

# GBAMS

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## Editorial-Note

Our endeavor is to transform ' GBAMS-VIDUSHI ' into a professional journal of repute. There is need to make it relevant to the demands of an ever evolving managerial society. Our constant efforts will be to provide information and opening access to informed managerial opinion in order to stimulate new thinking and to nurture innovating ideas.

The journal seeks to publish high quality research papers and projects which question, seek evidence and draw conclusions that are relevant to modern management practices. We receive a diverse mix of topics and our selection ensures that acceptances reflect this diversity.

The journal encourages new ideas and new perspectives on existing research. We welcome a diverse range of papers from faculty members and/or practitioners who need to publish their work for their career advancement.

We are presenting a combined issue of Volumes 6 & 7 in lieu of Vol.06, No.2; June-December, 2014 and Vol.07, No.1-2; January -December, 2015; which have been unduly delayed.

Our sincere apologies for this delayed release of GBAMS-VIDUSHI . The major reason for this unusual delay was due to a major restructuring of our review process in selecting the research papers/articles received by us.

Dr. R. Ganapathi in his paper, “Factors influencing the economic empowerment of women through self-help groups in south Tamil Nadu”, emphasizes the role of SHGs in strengthening the rural economy. The economic activities, viz., assets acquisition, income generation, welfare activities, household materials, economic power, purchase, income, money lending and savings are the factors influencing the economic empowerment of women through self-help groups.

Dr. M. Vasan in his study, “Customers' satisfaction towards internet banking of ICICI Bank Limited - A study in Erode city,” clearly indicates that the majority of the users of internet banking are in the high level of satisfaction category. Hence, the study highlights the important points that the top management of ICICI need to take care of to improve their service quality which in turn would lead to increase in the numbers of their internet banking users .

Dr.Purna Prabhakar Nandamuri in his empirical paper, “Successful entrepreneurs build up through family occupation -An investigation,” probes as to how the family background influences the entrepreneurial orientation among potential entrepreneurs. The family occupational background emerges to be a critical determinant of entrepreneurial foresight in particular and entrepreneurial orientation in general.

Dr. Rajiv Agarwal in his paper, “Role of Indian Women In Socio-Economic Development”, elaborates on the changing role of women in growing socio-economic scenario. The modern Indian women have honed their skills and are leading in the fight against social restrictions, emotional ties, religious boundaries, gender biasedness and cultural clutches and thus fast track economic progress.

The paper by Prof.Dhiren Vandra et al on “Trend of Cultivated Area and Production in various field

crops in Odisha”, is an attempt to highlight the actual cultivated area in Odisha and various suitable crops which will give better income. The declining agricultural growth coupled with declining productivity in agriculture has been indicated in Odisha. The paper suggests that government should take initiatives for improvement of agriculture through seed replacement program, increased irrigation facilities, use of fertilizers, farm mechanization, soil testing & restoration of soil health & fertility, agricultural research education, soil reclamation program, agricultural extension service etc. These initiatives will raise productivity and lead to substantial increase in agricultural production.

Dr. Anis ur Rehman et al in their paper on , “An empirical study of Indian insurance industry post global financial crisis” study the perception of higher level authorities in the insurance sector regarding the role of Regulator in minimizing the impact of global financial crisis. The authors have suggested various measures and policy recommendations for insurers to minimize the impact in such financial situations.

Dr. Om Shanker Gupta in his paper , “Public Sector Reforms in India : Disinvestment,” highlights the relevance of disinvestment and opines that the loss making PSUs can be successfully be revived by asking the strategic partners to infuse fresh capital and exercising better management control over sick PSUs. The role of disinvestment is to reduce the financial burden on the government, improve public finances, introduce competition and market discipline, funds growth, encourage wider share of ownership and depoliticize non-essential services.

Dr.P.Paramanandam & K. Sangeetha in their paper, “Locus of control and employee engagement among the employees of automobile industry” reveals that the locus of control and employees' engagement are significantly related to age and income groups. Locus of control reflects the extent to which individuals believe that what happens to them is within their control, or beyond it.

Last but not the least, Dr. Ashish Singh in his article, “Negative publicity- Can it boost the product sales?” explores the reasons and gives substantial proof for the effective impact of negative publicity to enhance market share . It is human nature that people perceive and remember bad things more easily than good things.

We are extremely grateful to our Chairperson, the respected Smt. Padma Binani, Shri. Braj Binani, Chairman, Binani Industries Ltd, Shri. I. K. Pugalia and Shri. R.K.Bagri, GD Binani Education Society for their ever active support and encouragement in transforming GBAMS as a centre of professional excellence.

'GBAMS-VIDUSHI' is being critically reviewed and edited with the view that it would instill a sense of enquiry and a desire to excel in our students and faculty. We hope that the selected papers would prove to be a valuable asset for our readers.

We take this opportunity to record and acknowledge our sincere thanks to our Advisory Board and the Editorial Board in particular, for contributing their valuable and precious time, in finalizing this issue of the journal.

**Prof. Dr. Zeeshan Amir**  
Editor-in Chief

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## FACTORS INFLUENCING THE ECONOMIC EMPOWERMENT OF WOMEN THROUGH SELF-HELP GROUPS IN SOUTH TAMIL NADU

**\*Dr. R. GANAPATHI**

### ABSTRACT

The principles underlying the SHGs are financing the poorest of the poor and achieving holistic empowerment. The SHG phenomenon certainly brings group consciousness among women, a sense of belonging and an adequate amount of self confidence. The data and information have been collected from 630 members of self help groups by adopting multi stage random sampling techniques. The economic activities, viz., assets acquisition, income generation, welfare activities, household materials, economic power, purchase, income, money lending and savings are the factors influencing the economic empowerment of women through self-help groups. The age group, educational qualification, community, size of family, nativity, occupation, income after joining SHGs and position of members in SHGs are positively and significantly influencing the economic empowerment of women through self help groups at one per cent level of significance. The number of women inclined towards SHG has ever been on the increase which implies that women are aspiring for empowerment. It is found that the SHGs are helping for the economic empowerment of its members.

**Key Words:** Exploratory Factor Analysis, Regression, Self Help Group, Women Empowerment

### INTRODUCTION

Empowerment is the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process is action which builds both the individual and collective assets, and improves the efficiency and fairness of the organizational and institutional context which govern the use of these assets. Today, empowerment is the most frequently used term in the dialogue on development. It is also the most nebulous and widely interpreted of concepts. Advocates of microfinance claim that the very process of forming self-help groups is empowering and that a critical mass of people is formed which can be harnessed to pull households out of poverty traps. The converse side of this is that the same critical mass of people can be manipulated by larger political and economic interests to promote their own agendas, by which women are further disempowered.

Self Help Group is about people coming together with others who are affected by a particular

issue (experience, disadvantage, discrimination and the like) to support each other and to work together to change the disadvantages affecting them. It is a self-governed, peer-controlled small and informal association of the poor, usually from socio-economically homogeneous families who are organized around savings and credit activities. Funds for credit activities are coming through regular savings deposited by all of its members on a weekly or fortnightly basis. In the meetings they discuss common and routine problems of their village or locality and arrive at a solution, share information, and make efforts to improve their health and literacy skills.

For economic empowerment it is necessary for a woman to have access to and control over productive resources and to ensure some degree of financial autonomy. To achieve the goal, there is an urgent need of change in the mindset of the entire society. The main source of employment for women is farm labour. But this does not fulfill all their needs. Indebtedness has become the hallmark of the rural life. Participation in self-help groups helps in saving some money out of their daily household expenses. Also, they can avail loan with lower interest rates. This has led a sort of change in the society's view towards woman, in general.

The principles underlying the SHGs are financing the poorest of the poor, and achieving holistic empowerment. The SHG phenomenon certainly brings group consciousness among women, a sense of belonging and an adequate amount of self confidence. What the woman cannot achieve as an individual, she can accomplish as a member of group with sufficient understanding about her own rights, privileges, roles and responsibilities as a dignified member of society on par with man. When she becomes a member of SHG, her sense of public participation, enlarged horizon of social activities, high self-esteem, self-respect and fulfillment in life expands and enhances the quality of status of women as participants, decision makers and beneficiaries in the democratic, economic social and cultural spheres of life. Thus, undoubtedly, SHG can be an effective instrument to empower women socially and economically by which the implication on the overall development of women is indisputably possible particularly for a country like India wherein still large segment of women population are underprivileged, illiterate, exploited and deprived of basic rights of social and economic spectrum. With this backdrop, the present study is attempted to identify the factors influencing the economic empowerment of women through self-help groups in south Tamil Nadu.

