if you use LinkedIn. It's very customer-focused, rather than pushing features of the product or company's motto front-and-center.

Concept of Product

The figure below clearly indicates how the customer perceptions have changed over a period of time about the cost-price and value equation of a product! From a basic commodity, the product has evolved into something much more- for providing particular services to experience and now to more intangible transformational experiences. A product is no more just a bundle of benefits; it transforms the concept of life so far into a future life of expectancies! By networking at all levels of the organization, and through social networks used for marketing, modern organizations understand what is expected of their product not only in terms of an extended product but really how customer benefits by usage and how it enhances his personal esteem and social standing in the community. This is the transformation we are talking about!

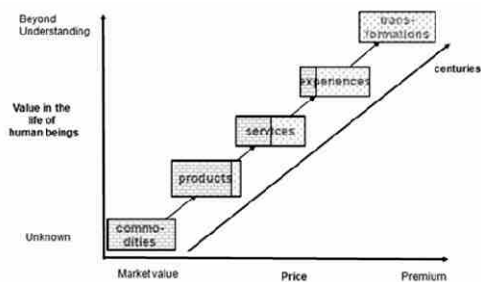


Fig.1: The changes in customer perceptions of product.

Fulfilment of Customer Exptations

Recent research on Customer expectations from business leaders and their product offerings indicate a strong preference for experiential satisfaction. This means not only the product features and benefits, but the realization of satisfactory emotions on usage and acceptance in society. (See Table 1 for details)

The customer satisfaction is more experiential is corroborated from the previous paragraph which indicates the transformational nature of the product to transform the life style of customer using the product. This means that the customer has to have a very satisfactory emotional content of the product usage and possession benefits. Process efficiencies will ensure that the customer is not loaded with additional cost of inefficient processes and technologies. Network marketing techniques for distribution of products is gaining importance as a cost effective alternative to traditional forms of distribution.

Table.1: Priorities for customers and business leaders. Archived from 164341, www.eMarketer.com

Leading priorities for big data according to IT and Business Leaders Worldwide, June 2013

(% of respondents)

	Top	Second	Third
Enhanced customer experience	23%	18%	12%
Process Efficiency	17%	14%	11%
New Products/ new business models	16%	14%	9%
More targeted marketing	14%	13%	9%
Cost reduction	8%	12%	9%
Improved risk management	6%	10%	9%
Monetize information directly	5%	4%	7%
Regulatory compliance	6%	4%	4%
Enhanced security capabilities	3%	3%	4%

Note: n = 687

Source: Gartner, "Big Data Adoption in 2013 Shows Substance Behind the Hype" Sept23, 2013

Following are the top priorities as indicated by respondents:

- a. Enhanced customer experience
- b. Process Efficiency
- c. New Products/ New business models
- d. More targeted marketing

Consumer Behavior: Changing Relationship with Organisations

The concept of business is rapidly changing in modern times. The most important change is that businesses have become customer-centric, as seen from the development of network marketing and social marketing concepts. Info graphic concepts are making businesses more open and accessible to public domain i.e. collaboration with customers, suppliers, employees and other stake holders. Businesses will be co-created with collaboration with customers. The massive adoption of mobile technologies opens up opportunities to create highly engaging personalized and seamless experiences across the online and offline worlds.

Social media is the platform to engage the customers further. The concept of social loyalty is taking roots. It is vital for organizations to spot influencers and advocates and reward them for their favorable inclinations and recommendation. Consumers can be rewarded for providing useful feedback on new product performance and recommending usage through their friends and relatives in the social media. Cloud computing technologies provide a vast array of opportunities in this regard. Mobile apps, which are becoming more popular and give instant feedback to manufacturers to redesign their offerings for immediate market success.

Talent Management

This calls for higher and the right skill sets for marketing and sales executives. One of the serious problems faced by modern organizations is such serious gaps in skill sets of agency sales persons. The largest agency skill gaps are in Mobile, Analytics and mobile Apps. More than 80% of the companies (as revealed in a recent survey in USA) lack competencies to locate, hire and retain talent. E-LEARNING, on-line certification programs can fill up the skill gap to some extent. So, digital marketing capabilities are seriously threatened by singular lack of talented people and the growing demand for them thereby creating a wider GAP between demand and supply.

Unless the digital talent is addressed organizations will lose out to competition and new product ideas. This is the greatest challenge of the present time. Developing Marketing matrices, to measure performance and making course corrections as you go along with your marketing plans is necessary. While the objective of marketing matrices is to improve your efficiency and effectiveness of marketing, it has to be remembered that you are open to public view on the web and all your actions need to be transparent and genuine. For example you have to seriously consider whether you want to measure ROI (Return on Investment), ROMI (Return on marketing investment) or ROMMI (Return on marginal marketing investment). You have to decide which matrices are most relevant for or operations. In a performance driven marketing environment establishing relevant matrices can be very challenging; but it is worth the effort.

In a recent survey by Kelly Staffing and click service advertising, there is a critical shortage of talent in advertising agencies. Among the various companies covered in a recent market survey, the positions not filled and still open is about 40% more than what they could fill up with talent there by clearly indicating the shortage of talent in marketing and advertising for digitalized business environment. There are tremendous opportunities for job seekers who have the right talent.

Why People Do Not Want To Buy

In marketing, you will always come across people who do not want to buy your product. It is very much necessary to understand the underlying reasons. Sales are produced by real people and it doesn't matter if you're selling lemonade to tourists or airplanes to governments. Even on the Internet every sale is the result of a live person or

group of people deciding to buy from you. Unfortunately many decide not to buy. Would you like to increase the number of sales you get? It's easier than you think. There are only four reasons why people decide not to buy and once you understand the psychology behind each of them you can implement proven strategies to get a higher percentage of sales.

Reason 1: No Need

People in our modern society rarely buy something because they need it; they buy something because they want it. When prospective customers say "I don't need your product" they really mean "I don't want it". How can you avoid losing these sales? By targeting your marketing. Promote your business only among people likely to have a strong desire for the benefits provided by your product or service. For example a network marketer will lose money by advertising a business opportunity in the local newspaper because most readers aren't interested in a business opportunity. Instead the marketer can generate business by advertising in trade magazines, newsletters or e-zines read by opportunity seekers.

Reason 2: No Money

Consumers and businesses rarely avoid buying something because they don't have (or can't get) the money needed to make the purchase. They avoid buying what you offer because they place a higher priority on spending money for something else. You can get these sales by making your product or service their priority. What is the most pressing problem you can solve for prospects in your targeted market? Dramatise how they'll feel when your product or service eliminates that problem. Make it so important they'll move your offer to the top of their priority list.

Reason 3: No Hurry

Many people tend to procrastinate after they decide to buy something and as time passes some will forget why your product or service is so important. They'll be distracted by other priorities and forget all about you and you will lose the business. You can avoid losing sales because of "no hurry" by rewarding customers for taking immediate action and penalizing those who don't. For example offer a special discount price or a special bonus for ordering before a deadline.

Reason 4: No Trust

Most people fear losing something they have more than they desire gaining something they want and this fear causes many people to avoid buying something they really want. They're reluctant to buy because they might not get what they expect from your product or service and they'll lose their money. You have to remove this perceived risk to avoid losing business because of "no trust". Here are three ways for any business:

- a. Eliminate the risk with an unconditional money back guarantee.
- b. Provide reassurance with testimonials from satisfied customers.
- c. Increase your credibility by allowing customers to communicate directly with you by giving them your direct phone number for example. You'll only get calls from serious prospects who want the reassurance of dealing with a real person.

There are only four reasons why people decide not to buy from you and you can increase your sales and profits by understanding the thinking behind each reason and implementing proven strategies to neutralize objections.

Focus On People - Not Products

Social networking involves interaction with live people with a lot of their own premeditated dispositions. The sales people have to get through the web of dispositions to get across to the real person behind to understand why and find means of reaching them. Following are the 3 basic criteria you need to understand and consider before embarking on a sales campaign.

- a. Are you selling a product which people want to buy?
- b. People do not buy products; they buy benefits which accrue through the purchase act.
- c. Lack of Focus on why people buy products than what they buy.

Many times companies fall into a pit of imagining what the people will need based on their own market research or gut feeling and manufacture such offerings which fail to capture the imagination and wants of people. Marketers may remind themselves that people do not go out and just buy products; they need something to solve their problems and offer tangible benefits on usage. In total much of high paced aggressive marketing just forgets why people buy products and have a myopic approach as to what they will buy. This is one of the main reasons for marketing failure.

The 40/40/20 Rule of Marketing

Here is a fact that explains why customers buy. The "40/40/20 rule" explains what constitutes the response for a marketing campaign. It breaks down like this:

- 40% of the success of your marketing is dependent on the *target audience*
- 40% of the success of your marketing is dependent on what you're *offering* [product or service]
- 20% of the success of your marketing is dependent on *creativity* of presentation

This rule was popularized in the 1960's by a direct mail guru named Ed Mayer. The first 40 represent your target audience. Meaning, 40% of the success of your direct response marketing program is tied to your message being sent to the *right audience*. The second 40 stood for offer. Meaning, 40% of the success of your direct response program was centered on having the *right offer* for that audience. And 20 is *creative message content*. The copy and art are obviously important, but only if they relay the right message to the right people.

As you can see, customers don't buy because your ads are very creatively done nor do they buy for any other reason besides their own. 80% of marketing success that brings about astounding sales is dependent on *utility*. You have to know '*what to sell*' [offer] to those '*who needs them*' [target audience].

Analysis & Discussion

Earlier we have seen major reasons for customers to reject your offer and not buy our products. We give below a gist of reasons from recent research in media and digital marketing that would indicate the reasons for customers to prefer your offering in comparison to competitive offers. In short these can be enumerated as given below:

- a. UTILITY - Why I should buy this product?
- b. CREDIBILITY - Why I should buy from you?
- c. RELEVANCE - Why should I buy from you?

People buy products on account of its ability for getting rid of a problem you want to and creating a result you want and you do not have. This is what the economists call utility of a product or service. In short the customer is expecting a solution to his problem. The satisfaction that is derived by the consumption of a product is what is utility. Utility what the product or service can do for them. Mind you, it is not you as a person or the organization that the customer considers, but the product which is offered to solve his problem!

Credibility comes from the perception of customers that your product/service or offering has the capability to solve his problem. This comes from trust. When he is convinced that the product you offer has the ability to solve his problem in terms of utility he evaluates your credibility based on past performance and market credentials. Credibility comes before profitability. Such credibility depends on your corporate product image!

Relevance is the most crucial phase of the three reasons why people buy. To successfully get over this phase, two key skills are required;

- a. The ability to *question skillfully*
- b. The ability to *listen carefully*

To uncover the relevance of your product/service to the current needs of the customer, you've got to dig deep beyond the surface. People find it naturally difficult expressing their deep desires until skillfully led. The more you skillfully ask questions and listen carefully and patiently to the answers, the more the customer will open up and talk to you. In Psychoanalysis, this is called the *Freudian slip*. Psychologists have found that if you allow a person to talk freely, eventually he will slip. He will blurt out what he is really thinking about at the moment.

The job of the entrepreneur is to create the kind of environment where the customer feels comfortable expressing himself openly and honestly. Your goal is to create a comfortable environment with your personality, ask *open-ended questions* with words such as *what, where, when, how, who, why, and which*. And then listen carefully and patiently without any interruption. The importance of asking skillful questions and listening carefully is this; *the person who asks the questions is in control of the conversation*.

Conclusion

In the last few paragraphs we have explored the reasons for customers to buy the product and also the reasons for rejection. It is seen clearly from worldwide research and conclusions that

- Manufacturers and marketers are increasingly adopting social networking opportunities to optimize their product design and offerings.
- The younger generation of executives across the organization in all departments are net savvy and have stated deriving benefits of social networking with colleagues and increasing the speed with which they can respond to customer requirements.
- Through social networks and digital communication aids employees are able to network throughout the enterprise level and increase efficiencies through h cooperative ad collaborative efforts!
- There is no doubt that networking is rapidly advancing through supportive mobile apps and network technologies. Though there is presently a GAP in the network and technology savvy employees, there are organizations offering training and orientation facilities to fill this gap along with manufacturing organizations in their efforts.
- In conclusion we can say that the impact of social networking in manufacturing organizations is positive and it is here to stay!

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"THE APEX BANK'S CONTRIBUTION ON SOCIO-ECONOMIC DEVELOPMENT IN RURAL AREAS IN WEST BENGAL"

ABSTRACT

The NABARD is an apex level Bank. The National Bank for Agricultural and Rural Development (NABARD) came into being in July 1982 as an apex level bank. The primary aim of the Apex Bank was to provide an exclusive attention for Socio-Economic development in rural areas. As an apex level body at the National level for rural development, the Apex Bank was meant to discharge its functions by way of extending refinance assistance as also providing short and medium-term credit to the various District Co-operative Banks (DCBs), the Regional Rural Banks (RRBs), the Commercial Banks (CBs) and the different State Governments for a variety of approved purposes under different schemes of Socio-Economic development in rural areas and of rural infrastructure development. In the same way, the Apex bank plays a positive leadership role in growth and development to the Co-operative and Commercial Banks in West Bengal. The objective of this paper is to make a critical appraisal of the role played by the Apex bank in providing leadership to the Socio-Economic development in rural areas in West Bengal.

Keywords: Socio-economic development, District Co-operative Banks (DCBs), the Regional Rural Banks (RRBs), Commercial Banks (CBs), Rural Infrastructure Development (RIDF), Client Banks, Refinance, Research and Development (R&D) Fund, Regional Training Centres (RTCs).

Introduction:

The National Bank for Agricultural and Rural Development (NABARD) came into being in July 1982 as an apex level bank. The primary aim of the Apex Bank was to provide an exclusive attention to the credit needs of the rural sector. More specifically, the Apex Bank was created to fill the gaps, which still persisted in the rural credit structure even after the establishment of the Regional Rural Banks (RRBs) in 1975. As an apex level body at the National level for rural development, the Apex Bank was meant to discharge its functions by way of extending refinance assistance as also providing short and medium-term credit to the various District Co-operative Banks (DCBs), the Regional Rural Banks (RRBs), the Commercial Banks (CBs) and the different State Governments for a variety of approved purposes under different schemes of Socio-economic development project and of rural infrastructure development. In the same way, the Apex Bank plays a positive role in growth and development to the Rural Financial Institutions (client banks) but at the same time different types of pitfalls were found in the contribution of the Apex Bank to the Socio-economic development in the rural areas in the West Bengal.

