

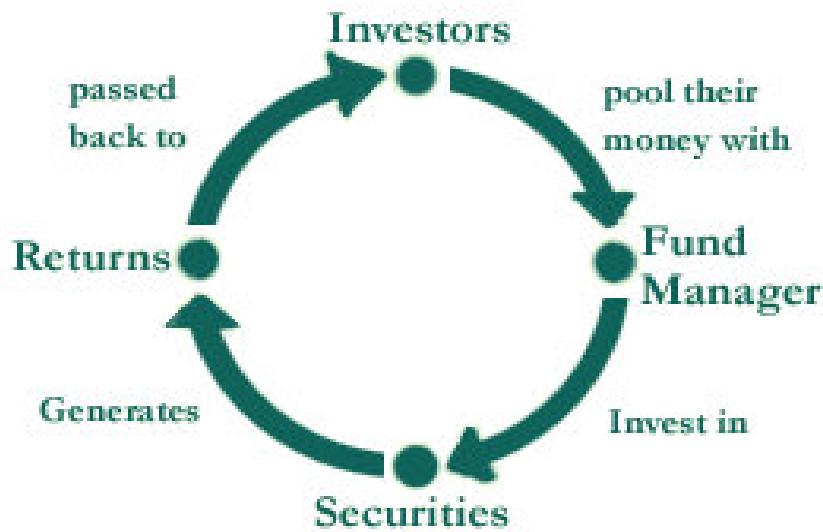
## Mutual Funds in India – A case study of Select schemes

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### Introduction

After Liberalization, Privatization and Globalization policies in India, saving people started looking at the corporate sector, which attracted them towards institutional investment. Today there are plenty of investments avenues open in the financial market for an investor with an investable surplus. Some of them include Bank Deposits, Corporate Debentures, and Bonds where there is low risk but low return. Investors may invest money in banks, bonds and corporate debentures where the risk is low and so are the returns. On the contrary, stocks of companies have high risk but the returns are also proportionately high. However, small investors are not in a position to invest on their own as they cannot successfully construct and manage investment portfolio. This is mainly due to the small size of their funds, lack of expertise and experience, etc. The recent trends in the Stock Market have shown that an average retail investor always lost with periodic bearish trends. People began opting for portfolio managers with expertise in stock markets that would invest on their behalf. There are many institutions in India, which provide wealth management services. However, they proved too costly for a small investor. At the same time a significant institutional development in the form of a diversified structure of mutual funds took place in India. These investors have found a good shelter with the mutual funds.

A mutual fund is special type of investment institution, which acts as an investment conduit. It facilitates indirect investment by the saving community in the corporate sector. It is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Thus, a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The flow chart below describes broadly the working of Mutual Funds:



**Mutual Fund Flow Chart**

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The present study gives an overview of mutual funds – history of mutual funds in India, types, benefits and risks. An analysis of a few prominent mutual fund schemes has been elicited.

### **Objectives**

- ❑ Explore the recent developments in the mutual funds in India;
- ❑ To study some of the mutual fund schemes and analyze them;

### **Need for the study**

The main purpose of the study is to know about mutual fund and it's functioning. This helps to know in detail about mutual fund industry right from its inception stage, growth and future prospects. It also helps in understanding different schemes of mutual funds like growth, income, balance as well as the returns associated with these schemes. The study is done to ascertain the asset allocation, entry load, exit load, associated with the mutual funds. Ultimately this would help in understanding the benefits of mutual funds to investors.

### **Scope of the Study**

The study is limited to some prominent mutual funds in the mutual fund industry. The study is limited to select mutual fund schemes. An analysis of the funds depending on their schemes like growth, income, balance is done.

### **Research Methodology**

The data is collected from the internal records of “Way2Wealth Securities Private Limited”, the brochures and pamphlets published by Mutual Fund Companies. Discussions with the officials also provided valuable information. The secondary information is mostly taken from the journals on finance and financial newspapers to collect latest and up to date information on mutual funds.

### **Organization of a Mutual Fund**

Many entities viz., Unit Holders, SEBI, Sponsors, Trustees, AMC, Mutual Funds, Transfer agent and Custodian are involved in the organizational set up of a mutual fund which is illustrated as below.



The above diagram gives an idea on the structure of an Indian mutual fund.

- ❑ **Sponsor:** Sponsor is basically a promoter of the fund. For example Bank of Baroda, Punjab National Bank, State Bank of India and Life Insurance Corporation of India (LIC) are the sponsors of UTI Mutual Funds. Housing Development Finance Corporation Limited (HDFC) and Standard Life Investments Limited are the sponsors of HDFC mutual funds. The fund sponsor raises money from public, who become fund shareholders. The pooled money is invested in the securities. Sponsor appoints trustees.
- ❑ **Trustees:** Two third of the trustees are independent professionals who own the fund and supervises the activities of the Asset Management Company (AMC). It has the authority to sack AMC employees for non-adherence to the rules of the regulator. It safeguards the interests of the investors. They are legally appointed i.e. approved by SEBI.

- ❑ **Asset Management Company:** AMC is a set of financial professionals who manage the fund. It takes decisions on when and where to invest the money. It doesn't own the money. AMC is only a fee-for-service provider.

The above 3 tier structure of Indian mutual funds is very strong and virtually no chance for fraud.

- ❑ **Custodian:** A Custodian keeps safe custody of the investments (related documents of securities invested). A custodian should be a registered entity with SEBI. If the promoter holds 50% voting rights in the custodian company it can't be appointed as custodian for the fund. This is to avoid influence of the promoter on the custodian. It may also provide fund accounting services and transfer agent services. JP Morgan Chase is one of the leading custodians.
- ❑ **Transfer Agents:** Transfer Agent Company interfaces with the customers, issues fund's units, help investors while redeeming units. Provides balance statements and fund performance fact sheets to the investors. A CAM is a leading Transfer Agent in India.

### History of the Indian Mutual Fund Industry

The history of mutual funds in India can be broadly divided into four distinct phases:

#### ❑ **First Phase – 1964-87**

Unit Trust of India (UTI) was established on 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. The first scheme launched by UTI was Unit Scheme 1964. In 1978 UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. At the end of 198 UTI had Rs.6,700 crores of assets under management.

#### ❑ **Second Phase – 1987-1993 (Entry of Public Sector Funds)**

1987 marked the entry of non-UTI, public sector mutual funds set up by public sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first non- UTI Mutual Fund established in June 1987 followed by Canbank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun 90), Bank of Baroda Mutual Fund (Oct 92). LIC established its mutual fund in June 1989 while GIC had set up its mutual fund in December 1990. At the end of 1993, the mutual fund industry had assets under management, which rose to Rs.47, 004 crores.

#### ❑ **Third Phase – 1993-2003 (Entry of Private Sector Funds)**

With the entry of private sector funds in 1993, a new era started in the Indian mutual fund industry, giving the Indian investors a wider choice of fund families. Also, 1993 was the year in which the first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993.

The 1993 SEBI (Mutual Fund) Regulations were substituted by a more comprehensive and revised Mutual Fund Regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations 1996.

The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds with total assets of Rs. 1, 21,805 crores. The Unit Trust of India with Rs.44, 541 crores of assets under management was way ahead of other mutual funds.

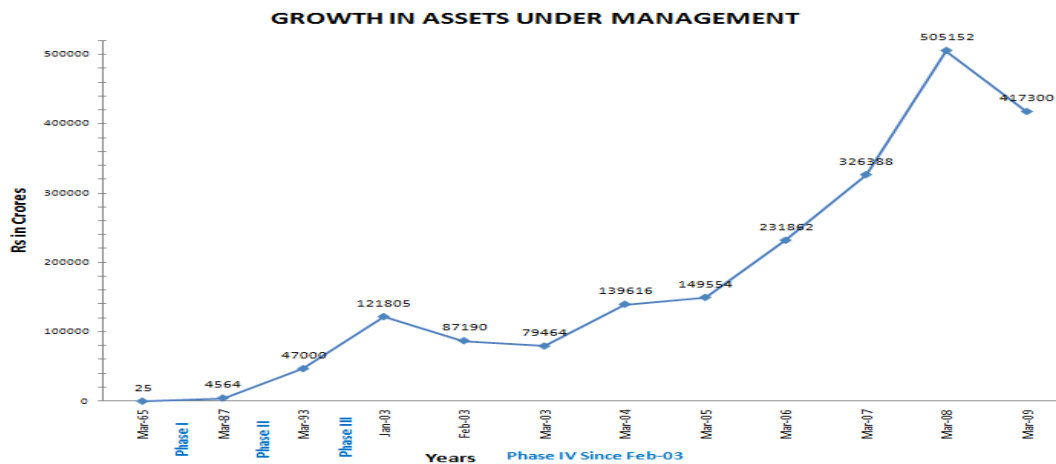
#### ❑ **Fourth Phase – since February 2003**

In February 2003, following the repeal of the Unit Trust of India Act 1963 UTI was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with assets under management of Rs.29, 835 crores as at the end of January 2003, representing broadly, the assets of US 64 scheme, assured return and certain other schemes. The Specified Undertaking of Unit Trust of India,

functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations.

The second is the UTI Mutual Fund, sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile UTI which had in March 2000 more than Rs.76, 000 crores of assets under management and with the setting up of a UTI Mutual Fund, conforming to the SEBI Mutual Fund Regulations, and with recent mergers taking place among different private sector funds, the mutual fund industry has entered its current phase of consolidation and growth.

The graph indicates the growth of assets over the years.



**Note:** Erstwhile UTI was bifurcated into UTI Mutual Fund and the Specified Undertaking of the Unit Trust of India effective from February 2003. The Assets under management of the Specified Undertaking of the Unit Trust of India has therefore been excluded from the total assets of the industry as a whole from February 2003 onwards.

### Performance of Mutual Funds in India

The performance of mutual funds in India in the initial phase was not even closer to satisfactory level. People rarely understood, and of course investing was out of question. But some 24 million shareholders were accustomed with guaranteed high returns by the beginning of liberalization of the industry in 1992. This good record of UTI became marketing tool for new entrants. The expectations of investors touched the sky in profitability factor. However, people were miles away from the preparedness of risks factor after the liberalization.

The Assets Under Management of UTI was Rs. 67bn. by the end of 1987. From Rs. 67bn. the Assets Under Management rose to Rs. 470 bn. in March 1993 and the figure had a three times higher performance by April 2004. It rose as high as Rs. 1540bn.

The net asset value (NAV) of mutual funds in India declined when stock prices started falling in the year 1992. Those days, the market regulations did not allow portfolio shifts into alternative investments. There were rather no choices apart from holding the cash or to further continue investing in shares. One more thing to be noted, since only closed-end funds were floated in the market, the investors disinvested by selling at a loss in the secondary market.

The performance of mutual funds in India suffered qualitatively. The 1992 stock market scandal, the losses by disinvestments and lack of transparent rules in the where about rocked confidence among the investors. Partly owing a relatively weak stock market performance, mutual funds have not yet recovered, with funds trading at an average discount of 1020 percent of their net asset value.

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The supervisory authority adopted a set of measures to create a transparent and competitive environment in mutual funds. Some of them were like relaxing investment restrictions into the market, introduction of open-ended funds, and paving the gateway for mutual funds to launch pension schemes. The measure was taken to make mutual funds the key instrument for long-term saving. The more the variety offered, the quantitative will be investors.

As long as mutual fund companies are performing with lower risks and higher profitability within a short span of time, more and more people will be inclined to invest until and unless they are fully educated with the dos and don'ts of mutual funds.

Mutual Fund industry today, with about 34 players and more than five hundred schemes, is one of the most preferred investment avenues in India. It has seen a lot of changes in past few years with multinational companies coming into the country, bringing in their professional expertise in managing funds worldwide. Now, investors have a wide range of Schemes to choose from depending on their individual profiles. It's all about long term financial planning. These benefits mainly include diversification, professional management, potential of returns, efficiency and easy to use. Mutual fund investments carry low risk because of their diversified nature.

#### Types of Mutual Funds in India

Wide variety of Mutual Fund Schemes exists to cater to the needs such as financial position, risk tolerance and return expectations of investors.

##### *Overview of schemes by structure*

*Open - Ended Schemes:* An open-end fund is one that is available for subscription all through the year. These do not have a fixed maturity. Investors can conveniently buy and sell units at NAV related prices. The key feature of open-end schemes is liquidity.

*Close - Ended Schemes:* These schemes have a pre-specified maturity period. One can invest directly in the scheme at the time of the initial issue. Depending on the structure of the scheme there are two exit options available to an investor after the initial offer period closes. Investors can transact (buy or sell) the units of the scheme on the stock exchanges where they are listed. The market price at the stock exchanges could vary from the NAV of the scheme on account of demand and supply situation, expectations of unit holder and other market factors. Alternatively some close-ended schemes provide an additional option of selling the units directly to the Mutual Fund through periodic repurchase at the schemes NAV; however one cannot buy units and can only sell units during the liquidity window. SEBI Regulations ensure that at least one of the two exit routes is provided to the investor.

*Interval Schemes:* Interval Schemes are that scheme, which combines the features of open-ended and close-ended schemes. The units may be traded on the stock exchange or may be open for sale or redemption during pre-determined intervals at NAV related prices.

However, with a plethora of schemes to choose from, the retail investor faces problems in selecting funds. Factors such as investment strategy and management style are qualitative, but the funds record is an important indicator too. Though past performance alone cannot be indicative of future performance, it is, frankly, the only quantitative way to judge how good a fund is at present. Therefore, there is a need to correctly assess the past performance of different mutual funds.

Return alone should not be considered as the basis of measurement of the performance of a mutual fund scheme, it should also include the risk taken by the fund manager because different funds will have different levels of risk attached to them. Risk associated with a fund, in general, can be defined as variability or fluctuations in the returns generated by it. The higher the fluctuations in the returns of a fund

during a given period, higher will be the risk associated with it. These fluctuations in the returns generated by a fund are resultant of two guiding forces. First, general market fluctuations, which affect all the securities, present in the market, called market risk or systematic risk and second, fluctuations due to specific securities present in the portfolio of the fund, called unsystematic risk.

The **Total Risk** of a given fund is sum of these two and is measured in terms of **standard deviation** of returns of the fund. Systematic risk, on the other hand, is measured in terms of **Beta**, which represents fluctuations in the Net Asset Value (NAV) of the fund vis-a-vis market. The more responsive the NAV of a mutual fund is to the changes in the market; higher will be its beta. Beta is calculated by relating the returns on a mutual fund with the returns in the market. While unsystematic risk can be diversified through investments in a number of instruments, systematic risk cannot. By using the risk return relationship, we try to assess the competitive strength of the mutual funds vis-a-vis one another in a better way.

In order to invest in the best, it is important to perform a comparative study. It is important to study about the returns given by AMC Mutual Funds and perform a comparative analysis.

### Growth Funds - Fund Facts

*Objective:* Tata and HDFC Growth Fund aims to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity related instruments. UTI mobilizes super annulations and provident funds and invest them in risk free securities.

<i>Growth Funds</i>	<i>Tata Growth Fund</i>	<b>UTI G-Sec Fund</b>	<b>HDFC Growth Fund</b>
Type of Scheme	Open Ended	Open Ended	Open Ended
Nature	Equity	Gilt	Equity
Option	Growth	Growth	Growth
Inception Date	Jul 1, 1994	Aug 23, 1999	Sep 11, 2000
Face Value (Rs/Unit)	10	10	10
Fund Size in Rs. Cr.	0 as on Jan 31, 2011	0 as on Jan 31, 2011	1272.98 as on Jan 31, 2011
Last Dividend Declared	NA	NA	NA
Minimum Investment (Rs)	5000	1000	5000
Purchase Redemptions	Daily	Daily	Daily
NAV Calculation	Daily	Daily	Daily
Entry Load	Entry Load is 0%.	Entry Load is 0%.	Entry Load is 0%.
Exit Load	If redeemed bet. 0 Days to 365 Days; Exit load is 1%.	Exit Load is 0%.	If redeemed bet. 0 Year to 1 Year; Exit load is 1%.
SIP	✓	✓	✓
STP	✗	✗	✗
SWP	✗	✗	✗
Expense ratio (%)	2.50	0.94	1.97
Portfolio Turnover Ratio (%)	117.91	706.96	29.05

**Risk & Return**

<b>Duration</b>	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
Tata Growth Fund - Returns	-9.44	-20.04	-12.33	2.78	-0.60	8.09	8.60
UTI G-Sec Fund - Returns	0.33	0.95	0.98	1.36	2.05	3.91	7.13
<b>HDFC Growth Fund - Returns</b>	-7.47	-14.75	-3.07	15.81	7.89	17.55	22.30

From the above table, it is clear that there are ups and downs in returns of Tata and HDFC Growth Fund at the end of 5 years providing a vehicle to investors for generation of long-term capital appreciation. There is a gradual increase in returns of UTI G-Sec Fund over a period of 5 years.

**Income Funds - Fund Facts**

<i>Income Funds</i>	<i>Tata Growth Fund - Dividend</i>	<b>UTI G-Sec Fund - Dividend</b>	<b>HDFC Growth Fund - Dividend</b>
Type of Scheme	Open Ended	Open Ended	Open Ended
Nature	Equity	Gilt	Equity
Option	Income/Dividend	Income/Dividend	Income/Dividend
Inception Date	Jul 1, 1994	Aug 23, 1999	Sep 11, 2000
Face Value (Rs/Unit)	10	10	10
Fund Size in Rs. Cr.	0 as on Jan 31, 2011	0 as on Jan 31, 2011	1272.98 as on Jan 31, 2011
Last Dividend Declared	20 % as on May 17, 2010	0.438 % as on Oct 1, 2009	27.5 % as on Feb 26, 2010
Minimum Investment (Rs)	5000	10000	5000
Purchase Redemptions	Daily	Daily	Daily
NAV Calculation	Daily	Daily	Daily
Entry Load	Entry Load is 0%.	Entry Load is 0%.	Entry Load is 0%.
Exit Load	If redeemed bet. 0 Days to 365 Days; Exit load is 1%.	Exit Load is 0%.	If redeemed bet. 0 Year to 1 Year; Exit load is 1%.
SIP	✓	✓	✓
STP	✗	✗	✗
SWP	✗	✗	✗
Expense ratio (%)	2.50	0.94	1.97
Portfolio Turnover Ratio (%)	117.91	706.96	29.05

**Risk & Return**

<b>Duration</b>	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
Tata Growth Fund Dividend-Returns	-9.44	-20.04	-12.33	2.78	0.40	8.73	7.93
UTI G-Sec Fund Dividend – Returns	0.33	0.95	0.98	1.36	1.73	3.52	5.15

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<b>HDFC Growth Fund Dividend – Returns</b>	-7.47	-14.75	-3.07	15.90	7.90	17.63	17.23
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The table reveals the fact that Tata & HDFC Income Fund Scheme shows ups and downs in returns over a period of 5 years to provide a vehicle to investors for generation of long term capital appreciation that is invested predominantly in equity and equity related instruments. UTI Income Fund Scheme gives a total increase in returns over a period of 5 years, which is a result of investment in risk free securities.

It can be observed that there is no difference in Risk & Return up to 1 year, whether invested in Growth or Income Fund Scheme. Returns are relatively high for Growth Fund when the investments are held exceeding a period of 1 year, rest of the factors remaining the same as Income Fund Scheme. However, dividends are received in case of Income Fund Schemes.

#### *Balanced Funds – Fund Facts*

The primary objective of the Scheme is to generate capital appreciation along with current income from a combined portfolio of equity & equity related and debt & money market instruments to give investor balanced returns.

<b>Balanced Funds</b>	<i>Tata Balanced Fund - Dividend</i>	<b>UTI Balanced Fund - Dividend</b>	<b>HDFC Balanced Fund - Dividend</b>
Type of Scheme	Open Ended	Open Ended	Open Ended
Nature	Equity & Debt	Equity & Debt	Equity & Debt
Option	Income/Dividend	Income/Dividend	Income/Dividend
Inception Date	Oct 8, 1995	Jan 20, 1995	Sep 11, 2000
Face Value (Rs/Unit)	10	10	10
Fund Size in Rs. Cr.	0 as on Jan 31, 2011	0 as on Jan 31, 2011	239.17 as on Jan 31, 2011
Last Dividend Declared	30 % as on Mar 22, 2010	15 % as on Sep 23, 2010	22.5 % as on Mar 5, 2010
Minimum Investment (Rs)	5000	5000	5000
Purchase Redemptions	Daily	Daily	Daily
NAV Calculation	Daily	Daily	Daily
Entry Load	Entry Load is 0%.	Entry Load is 0%.	Entry Load is 0%.
Exit Load	If redeemed bet. 0 Days to 365 Days; Exit load is 1%.	If redeemed bet. 0 Year to 1 Year; Exit load is 1%.	If redeemed bet. 0 Year to 1 Year; Exit load is 1%.
SIP	✓	✓	✓
STP	✗	✗	✗
SWP	✗	✗	✗
Expense ratio (%)	2.50	1.88	2.15
Portfolio Turnover Ratio (%)	116.72	53.62	13.98

It is clear from the above table that Balance Fund Scheme over a period of time generates more returns as compared to Growth and Income Fund Scheme. The expense ratio is more and portfolio turnover ratio (%) is very low for Balance Fund Scheme (except for Tata).



### Risk & Return

<b>Duration</b>	<b>1 Month</b>	<b>3 Months</b>	<b>6 Months</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Since Inception</b>
Tata Balanced Fund Dividends- Returns	-5.97	-13.07	-4.27	6.12	6.82	14.02	13.43
UTI Balanced Fund Dividends - Returns	-5.97	-12.28	-2.19	9.33	5.70	10.07	10.16
<b><i>HDFC Balanced Fund Dividends - Returns</i></b>	-1.30	-6.30	1.20	18.12	12.21	15.01	13.26

The above table reflects that there is an increase in returns of Tata Balance Fund over a period of 5 years as it has invested in equity and debt oriented securities so as to give investor-balanced returns. There are ups and downs in returns of UTI & HDFC Balance Fund over a period of 5 years.