## METHODOLOGY

The south Tamil Nadu has been purposively selected for the present study. The south Tamil Nadu has one hundred and five blocks in nine districts. From each block, two self help groups were selected on random basis. Totally 210 self-help groups were identified and from each group 3 members were selected. To collect data from these 630 respondents, a structured interview schedule was used with relevant questions by adopting multi stage random sampling techniques. The data and information have been collected from 630 members of self help groups and pertain to the year 2012 - 2014. The reliability tests have been conducted to check the internal consistency of measurement items and Cronbach's Alpha has been calculated and it reveals that the reliability tests are satisfactory for the

all the constructs as Cronbach's Alpha exceeds 0.70. In order to accomplish the objective of the present study, Descriptive Statistics, Exploratory Factor Analysis and Multiple Regression Analysis have been employed.

## RESULTS AND DISCUSSION

### SOCIO-ECONOMIC CHARACTERISTICS OF THE MEMBERS OF SELF HELP GROUPS

The socio-economic characteristics of the members of self help groups were analyzed and the results are presented in Table 1. The results show that about 52.54 per cent of the members of the self help groups belong to the age group of 30 to 40 years followed by above 40 years (35.40 per cent) and less than 30 years (18.89 per cent). The results indicate that about 37.78 per cent of the members of the self help groups are illiterates followed by those with primary education (29.52 per cent), higher secondary education (20.48 per cent), graduation (6.35 per cent) and secondary education (5.87 per cent).

It is clear that about 88.89 per cent of the members of the self help groups are Hindus followed Muslims (9.52 per cent) and Christians (1.59 per cent). It is observed that about 32.06 per cent of the members of the self help groups belong to the Most Backward Caste followed by those belonging to Backward Caste (31.75 per cent), Scheduled Caste (26.99 per cent), Forward Caste (6.98 per cent) and Scheduled Tribes (2.22 per cent).

It is apparent that about 88.89 per cent of the members of the self help groups are married and the rest of 11.11 per cent of the members of the self help groups are widows. The results show that about 90.48 per cent of the members of the self help groups belong to nuclear family and the rest of 9.52 per cent of the members of the self help groups belong to joint family.

The results indicate that about 59.53 per cent of the members of the self help groups belong to the family size of 2-4 members followed by above four members (35.87 per cent) and two members (4.60 per cent). It is clear that about 70.16 per cent of the members of the self help groups belong to the rural area while, the rest of 29.84 per cent of the members of the self help groups belong to the urban area.

**TABLE 1**  
**SOCIO-ECONOMIC CHARACTERISTICS OF THE MEMBERS**  
**OF SELF-HELP GROUPS:-**

| <b>Socio-Economic Characteristics</b> | <b>Number of Members</b> | <b>Percentage</b> |
|---------------------------------------|--------------------------|-------------------|
| <b>Age Group</b>                      |                          |                   |
| Less than 30 years                    | 119                      | 18.89             |
| 30 - 40 years                         | 331                      | 52.54             |
| Above 40 years                        | 180                      | 28.57             |
| <b>Educational Qualification</b>      |                          |                   |
| Illiterate                            | 238                      | 37.78             |
| Primary                               | 186                      | 29.52             |
| Secondary                             | 37                       | 5.87              |
| Higher Secondary                      | 129                      | 20.48             |
| Graduation                            | 40                       | 6.35              |
| <b>Religion</b>                       |                          |                   |
| Hindu                                 | 560                      | 88.89             |
| Muslim                                | 60                       | 9.52              |
| Christian                             | 10                       | 1.59              |
| <b>Community</b>                      |                          |                   |
| Forward Caste                         | 44                       | 6.98              |
| Backward Caste                        | 200                      | 31.75             |
| Most Backward Caste                   | 202                      | 32.06             |
| Scheduled Caste                       | 170                      | 26.99             |
| Scheduled Tribes                      | 14                       | 2.22              |
| <b>Marital Status</b>                 |                          |                   |
| Married                               | 560                      | 88.89             |
| Widow                                 | 70                       | 11.11             |
| <b>Type of Family</b>                 |                          |                   |
| Nuclear Family                        | 570                      | 90.48             |
| Joint Family                          | 60                       | 9.52              |



| Socio-Economic Characteristics           | Number of Members | Percentage |
|--|-------------------|------------|
| <b>Size of Family</b>                    |                   |            |
| 2  | 29                | 4.60       |
| 2 - 4                                    | 375               | 59.53      |
| Above 4                                  | 226               | 35.87      |
| <b>Nativity</b>                          |                   |            |
| Rural                                    | 442               | 70.16      |
| Urban                                    | 188               | 29.84      |
| <b>Occupation</b>                        |                   |            |
| Agricultural Labour                      | 179               | 28.41      |
| Self-Employed                            | 80                | 12.70      |
| Salary Earner                            | 23                | 3.65       |
| Petty Business                           | 73                | 11.59      |
| Artisan                                  | 71                | 11.27      |
| Housewife                                | 101               | 16.03      |
| Vegetable Vendor                         | 93                | 14.76      |
| Others                                   | 10                | 1.59       |
| <b>Monthly Income After Joining SHGs</b> |                   |            |
| Less than Rs.7,500                       | 197               | 31.27      |
| Rs.7,500 - Rs.10,000                     | 220               | 34.92      |
| Rs.10,000 - Rs.15,000                    | 143               | 22.70      |
| Above Rs.15,000                          | 70                | 11.11      |
| <b>Position</b>                          |                   |            |
| Animator                                 | 20                | 3.18       |
| Representatives                          | 89                | 14.13      |
| Member                                   | 521               | 82.69      |

Source: Primary Data

It is observed that about 28.41 per cent of the members of the self help groups are agricultural labourers followed by housewives (16.03 per cent), vegetable vendors (14.76 per cent), self employed (12.70 per cent), those having petty business (11.59 per cent), artisans (11.27 per cent), salary earners (3.65 per cent) and others (1.59 per cent). The results show that about 34.92 per cent of the members of the self help groups earn their monthly income of Rs.7,500 Rs.10,000 after jointing self help groups followed by those earning less than Rs.7,500 (31.27 per cent), Rs.10,000 Rs.15,000 (22.70 per cent) and above Rs.15,000 (11.11 per cent). It is observed that about 82.69 per cent of the members of the self help groups are mere members in self help groups followed by representatives (14.13 per cent) and animator (3.18 per cent).

## **FACTORS INFLUENCING THE ECONOMIC EMPOWERMENT OF WOMEN THROUGH SELF-HELP GROUPS**

In order to identify the factors influencing the economic empowerment of women through self-help groups, Exploratory Factor Analysis has been employed. The principal component method of factor analysis was carried out with Eigen values greater than one through varimax rotation and the results obtained through rotated component matrix are presented in Table 2.

The results of Kaiser-Meyer-Olkin (KMO Test) measure of sampling adequacy (KMO = 0.334) and Bartlett's Test of Sphericity (Chi-square value = 0.0037; significance = 0.000) indicates that the factor analysis method is appropriate.

There are ten independent groups which are extracted, accounting for a total of 83.84 per cent of variations on 37 variables. The each of the ten factors contributes to the whole percentage by 24.04 per cent, 11.78 per cent, 7.28 per cent, 7.09 per cent, 6.80 per cent, 6.07 per cent, 6.01 per cent, 5.42 per cent, 4.98 per cent and 4.37 per cent respectively.

It is observed that about 28.41 per cent of the members of the self help groups are agricultural labourers followed by housewives (16.03 per cent), vegetable vendors (14.76 per cent), self employed (12.70 per cent), those having petty business (11.59 per cent), artisans (11.27 per cent), salary earners (3.65 per cent) and others (1.59 per cent). The results show that about 34.92 per cent of the members of the self help groups earn their monthly income of Rs.7,500 Rs.10,000 after jointing self help groups followed by those earning less than Rs.7,500 (31.27 per cent), Rs.10,000 Rs.15,000 (22.70 per cent) and above Rs.15,000 (11.11 per cent). It is observed that about 82.69 per cent of the members of the self help groups are mere members in self help groups followed by representatives (14.13 per cent) and animator (3.18 per cent).