Objectives of the Study:

The main purpose of this study is to identify / analyse the progress and problems of the Apex Bank's contribution to the Socio-economic development in Rural Areas of West Bengal. Precisely, the broad objectives of this work are:

- (i) To make a critical appraisal of the contribution made by the Apex Bank in providing leadership to the banks for Socio-economic development in Rural areas in West Bengal.

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- (ii) To evaluate the backdrop against which the Apex Bank was created in 1982.
- (iii) Ventures to evaluate the Apex Bank's success in ensuring Rural Infrastructure Development in the state.
- (iv) To identify the pitfalls in contribution of the Apex Bank and to suggest a framework of the probable new areas of its active involvement in bringing about the desired institutional changes and structural reforms of the Rural Financial Institutions (Client Banks).

Methodology:

The methodology adopted in carrying through the present study rests on an extensive data base. For the sake of a close scrutiny of the related issues, the work is designed as a case- study in West Bengal, which is a representative State in India. Here, West Bengal has been considered due to various types of deficiencies found in the working of the client banks in West Bengal as well as it is my home State. The leadership problems are the main deficiencies of the client banks. From that time (1982), the Apex Bank has been playing an important role of leadership to the client banks. To prove my hypothesis, both primary and secondary data were used in the work. Important data relating to the Apex Bank's working at various levels have been collected from different zonal/regional administrative offices of the Apex Bank. Important feedbacks have been collected by way of interface with the functionaries at various levels of the Apex Bank's operations and also with other agencies / persons of relevance to the present research. For the purpose of collecting other relevant data from the officials of the Apex Bank, a structured questionnaire has been prepared. It has been discussed with a number of senior officials of the bank and will be further used before finalizing the research report. Simple statistical tools such as average, percentages, ratios, histograms, pie-charts and tests like 't' test have to be used for the analysis and interpretation of data.

Published data are drawn mainly from the State Focus Paper of West Bengal and the State Credit Plan publications by the National Bank for Agriculture and Rural Development, Regional Office, Kolkata. The 'Annual Report' and various other official documents of the NABARD will yield a major portion of the data required for this study. Other sources of data are Centre for Monitoring Indian Economy (CMIE), Report of the All India Rural Credit Survey Committee, the Reserve Bank of India's Report on Currency and Finance as well as the Agricultural Credit Review Committee Report (A.B. Kushro), Report of the Committee to Review Arrangement for Institutional Credit for Agricultural and Rural Development (CRAFICARD) published by the Reserve Bank and the Agricultural Census Report published by the Government of West Bengal. Furthermore, discussion with the official of the Apex Bank and of the Co-operative bank .

The major contribution of the APEX Bank:

The Contribution of the Apex Bank covers four functions:

- In providing refinance to lending institutions in the rural areas.
- In strengthening the institutional credit system.

- In playing a direct role in the promotion of rural development.
- In evaluating, monitoring and inspecting the client banks

A Short Review of the Apex Bank's Operations: Refinance:

The Apex Bank provides assistance by way of refinance or otherwise, at concessional rates of interests to the client banks viz. the CBs, the SLDBs, the SCBs and the RRBs.. The Apex Bank's refinance functions can conveniently be divided, for the purposes of analysis, into two broad categories-medium-term investment finance and short-term production and marketing finance. Since its inception, the medium-term (investment) credit disbursed through the client banks has recorded a steadily rising trend as shown in Table 1.

Table - 1: Long-term and Medium-term Refinance Disbursements (Rs in Crores)

Year	Co-operatives		RRBs		CBs		Total		
	West Bengal LDBs	India WBSCB	West Bengal	India	West Bengal	India	West Bengal	India	
1988-89	11.25	-	809	17.71	197	37.16	672	66.12	1778
1992-93	12.11	-	1102	26.43	360	43.54	785	82.08	2267
1996-97	18.03	-	1332	29.12	462	41.16	815	88.31	2609
2001-02	2608	0.22	1731	30.93	502	42.23	841	109.70	2664
2003-04	58.70	8.36	2800	41.98	805	31.89	703	124.15	4308
2006-07	200.00	46.10	4512	135.62	1203	33.15	905	404.95	5679.30
2008-09	240.04	50.12	9121	159.53	1820	63.83.53.	1205	513.51	12148
2010-11	400.12	81.70102	18025	207.86	1730	35	1645	743.03	21400
2012-13	601.34	.60	21234	401.54	2341	72.45	2312	1034	32450

Sources: Annual Reports of Apex Bank, 1986-87,1997-98, 2001-2002 and State Focus Paper of West Bengal, 1997-98, 2001-2002, 2005-2006, 2008-09, 2012-13

- Table 1 shows that the total disbursement in the State of West Bengal as well as in India had increased steadily from Rs 66.12 crores in 1988-89 to Rs 743.03 crores during 2012-13 in West Bengal, but in India, it increased from Rs1778.00 crores in 1988-89 to Rs 32450 crores in 2012-13.
- However, the disbursement of the RRBs increased from Rs 17.71 crores in 1988- 89 to Rs 401.54 crores in 2012-13. In India, refinance disbursement of the Apex Bank has increased from Rs 197 crores in 1988-89 to Rs 2351 crores in 2012-13.

Short-term Refinance Disbursement.

The Apex Bank's refinance for short-term production and marketing is confined to the SCBs and the RRBs for which purpose these banks are sanctioned annual credit limits from out of the General Line of Credit of the RBI. The most important type of refinance is meant for seasonal agricultural operations or what is popularly known as crop loans issued by the Co-operative Credit Societies and the RRBs. Short-term credit refinance had increased steadily over the years. This is shown in Table 2

Table - 2 : Short-term Refinance Disbursements (Rs in Crores)

Year	West Bengal (Rs in Crores)
1988-89	11.34
1992-93	17.88
1996-97	26.21
2001-02	66.25
2003-04	93.67
2006-07	95.67
2008-09	56.2
2010-11	268.81
2012-13	423.32

Sources : *State Credit Plan of W.B. 1997-98, 2001-2002 and Annual Report of NABARD, 1997-98, 2005-06, 2008-09, 2012-13.*

Table 2 shows that short-term refinance by the Apex Bank has increased over the years in West Bengal as well as in India. In West Bengal it has increased from Rs 11.34 crores in 1988-89 to Rs 423.35 crores in 2012-13. In India it has increased from Rs 703 crores in 1988-89 to Rs 5679.30 crores in 2012-13.

Direct Lending by the Apex Bank

Section 30 of the Apex Bank Act, 1981, provides for the Apex Bank extending loans and advances otherwise than by way of refinance to any institution approved by the Central Government on such terms as considered appropriate. Thus direct lending implies that the Apex Bank could finance the rural credit schemes of developmental institutions taken up on their own for lending. Direct lending if resorted to under certain special circumstances in the wider interests of the regional or sectoral development, is not likely to affect the business of the client banks or detract the Apex Bank from its efforts in strengthening the credit institutions.

Recent Initiatives by the Apex Bank

Consistent with the policies of the Government of India for rural development, the Apex Bank also initiated a number of new policies and modified the existing ones. Some of the major policy initiatives included rationalization of interest rates on the Short-term Seasonal Agricultural Operations ST (SAO). An account of the various policy initiatives taken by the Government of India/the Reserve Bank/ the National Bank during the year is presented in what follows.

A. Short-term Credit

(i) Short-term Credit to Co-operative Banks

The basic objective of supplementing, through refinance support, the resources of the Co-operative Banks for meeting the production credit requirements of farmers and of using the instrumentality of such refinance for building up a sound, efficient, effective and viable rural credit structure, continued to get focus in the ST (SAO) refinance policy of the Apex Bank for the year 1996-97. Besides, certain special initiatives taken during the previous years for directing the flow of credit and refinance support to the backward regions and weaker sections of the farming community were reemphasised. These initiatives, inter-alia, included:

- (a) Relaxation in the minimum recovery norms for banks to facilitate flow of credit to new and non-defaulting members;
- (b) Provision of a separate line of credit for financing tribals on liberal terms;

- (c) emphasis on increased coverage of small and marginal farmers;

(ii) Short-term Credit for Seasonal Agricultural Operations (SAO)

The Apex Bank provides short-term assistance by way of refinance to the West Bengal State Co-operative Bank Ltd. for purpose of the Seasonal Agricultural Operations (SAO). Total disbursement in the State of West Bengal had increased steadily from Rs 51.71 crores in 1988-89 to Rs 197.31 crores in 2012.2013.

B. Provision of Short-term Refinance (for SAO and other than SAO) to the RRBs

The Apex Bank reimburses the RRBs for financing eligible short-term loans (both crop loans and other production loans) to the extent of 50% of the outstandings in order to enable the banks to consolidate the gains accruing from implementation of the Development Action Plans (DAPs) and make special efforts to improve their recovery levels and operational viability. In 1998, the banks were however, advised that in future refinance assistance from the National Bank would be directly linked, inter alia, to the levels of their recovery performance and availability of surplus resources with them.

Different Steps for Developmental Initiatives

The various steps taken by the Apex Bank can be broadly classified as developmental initiatives and rehabilitation measures.

(i) Training and Development

Human Resource Development is an integral part of institutional development. Keeping this in view the Apex Bank has focused special attention to the training needs of the rural financing institutions.

(a) Bankers Institute of Rural Development (BIRD):

The National Bank independently set up the Bankers Institute of Rural Development (BIRD) at the National level and two Regional Training Centres focussed attention upon the training of a large number of rural bankers in general and the RRB personnel in particular. The exclusive attention for training of the RRB personnel continued till 1992 in the training establishments of the National Bank. At the same time, the National Bank continued its support both academically and financially for training the personnel of the Land Development Banks (LDBs) in their Junior Level Training Centre (JLTCs). Thus, training as a part of the institutional development has been supported in the BIRD, the RTCs, the CAB of the RBI and the JLTCs of the SLDBs with financial back up and other support from the National Bank.

(b) Regional Training Centres (RTCs):

The BIRD and the two Regional Training Centers (RTCs) which were training exclusively the personnel of the RRBs till 1992 have assumed a new role in the context of reorganization of the BIRD as an autonomous society to serve as the national level apex training institute of excellence. The RTCs have been providing support to the BIRD by conducting region specific training programmes, workshops, studies etc. addressed to middle and implementation level of rural bankers.

(c) Agriculture Co-operative Staff Training Institutes (ACSTIs):

The Apex Bank also encourages the SCBs and the DCCBs to develop their human resources by extending support for conduct of training programmes in the Agricultural Co-operative Staff Training Institutes (ACSTIs) since 1994. The Bank is also supporting the initiatives for formulating perspective HRD/ manpower plan along with the business development plan as a part of the Development Planning exercise both for short-term and long-term co-operative credit institutions.

(d) Financial support for Training Activities :

A special fund, known as the Research and Development (R&D) Fund of the Apex Bank is utilised for supporting the training programmes conducted for the officers of the participating banks by the CAB of the RBI, Pune. During the year (upto March 31, 1997), a sum of Rs 1.08 crores was released to the CAB as against Rs 0.52 crores released during 1995-96. The R & D Fund is also being utilised for meeting the expenditure on training activities of the BIRD, Lucknow and the Regional Training Colleges at Bangalore and Bolpur from the year 1996-97. An expenditure of Rs 2.55 crores in 20012-13 was met out of the R & D Fund, on their training activities.

(e) Other Important Training Programmes Supported by the Apex Bank:

(i) Rural Development Projects Course

Another programme of four weeks duration, supported by the National Bank focuses on improving the capability of participants to identify, formulate, appraise, implement, monitor and evaluate various types of agricultural and rural development projects.

(ii) Training Programmes for Selected Technical Disciplines

There are also various short duration courses conducted by the Apex Bank in animal husbandry, fisheries, forestry, plantation and horticulture schemes etc. conducted primarily for officers of the client banks and the Apex Bank officials.

(iii) Rural Branch Management and Credit Delivery

This programme is aimed at upgrading the skills of rural branch managers and improving the efficiency of their branch operations. The programmes are emphatic on subjects related to credit delivery, recycling of funds, and improvement of branch operations.

Creation of Rural Infrastructure Development (RIDF):

It was observed that public sector investment in agriculture has been on the decline and is causing a lot of concern. Recognizing the need for bridging the gap, the Union Finance Minister, while presenting the budget for the year 1995-96 on March 15, 1995, had indicated:

"Inadequacy of public investment in agriculture is today a matter of general concern. This is an area which is the responsibility of the States but many States have neglected investment in infrastructure for agriculture. There are many rural infrastructure projects which

have been started but are lying incomplete for want of resources. They represent a major loss of potential income and employment to the rural population."

With the launching of financial sector reforms and introduction of the prudential norms, the commercial banking system is found to be cautious in extending credit to the agriculture sector to attain the target level of 18% of net bank credit.

In order to tackle the twin problems of shortfall in priority sector lending by the commercial banks and declining capital formation in the agriculture sector, the Union Finance Minister mooted the idea of setting up "Rural Infrastructure Development Fund" (RIDF) in the Apex Bank (NABARD) from the 1st April 1995. The fund started with an initial corpus of Rs 2,000 crores.

Funding of the RIDF

The fund was set up with contribution from all scheduled commercial banks excluding the foreign banks operating in India to the extent of the shortfall in achieving the sub-target fixed for agriculture (18% of net bank credit) subject to a maximum of 1.5% of net bank credit.

The Apex Bank (NABARD) places demands for the funds with the contributing banks as and when it is required to disburse loan to the State Government and the Government owned corporations. The contributions are received in the form of a fixed deposit for a period of 5 years at an interest of 12% p.a. at the initial stage of formation of the RIDF.

Under the fund of the RIDF, loans were sanctioned by the National Bank to the Government of West Bengal at an interest of 12% per annum.

During 1995-96 the total amount disbursed under the RIDF I in West Bengal stood at Rs 81.83 crores which further rose to Rs 135.40 crores and Rs 149.96 crores under the RIDF II & III, respectively. But it declined by Rs 0.45 crores during 1998-99. Similarly, during 1999-00 the total amount disbursed under the RIDF V was Rs 97.79 crores which declined by Rs 51.72 crores as compared to the previous year 1998-99 (RIDF IV) at an interest of 10.5% p.a. (Table 3.1). Same way total disbursement under RIDF- VI, VII, VIII, X, XI, XII, and XIII were Rs. 423.88 crores, Rs. 276.78 crores, Rs. 224.24 crores, Rs. 44.41 crores, Rs. 73.25 crores, Rs. 25.82 crores, Rs. 35.57 crores, Rs. 37.74 crores respectively (Table-3.2, Table-3.3). So it is clear that total amount disbursement under RIDF XI, XII, and XIII significantly declined in comparison to previous RIDF project.