It can be observed that equity funds always have high risk; at the same time it gives higher returns. In the above equity fund has given more returns, because major part of its diversification fund was in outperforming sectors like IT, Motors and Capital Goods sector. TATA balanced fund has given good returns compared to other funds and HDFC balanced fund stand next to the TATA balanced fund.

### Suggestions

- ❖ It is always good for the investors to maintain their portfolio in such a way that their investments are diversified in to all sector funds to get constant and healthy returns even in volatile market.
- ❖ When compared to the bank deposits mutual funds are more attractive because dividends received from mutual funds are tax-free. Where fixed deposits are exempt from tax up to a limit of 12,000 next to it are taxable.
- ❖ As in UK and other developed countries self regulators organization (SRO) to be organized in INDIA for regulation of investment business with self discipline.
- ❖ Mutual fund should penetrate rural like the Indian insurance industry with simple and limited products.

### Conclusion

Mutual Funds have not failed in any country where they worked with regularity framework. The poor performance of many Mutual Fund schemes may be mostly attributed to the quality of personnel involved and their matter of funds management. The most important is the selection of mutual funds, which would help in achieving your investment objective successfully.

Mutual funds are working on behalf of its investors with investments of high returns and minimum risk. Selection of mutual funds is very essential for investor. The benefit on mutual funds is that an investor gets the diversified portfolio. A diversified portfolio is a better edge against market risk than a direct investment in the markets for a small investor.

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## Unorganized Employees Tribulations in Bangalore Cluster (A study of selected Manufacturing units in four industrial areas)

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### Introduction

The term "labor relations" is a broad concept that can refer generally to any dealings between management and employees concerning the terms and conditions of employment. Labor relations includes employees', employers' and unions' legally protected activities; unfair labor and management practices; union-organizing activities; union recognition and representation elections; collective bargaining; and union contract administration. The Labor Relations Discipline deals with the elements of formal labor-management relations: protected activities, unfair practices, union organizing, recognition and representation elections, as well as collective bargaining and contract administration. It also includes matters that focus on careers, communications, legal and regulatory issues, technology, metrics and outsourcing in the labor relations field, as well as effective labor relations practices and global labor relations issues. It does not include matters involving so-called "positive" employee relations or practices associated with remaining union-free, which are covered in the employee relation discipline.

### Importance of Industrial Relations

The healthy industrial relations are key to the progress and success. Uninterrupted production, the most important benefit of industrial relations is that this ensures continuity of production. This means, continuous employment for all from manager to workers. Reduction in Industrial Disputes, Good industrial relations reduces the industrial disputes. Disputes are reflections of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, go-slow tactics, gherao and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace.

High morale – Good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase production. Every worker feels that he is a co-owner of the gains of industry. The employer in his turn must realize that the gains of industry are not for him alone but they should be shared equally and generously with his workers. Mental Revolution, The main object of industrial relation is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. Reduced Wastage, Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production.

### Scope of the study

Labour relations i.e., relations between union and management (labour management relations) Employer-employee relations i.e., relation between management and employee  
Group relation i.e., relations between various groups of workmen  
Community or public relations i.e., relations between industry and society

### Objectives of the study

The main objective of the study is to assess the current status of workers problems in Bangalore cluster, through a descriptive method.

The study proposes to meet the following objectives:

- (i) To make an assessment of current status of workers problems in Bangalore cluster.
- (ii) To list the workers problems with reference to private manufacturing industry.

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- (iii) To evaluate the consequence of the variations between the standards and the labour practices.
  - (iv) To make suggestions for managements, policy makers and governments.

**Statement of the problem**

The Private sector in India employs nearly 6 million workers of which the Bangalore cluster units employ around 10 lakhs. The demography of the workforce reveals that it is predominantly young, skilled, semi-skilled and un-organized.

This study is an attempt to evaluate the conditions and problems in private sector, The task undertaken might look somewhat unrealistic as the organized sector in the country is yet to fully adopt the labour standards and practices imposed on them by a very well developed regime of labour legislations. The ILS was imposed on the manufacturing units mainly because the public opinion in developed countries, who import goods and services from developing countries, requires the business firms to do so. It's a proof of higher level of human consciousness in the developed world.

The ILS is an extension of the principles of human rights as enunciated in UN charter. They are:

- Freedom of association & Collective bargaining ,Forced labour Convention, Equality of opportunity and treatment, Labour administration, Labour inspection, Employment policy, Employment promotion, Vocational guidance and training, Employment security, Wages ,Working time, Health & Safety.

It can be seen clearly that most of the labour standards are also expressly stated in the various Indian Labour Laws. It seems the attempt and enforces the same provisions of labour laws is an open admission of laxity or non-enforcement of Indian labour laws.

**Hypothesis**

Based on the objectives of the study, the following hypotheses have been formulated:

- H0: Labor standards adopted in Bangalore cluster are in accordance with International labour standards.  
H1: Labor standards adopted in Bangalore cluster are not in accordance with International labor standards.
- H0: There no variation between the standards and practices among the private manufacturing sector  
H1: There is a variation between the standards and practices among the private manufacturing sector

**Literature Survey**

*A number of studies have been conducted on various issues of garment industry. However studies focused on labor issues have been few indicating insufficiency of research. Among the available literature, recent studies are reviewed here.*

**Methodology****Basic Research Design**

- The basic research design adopted for the study is descriptive. Primary and secondary data pertaining to selected private manufacturing units in Bangalore cluster is analyzed using various statistical methods to evaluate the current status of labour problems and standards.

Secondary Research Design

- The tools of secondary research design such as observation, personal interviews were also used. As part of the study, a constant interaction with various stakeholders was carried out. Three consultation meetings were held to discuss various aspects of the study with the stakeholders. Trade unions, workers, NGOs, consultants and government agencies were invited to the meetings.
- The study highlights the growing complexity of private manufacturing industry.

Questionnaire Design

- Structured questionnaire, personal interviews and discussions were the methods adopted for gathering primary data. These interviews and discussions were held during Nov & Dec 2011 and were clearly focused on the research objectives.

**Sampling Design**Population

The population for the study consists of 2500 (approx) private manufacturing units in Bangalore cluster.

Sample Size

Ten units are selected for the study based on convenience stratified sampling – twenty units from each of the large, medium and small segments.

Sample Unit

Employees and contract Workers constitute the sample unit. Five employees and five workers employees from each unit are selected for interview and questionnaire administration. The break up is as follows:

- Five employees (permanent employee) from each of the selected sample units will be interviewed with open-ended questionnaires.**
- Five workers (contract workers) from each sample units will be interviewed with close-ended questionnaires. .**

**Limitations of the Study**

There are nearly ten clusters across India. This study focuses only on Bangalore cluster. Being a sample survey, the study suffers from limitations that generally affect a sample survey

**Analysis:***Results of hypothesis testing:*

**Hypothesis 1:** After applying the independent Z test which is manually collected with a sample mean of 80%, populations mean of 60% and a sample standard deviation of 10%. We arrived the Z calculated value is 2, where as the critical value at the 5% level of significance is 1.96, where Z calculated value is greater than the critical value.

Since Z calculated value is greater than the critical value, the null hypothesis is not true and we are accepting the alternative hypothesis i.e. Labor standards adopted in Bangalore cluster are not in accordance with International labor standards.

**Hypothesis 2:**

Chi-square table showing variation between standards and actual practice

Basis	A	B	C	D	E
Yes	7	8	9	7	9
No	3	2	1	3	1

After applying the Chi-square test with respect to five manufacturing sector, the Chi calculated value is greater than the Chi value at a degree of freedom 4 with a value of 9.488 at 5% level of significance, so there is no evidence to accept the null hypothesis therefore we are accepting alternate hypothesis, i.e. There is a variation between the standards and practices among the private manufacturing sector

### Graphs and tables:

#### Tables showing workers problems:

Equality of opportunity and treatment and tripartite consultation

Table 1.1: Table showing employees opinion on forced labor

Basis	Yes	No	Total
Management is insisting forced labor	35	15	50

Table 1.2: Table showing management discrimination on employees based on religion caste etc...

Basis	Yes	No	Total
Management is against discrimination	30	20	50

Table 1.3: Table showing employees extending the working time

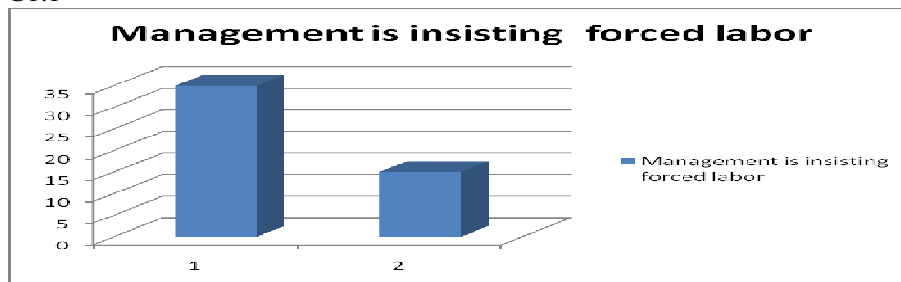
Basis	Yes	No	Total
Management is extending its working time	35	15	50

Table 1.4: Table showing employees opinion on employment security.

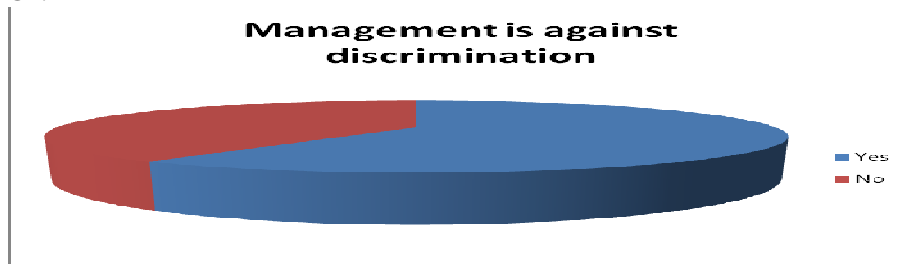
Basis	Yes	No	Total
Management is assuring employment security	15	35	50

### Graphs:

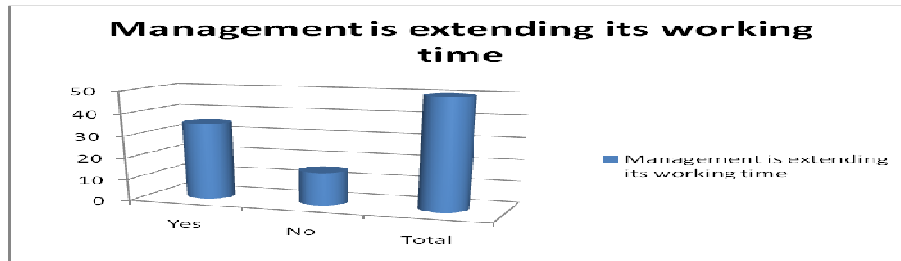
G1.1



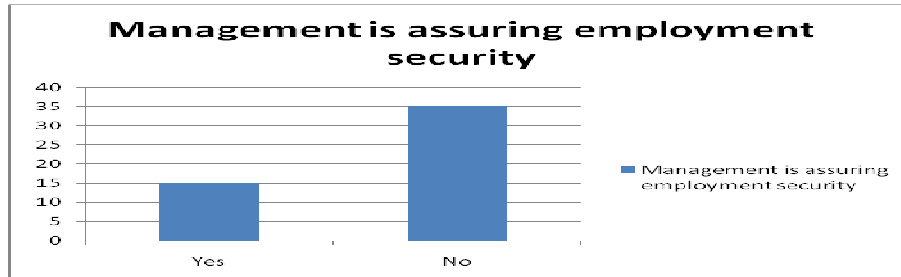
G1.2



G1.3



G1.4



## CONCLUSIONS AND RECOMMENDATIONS

As mentioned in the introduction, the main objective of this research is to make an assessment of the current status of unorganized employee's labour practices in manufacturing industry and make an evaluation of these practices against the international labour standards. It is also intended to evaluate the consequences of any variation between the practices and the standards and their impact on the private units, workers and the society at large.

To meet the above mentioned objectives, literature survey has been made and the background of the labour standards has been discussed in detail. The labour standards that have been established by the UN and ratified by almost all the member Countries have been the culmination of long years of struggle by the labour and enlightened political leadership. In this present study, ten ILS have been adopted and a sample survey has been conducted to evaluate the labour practices of unorganized workers against these standards. Appropriate research methodology has been used for this purpose.

Obtaining primary data was a difficult task. For this reason alone, research work in this particular area has stagnated. So far, there are not many research works

involving empirical data. This study has used a questionnaire that elicits opinion from workers and executives about the compliance with ILS.

The sample for this study consists of 50 respondents of who 25 represent permanent employees and 25 represent contract employees.

The survey of industrial relations and labour conditions in unorganized the industry is carried out. Taking a national perspective unorganized workers in particular have been a more or less a weak condition against the management. The nature of employment in industry which uses masses of low skilled workers most of whom are migrant and who are unable to establish their residents in a cluster has let to lack of unity, lack of unionization and consequently poor bargaining power. The workforce in the industry is in a very vulnerable position and has no recourse to the protection of the government or the backing of law.

In-spite of adverse working conditions in the factory such as long hours of work, low wages, unhygienic conditions of work, hazardous operations and poor quality of supervision at the work place, there are not been any significant protests or strikes by the workers to assert their lawful rights and to get remedy. Compliance is not seen as an essential aspect of labour practice.

Another important aspect of the industrial relations and labour conditions is the prevalence of forced labour practices. Workers particularly female workers are denied the benefit of job rotation. Most of them are forced to perform the same operation for very long time, which is definitely detrimental to their mental and physical health. Confining workers to long hours of repetitive and monotonous job is a cruel labour practice indeed.

Labour regulations in unorganized sector are more or less the same as compared to other organized sectors. But there is an additional imposition of ILS on the both sector owing to its special status. The legal regime is quite elaborate and exhaustive. The fact that the wages paid to workers in the industry is low as compared to minimum wages paid in the government sector clearly proves the lack of effective enforcement.

The abolition of contract labour (1970) is a very important piece of legislation in India. It expressly prohibits contract labour where the nature of the job is permanent in nature. In the recent years, though there is phenomenal increase in industrial production, the increase in manufacturing employment has been negligible – a fraction of a percent. This can be explained by increasing capital intensity in the manufacturing sector as a result of which capital-labour ratio has increased. Along with this trend, there is also a growing practice among not only Indian companies but also multi-national companies to hire contract labourers to such an extent that they constitute a predominant portion of the total workforce of a company. The courts have denounced such a practice. In a recent case the High Court of Karnataka ordered that even workers in a canteen of a factory should be deemed as factory workers and are entitled to the wages and other benefits on par with permanent employees. On this core there is a total failure on the part of the enforcement agencies. Contract labour is rampant in the unorganized workforce in manufacturing industry.

Focusing on labor standard compliance in Bangalore cluster, it could be said that the results of the empirical study have reinforced in the earlier findings. A perceptual analysis of eight stakeholders reveals that there is no unanimity about the enforcement of the ten ILS. There is complete division of opinion between workers and management.

Analysis of the responses to the questionnaire is made in using chi square and hypothesis testing. The null hypothesis states that there is no difference of opinion between workers and executives as to compliance with a particular labour standard. The same null hypothesis is used for comparing the opinion between employees and workers. The significant testing is done at one percent. In every case the null



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hypothesis is rejected indicating that the opinion of the workers about compliance with the labour standard is in direct contrast to that of the executives. This is an indication of the miss trust between workers and management it also indicates a very unhealthy organizational climate characterized by lack of trust, lack of free flow of information and more importantly absence of enlightened management.

### Recommendations

Given the context of labour management relationship in unorganized sector only external intervention can improve the situation of workers. Lack of unionization and lack of political affiliation coupled with ineffective role of the labour law enforcement agencies has contributed to the pathetic labour relations in the sector. In spite of these real world factors, many successful government manufacturers have been able to get through the hurdle of ILS. But, the same relaxed and permissive situation cannot be hoped to continue forever. The growing concern for environment, human rights and declined in the economies of Europe and America portends difficult times for the industry. Complete reliance on manufacturing led growth is getting riskier.

It may be utopian to expect that the managements of industries will become empathetic to labour overnight. Social action and educations is needed.

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## **Impact of Service Quality on Apparel Retailing Sector A case study of Selected Stores in Hyderabad and Secundrabad**

\* Mr. Mudavath Ravinath

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### **INTRODUCTION**

India is witnessing an unprecedented consumption boom. The economy is growing between seven and Nine percent and the resulting improvements in income dynamics along with the factors like favorable demographics and spending patterns are driving the consumption demand. Indian retail Industry is ranked tenth among the largest retail markets in the world. The attitudinal shift of the Indian consumer in terms of “choice preference”, “Value for money” and the emergence of organized retail formats have transformed the face of retailing in India. The industry is currently estimated to be a US\$ 200 billion industry and organized retailing comprises of three percent of the retail industry. With a growth over 20 percent per annum over the last five years, organized retailing is projected to reach US \$23 billion by the end of 2011.

The Indian retail industry though predominately fragmented through the owner-run “Mom and Pop outlets” has been witnessing the emergence of a few medium sized Indian retail chains, namely Pantaloon retail, RPG retail, Shoppers stop, West side and Lifestyle International. Given the attractiveness of the Indian retail sector, foreign retailer like Wal-Mart, Carrefour SA. Europe’s largest retailer and Tosco Plc the UK’s largest retailer, were keen to enter this growing market, despite the Indian retail sector being closed to foreign direct investment (FDI). In the last few years, Indians have gone through a dramatic transformation in lifestyle by moving from traditional spending on food, groceries and clothing to lifestyle categories that deliver better quality and taste. Modern retailing satisfies rising demand for such goods and services with many players entering the bandwagon in an attempt to tap greater opportunities. According to the management consulting firm ‘A.T. Kearney’, in ‘Global Retail Development Index (GRDI) 2008, India has retained its top most position in the annual study of retail investment attractiveness among 30 emerging markets.

The total estimated investment opportunity in the retail sector will be around US \$ 5 to 6 billion in the next five years. With modern retail formats having made their foray into the top cities namely Hyderabad, Coimbatore, Ahmedabad, Mumbai, Chennai, Bangalore, Pune, Delhi, Nagpur there exists tremendous potential in two tier towns over the next five years. Rural Markets are emerging as a huge opportunity for retailers. E-tailing is also contributing to the growth of this sector. The Sectors with high growth potential are Food and Grocery. Clothing, Furniture and fixture, Pharmacy, Durables, Foot wear, Leather and Jewellery. The drivers for the Retail growth are Double Incomes, Plastic Revolution, and increasing use of credit cards. Urbanization, Demographics, Industry Structure and focus on Productivity. The Reasons for the increased importance of retailing are Demanding Customers, Competition, Globalization, Information Technology, Quality Convenience, Increased Customer Expectations and Rising Aspirations.

### **NEED FOR THE STUDY**

Indian Retail market is fragmented with over 12 million outlets operating in the Country, this is in comparison to 0.9 million outlets in U.S.A. With the organized retail segment growing at a rate of 25 – 30 percent per annum, revenues from this sector are expected to triple from the current US \$ 7.7 billion to US \$ 24 billion by the end of 2011. AT Kearney has estimated India’s total market at US\$202.6 billion which is expected to grow at a compounded to 30 percent over the next five years. Over the next two years India will see several of its up momentum.

India is rated the fifth most attractive emerging retail market. It is the largest employer after agriculture. As per a report by KPMG the annual growth of Branded Apparel stores is estimated at 24 percent. Standing on the threshold of a retail revolution and witnessing a fast changing retail landscape, India is all set to experience the phenomenon of a global village. India presents a grand opportunity to the world at large; to use it has a business hub. The fast pace of the India retail industry presents many companies with a host of daily challenges.

The Apparel retailing which was once strictly a made-to-order market for clothing has changed to a ready-to-wear market. Flipping through a catalogue, picking the color, size and type of clothing a person wanted to purchase and then waiting to have it sewn and shipped was standard practice. Fashion element and design content was minimal in the pre-1990s, owing mainly to the lack of national level brands. At the turn of the century some retailers would have a store from where people could browse, and new pieces being sewn or customized in the back rooms. Among the few players who have been catering to the branded market are Pantaloon Retail (India) Limited, Shopper's Stop Limited, Trent Limited, Madura Garments, Lifestyle International (Pvt.) Limited, Pyramid Retail Limited, Provogue (India) Limited, Raymond Apparel Limited, Ebony Retail Holdings Limited and Globus. India is increasingly being looked upon as a major supplier of high quality fashion apparels and Indian apparels have been appreciated in major markets internationally. Men's apparel market is 46 percent of the total apparel market in India. Preference for readymade garments is increasing and this has become inevitable with the rise in urbanization. Whereas, women's apparel market is 46 percent of the total apparel market in India. The preference for the branded Western and Indo-Western apparels among the working women is on the rise, which is a welcome relief for the manufacturer and retailers of branded apparel. The dressing habits are getting refined if not changed specifically among the working women. Kid's apparel market is 37 percent of the total apparel market. Being the brand penetration in this segment lowest at nine percent shows a lot of potential for the branded players to exploit this segment. The apparel market is growing at 10 percent and is expected to reach \$ 30 billion by the end of 2011. After China, India is being perceived as the next country with the biggest 'Growth Potential'. The first decades of the 21<sup>st</sup> century will witness India as the major player in the apparel business.

Maintaining competitive advantage in the face of increasing competition requires many retailers in India to improve service quality which has affects on consumer purchase intentions, store image, customer relation, store loyalty and branch building. Recent surveys and reports confirmed that retail consumer service is inadequate. Some of the service deficiencies in apparel retailing are long waits for service, impolite sales clerks, unavailability of advertised goods in the store, little or lack of product knowledge of sales staff and poor facilities in the store. Customer satisfaction effects short term and long term costs of the firm, A short term dissatisfaction of the customer will result in walk out, whereas long term dissatisfaction will lead to customer defection. Realizing the importance of customer service now retailers are focusing on the improvement of service strategy in terms of store atmospherics, employee behavior, customer information and product availability but still there exists potential gaps between customer expectations of service and actual service performance. In this scenario, I felt the need to study the role of service quality and its impact on Indian apparel retail sector.