**TABLE 2**  
**FACTORS INFLUENCING THE ECONOMIC EMPOWERMENT OF WOMEN**  
**THROUGH SELF-HELP GROUPS - EXPLORATORY FACTOR ANALYSIS**

| Factor                     | Particulars  | Eigen Value | % of Variance | Rotated Factors Loadings |
|----------------------------|--|-------------|---------------|--------------------------|
|                            | After joining SHG, my family income has increased                      | 9.90        | 24.04         | 0.73                     |
|                            | I am cooking healthy food  |             | 0.55          |                          |
|                            | I am purchasing quality consumables                                    |             | 0.51          |                          |
|                            | I have started a small business with the help of loan availed from SHG |             | -0.72         |                          |
| Factor -I                  | I am providing nutritious food to my family                            |             | 0.82          |                          |
|                            | I am also saving money at the local post office                        |             | 0.87          |                          |
| <b>ECONOMIC ACTIVITIES</b> | I am spending more for purchasing clothes                              |             | -0.54         |                          |
|                            | I have purchased gold jewels / ornaments                               |             |               | 0.61                     |
|                            | My family members are wearing neat and good looking clothes            |             |               | 0.76                     |
| Factor -II                 | My family expenditure is met with income alone                         | 4.58        | 11.78         | -0.56                    |
|                            | I am not borrowing any loan from moneylenders                          |             |               | -0.59                    |
|                            | I have spent a good amount   |             |               | 0.63                     |

|                           |  |                    |                      |                                 |
|---------------------------|--|--------------------|----------------------|---------------------------------|
| <b>ASSETS ACQUISITION</b> | to purchase a plot   |                    |                      |                                 |
|                           | I have renovated my old house  |                    |                      | 0.70                            |
|                           | I have got ability to spend money independently                                  |                    |                      | 0.87                            |
|                           | I am providing guidance to find out additional income sources to my group member |                    |                      | 0.64                            |
|                           | My family is purchasing a Tamil daily  |                    |                      | -0.57                           |
| <b>Factor</b>             | <b>Particulars</b>   | <b>Eigen Value</b> | <b>% of Variance</b> | <b>Rotated Factors Loadings</b> |
| Factor – III              | I am generating additional income to my family                                   | 3.88               | 7.28                 | 0.90                            |
|                           | I am regularly making payment for the Chit Fund without Delay                    |                    |                      | 0.56                            |
|                           | I am spending more for travelling  |                    |                      | -0.56                           |
| <b>INCOME GENERATION</b>  | I have bought new home appliances  |                    |                      | 0.79                            |
|                           | I am supporting my husband monetarily  |                    |                      | 0.57                            |
| Factor – IV               | My family's level of living has improved   | 2.82               | 7.09                 | 0.87                            |
|                           | My children's health has improved  |                    |                      | 0.53                            |
| <b>WELFARE ACTIVITIES</b> | I have a chance to work in the government's employment schemes                   |                    |                      | 0.75                            |

|                                     |   |                    |                      |                                 |
|-------------------------------------|---|--------------------|----------------------|---------------------------------|
|                                     | I am purchasing clothes in a textile showroom at the city         |                    |                      | -0.76                           |
| Factor -V                           | I am repaying my loan very easily                                 | 2.37               | 6.80                 | 0.90                            |
|                                     | I have bought new utensils  |                    |                      | 0.56                            |
|                                     | I have bought new bed for my family members                       |                    |                      | 0.74                            |
| <b>HOUSEHOLD MATERIALS</b>          | I have purchased / built own house                                |                    |                      | 0.75                            |
| Factor – VI                         | I have improved my bargaining power                               | 2.18               | 6.97                 | 0.78                            |
| <b>ECONOMIC POWER</b>               | Purchasing power of my family has improved                        |                    |                      | 0.69                            |
| <b>PURCHASE</b><br>Factor – VII     | I am spending a good amount on purchasing cosmetics               | 1.50               | 6.01                 | 0.88                            |
|                                     | My family has purchased a new vehicle                             |                    |                      | 0.57                            |
| Factor – VIII                       | I am having sufficient amount of money with me for daily expenses | 1.43               | 5.42                 | -0.77                           |
| <b>INCOME</b>                       | I have improved my agricultural income                            |                    |                      | 0.83                            |
| <b>Factor</b>                       | <b>Particulars</b>  | <b>Eigen Value</b> | <b>% of Variance</b> | <b>Rotated Factors Loadings</b> |
| Factor – IX<br><b>MONEY LENDING</b> | I am involved in money lending to my group members                | 1.20               | 4.98                 | 0.84                            |
| Factor – X<br><b>SAVINGS</b>        | I have opened an account in the bank for saving money             | 1.16               | 4.37                 | 0.72                            |

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
Rotation converged in 15 iterations.

Cronbach's alpha of the scale was 0.72 indicating that each measure demonstrated acceptable internal consistency. It is inferred that the economic activities viz., assets acquisition, income generation, welfare activities, household materials, economic power, purchase, income, money lending and savings are the factors influencing the economic empowerment of women through self-help groups.

### INFLUENCE OF SOCIO-ECONOMIC CHARACTERISTICS ON ECONOMIC EMPOWERMENT OF WOMEN THROUGH SELF-HELP GROUPS

In order to examine the influence of socio-economic characteristics on economic empowerment of women through self help groups, Multiple Linear Regression has been applied and the results are presented in Table 3. The results indicate that the co-efficient of multiple determination ( $R^2$ ) is 0.62 and adjusted  $R^2$  is 0.59 indicating the regression model is moderately fit. It is inferred that about 59.00 per cent of the variation in dependent variable (Economic Empowerment) is explained by the independent variables (socio-economic characteristics).

**TABLE 3**  
**INFLUENCE OF SOCIO-ECONOMIC CHARACTERISTICS ON ECONOMIC EMPOWERMENT OF WOMEN THROUGH SELF-HELP GROUPS - MULTIPLE REGRESSION**

| Socio-Economic Characteristics         | Regression Co-efficients | t - Value | Sig.\ |
|--|--------------------------|-----------|-------|
| Intercept                              | 16.757                   | 6.175     | .000  |
| Age Group ( $X_1$ )                    | 3.135**                  | 5.254     | .000  |
| Educational Qualification ( $X_2$ )    | 2.652**                  | 4.229     | .000  |
| Religion ( $X_3$ )                     | -0.836                   | 2.270     | .325  |
| Community ( $X_3$ )                    | 3.687**                  | 4.042     | .001  |
| Marital Status ( $X_5$ )               | 0.043                    | -3.064    | .002  |
| Type of Family ( $X_6$ )               | -0.840                   | 1.462     | .189  |
| Size of Family ( $X_7$ )               | 4.283**                  | 9.179     | .000  |
| Nativity ( $X_8$ )                     | 6.914**                  | 4.914     | .001  |
| Occupation ( $X_9$ )                   | 5.195**                  | 4.731     | .000  |
| Income after Joining SHGs ( $X_{10}$ ) | 7.648**                  | 6.175     | .000  |
| Position ( $X_{11}$ )                  | 2.628**                  | 4.254     | .001  |
| $R^2$                                  | 0.62                     |           |       |
| Adjusted $R^2$                         | 0.59                     |           |       |
| F                                      | 26.235                   |           | .000  |
| N                                      | 500                      |           |       |

Note: \*\* Significance at one per cent level

The results indicate that age group, educational qualification, community, size of family, nativity, occupation, income after joining SHGs and position of members in SHGs are positively and significantly influencing the economic empowerment of women through self help groups at one per cent level of significance.

## CONCLUSION

Most of the members of the self help groups belong to the middle age group and the majority of the members of the self help groups are illiterates. Most of the members of the self help groups are Hindus and the majority of the members of the self help groups belong to the Most Backward Caste. Most of the members of the self help groups are married and the majority of the members of the self help groups belong to the nuclear family. Most of the members of the self help groups belong to the family size of 2-4 members and the majority of the members of the self help groups belong to the rural area. Most of the members of the self help groups are agricultural labour and the most of the members of the self help groups earn their monthly income of Rs.7,500 Rs.10,000 after jointing self help groups. The majority of the members of the self help groups are mere members in self help groups

The economic activities viz., assets acquisition, income generation, welfare activities, household materials, economic power, purchase, income, money lending and savings are the factors influencing the economic empowerment of women through self-help groups. The age group, educational qualification, community, size of family, nativity, occupation, income after joining SHGs and position of members in SHGs are positively and significantly influencing the economic empowerment of women through self help groups at one per cent level of significance.

It is recommended that the bank could advance adequate credit to the SHG according to their needs and an uniformity should be maintained in formation and extension of financial assistance to them by banks in all blocks. Besides, the marketing facilities for the sale of products of SHG may be created or improved. Commercial activities undertaken by the groups in general are found to be very narrow. Typical marketing and processing activities are pursued. SHGs should think of looking at broader types of activities. The number of women inclined towards SHG is increasing which implies that women are aspiring for empowerment. It is found that the SHGs are helping for the economic empowerment of its members.