Monitoring and Evaluation

The purpose of monitoring is to measure and oversee the progress towards predetermined targets and identify reasons for poor performance, while evaluation takes into account all factors affecting the performance in order that the reasons for the degree of achievement can be determined. In fact, monitoring and evaluation by the Apex Bank together play a vital role in measuring, both the performance of its programmes and effectiveness of its strategies for the development of the credit system.

Pitfalls in the APEX Bank's Contribution:

This paper identifies the pitfalls of the Apex Bank's contribution and suggests a framework of the probable new areas of its active involvement in bringing about the desired institutional changes and structural reforms of the Co-operative and Commercial Banks.

A. General:

2. There is not only a lack of co-ordination amongst the various activities, but also a large measure of absence of monitoring and evaluation of the impact of the Apex Bank's refinance activities upon the credit system. The refinance operating cycle is not working effectively. The Regional Offices are not adequately involved in planning schemes to be refinanced for meeting the rural credit needs.
3. There is no effective integration of the farm and the non-farm credit planning, nor of the short and medium-term refinancing.
4. The responsibilities of the Rural Financial Institutions are limited, especially in the areas of formulating investment guidelines and performance monitoring of refinance.

B. Working:

Various types of limitations are noted in the working of the Apex Bank. The main weaknesses of the Apex Bank's inspection functions are as under:

5. The Apex Bank has no power to grant or withdraw licences. It only makes recommendations to the Reserve Bank for licences to the banks inspected.
6. The Apex Bank's inspection reports typically highlight defects (about which the bank's management is well aware), without providing any analysis of their causes and recommendations for their solution.
7. The Apex Bank is not using the inspection findings to monitor the banks' performance except in a general way. The only extensive use of the inspection reports by the Apex Bank is found in assessing banks'

eligibility for short-term credit limits.

8. There are very limited links between inspection and other functions of the Apex Bank. Institutional development and inspections do not make any positive contribution to the institution building process.

Recommendations

1. Creation of Recovery Climate

Many of the farmers are financially weak. The Governmental agencies are not able to provide adequate marketing facilities or remunerative prices to their product. While the prices of industrial products are fixed by taking into account their cost of production, the prices of agricultural products are fixed arbitrarily or from the consumers' point of view. The main beneficiaries are the middlemen and the industrialists who purchased them and also who supplied the inputs and equipments. It is therefore said that in the absence of remunerative prices for their products, they are neither in a position to repay the principal nor the interest.

2. Proper Utilization of Research and Development (R&D) Fund

There is need to use the Apex Bank's Research and Development (R&D) Fund more imaginatively and aggressively to identify, evaluate, develop and promote new and political initiatives in rural development.

3. Monitoring and Evaluation

Monitoring and Evaluation are one of the clues to smooth functioning and rapid expansion of the client banks. At any time it is the source for its preparedness to respond swiftly and effectively to the needs of the poor. Intense attention is paid to the performance of individual staff members; inefficiencies are nipped in the bud and merit is quickly rewarded. Extensive records are being continuously updated. Monitoring and evaluation is valued for its present and potential contribution to future management and organizational development beyond the function of keeping an eye on the operations.

4. Co-ordination in between Different Banks

There is an urgent need for co-ordination between the different banks and agencies providing credit to agriculturists. This co-ordination should be at three levels; (i) the co-ordination between financial institutions themselves; (ii) the co-ordination between the financial institutions and the non-institutional sources of rural credit; and (iii) the co-ordination among the financial institutions, the non-institutional sources and the Governmental departments dealing with the matters relating to the rural sector.

5. Simple Rate of Interest

There should be simple rate of interest charged on all kinds of loans by the institutional and the non-institutional agencies. All kinds of short-term loans should be provided for a year. The farmers should be educated about the calculation of rate of interest and the loan facilities provided by the financial institutions.

Conclusions

From the present study it may be concluded that the Apex Bank has a dual role to play as an apex level institution and as a refinancing institution for Socio-economic development in rural areas in West Bengal. It has inherited its apex role from the Reserve Bank of India. In other words, it is performing all the functions performed by the Reserve Bank of India with regard to Development of Co-operative Banks and Commercial Banks. Various promotional efforts have been made by the Apex Bank for development of Rural areas in West Bengal. But various types of pitfalls were found in the contribution of the Apex Bank and the present paper suggests a framework of the probable new areas of its active involvement in bringing about the desired institutional changes and structural reforms of the Socio-Economic development in rural areas of the West Bengal.

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IMPACT OF TV ADVERTISEMENT ON PURCHASE BEHAVIOUR OF CONSUMERS IN LUCKNOW CITY WITH SPECIAL REFERENCE TO BRAND OF TELEVISIONS

ABSTRACT

This paper examines the advertisement, its different modes, and dimensions to find out their impact on the consumer behaviour. Paper analyses the overall impact of advertisements and the change in consumer behaviour. The factors which were analysed give perceived behaviour and their different dimensions which correlate to overall behaviour of the consumer. Overall consumer behaviour is further tested by their attitudinal approach, which is considered to be an important component of retaining the valued customers. The data have been collected from 508 valued customers belonging to different districts of Uttar Pradesh. A questionnaire was developed on the basis of the information on socio-demographic variables. The result suggests that use of visual aid such as TV for advertisements has a great impact on the minds of consumers and TV advertisements plays a major role for their first hand information and for final decision about the product. The analysis shows that in current changing environment, use of media for advertisement makes greater impact in relating to the customer and expanding the customer base.

Key Words: Advertising Effectiveness, Brand Loyalty, Brand Image, Brand Equity, Consumer Behavior, etc.

Introduction

Today, advertisement plays an important role in persuading customers to purchase products and services. On the other hand, the expenses of advertisement in comparisons to other activities in most companies are very remarkable. In the present days, every company wants to capture the highest market share. For this purpose, every company uses different ways to attract customers of different segments of the market and it is the best way to become a market leader. As Kotler, (2008) defined as, "The decision process and physical activity engaged in when evaluating, acquiring, using or disposing of goods and services". These definitions raise a few questions in our mind; what or who are consumers? What is the decision process that they engage in? Answers to these questions help the marketers and other interested parties in understanding the broad nature of consumer behaviour. The study of consumer behaviour is the study of how individuals make decision to spend their available

The study of Costa 1998 shows that symbolic constitution of goods for consumers is dialectically produced through the interplay between representations and discourses. Same results came from the study of Hall 1997

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and Foucault 1969, Horkheimer and Adorno (1946/1998) in their incisive analysis of the post-second world war capitalism linked the rise of consumer culture to the corporate control of the media and the culture industry. Gramsci (1990) making a similar argument has related the hegemonic nature of the 'culture industry' of the civil society and control of human consciousness.

Regarding use of media, the study of Chomsky (1989) observed that media-corporate combine with their profit imperative, consciously deceive consumers. He extending the argument of Marcuse, further asserts that consumers are like products, which are sold by the manipulating media to a willing buyer in private corporations. This manipulation is achieved through the creation and control of images and representations by media. Thompson (1997) has not only observed a symbiotic relationship between advertising and programming, but has also suggested that programs have a greater advertising impact because of lower levels of viewer skepticism. Communication theorists such as Gerbner et al. (1980) have systematically theorized the above approach as cultivation analysis. Accordingly, "television's images cultivate the dominant tendencies of our culture's beliefs, ideologies, and world views..."

Rubin (1984) acknowledges that television viewing is not a singular behavior and is also marked by ritualized behavior that can be understood through the cultivation approach. Dhillon et al. (1997) investigated the factors affecting consumer behavior of durable goods and food items. Sample comprised of 150 females (75 each from rural and urban areas). The sources of information, the rural respondents gave primary importance were, advertisements through radio, followed by posters to some extent but were least affected by magazines. Mahajan and Singh (1997) studied the impact of media on lifestyle of adolescents in the age group of 12-18 years of age and found that media especially television and satellite channels certainly affected the lifestyle of individuals. They tend to buy the product advertised by media, irrespective of its cost.

Anirudh, 1994 in his study found that Television advertising can have a powerful influence on adolescents, food preferences, consumption and behavior. 'Advertising seen is measured by looking at 'impacts.' Impacts provide a measure of advertising exposure.. Toshie in his research on title "The qualitative contents of television advertising and its penetration: the case in Japan" examines the penetration of television advertising in relation to the qualitative contents; continuity of the advertising; exposure patterns; and whether or not the advertising is for a new product. Results were found that advertisements with positive cognition and/or effect achieved deeper penetration than those with the negative ones. It was also found that series advertising using the same spokesperson and/or the same tone of appeal achieved deeper penetration than non-series advertising and that penetration began to reach saturation by non-series advertisement.

Verma and Kapoor (2002) in their research on Influence of TV Advertisements on Children's Buying Response: Role of Parent-Child Interaction found that parents give due recognition to the increasing role of children above the age of eight years in the family's purchase decision. Both the parents and the children felt the impact of TV advertisements on children's purchase request.

Ruiz and Sicilia (2002) in their research on the impact of cognitive and/or affective processing styles on consumer response to advertising appeals reveal that persuasive appeals tend to be more effective when the nature of the appeal matches, rather than mismatches, the individual personality-type preferences for processing information. The study show that informational and informational-emotional advertising appeals, which match consumer's processing style (thinking and thinking-feeling processors, respectively), can generate more positive attitudes toward the brand, Purchase Intention (PI) and brand choice. The study of Richards and Botterill 2000 shows that in current competitive age companies are expending up to 5% sales on advertisement.

Objectives of the Study and Research Methodology

- To assess the consumer sensitiveness towards different advertisements used for selected brand of Television
- To assess the sensitivity of consumer toward advertisement and evaluate the impact of the advertisements on brand selection of Television..
- To suggest suitable strategies for effective TV advertising of Television and Refrigerator.

Hypothesis:

On the basis of the objectives of the study these hypothesis are formulated:

Hypothesis 1: there is no significant difference in the Consumers sensitivity towards different advertisement used for selected consumer durables. (TV)

Hypothesis 2: Brand selection of TV is not associated with advertisement of product on TV.

Research Methodology:

The present study is exploratory as well as descriptive in nature. The goal of the study is to measure the impact of advertising on influencing purchase pattern of Television in Lucknow city and the factors affecting the consumer sensitivity towards advertisement of television. The Sub-goals are to determine whether advertising enhances the consumer sensitivity towards purchase of the product . Convenience and justified sampling technique was used for the research. In order to study the purchase behaviour of consumers primary data were collected from different regions of Uttar Pradesh through questionnaire and personal interview. For this purpose, a structured questionnaire was designed and piloted on a predetermined sample of 508 respondents of Lucknow city from different demographic characteristics. After collection of data it was analysed and some important findings and appropriate conclusions were drawn using some statistical data analysis tools and techniques. The following table 1 presents the demographic profile of the respondents.

Table 1 : General Profile of Employees

	<i>Categories</i>	<i>Count</i>	<i>Percentage</i>
Age	Upto 25 Years	158	31.1
	From 25-35 Years	226	44.5
	35-45 Years	98	19.3
	More than 45 years	26	5.1
Gender Category	Male	357	70.3
	Female	151	29.7
Marital Status	Unmarried	341	67.1
	Married	167	32.9

	<i>Categories</i>	<i>Count</i>	<i>Percentage</i>
Family Size	Less than 4 members	224	44.1
	Between 4 to 6 members	179	35.2
	Above 6 members	105	20.7
Monthly Income	Upto Rs. 10000PM	109	21.5
	Rs. 10000 to Rs.15000PM	123	24.2
	Rs. 15000-Rs.25000PM	132	26.0
	More than Rs 25000PM	144	28.3
Education Level	Undergraduate	7	1.4
	Graduates	278	54.7
	Post graduates and others	223	43.9
Occupational Categories	Students	3	.6
	Business	142	28.0
	Services	207	40.7
	Professional	154	30.3
	Housewives	2	.4

The demographic classification of respondents presented in the above table indicates that sample is dominated by the respondents falling in the age group of 25-35 years alone as it account for 44.5% in the sample. Gender has always been a distinguishing segmentation variable. Gender segmentation has long been applied for measuring the effectiveness of advertising on the different consumers. The analysis indicates that the sample included 70.3% male and 29.7% female respondents. Table indicates that sample is dominated by married category respondents. The analysis elaborates that the sample includes 67.1% married respondents and 32.9% unmarried respondents. This signifies that the sample is dominated by the respondents of married category. The analysis suggests that 44.1% respondents belong to families consisting of less than four members. More than half of the respondents (32.2%) have families consisting of 4-6 members. The remaining 20.7% respondents belong to families consisting of more than six members. The analysis projects that the sample includes 21.5%, 24.2%, 26.0% and 28.3% respondents respectively representing the group of respondents with monthly income upto Rs.10,000, Rs. 10,001 to 15,000, and Rs. 1,5000 to Rs25,000

pm and Rs.25,000 pm and above. An attempt was made to identify academic profile of the respondents. It is appropriately believed that understanding and impacts of advertising on consumers are closely associated with their level of education. The analysis of data suggests that the sample is dominated by well-qualified respondents as more than 90% of the respondents are having educational qualifications graduation and above. The analysis indicates that the sample is dominated by the respondents of services categories as it was indicated by 40.7% of the respondents. Another 28%, respondents fall in the business category. 30.3% belonged to professional category. Remaining 1% respondents belonged to students and housewives respectively.

Consumer Sensitivity towards Advertisement

Selling the product or services to the prospective customer or potential customer is the focus of any business and to sell a product marketing is a important factor and main step to make people buy the product. Apart from the other element of marketing, advertising is one of the most important element which enhances the consumer sensitivity towards product or services. It is actually a form of communication intended to persuade the audience (viewers, listeners or readers) to purchase the product. The intention of actually enlightening on advertising is to know whether advertising has any impact on consumer sensitivity or not. It does affect the consumers and their buying behavior but to what extent what are the variables and how this is effecting consumer's sensitivity toward purchasing a certain product is to be elaborated. Before attempting to know the ultimate impact of advertisements on the target consumers, it is necessary that we know how far they have access to various media

of advertisements, their likeness for advertisements, convenient timing of seeing the programmes and the most appealing mode of advertisement among the respondents. An attempt has been made in the present study to assess the respondents on the above mentioned factors. The relevant data in this regard has been presented in Table 2.