#### REVIEW OF LITERATURE:

A brief review of existing literature in the form of articles, books are presented here Kathryn Bishop Galliano and Jan Heathcoat (1994) explained the importance of employee behavior (sales associates), store environment on customer expectations and experiences. They studied the retail apparel service quality and also examined service as patronized criteria for managerial implications.

Parasuraman et al. (1985, 1988) developed SERVQUAL scale as a generic instrument to measure service quality across a broad range of service categories. He reported that consumers evaluate service quality by comparing expectations with perceptions on me a meagerly five dimensions like Tangibles, Reliability, Responsiveness, Empathy and Assurance.

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Firm and Lamb, 1991: Gagliano and Hathcote, 1994 identified that Service Quality in Retailing was different from any other product or service environment. In continuation to this study Dabholkar, Thorpe and Rentz (1996) developed the Retail Service Quality Scale (RSQS) which has a five dimensional structure (Physical aspects, Reliability, Personal interaction, Problem solving and Policy), they have identified that all these five dimensions were valid in the USA.

Bruce R. Klemz, Christo Boshoff (2001) studied the impact of environmental and emotional influences on willingness to buy (WTB) in small and large retailers. The results showed that small downtown retailers used empathy to influence WTB and large one-stop retailers used assurance to influence WTB.

Goran Svensson (2006) in his research article argued that most of the research has been done on the service receiver's perspective rather than service provider's perspective. He felt that an extended penetration of service encounters, and an extended abstraction of the service quality construct, taken together provides great potential for future research opportunities in services marketing. Raidah Iadhari (2008) identified the key conceptual and empirical issues that should be considered in the development of alternative industry-specific measurement scales of service quality. She presented 30 alternative industry specific measurement of service quality other than SERVQUAL.

Charyl Ganesan-Lim, Rebekah Russell-Bennett and Tracey Dagger (2008) examined the effect of level of service contact and key demographic variables of age, gender and income on service quality perceptions. This study indicated the relationship between demographic segments and market penetration. When considered the views of demographic segments, perceived service is maximized.

Pratibha A. Dabholkar, Dayle I. Thorpe, Joseph O. Rentz have developed retail scale to capture the important dimensions of retail customers based on retail and service quality literatures and also three quantitative studies conducted separately. The SERVEQUAL scale was widely used in the sectors like Banking. Long distance telephone service, Securities brokerage and Credit card services. Nitin Seth and S.G. Deshmukh, Prem Vrat reviewed 19 service quality models and found that the service quality outcome and measurement was dependent on service setting, time, need, like factors and also identified that customers expectations do change with respect to the facts like time, competitive environment, increase in the number of counters with a particular service.

#### OBJECTIVES OF THE STUDY

1. To identify the critical factors of service quality from the customer's perspective.
2. To examine the impact of service quality on apparel retailing.
3. To study the effect of service quality on customer satisfaction and purchase behavior.
4. To measure the gap in service quality between retailer perceptions and customer expectations.

#### METHODOLOGY

The data required for the study is collected from both primary and secondary sources.

Primary data is collected using questionnaires and through formal and informal discussions with the concerned members.

Secondary data is collected from the annual reports, books and articles published in different journals in the areas of management.

## INSTRUMENT DESIGN

Purposive sampling technique is used. A sample of 10 Retailers is drawn from twin cities of Hyderabad, Secundrabad. Which has around 120 (N Population) stores and more than 400 customers from the retail sector in Hyderabad are selected for the study.

## HYPOTHESIS

The following hypotheses are made:

H1: There is a positive effect of service quality on customer satisfaction and Purchase behavior.

H2: There is a significant impact of service quality on retailing sector.

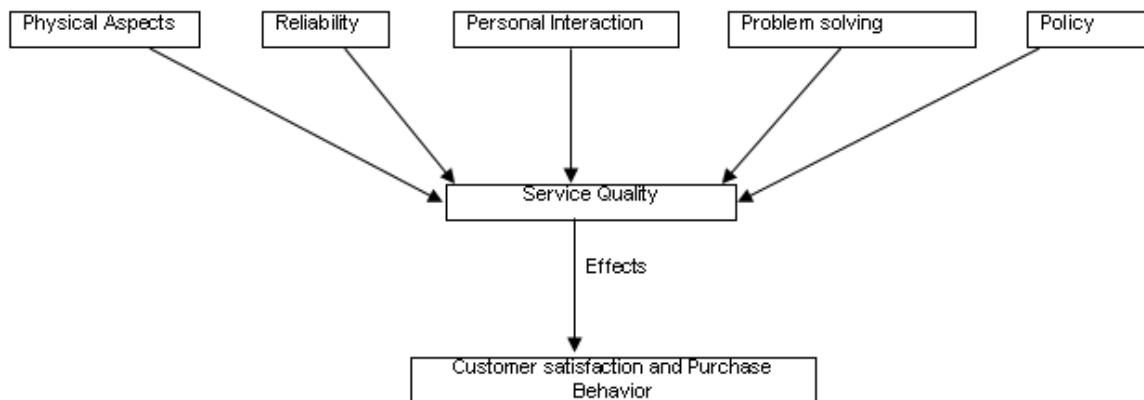
## SCOPE OF THE STUDY

This study is about Impact of service quality on retailing and emphasis is restricted to the twin cities of Hyderabad, Secundrabad. The study is conducted on only 10 retailers.

## DATA ANALYSIS

The data collected is analyzed with SPSS 16.0. A principle components factor analysis with varimax rotation will be employed for data reduction purpose and then the factor scores obtained from the identified dimensions is used as the independent variable. Service quality, customer satisfaction and purchase intentions is the dependent variables for the regression analysis. Besides, correlation analysis between the overall service quality and the customer satisfaction level as well as the customer satisfaction level and the future purchase behavior is performed.

## Proposed Model



## Appendix I: the RSQS Items Proposed to use in the Instrument

### **Dimension 1 Physical Aspects**

#### Sub-Dimension 1 Appearance

1. The store has modern-looking equipment and fixtures.
2. The store and its physical facilities (trial rooms and restrooms) are visually attractive.
3. Materials associated with this store's service (such as shopping bags, loyalty cards and catalogues ) are
4. The store has clean, attractive and convenient physical facilities (restrooms, fitting rooms).

#### Sub-Dimension 2 Convenience

5. The store layout at this store makes it easier for customers to find what they need.
6. The store layout at this store makes it easier for customers to move around in the store.

### **Dimension 2 Reliability**

#### Sub-Dimension 3 Promises

7. When this store promises to do something (such as repairs, alterations) by a certain time, it will do so
8. This store provides its services at the time it promises to do so

#### Sub-Dimension 4 Doing-it-Right

9. This store performs the service right the first time.
10. This store has merchandise available when the customers want it.
11. This store insists on error-free sales transactions and records.

### **Dimension 3 Personal interaction**

#### Sub-Dimension 5 Inspiring Confidence

12. Employees in the store have the knowledge to answer customers' questions.
13. The behaviour of employees in this store in stills confidence in customers.
14. Customers feel safe in their transactions with this store.

#### Sub-Dimension 6 Courteousness / Helpfulness

15. The employees in this store give prompt service to customers.
16. Employees in this store tell customers exactly when services will be performed.
17. Employees in this store are never too busy to respond to customer's requests.
18. This store gives customers individual attention.
19. Employees in this store treat customers courteously on the telephone.

### **Dimension 4 Problem Solving**

20. This store willingly handles returns and exchanges.

- 21. When a customer has problems, this store shows a sincere interest in solving it.
- 22. Employees of this store are able to handle customer complaints directly and immediately.

#### **Dimension 5 Policy**

- 23. The store offers high quality merchandise.
- 24. This store provides plenty of convenient parking for customers.
- 25. This store has operating hours convenient to all their customers.

**This store accepts all major credit cards.**

#### **CONCLUSION & RECOMMENDATIONS:**

This study will help in identifying various problems existing in the present retailing system. It has brought out new strategies for better retailing through the application of service mix in retailing. The future trends and opportunities in retailing are identified and study builds stronger links between retailers and customers through service quality initiatives and innovations.

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## Right to Education Act, 2009 Its Implications

\*DR. KRISHNA PATIL

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### Introduction

India has dithered and lagged behind in introducing a legislation to ensure free and compulsory education for children. The results have been horrendous. Of the nearly 200 million children in the age group between 6 and 14 years, more than half do not complete eight years of elementary education, they either never enrol or they drop out of schools. Even among those who complete eight years of schooling, the proficiency in language and mathematics is unacceptably low for many of the children. A majority of the excluded and non-achievers come from the most deprived sections of society like Dalits, Other Backward Classes, tribal's, women, Muslims and financially backward. Education had become a status quo system that kept perpetuating inequalities. Inclusive education was the need of the times. It is in the light of this background, that the Right of Children to Free and Compulsory Education Act, 2009 was introduced and passed. The intentions behind the Act are most laudable.

### GENESIS OF THE ACT

The bill was approved by the cabinet on 2<sup>nd</sup> July, 2009. Rajya Sabha passed the bill on 20<sup>th</sup> July 2009 and the Lok Sabha on 4<sup>th</sup> August 2009. It received Presidential Assent on 3<sup>rd</sup> September 2009 and notified as was notified as The Right of Children to Free and Compulsory Education Act, 2009

The Law came into effect in the whole of India except of Jammu and Kashmir from 1<sup>st</sup> April 2010. This is the first time in the history of India that a law is brought into force by the speech by the Prime Minister.

This paper attempts to analyze the Act and its implications and point out some areas for improvement. This paper is divided into four sections, the first being the introduction. Section II discusses the basic structure of the Act and its obvious implications. Section III delves deeper to point out some implications which are not evident upon a cursory reading of the document. Section IV presents the conclusions.

### The Right of Children to Free and Compulsory Education Act, 2009

The Right of Children to Free and Compulsory Education Act, 2009 comprises 7 chapters with 38 sections.

**Chapter I** deals with the meanings of various terms like child, weaker section, and disadvantaged group, appropriate Government, local authority, elementary education, school, screening procedure etc.

**Chapter II** starts by giving the right of free and compulsory education in a neighborhood school to every child from the age of 6 to 14 years. Section 4 provides that a child above six years who has not enrolled/dropped out be admitted to age appropriate class with a period of special training and he/she is entitled to complete elementary education even after 14 years. The chapter also provides for transfer of school for a variety of purposes.

**Chapter III** discusses the duties of the appropriate Governments and the local authority, as well as the parent or guardian. Provision of funds is a concurrent responsibility of Central and State Governments. The Central Government is charged with developing a framework of national curriculum, developing and

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enforcing teacher training standards and providing technical support and resources to the State Governments. The appropriate Government (section 8) and local authority (section 9) are tasked with providing free and compulsory education to children, ensuring availability of neighborhood school, preventing discrimination, maintaining records, monitoring the education process, providing training facility for teachers and special training facility for children mentioned in section 4, ensuring quality, ensuring timely prescribing of curriculum and courses of study etc.

**Chapter IV** discusses the obligations of schools and teachers. Schools, including unaided ones, must admit a minimum of 25% students from the weaker section/ disadvantaged group for which the State may, in some cases, reimburse expenditure. Capitation fee and screening procedures have been banned and punishments for contravening this have been prescribed. Children may not be denied admission for lack of age proof. They may not be expelled from school, held back in a class or subjected to physical punishment or mental harassment. Schools may not be established or function without the necessary certificate of recognition which may be issued only if the school meets certain criteria. Existing recognition may be withdrawn, but not without hearing out the school. Norms for constituting the School Management Committee and its functions have been laid down in sections 21 and 22. Sections 23 and 24 pertain to the qualifications and duties of teachers. Section 25 enjoins the authorities to ensure the prescribed student-teacher ratio. The maximum vacancy of teachers is given at 10% of sanctioned strength. Teachers may not be deployed for non-educational purposes, except census, disaster relief or elections. Section 28 prohibits teachers from private teaching and tuitions.

**Chapter V** concerns the curriculum and completion procedure for elementary education. Section 30(1) in the chapter states that no child shall be required to pass any board exam till completion of elementary education

**Chapter VI** discusses the additional role of the National and State Commission for the Protection of Child Rights due to this Act. Such role relates to the educational rights of children.

**Chapter VII** pertains to miscellaneous issues like the power of Governments or authorities to frame new rules, guidelines etc for implementing this Act. Section 37 gives protection to authorities from any legal proceedings for actions done or rules made in good faith under the Act.

### III. Implications of the Act

*The Act has various advantages as well as shortcomings. This paper focuses on the shortcomings. This is in the hope that awareness of the problems, may lead to improvement. **With the Right to Education Act coming in to force, India has joined the league of over 130 countries which have legal guarantees to provide free and compulsory education to children.***

India has signed the United Nations Child Rights Convention and accepted the international definition of a child as someone under the age of 18 years. The Act covers only children in the age group between 6 and 14, which violates the rights of the 0-6 and 14 to 18 year olds, by excluding them. The act should be amended to cover all children.

Similarly elementary education is defined as education from the 1st class to the 8<sup>th</sup> class, when the basic qualification in the organised sector, even for most of the menial jobs is SSC or an equivalent. Elementary education should provide a degree of employability, which is lacking in this definition.

Section 4 stipulates putting children in age appropriate classes with special training. The nature of special training is not laid down. If it is perfunctory, then the children will face a great handicap.

Section 16, whereby a child may not be held back in a class could lead to a situation where children, especially from the weaker and disadvantaged groups end up without acquiring the expected skills.

In addition to this, there is also section 17 which prevents punishments. While this is a positive step, a new system of incentives and disincentives needs to be developed to ensure that students try to excel. The government must take inputs from eminent child psychologists to develop such a system.

Another problem with section 16 is that the Government seems to have introduced it with a view to achieving a quantifiable target, “100 percent children completing elementary education.” However, the quality of education will suffer unless some deeper changes are made in the system.

Section 8(a) to 8(i) and section 9(a) to 9(i) stipulate virtually the same duties for the appropriate Government and local authority. This may either lead to turf wars’ or more likely, shifting the responsibility onto each other. This problem needs to be addressed.

Section 12 compels schools to admit at least 25% students from weaker and disadvantaged sections. If the richer children have a vastly different lifestyle and spending habits, it could give an inferiority complex to the poorer students. One must understand that the personality development of the child takes place, not only in the, class but also through interaction with peers. While the intention of the law is laudable, some way must be found to ensure that the poor students’ confidence is not dented by interaction with the rich.

Section 13 prevents capitation fees and screening procedures, but schools may increase their monthly or annual fees to compensate. Further, from a broader perspective, the concept of a fee is itself a type of screening procedure.

Sections 18, 19 and 20 along with the Schedule regarding norms and standards for a school are very strict. This may restrict the number of schools and consequently create a shortage. This would increase the cost of elementary education and reduce access for those who are not well off, but neither classified in the weaker or disadvantaged groups. Besides this, the process of permissions for schools may lead to corruption. This paper suggests that any officer who refuses to grant permission to a school that fulfils all the norms, or delays permission beyond a certain specified period, may be prosecuted and dismissed from service.

Section 25 and the Schedule specify an ambitious pupil-teacher ratio. Ensuring this will require many more teacher training institutions.

Section 30(2) states that every child shall be awarded a certificate upon completing elementary education. The question is, “what good is this certificate in the private sector?” The question is even more pertinent because the LPG policy has led to reduction in public sector jobs.

### **To implement the Law effectively there will be need of**

A. nearly New 7.8 lakh additional classrooms will be needed. Majority of these classrooms will be in Uttar Pradesh and Bihar [2.5 lakh each] followed by West Bengal [1.3 lakh ] and Assam [ 30,000 ]

B. Seven lakh girls’ toilets will have to be created.

C. There will be requirement of additional 5.1 lakh teachers to meet the

Pupils: Teacher’s ratio of 30: 01 as per the RTE Act.

D. In UP, there is a requirement for 1.5 lakh teachers, followed by Bihar and

Gujarat 0.5 to one lakh each

E. The Government will have to spend Rs. 1.71 lakh crore in the next five

Years for implementing the act which will have to be up graded?

F. There are nearly 2, 70,000 school buildings are in dilapidated conditions

Which will have to be up graded?

G. about 3.5 lakh schools will require drinking water facility.

H. Creative and sustained initiatives are required to train more than one

Million new and untrained teachers in near future. Maximum no. of

Untrained teachers are in Bihar, Jharkhand and north eastern states.

I. We have to create teachers to ensure child-friendly education. Pre-service

Training and in-service training of the primary school teachers will become very important.

J. There will be an urgent need to enhance the capacity to prepare teachers,

Both by increasing the annual intake in the present institutions and by

Increasing the number of teacher education institutions.

The last shortcoming is section 37. It seems that the Central Government has virtually secured immunity for itself, State Governments, the National and State Commissions for Protection of Child Rights, the local authorities, the School Management Committees and officials from prosecution in respect to this Act. The section seems to infringe upon the right and authority of the courts. This section must be diluted if not removed altogether.

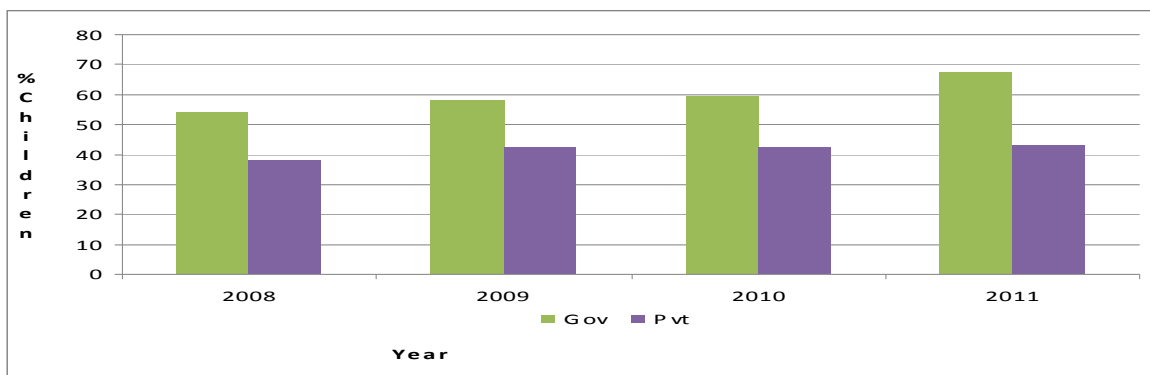
### Conclusions

In conclusion, one can say that the Right of Children to Free and Compulsory Education Act, 2009 was enacted with the best of intentions. However one must remember the adage, "The road to hell is paved with good intentions." While this Act is definitely not the road to hell, it has many limitations. Section 30(1) in the chapter states that no child shall be required to pass any board exam till completion of elementary education. How this will hamper the quality of education. I am quoting the following facts which are self explanatory

#### Chart 1 : Trends over time

**% Children in Std III who CANNOT READ Std I LEVEL TEXT**

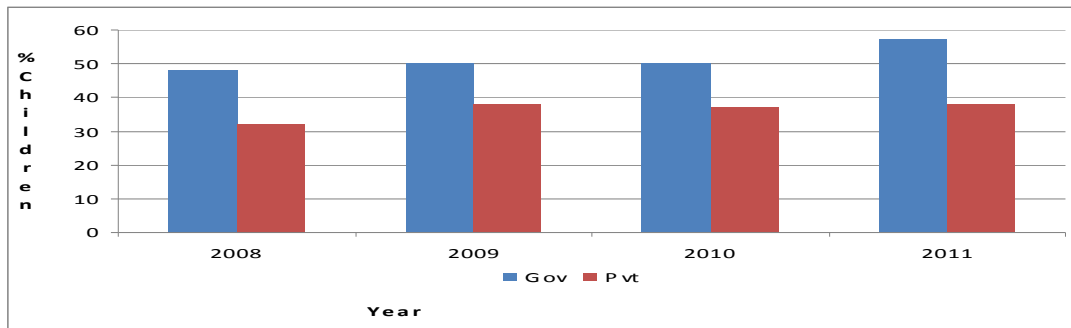
**By School type 2008 -2011**



#### Chart 2 : Trends over time

**% Children in Std V who CANNOT READ Std II LEVEL TEXT**

**By School type 2008 -2011**



### Reading

**Table : % Children by Class and Reading level**

#### All Schools 2011

Std	Nothing	Letter	Word	Level 1 (Std 1 Text)	Level 2 (Std 2 Text)	Total
<b>I</b>	38.4	39.4	15.3	3.9	3.0	100
<b>II</b>	16.6	34.6	28.3	11.8	8.7	100
<b>III</b>	8.5	22.9	28.4	21.5	18.8	100
<b>IV</b>	4.7	14.4	21.2	25.7	34.2	100
<b>V</b>	3.5	9.7	14.6	24.1	48.2	100
<b>VI</b>	1.7	5.8	9.3	20.5	62.8	100
<b>VII</b>	1.2	4.0	6.3	16.2	72.4	100
<b>VIII</b>	1.0	2.6	4.3	12.7	79.4	100
<b>Total</b>	10.4	17.8	16.6	16.9	38.3	100

How to read this table: each cell shows the highest level of reading achieved by a child.

For example : In Std III, 8.5 % children cannot even read letters, 22.9% can read letters

but not more, 28.4% can read words but Std I text or higher, 21.5% can read Std I text

But not Std 2 level text and 18.8% can read Std 2 level text. In sum, for each class, the

Total all these exclusive categories is 100%.

## THE TIMES OF INDIA

### 23% of class 4 kids can't read

## THE TIMES OF INDIA

### 50% quit school by the time they reach Class VIII

It is hoped that the shortcomings will be gradually removed so that the act emerges stronger. Shortcomings can be removed in the following manner:-

1. More flexibility in distribution of fund.
2. Decentralization and greater local autonomy.
3. Planning for school infrastructure.
4. Regulating mechanisms for private schools.
5. National evaluation body for monitoring quality.
6. To increase the number of qualified and motivated school Teachers.
7. Reform the curriculum and examination system.

Recently the Central Government has taken a decision to reduce the central funding for the Sarva Shiksha Abhiyan from 75% to 50% and if this is the attitude we can make many laws but we can not bring 100% literacy for the country.