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# CUSTOMERS' SATISFACTION TOWARDS INTERNET BANKING OF ICICI BANK LIMITED - A STUDY IN ERODE CITY

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## ABSTRACT

The study has been conducted in order to meticulously evaluate and examine the level of satisfaction towards internet banking services. The purpose of this study is also to observe and analyze the purpose of using internet banking, reasons for chosen internet banking, satisfaction of customers towards internet banking and to find out the problems encountered by the customers. The primary data for this study was compiled through well-structured questionnaire filled in on a one-to-one basis by 120 customers of ICICI Bank. The study results clearly indicated that the majority of the users of internet banking were in the high level of satisfaction. Hence, the study highlights the important points that ICICI Bank's top management must consider in order to increase the number of internet banking users and to improve their service quality.

**Key Words: Internet Banking, Online banking, Customer Satisfaction, E-banking, Remote Banking.**

## INTRODUCTION

The marvelous kinds of innovation in technology and hard line blend of it with information technology made a paradigm shift in the banking industry. Technology itself created its world in the globe of human beings. Advent of Internet banking happened in early 1990. This beginning of Internet Banking created a phenomenal system, Internet banking. Internet banking is a kind of systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through the Internet.

The Government of India enacted the IT Act, 2000 (Information Technology Act). This Act came into effect from the 17<sup>th</sup> of October 2000. The purpose of this Act, in context of banking, was to provide legal recognition to electronic transactions and other means of Electronic Commerce. The working group set by Reserve Bank of India, has been working as a watchdog on the different aspect of the Internet banking. ICICI bank was the pioneer bank to use Internet banking for some of its services in India. ICICI bank and a lot of other Indian banks use the Internet banking system to provide online banking solution.

In the current scenario, Indian customers are moving towards Internet banking, slowly but steadily. Most of the leading Indian banks like SBI, BOB, BOI, etc. have started providing

Internet banking services.

There is a clear need to develop a better understanding of how customers evaluate these services and boost up satisfaction. Customer satisfaction is one of the main aspects determining the success or failure of any electronic banking services. Customers' satisfaction has tended to lag behind because practitioners have focused mainly on issues of usability and measurement of use. Therefore, customer perception and preferences on internet banking have a significant impact on bank's success.

As India is taking giant leaps towards globalization Internet banking is the sector to be studied with great interest. The question of how attitude towards elements of existing banking service might influence the consumer's decision to use internet banking has not been investigated. As customers get more and more educated, getting insight about modern banking, via internet banking has evolved as primary area of concern for all leading and upcoming banks in India. This study provides an insight analysis on this aspect. The research will assist bank administration to ascertain a better understanding of customers' satisfaction towards internet banking offered by the ICICI Bank.

### **IMPORTANCE OF THE STUDY**

Research has been conducted in order to critically evaluate and examine the customers' satisfaction towards internet banking of ICICI Bank. The purpose of this study is also to observe and analyze the purpose of using internet banking, reasons for chosen internet banking, satisfaction of customers towards internet banking and to find out the problems encountered by the customers. Specifically, this study highlights the important points that ICICI Bank's top management must consider in order to increase the number of internet banking users and to improve their service quality.

### **STATEMENT OF THE PROBLEM**

Changes in banks' external environment, including globalization and deregulation, have made the banking sector highly competitive. Banks find it hard to compete on price and need to look at other ways to retain customers. As customers become more sophisticated, it becomes imperative for banks to consider the use of technology to respond to their continuously changing requirements. But current scenario in India shows that pace at which technology in Internet banking proceeds doesn't march with the customers' usage rate. Even though banks are more interested in adopting new technology to differentiate them in competitive market, they are not getting expected return on investment. So, is this the fault at the end of the technology or customers' perception? If any, then why? If both, then why? Is it due to lack of skills or will? Update on technical skills through customers' education on internet with simple software can create an interest in the customers' mind. However, interest and desire to a great extent will depend upon his demographic factors. This will affect his perception on Internet banking. This research is focused on what is the customers' satisfaction on internet banking. What are the drivers that drive customers' towards better satisfaction? Bank can evaluate its internet banking system with respect to the drivers and customers'

response to these drivers.

## OBJECTIVES OF THE STUDY

- To know the purpose of using internet banking services;
- To identify the reasons for maintaining internet banking account; and
- To measure the level of satisfaction of customers on Internet banking services provided by ICICI Bank.

## HYPOTHESIS

There is no significant difference between the demographic factors such as age, gender, educational qualification, marital status, family size, occupation, monthly income and Satisfaction with internet banking services.

## RESEARCH METHODOLOGY

Survey Method has been followed for the study. Both primary and secondary sources of data were used. Well structured questionnaire was designed to elicit necessary data and details from the customers of ICICI Bank. The secondary data were collected from the books, journals, web portals, etc. The primary data was collected through the well structured questionnaire consist of optional type and Likert's 5 point scale type questions. The questionnaire consists of demographic factors of the customers, purpose of using internet banking, reasons for availing internet banking facility and satisfaction with internet banking.

ICICI Bank was purposively selected on familiarity and it had unique performance compared with the other private sector banks in India. The Convenient Sampling Method was adopted to select the customers of internet banking of ICICI Bank in Erode. The sample size constituted 120 customers of ICICI Bank. The data collected from the respondents were coded and tabulated to suit the requirements of the study. Statistical Package for Social Sciences (SPSS) was used for analyzing the data. The appropriate statistical tools such as Descriptive statistics, Non parametric Friedman's test, K means cluster analysis and Multiple Regression have been employed to analyze and interpret the data.

## SCOPE OF STUDY

This study will be helpful to point out the important areas where banker lacks in providing internet banking. The actions which can increase the satisfaction level of customers on internet banking and motivate them to use internet banking efficiently. This study brings the attentions of management towards the importance of training and development of customers of internet banking.

## CUSTOMERS' SATISFACTION TOWARDS INTERNET BANKING

This study analyses the customers' satisfaction towards internet banking of ICICI Bank has been elicited and analyzed. Furthermore, this part consists of demographic profile of customers and bank transaction details and reasons for using internet banking has been taken

into consideration.

### DEMOGRAPHIC PROFILE OF THE CUSTOMERS

Customers' demography is the study of the composition of a social entity in term of its members' attributes. Demographics would include such factors as age, gender, educational qualification, marital status, family size, occupation and monthly income. The researcher would normally include those factors which are assumed to have explanatory value in the

**Table -1: Demographic Profile**

| Demographic Profile       | Classifications    | Frequency | Percent |
|---------------------------|--------------------|-----------|---------|
| Age                       | Below 30           | 44        | 36.7    |
|                           | 31-40              | 60        | 50.0    |
|                           | 41-50              | 11        | 9.2     |
|                           | Above 50           | 5         | 4.2     |
|                           | Total              | 120       | 100     |
| Gender                    | Male               | 85        | 70.8    |
|                           | Female             | 35        | 29.2    |
|                           | Total              | 120       | 100     |
| Educational Qualification | Up to HSC          | 13        | 10.8    |
|                           | Diploma            | 12        | 10.0    |
|                           | Graduate           | 95        | 79.2    |
|                           | Total              | 120       | 100     |
| Marital status            | Unmarried          | 31        | 25.8    |
|                           | Married            | 89        | 74.2    |
|                           | Total              | 120       | 100     |
| Family Size               | Up to 3            | 35        | 29.2    |
|                           | 4 – 6              | 81        | 67.5    |
|                           | Above 7            | 4         | 3.3     |
|                           | Total              | 120       | 100     |
| Occupation                | Business           | 25        | 20.8    |
|                           | Govt. Employees    | 18        | 15.0    |
|                           | Private Employees  | 48        | 40.0    |
|                           | Professionals      | 29        | 24.2    |
|                           | Total              | 120       | 100     |
| Monthly Income            | Below Rs.10000     | 8         | 6.7     |
|                           | Rs.10001 – 20,000  | 18        | 15.0    |
|                           | Rs.20,001 – 30,000 | 63        | 52.5    |
|                           | Above Rs.30001     | 31        | 25.8    |
|                           | Total              | 120       | 100     |

Source: Primary Data

The age of customers of ICICI Bank indicates that 50 percent, who were belonging to 31-40 years age group, followed by Below 30 years age group. 70.8 percent male and 29.2 percent female. The education qualification of the customers consists of 10.8 percent who were studied up to HSC, 10 percent who were Diploma holders and 79.2 percent who were graduates. The marital status wise classification of the respondents depicts that 74.2 percent of the customers were married and rest 25.8 percent of them unmarried. Majority (67.5 percent) of the customers having up to 4-6 dependents followed by 29.2 percent of the customers having up to 3 dependents in their family. A maximum of 40 percent of the customers were private employees followed by professionals, and business people, which constituted 24.2 and 20.8 percent respectively. The monthly income of the customers were Rs.20,001-30,000 and more than Rs.30000, which constitute 52.5 percent and 25.8 percent respectively (Table 1).