Table 2 : Consumer Sensitivity towards Advertisement

	<i>Categories</i>	<i>Count</i>	<i>Percentage</i>
Media Accessibility	Radio	397	78.149606
	Magazine	378	74.409449
	Television	490	96.456693
	Newspaper	398	78.346457
	Hoarding/ Printing	493	97.047244
	Any other	129	25.393701
Nature of reading	Regular	154	30.3
	Some Times	178	35.0
	Rarely	93	18.3
	Never	83	16.3
Consumer interest in viewing advertisement	Most of the times	155	30.5
	Some Times	160	31.5
	Rarely	124	24.4
	Never	69	13.6
Convenient Time	Morning Time	96	18.9
	Noon Times	121	23.8
	Evening Times	205	40.4
	Night Times	86	16.9
Nature of Attention	More attention	89	17.5
	Some attention	182	35.8
	Little attention	188	37.0
	Ignore It	49	9.6

The present era truly represents an age of the 'information revolution'. The business institutions are using several marketing techniques to enhance the consumer sensitivity towards media. For this purpose, the respondents were requested to indicate their accessibility to various media of advertisements. Analysis indicates that television is accessed by majority of respondent and majority see the program regularly or some time as combined together represented by almost 65% respondents. Majority of the respondents see the advertisements in noon time or evening as it was indicated by 23.8 and 30.4% respectively. The analysis indicates television is the more effective as most of the people see television. Survey reveals that 17.52% respondents revealed that they pay more attention towards advertisement when ever they see any new advertisement on TV in the advertisement. 35.84% indicated that they pay some attention towards advertisement. 37.4 % respondents indicated that they pay little attention towards advertisement. Remaining 9.61% respondent revealed that they ignore it. This signifies that sample is dominated by those respondents who either pay some attention or little attention on seeing the new advertisement of television and refrigerator on the media.

Table 3 : Brand Ownership

Sl. No.	Brand of Television	Number Of Respondent	%
a	AIWA	12	2.4
b	AKAI	38	7.5
c	BPL	30	5.9
d	HAIER	27	5.3
E	LG	105	20.7
F	ONIDA	47	9.3
G	PANASONIC	1	.2
H	PHILIPS	34	6.7
I	SAMSUNG	30	5.9
J	SONY	66	13.0
K	TEXLA	24	4.7
L	UPTRON	25	4.9
M	VIDEOCON	58	11.4
N	WESTON	11	2.2
	Total	508	100.0

The effectiveness of television advertising in reaching its target audience is examined on the basis of exposure frequency, exposure probability, sensitivity to advertising in general, sensitivity to specific brands, and purchase patterns of television and refrigerator. Media plays an important role and providing a lot of information about the product to the consumer which is helpful in their purchase pattern and making decision regarding product. Analysis indicates that 2.4%, 7.5%, 5.9%, 5.3%, 20.7%, 9.3%, .2%, 6.7%, 5.9%, 13.0%, 4.7%, 4.9%, 11.4%, 2.2%, respondents respectively own aiwa, Akai, BPL, Haier, LG, Onida, Panasonic, Philips, Samsung, Sony, Texla, Uptron, Videocon, Weston brand of television. This signifies that LG, Sony and Videocon brand of television is one of the most popular brand owned by the respondents in the sample.

Impact of Media on ownership of television by size

Media has also played significant role in motivating the consumers in favour of these products, availability of space, economic condition of household and various other socio economic factors influence the customer to purchase television and refrigerator in different size. Consumer information and education programs have been suggested as public policy alternatives to regulation for improving consumer and marketplace efficiency. Technological innovations in production and communication have made a wide variety of new goods available, have led to the creation of many new models or styles of familiar goods, and have increased options with respect to how and where goods can be purchased, all of which increase the complexity of consumers' choices. Some evidence that use of information improves both consumer and marketplace efficiency exists The analysis of the data clearly indicates that as many as 20.5%, 56.5%, 11.4%, .2%, .2%, 11.2%, of respondents respectively owned 18", 21", 23", 27", 29", 36", size of colour Televisions.

Table 4 : Classification of Respondents on the Basis of ownership by Size

Sl. No.	Brand of Television	Number Of Respondent	%
a	18"	105	20.5
b	21"	285	56.5
c	23"	59	11.4
d	27"	01	.2
e	29"	01	.2
f	36	57	11.2

Impact of Advertisement to Creating Need for the TV

The purpose of advertising is to create a need or desire in the potential customer to purchase your product. The success of the advertiser depends on marketing a quality product or service that commands repeat and expanding sales, to secure maximum profits. This requires the dissemination of the most compelling message to the largest number of potential consumers at the least possible cost to achieve increasing and repeated sales. The success of the advertising depends on its ability to enable the advertiser to achieve its marketing and advertising objectives. Advertisements are supposed to inform people about new products that are out, and explain how they are better than their competitor. Somehow advertisements are belonging more persuasive than informative. Advertising is a tool of Marketing. Thus advertising generates revenue by creating need, want and demand, which boosts the economy of a country by promoting consumerism. It helps customers to know the essential differences between several brands, example television brand since customer are not a professional design engineers, their understanding of have been brought about almost solely by advertising. Keeping this into consideration, an attempt is made to assess the ability of the advertisements to create the need for the product in the mind of consumers. The analysis indicates that as many as 35.2% respondent were of the opinion that advertisement of the product in different media was able to create the need for the product in their mind to a great extent. Another 31.3% respondent are of the view that was able to create the need for the product to a considerable extent. A little less than one third of the respondent (29.5%) were of the opinion that it was able to create the need for the product to a little extent in their mind. Remaining 3.9% respondents felt that advertising was not able to create the need for the product at all in their mind. Thus the analysis clearly indicates that most of the respondents are of the opinion that advertising plays a significant role in creating the need for the product in the mind of consumers but with varying extent.

Table 5: Ability of Advertisement to create Need

Sl. No.	Brand of Television	Number Of Respondent	%
a	To a Great Extent	179	35.2
b	To Some Extent	159	31.3
c	To a Little Extent	150	29.5
d	Not at All	20	3.9
	Total	508	100.0

Reliability of Advertisements

The analysis of the data presented in table indicates that very few respondents (8.3%) of the respondents are of the opinion that advertisement of the television is highly reliable. Another 49.6% respondent feels that advertisement of television is reliable to a considerable extent. As many as 24.2% respondents are of the opinion that advertisements of television are reliable to some extent. The remaining 17.9% respondents feel that advertisement of television is not reliable at all.

Table 6 : Reliability of Advertisements

Sl. No.	Brand of Television	Number Of Respondent	%
a	Highly reliable	42	8.3
b	Reliable to a considerable extent	252	49.6
c	Reliable to some extent	123	24.2
d	Not reliable at all	91	17.9
	Total	508	100.0

Major Influencers in recognising the need for the Product

Consumer buying behaviour is always influenced by many factors ranging from psychological, social and economical to cultural. However, one cannot claim vividly if information and communication technology does actually influence consumer purchasing behaviour and to what extent. The empirical research revealed that information and communication technology influences consumer purchasing behaviour to a great extend. Keeping these factors into consideration, an attempt was made to identify the factors which Influence the customer in recognising the need for the Product of television and refrigerators. The information in this respect is presented below;

Table 7: Major Influencers in recognising the need for the Product

Sl No.	Description	Number of respondents	%
a	Advertisement	78	15.4
b	Friends/relatives	198	39.0
c	Dealers/sales agents	148	29.1
d	Any other	84	16.5
	Total	508	100.0

Understanding behaviour of consumers is a key to the success of business organizations. Marketing personnel are constantly analyzing the patterns of buying behaviour and purchase decisions to predict the future trends. Consumer behaviour can be explained as the analysis of how, when, what and why people buy. Consumer behavior can be understood as: "The decision process and physical activity individuals engage in when evaluating, acquiring, using, or disposing of goods and services." (Loudon and Della Bitta, 1980). Nowadays, this phenomenon, can also be illustrated in the following way: "activities people undertake when obtaining, consuming, and disposing of products and services" (Blakwell, Minard and Engel, 2001). the decision regarding the brand selection are affected by many variable like role of advertising , friends and relatives, family

members, dealers / sales agents and so on. Marketers plan and design the advertising programs and strategy by keeping the important factor that influence the consumer decision. Keeping these factors into consideration, an attempt was made to know the major influencers in selecting the brand of television by the respondents of Uttar Pradesh. The information in this respect is presented in the table below indicates that media plays an important role in brand selection of refrigerator and television as it was indicated by 38.4% respondents in the sample. It was followed by friends and relatives who was indicated by 34.30% respondents in the sample. Dealers and distributors were indicated by 24% respondents in the sample. 3.30% respondents indicated other factors which influenced them more in brand selection.

Table 8: Major Influencers in Brand Selection

SI No.	Description	Number of Respondents	%
a	Advertisements	195	38.4
b	Friends/relatives	174	34.3
c	Dealers/sales agents	122	24.0
d	Any other	17	3.3
	Total	508	100.0

Advertising and Its Impact on Consumer Behaviour

Advertising plays a crucial role in the process of consumer decision making. The role of advertising is very important in all the major steps of consumer decision making process such as, problem recognition, information search, evaluation of alternatives, purchase process and post purchase evaluation. Advertising is an integral part of total marketing system of any business organisation. The function of advertising is to create awareness amongst the target audience, to ensure correct comprehension of the message, to move the prospects close to conviction and finally to buying action. Sometimes, advertising efforts are designed to have an impact simultaneously on all levels of consumers' decision making process. The analysis explains that there are various reasons which can be attributed for making an advertisement of television and refrigerator most favourite for the respondents. These reasons may include reliability of message, stylish presentation of the advertisement, effective punch line used, engaging better celebrity and audio and video presentation of advertisement. Mean and standard deviation of the different attributes indicate that respondent response toward engaging celebrities is very high which denotes that celebrity is the most powerful tool for making advertising more effective and attractive. However high standard deviation towards audio presentation indicates that respondent view towards this attributes is diverse.

Table 9: Descriptive Statistics regarding Reasons of Favourite Advertisements of Television

SI no.	Reasons	Television	
		Mean	Std. Deviation
a	The message is reliable	2.85	1.17
b	It stylish in nature	2.6	.99
c	Its Punch line is very attractive	2.09	1.14
d	Celebrity used in the advertisement is most appealing	3.49	.92
e	Audio presentation of the advertisement is good	2.82	1.18

Intention to Change of Present Brand

It is experienced that customer build emotional bond with powerful brands. They are deeply involved with such brands and resist any change initiated by the brand owners that do not mess with the customers' perception (Kellie D'Andrea, 2001). Keeping this in to consideration, an attempt was made to identify the intention of the respondents to change their present brand of television which they possess. The analysis demonstrates that little more than two third of the respondent (71.7%) respondents desired to change their present brand of television. In comparison to this only 28.3% is willing to retain their present brand of television.

Table 10: *Intention to Change the Present Brand of TV*

Reason		Television	
SI No.	Intention to Change	Number of Respondents	%
a	Yes	364	71.7
b	No	144	28.3
Total		508	100.0

Motivating Factor of Changing the Brand Reason to change present brand of TV

The analysis explains that as many as 65.6% respondent are felt that obsolescence of the product motivate to shift them to that brand. In comparison to this another 16.9% respondents respectively felt that introduction of new brand with new technology inspire them to shift to that brand. However, another 15.6% respondents were influenced by their friends and relatives for changing the brand of television and refrigerator. Very few of them indicated that the advertisement of "new brand appeals" inspired them to change their present brand of television. Analysis signifies that the technological obsolescence is effectively able to influence a large number of respondents to change the brand of television.

Table 11: *Motivating Factor of Changing the Brand Reason to change present brand of TV*

Attributes	Frequency	%
Present Brand has become obsolete	333	65.6
New Brand with New Technology	86	16.9
When Friends and relatives appreciate newly introduced brand	79	15.6
Appeal of new brands	10	2.0
Total	508	100.0

Extent of Influence of Advertisements in Brand Selection

An attempt was made to examine the role of advertisements in the selection of the brand of consumer durable products like television. This attempt was directed to explain the ability of the advertisement in influencing the respondents to select a particular brand of refrigerator and television. The analysis reveals that little more than one-third of the respondents (35.2%) are influenced by the advertisement to a great extent in selecting their particular brand of refrigerator and television. Another 31.3% of the respondent revealed that advertisement has influenced them to some extent in selecting their brands of refrigerator and television. 29.5% respondents indicated that advertising had influenced them to a little extent in selecting their favourite brand. The remaining

3.9 % respondents were of the opinion that advertising had not influenced them at all in selecting their favourite brands of the product. The analysis significantly highlights that advertisement performs crucial role in identifying the favourite brand of television and refrigerator as it was indicated by almost 96% of the respondents but with varying extent.

Table 12 Influence of Advertisement in Brand Selection

Sl No.	Description	Number of respondents	%
a	To a great Extent	179	35.2
b	To some extent	159	31.3
c	To a little extent	150	29.5
d	Not at all	20	3.9
Total		508	100.0

Preference over the Product with Similar Price and Quality-

The fast changing business environment has provided many inputs (in terms of both the product package and emotional images built into them) that influences buyers' behaviour and keeps consumer preferences in a constant state of flux. The information revolution and intensified competition that places a large amount of solicited information at the consumer's disposal before buying a particular brand of consumer non-durable product or any other type of item from the market. The informational inputs, advocating the merits of each branded goods influence the buyers decision to a great extent. Keeping this into consideration, an attempt was made to highlight the impact of advertisement on brand preference and behaviour of consumers for products with similar price and quality. The analysis of data presented in above table indicates that in a situation where price and quality of television and refrigerator are same, than 87.4% respondents prefer to buy the product which are more advertised on the media. In comparison to this, just 12.6% respondents prefer to buy the product which is less advertised in the media.