This paper has focused on the shortcomings, in the form of constructive criticism. Despite the criticisms, even the strongest critic of the Act would be forced to admit that it is a great improvement over the previous system, where the Central Government was out of the loop, in something as essential as elementary education.

## CRITICISMS

1. The situation is not very clear after nearly two years of the law becoming effective.
2. There is a wide spread confusion about how to really proceed with many provisions of the act.
3. Its implementation is obstructed by state government disputing the proportion in which the centre and states will share the expenditure.
4. A mere five states of the Indian Union had notified rules for implementing the act by the time of its first anniversary.
5. State Commissions for Protection of Child Rights [SCPCR] mandated with monitoring the implementation of the act have been set up in only half the states.
6. Even where they exist, they are sometime manned by only one person, not always independent of government.
7. Some critics question the age provision. They say children below six years and fourteen years also should be included.
8. Private independent school managements have challenged the constitutional validity of several provisions of the legislation including burden imposed up on them to provide free education to poor neighbourhood children.
9. About the 25% reservation, there is no clarity about: where admission to SC, ST, OBC, MINORITY, HIV OR DISADVANTAGED group.
10. There is a lack of clarity about the quantum of reimbursement of the fees by the state to the private schools for the 25% reserve seats
11. This act relies heavily up on the education bureaucracy which has conspicuously failed to improve the quality of learning in government schools.

12. It may create a divide among the children of the poor; leave aside a greater divide between the children of the rich and the poor.

The Final Report of the Sarva Shiksha Abhiyan on the the Right of Children to Free and Compulsory Education Act quotes the eminent former Education Minister, M. C. Chagla who said, “Our Constitution fathers did not intend that we just set up hovels, put students there, give untrained teachers, give them bad textbooks, no playgrounds and say, we have complied with Article 45 and primary education is expanding...They meant that real education should be given to our children between the ages of 6 and 14.” With further improvements in the Act India will be able to give the real education envisaged by Chagla to each and every child. When that happens, India will become a superpower of knowledge, where even the most basic qualification would mean something.

#### **When you will find anywhere in the country**

1. Any child is not begging on the road, near the temple, on the bus stand railway, not running after the foreigner etc.
2. Any child is not working in the packing sections.
3. Any child is not working in the fire works.
4. Any child is not working in the farm with their parents.
5. Any child is not boot policing.
6. Any child is not working in the hotel.

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## **Knowledge Management: A boon to business organization**

\*Mr. Aninary Arun Kumar

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### **Introduction**

Emergence of number of business firms today have led to a competition in the business world. There is always a pressure on the companies to do their best to withstand the competition and to serve their customers better. To do so, the business firms must keep a constant watch on the market, reduce their cycle times, operate with minimum fixed assets, reduce product development time, improve customer service, empower employees, innovate and deliver high quality goods, capture information, create and share knowledge.

Under increasing competitive pressure, many companies are examining how they can better manage their intellectual capital. As the pace of global competition quickens, executives realize that their edge lies in more efficiently transferring knowledge across the organization. The emerging field of knowledge management addresses the broad processes of locating, organizing, transferring and more efficiently using information and expertise within an organization. New market forces and infrastructure changes have prompted an interest in knowledge management.

#### **1. What is Knowledge?**

According to the dictionary, knowledge is defined as familiarity or conversance, as with a particular subject or branch of learning. It can refer to the theoretical or practical understanding of a subject. Knowledge acquisition involves complex cognitive processes: perception, communication, association and reasoning. Knowledge is a core essence of any organization and the knowledge assets help the organization in paving a simpler path for reaching the organizational goals and objectives.

#### **2. What is Knowledge Management?**

Knowledge management is the utilization of collective wisdom to increase responsiveness and innovation. For information to be considered knowledge, three criteria have to be fulfilled:

- Knowledge is connected. It exists as a collection of experiences and views.
- Knowledge management is a catalyst. Knowledge stimulates action in response to various environmental conditions. Information that does not result in any action is not considered knowledge. In the words of Peter Drucker, “Knowledge for the most part exists only in application.”
- Information becomes knowledge when it is used to address novel situations in unencountered situations.

Therefore, a clear line of distinction has to be drawn between information management and knowledge management though both are important for an organization's success. Information management is response which is pre-determined in previously encountered situations. Knowledge management consists of innovative responses to new opportunities and challenges.

Knowledge management in simple terms is about making the right knowledge available to the right people. It is all about what our ideas are what we have read, what we have heard and what we

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imagine. It is a natural process in all human organisations and it is being done all the time informally to increase knowledge production and to integrate tasks in a proper manner. Knowledge management is not just managing knowledge but its objective is to create value & to improve the company's knowledge assets to meet the organizational goals. For instance, a company knows that it sold 100 units of a product in a single month and has that data available with them. But just having the data will not help the company in reaching its goals and objectives. Knowledge management will hence come into picture and include the process of taking data, comparing that data with the data of previous months to create an average number of units sold, then comparing it to the sales of other products. From the above results, the company has to assess and analyze their position in the market and what can be done to remain in the competition.

#### **Knowledge management is responsible for understanding:**

- What an organization knows?
- Where this knowledge is situated? In the minds of the experts
- What form the knowledge is stored? Hard copy or a soft copy
- How to transfer the knowledge to relevant people so that it is neither lost nor wasted?
- Need to assess the knowledge assets and the organization's needs and to act accordingly.

### **3. Understanding Knowledge Management:**

Knowledge must be internalized; it co-exists with intelligence and experience and spreads out at the point where decisions are made. Understanding knowledge management starts with 2 basic characteristics:

- Knowledge complexity refers to physical manifestations and depth of knowledge available
- Knowledge applications refer to approaches for connecting knowledge to people and processes.

#### **3. a. Complexity of Knowledge:**

Knowledge based on its complexity can be classified into explicit knowledge, tacit knowledge and implicit knowledge. The differences between explicit knowledge and Tacit knowledge are as follows:

<b>EXPLICIT KNOWLEDGE</b>	<b>TACIT KNOWLEDGE</b>
<ul style="list-style-type: none"> <li>• Explicit knowledge is that knowledge which is presented in formal language and easily transmitted among individuals.</li> </ul>	<ul style="list-style-type: none"> <li>• Tacit knowledge is personal knowledge derived from individual experience, personal belief, views and instincts.</li> </ul>
<ul style="list-style-type: none"> <li>• It is information and handling large volume of information that is available is a challenge.</li> </ul>	<ul style="list-style-type: none"> <li>• It can represent great value to organization, far more difficult to capture and diffuse.</li> </ul>
<ul style="list-style-type: none"> <li>• Explicit knowledge can be adequately transferred with the help of electronic tools.</li> </ul>	<ul style="list-style-type: none"> <li>• The most efficient way to convey tacit knowledge throughout the organization is face to face.</li> </ul>
<ul style="list-style-type: none"> <li>• The challenge when facing explicit knowledge is to manage its volume and make it easily accessible.</li> </ul>	<ul style="list-style-type: none"> <li>• The challenge of tacit knowledge is to convert the knowledge into a communicable form.</li> </ul>

**Implicit knowledge:** is the knowledge retrieved from owner and converted into an easily sharable format. Implicit knowledge helps in using the previous or old elusive processes to make them more readily available to the development of the organization.

### 3. B. The Knowledge chain:

Fundamental to the practical definition of knowledge management is the concept of the knowledge chain. The knowledge chain was first recognized by Koulopoulos, Toms and Spinello in doing research for their book *Corporate Instinct*. There are four links in the knowledge chain that determine the uniqueness and longevity of any organization.

These four links are:

- » internal awareness;
- » internal responsiveness;
- » external responsiveness; and
- » external awareness.

The knowledge chain (K-chain) is a series of interactions that constitute an organization's cycle of innovation. Knowledge management creates permeability between the four cells of the K-chain and accelerates the speed of innovation.

The four stages of the knowledge chain define the flow of knowledge through an enterprise. The ability to quickly traverse through the four cells of the knowledge chain is the essence of the benefit of knowledge management.

- **Internal awareness:** is the ability of an organization to quickly assess its inventory of skills and core competency.
- **Internal responsiveness:** is the ability to exploit the internal awareness.
- **External responsiveness:** is the ability to meet the requirements of the market in the best manner possible.
- **External awareness:** is the mirror image of internal awareness. It is the organization's ability to understand how the market perceives the value associated with its products and services, to understand who are its customers, what those customers want, who are their competitors, competencies of competitors, market trends, competitive actions, government regulations, and any other relevant market forces that exist outside the organization itself. When coupled with internal awareness, external awareness may lead to entirely new markets.

#### STATUS OF KNOWLEDGE CHAIN WITHIN AN ORGANISATION THAT IS NOT KNOWLEDGE DRIVEN

	INTERNAL	EXTERNAL
<b>AWARENESS</b>	Poor internal awareness is indicated by extensive use of organization charts, lack of knowledge sharing, and static policies and procedures.	Customers are looked at in terms of sales volume only. There is little effort to "predict" the market.
<b>RESPONSIVENESS</b>	New ideas are stifled by reliance on how things "should get done," a hierarchical command and control structure, and extensive departmental organization.	Slow distribution channels result in standardized products, long durations between innovation cycles, and extensive emphasis on internal rate of return.

#### STATUS OF KNOWLEDGE CHAIN WITHIN AN ORGANISATION THAT UTILIZES KNOWLEDGE

	INTERNAL	EXTERNAL
<b>AWARENESS</b>	Experiences are shared and communicated; focus is on talent and not on products. The organization is aware of its	Forms partnerships with customers and would -be competitors in forward thinking.

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	strengths and weaknesses.	
<b>RESPONSIVENESS</b>	Able organization of skills based on assessment of internal awareness and external market demands.	Focus is on customer service and providing knowledge about the product to the customer.

These connections are best understood when the four applications of knowledge management are considered.

### 3. c. Applications of Knowledge Management:

The four applications of knowledge management are based on the fact that knowledge management's primary role is to share knowledge throughout the organization such that each individual of the organization understands it in depth.

The four applications of knowledge management are:

- **Intermediation:** is connection between knowledge and people. It provides a bridge between the knowledge seeker and potent source of knowledge provider. There are 2 types of intermediation: synchronous and asynchronous.
  - **Asynchronous intermediation:** The knowledge is stored in a database of organization till it is needed elsewhere in the organization. When a knowledge seeker requires that knowledge, he can search in the database and retrieve the knowledge.
  - **Synchronous intermediation:** Knowledge is not stored. Knowledge transfer between the provider and seeker is by direct communication.
- **Externalization:** is the connection of knowledge to knowledge. It involves capturing and categorizing the knowledge. The principle aim of this application is to provide the seeker knowledge in an understandable form.
- **Internalization:** is the connection of knowledge to queries and questions. It is the process of retrieving knowledge in a personal manner. The knowledge is modified in such a manner which helps in answering the queries.
- **Cognition:** is applying knowledge to the business process. It is the process of linking of knowledge to the process of decision making based on the available data.

### 4. Benefits of Knowledge Management:

- Knowledge management helps the companies to learn from their mistakes and successes.
- It increases the innovative ability of the firm.
- It increases the ability to protect the knowledge and puts it to correct use.
- It helps in using the company's knowledge assets in areas which are profit gaining to the organization.
- It promotes the right skills and competencies.
- It increases the revenue of the firm.
- It improves decision-making process.
- It helps in generating new wealth and returns and hence opens up new market scope.
- It helps in developing and implementing new business models.
- It unleashes new ideas, creativity and innovation.

- It develops the organization into an intelligent enterprise and produces smart products.
- It accelerates the learning and helps to prepare for the future projects.
- It gathers competitive intelligence and enhances team collaboration and coordination.
- It maximises the use of brain power of the human assets of the organization.
- It improves flow of knowledge and service and support of customers.
- It attracts motivated, loyal and committed talent to join the firm's manpower.
- It helps to grow more network connections and projects the enterprise on a global platform.
- In general, it helps to create, capture, share, protect, disseminate and exploit knowledge and intellectual assets.

#### **5. Disadvantages of Knowledge Management:**

Though Knowledge management is beneficial for the business firms in many ways, it is still an ignored field. Many firms are reluctant to invest in Knowledge management because it can be too expensive to implement. There are some notable disadvantages of knowledge management also. They include:

- Possessive owners who are not ready to share their knowledge with others.
- Outdated information.
- Multiple copies of knowledge moving from person to person.
- The information landing in the wrong hands.

#### **6. Conclusion:**

Knowledge assets are important assets of an organization. To put them to proper use and benefit of the organization, knowledge management has to be effectively done to manage and apply the knowledge assets for the betterment of the organization. Knowledge management includes knowledge complexity, knowledge chain and knowledge applications which show how an organization driven by knowledge can withstand in the market and face the competitive world. Though there are disadvantages of knowledge management, if they are controlled and checked over, Knowledge management is a useful discipline which helps the organization to reach its long term goals and objectives. The advantages or benefits of knowledge management outweigh its disadvantages. Hence, it is advisable for every business firm to have a record of its knowledge assets and manage their utilization for reaching the organizational goals and objectives.

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## **Brand salience of the private label brands in retail**

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### **Introduction**

There is always a clutter at the point of purchase due to some reasons like SKU proliferation, brand extension by the manufactures, me – to- products, private labels and copy cats. This clutter causes the customers to accidentally pick up wrong products. Hence retailers and manufacturers try to differentiate their brands and SKUs by using visual salience methods. Some try to give visual appearance to entire category.

It is seen that 80% of the success is just 'showing up'. But unfortunately at the time of purchase many of the brands do not show up. So getting the consumer to think about your brand at the time of purchase is most important challenge that brands face today.

### **Brand Salience**

Salience is conceptualised as the probability that a customer will think of the brand at some point of time. This is a broader interpretation than the usual frame of reference for the term 'salience', which is conceptualised as the prominence of the brand, is commonly used interchangeably with, and measured via, top of mind awareness with the product category cue. Brand that is at the top of the mind is also salient-top of the mind awareness is not the only way in which this salience can be expressed. This salience level was converted from the number of times the brand could be mentioned.

### **Concept of Brand Salience**

Brand Salience is an extent to which the brand visually stands out from the competition.

Brand salience is the degree to which your brand is thought about or noticed when a customer is in a buying situation. It is seen that strong brand have high brand salience than the weak brands. As we say, Brand salience is the top of the mind awareness, so it is awareness of the consumers when asked to recall the brand within the category. Brand salience is also what comes to consumers mind at the purchase situation. So it is the memory of your brand and its linkages to other important memory structures.

### **Drivers of Brand salience**

According to various researches Brand salience is the function of Quantity and Quality of the consumer's memory structures. Brand salience is the step before consideration of brand or a 'thought of' before consumer considers a brand for final purchase. Thus it is mentally screened out.

#### **a) Quantity of memory structure**

At the time of purchase (buying situation) consumers are often driven by mental cues- that trigger thought around brand consideration set. E.g. If, I think to have some homemade food, quickly, at home, less than Rs. 20. I am likely to consider Maggie noodles, which costs Rs. 20, which is projected and promoted as healthy and nutritious food.

Here my memory structure is linked to the brand. Hence Maggie noodles are more salient to my mind structure. So at a buying situation Maggie noodle is more thought of.

With the above example, we can infer, what buyers remember about brand is not which is always the

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same across buying decisions. So quantity of memory structure makes decisions.

#### **b) Quality of memory structure**

Qualities of brand salience are nothing but the strength of association and attribute relevance.

E.g. With the earlier example, I have other food stuff available worth Rs. 20. But I have strong value for cleanliness, nutritiousness and relevance of my budget that increases the brand salience. So Brand Salience is a function of:

- a. The quantity of memory structures a customer is linked to.
- b. The quality of these structures as defined by the strength of association and relevance of the structure.

Thus by building quality and quantity of the memory structures one can maximize the number of consumers who will think of your brand and number of times they think of your brand in various buying situations. So it is 'shows up'.

#### **Two approaches to build salience**

1. Focus on building and communicating different cues against a common equity:  
Focus on important equity for your brand. Do consumer research to understand the most important relevant cues which link to your benefit. Use these cues to maximize memory structure associations.

E.g. Maggie noodles, healthy and nutritious can be executed like "good for my kids", for people on diet, good to eat any time. Thus these can lead to nutritious healthy offering.

2. Create distinctive executional memory structures:

To increase quantity and quality of executional memory structures, the focus should be given on the following aspect. E.g. Maggie noodles, logo, color, picture on wrapper, Rs.20, song, jingle, etc are examples of creating executional memory structures. This creates platform which enables customer to easily remember your brand in buying situation. So salience is very important step in ensuring your brand gets considered for purchase.

#### **Private Label Brand**

In every category, retail outlets are aggressively stocking private label products next to national brands, and often sing private labels to attract customers into their stores. From packaging down to performance, private labels are giving stiff competition to the national brands.

To find out salience level of some of the private label brands among the customers across various demographic segments and to focus on creating brand salience by focussing on some narrow range of attributes is one of the objective of this research. A private label brand, often referred to as an in-house brand or store brand, is that which is owned by the retailers themselves.

Examples

Shopper Stope: STOP, Kashish, LIFE, Vettorio Fratini, Elliza Donatein, and Acropolis

#### **Indian Scenario of Private Label Brands**

The store brand is different from the brand in the store. In fact most people do not remember the private label brand in the stores and have great difficulty in articulating the value of these brands. Since the in-store brands are never going to be sold anywhere else except in the stores, the fortunes of these brands are indelibly linked to the fortunes of the stores and store brands. This view is applicable to almost all the leading brands and stores across the world. What drives the consumers is the store brand rather than Private label brand in the store.

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Currently some private labels generate approximately 60% to 80% of the revenue for the stores. Some of these brands have taken a natural level of growth in certain areas. For instance, one of the oldest men's wear brand John Miller, has achieved critical mass to exist as standalone brand. Unisex brands such as Bare (denim and leisurewear), Ajile (sportswear) and Rig (utility week end wear) have also been registering volumes to serve as individual store brands.

Shoppers Stop is one of the leading retail stores in India. It began by operating the chain of department stores under the name Shoppers stop in India. Shoppers stop has also operating a number of specialty stores like Crossword Bookstores, Mothercare, Brio, Desi café, Arcelia. Shoppers Stop has seen the increase in the margin share of private label brands by approx 18%.

It has brands such as Life, Kashish and Vittorio Fratini in its portfolio. The private labels at the store are growing at the rate of 40-45%.

As retailing continues to change, the improved use of private label brands has come to forefront as a key business asset in developing the differential advantage to the retailers. In fact private labels can set the retailers apart from the competition, and they can attract customers into the stores. Today retailers are shifting their emphasis on development of private label brands into high gear by using variety of strategies to build the image of their brands, expand their brand recognition, and raise their brand image in the market place.

India's largest retailer by sales, Pantaloon Retail, too is looking at an increase of about 10-15% for its private label apparel brands like John Miller, Scullers, Indigo Nation besides others.

### **The Growth of Private Labels**

Due to current wave of consumption, a prominent growth of the private label brand is realized from past few years. Some private brands have brand exclusivity and name but lack big advertisement budgets, big price tags and consumer awareness. The entry of big businesses in the retail foray and consumer readiness to shop and spend ensures the availability of private label brands and further growth of the private label brands.

Researches confirmed nearly 40% of the products we shop from the retailers are private labels in various categories. Shoppers like Westside, Shoppers Stop, Reliance Fresh, Big Bazaar, Globus, and pantaloon and so on heavily rely on in house brands for revenue growth.

In nutshell, private label brands are revenue spinners, generate revenue at lesser capital input, they are accepted by the consumers and they are steadily evolving too. But then question arises

- a. What makes customers buy them, knowingly or unknowingly?
- b. What makes the retailers go all the way to launch and maintain these brands?
- c. What makes these brands successful despite no advertising?
- d. What is a rational behind stocking these brands?
- e. What should be ideal composition on the shelf space of the retail store?



Retail sector in india have shown remarkable growth. This can be depicted from the research study done by E&Y in year 2009-10.



### Private Labels and their potential:

According to a FICCI-Ernst & Young 2007 report, as quoted in The Marketing White book 2009-10, the retail sector in India was worth \$280 billion, of which organized retail comprised 5% at \$14 billion. In an ASSOCHAM-KPMG joint study, the size of the retail industry was pegged at \$353 billion in 2008. It was estimated to grow to \$410 billion by 2010, of which organized retail would value approximately \$51 billion.

According to Images Retail Report 2009, as quoted in "Indian Retail: Time to Change Lanes" by KPMG; private label brands constitute 10-12% of organized retail in India. Of this, the highest penetration of private label brands is by Trent at 90%, followed by Reliance at 80% and Pantaloons at 75%. Big retailers such as Shoppers Stop and Spencer's have a penetration of 20% and 10% respectively. Globally, store brands constitute nearly 17% of retail sales. In fact, international retailers such as Wal-Mart and TESCO have 40% and 50% of in-house brands in their stores.

Private labels are becoming more innovative, are adding more value to the consumers and are able to offer innovation that is similar to an established brand. Customer in this case is getting a similar quality at a much lower price. This is especially true in the apparel brand because there it is not just the price advantage that works, but also the design sensibility. The designs are both done in-house and are outsourced as well.

### Objectives of the study

1. To understand and elaborate the concept of Brand Salience.
2. To find out the ways to create and enhance Brand Salience.
3. To focus on various important parameters, to enhance the salience of private label brands in the store.
4. To evaluate the factors responsible for creating Brand Salience for the product.

### Research methodology

The given topic and objectives of the study need in-depth survey of primary as well as secondary data source. Hence the attempt is made to collect the data actually form the consumers through structured

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questionnaire form the suburban locality of Mumbai region. Data is also collected from the online sources and online questionnaire method too.

Further in order to confirm the parameters and clear the concepts of various terms, secondary data search is done through various websites, magazines and the reference books from the libraries.

The survey data so collected was analyzed by using Microsoft Office Excel.

### **Data analysis and inference**

66 respondents gave feedback to the questionnaire hoisted on the internet and 47 responses to the same questionnaire were collected actually.

61 numbers were females and 52 were males.