## INFORMATION PERTAINING TO BANK ACCOUNT

In this phase, type of account, duration of accounting holding, Reasons for Chosen ICICI internet banking, sources of information, duration of using internet banking, frequency of using, purpose of using internet banking and reasons for availing internet banking were analysed with the help of percentage analysis.

**Table 2: Type of Account**

| Type of Account | Frequency  | Percent    |
|-----------------|------------|------------|
| Savings A/C     | 83         | 69.2       |
| Current A/C     | 4          | 3.3        |
| Both            | 33         | 27.5       |
| <b>Total</b>    | <b>120</b> | <b>100</b> |

Source: Primary Data

A maximum of 69.2 percent of the customers were savings account holders. Hence, 27.5 percent of customers were having both savings accounts and current account in the ICICI Bank (Table 2).

In this phase, type of account, duration of accounting holding, Reasons for Chosen ICICI internet banking, sources of information, duration of using internet banking, frequency of using, purpose of using internet banking and reasons for availing internet banking were analysed with the help of percentage analysis.

**Table – 3: Duration of Account Holding**

| Years        | Frequency  | Percent    |
|--------------|------------|------------|
| < 1 Year     | 13         | 10.8       |
| 2 – 5 Years  | 84         | 70.0       |
| 6- 10 Years  | 23         | 19.2       |
| <b>Total</b> | <b>120</b> | <b>100</b> |

Source: Primary Data

The majority of the customers (70 percent) were keep account in ICICI bank for 2 to 5 years followed by 19.2 percent of the respondents availing banking services from ICICI Bank for 6 -10 years and 10.8 percent of the customers having banking experience below 1 year (Table 3).

**Table – 4: Reasons for Chosen ICICI Internet Banking**

| Reasons                                     | Frequency  | Percent    |
|---|------------|------------|
| Brand Name                                  | 12         | 10.0       |
| Better Services                             | 57         | 47.5       |
| Less formalities                            | 23         | 19.2       |
| Traditional bank account with the same bank | 28         | 23.3       |
| <b>Total</b>                                | <b>120</b> | <b>100</b> |

Source: Primary Data

The majority of the customers (47.5 percent) were chosen ICICI's Internet Banking for its better services followed by maintaining traditional bank account with the same bank, lesser formalities and brand name (Table 4).

**Table – 5: Sources of Information**

| Sources of Information | Frequency  | Percent    |
|------------------------|------------|------------|
| Self interest          | 24         | 20.0       |
| Friends/Relatives      | 45         | 37.5       |
| TV/Radio               | 19         | 15.8       |
| Magazines/News paper   | 16         | 13.3       |
| Bank officials         | 16         | 13.3       |
| <b>Total</b>           | <b>120</b> | <b>100</b> |

Source: Primary Data

In the sources of information about internet banking indicates friends and relatives (37.5 percent) were considered as a vital source of information, followed by personal interest, television, radio, magazines, Newspapers. Radio and magazines carry more important information sources among the customers of ICICI (Table 5).

**Table – 6: Duration of Using Internet Banking**

| Holding Period of Using | Frequency  | Percent    |
|-------------------------|------------|------------|
| Up to 1 Year            | 41         | 34.2       |
| 2- 5 Years              | 73         | 60.8       |
| Above 5 Years           | 6          | 5          |
| <b>Total</b>            | <b>120</b> | <b>100</b> |

Source: Primary Data

The majority of the customers (60.8 percent) were used internet banking for 2 to 5 years followed by 34.2 percent of the respondents used internet banking services for below 1 year (Table 6).

**Table – 7: Frequency of Using**

| Using        | Frequency  | Percent    |
|--------------|------------|------------|
| Daily        | 22         | 18.3       |
| Weekly       | 28         | 23.3       |
| Monthly      | 14         | 11.7       |
| Rarely       | 56         | 46.7       |
| <b>Total</b> | <b>120</b> | <b>100</b> |

Source: Primary Data

The frequency of using internet banking reveals that 18.3 percent of the customers were used daily, 23.3 percent of the customers were used weekly, 11.7% of the customers used monthly and 46.7% of the customers were used the internet banking rarely (Table 7).

**Table 8: Purpose of Using Internet Banking**

| Using                            | Frequency | Percent |
|----------------------------------|-----------|---------|
| Utility bill payments            | 68        | 56.7    |
| To order cheque books            | 21        | 17.5    |
| Loan repayment                   | 87        | 72.5    |
| E-Ticket booking                 | 61        | 50.8    |
| Funds Transfers                  | 97        | 80.8    |
| Balance Enquiry                  | 92        | 76.7    |
| Retrieving Bank Statement        | 29        | 24.2    |
| Access Demat account             | 16        | 13.3    |
| Opening of term deposit accounts | 12        | 10.0    |

Source: Primary Data Multiple Response

The customers were used internet banking for utility bill payments, ordering cheque books, loan repayment, e-ticket booking, fund transfers, balance enquiry, retrieving bank statement of accounts, access demat account, and opening of term deposit account (Table 8).

**Table 9: Reasons for Availing Internet Banking**

| Variables  | Mean | Std. Deviation | Mean Rank | Chi-square Test    | Sig  |
|--|------|----------------|-----------|--------------------|------|
| Awareness of the services and its benefits               | 3.90 | .541           | 3.43      | 259.066<br>(d.f.8) | .000 |
| The ease of use  | 4.71 | .509           | 6.63      |                    |      |
| The safety and security of transacting over the internet | 4.01 | .572           | 3.78      |                    |      |
| The cost of using internet banking                       | 4.39 | .759           | 5.54      |                    |      |
| The access to computer or internet                       | 4.28 | .700           | 4.93      |                    |      |
| Curiosity  | 3.92 | .740           | 3.75      |                    |      |
| Reasonable service charge                                | 4.43 | .670           | 5.55      |                    |      |
| 24 hours service   | 4.80 | .512           | 6.88      |                    |      |
| Easy to maintain my banking transaction activity         | 4.22 | .582           | 4.52      |                    |      |

Source: Primary Data

The results of Friedman's Chi-Square test (Table 9) showed that there was a significant difference in the reasons for availing internet banking ( $P < 0.05$ ). The mean ranks indicated that 24 hours service (Mean=6.88) was ranked first, (3.36) and followed by 'ease of use'.

### CUSTOMERS' SATISFACTION WITH INTERNET BANKING

Internet banking provides numerous utility services. In the bankers' perspective due attention might not be given equally to all these activities because of the criterion of importance to the banker. At the same time, the customers' attitude might be varied with these activities. In this connection, non-parametric Friedman's test has been used to find out the significant difference in the customers' satisfaction with internet banking.

**Table – 10: Customers' Satisfaction with Internet Banking**

| Variables                              | Mean | Std. Deviation | Mean Rank | Chi-square Test     | Sig  |
|--|------|----------------|-----------|---------------------|------|
| Easy to access                         | 4.69 | .523           | 10.24     | 378.511<br>(d.f.14) | .000 |
| Safety and Security                    | 4.04 | .556           | 5.16      |                     |      |
| Reliability                            | 3.91 | .635           | 5.32      |                     |      |
| Transaction limit to account transfers | 4.13 | .602           | 6.49      |                     |      |
| Service charges and fees               | 4.54 | .672           | 9.48      |                     |      |
| Account opening formalities            | 4.56 | .632           | 9.43      |                     |      |
| Loan account activity                  | 4.15 | .669           | 6.78      |                     |      |
| Product information                    | 3.88 | .712           | 5.29      |                     |      |
| Standing instruction facility          | 4.37 | .634           | 8.07      |                     |      |
| Cheque book request facility           | 4.65 | .560           | 9.95      |                     |      |
| Opening of term Deposit accounts       | 4.45 | .684           | 8.76      |                     |      |



| Variables                              | Mean | Std. Deviation | Mean Rank | Chi-square Test | Sig |
|--|------|----------------|-----------|-----------------|-----|
| Easy to access                         | 4.69 | .523           | 10.24     |                 |     |
| Safety and Security                    | 4.04 | .556           | 5.16      |                 |     |
| Reliability                            | 3.91 | .635           | 5.32      |                 |     |
| Transaction limit to account transfers | 4.13 | .602           | 6.49      |                 |     |
| Service charges and fees               | 4.54 | .672           | 9.48      |                 |     |
| Account opening formalities            | 4.56 | .632           | 9.43      |                 |     |
| Loan account activity                  | 4.15 | .669           | 6.78      |                 |     |
| Security information provided by bank  | 4.24 | .635           | 7.25      |                 |     |
| Cheque status enquiry                  | 4.61 | .577           | 9.62      |                 |     |
| Transfer funds between accounts        | 4.77 | .496           | 10.71     |                 |     |
| Alerts to mobile phone                 | 4.18 | .480           | 6.66      |                 |     |

Source: Primary Data

The results of Friedman's Chi-Square test depicts that there was significant difference in the level of satisfaction towards the internet banking facility offered by ICICI Bank ( $P < 0.05$ ). The mean ranks (Table 10) reveals the fact that the customers were satisfied with the transfer of funds between accounts (Mean Rank=10.71). Hence, the customers had more fear with the safety and security (Mean=5.16).