Table 13: Preference over the product with similar price and quality of Television

Television			
Sl No	Description	Number of Respondents	%
a	More Advertised Brand	444	87.4
b	Less Advertised Brand	64	12.6
Total		508	100.0

Factor Responsible for Making Better and Effective Advertisement

In any business organization, the marketing department's job is to plan and control marketing activity, because many surprise results will occur during the implementation of marketing plan. The marketing department has to continuously monitor and control the marketing activities. Feedback received from the consumers/customers plays an important role in development of effective advertising. Advertising can be more effective if it has to incorporate the various suggestions and feedback received from the consumers/ Customers into their strategy. Keeping this into consideration, an attempt was made to know the opinion of the respondents about the factors which were responsible for determining an advertisement to be effective. The analysis of the data presented in

the table no. 5.6.11 indicates that little more than one- fourth (25.45%) of the respondents were of the opinion that advertising will be more effective if it highlights the good attributes of the product in their advertisements. As many as 45.3%, 11.6% and 17.7% respondent respectively indicated that advertising will be more effective if it uses the better celebrity, highlight the Providing solution to customer problem faced by customer, and using the effective audio and video element in the advertising .

Table 14 Factor Responsible for Making Better and Effective Advertisement

	Description	Number of Respondents	%
a	Highlighting good attributes of the products	129	25.4
b	Using celebrity as a model	230	45.3
c	Providing solution to customer problem	59	11.6
d	Effective use of audio and visual element	90	17.7
	Total	508	100.0

Conclusion and Suggestions

In today's competitive environment, marketers are faced with informed and highly complex consumers. Marketing is an area where there is a constant probability of rapid obsolescence of objectives, policies, strategies, and programmes. From time to time business organisations need to undertake a critical review of their overall marketing goals and its effectiveness. Each business organisation should periodically reassess its strategic approach to the market place. Advertising is a multidimensional phenomenon which stimulates the buyers and affects them to a great extent. However for making the advertising more effective in future it is necessary to assess the consumer preference and their perception about the role of advertising in future. This will help the management in formulating the programme for improving the advertising efficiency.

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AN EVALUATION OF CORPORATE SOCIAL REPORTING PRACTICES IN SELECTED PUBLIC AND PRIVATE SECTOR BANKS IN INDIA

ABSTRACT

Organisations need to undertake social activities and report such activities for the society to judge their performance with a view to have continuous support from society. The present study is an attempt to examine the corporate social reporting practices in human resource category and community development category in selected banks in India and motives behind them. The study found that in human resource category, training is the most frequently reported, followed by employee benefits, career development, compensation plan, employee numbers, equity to employees and safety the least reported in annual reports of the selected banks; whereas in community development category, child education and upliftment of poor is the most frequently reported, followed by community planning, health services and food programme, the least reported in annual reports of the selected banks.

Key words: *Community Development, Corporate Social Reporting, Human Resource.*

Introduction

The concept of social accounting gained prominence and momentum as a result of high level of industrialization that had necessitated the corporates to invest substantial amount in the social activities such as effective utilisation of natural resources, help to employees and society at large including customers and investors. The act of social accounting attempts to put a figure on the costs and benefits of an enterprise's operations in relation to society and the environment. (Maheswari, 2006). Firms need to undertake social activities and report such activities for the society to judge their performance with a view to have continuous support from society. Firms in knowledge-based industries create fewer social hazards as these industries provide services useful to the society with socially friendly management processes. Unlike industries that produce goods harmful to the society or use processes that eventually harm the society. Knowledge-based industries may not be under pressure for corporate social responsibility (Murthy & Abeysekera, 2008).

The present study is an attempt to examine the corporate social reporting practices in human resource category and community development category in selected banks in India and motives behind them.

With a view to accomplish the objective of the study, the frequency of disclosure of corporate social responsibility has been analyzed and then the intended outcomes of corporate social responsibility have been analyzed.

It is hypothesized for the study that there is no significant difference in the corporate social reporting practices in human resource category and community development category in public and private sector banks.

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This study is organized as follows: the next section following introduction discusses the review of relevant literature. Third section throws light on methodology. The details of the results and analysis of the available data are described in fourth section and the final section presents the main findings and conclusions.

Literature Review

As per the report published by the National Association of Accountants committee on 'Accounting for Corporate Social Performance', there should be a four-pronged social reporting system i.e. Community development, Physical resources and environmental contribution, Human resource development and Product or Service contribution. (National Association of Accountants, 1974)

The study by (Gray, 2002) reveals that despite many poor beginnings and a heavy weight of substantive critique, the social accounting project(s) are advancing and are increasingly informed by the alternative/critical projects. The way forward proposed is for social accounting to both draw more from the wealth of theorizing and, simultaneously, to take more confidence in itself and learn how to write up - and publish - the extensive experience of engagement which is so central to social accounting.

The results of the study by (Murthy V. , 2008) indicate that firms had different motives/reasons for reporting the different attributes. The shortage of skilled labour in the software sector seems to have shaped the corporate social disclosure (CSD) practices in the human resources category. Firms seem to engage in community development activities without expecting changes to their economic performance and the CSD of community activities seem to be shaped by the expectations of the society. The nature of global competition in the software sector seems to have shaped the CSD practices in the product and services contribution category.

Results of the study by (Ponnu & Maurice, 2009) revealed that CSR disclosure received only modest attention and the theme most commonly disclosed was community involvement and significant differences among various industry groupings with respect to company background and themes of CSR disclosure were found.

The study by (Rechanna & Mahadevappa, 2010) revealed that social accounting information were disclosed in company's annual reports, web sites, chairman's speech, notes to accounts, schedule to accounts and auditors' report.

The result of the study by (Ebimobowei, 2011) showed that Nigerian companies preferred to disclose social accounting information in the Directors Report, Chairman's Statement and Notes to the Accounts in the form of short qualitative information. Human resources, community involvement and environment were identified as the most popular themes.

The result of the study by (Rouf, 2011) shows a positive association between proportion of Independent Directors and Corporate Social Responsibility Disclosure. But size of the firm does not affect the level of corporate social responsibility disclosure. Control variables suggest that Board Leadership Structure, Board

Audit Committee and Percentage Return on Equity are positively associated with company's corporate social responsibility disclosure. The result shows that a higher proportion of independent non - executive directors on a board is positively related to the level of corporate social responsibility disclosure but the extent of corporate social responsibility disclosure is negatively related for firm's size.

The study by (Uwalomwa, 2011) observed that a positive association existed between a firm's characteristics and the level of corporate social disclosure. In addition, the paper observed that corporate social disclosures by listed firms are still in its infancy. The paper therefore calls for standard setting bodies to put in place a corporate social environmental reporting framework, in order to improve the level of corporate social disclosures among listed firms in the financial industry.

The study by (Zaidi, 2012) reveals that many corporates provide information on their social performance in order to demonstrate their shareholders and public that they were ethical and moral. It looks at what social accounting is where it comes from and its present level of development and it also aims to bring out some important social accounting practices followed in Indian firms.

From the above review of empirical works, it is clear that different authors have approached social accounting disclosure in different ways in varying levels of analysis. These different approaches helped in the emergence of more and more literature on the subject over time. It gives an idea on extensive and diverse works on social accounting disclosure. It has been noticed that studies social accounting disclosure in various aspects provide divergent results relating to the study period overlap or coincide. The main reason for divergence in the results is the use of different methods for the measurement of social accounting disclosures. All the studies aimed to analyze the social accounting disclosure in India & abroad with number of factors. The survey of the existing literature reveals that no specific work has been carried out to examine the corporate social reporting practices in human resource category and community development category in selected banks in India and motives behind them. The present study is an attempt in this direction and therefore aims to enrich the literature of comparative study of social accounting disclosure.

Study Methodology

Objectives of the Study

The present study aims:

1. To examine the corporate social reporting practices in human resource category and community development category in selected public and private sector banks.
2. To find out the motives behind the these corporate social reporting practices.

Hypothesis of the Study

With the mixed results provided by prior researches and the dearth of literature in this area, the following hypothesis has been framed:

- H₀** - There is no significant difference in the corporate social reporting practices in human resource category and community development category in public and private sector banks
- H₁** - There is significant difference in the corporate social reporting practices in human resource category and community development category in public and private sector banks.

Sample and Sampling Techniques

Looking to the objectives of the present study, there was the need to take a sample covering both the sectors and hence a sample of ten banks has been selected using convenient sampling method, stratified into public and private sector companies as under:

Public sector banks are:

1. Bank of Baroda
2. Indian Overseas Bank
3. State Bank of India
4. Syndicate Bank
5. UCO Bank

Private sector banks are:

1. HDFC Bank Ltd
2. ICICI Bank Ltd
3. Kotak Mahindra Bank Ltd
4. The Karur Vysya Bank Ltd
5. YES Bank

Period of the Study

The study was undertaken for the period of one year 2013-2014.

Methodology

To accomplish the objectives, the following steps were carried out. First, the frequency of disclosures of corporate social responsibility has been analysed using content analysis in the top 10 banks from public and private sectors in India disclosed in annual reports. Second, the managerial practices have been analysed from the annual reports published by the sample banks. Third, the intended outcomes of corporate social responsibility have been analysed. The hypotheses of the study have been tested with the help of t-test.

Result and Analysis

Table 1. Sentence Count as a Percentage of Total Social Activity

Social Activity Category	Sentence Count	Percentage
Human Resource	318	70
Community Development	138	30
Total	456	100

Source: Compiled from Annual Reports of Selected Banks

Table 1 summarizes sentence count as a percentage of total social activity of the selected banks under the study. It is the aggregated information of the sample banks rather than individual banks. It is revealed that the reporting of human resources category (70%) is higher than that of community development category (30%).

Table 2. Corporate Social Responsibility of Human Resource Category

Attribute	Sentence Count (Sector wise Rank)		Total	Percentage
	Public Sector	Private Sector		
	Banks	Banks		
Training	57 (1)	29 (1)	86	27
Employee Benefits	46 (2)	27 (2)	73	23
Career Development	25 (3)	24 (3)	49	15
Compensation Plan	16 (4)	29 (1)	45	14
Employee Numbers	11(5)	19 (5)	30	10
Equity to Employees	01 (6)	23 (4)	24	08
Safety	01 (6)	10 (6)	11	03
Total	157	161	318	100

Source: Compiled from Annual Reports of the Selected Banks

Table 2 reveals corporate social reporting of human resource category of the selected banks under the study. It is clear from the table that training is the most frequently reported (27%), followed by employee benefits (23%), Career Development (15%), compensation plan (14%), employee numbers (10%), equity to employees (8%) and safety (3%), the least reported in annual reports of the selected banks.

As far as comparison between public and private sector banks is concerned, the frequency of reporting of human resources category in private sector banks (161) is slightly higher than that of public sector banks (157). Public sector banks frequently report training (57), followed by employee benefits (46), career development (25), compensation plan (16), employee number (11) and equity to employees (01) as well as safety (01). Private sector banks frequently report training (29) as well as compensation plan (29), followed by employee benefits (27), career development (24), equity to employees (23), employee numbers (19) and safety (10).

Table 3: Result of t-test of Human Resource Category

	Public Sector Banks	Private Sector Banks
Mean	22.42857	23
Variance	474.619	45.66667
Observations	7	7
Pooled Variance	260.1429	
Hypothesized Mean Difference	0	
Df	12	
t Stat	-0.06628	
P(T<=t) one-tail	0.474123	
t Critical one-tail	1.782288	
P(T<=t) two-tail	0.948245	
t Critical two-tail	2.178813	

Table 3 represents the results of t-test of human resource category. As the p-value associated with the t-value is more than 0.05, research hypothesis was rejected and null hypothesis was accepted. It can be said that there is

no significant difference in the corporate social reporting practices in human resource category in public and private sector banks. It was found that the extent of social accounting disclosure in public sector banks is slightly less than private sector banks under the study.

Table 4: Corporate Social Responsibility of Community Development Category

Attribute	Sentence Count (Sector wise Rank)		Total	Percentage
	Public Sector Banks	Private Sector Banks		
Child Education & Upliftment of Poor	34 (1)	30 (1)	64	46
Community Planning	15 (3)	25 (2)	40	29
Health Services	17 (2)	13 (3)		3022
Food Programme	02 (4)	02 (4)	04	03
Total	68	70	138	100

Source: Compiled from Annual Reports of the Selected Banks

Table 4 reveals corporate social responsibility of community development category of the selected banks under the study. It is clear from the table that child education and upliftment of poor is the most frequently reported (46%), followed by community planning (29%), health services (22%) and food programme (3%) the least reported in annual reports of the selected banks.

As far as comparison between public and private sector banks is concerned, the frequency of reporting of community development category in private sector banks (70) is marginally higher than that of public sector banks (68). Public sector banks frequently report child education & upliftment of poor (34), followed by health services (17), community planning (15) and food programme (02). Private sector banks frequently report child education & upliftment of poor (30), followed by community planning (25), health services (13) and food programme (02).

Table 5: Result of t-test of Community Development Category

	Public Sector Banks	Private Sector Banks
Mean	17	17.5
Variance	172.6667	157.6667
Observations	4	4
Pooled Variance	165.1667	
Hypothesized Mean Difference	0	
Df	6	
t Stat	-0.05502	
P(T<=t) one-tail	0.478954	
t Critical one-tail	1.94318	
P(T<=t) two-tail	0.957909	
t Critical two-tail	2.446912	

Table 5 represents the results of t-test of community development category. As the p-value associated with the t-value is more than 0.05, research hypothesis is rejected and null hypothesis is accepted. It can be said that there is no significant difference in the corporate social reporting practices in community development category in public and private sector banks. It is found that the extent of social accounting disclosure in public sector banks is slightly less than private sector banks under the study.

Findings and Conclusion

Findings

The study found that in human resource category, public sector banks emphasize most on reporting of training as well as employee benefits, whereas least on equity to employees as well as safety and moderate on career development, compensation plan as well as employee numbers. As far as reporting of human resource category in private sector banks is concerned, the study found that they frequently report training, compensation plan and employee benefits, whereas the rest attributes are moderately reported.

The study found that in community development category, public sector banks emphasize most on reporting of child education & upliftment of poor, whereas least on food programme and moderate on health services and community planning. As far as reporting of community development category in private sector banks is concerned, the study found that they frequently report child education & upliftment of poor, whereas community planning and health services are moderately reported and food programme are least reported attributes.