Value for money was the major attribute responded by 57% respondents followed by quality of the product 41%.

In private label brand 74% of the respondents responded that quality of the product is most important aspect.

49% responded that they usually buy that brand of product which they are aware of and used earlier.

Price was important factor for 445 of the respondents.

52% try new brand, store image and product display was more important for them.

58% feel that private label brands would be successful in categories like apparels and 56% responded for food and beverages.

More number of men was aware of private label brands and more men purchase from supermarkets and malls. They focus on durability and availability of the range of the product.

Data analysis revealed some important facts about the behavior of the consumers while at buying situation. It revealed that the parameters of quality, range of product line, store image and visual display are important parameters for the brand salience at a broader sense. Along with the earlier factors advertisement, advertisement message, emotional connect, product placement, promotions and mental connect of the consumers at a buying situation play very important role for the creation of brand salience.

### **Conclusion:**

It is important for the retailers to create salience for their store as well as for private labels by focusing more on low price and value related attributes. Low price, better offers and value attributes can draw in more customers to the store as they associate private label brands with those attributes. That will create brand awareness among the customers. Once brand awareness is created it in turn will increase brand recall and hence high degree of brand salience.

### **Recommendations and Suggestions:**

In order to create brand salience by the retailers, for their private label brands, retailers must focus on above the line and below the line activities. Brand building exercise should be cautious activity which must focus on the quality, availability, utility of the product. For retailers building store image would be the best way to create the salience for their private labels.

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## Progressive abolition of child labour in India

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\*\*Mr. Kamble B.N

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### Introduction

Children are the future custodians of all the present philosophies including sovereignty, rule of law, justice, liberty, fraternity and international peace and security. The human rights jurisprudence categorically recognized the rights of the child. The Declaration of Geneva in 1924 gave a clarion call that *"Mankind owes to the child the best it has to give"*. The Universal Declaration of Human rights rightly obliges family, as a fundamental unit of society, to focus on children so as to afford them necessary pre-conditions to growth. Article 24 of the UN declaration Provides: *"Every Child shall have the right to such measures of protection as are required by his status as a minor, on the part of his family, society and the State"*. It is now universally recognized that for a comprehensive development of its personality, the child should grow in a family environment and in an atmosphere conducive to care, affection and understanding.

The Industrial revolution, which led to urbanization, has been responsible for changes in family structure. The concept of child labour is also directly attributable to the developments in the industrial production process following the industrial revolution. Labour and human dignity can be considered as purchasable at cheapest possible price. Poverty of parents led to children offering themselves for work in highly exploitative conditions. These children of lesser god witness the forfeiture of their childhood without fully knowing themselves the trauma of work life and its impact on their mental and moral development.

### Reasons for Development of Child Labour:

Chronic Poverty is the most important factor for the prevalence and perpetuation of child labour. Nearly half of the India's total population subsists below the poverty line. India stands 2<sup>nd</sup> position in the employment of child labour while Africa stands in the first position. In this situation, the child, since its very appearance in the world, is endowed with an economic mission. Economic compulsions weigh so heavily on poor parents that they do not mind colluding with the child's employer in violating the laws and placing the child under risks of inhuman employment situation. Poverty and child labour always beget each other and tend to reinforce each other. Other reasons are disenchantment with and a lack of faith in the educational system as schooling does not guarantee a job. There is also a deeply ingrained Indian tradition that a girl child is to work in the house with the mother and the boy is to learn the father's trade. Though in the organized and the unorganized sectors there is no dearth of adult labour, employees prefer hiring children as they are more amenable to discipline, too young to organize themselves and fight for their rights, can be paid less and bullied to obedience. The lack of concern within the community indifference among the middle class adults to their social surroundings and the existence of exploitative elements result in the erosion of the natural rights of the poor children. The fact that the children cannot speak for themselves makes them easy targets for exploitative working conditions and wages.

### VARIOUS ACTIVITIES PERFORMED BY CHILD LABOUR:

- Child Labour in the Agricultural Sector
- Street Children

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- Bonded Child Labour
- Children Employed At Glass Factories
- Child Labour in Matchbox Factories
- Carpet Industry Child Labour

### **Position in Developed Countries and in India:-**

In the developed countries in the west, child labour could be checked through effective enforcement of 'Prohibition of Child labour' laws, and compulsory primary education. In most developing countries, however, millions of children still work in factories, workshops, agriculture, mines, quarries and service enterprises. It is estimated that child labour makes up "more than 10% of labour force in some countries of middle east and from 2 to 10% in much of Latin America and some parts of Asia. The world considers the issue of child labour to be a rather serious one in Sub-Saharan Africa. However, there are a set of experts in Africa who do not consider it to be serious and prefer to sweep it under their carpet in order to look into more 'serious' issues. There are still others who prefer to wear a blindfold and believe that child labour issues are far more serious in other nations, whereas it is as good as non-existent in their own nation. However, ILO statistics provide a more serious picture. It states that over 40% of the children of Africa are working. They are mainly working as slaves in private households, apart from other industries. So the African people do not believe it as a serious issue. While the picture, as we see is grim, yet nothing can really be done as there is no consistent or factual empirical evidence where child labour in Africa is concerned.

### **Legal Steps for the Prevention of Child Labour:-**

To discuss about the child labour prevention laws in a wide way one must go through those laws by dividing the laws from its origin in pre-independence or post-independence periods. Most of the pre-independence laws prescribed punishment for the child labour to the parents of the child and also employer but the post-independence laws exempted the parents from punishment.

#### **A.Pre-Independence Laws:-**

The origin of statutory protection of child labour in India can be traced back to the Indian **Factories Act, 1881**. This law is mainly regulated working hours, rest intervals, minimum wages and nature of work of child labour but it does not prevented the employment of children.

Later on the **Children Act, 1933** was enacted to prohibit the pledging of labour of children below 14 years by parents. It prescribes Punishment for parents and employer of the child labour. It imposes minimum fine of Rs. 200 to the employer for employing child labour and also Rs.50 for the parents who pledged their children for the labour.

In the Year 1938 the **Employment of Children Act** was enacted to prohibit the employment of children below the age of 14 years in specified hazardous occupations. This Act specifically prohibits the employment of children below 14 years of age in the railway and other means of transport.

#### **B. Constitutional Provisions:-**

Article 15(3) of the Indian constitution enables the state to make special provisions for women and children. It contains an exception to prohibition of discrimination on grounds of religion, race, caste, sex, etc as contained in Article 15(1). Article 23 prohibits traffic in human beings and other forms of forced labour. It is provided in Article 24 that "**no child below the age of fourteen years shall be employed to work in any factory or mine or engaged in any other hazardous employment**".

**C. Post-Constitutional Laws:-**

After attaining the Independence India enacted the *Factories Act* in the year 1948, under section 19 of this Act Children below the age of 14 years are prohibited from employment in the factories and the employers who are employed such children are liable to be punished with imprisonment or fine or with both.

Later on Some of the provisions in the enacted laws like the *Plantation Labour Act, 1951*; the *Mines Act* and the *Indian Factories Act, 1952*; the *Motor Transport Act* and the *Apprentice Act, 1961*; the *Minimum Wages Act, 1948*; the *Atomic Energy Act*; The *Shops and Establishment Act*; The *Beedies and Cigar Workers (Condition and Employment) Act, 1966* prohibits the employment of children below a certain age.

**D. Precedents:-**

In *People Union for Democratic Rights V. Union of India* AIR 1983, Sc 1473, it was contended that the Employment of Children Act, 1938 was not applicable in case of employment of children in the construction work of Asiad Projects in Delhi since construction industry was not a process specified in the schedule to the Children Act. The court rejected this contention and held that the construction work is hazardous employment and therefore under Article 24 no child below the age of 14 years can be employed in the construction work even if construction industry is not specified in the schedule to the Employment of children Act, 1938. Expressing concern about the 'sad and deplorable omission', Bhagwati, J., advised the State Government to take immediate steps for inclusion of construction work in the schedule to the Act, and to ensure that the constitutional mandate of Article 24 is not violated in any part of the country.

**The Right of Children to Free and Compulsory Education Act:**

After the enactment of the Constitution (86<sup>th</sup> Amendment) Act 2002 the State Provided protection to the Children from the age 6 to 14 years from the child labour by providing compulsory education but it has taken another 8 years for the passage of the Right of Children to Free and Compulsory Education Act or Right to Education Act (RTE), which was passed by the Indian Parliament on 4<sup>th</sup> August 2009, describes the modalities of the provision of free and compulsory education for children between 6 and 14 years in India under Article 21-A of the Indian Constitution. With the enactment of this legislation India became one of 135 countries to make education a fundamental right of every child when the Act came into force on 1<sup>st</sup> April 2010.

**COMPULSORY EDUCATION:-**

The Constitution (86<sup>th</sup> Amendment) Act, 2002 and the Right to Education Act, 2009 specifically provides that it is the mandatory and primary duty of the State to provide free and compulsory education to the children below the age of 6 to 14 years. It indirectly restricts the children from doing any other activity when they were in the age between 6 to 14 years. Also it provides for free education where it makes the education to be available to the poor people. Mostly the child labour were belong the children of the poor people. Due to their economically backward condition parents were unable to feed the children and the work of the child will also become useful to make their both ends meet in a difficult way.

**Government Policies:**

So as to be in consonance with the constitutional provisions and the United Nations (UN) Declarations on the Rights of the child, the Government of India adopted the National Policy for Children

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(NPC) in August 1974. This Policy provided that “It shall be the policy of the state to provide adequate service to children both before and after birth and through the period of their growth, to ensure their full physical, mental and social development. The State shall progressively increase the scope of such services so that, within a reasonable time, all children in the country enjoy optimum conditions for their balanced growth.” This policy does seem to admit that a child is entitled to enjoy his childhood through play, learning, getting a parental emotions, love and nutritional and health care. Toward this the National Policy envisaged the need for “*free and compulsory education for all children upto the age of 14 years, provisions for health and nutritional programmes and services, providing alternative forms of education for children unable to take full advantage of formal school education for whatever reasons, and measures for protecting children against neglect, cruelty and exploitation.*” Ironically however, the Government only lays emphasis on regulation of child labour than concentrating on abolishing it altogether. By making use of the Right to Education Act, 2009 the provision of compulsory education is very much useful to abolish the child labour by providing free and compulsory education to all the children below the age of 14 years.

### **Strategy for the elimination of child labour under the 10<sup>th</sup> Plan:**

An evaluation of the Scheme was carried out by independent agencies in coordination with V. V. Giri National Labour Institute in 2001. Based on the recommendations of the evaluation and experience of implementing the scheme since 1988, the strategy for implementing the scheme during the 10<sup>th</sup> Plan was devised. It aimed at greater convergence with the other developmental schemes and bringing qualitative changes in the Scheme. Some of the salient points of the 10<sup>th</sup> Plan Strategy are as follows:

- Focused and reinforced action to eliminate child labour in the hazardous occupations by the end of the Plan period.
- Expansion of National Child Labour Projects to additional 150 districts.
- Linking the child labour elimination efforts with the Scheme of Sarva Shiksha Abhiyan of Ministry of Human Resource Development to ensure that children in the age group of 5-8 years get directly admitted to regular schools and that the older working children are mainstreamed to the formal education system through special schools functioning under the NCLP Scheme.
- Convergence with other Schemes of the Departments of Education, Rural Development, Health and Women and Child Development for the ultimate attainment of the objective in a time bound manner.

### **Forward Steps:-**

The ideal scenario on Child Welfare would be when every child enjoys the fullness of childhood through education, recreation and adequate health facilities. It is impossible to attain these facilities by the child labour. All the children were able to enjoy the completeness of childhood only

- when the true conscience of the nation is awakened;
- when all the policy makers and the bureaucrats take the issue of child labour seriously and commit themselves to the cause of the holistic development of every child in India;
- when the employers would not even contemplate the idea of employing a child for any work which might deny the child of a normal childhood;
- when all the parents will become aware of the jeopardy of child labour and take upon themselves the duty of caring for the physical, social and psychological and mental development of the child;
- When all the Policies laid down by the Government under Various Plans and Laws were implemented properly ;
- The government and the legal persons must conduct campaigns to make the people educate about the legal provisions existing for the abolition of the child labour.

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## Foreign Direct Investment in Retail sectors in India

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### Introduction:

The globalization has been the increased importance of foreign direct investments around the world. Some view it as an engine of economic growth and development, while others look upon it as a panacea for all ills. It is however important to weigh the costs and benefits of Foreign Direct Investment (FDI) to gauge whether FDI has a positive impact on economic development. FDI has the potential to generate employment, raise productivity, enhancing competitiveness of the domestic economy through transfer of skills and technology, strengthening infrastructure, enhance exports and contribute to the long-term economic development of the world's developing countries. More than ever, Countries at all levels of development in retail sectors also. The retail industry India is currently growing in a great speed and is expected to go US\$ 833 billion by the year 2013. It is expected to reach US\$ 1.3 trillion by the year 2018. As the country has got a high growth rate the consumer spending has also gone up and is also expected to go up further in the future.

### FDI IN INDIA:

China has been the top investment country for some years, investors' interest in India is a more recent development. FDI flows into India are mostly in IT, Retail and Communication Centers, which are not accompanied by sizeable FDI flows. Despite India's successful positioning as a business processing and IT outsourcing hub. These activities often translate into Indian services sector exports via 3rd party transactions not FDI. There have been recently positive signs of increased FDI into other sectors like Retail Industry. Despite the attention to services outsourcing, 2 of the sectors that received large amount of inward in 2005 were automobile manufacturing and mining. FDI into India will grow but will remain very low in relation to the size and potential of its economy.

However, some of the world's leading MNCs are taking an active interest in the country. Intel, Microsoft, Cisco, Posco and an AMD-backed chip fabrication consortium have proposed large multi-year investment. The recent increase in the ceiling on foreign ownership in telecoms services to 74 % (from 49 %) and civil aviation companies to 49 percent (from 24%) is also helping to generate greater inflows. Similarly many foreign countries willing to invest in retail industry like Wall-mart etc.

In the month of November 2011 ruling party placed the bill in house to give the 51% FDI in multi brand retail industry. In view of to develop huge job opportunities to avail customized product to customers and efficient distribution of product in the country but it has opposed by the manufacturer, small retailers and general public.

### Impact of FDI on Retail Industry:

As per the Nov. 2011 policy of Government of India announces 51% FDI on retail sector which will be dangerous for small retailers, manufacturers. FDI in retail will induce competition from large players with deep pockets and international sourcing capabilities they will be capable of exploiting economies in procurement storage and distribution to out-compete small suppliers. Similarly Dr. Manmohan Singh announced on Nov. 24th 2011 100% FDI for single brand retailers like Wall mart, Apple and IKEA etc. which will be spread business 7935 towns in towns and cities in India which will be dangerous for small retailers and Business men.

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**Impact on Traditional Retail and Employment:**

Recent, decision (Nov. 2011) says that one crore new jobs will be created. But it is not clear where these jobs will be created as farmers supplying to these super markets are already doing some work and are not unemployed. For example, repetition may take place of Pepsi Company in Punjab in 1989 (Wiggerthale 2007).

**Potential:**

India's potential to attract increased FDI inflows is vast, although poor infrastructure, excessive bureaucracy and interdepartmental wrangling will slow the pace of opening in many sectors. The infrastructure, energy, telecoms, IT and insurance sectors are likely to be the main magnets for FDI. Producers and assemblers of cars and automotive components are also re-evaluating India's potential, as are biotechnology firms. The establishment of special economic zones, in which 100% foreign ownership is allowed, in order to promote exports should attract increased FDI inflows into export-oriented industries.

**Recent development**

Government has allowed 51% FDI in multi-brand retail and 100% in single brand formats in India on Nov. 25th 2011. As per the following

Union cabinet clears 51% for multi- brand super markets.

Minimum investment from foreign retailer is \$100 million.

At least 50% of the total FDI must be invested in back-end' infrastructure.

Minimum 30% of the local sourcing requirement from the small industries

Retail out lets to come up in cities with more than 1 million populations.

The government will have the first right to procure agriculture produce

The investment needed for entering the sector has been fix at \$ 100 million in the towns with the population of more than 10 lakhs as year mark by 2011 census report, half so which they need to allocate towards building back-end' infrastructure and better logistical support for the development of Indian retail sectors. Similarly the new guidelines may committee supermarkets run by foreign retailers to strict local sourcing requirements to the extent of 30% of manufactured or processed goods from small industries. Going by the 10 lakh population threshold to open supermarkets, 53 cities that accounts for over 42% of total urban population to have internationally renewed retail outlets. Lastly, the 100% opening up of single brand retail segments will faster growth in India's infrastructure for luxury retail markets such as jewelers, fine dinning, real estate, global branded apparels etc. the regulation may soon will enters for foreign players like Wall-mart, Carre four and Chesnutt etc.

**Present entry into India's retail sector**

	Current entry options for foreign players
Franchise agreements	Most widely used entry route by multinational retailers Fast food retailer domino's entered through master franchise root while pizza hut entered trough regional franchisee

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Cash and carry wholesale trading	100% FDI is allowed in wholesale trading which involves building of a large distribution infrastructure to assist local manufactures The wholesaler only with smaller retailers and not customers Metro AG of Germany was the first significant global player to enter India through this route.
Strategic licensing agreements	Foreign company enters into a licensing agreement with a domestic retailer Mango, the Spanish apparel brand has entered India through this route with an agreement with pyramid, Mumbai SPAR entered into a similar agreement with radhakrishna Foodland's Pvt. Ltd

### **Impact and Role of FDI in Indian retail sectors**

Most modern organize retailers, who have been asking for removal of ban on FDI in retail were excited with the recommendation made by the survey in its report. In wake of relentless protest for the opening up of the Indian Retail Market for the reception of FDI the Investment in July 2006, suggested that 49% FDI be allowed in the Indian Retail sector without any restrictions on the number of outlets or location of stores. The commissions opined that foreign investment would help in improving the retail and supply chain infrastructure, and generate large scale employment in the country. Indirectly the consumers would benefit due to the availability of more product offering, lower prices and efficient service. The recommendation of the investment commission proved to be very promising and paved the way for the positive feedback to the global retailer towards the Indian retail sector (Business Insights International 2009)

### **Positive impact of FDI in retailing**

The global retailers have advanced management knowledge in merchandising and inventory management and have adopted new technology which will useful improve productivity and efficiency in retailing

Entry of large low cost retailers and adoption of integrated supply chain management by them is likely to lower down the prices.

FDI in retailing can easily assure the quality of product, better shopping experience and costumers services

Joint ventures would ease capital constraints' of existing organize retailers.

FDI would lead to development of different retail formats and modernizations of the sectors.

They will promote the linkages of local suppliers, farmers and manufacturers, no doubt only those who can meet the quality and safety standards to global markets.

### **Negative impact of FDI in retailing**

Many trading associations' political parties and industrial associations have argued against FDI in retailing due to following reasons.

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1. Indian retailers have yet to consolidate their position. The present position of retailing in India is the large number of retailers families fragmented, who would not be able to survive the competition from global players.
  2. The examples of south East Asian countries shows that after allowing FDI, the domestic retailers were marginalize and this led to UN employment.
  3. FDI in retailing can upset the import balance, as large international retailers may prefer to source majority of their projects globally rather than investing in local products.
  4. Global retailers might resort to predatory pricing. Due to their financial clout, they often sell below cost in the new cost in the new markets once the domestic players are wiped out of the market foreign players enjoy a monopoly position which allows them to increase prices and profits.
  5. Indian retailers have argued that since lending rates are much higher in India, Indian retailers, especially small retailers who have access to international funds at lower interest rates. High cost of borrowing forces the domestic players to charge higher prices for the products.
  6. FDI in retail trade would not attract large inflows of foreign investment since every little is required to conduct retail business. Goods are bought on credit and sales are made on cash basis. Hence, the working capital requirement is negligible. ON the contrary; after making initial investment on basic infrastructure, the multinational retailers may remit the higher amount of profits earned n India to their own country.

**Challenges Ahead:**

Despite commendable progress, there is a pressing need for continuing to work towards providing a more attractive policy environment to attract foreign investment. Whilst India claim to have one of the most transparent and liberal FDI regimes amongst developing countries, there still exist a plethora of rules, regulations and interpretations, which need to be remedied.

United Nations Conference on Trade and Development (UNCTAD) Confidence Index placed India on India on 82nd rank in terms of FDI potentiality and 122th rank in terms of performance during the period of 2002-2004 out of a survey of 141 economies. It can be inferred that despite its potentiality, performance is not satisfactory and challenges are still ahead of India, which is highlighted with the help of survey report of go and other organizations as follows:

Ground Level hassles continue to be a major impediment for foreign investors. 88 percent respondent rated this problem as 'medium to high' category (FICCI, 2004), which shows a marginal improvement of 3 percent over previous.

According to secretariat for industrial assistance, the largest source of FDI in 2006/07 was Mauritius, which accounted for 40% of total inflows. Many companies were incorporated in Mauritius to invest in India because of tax benefits. The UK was the second most important foreign investor, with 11.9% of total, followed by the US (5.4%), the Netherlands (4%), Singapore (3.7) and Germany (0.8%). Historically, the electrical equipment sector, which includes India's highly successful computer software industry, has attracted the most FDI, but in 2006/07, it was overtaken by services sector. Financial and non- financial services drew in US\$4.7bn in investment, well above the US\$2.7bn garnered by electrical equipment. The next more important sector for FDI was construction activities (US\$985m), telecommunications (US\$521m) and transportation (US\$466m). Foreign investment was concentrated in the southern and western states, where more reform-minded administrations were in power. The top five destinations states for FDI in recent years have been Maharashtra, Delhi, Tamil Nadu, Karnataka and Andhra Pradesh. FDI accounted for 6.4% of gross fixed investment in 2006, up sharply from 2.9% in 2005.