## CLASSIFICATION OF CUSTOMERS BASED ON SATISFACTION WITH INTERNET BANKING

In this section, the classification of different type of clusters based on satisfaction with internet banking facility offered by the ICICI Bank. K-means cluster analysis is applied to identify heterogeneous groups of customers of ICICI Bank. This analysis is helpful in identifying different groups of customers with homogeneous qualities.

**Table – 11: Number of Cases in each Cluster**

| Clusters     | Number of Customers | Percent    |
|--------------|---------------------|------------|
| Low          | 21                  | 17.5       |
| Medium       | 39                  | 32.4       |
| High         | 60                  | 50.1       |
| <b>Total</b> | <b>120</b>          | <b>100</b> |

Source: Primary Data

The final cluster centre table revealed that there exist three heterogeneous groups of customers based on satisfaction with internet banking. The third cluster of customers of 50.1 percent were in the high level of satisfaction with the internet banking, 32.4 percent of the customers were in the moderate level satisfaction and 17.5 percent of them in the low level of satisfaction with the internet banking (Table 11).

### FACTORS DETERMINING IN CUSTOMERS' SATISFACTION WITH INTERNET BANKING

In this phase, an effort has been made to identify some of the variables, which contributed satisfaction with internet banking. For this purpose, Regression Analysis is applied to find the effect among the independent variables namely Age, Gender, Educational qualification, Marital status, Family size, Occupation, Monthly Income, Type of account, account holding period and Holding period of internet banking. Satisfaction with Internet Banking score was taken as dependent variable. Further, t-test is used to find out the significant effect of all independent variables included in the model.

**Table – 12: Model Summary for Satisfaction with Internet Banking**

| R    | R Square | Adjusted R Square | Std. Error | Durbin-Watson | F     | Sig. |
|------|----------|-------------------|------------|---------------|-------|------|
| .651 | .423     | .085              | 4.036      | 1.499         | 1.853 | .004 |

Dependent Variable: Satisfaction Score

The  $R^2$  value (.423) indicated that 42.3 percent of variation in the satisfaction with internet banking was caused by the set of all the independent variables included in the model. The ANOVA results depicted that there was significant difference existed between satisfaction with internet banking and independent variables ( $P < 0.05$ ). It indicated that there was good correlation found between the set of independent variables and satisfaction with internet banking (Table 12).

**Table 13: Factors Influencing in Satisfaction with Internet Banking**

| Variables                                | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|--|-----------------------------|------------|---------------------------|--------|------|
|  | B                           | Std. Error | Beta                      |        |      |
| Constant                                 | 60.803                      | 3.477      |                           | 17.487 | .000 |
| Age                                      | -.081                       | .610       | .015                      | 0.133  | .005 |
| Gender                                   | -2.748                      | .829       | .326                      | 3.315  | .001 |
| Education Qualification                  | -.266                       | .607       | .042                      | 0.438  | .042 |
| Marital status                           | 1.374                       | 1.078      | .143                      | 1.274  | .005 |
| Family size                              | 1.380                       | .794       | .167                      | 1.739  | .045 |
| Occupation                               | .421                        | .490       | .106                      | 0.859  | .032 |
| Monthly Income                           | -.433                       | .864       | .059                      | 0.501  | .017 |
| Type of Account                          | .466                        | .556       | .099                      | 0.838  | .004 |
| Accounting Holding Period                | 1.688                       | .805       | .217                      | 2.096  | .038 |
| Holding Period of Using Internet Banking | -.769                       | .635       | .117                      | 1.211  | .028 |

Individually, the regression coefficients indicated that independent variables had created positive effect on satisfaction with internet banking. All the independent variables included in the

model had significant effect on satisfaction with internet banking at 5 percent level, when the regression coefficients were tested with t-test (Table 13).

### PROBLEMS ENCOUNTERED BY INTERNET BANKING USERS

In this part, an attempt has been made to identify the problems faced by the customers with respect to internet banking.

**Table 14: Problems Encountered by Internet Banking Users**

| Problem Faced                 | Frequency | Percent |
|-------------------------------|-----------|---------|
| Fear of pin number hacking    | 78        | 65.00   |
| Delays in opening of web page | 38        | 31.67   |
| Distrust of online services   | 45        | 37.50   |
| Worries about reliability     | 58        | 48.33   |

Source: Primary Data Multiple Response

The problems encountered by internet users indicated that fear of pin number hacking was a daunting problem among the customers of internet banking followed by delays in opening of web page due to ads and slow speed network, worries about reliability and distrust of online services.

### CUSTOMERS' EXPECTATIONS TOWARDS BETTERMENT OF INTERNET BANKING

To bring this study a really successful and worthy of being emulated by others in this area in the years to come, the expectations of customers to have better performance of internet banking have been elicited. This exercise will bring to light the need for improvements to be made by the banks and these expectations will form the basis for the banks to follow proactive strategies to enhance the internet banking services.

**Table 15: Customers' Expectations towards Betterment of Internet Banking**

| Customers' Expectations                         | Frequency | Percent |
|---|-----------|---------|
| Create Awareness about Internet Banking         | 98        | 81.7    |
| Maximum limit for fund transfer to be increased | 46        | 38.3    |
| Services charges to be reduced                  | 34        | 28.3    |
| Security aspects to be strengthened             | 92        | 76.6    |

Source: Primary Data Multiple Response

Majority of the customers (81.7 percent) of internet banking users were expecting to create awareness on internet banking among bank customers followed by strengthening of security aspects, increase in maximum limit for fund transfers and reduction of service charges.

### SUGGESTIONS

- The banker should configure security systems and firewalls to the highest security consistent with the level of protection according to customer requirements.
- The bank should increase their ability to control and manage the various risks inherent from e-transaction activity. Banks should implement more security to minimize risk and increase customer authentication such as personal identification number, audit trail for transaction.
- The banker should reduce the cumbersome formalities for getting internet banking facility.
- The banker should reduce the processing charges for NEFT and RTGS.
- The results implied that people of less age group have given highest score, so banks have to decide on strategies which will attract even the old aged people.
- Since computer knowledge plays important role in customer perception on internet banking, so banker can give proper training to customers in usage of e-CRM tools.
- Banks have to educate their employees to give proper training to the customers to use the facilities provided through e-CRM for better usage even for the old aged customers. It can decide best user interface which is very friendly and easy to use, in order to attract more customers.
- Since private employees and students have got good perception on internet banking, banker has to adopt right strategies to attract even people of other categories like government employees, professionals, etc.
- Account holding period is not having any relationship. This means that even people who are maintaining accounts in a bank for a longer period may also be unsatisfied but they will continue with the bank because of compulsion. Banks have to look into this category of people and they should offer the best services to them so as to make them happier.
- The banks should provide proper instructions and personnel assistance on how to use the internet banking to the employees and through them to the customers. The banks are investing heavily on Information technology but unless banks arrange demonstration programs for the customers and train them properly to enjoy all the services.

### CONCLUSION

When investigating all the variables and the response by customers, this study reveals that the perception of the customers can be changed by awareness program, friendly usage, less charges, proper security, and the best response to the services offered.

The study also provides the kind of correlation between different factors. As per our basic assumptions we consider only those customers who know how to use Internet and have an access to Internet, and our study considered only the situation wherein banks provide Internet banking services. By grouping the variables less than one relevant question may result in proper implication for the bankers.