Conclusion

It can be concluded that with a view to promote development; to develop the skills of their professional, to increase the competence, to maintain quality of workforce and to benefit the banks and employees mutually, banks under the study used training as a key driver. Public sector banks laid more emphasis on training due to increasing competition and maintaining high standards of their service. The reason why the training was the most frequently reported attribute was to inform the stakeholders about their intentions to achieve sustainable excellence in all aspects of their performance. Reporting of employee benefits and compensation plan was to inform the stakeholders about the benefits and compensation awarded to the employees. Importance of reporting of employee benefits and compensation plan intensified to show the stakeholders about the monetary motivation to the employees with a view to attract and retain the best possible talent. Reporting of number of employees was with a view to inform the stakeholders about economic expansion of the players under the study. Career development was frequently reported to magnetize, stimulate and preserve the best possible talent. Least reporting of issue of equity shares to employees by public sector banks as compared to private sector banks showed that employees' participation in ownership helped in increasing overall performance of the banks. As stakeholders took the fact as granted, safety was the least reported in spite of strict safety standards were adhered to by the banks under the study.

It can be concluded that the banks under the study emphasized on the most important social issue was child education and upliftment of poor. In country like India, the children below the poverty line do not have access to basic education and reporting most on this attribute was commendable on part of the banks under the study. Reporting about community planning and development by the players under the study suggested that their indisputable concern to contribute in this regard. Reporting of health service initiatives and food programme revealed sense of responsibility of the banks under the study to the society which provides resources to them.

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EVALUATION OF MUTUAL FUNDS PERFORMANCE USING APPRAISAL RATIOS

ABSTRACT

The measurement of fund performance has been a topic of increased interest in both the academic and practitioner communities for the last few decades. Appraisal ratio is one such a measure which may be used to select the best performing mutual fund scheme. In this, an attempt has been made to analyze the performance of mutual fund schemes in India by using Appraisal ratio on a sample of 100 Indian mutual fund schemes selected on the basis of availability of consecutive data during the period 1st April, 2000 to 31st March, 2008. The study period 2000-2008 has been segregated into two sub-periods, sub-period I (2000-2004) and sub-period II (2004-2008) to ascertain whether the performance of mutual fund schemes varied during the two sub-periods as these were bear and bull phases. The results show that in sub-period I, 59 per cent of schemes, in sub-period II, 72 per cent of schemes and in the full study period 68 per cent of schemes had positive Appraisal ratios. It means that during the study period majority of schemes had better returns per unit of unique risk than that of their benchmark indices

Key Words: Fund Performance, Mutual Fund Schemes, Benchmark Indices etc

Introduction

The mutual fund industry is a fast growing sector of the Indian capital and financial markets. During the past few years, there has been a considerable restructuring activity in the Indian mutual fund industry. The enhanced restructuring activity in the industry may be attributed to mutual funds pursuing economies of scale and scope. The mergers and takeovers in the mutual fund industry in India are occurring both at the level of individual schemes as well as at the level of Asset Management Companies. Owing to consolidation spree in the mutual fund industry, as on 31st July 2013 there were 43 AMCs operating 1,823 schemes in aggregate.

Total assets under management of mutual funds in India as on March 31, 2001 were Rs. 90,587 crore under 393 schemes which have grown to Rs. 10,06,452 crore under 1,823 schemes as on July 31, 2014⁵. To fulfill the expectations of millions of investors, the mutual funds are required to function as

successful institutional investors. To fulfill the expectations of millions of investors, the mutual funds are required to function as successful institutional investors. Evaluating performance for mutual fund managers vis-à-vis such a goal, is important for both the investors as well as the portfolio managers. Last decade has seen vigorous fluctuations in the stock market. There has been a bull as well as a bear phase in the stock market. It is

⁵ <http://portal.amfiindia.com/spages/amjul2014repo.pdf> retrieved on 1/10/2014.

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essential for the investors as well as the fund managers to observe the impact of such changes on the returns generated by the mutual funds. Hence, the need arises for an extensive study to evaluate the performance of mutual funds in India during a more recent period.

Literature Review

Since 1980's there has been a substantial global increase in the importance of mutual funds as investment instruments, with a corresponding escalation in research in the field. One of the most important areas of study is mutual funds performance. The performance measurement techniques are primarily within the risk return framework, based on the Capital Asset Pricing Model (CAPM), assuming that a fund's investment behavior can be explained by a single market index. In addition to the traditional measures of performance-Sharpe (1966), Treynor (1965) and Jensen (1968) - numerous new performance measures have been proposed. Yet, there appears to be no clear agreement on the best way to measure and compare fund performance. The research indicates that on an average mutual funds have not been able to provide superior returns than the unmanaged portfolios (for example studies by Sharpe [1966], Elton et.al. [1987], Carhart [1997], Jayadev[1998], Daniel, Grinblatt, Titman and Wermers [1997], Edelen [1999], Gupta [2002], Bhandari [2008], Chopra [2011], Low [2012], Narayanasamy and Rathnamani[2013]). However, some research indicates that fund managers are able to earn higher returns after meeting their expenses. The study by Chander and Singh [2004], Sondhi and Jain [2005] and Chandel and Verma [2005] are few examples of such studies.

Conceptual Framework and Research Methodology

Appraisal Ratio⁶

This ratio reflects the excess return per unit of unique risk. It is computed by dividing Jensen's alpha by the unique risk. The Appraisal ratio for the market is zero. Appraisal ratio is calculated by dividing the alpha of a portfolio by the non-systematic risk of the portfolio. It measures the quality of a fund's investment picking ability. It compares the Jensen's alpha of a fund (or the adjusted return of the scheme assuming the market return is zero) to the portfolio's unsystematic risk (or the risk that could be diversified away). By selecting a basket of investments, the manager of an

performance of managers by comparing the return of their stock picks to the specific risk of those selections. Therefore, higher the Appraisal ratio better would be the performance of the fund manager.

$$\text{Appraisal Ratio} = \frac{\text{Alpha } (\alpha)}{\text{Non-Systematic Risk } (\alpha\epsilon)}$$

⁶ For more details about Appraisal Ratio see "How to Use Security Analysis to Improve Portfolio Selection" by Jack L. Treynor and Fischer Black in Journal of Business, Vol. 46, No.1(1973), 66-86.

Jensen's alpha measures the portfolio manager's predictive ability to achieve higher return than expected for the given level of risk. It involves evaluation of the returns that the fund has generated vs. the returns actually expected from the fund given the level of its systematic risk. The surplus between the two returns is called alpha, which measures the performance of a fund compared with the actual returns over the period. It provides an absolute measure of performance evaluation.

Jensen's measure is ordinarily derived by running a regression on the excess returns earned by a mutual fund scheme (dependent variable) against the return of the market (independent variable).

The regression takes the following form:

$$R_p - R_f = \alpha_p + \beta_p (R_m - R_f) + e \quad \text{where,}$$

R_p = Return of the scheme,

R_f = Risk free return,

R_m = Return on the market,

α_p = Measure of the differential return,

β_p = Systematic risk of the scheme,

e = error term.

The error term (e) allows us to assess how well the regression equation fits the data, with a low error indicating a well defined relationship. The intercept term (α_p) measures the extent to which the fund under evaluation provides above or below average performance. A positive and significant value of alpha for a portfolio would indicate that the portfolio had an average return greater than the benchmark return suggesting that its performance was superior. On the other hand, a negative and significant value of alpha would indicate that the portfolio had an average return less than the benchmark return suggesting that its performance was inferior.

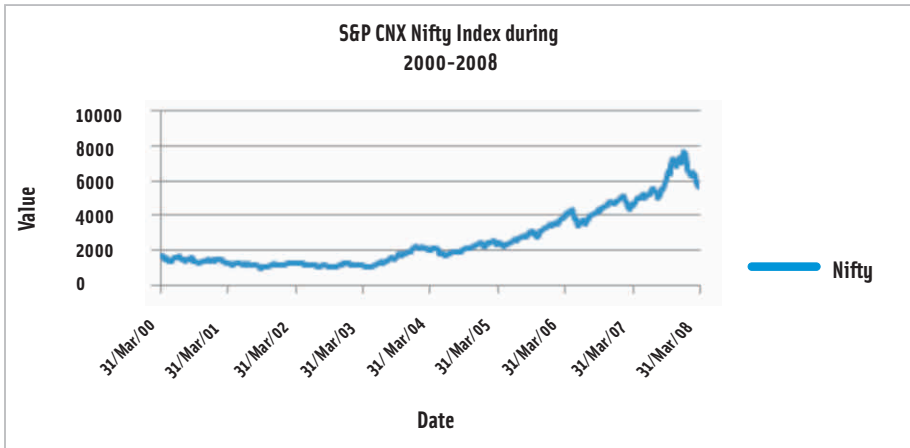
Sample and Data Sources

The sample contains 100 mutual fund schemes selected on the basis of availability of consecutive data during the period 1st April, 2000 to 31st March, 2008. The sample comprises 53 growth schemes, 20 tax planning schemes, 11 balanced schemes and 16 income schemes. The data comprises weekly NAVs already adjusted for dividend and bonus for the eight-year period from 1st April, 2000 to 31st March, 2008. This study period is long enough to generalize on the stock selection skills and market timing abilities of the fund managers in India during upswings and down swings of the stock markets. It is recent enough to generalize on the contemporary portfolio management practices in this regard. Figure 1 presents a graphical representation of S&P CNX Nifty Index values during the study period. Index values have been collected from the website of National Stock Exchange.⁷

As shown in Figure 1 the study period 2000–2008 can be segregated into two sub-periods with contrasting market conditions. The period from 1st April 2000 to 31st March, 2004 (sub-period I) experienced a prolonged downturn. On the contrary, the period from 1st April, 2004 to 31st March, 2008 (sub-period II) reflects recovery in the stock market. To ascertain whether the performance of sample schemes has varied during the two sub-periods, a detailed analysis of performance of sample schemes has been made during the full study period as well as both the sub-periods. The adjusted data have been collected from the databases of indiainfoline.com and Value Research India Private Limited.

In this study, S&P CNX Nifty Index is used as the benchmark for evaluating the performance of equity and tax planning schemes. It is a well-diversified index constituting 50 stocks and accounting for 25 sectors of the economy. Composite Bond Fund Index (Compbex) and the Balanced Fund Index (Balance EX) are taken as the

⁷ See www.nseindia.com for more details about S&P CNX Nifty Index.



benchmarks for the performance evaluation of income schemes and balanced schemes respectively. Both the indices have been developed jointly by Association of Mutual Funds in India (AMFI), Credit Rating and Information Services of India Limited (CRISIL) and ICICI securities. Both of these indices are derived indices. The index history is calculated from the base date of 31st March, 2002.⁸ Since, the values for these indices are available only since 1st April, 2002, the study period for income schemes and balanced schemes is 1st April, 2002 to 31st October, 2008.

The weekly yields on 91-Days Treasury Bills (T-Bills) have been used as a surrogate for risk free rate of return. The T-Bills information has been obtained from the official web site of Reserve Bank of India.

In the present study the returns have been computed using the Rate of Return Measure⁹. This measure computes the average weekly return of the series by using the following formula:

$$R_{pt} = \frac{NAV_t - NAV_{t-1}}{NAV_{t-1}}$$

Where,

R_{pt} is the return of the mutual fund scheme on the basis of dividend and bonus adjusted NAV for 't' period.

't' and 't-1' indicate week end and week beginning respectively.

Similarly, the weekly returns for the S & P CNX Nifty Index have been computed.

Results

Analysis of Appraisal Ratios

Appraisal ratio reflects the excess return per unit of unique risk. It is computed by dividing Jensen's alpha by the unique risk. Appraisal ratio for the market portfolio is zero. Higher Appraisal ratio indicates better performance of the portfolio. Appraisal ratios of the schemes are presented in Table 1. Figure 1 presents graphical representation of average Appraisal ratios of schemes with different investment objectives in both the sub-periods and in the full study period.

⁸ See www.amfiindia.com for more details about Composite Bond Fund Index and Balanced Fund Index.

⁹ For more details see Investments by William F. Sharpe, Gordon J. Alexander, and Jeffery V. Bailey (2001), Prentice Hall of India Private Limited, New Delhi.

Table 1: Appraisal Ratios of Mutual Fund Schemes

S. No.	Name of the Scheme	Appraisal Ratio		
		2000-04	2004-08	2000-08
A.	Growth Schemes			
1	Alliance Equity - D	-0.0733	0.0353	-0.0555
2	Birla Advantage - G	-0.0719	-0.0422	-0.0512
3	Birla MNC -G	0.0386	0.0167	0.0377
4	Birla Sun Life Buy India	-0.0355	0.1007	0.0347
5	Birla Sun Life New Millennium	-0.0771	0.0629	-0.0440
6	Birla Sun Life Basic Industries	0.2492	0.0068	0.1485
7	CanaraRobeco Expo - G	-0.0440	-0.0482	-0.0436
8	CanaraRobeco Fortune 94	0.1314	0.0263	0.0724
9	DSPML Equity -D	-0.0537	0.0650	-0.0246
10	DSPML Opportunities	0.0969	0.0555	0.0747
11	DSPML Technology.com	-0.0493	0.0860	-0.0057
12	Franklin FMCG - G	-0.0406	0.0810	0.0162
13	FT India Bluechip-G	0.1376	-0.0029	0.0905
14	FT India Prima - G	0.1340	0.0365	0.0864
15	FT India Prima Plus - G	0.1340	0.0850	0.0808
16	Franklin Infotech	-0.0850	0.0129	-0.0632
17	Franklin Pharma	0.0451	-0.0238	0.0140
18	HDFC Capital Builder - G	0.1071	0.0831	0.1043
19	HDFC Equity - G	0.1554	0.0826	0.1217
20	HDFC Growth - G	0.1002	0.1148	0.0160
21	HDFC Prudence - G	0.0000	0.0000	0.0000
22	ICICI Prudential Growth - G	0.0018	0.0293	0.0012
23	ING Core Equity	-0.0700	0.1430	0.0056
24	JM Basic Fund - G	0.0923	-0.1333	0.0261
25	JM Equity -G	-0.0538	0.0112	-0.0339
26	Kotak 30 -G	0.0000	0.0000	0.0000
27	Kotak MNC	-0.0447	0.0361	0.0918
28	Kotak Tech	-0.1044	-0.0159	-0.0803
29	LIC Equity -G	-0.0082	0.0000	0.0000
30	LIC MF Growth - G	-0.0177	-0.0996	-0.0190
31	Morgan Stanley Growth	-0.0033	-0.0189	0.0191
32	Principal Growth	0.0861	0.0260	0.0541
33	Principal Index	-0.0095	-0.0011	-0.0032

⁸ See www.amfiindia.com for more details about Composite Bond Fund Index and Balanced Fund Index.