**Conclusion:**

The government of India aspires to continue on the export oriented strategic and benefit from it in the long run, it need to concentrate more on domestic efforts to expand manufacturing in line with the FDI policy framework. Also, considering that FDI policy of India may not entirely be a choice of the government of India as it may have to follow IMF and World Bank conditions and much international pressure, a reassessment of the hour. Most importantly, the Government of India must organize that FDI can only complement domestic efforts to meet development objectives, they alone cannot do wonders. Hence, to develop the export performance of India sustainably and dynamically, which would in turn lead to faster growth of the whole economy, FDI policies and other domestic policies cannot be pursued in different water-tight compartments. Instead, they must be blended together in order to achieve a complementary effect on each other.

The advantages of allowing unrestrained FDI in the retail sector evidently outweigh the disadvantages attached to it and the same can be deduced from the examples of successful experiments in countries like Thailand and China, where too the issue of allowing FDI in the retail sector was with incessant protest, but latter turn out to be one of the most promising political and economical decision of their government and led not only to the recommendable rise in the level of employment but also let to the entire development of their countries GDP.

The Indian retail sectors should be traded continuously in the wake of the fact that international experience has shown that except for the huge profits raked in by the super market chains, organize retail has been lose-lose scenario for farmers, small traders and whole sellers, consumers and the environment and therefore society as whole ( Raghunandan 2010). Therefore the strategy of opening up should be backed by appropriate measures India can learn from the experiences of other developed and developing countries and developed its own policies laws and regulations that would be in the best interest of the country

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## Gender inequity in corporate sector of India

\*Dr.Vidya Sandu Gawali

### Introduction

All human beings, irrespective of gender, must have equal opportunities to seek out economic opportunities. People access resources and livelihoods for survival and sustenance. But beyond that, economic power helps them acquire capabilities that enlarge choices for satisfying and creative lives. One of the ugly realities of the 21<sup>st</sup> century is the persistence of a serious gap between the wages of working men and women around the world. Advanced economies of the United States and Western Europe also still continue to struggle to achieve a fair wage balance between men and women workforce. However, when it comes to developing economies like India, the size of gender-based wage disparities is far more striking.

The recent survey findings by the World Economic Forum (WEF) put the spotlight on India, ranking it among the bottom 10 countries in the world in terms of women's participation in the economy. Overall, India achieves a score of 59.4% in terms of gender equality in the survey, but in terms of economic participation and opportunity, it scores a dismal 39.8%. India's general participation of women in the overall workforce stands around 36%, where as for professional and technical workers, the figure is 21%. The status of the working women is poor throughout the world but worst in India. Corporate sector of India secured 114<sup>th</sup> rank in Gender Gap Index, which is indicator of the gender discrimination at the workplaces in India.

### Women in India

According to the provisional population totals of census 2011, out of a total 1,21,01,93,422 population 48.46 % are female population in India. As per the census the sex ratio is 940 which have risen marginally since the last census in 2001. The decreasing sex ratio is the problem throughout the world but critical in India. One of the interesting outcome of the Census 2011 is that increase in the female literacy by 49.10 percentage points while male literacy in increased by 31.98 percentage points. Despite reported progress, there is still a persistent gap between women and men's access to education in India. Combating the high rate of illiteracy among women and girls remains an urgent need. According to the UNESCO Institute of Statistics, it is now estimated that two-thirds of the world's 875 million illiterate adults are women.

If we talk about the labor participation, overall Labor Participation Rate (LPR) of women in India is just 35.7 % whereas some Asian countries like Cambodia, China, Papua New Guinea and Viet Nam has more than 70% LPR. Table 1 indicates the status of women in different countries in terms of sex ratio, literacy and LPR compared to India.

**Table 1 : Status of women in India**

Sr no	country	Sex Ratio (per 1000 male)		Female literacy Year 2011	Female LPR
		2001	2011		
1	World	986	984		
2	China	944	926	87.6%	70.8 %
3	<b>India</b>	<b>933</b>	<b>940</b>	<b>65.46 %</b>	<b>35.7 %</b>
4	USA	1,029	1,025	99%	59 %
5	Indonesia	1,004	988	83.4 %	49.8%
6	Brazil	1,025	1,042	86.6 %	-----
7	Pakistan	938	943	45 %	20.8%
8	Japan	1,041	1,055	99%	48.0%

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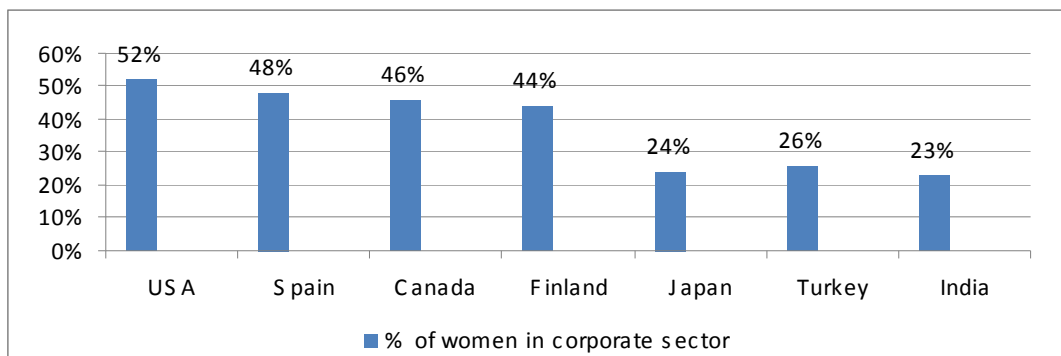
(Source : Cesnsus 2011, CIA World Fact book, U.S Department of Labor)

**Literacy Rate** -- the percentage of the population 15 years and older who can read and write)

### Representation of women in corporate sector of India

Figure shows that the corporate sector of India do not shows the positive attitude towards the female employees. India is the country with the lowest percentage of female employees (23%), followed by Japan (24%), Turkey (26%) and Austria (29%). The United States (52%), Spain (48%), Canada (46%) and Finland (44%) display the highest percentage of total female employees. The figure 1 shows the poor status of women in corporate sector.

**Figure 1: Percentage of women employees by country**



**Source: The Corporate Gender Gap Report 2010**

At the industry level, the findings of the World Economic Forum (WEF) survey confirm that the services sector employs the greatest percentage of women employees. Within this sector, the financial services and insurance (60%), professional services (56%) and media and entertainment (42%) industries employ the greatest percentage of women. The sectors that display the lowest percentage of women are in automotive (18%), mining (18%) and agriculture (21%). Leading companies are failing to capitalize on the talents of women in the workforce, according to WEF report.

Meanwhile, the United Nations Development Programme-sponsored 2010 Asia-Pacific Human Development Report indicated that lack of women's participation in the workforce costs the region billions of dollars every year. In countries such as India, conservative estimates show that GDP would increase by up to 2-4 percent annually if women's employment rates were raised to 70 percent, closer to the rate of many developed countries.

The issue is not only with the participation in corporate sector but female employees are also facing issues like work and pay inequality at their workplaces.

### Work inequality for women in corporate sector of India

Gender stereotyping continues to prevail in technical and professional fields. Even where women have open access to all professions, they overwhelmingly opt for traditionally female occupations. The gap separating men and women in the job market remains wide in India

Woman's role in the corporate sector was assumed to be merely secretarial in nature. But even today, the change is barely marginal. The new economy sectors such as Information Technology that supposedly encourage a greater role for women in high-paying jobs, are in fact hiring women primarily for back-

office functions such as HR and BPO, while the purely technical, engineering or marketing and management jobs still largely go to the men.

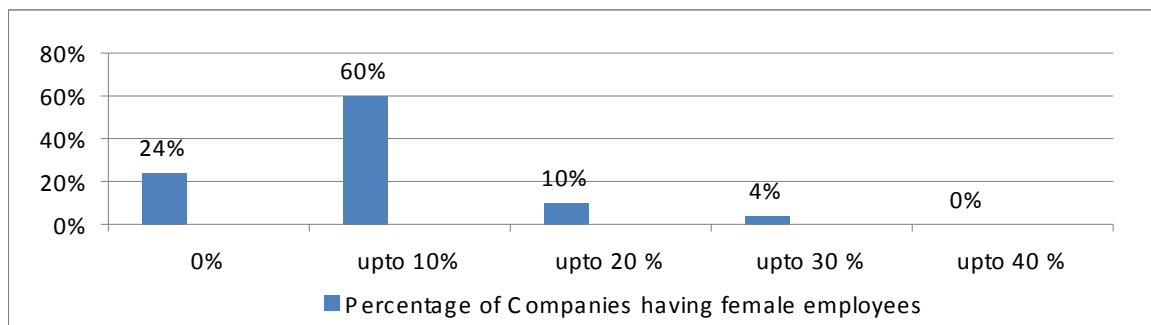
We look at the overall corporate sector of India female employees tend to be concentrated in entry or middle level positions— that is, the more senior the position, the lower the percentage of women.

The 2009 World Economic Forum(WEF) survey also supports this argument when it says that even among the best employers in India, women employees hold barely 10% of all senior management positions – in two-thirds of the companies covered under the survey. As reported by Financial Chronicle, the survey, based on responses of 60 of the 100 best employers in India, showed that women employees held only 10 percent of the senior management positions in two-thirds of the surveyed companies.

According to WEF's Corporate Gender Gap Report 2010 more than 50% of the surveyed companies have women workforce of less than 10% at entry and middle positions. Figure 2 show that almost 80 % of the companies has less than 10 % female employee at senior management positions.

as per the WILL KPMG study in companies such as Tata Group, Zensar Technologies and JSW Steel have 5-6% women in senior positions, multinationals such as PepsiCo, KPMG, Citigroup, GE, and Pfizer have 15-20% women at the same level in 2010. HCL Technologies has 14% women in its top management; Axis Bank has 21% women representation as compared to 43% in American Express. PepsiCo India, a gender diversity focused company, has about 12% women representation of which one-fourth constitute senior leadership.

**Figure 2: Female employee at senior management positions in companies in India**



(Source: WEF survey 2010)

If we analyze the status of women on Board of Directors, 80 % of companies in India have less than 10 % women on Board. A major exception to this trend is Norway among all countries, where the percentage of women among the Board of Directors is above 40%. This is due to a government regulation that mandates a minimum of 40% of each gender on the boards of public companies. See Table 2 for International comparison of women on boards.

Statistics shows that India has no female CEOs (Only in responding companies of WEF survey) whereas Finland (13 %) has highest number of Female CEOs.

It is observed that most of the women are stuck into the low skilled and daily wage job without any legal and social protection.

**Table 2: International comparison of women on boards**

Sr.No	Country	% of women on Board
1	Norway	40%
2	Philippines	23%
3	USA	11.4%
4	UK	7.8%



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5	France	8.2%
6	China	6.6%
7	Pakistan	4.6%
8	India	4.1%
9	Japan	0.9%

(Source: Women on Boards Report on February 2011)

### Gender pay gap in corporate sector of India

The World Economic Forum (WEF) 2009 report reveals a shocking disparity between the wage structure of men and women in corporate India. The average annual income of a woman in India is US\$ 1,185, compared to US\$ 3,698 for the men employed in the India's corporate sector. This translates to an average woman's pay of less than one-third of the average man's pay in Indian corporate sector. The overall gender pay gap in India 28 % i.e women are paid 28 % less than men in India. The situation is not much satisfactory in most of the country .Table 3 depicts gender pay gap in different countries. At the same time, there is practically no culture among the Indian companies to monitor gender-based wage gaps, with only 4% of the companies having some sort of a mechanism for it.

**Table 3: Gender pay gap in different countries**

Country	Gender pay gap (In percentage)
UK	18
Australia	15
New Zealand	16
Minnesota	27
U.S.	23
<b>India</b>	<b>28</b>
Belgium	23.7
Singapore	28
Japan	34
Korea	37
Denmark	18
Canada	23

*(Source: compiled from different source like ILO, OCED Fact. The gender pay gap is determined by calculating women's overall average pay as a percentage of men's. So, for example, the pay gap is said to be 28% where women's pay is 72% of men's pay)*

### Reasons for gender inequity

Stereotypes about women and some time women are themselves responsible for work and pay inequity. Following are the general reasons for work and pay inequity for women:

- Women in most cases aren't serious about their career. They often work only to earn some extra money, without any serious career plans.
- Family responsibilities and social barriers are some time not allows them to enter in the job where they require spending more time, travel extensively etc.
- Certain occupational hazards of being a woman,

- Women are worse in negotiating for their salary and ask for lower wages than men in wage negotiations
- Employer's Stereotypes about women, describing in general men as more assertive and work-oriented, and women as more communal, caring, and family-oriented. Therefore they cannot spend more time at workplace, can't work in night shifts, not dedicated towards job.
- According to employer Women also cannot switch roles during work as easily as men who can deal with Government offices, courts, entertain customers and officials at dinners etc.,
- Discrimination in the recruitment and selection procedure by employers

**Important Suggestions**

The obstacles to women's equal participation in corporate sector need to be overcome as a matter of justice, and to benefit women, societies, and economies at large. The barriers are not insurmountable. Progress is coming from many directions, fueled at times by growing recognition of the potentially huge economic contributions women can make.

Further steps can direct and speed up this process.

1. Creating and strengthening an accurate and authentic data-base on women workers in all sectors of employment, covering both organized and unorganized sectors. This could be used as a tool of planning for both legislative as well as administrative intervention by the Government to protect and safeguard the interests of women workers in different fields of work and under different fields of work and under different conditions of employment.
2. Technological changes tend to displace women more than men primarily on account of lack of education, orientation, training and skill development programmes. Such programmes for women workers, therefore, need to be given high priority with a view to enabling women workers to improve their productivity and access to quality employment and also to enable them to take up new jobs involving technological changes.
3. Carrying out research studies on problems of women workers, their employability and the extent of their displacement on account of technological and various other changes.
4. Need special quota for women on Board of Directors like Norway Legislation was drafted for 40% quota for women on Board of Directors. Not only the Norway but other countries also taking efforts to bring women on Board of directors like targets were also set by the Women on Boards and Chartered Secretaries Australia (CSA), of 25% representation of women by 2012 and 40% by 2015. Such type of initiatives also required in India.
5. Creating and maintaining a work environment of high quality for a women staff entails at least four elements. First, is the active recruitment and retention, no gender, culture or race should have preference over others. The second element is the recognition of the importance of this diversity for organizational effectiveness; differences in ways of working and contributing should be viewed as an asset. The third element is the employment of the expertise of diverse women across all levels and functions. Managers and staff members must have the knowledge and skill to work with diversity and foster dialogue that supports women of diverse backgrounds. A fourth key element is to appreciate and address the different constraints women and men face in achieving work objectives. For example, women often have a greater responsibility for childcare, and a greater likelihood of a spouse with career aspirations. In summary, these four elements are important both for optimal individual and organizational performance. Women staff members who feel marginalized often do not perform at their highest capacity and leave prematurely.
6. Foster new attitudes. Civil society, the media, academic institutions, religious organizations, businesses and other groups involved in shaping social attitudes should be enlisted in influencing them to support gender equality. Concrete advocacy tools can be developed and new channels of advocacy and communication explored. A strong push should be made to include men in the understanding of gender equality and steps to achieve it, recognizing their transformative role.

### Concluding Remark

Despite its admirable march towards economic liberalization and reforms, India still needs to go a long way in terms of integrating its women workforce equally with the country's economic progress. The women conditions in workplace, are based on conservative outlook by the employer that made them remain at the periphery of workplace had no meaningful contribution to the Growth and Development. The Indian corporate sector needs to become more conscious of its social responsibility, and create firm HR policies to reduce gender-based wage disparities. Thus today women required the workplaces that are having strong Women friendly Human resource policies. World should take the lesson from some most successful women's organizations like *Shri Mahila Griha Udyog, ICICI Bank, and Biocon* in India. These are the organizations are famous for their women friendly policies in India.

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## **International Relations of India with Special Reference to Trade in General and Export in Particular**

\*Dr. S. G. Sagar

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### **INTRODUCTION**

World trade means trade between different countries of the world. It is also called as International Trade. Such trade is carried on between developed, developing and less developed countries. World trade is expected to be free and fair to all participating countries. However, world trade is dominated by developed and rich countries and the poor and developing countries are exploited.

The benefits of world trade are not shared equally by participating countries. Even though they have a good and cordial relation among the members of the trading block due to WTO. It reflects in the form of trade. Therefore number of goods seen in India on the road i.e. China product, R & D in Germany, Japan etc. There is a free movement of goods in between different countries.

### **TRENDS IN WORLD TRADE**

International inter-dependence is the base of world trade. There are various trade restrictions on world trade. They include tariff and non-tariff barriers. In spite of such restrictions world trade is increasing in volume during the period 1995-2006. This is visible from the trends in world trade noted below. The world exports of goods and services doubled between 1995 and 2006 to reach over US \$ 14 trillion in 2006.

The year 2008 and 2009 were tumultuous ones for world trade. The sub-prime crisis of USA in 2007 led to the global financial crisis in September 2008. The financial crisis resulted in full blown global recession which resulted in considerable fall in world trade. World trade volume grew by only 2.8% in 2008 as compared to 7.3% in 2007. The world trade growth tumbled down month after month from September 2008 on worlds. While the fall seems to have been stalled with the recovery in the later part of 2009, but the world trade continues to vulnerable given the nature of recovery and the EU crisis.

### **World Trade Estimates**

#### **(a) IMF Estimates**

The world recession in 2008-09 had deep impact on world trade. The global trade of about 16 US \$ trillion in 2008 collapsed in the first half of 2009. The world trade was 5.8 US \$ trillion compared to 8.2 US \$ trillion in the corresponding first half of 2008. According to IMF, growth of world output and trade volume of goods and services fell to – 0.8% and -12.3% respectively in 2009.

The crisis seems largely to have petered out in the second half down trend. The IMF projects a better than expected growth in the trade volume of 5.8% for 2010, 6.3% for 2011 and 6.9% for 2012 consequently.

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Trade in growth in trade volumes (percent change)

Table No:- 1.1- world trade volume

	2008	2009	Projections	
			2010	2011
World trade volume (goods and services)	2.8	-12.3	5.8	6.3
<b>Import</b>				
• Advanced economies	0.5	-12.2	5.5	6.3
• Emerging & developing economies	8.8	-13.5	6.5	7.7
<b>Export</b>				
• Advanced Economies	1.8	-12.1	5.9	5.6
• Emerging and developing economies	4.4	-11.7	5.4	7.8

**Source: - IMF** (World economic outlook) Jan, 2010

(b) **WTO Estimates**

In March 2009, WTO estimated a decline of 9% global trade for 2009 the largest in over 60 years.

(c) **World Bank Estimates**

The World Bank estimates world real GDP growth to fall by 2.2% and world trade volume to fall by 14.4% in 2009. As per World Bank, the dollar value of world trade plummeted by 31% between August 2008 and its low point in March 2009. Examination of the month wise export and imports for the world, India and some major trading partners of India from 2008 onwards indicate a recovery in trade with export growth becoming positive in November 2009 over November 2008.

The following table indicates export growth and import growth of some of the leading countries between November 2009 and November 2009 (percent)

**Table No:- 1.2 Growth of Import and Export**

	Export	Import Growth
INDIA	18.2	-02.6
CHINA	-01.2	26.7
EU	11.4	05.2
USA	-02.4	-3.8
JAPAN	01.5	-09.9
HONG-KONG	01.3	06.5
SINGAPORE	13.3	04.4

**Source: - Economic Survey 2009-10**

The above table indicates that there is recovery in export and import growth of some of the countries. The export and import growth has become less negative in the countries mentioned above for example the export growth of India has increased by 18.2% and the import growth has become less negative by -2.6% between Nov.2008 and Nov.2009.

### SUNRISE EXPORTS

Exports of the country can be classified on different considerations. For example India's exports are classified into principal exports are classified as primary products, manufactured goods, ores and mineral fuels and lubricants. The term sunrise exports are also used in relation to India's exports.

Sunrise products are those products, which Indian exporters have lately begun to export in the overseas markets, and such products have a growing demand in the world markets. Some of the sunrise products are as follows.

- Horticulture products, such as fruits and vegetables
- Green technology products as wind turbines, electric cars etc.
- Dairy products
- Value added marine products
- Processed fruits and vegetables products
- Value added meat products, etc.

There are some more export items which can be classified as sunrise exports. Along with the diversification of exports, the sunrise export items will increase and their contribution in India's total exports will become more and more significant.

### REVIEW OF SERVICES EXPORT

India is one of the leading exporters of services in the world. At present, India ranks 9<sup>th</sup> in the world for over all services exports. Currently, India ranks 2<sup>nd</sup> in the world for computer and information services exports. The trend towards globalization has resulted in steady, growth of trade in services. Probably the fastest growing sector of world trade is trade in services. Services include travel and entertainment, education, business services such as engineering, accounting and legal services. Following table given clear idea about the India's export of services.

**Table No: - 1.3 India's export of services**

Services Group	Percentage Share	
	2000-01	2008-09
Software services	39.0	45.5
Business Services	02.1	16.2
Transportation	12.6	11.1
Travel	21.5	10.7
Financial Services	02.1	3.9
Communication Services	07.0	02.1
Insurance	01.7	01.4
Other services	14.0	09.1
Total (per cent)	100.0	100.0
Total (value) US \$ Billion	16.3	101.7

### Conclusion:

In brief services exports are expected to grow in the second half of 2009-10 but at a slower pace, with pick up in the global and India's merchandise exports, transportation services exports are expected to increase. Software services export is also expected to grow in the second half of 2009-10, with an overall growth of 5% in 2009-10. Travel receipts are also expected to increase in the second half of 2009-10.

### COMPOSITION OF INDIA'S EXPORTS SINCE 2000

By composition, we mean the commodities exports which are exported from the country to the rest of the world and the commodities which are imported from abroad. India's share in the world export trade has moved up from 0.7% in 2000 to 1.2% in 2009. In 2009, India's export share in world trade is very low as compared to other developing countries like china 9.1%, South Korea 2.9%, Hong-Kong 2.5%, and Singapore 2.1%.

The following table shows composition of India's merchandise exports during 2000-01 and 2008-09.

Table No:- 1.4- India's merchandise exports (percent)

Product	2000-01	2008-09
Agriculture items	14.0	09.1
Ores and minerals	02.0	04.2
Manufactured Items	79.0	66.4
Fuel and lubricants	04.3	14.9
Other	00.7	05.4
Total (percentage)	100.0	100.0
Total US \$ billion	44.6	185.3

**Source:** - Economic survey, (2009-10)

The above table points out that the composition of India's merchandise exports.