In case of the customers who don't use Internet banking services, having all facilities at their disposal, technology was not the biggest issue. The first thing that all bankers should concern about is the requirement of awareness. Even though these people are inclined towards the manual banking, these can be turned to potential customers, it is well proven thing, which says the surrounding influences the individual's behaviour or in India only environment that surrounds the public determines the behaviour and decisions of the individuals. So if consumer sees most of their colleagues or friends who surround him using Internet banking then it may influence his decision to follow Internet banking option.

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# SUCCESSFUL ENTREPRENEURS BUILD UP THROUGH FAMILY OCCUPATION -AN INVESTIGATION

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## ABSTRACT

The successful entrepreneur builds up through family occupation. Family is the most important institution enabling one's awareness about entrepreneurship. The study attempts to probe how family background influences the entrepreneurial orientation among the potential entrepreneurs. A sample of 200 final year postgraduate management students were selected randomly and served with a schedule of four statements to be marked on Likert scale. The responses are tested with ANOVA and post-hoc test for observing variance between the three groups. The family occupational background emerges to be a critical determinant of entrepreneurial foresight in particular and entrepreneurial orientation in general.

**Keywords :** Entrepreneurship, Entrepreneurial orientation, Foresight, Family occupation, Multiple comparisons.

## INTRODUCTION

'What enables the wise sovereign and the good general to achieve things beyond the reach of ordinary men is fore-knowledge' says Tsun Tzu, the Chinese strategist and philosopher. Entrepreneurs are those who perceive good business opportunities and believe that they have entrepreneurial capabilities. In essence, entrepreneurship is nothing but identification, appraisal and pursuit of opportunities in assorted contexts (Christensen, Madsen & Peterson 1989). Entrepreneurs track opportunities that crop up from peripheral changes in the industry, emergence of fresh or underserved markets, identification of new needs that emerge in the economy, or technologies that endow the capability to cater more efficiently to the existing needs. Thus, the dimension of foresight augments the ability to mull over the probable future scenarios, their implications, the risks involved, estimate potential benefits, and predict the costs and finally translate into executable actions. To become a creative entrepreneur, one should have the characteristic of foresight. The essential ingredients of entrepreneurship comprise of the willingness to take calculated risks, the skill to marshal scarce resources; and essentially the vision to recognize opportunity where others feel ambiguity and inconsistency. Slaughter (1995) defines strategic foresight as a process that attempts to broaden the boundaries of perception in four ways:

1. Consequent assessment: assessment of the implications of present decisions and actions.
2. Early warning and Guidance: detecting and avoiding problems before they occur.
3. Proactive assessment: Considering the present implications of possible future events.



#### 4. Envisioning scenarios: Envisioning the aspects of desired future.

The term foresight was used for the first time in a BBC broadcast in 1932 by visionary author H.G. Wells, who called for the establishment of 'Departments and Professors of Foresight' (Tuomo, 2012). Here it refers to a process of visioning alternative futures through a combination of hindsight, insight and forecasting. That kind of foresight attempts to say something about future probabilities and options for actions. Foresight necessitates planning of things for the future. A businessman should keep an eye on the past evidences and inaccuracies at every moment to plan for success in future. Entrepreneurs have to negotiate with uncertainty and innovation constantly with imperfect information in a competitive environment. Thus, entrepreneurship is the alertness to and foresight of market conditions and must necessarily precede actions taken in accordance with that alertness. The true entrepreneur does not live merely in the context of the present but always with a view to the context of the future since the implications of today's decisions are realized tomorrow. Of course, if the entrepreneurial context is shifted from present to the future, the decision making calls for consideration of uncertain market developments, undiscovered technologies, changing organizational patterns, and ever-shifting financial options since the future is not yet written. Thus, entrepreneurial thinking is about recognising opportunities in the marketplace and making strategies to capitalize on them. Proactive personalities scan for opportunities, show initiative, take action, and persevere until they reach closure by bringing about change (Bateman and Crant, 1993).

A large amount of research has been done on the ways in which entrepreneurs exploit opportunities and the attributes essential for an entrepreneur to be successful. Some of these attributes can be illustrated as 'natural or latent', since they constitute different aspect of personality and can not easily be learned or taught. On the other side, there are some other characteristics such as the skill of opportunity recognition which can be fostered through foresight. Experience and research has shown that foresight capacity can be engendered in people through training them to think differently about the future. However, the nature of the relationship between entrepreneurial foresight and other relevant socio-demographic factors has not been made explicit or empirically testable to date. Moreover, as entrepreneurial orientation theories have emerged primarily from research among the developed countries, it is vital to observe the scope to which these apply in the milieu of developing countries such as India where the policy makers are looking upon the younger generations as the future pool of entrepreneurs and employment originators. The purpose of this study is to verify the extent of the influence of gender on entrepreneurial foresight of management students and to suggest reforms to the curriculum of entrepreneurial education.

#### **FAMILY OCCUPATION**

Probably a century ago, 'business' meant 'family business only' and thus the role of family in business was inseparable. Family remains, until today, as the most important institution that enhances one's awareness about entrepreneurship. Moreover, growing in a family where one of the relatives and particularly parents run their own business not only provides an inspiring and supportive environment for entrepreneurship but also serves as an opportunity to learn and experience the challenges of business. Involvement of family in entrepreneurship creates a profound opportunity for understanding



how entrepreneurial qualities and perceptions develop among the offspring (Chrisman et al, 2003). Jackson and Rodkey (1994) found that socialization impacts an individual's attitude towards entrepreneurship. Family background and parental role-modeling have been established to be the high-flying factors that shape childhood socialization and help formation of attitude towards entrepreneurship. Entrepreneur whose father is self employed provides strong inspiration for him because at an early age, the independent nature of self employed is deep rooted by his father (Matthews & Moser, 1995). The desire to join entrepreneurship programs was, in turn, found to be higher in people coming from families with business as major family occupation.

The successful entrepreneur builds up through family occupation. Various studies described that it is not easy to set up a business for the first generation entrepreneurs, but majority of the entrepreneurs set up their business if they already have a family background of business and mostly capital for startup is provided by family and friends (Lee & Tsang, 2001). Similarly according to Kolvereid (1996) entrepreneurs tend to have parents with entrepreneurial mind set. Research has found that entrepreneurs often come from homes where the mother or father was self-employed (Crant, 1996). Family with a business background often influence and motivate siblings to involve in entrepreneurial activity and they are expected to possess higher propensity to launch a business in future (Van Auken et al., 2006). Greve and Saleff (2003) argue that family business background perhaps lowers barriers to entrepreneurial entry. Family serves as a social capital and support offered by family members to the entrepreneur affects positively the start-up decisions (Chang et al, 2009). The family embeddedness perspective describes the impact and the importance of parents on the entrepreneurial career of their offspring (Aldrich & Cliff, 2003). Experiences during early childhood and socialization at home and in school probably shape the attitudes of young people towards entrepreneurship (Basu & Virick, 2008). Parents act as initial role models and the parents active in a family business influence the future entrepreneurial intentions through changing attitudes and beliefs (Krueger et al, 2000).

The literature on family background evidences a positive relationship between the family occupation and the emergence of entrepreneurs. The parental rolemodels and/or exposure to self employment are considered to influence entrepreneurial attitudes and behaviour (Dyer & Handler, 1994). Carr and Sequeira (2007) found that exposure to family business serves as an important intergenerational influence on entrepreneurial intentions. Shapero and Sokol (1982) argue that attitudes toward entrepreneurship depend on exogenous factors like demographics, traits, skills, culture, and social and financial support and prior exposure to entrepreneurial activity would be included as one such factor. Drennan, Kennedy, and Renfrow (2005) found that those who reported a positive view of their family's business experience perceived starting a business as both desirable and feasible. In Singapore, Lee and Wong (2003a, b) found that those showing more interest during programs on entrepreneurship were more likely to engage in entrepreneurial activity. The desire to study in entrepreneurship programs was, in turn, found to be higher in people coming from families with business as major family occupation. Together, these suggest that family's occupational background is likely to impact the preference of individuals towards entrepreneurship. Advocates of demographic models have suggested and found empirical support for the hypothesis that family background is related to entrepreneurial intentions (Mathews & Moser, 1995). Extant research has shown that growing up in a family business environment provides people with social capital that gives

them a comparative advantage in starting a new venture (Chang et al., 2009).

In the Indian context, family background and entrepreneurship find mention in few studies. For instance, Gadgil (1959) and Singer (1972) found that the joint family provides undivided family property to invest in and expand the family firm. Sharma and Singh (1980) observe that capital formation and the confidence to administer business are essential for the development of industrial entrepreneurship and these are easily available with people who have a business or industrial background. Family occupation and inter-generational occupational mobility are addressed in a study by Khanka (1990) which shows that there is a high propensity for the members of the next generation to choose an occupation related to business and industry, if the first generation belonged to the same occupation. By superimposing age and family background one could locate a segment of entrepreneurs who have inherited a business legacy through familial links in terms of tangible and intangible assets, as well as the appropriate environment and expertise at a young age.