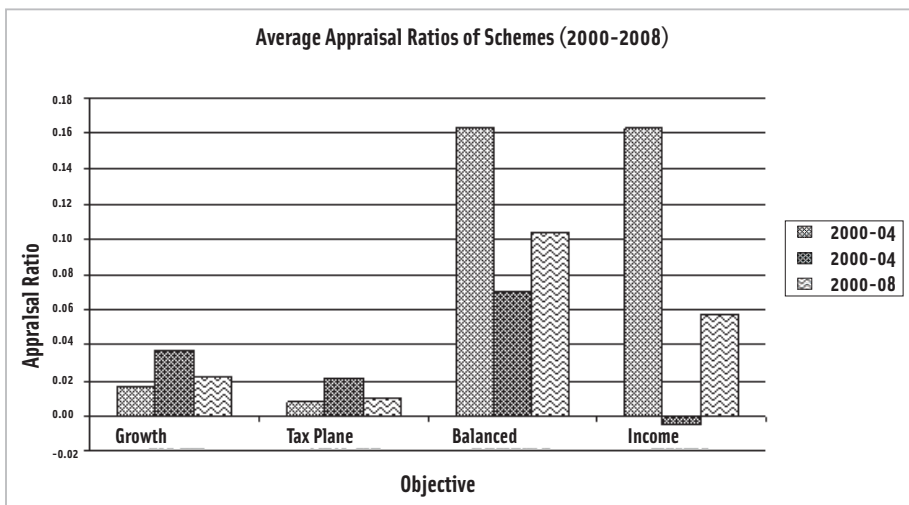
⁹ For more details see Investments by William F. Sharpe, Gordon J. Alexander, and Jeffery V. Bailey (2001), Prentice Hall of India Private Limited, New Delhi.

S. No.	Name of the Scheme	Appraisal Ratio		
		2000-04	2004-08	2000-08
	Growth Schemes			
34	Principal Resurgent India Equity	0.1874	0.0263	0.0056
35	Prudential ICICI FMCG - G	-0.0399	0.1688	0.0571
36	Prudential ICICI Power - G	0.0248	0.0698	0.0327
37	Reliance Growth - G	0.1027	0.1549	0.1283
38	Reliance Vision - G	0.1745	0.0875	0.1393
39	SBI Magnum Equity - G	-0.1687	-0.0272	-0.1050
40	SBI Magnum Global 94 - G	-0.0699	0.1003	-0.0105
41	SBI Magnum Multiplier Plus 93 - G	-0.1182	0.0682	-0.0486
42	SBI Magnum Sec Umbrella - FMCG	-0.0802	0.0380	-0.0298
43	SBI Magnum Sec Umbrella - Pharma	0.0671	-0.0156	0.0206
44	Sundaram BNP Paribas Growth - G	0.0099	0.0100	0.0267
45	Tata Life Science & Tech - G	-0.0402	0.0106	-0.0309
46	Tata Pure Equity - G	0.0064	0.0066	0.0284
47	Taurus Bonanza Exclusive	0.0779	0.1607	0.1079
48	Taurus Discovery Stock	-0.0792	0.1408	0.0258
49	Taurus Starshare	-0.0471	0.1056	0.0315
50	Templeton India Growth - G	0.1916	0.0341	0.1165
51	UTI Master Growth	0.0543	0.0005	0.0277
52	UTI Master Index - G	-0.0341	0.0157	-0.0143
53	UTI MNC Fund - G	0.0073	-0.0062	0.0030
	Average (A)	0.0169	0.0370	0.0223
	B. Tax Planning Schemes	2000-04	2004-08	2000-08
54	Birla Equity Plan - D	0.0000	0.0353	-0.0069
55	Birla Sun Life Tax Relief 96 - D	-0.0021	-0.0068	-0.0224
56	Birla Taxplan 98	0.0129	0.0369	0.0201
57	CanaraRobeco Equity Tax saver	-0.1355	-0.0629	-0.1103
58	Escorts Tax Plan -G	0.1428	0.0220	0.0735
59	FT India Taxshield-G	0.1117	0.0316	0.0696
60	FT India Taxshield 98	-0.0130	0.0357	0.0017
61	HDFC Tax saver-G	0.0444	0.0555	0.0730
62	HDFC Top 200 - G	0.1064	0.0963	0.1053
63	LIC Tax Plan - G	-0.0296	-0.1391	-0.0305
64	Principal Personal Tax saver	0.0242	0.0475	0.0200
65	Principal Tax Savings	0.0815	0.0712	0.0745
66	SaharaTaxgain-G	-0.0914	0.0350	-0.0434
67	SBI Magnum Tax Gain 93 -G	-0.1076	0.1622	-0.0453
68	Sundaram BNP Paribas TaxSaver97	-0.0783	-0.0457	-0.0498

S. No.	Name of the Scheme	Appraisal Ratio		
		2000-04	2004-08	2000-08
Tax Planning Schemes				
69	Sundaram BNP Paribas Tax saver	0.0171	0.0597	0.0220
70	Sundaram BNP Paribas Tax saver 98	0.0473	0.0135	0.0214
71	Tata Tax Saving	-0.0016	-0.0602	-0.0253
72	Taurus Libra Tax shield	-0.0280	0.0309	0.0066
73	UTI Equity Tax Savings	0.0635	0.0117	0.0403
	Average (B)	0.0082	0.0215	0.0097
C. Balanced Schemes		2002-04	2004-08	2002-08
74	Birla Balance - G	0.1564	0.1109	0.1243
75	Birla Sun Life 95 - G	0.1480	0.0424	0.1432
76	DSPML Balanced - D	0.2210	0.1022	0.1368
77	FT India Balanced - G	0.1690	0.0882	0.1153
78	ICICI Prudential Balanced - G	0.1336	0.0863	0.1011
79	JM Balanced - G	0.0885	-0.0269	0.0051
80	SBIM Balanced - D	0.0949	0.0727	0.0777
81	SundaramBNP Paribas Balanced - G	0.1730	0.0792	0.1055
82	Tata Balanced - G	0.1664	0.0873	0.1037
83	Tata Young Citizens	0.1678	0.0593	0.0970
84	Templeton India Pension - G	0.2797	0.0667	0.1323
	Average (C)	0.1635	0.0698	0.1038
D. Income Schemes		2002-04	2004-08	2002-08
85	Alliance Income - G	0.0642	0.1759	0.1475
86	Birla Income Plus - G	0.0280	0.1473	0.1144
87	Birla Sun Life Cash Manager - G	0.4409	-0.0819	0.0795
88	DBS Chola Triple Ace	-0.0574	-0.3414	-0.1129
89	DSPML Bond Retail	0.0539	-0.0768	-0.0036
90	Escorts Income Bond - G	0.1796	0.1729	0.1528
91	Escorts Income Plan - G	0.6151	-0.0056	0.1644
92	ICICI Prudential Income - G	-0.0361	0.0782	0.0497
93	JM Income - G	0.0521	-0.1565	-0.0103
94	Kotak Bond Deposit - G	0.4302	0.0195	0.0810
95	Libra Bond - G	-0.2272	0.0044	-0.0177
96	LIC Bond - G	0.1376	0.0173	0.0731
97	Reliance Income - G	0.4551	0.1426	0.0868
98	Sundaram BNP Paribas Bond - G	0.4207	-0.1819	0.0684
99	Templeton India IBA - G	0.0090	-0.0289	0.0083
100	Templeton India Income - G	0.0361	0.0282	0.0293
	Average (D)	0.1626	-0.0054	0.0569
	Average (A+B+C+D)	0.0546	0.0307	0.0343

Note: The study period for income schemes and balanced schemes is 1st April, 2002 to 31st March, 2008, as values for Composite Bond Fund Index and Composite Balanced Fund Index are available only from 1st April, 2002.

Figure 2:



The empirical results given Table 1 show that in sub-period I, 59 per cent of schemes had positive Appraisal ratios. In sub-period II, the percentage of schemes having positive Appraisal ratios has increased to 72 per cent of schemes. In the full study period 68 per cent of schemes had positive Appraisal ratios. It means that during the study period majority of schemes had better returns per unit of unique risk than that of their benchmark indices. In the following sub-sections an analysis of Appraisal ratios of mutual fund schemes on the basis of their investment objectives is presented.

Growth Schemes

In sub-period I, 47 per cent of growth schemes had positive Appraisal ratios. In sub-period II, the percentage of growth schemes having positive Appraisal ratios had increased to 72 per cent (Table 1). Average Appraisal ratio for growth schemes also had increased from 0.0169 in sub-period I to 0.0370 in sub-period II. It reflects that there may be better fund management in sub-period II. During the full study period, 62 per cent of growth schemes had positive Appraisal ratios. Thus, majority of growth schemes had performed well according to this measure of performance evaluation.

Tax Planning Schemes

It was observed from Table 1 that average Appraisal ratio of tax planning schemes has improved from 0.0082 in sub-period I to 0.0215 in sub-period II of the study. Appraisal ratios of 50 per cent of tax planning schemes in sub-period I, 75 per cent of tax planning schemes in sub-period II and 60 per cent of tax planning schemes in the full study period respectively were positive. Thus, in both the sub-periods as well as in the full study period majority of tax planning schemes had better returns per unit of unique risk than the returns of index.

Balanced Schemes

The results given in Table 1 reveal that during the overall study period as well as in sub-period I of the study all the balanced schemes had positive Appraisal ratios. In sub-period II also, 91 per cent of balanced schemes had

positive Appraisal ratios. It means that during the overall study period managers of majority of balanced schemes gave higher returns per unit of unique risk to the investors.

Income Schemes

Table 1 shows that in sub-period I of the study, 81 per cent of income schemes had positive Appraisal ratios. However, in sub-period II of the study the percentage of schemes having excess return per unit of unique risk was reduced to 56 per cent. In the full study period, three fourth of income schemes of the sample had excess returns per unit of unique risk. Thus, according to this measure of performance evaluation majority of income schemes have performed well during the study period.

Conclusion

The measurement of fund performance has been a topic of increased interest in both the academic and practitioners communities for the last few decades. Appraisal ratio is one such a measure which may be used to select the best performing fund. This ratio reflects the excess return per unit of unique risk. It is computed by dividing Jensen's alpha by the unique risk. The Appraisal ratio for the market is zero. Appraisal ratio is calculated by dividing the alpha of a portfolio by the non-systematic risk of the portfolio. It measures the quality of a fund's investment picking ability. It compares the Jensen's alpha of a fund (or the adjusted return of the scheme assuming the market return is zero) to the portfolio's unsystematic risk (or the risk that could be diversified away). By selecting a basket of investments, the manager of an active fund attempts to beat the returns of the relevant benchmark. The Appraisal ratio measures the performance of managers by comparing the return of their stock picks to the specific risk of those selections. Therefore, higher the Appraisal ratio better would be the performance of the fund manager.

The present study evaluates the performance of mutual fund schemes in India using Appraisal ratio for a sample of 100 Indian mutual fund schemes selected on the basis of availability of consecutive data during the period 1st April, 2000 to 31st March, 2008. The study period 2000-2008 has been segregated into two sub-periods, sub-period I (2000-2004) and sub-period II (2004-2008) to ascertain whether the performance of mutual fund schemes varied during the two sub-periods as these were bear and bull phases. The sample comprises 53 growth schemes, 20 tax planning schemes, 11 balanced schemes and 16 income schemes. The findings suggest that during the study period majority of the mutual fund schemes had positive Appraisal ratios. The results show that in sub-period I, 59 per cent of schemes, in sub-period II, 72 per cent of schemes and in the full study period 68 per cent of schemes had positive Appraisal ratios. It means that during the study period majority of schemes had better returns per unit of unique risk than that of their benchmark indices.

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INDIAN PUBLIC SECTOR BANKS

NON PERFORMING ASSETS (NPAs)-A CHALLENGE

ABSTRACT

As far as the present scenario is concerned, the banking industry is in a conversion phase. The Public Sector Banks has account for more than 78 per cent of total banking industry assets. Unlikely they are burdened with excessive Non Performing Assets (NPA), massive manpower and lack of modern technology. It is also dangerous for bank's profitability credibility and economics of scale. Narasimham Committee report recommended various guidelines to RBI in 1993 to identify and reduce of NPAs be treated as national priority. NPA indicated the bankers credit risks and efficiency of allocation of sources. The Financial reforms have helped largely to reduce NPA in Indian Bank Industry. This paper attempts to analyze the performance of different banks. To compare the performance of public sector, private sector and foreign banks selective indicators were taken into considerations. These Indicators were Gross NPAs and Gross Advances.

Keywords : *Classification of NPAs, Provision of Assets, Trend of NPAs in Public Sector Banks.*

Introduction

Indian Banking has a long period history which has evolved over many years passing through different various phases .It has undergone note worthy transformation following financial sector reforms but at present ,it is passing through a decision phase .Indian Bank adopt international best practices in regulation and supervision of money market. So, It create a strong competitive and vibrant banking system into due prudential norms .It means to allow entry of new private sector banks and foreign banks, access the capital market permission, flexibility in operational work and financial autonomy to public banks ,improve to corporate governance practices and maintain standards practices. Banks have diversified our role into nontraditional activities and result comes in the form of conglomerate .Therefore, deregulation has opened up new height for banks to augment income.

Statement of Problem:-The basic function of banks provided loan to customers on the basis of soundness of investment and quality of loan assets. This function is depending on the capability of credit risk of the banks. Credit risk is associated with lending highly and whenever a party enters into an obligation to make payment or deliver value to the bank. Credibility correlated with the factors of profitability and the long run sustenance of

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the bank and these factors depend on the income, expenditure, interest income, NPAs and capital adequacy. When the money (Assets) is blocked, inadequate cash at hand this leads to borrowing of money for short period of time. This money is called **Non-Performing Assets**. Time and efforts of management cause indirect cost which bank has to bear due to Non Performing Assets.