The first category of exports includes traditional items while the other categories include non-traditional items of exports. After 2000, positive changes are noticed in the composition of India's foreign trade. Exports now cover wide range of items from agriculture, industrial, services and other sectors.

The importance of non-traditional items is increasing while the importance of traditional items is declining. New items like ready made garments, sports goods, engraving goods, gems and jewellery and marine products are being exported on a large scale from India.

Projects exports have also made significant progress in recent years. Electronic hardware and software exports have increased in a significant way. This suggests that there is diversification on the composition of India's export trade.

### DIRECTION OF INDIA'S EXPORTS SINCE 2000

By direction of export trade, we mean the countries to which we export goods and services. India has trading relations with large number of countries. The process of trade liberalization and world trade dynamics have brought out major shifts in the directional pattern of India's foreign trade. For the purpose of direction of exports, the countries to which India exports are broadly divided into five groups that is –

- Organization for economic co-operation and development (OECD) comprising of USA, Canada, European Union, Australia and Japan.
- Organization of Petroleum Exporting countries (OPEC) which includes Kuwait, Iran, Iraq, Saudi Arabia, UAE and others.
- Eastern Europe which includes Russia, Georgia, and others.
- Developing countries of Asia, Africa, Latin America and Caribbean.
- Other countries which do not fall in the above groups.

Table No:- 1.5-Direction of India's exports (in percentage)

Group	2000-01	2007-08
OECD	52.7	38.4
OPEC	10.9	16.3
E. Europe	03.0	02.1
Russia	02.0	00.6
Developing Countries	29.2	42.6
Others	04.2	00.4
Total (percentage)	100.0	100.0
Total US \$ Billion	44.6	163.1

**Source:** RBI handbook of statistic on Indian Economy 2007-08

From the above table it gives proper direction of India's exports.

#### **REASONS FOR INDIA'S POOR SHARE IN WORLD TRADE**

India's export performance is poor over the years, since independence, India's share of the world export trade has been very low. At present India's share of the world export trade is 1%. The share of export of other developing countries of Asia, namely China, South Korea, Malaysia,, Singapore and Thailand is much more than of India.

There are several reasons for poor performance of India's export trade. The reasons or cause can b broadly divided into two groups as shown below:

Reasons / causes of India's poor share in world trade

#### **Conclusion:**

The need for changing and changing for better is felt from time to time by all other trader. The level of direct and indirect competition determines the expediency of need to change. If we look towards the reasons for India's poor share in the world trade. It comes to know where we are. It is an urgent need to understand and improve our trade. Let us hope India will build the relation on that level with the other countries to improve his trade. It increases India's trade share in the world.

#### **Concluding Remark**

Though we are still not out of the crisis there is a greater degree of confidence particularly in countries with strong fundamentals like India and China which have weathered the crisis with great dexterity and spearheaded the recovery.

India's chief exports include computer software, agriculture products (cashews, coffee), cotton textiles and clothing (readymade garments, cotton yarn and textiles), gems and jewellery, cut diamonds, handicrafts, iron ore, jute products, leather goods, shrimp, tea, and tobacco. The country also exports industrial goods, such as appliances, electronic products, transport equipment, light machinery as well as chemical and engineering products. India imports rough diamonds cuts them and exports the finished gems. Services exports includes transportation services, software services, Travel receipts which are expected to grow.

The macro economic reform policies were introduced by the Government of India in the industrial, commercial and financial sectors. The trade policy reforms aimed at creating an environment for achieving a quick quantum jump in exports. Major changes were effected in the EXIM policy to serve this purpose. Commodity specific as well as country-specific liberalization measures were resorted to



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promote further exports. The commerce ministry and the associated organizations were re-oriented to bring about a totally exporter-friendly climate. India with 16% of the world's population would have had to increase its imports and exports by 32 times to just reach the world's 'average'. India is one of the fastest growing economic developing countries in the world. It has formal diplomatic relations with other countries in the world. In the financial year 2011-12 it increases its export by 40.5% and import by 30.4% leads to develop the global trade and motivate to have economic development through foreign trade. India's share in the world export trade was moved up from 0.7% in 2000 to 1.2% in 2009. The benefits of world trade are not shared equally by participating countries even though they have a good and cordial relations among the members of the trading block due to WTO.

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## **Third sector: An overview**

\*Dr. Varsha S. Sukhadeve

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### **Introduction:**

Third Sector (TS) has been generally interpreted, as a broad umbrella concept, encompassing all types of people's initiatives. They consist of organizations such as Cooperatives, Non Government Organizations (NGOs), Trusts and Foundations. Associations such as Youth Clubs, Self Help Groups (SHGs), Government sponsored independent organizations, Various Ethnic/Caste based organizations, Educational Societies and less institutionalized but very effective ones such as Action Groups (both political and social) and Community Initiatives.

In other words the Third Sector Organisations (TSOs) are made up of registered institutions, informal organizations and the non-registered / non-institutionalized Community Initiatives.

It is important to note that even though they are different in their structure and legal format, they have a few very important common features. They do not consider profit as central to their activities, they are democratic (with the exception of Trusts {Legal}), they are voluntary in nature, they primarily aim at the collective/social well being of target groups/members and they receive financial support from the government and non-government sources.

### **Introduction- Definitional Issue:**

The TS is defined in different ways across the world.

The popular conception in US is that of Non Profit Organizations (NPOs).

This has been established through a Structural / Functional definition (Salamon & Aneheir, 1992).

Even though many countries in Asia have accepted this framework (e.g. Japan), it falls short of accommodating institutions like Cooperatives and SHGs.

There have been other umbrella concepts used in the European context, such as the Social Enterprises (Pestoff, 1998) and the French concept of Economic Sociale (Defourny/Develtere, 1999). Attempts to analyze the Indian Third Sector under this conceptual framework (Sen, 1998) have not met with much success.

But these fall short of encompassing the all too diverse set up of organizations and institutions. Hence, Third Sector (ISTR, 1992) see

It is also necessary to find a theoretical explanation for the emergence and existence of these institutions / initiatives.

- Theory of Choice
- The Subsidy Theory
- Cultural Heterogeneity theory

### **Theory of Choice:**

There has been an attempt to explain the presence of Third Sector as a product of conscious choice of

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such institutions by people who do not prefer to have a Govt. or Private supplier to meet some of their specific needs (Hansman, 1979/80).

This theory of Choice argues that TSOs emerge because people consciously choose such organizations and prefer them over government and private channels. However, this theory does not hold good especially in case of countries like India with large illiterate and ill-informed consumers.

### **The Subsidy Theory**

The Subsidy Theory (Fama and Jensen, 1994) while arguing that the TS is supposed to benefit from a variety of implicit and explicit subsidies and incentives and hence emerge in a typical developing country context.

This Theory states that TSOs emerge because of availability of opportunities, support and subsidies.

This theory may be partially relevant in countries like India but even this cannot be generalized..

The reasons laid out in the Cultural Heterogeneity theory (James, 1987) is that the TSOs emerge because of the presence of an unmet demand for cultural services, which the dominant forms of organizations cannot fulfill, is a more acceptable explanation.

There have been attempts in India to explain the phenomena based on the Cultural Heterogeneity theory (Sen, 1998) and also on a combination of many of these theories (Patel, 1998).

### **Third Sector**

However, it is significant to note that the Government as a conscious choice largely promoted Indian TS. This is an important dimension, which influenced the role of this sector in the post independent India. It seems to be proper to conceptualize the Third Sector as a dimension of public space in civil societies.

“It is an area without clear boundaries where different rationales and discourses co-exist and interact.”

Hence, more than the structure and legal format, it is the primary objectives of these initiatives that are to be considered as the basis of categorization. While it is important to note that there are opposing views regarding a common Sector treatment and the validity of such categorization, it should be held that such classification may be necessary to evolve a well directed policy towards these initiatives. Given the Indian situation it is rather difficult to bring the entire gamut of TSOs under one common definition and characterization, as many of them are distinct components with individual identities of their own.

The nature of diversity of these organisations makes it very difficult to bring one uniformly applicable collective concept to address all of them. Every terminology seems to leave out some initiative or the other out of its purview. What makes Indian third sector vibrant and at the same time complex, is the emergence of innumerable such initiatives which come up for a specific time bound and purposive objective and then cease to exist. A typical example could be a group formed to raise money and celebrate Public Ganesha worshiping or Dassera celebrations or a community initiative to clean up the village tank. These initiatives do not last for more than a few days, but then are integral to Indian voluntary sector. Therefore, definitional issues continue to be very important issue among third sector researchers and practitioners in India.

### **Contextualization of Third Sector in India:**

- Voluntary Action- A Brief History
  - Pre Independence Period
  - Post Independence Period
  - Pre Emergency Period

■ Post Emergency Period

**Legal Treatment:**

- Societies, Trusts, Private, Public, Co-operatives, Multi State , Souhardha
- Trade Unions, Religious Endowments, Non-Profit Company

**Size:**

- The Actual Size of the TS in India is not Known
- It is estimated that nearly 1.2 Million TSOs operate in India today
- It is estimated that nearly more than half of the TSOs are in Rural Areas.
- More than Half are Unregistered.
- Indian TSOs are essentially small.
- Nearly 3/4<sup>th</sup> of all TSOs have only Volunteers or One Paid Staff

**Employment:**

- Nearly 20 Million Persons work as paid or Volunteers in TSOs
- Nation wide TSOs have Nearly 2.7 Million Full time equivalent Paid Staff
- **TSO paid employees (full-time equivalent) are nearly**
- **Four-fifth** (82%) of all central government employees
- **One quarter** (25%) of all central and state government employees taken together
- **One seventh** (14%) of all public sector employees
- **One third** (31 %) of all employees in the organized private sector
- **One twelfth** of all employees in community, social and personal services
- Nearly 73 % have One or less paid staff
- 13% between 2-5
- 5 % between 6-10
- 8 % above 10
- Only 1 in 12 TSOs employs more than 10 paid staff

**Revenue:**

- **How much resource does the Third Sector Mobilize?**
  - All India estimates of total receipts of TSOs for 1999-2000 were Rs. 17,922 crores
  - 2002-2003 were 50,465 crores
- **What are the sources of this revenue?**
  - Four main sources *of* receipts for NPOs in India are: Self generated. Loans. Grants. Donations
  - More than half of all receipts of TSOs in India are self-generated (through fees, charges for services, etc.)
  - Grants and donations taken together constitute *two- fifth* (41.9%) of total TSO receipts in India
  - Government funds are **less than a third** for Indian TSOs. They are **two-fifth** for other countries.
  - Nationwide, only 7.4% of total receipts of TSOs are foreign funds.

**Five dominant activities at all India level:**

- Religious - 26.5% every fourth TSO
- Community Service - 21.3% every fifth TSO
- Education - 20.4% every fifth TSO
- Sports/Culture - 18.0% every sixth TSO
- Health - 6.6% every fifteenth TSO

**Issues of Governance:**

- Democratic Accountability:, Openness, Structure
- Process, Adherence to the Rule of L

**Corporate Governance:**

Corporate Governance of late has become important in the milieu of market-oriented economy in the later part of 20th century. This led to the spread of capitalism, globalization, liberalization, and privatization, demanding efficiency, corporate culture, model code of conduct and business ethics for very survival of the corporate world.

This apart the number of scams and frauds that have surfaced during the last three decades have shook the confidence of the investors. For eg: - UTI Scam and Enron controversy are some of them to name. Investors today demand more transparency in business operations, adequate and qualitative financial and non-financial information, and more accountability of company's board and management.

Corporate governance by definition is the code of practice by which firm's management is held accountable to capital providers for the efficient use of assets. It exhibits how its mission, its values and philosophy govern an organization.

**Third Sector- Governance:**

Third Sector Organizations (TSOs) play an important role in the social and economic development process of any country. Governments across the developing world too have started recognizing TSOs as a major player both independently and in partnership with state and the corporate sector in addressing the issues of development.

TSOs in India are engaged in a wide spectrum of activities and cutting across the socio-economic and cultural arenas. They are into providing education, health care facility, and micro credit facility. Their activity also encompasses the larger issues pertaining to governance, advocacy, policymaking and implementation methods, and people's participation through awareness. In countries like India, it is often held that TSOs are the most important agencies to act as the watchdogs and to ensure better governance of State and the Corporate.

This situation would obviously raise issues related to capacity of TSOs to deliver.

Indeed we are moving towards a paradigm of New Governance, which calls for increased partnerships and expand the network of TSOs operating in any country. This in turn necessitates that the TSOs emerge as competent and capable organisations with greater credibility and acceptability. With the declaration of MDGs, the space for TSO activities has widened and has become more pronounced than ever. They have a crucial role to empower people to participate in the democratic political processes and to be part of the decisions that have bearing on their lives. They have to be the vital agents of facilitating better and equitable economic and social status across various strata in the economy.

However, there are still very large gaps in their acceptance and many have also questioned the credibility of these initiatives.

**The vital questions are:**

**How democratic, participatory, accountable and well governed are the TSOs?**

**What is their capacity to exercise vigilance and to share the responsibility?**

Therefore, it is increasingly becoming necessary to look into the internal governance mechanisms of the TSOs. Of course, good governance in the context of TSOs is time, space and culture specific. None the less better governance would indeed contribute to capacity building and make TSOs more credible, acceptable, and assertive in their activities.

**Governance Perceptions:**

- Responsible and Accountable to oneself
- Accountable to General Public
- Accountable to Funding Sources
- Transparency in Thought and Action
- The process through Which the groups move towards better life situations through democratic values
- Responsible and Accountable to oneself
- Process that provides equity, Social Justice and Human Dignity
- The effective, time specific and accommodative planning and discharging the same through participatory methods
- Vision, Goals and Objective setting and working accordingly....

### **Governance Practice –1**

#### **Role of Board & Decision Making Process:**

97 % of Incorporated & 42 % of Unregistered have Board / Committee / Trustees

In 32 % of Organisations Board Plays Active Role

In 46 % of Cases Decisions are taken by CEO / Founder or Influential Board Member

67 % of Unincorporated Organisations have collective decision making mechanism

16 % Incorporated & 92 % of Unincorporated Organisations have Volunteers attending to most of the job in the Organization.

### **Governance Practice – 2**

#### **Reporting Systems:**

99 % of Incorporated & 92 % of Unincorporated have financial Records

Organizations hesitate to reveal details about sources of funds

92 % of Incorporated and 33 % of Unincorporated Organisations file Audited Financial Reports to the Government

53 % of Incorporated and 92 % of Unincorporated Organisations Report to General Public

86% of Incorporated and 100 % of Unincorporated Organisations Co-ordinate with other TSOs

### **Governance Practice – 3**

#### **Planning Process:**

96 % Incorporated and 92 % of Unincorporated Organisations have Formal Planning System

75 % of Organizations involve Target Group in Planning

All TSOs under study have Vision, Mission & Goals (VMG)

86 % of Incorporated and 33 % of Unincorporated Organisations have Written VMG

93 % of TSOs Plan before Major Projects

#### **Observations & Conclusion:**

One to one relationship between the existence of the board and good governance is difficult to establish

Boards fulfill the legal requirement rather than the requirement of the organization.

Existence of the board per se does not ensure a collective decision making mechanism

The participatory and democratic approach to governance gets more strongly pronounced in unincorporated TSOs.

TSOs without formal boards collective have Collective Decision making as a rule.

Unincorporated TSOs are very sharp and specific in addressing the issues on hand even though they do not have a formal board structure.

One capsule model of governance may not be suitable due to the heterogeneous nature of the TSOs in India.

Recognition and acceptance of multiple approaches to governance is the need of the hour.

Informal, unincorporated, traditional TSOs also need to be addressed. (Practices of Informal TSOs also need to be studied at greater detail).

#### **Looking Ahead**

New Governance and Inevitability of Partnerships.

Governance – Capacity Building Relationship..

Modes of Ensuring Governance.

- a Clarity in understanding Governance.
- b. Acceptance of Varied Modes.
- c. Use of Social Capital.

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## **Problems and potentialities of the Tourism-Industry in Maharashtra State**

\*Dr.Prasad Madan

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### **Introduction**

The traditional connotation of an 'industry' by and large speaking, the activities of extraction, production, conversion, processing or fabrication of products are described as industry. These products of industry may be consumer goods, producer's goods or intermediate goods. Activity-wise, an industry may be a primary one or secondary one. Primary industry may be either extractive or genetic and secondary industry may be either manufacturing or construction. In contrast to this definition of industry, trade refers to the sale, transfer or exchange of goods and services. Services like transportation, insurance, packaging, warehousing advertising, etc. cluster around trade.

Tourism comes under services. In the books of the Reserve Bank of India the word 'Travel' is used in place of Tourism'. From statistical angle, the RBI gives the same treatment to 'travel' as is given to transportation, and insurance. Although clearly coming under the purview of 'services', the operators of all these services have all along been calling these services as industries. For example, the transport industry, the insurance industry, the tourism industry, etc.

In the case of tourism, although the operators had all along been claiming that they belonged to an industry, the Government had not accepted their viewpoint. It was for the first time that while approving the Seventh Five Year Plan documents the National Development Council strongly recommended that tourism should be recognized as an industry. The tourism has now been recognized as an industry. Strictly speaking, there is no such thing as a tourism industry. There is a wide assortment of industries that produce and supply goods and services for the tourists.

The tourism industries are capital-intensive. Huge investment is needed to construct the various facilities like hotels, motels, amusement parks, etc., to acquire air capacity, to provide accessibility, to arrange for communication facilities. There must be a harmonious relationship between different travel plants. This is much more important than the intrinsic value of each one of them.

### **Primary Tourist Enterprises**

There are a large number of primary tourist enterprises. Most of these enterprises are dependent on tourism for their survival. Examples of such enterprises are as follows:

- Accommodation enterprises like hotels, motels, holiday homes, youth hostels, guesthouses, camping grounds, inns, etc.
- Food and beverage services such as restaurants, cocktail bars, coffee shops, and teahouses, coffee houses etc.
- Transportation services including hire-cars, taxis, buses, sightseeing vehicles, special tourist trains, ropeways, ferries, cruise-boats, and airlines.
- Travel Agencies.
- Tour Operators.
- Enterprises dealing with providing interpretation services, guiding services, escorting services.
- Entertainment services such as sports programme, exhibitions, theatres, cinemas, nightclubs, dance halls, theme parks, racing, casinos and gaming facilities.
- Enterprises manufacturing art products, handicrafts, souvenirs, guidebooks, etc.
- Shopping establishments selling souvenir items.
- Duty-free shops selling items of tourist interest.

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- Agencies dealing with promotion and development of tourism, financing of tourism and providing insurance cover.
  - Secondary Tourist Enterprises:  
Such enterprises do not depend solely on tourism for their survival. They, however, make a substantial contribution towards the development and promotion of tourism. They provide goods and services to the primary tourist enterprises as also directly to the tourists.

- (a) Examples of such enterprises are given below:
- (b) Small local specialty restaurants.
- (c) Railways, air services, public bus services, riverboats, sailing lines.
- (d) Marketing, Public Relations and Advertising Companies.
- (e) Services like laundries, dry-cleaning firms, hairdressers, and beauty parlors.
- (f) Manufacturers of plant and equipment required by hotels, motels and restaurants.
- (g) Construction industry-construction of bridge, roads etc.
- (h) The automobile industry manufacturing transport of different forms and types.

All are the providers of different types of products and services under the tourism industry. The thesis has examined the pivot aspects of management of this industry from the macro and micro perceptive since the utility of study is envisaged from the social and economic point of view. The following benefits are accrued from the tourism industry:-

The local population gets the benefit from every rupee that circulates many times, changing hand to hand.

It helps in breaking down the barriers, suspicions and prejudices that may exist between nations and thereby promotes international understanding. Socially and culturally tourism peoples of different cultures, faiths, languages and life-styles very much closer, providing broader outlook in regard to wonders and variety of life and living.

One of the biggest problems in India, at present, is the problem of unemployment. In this respect tourism proves to be a tremendous employment potential. Millions can gain employment in hotels, restaurants, motels, tour & travel agencies, tourist guidance agencies, entertainment enterprises, ancillary industries such as arts, crafts etc. Hence tourism can boost the national economic activity and thereby promote cultural, social and educational values.

Indian hospitality has rich traditions through centuries wherein 'Vedas' guided the actions of people and taught them the principles of "Atithi Devo Bhava" (treat guest as God).

In some remote corners of the world there are some foreigners, who still do not have a proper image of India. They consider India as a land of snake charmers, elephants, poor people and beggars. This incorrect impression is being corrected very much by the Department of Tourism, Govt. of India.

Apart from benefits that can be obtained from the visits of foreign tourists to India tourism, too is very much helpful in forging unity and goodwill amongst the people of various regions and different linguistic groups of the country. Domestic tourism can very well strengthen national integration. The more the people of different regions meet the more they will know each other and develop feelings of adjustment and toleration.

**The following factors have been noted as influencing constituent on tourism:**

- (a) Political unrest, riots and terrorism.
- (b) Natural disasters and man-made revolutions.
- (c) The differences in the exchange rates of currencies between the countries of origin and destination.

- (d) Action on the industrial front due to government policies such as liberalization, globalization and privatization.
- (e) Celebrations, anniversaries or some special occasions.

All the above facts will be taken into consideration while examining the practices of the management of Tourism Industry.

### **Objectives of Study**

- (i) To know and understand the Problems and potentialities of the Tourism-Industry in Maharashtra.
- (ii) To know the Role of Government and Social agencies in the Development of Tourism Industry so as to facilitate its management
- (iii) To Examine the present and future prospects for Management Education in development of tourism industry in Maharashtra
- (iv) To suggest measures for further improvement in the services and also contribute to policy guide line for the use of Govt., entrepreneurs, educational institutions and universities.

### **Hypothesis tested**

- (v) There is lack of government support in the development of tourism and the same creates managerial hurdles in the progress of tourist enterprises
- (vi) The tourism industry management is not on scientific basis due to lack of expertise educational input
- (vii) The political atmosphere and constant threat of terrorism obstacle the management and development of tourism Industry

### **Scope of Research Study**

The tourist enterprises registered with municipal bodies in the various locations in Maharashtra was being the universe for subsequent judgment sample selection under the Experience survey. The Tourist enterprises so selected were visited for conducting interviews with the help of structured and unstructured questionnaires. In such interviews the entrepreneurs and their employees, union leaders and officers of govt. or municipal departments having concern to tourist enterprises were contacted. These interviews will be conducted with the help of students during the vacation.

The scope of study though limited to the following locations

- (1) Aurangabad
- (2) Ajintha.
- (3) Ellora

The efforts were made to universalize the study all over the State of Maharashtra. The district wise details of geographical area, population and places of tourist importance in Maharashtra are given ahead in Tabular form.

### **Research Methodology**

Research methodology used for study is both exploratory and descriptive. The same is explained ahead:

#### **Group A:-Food, Beverages, Hotel, Lodging, Boarding**

- Accommodation enterprises like hotels, motels, holiday homes, youth hostels, guesthouses, camping grounds, inns, etc.

- 
- Food and beverage services such as restaurants, cocktail bars, coffee shops, and teahouses, coffee houses etc.

**Group B:-Transportation Services**

- Transportation services including hire-cars, taxis, buses, sightseeing vehicles, special tourist trains, ropeways, ferries, cruise-boats, and airlines.
- Travel Agencies.
- Tour Operators.

**Group C: - Entertainment**

- (i) Enterprises dealing with providing interpretation services, guiding services, escorting services.
- (ii) Entertainment services such as sports programme, exhibitions, theatres, cinemas, nightclubs, dance halls, theme parks, racing, casinos and gaming facilities.

**Group D:-Business enterprises**

- Enterprises manufacturing art products, handicrafts, souvenirs, guidebooks, etc.
- Shopping establishments selling souvenir items.
- Duty-free shops selling items of tourist interest.
- Agencies dealing with promotion and development of tourism, financing of tourism and providing insurance cover.

**Group E:-Secondary Tourist Enterprises:**

Such enterprises do not depend solely on tourism for their survival. They, however, make a substantial contribution towards the development and promotion of tourism. They provide goods and services to the primary tourist enterprises as also directly to the tourists.

**(c) Case study:-**

In order to study a particular variables, a few units were selected for case study where attempts were made to relate the micro variables (discovered in case study), to macro variables that were already observed in explorative method of study.

The study of tourism covers following three aspects:-

- (i) The study of people away from their usual habitat.
- (ii) The study of establishments catering to the traveler's needs; and
- (iii) The study of the social and economic impact of the above two on the tourist spots/areas.

**Table No:-1.3****Foreign tourists' arrival according to country from 2005 to 2010**

Arrivals from Region/ Country	2005	2006	2007	2008	2009	2010
USA	329147	348182	410803	526120	611165	696739
UK	405472	387846	430917	555907	651803	734240
Canada	88600	93598	107671	135884	157643	176567
Germany	80011	64891	76868	116679	120243	156808
France	102434	78194	97654	131824	152258	175345
Australia	52691	50743	58730	81608	96258	109867
Italy	41351	37136	46908	65561	67642	79978
Japan	80634	59709	77996	96851	103082	119292
Malaysia	57869	63748	70750	84390	96276	107286
Singapore	42824	44306	48368	60710	68666	82574
Nepal	41135	37136	42771	51534	77024	91552
Sri Lanka	112813	108008	109098	128711	136400	154813
Netherlands	42368	31669	40565	51211	52755	58611
China	13901	15422	21152	34100	44897	62330
South Korea	27150	29374	35584	47835	49895	705407

**Source:** - Ministry of tourism Govt of India

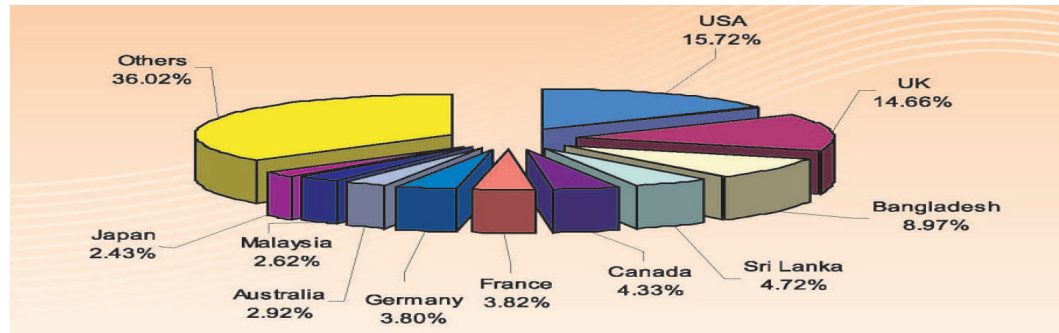
The above table shows the foreign tourist arrival according to country in India for the period 5 years i.e from 2005 to 2010, it can be seen that the number of tourist arrival from all countries have increased from the year 2005 to 2010, the highest number of tourist arrival in India are from UK i.e 405472 in the year 2005 and 734240 in the year 2010 followed by USA i.e 329147 number of tourist have arrived in the year 2005 and 696739 have been arrived in the year 2010 there are very few number of tourist arrived from the countries like Italy and Netherlands, government of India should do more marketing of tourist place in these countries.

**Table No:-1.4****Domestic Tourists Statistics - Maharashtra**

Year	Domestic Tourists
2004	13392212
2005	14329667
2006	16880348
2007	19423698
2008	18965466
2009	20189632

**Source-** State/U.T Tourism Departments

The above table depict the number of domestic tourist arrived in Maharashtra state for the period 2004 to 2009, it can be seen that the number of domestic tourist visiting Maharashtra have also been increased over the years, the number of tourist arrived in the year 2004 was 13392212, 14329667 in the year 2005, 18965466 in the year 2008 and in the year 2009 the number of tourist visited Maharashtra was 20189632. It can be said that the working of tourism dept have been very good in Maharashtra and also the government have also improved the basic infrastructure at tourist places.

**Chart No: - 1.1****Percentage of share Top 10 source countries for FTA's in India in year 2010**

Source: - Tourism statistics 2010 Govt. of India

The above chart shows the share of percentage of top 10 countries in foreign tourist arrival in India. It can be seen that USA (15.72 %) and UK (14.66 %) have top the list of countries in foreign tourist arrival in India. There are very few tourists from Japan (2.43 %), Australia (2.92 %), Malaysia (2.62%), Sri Lanka (4.72%). The government of India should promote the tourist in these countries from which the number of tourist arrival is very few.

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## **A Study of Green Marketing Initiatives by Indian Corporate Sector**

\*Dr. W.K.Sarwade

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### **INTRODUCTION**

Many people believe that green marketing refers solely to the promotion or advertising of products with environmental characteristics. Generally terms like Phosphate Free, Recyclable, Refillable, Ozone Friendly, and Environmentally Friendly are some of the things consumers most often associate with green marketing. In general green marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and even services. For example, around the world there are resorts that are beginning to promote themselves as "ecotourism" facilities, i.e., facilities that specialize in experiencing nature or operating in a fashion that minimizes their environmental impact. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. But to define green marketing is not a simple task. The terminology used in this area has varied, it includes: Green Marketing, Environmental Marketing and Ecological Marketing. While green marketing came into prominence in the late 1980s and early 1990s, it was first discussed much earlier. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing". Green marketing is defined as "Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment."

This definition incorporates much of the traditional components of the marketing definition, that is "All activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants" Therefore it ensures that the interests of the organization and all its consumers are protected, as voluntary exchange will not take place unless both the buyer and seller mutually benefit. The above definition also includes the protection of the natural environment, by attempting to minimize the detrimental impact this exchange has on the environment. This second point is important, for human consumption by its very nature is destructive to the natural environment. So green marketing should look at minimizing environmental harm, not necessarily eliminating it.

### **WHY GREEN MARKETING?**

Companies that develop new and improved products and services with environment inputs in mind give themselves access to new markets, increase their profit sustainability, and enjoy a competitive advantage over the companies which are not concerned for the environment. There are basically five reasons for which a marketer should go for the adoption of green marketing. They are:

- a) Opportunities or competitive advantage
- b) Corporate social responsibilities (CSR)
- c) Government pressure
- d) Competitive pressure
- e) Cost or profit issues

### **Most of the companies are venturing into green marketing due to the following reasons:**

- a. Opportunity or Competitive Advantage:

In India, around 25% of the consumers prefer environmental-friendly products, and around 28% may be considered healthy conscious. Therefore, green marketers have diverse and fairly sizeable segments to cater to.

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The Surf Excel detergent which saves water (advertised with the message—"do bucket paani roz bachana") and the energy-saving LG consumers durables are examples of green marketing. We also have green buildings which are efficient in their use of energy, water and construction materials, and which reduce the impact on human health and the environment through better design, construction, operation, maintenance and waste disposal. In India, the green building movement, spearheaded by the Confederation of Indian industry (CII) - Godrej Green business Center, has gained tremendous impetus over the last few years. From 20,000 sq ft in 2003, India's green building footprint is now over 25 million sq ft.

**b. Corporate Social Responsibilities (CSR)**

Many companies have started realizing that they must behave in an environment-friendly fashion. They believe both in achieving environmental objectives as well as profit related objectives. The HSBC became the world's first bank to go carbon-neutral last year. Other examples include Coca-Cola, which has invested in various recycling activities. Walt Disney World in Florida, US, has an extensive waste management program and infrastructure in place.

**c. Governmental Pressure**

Various regulations are framed by the government to protect consumers and the society at large. The Indian government too has developed a framework of legislations to reduce the production of harmful goods and by products. These reduce the industry's production and consumers' consumption of harmful goods, including those detrimental to the environment; for example, the ban of plastic bags in Mumbai, prohibition of smoking in public areas, etc.

**d. Competitive Pressure**

Many companies take up green marketing to maintain their competitive edge. The green marketing initiatives by niche companies such as Body Shop and Green & Black have prompted many mainline competitors to follow suit.

**e. Cost Reduction/ Cost of Profit Issues**

Reduction of harmful waste may lead to substantial cost savings. Sometimes, many firms develop symbiotic relationship whereby the waste generated by one company is used by another as a cost-effective raw material. For example, the fly ash generated by thermal power plants, which would otherwise contributed to a gigantic quantum of solid waste, is used to manufacture fly ash bricks for construction purposes.

**IMPORTANCE OF GREEN MARKETING**

Man has limited resources on the earth, with which she/he must attempt to provide for the worlds' unlimited wants. There is extensive debate as to whether the earth is a resource at man's disposal.. In market societies where there is "freedom of choice", it has generally been accepted that individuals and organizations have the right to attempt to have their wants satisfied. As firms face limited natural resources, they must develop new or alternative ways of satisfying these unlimited wants. Ultimately green marketing looks at how marketing activities utilize these limited resources, while satisfying consumers wants, both of individuals and industry, as well as achieving the selling organization's objectives.

When looking through the literature there are several suggested reasons for firms increased use of Green Marketing. Five possible reasons are as follows:

1. Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives.
2. Organizations believe they have a moral obligation to be more socially responsible. Governmental bodies are forcing firms to become more responsible.
3. Competitors' environmental activities pressure firms to change their environmental marketing activities.
4. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior.



**MARKETING MIX OF GREEN MARKETING**

When companies come up with new innovations like eco friendly products, they can access new markets, enhance their market shares, and increase profits. Just as we have 4Ps product prices, place and promotion in marketing, we have 4ps in green marketing too, but they are a bit different. They are buttressed by three additional Ps, namely people, planet and profits.

**A. PRODUCT:**

The products have to be developed depending on the needs of the customers who prefer environment friendly products. Products can be made from recycled materials or from used goods. Efficient products not only save water, energy and money, but also reduce harmful effects on the environment. Green chemistry forms the growing focus of product development. The marketer's role in product management includes providing product designers with market-driven trends and customer requests for green product attributes such as energy saving, organic, green chemicals, local sourcing, etc., For example, Nike is the first among the shoe companies to market itself as green. It is marketing its Air Jordan shoes as environment-friendly, as it has significantly reduced the usage of harmful glue adhesives. It has designed this variety of shoes to emphasize that it has reduced wastage and used environment-friendly materials.

**B. PRICE**

Green pricing takes into consideration the people, planet and profit in a way that takes care of the health of employees and communities and ensures efficient productivity. Value can be added to it by changing its appearance, functionality and through customization, etc. Wal Mart unveiled its first recyclable cloth shopping bag. IKEA started charging consumers when they opted for plastic bags and encouraged people to shop using its "Big Blue Bag".

**C. PLACE**

Green place is about managing logistics to cut down on transportation emissions, thereby in effect aiming at reducing the carbon footprint. For example, instead of marketing an imported mango juice in India it can be licensed for local production. This avoids shipping of the product from far away, thus reducing shipping cost and more importantly, the consequent carbon emission by the ships and other modes of transport.

**D. PROMOTION**

Green promotion involves configuring the tools of promotion, such as advertising, marketing materials, signage, white papers, web sites, videos and presentations by keeping people, planet and profits in mind. British petroleum (BP) displays gas station which its sunflower motif and boasts of putting money into solar power. Indian Tobacco Company has introduced environmental-friendly papers and boards, which are free of elemental chlorine. Toyota is trying to push gas/electric hybrid technology into much of its product line. It is also making the single largest R&D investment in the every-elusive hydrogen car and promoting itself as the first eco-friendly car company. International business machines Corporation (IBM) has revealed a portfolio of green retail store technologies and services to help retailers improve energy efficiency in their IT operations. The center piece of this portfolio is the IBM SurePOS 700, a point-of-sale system that, according to IBM, reduces power consumption by 36% or more. We even see the names of retail outlets like "Reliance Fresh", Fresh@Namdhari Fresh and Desi, which while selling fresh vegetables and fruits, transmit an innate communication of green marketing.

**Green marketing of MNCs****\* Philips Light's CFL**

Philips Lighting's first shot at marketing a standalone compact fluorescent light (CFL) bulb was Earth Light, at \$15 each versus 75 cents for incandescent bulbs.[17] The product had difficulty climbing out of its deep green niche.[17]The company re-launched the product as "Marathon," underscoring its new "super long life" positioning and promise of saving \$26 in energy costs over its five-year lifetime.[18]

Finally, with the U.S. EPA's Energy Star label to add credibility as well as new sensitivity to rising utility costs and electricity shortages, sales climbed 12 percent in an otherwise flat market.[18]

**\* Electronics sector**

The consumer electronics sector provides room for using green marketing to attract new customers. One example of this is HP's promise to cut its global energy use 20 percent by the year 2010.[21] To accomplish this reduction below 2005 levels, The Hewlett-Packard Company announced plans to deliver energy-efficient products and services and institute energy-efficient operating practices in its facilities worldwide.

**\* Introduction of CNG in Delhi**

New Delhi, capital of India, was being polluted at a very fast pace until Supreme Court of India forced a change to alternative fuels. In 2002, a directive was issued to completely adopt CNG in all public transport systems to curb pollution

**\* ITC**

\* ITC has been 'Carbon Positive' three years in a row (sequestering/storing twice the amount of CO<sub>2</sub> than the Company emits).

\* 'Water Positive' six years in a row (creating three times more Rainwater Harvesting potential than ITC's net consumption).

\* Close to 100% solid waste recycling.

\* All Environment, Health and Safety Management Systems in ITC conform to the best international standards.

\* ITC's businesses generate livelihoods for over 5 million people.

\* ITC's globally recognised e-Choupal initiative is the world's largest rural digital infrastructure benefiting over 4 million farming families.

\* ITC's Social and Farm Forestry initiative has greened over 80,000 hectares creating an estimated 35 million person days of employment among the disadvantaged.

\* ITC's Watershed Development Initiative brings precious water to nearly 35,000 hectares of drylands and moisture-stressed areas.

\* ITC's Sustainable Community Development initiatives include women empowerment, supplementary education, integrated animal husbandry programmes.

**\* Maruthi:Greening of Supply Chain**

The company has remained ahead of regulatory requirements in pursuit of environment protection and energy conservation at its manufacturing facilities, and in development of products that use fewer natural resources and are environment friendly. The company credited the 'Just-in-Time' philosophy adopted and internalized by the employees as the prime reason that helped to excel in this direction. The company has been promoting 3R since its inception. As a result the company has not only been able to recycle 100% of treated waste water but also reduced fresh water consumption. The company has implemented rain water harvesting to recharge the aquifers. Also, recyclable packing for bought out components is being actively promoted.

The company has been facilitating implementation of Environment Management System (EMS) at its suppliers' end. Regular training programs are conducted for all the suppliers on EMS. Surveys are conducted to assess the vendors who need more guidance. The systems and the environmental performance of suppliers are audited. The green co-efficient of this system is much better than the conventional system

**\* HCL's Environment Management Policy under HCL ecoSafe**

In building a system to identify, develop and sustain the maintenance of an environment management system at corporate level we have formulated a program that we proudly refer as **HCL's ecosafe**. The aim is to encapsulate knowledge, awareness, and key developments on all environmental issues faced by today's world and to incorporate these in HCL's operations assuring our commitment in delivering quality products, solutions and services

The key objective under HCL ecoSafe is targeted at integrating environmental management procedures into its business processes thereby protecting the environment, health, and safety of all its stakeholders. HCL commits to manufacture products that are environment friendly in all respects and are free from hazardous chemicals. HCL ecoSafe focuses on product lifecycle management to ensure that our products right from when they are manufactured, bought by customers, recovered at their end-of-life and recycled after useful life are done in an environmentally responsible manner Key initiatives undertaken through HCL ecoSafe program are:

**Some more Examples:**

- \* McDonald's restaurant's napkins, bags are made of recycled paper.
- \* Coca-Cola pumped syrup directly from tank instead of plastic which saved 68 million pound/year.
- \* Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution.
- \* Barauni refinery of IOC is taken steps for restricting air and water pollutants.

**Public Opinion on Green Marketing:**

\* Shoppers are thinking green, but not always buying that way, according to a new study released by the Grocery Manufacturers Association (GMA) and Deloitte. The study found that while 54 percent of shoppers indicate that environmental sustainability is a factor in their purchasing decisions, they actually bought green products on just 22 percent of their shopping trips. The survey is the basis of the GMA-Deloitte report titled Finding the Green in Today's Shoppers: Sustainability Trends and New Shopper Insights and was based on interviews with over 6,400 shoppers.

\* Now eco packaging is poised to become the next low-hanging fruit of the clean tech world. Investors and entrepreneurs this week at Europe's most important annual clean tech conference reported unprecedented interest in reducing the use of raw materials while finding superior protection for food and other products.

\* Consumers are increasingly putting plastic shopping bags and non-green wrapping items on their naughty list, according to Deloitte's 2008 Annual Holiday Survey. Nearly half of the 13,000 consumers polled said they'd be willing to pay more for green gifts. This was up from 17 percent last year.

\* Consumers perceive themselves as being environmentally responsible. Successful green marketing requires matching a company's brand attributes with its customers' identity as "green." An article suggested examining green marketing from the perspective of the 4 P's of marketing -- product, price, placement and promotion -- plus a 5th P, "prove it."

\* Americans are quick to identify polluting companies as "socially irresponsible" and make their purchasing decisions accordingly, says a new survey. The poll also found that American consumers between the ages of 18-29 are more likely to spend more on organic, environmentally preferable or fair trade products than other age groups.

\* The survey, by the research firm Global Market Insite, quizzed more than 15,000 online consumers in the U.S. and 16 other countries about their socially conscious business practices.

\* Americans placed the highest value on corporate community involvement; when asked what factor was the most important in determining if a business is socially responsible, "contributing to the community" (e.g. sponsorship, grants, employee volunteer programs) came in highest with 47%. On the other hand, all of the other countries surveyed (India, Canada, Australia, Germany, China, and Japan) selected environmentally preferable practices (recycling, using biodegradable products) as the top factor.

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\* "In the high-tech era where employees are expected to work 24/7, it's significant that Americans rate giving back to the community as their top priority in recognizing socially responsible companies," said Marjorie Thompson, co-author of *Brand Spirit: How Cause Related Marketing Builds Brands*. "It shows that people want to feel connected to each other and that they are willing to reward businesses who tap into this sense of mutual support and belonging. Companies will need to start thinking of their community programs as core to their businesses and brands, and central to how they market themselves."

\* Not surprising, the U.S., along with other countries such as India and China, which have experienced environmental disasters caused by corporations (e.g. Love Canal, Bhopal, Exxon Valdez) or have had to deal with major polluting issues (e.g. coal plants, manufacturing), believe that damaging the environment is associated with acting socially irresponsible. Other countries, including France (60%), Denmark (52%) and Italy (45%) selected the use of child labor as the main factor in making them think a corporation is socially irresponsible.

\* Juxtaposing Americans' negative opinions on damaging the environment, the GMIPoll found that only 42% of all Americans are willing to spend more for products branded as organic, environmentally friendly, or fair trade, except for the Y Generation. While only 14% of 18-29 year olds label themselves as socially responsible consumers, half of this age group (50%) responded that they will spend more on these types of products (organic, environmentally friendly or fair trade) compared to their older and wealthier counterparts, with only 37% of 45-64 years olds saying they would spend more on green products.

\* Thompson adds: "Based on the findings, Generation Y is obviously more environmentally conscious and socially savvy, which is expected given that many are aware of the issues surrounding globalization and trade and how this can negatively affect the environment, labor pool and the local communities."

## CONCLUSION

A clever marketer is one who not only convinces the consumer, but also involves the consumer in marketing his product. Green marketing should not be considered as just one more approach to marketing, but has to be pursued with much greater vitality, as it has an environmental and social dimension to it. With the threat of global warming alarming large, it is extremely important that green marketing becomes the norm rather than an exception or just a fad. Marketers also have the responsibility to make the consumers understand the need for and benefits of green products as compared to non-green ones. In green marketing, consumers are willing to pay more to maintain a cleaner and greener environment. Finally, consumers, industrial buyers and suppliers need to pressurize effects on minimize the negative effects on the environment-friendly.

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