Different banks have different ways to deal with and handle Non Performing Assets, which is also an additional cost to the bank. Bank is facing problem of Non Performing Assets as it adversely affects the value of credit risk of bank. It will lose its goodwill, brand image and credit which have negative impact on the people who are investing their money in the banks. Issue and Challenges for Indian Banking Industry

The NPAs of the Indian banking system have assumed large proportions and are a continuing deterrent to the smooth flow of credit to the productive sectors of industry and agriculture. The high level Committee on financial system constituted by RBI (1991) to made recommendations on financial sector reforms also observed that serious problems are plaguing the financial sectors which is reflected in decline in productivity and efficiency and erosion of profitability due to deterioration in the quality of loan portfolio restricting income generation and enhancement of capital funds, conduct by inadequate loan loss provisions. NPAs came into existence with the recommendations of Narasimham Committee implemented by RBI in 1996.

Meaning of NPA

An asset called NPA when the borrower fails to repay the interest and/or principal amount on agreed terms. It means stop to generate income for the bank. A NPA treated as past due to amount in respect of credit facility in terms of interest and /or installment or principal amount for two quarters or more. The past due means the amount has not been paid within 30 days from the due date .This concepts comes with effect from 31 march 2001.

Classification of Non Performing Assets

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 defines Non Performing Assets as "an asset or account of a borrower, which has been classified by a bank or financial institution as sub - standard, doubtful or loss assets in accordance with the direction and guidelines relating to asset classification issued by the RBI". From 31st March 2004 an asset is considered to have gone bad when the borrower has defaulted on principal and interest repayment for more than one quarter or 90 days.

The following are the RBI guidelines for NPA classification and provisioning:

Standard Assets

Standard asset are not consider as a NPAs but does not carry more than normal risk attached to business. Thus all the current loans, agricultural and non-agricultural loans may be treated as standard assets. It requires a minimum of 25% provision on global portfolio but not on domestic portfolio.

Sub-Standard Assets

Sub-Standard Assets have been classified as NPAs for a period less than or equal to 18 months. The general provision of 10% of total outstanding principal plus entire outstanding interest should be made on sub - standard assets. A Non-performing asset may be classified as sub-standard on the basis of the following criteria.

- a) An asset which has remained overdue for a time period not exceeding three years in respect of both agricultural and non-agricultural loans should be treated as sub - standard.
- b) In the case of all types of term loans, where installments are overdue for a period not exceeding three years, the entire outstanding should be treated as sub-standard.
- c) An asset, where the terms and conditions of the loans regarding payment of interest and repayment of principal have been renegotiated or rescheduled, after commencement of production, should be classified as sub-standard and should remain so in such category for at least two years of satisfactory performance under the renegotiated or rescheduled terms. In other words, the classification of an asset should not be upgraded merely as a result of rescheduling unless there is satisfactory compliance with the conditions.

Doubtful Assets

Doubtful assets have remained as NPAs for a period exceeding 18 months. On these assets the banks are required to provide 100% for the unsecured portion and additional provision of 20% to 50% advances, if doubtful for 3 and above 3 years in respect of both agricultural and non-agricultural loans. As in the case of substandard assets, rescheduling does not entitle a bank to upgrade the quality of advance automatically. A loan classified as doubtful has all the weakness inherent as that of a sub-standard account. There is also a problem of weakness in the collection or liquidation of the outstanding dues in such an account in full.

Loss Assets

Loss assets are those where loss is identified by the bank but the amount has not been written off wholly or partly. Such loss assets will include overdue loans in cases (a) where decrees or execution petitions have been time barred or documents are lost which are legal proof to claim the debt, (b) where the members and their sureties are declared insolvent or have died leaving no tangible assets, (c) where the members have left the area of operation of the society leaving no property and their sureties have also no means to pay the dues (d) amounts which cannot be recovered in case of liquidated societies.

Provisioning Norms on the basis of NPAs Classification

Provisioning is important considering the breakup in the value of security charged with the banks over a period of time. Therefore, after the assets are classified into various categories (viz. standard, sub-standard doubtful and loss assets) necessary provision has to be made for them. The details of provisioning requirements in respect of the various categories of assets are:

Provision for Standard Assets

Banks are required to make provision on standard assets at a minimum of 0.25 per cent of the total outstanding in this category. The provision made on standard assets may not be reckoned as erosion in the value of assets and will form part of owned funds of the bank. The advances granted against term deposits, National Savings Certificates (NSC) eligible for surrender, Kisan Vikas Patras (KVP), Indira Vikas Patras (IVP), Life policies, staff loans would attract provision of 0.25 per cent prescribed for standard assets. The provision towards standard assets need not be netted from gross advances and should be shown separately as "Contingent provision against standard assets" under "other liabilities and other provisions".

Provision for Sub-Standard Assets

Since it is probable that a bank incurs some loss in such accounts, a general provision of 10 per cent is required to be made on the total outstanding amount in the case of all loan accounts categorized as sub-standard.

Provision for Doubtful Assets

- (a) A provision of 100 per cent of the advances is to be made to the extent to which the advance is not covered by realizable value of securities to which the bank has valid recourse and the realizable value is estimated on a realistic basis.
- (b) Over and above the provision on the unsecured portion, a provision of 20 per cent, 30 per cent and 50 per cent of the secured portion has to be made depending upon the period for which an asset has remained overdue (Table -1).

Table-1: Criteria for provision for doubtful assets

Criterion	% Provision
Overdue above 3 years and up to 4 years	20
Overdue over 4 years, but not exceeding 6 years	30
Overdue exceeding 6 years	50

Provision for Loss Assets

The entire loss assets should be written off. If the assets are permitted to be retained in the books for any reason, 100 per cent of the out standings thereof should be fully provided for.

Literature Review

A large number of researchers have been studied to the issue of NON PERFORMING ASSET in banking industry .A review of the relevant literature has been described as under:-

Krishnamurthi, C.V.(2000) observed that the rising NON PERFORMING ASSETS is serious diseases for the public sector banks .It shows that the gross NON PERFORMING ASSET of PUBLIC SSECTOR BANKS are mounting very heavily .The NON PERFORMING ASSET curses lie between a gross of Rs.39.253 crores in 1992 -93 to Rs.45,463 crores in1997-98.

Munniappan (2002) studied the diseases of NON PERFORMING ASSET into two factors .One is internal factor in respect of portfolio of funds for expansion, modernization and diversification, accept new projects etc. Second is external factor in respect of recession in economy, other countries suffered from non performing assets assessment, input/power shortage, price up and downs uncertain natural calamities etc.

Das & Ghosh (2003) studied non-performing loans of Indian PUBLIC SECTOR BANKS on the basis of various indicators like as assts size, operating efficiency, and macroeconomics condition and credit growth.

Gupta, S and Kumar ,S (2004) defined that redeeming features of banking sector reforms is the continuing downfall in gross and net NON PERFORMING ASSET as a proportion of total assets for all bank groups .NON PERFORMING ASSETS needs resolution otherwise it can break the backbone of entire economic system with financial system.

Banerjee, B. and Dan, A.K (2006) analyzed that NON PERFORMING ASSETS are one of the most crucial problem which is faced by bank to require attention for improvement in the management of PSBs are increasing very speedily at present scenario due to following reason . one is government has got to bail out banks with monetary fund

provisions sporadically and ultimately taxpayers bear the value. Second is cash borrowed for investment, for not utilized properly, affects the creation of assets and therefore the growth of economy is vulnerable. The author has urged many strategic measures to manage Non performing assets of Public sector banks.

Jatna, Ranu (2009) states main cause of mounting NON PERFORMING ASSETS in public sector banks is malfunctioning of the banks. Narasimham Committee identified the NON PERFORMING ASSETS as one of the possible effects of malfunctioning of PUBLIC SECTOR BANKS.

Dong he (2002) in his study focuses on the nature of NON PERFORMING ASSET in Indian banking system and define the important role of assets reconstruction companies in resolving NON PERFORMING ASSETS.

Prof G.V.Bhavani Prasad and Veera D (2011) examined that the reason behind the falling revenues from traditional sources is 78% of the total NON PERFORMING ASSETS accounted in PUBLIC SECTOR BANKS.

Dr.P.Hosmani & Hudagi Jugdish(2011) found that a slight improvement in the asset quality reflected by downsize in the NON PERFORMING ASSET percentage. NON PERFORMING ASSET is an improvement scale for assessing financial performance of Indian banks. The mounting value of NON PERFORMING ASSETS will adversely affected to financial position in term of liquidity, profitability and economic of scale in operation. Bank has to take timely necessary steps against degradation of good performing assets.

Manish B Raval (2012) studies to understand the major composition of NON PERFORMING ASSETS in Indian Banks and compared the three compositions i.e. Priority sector, Non Priority sector and others sector of NON PERFORMING ASSETS between Nationalized and SBI and its associates. The researcher stated that there is no significant difference between three compositions of NON PERFORMING ASSETS to total NON PERFORMING ASSETS in nationalized banks and SBI and its associates.

Dr. A Dharmendran (2012) examine the position & growth of standard assets, substandard assets, loss assets, gross nonperforming assets provision for non performing assets & net non performing assets with the help of percentage analysis method & compound growth rate for all the state Co-operative banks in India.

Nature and scope of the study

The present study is empirical and descriptive in nature. The study is confined to examine the state of Non-Performing assets in Commercial banks operating in India sector wise public sector banks, private banks, foreign banks and all commercial banks have been taken in to account, a period of 7 years has been considered.

Objective of the study

The objective of this study was the magnitude and trends of NPA of different banks in India through graphical and percentage wise method.

Hypothesis of the study

Ho: There is positive trend of NPAs in public sector banks in India.

H1: There is Positive Control over NPAs by Public Sector Banks in India.

Methodology

The study is descriptive and investigative in nature. It evaluate the NPA level in public sector banks, private banks, foreign banks and all commercial banks for a period between 2007-2012. By going through the path of objective set for the study, the relevant secondary data has been collected through various sources like, RBI website, Trend and progress in banking various issues. The data so collected has been tabulated and analyzed by using percentage analysis techniques. The study also examines the trend of NPA in various banks. The findings of the study are inconformity with the statistical tools applied as such Average and comparative percentage analysis.

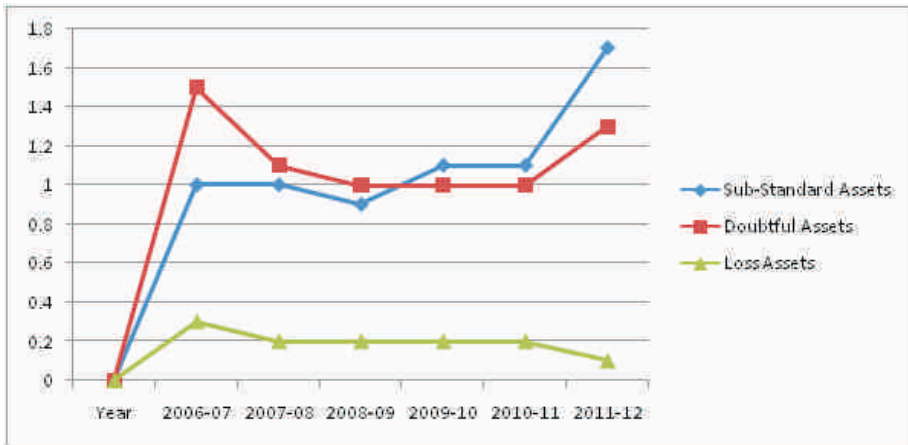
Analysis and Interpretation

Loan assets of banks are classified in to four categories i.e. standard assets, sub-standard assets, doubtful assets, and loss assets. Standard assets being the good quality of loan assets on the other hand sub-standard assets, doubtful assets, and loss assets put together constitutes Non Performing Assets.

Table-2: Classification of Loan Assets of Public Sector Banks -2007 to 2012(Amount in Billion)

Year	Standard Assets		Sub-Standard Assets		Doubtful Assets		Loss Assets		Total NPA		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	% change
2006-07	13353.52	97.2	139.45	1.0	199.70	1.5	45.10	0.3	384.25	2.8	00
2007-08	16567.28	97.7	168.70	1.0	190.68	1.1	36.68	0.2	396.06	2.3	-0.5
2008-09	20559.06	97.9	195.21	0.9	207.08	1.0	38.03	0.2	440.32	2.1	-0.2
2009-10	24550.65	97.7	276.85	1.1	246.79	1.0	49.28	0.2	572.93	2.3	+0.2
2010-11	29887.90	97.7	336.12	1.1	319.55	1.0	55.14	0.2	710.80	2.3	00
2011-12	34379.00	96.8	603.76	1.7	470.75	1.3	50.37	0.1	1124.89	3.2	+0.9
Average	23216.2	97.5	286.68	1.13	272.43	1.15	45.77	0.2	604.8	2.5	-0.7

Graph-1: Year Wise Curve Trend Line among Sub-Standard, Doubtful and Loss Assets of Public Sector Banks



Major Findings of the Study

- From table-2, Substandard Assets showed a reduction from 1.0 percent in 2006-07 to 0.9 percent in 2008-09 but further increases from 1.1 percent in 2009-10 to 1.7 percent in 2011-12. Doubtful Assets showed a reduction from 1.5 percent in 2006-07 to 1.1 percent in 2010-11 but further increase 1.7 percent in 2011-12. Loss Assets showed a reduction from 0.3 percent in 2006-07 to 0.1 percent in 2011-12. This indicates a up and down (jerk) trend of financial soundness of public sector banks. Hypothesis first is wrong. H0 is wrong.
- From Graph-1, The Sub-Standard Assets curve represent at first constant then down and up. Therefore, the

Curve is like an up-down slope curve. Public Sector Banks are fails in control to Sub-Standard Assets. H1 is wrong.

3. From Graph-1, The Doubtful Assets curve represent slowly decrease at the last year and at the last, slightly increase. So Public sector Banks handled nicely to Doubtful Assets. H1 is correct.
4. From Graph-1, Loss Assets curve represent down at first then constant at the last year so once more down. It means that Public Sector Banks success to regulate to loss Assets. H1 is wrong.

Limitation of the study

1. Only nationalized banks are chosen for the purpose of the study.
2. Study is based on the availability of data.

Conclusion

Indian banking industry is largely dominated by public sector banks with almost two third shares of total advances in the economy. The quantum of NPAs is alarming with public sector banks in India, since NPA being as an important parameter for assessing financial performance of banks the mounting volume of NPAs will deter the financial health in terms of profitability liquidity and economies of scale in operation. The bank has to take timely action against degradation of good performing assets.

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