### REVIEW OF LITERATURE

Occupational choices are usually not made out of the blue, but are built on vocational and occupational interests that emerge from early childhood onwards. But, the research on entrepreneurship has continuously been using a few selective lenses and often used to ignore the family background dimension (Chrisman et al, 2003). Athanasios and Panikkos (2011) found a rather low, but statistically significant, correlation between a family business background and the intention to start a new business in Cyprus. Aykut and Belgin (2011) studied the link between entrepreneurial propensity and gender, family profession, and business education and observed no significant difference on individual entrepreneurship. Ishfaq et al (2010) argue that family background and level of education matters while intending to become an entrepreneur. Basu and Virick (2010) suggest that students with self-employed fathers gain exposure to and tacit knowledge of entrepreneurship from an early age which in turn affects their attitudes and perceptions of self-efficacy toward entrepreneurship. The study revealed that individuals' prior exposure to entrepreneurship in practice, both direct and indirect through their family background in business was significantly linked to their attitudes, norms and perceived behavioral control regarding entrepreneurship. More specifically, having a self-employed father is significantly related to the student's positive attitudes, stronger norms, and greater self-efficacy with respect to entrepreneurship. Prior experience of starting a business or trying to start a business is significantly linked with a positive attitude toward entrepreneurship and a greater degree of self-efficacy. An Australian study of undergraduate university students (Drennan et al. 2005) found that a family business background and a positive family background experience had a significant impact on the desirability to start a business. Wang and Wong (2004) and Moriano et al. (2007), have also provided empirical support for the positive relationship of the family background with entrepreneurial intent. Phan et al. (2002) found in Singapore and Australia that students were more likely to commence new ventures upon graduation if their parents were in businesses. Chan's study (1996) on family-related matters found that not all the variables under the category of family-related matters are significantly affecting entrepreneurial orientation. The study further revealed that there were no significant differences in entrepreneurial orientation along family income, parents' education, and parents' occupation respectively. Further, one can distinguish students from entrepreneurial

families in terms of preference to business start-up attitudes than those from non entrepreneurial families (Krueger, 1993).

Aparna, Patel and Dubey (2014) studied the socio-economic background of the first generation entrepreneurs in Indore district of Madhya Pradesh and concluded that 75% of them had agriculture as their primary occupation. Patnaik and Pradhan (2010) found high relationship between the occupational background and nature of units promoted in Orissa region. The study further shows that experience had more bearing than educational qualification on entrepreneurial intentions. The National Knowledge Commission (2008) found, in the Indian context, that family background was the prime motivating factor among the second generation, whether in the same family business (74%) or in a different one (34%), though the extent to which it serves as a motivation trigger varies significantly. Further, family background was found to be a more significant motivator for the second generation entrepreneurs than the first generation. This may be because the second generation entrepreneur is more likely to be influenced by a family environment that extols entrepreneurship. Goel et al. (2006) tested more than 5,000 respondents in India and China for familial occupational background's influence on attitudes and found strong support in both the countries. For China, those from families with business as major occupation were more positive in their attitude on all items except for the need to become entrepreneur to make China prosperous. Indian results showed youth from business families to be more positive in attitude for all items than those from families with service as the major family occupation. The hypothesis that family's occupational background would influence attitudes towards entrepreneurs and entrepreneurship was supported both in China and India. Classification of responses on familial occupation basis suggested that youth from business familial occupation background preferred being an entrepreneur compared to a person from service background in both countries. Chinese respondents from business families rated entrepreneurship as the third most preferred career choice and those from service background preferred it at the fourth place. Indian youth from business families preferred entrepreneurship in the third spot and those from service background preferred entrepreneurship fifth in their career choice. The results for career preference strongly supported the hypothesis that family occupational background influences the attitude towards entrepreneurship in both India and China. Abhishek et al. (2006) found that those hailing from a business occupational background in both India and China, have a more positive attitude towards entrepreneurial activity. In developing countries especially like India the family or clan that an entrepreneur belongs to may influence success in entrepreneurial attempts by way of greater familiarity with entrepreneurs and better access to resources to start and run an enterprise (Sharma & Manikutty, 2005; Khanna & Palepu, 1997).

While the issue has been investigated in-depth among several developed countries, research on family background and entrepreneurship is relatively scarce in developing economies like India. Moreover, previous research provides scant inputs about how family background influences entrepreneurial orientation of the youth. Taking into account the influence of cultural and institutional factors on entrepreneurship and family business the extension of research to such countries is worthwhile. The present study attempts to narrow down the gap by probing how family background influences the entrepreneurial orientation.

### METHODOLOGY

The most probable source of future entrepreneurs is the youth of a country. They are the product of the society and reflect the prevalent attitudes (Veciana, Aponte, & Urbano, 2005). Therefore it was decided to study the graduating to test the hypothesis. A sample of 200 final year postgraduate management students were selected randomly from leading management institutes in Warangal region of the state of Andhra Pradesh. The respondents were served with a schedule of four statements (Table - 1), purposefully developed denoting the components of foresight as prescribed by Slaughter (1995), to be marked on a five level Likert scale denoting 1 = not at all agree to 5 = strongly agree. The responses are tested with ANOVA and post-hoc test for observing variations with the help of SPSS-20.

| Table-1: Entrepreneurial foresight with components and corresponding statements |   |
|---|---|
| Component   | Statement   |
| Consequent assessment   | I am ready to face any type of risk occurring in future consequent to my present decisions. |
| Envisioning scenarios   | I can anticipate the potential problems likely to occur in future.                          |
| Proactive assessment  | I can forecast the future implications of a particular current situation.                   |
| Early warning   | I will not be disturbed by the primary set-backs in my tasks.                               |

### RESULTS AND ANALYSIS

The variable of family occupation is defined in terms of the most prevailing three categories of occupations: business, agriculture, and employment. Then, each component of the entrepreneurial trait of 'foresight' is tested for variance (Table-2,3&4) between the three occupational groups and the corresponding means are compared for an in-depth understanding (Table-5). After multiple comparisons of the mean values of the three groups through Tukey's technique, corresponding 'cluster box plot' has been generated to make the analysis more comprehensive. The box plot summarizes the otherwise complex results from multivariate analyses by visually identifying the patterns that may otherwise be hidden in a data set. The box plot gives graphical information of the location, dispersion and the skewness of a data set. Further it draws attention to certain potential outliers and allows a visual appreciation of lack of symmetry. Thus the comparative box plot pertaining to the four components of foresight is used to compare the defined three groups of familial occupations.

### DISCUSSION

Variance: The data is first subjected to Levene's test to establish the assumption of equality of variances for ANOVA. The resulting P-values for all the four components are significant at 0.05 level (Table-2) indicating that the obtained differences in sample variances are unlikely to have occurred based on random sampling from a population with equal variances. Thus, the null hypothesis of equal variances is rejected and it is concluded that there is a difference between the variances in the population.

| <b>Table-2: Test of Homogeneity of Variances</b> |                  |     |     |      |
|--|------------------|-----|-----|------|
| Component  | Levene Statistic | df1 | df2 | Sig. |
| Consequent assessment                            | 13.114           | 2   | 197 | .000 |
| Envisioning scenarios                            | 6.708            | 2   | 197 | .002 |
| Proactive assessment                             | 7.708            | 2   | 197 | .001 |
| Early warning                                    | 6.645            | 2   | 197 | .002 |

A one-way ANOVA is conducted to examine whether there are statistically significant differences among respondents with different occupational backgrounds in relation to their perception regarding the four aspects of foresight. The results show highly significant F values indicating wide differences between the two Mean Squares for all the components (Table-3). However, rejecting a null-hypothesis means that 'not all' population means certainly differ. It is not clear whether one or more means vary from each other. Therefore, multiple comparisons are performed through Tucky's technique to understand the group specific variances (Table-4).

| <b>Table-3: ANOVA</b> |                       |                |     |               |                |             |
|-----------------------|-----------------------|----------------|-----|---------------|----------------|-------------|
|                       |                       | Sum of Squares | df  | Mean Square   | F              | Sig.        |
| Consequent assessment | <b>Between Groups</b> | 90.179         | 2   | 45.089        | <b>32.981</b>  | <b>.000</b> |
|                       | Within Groups         | 269.321        | 197 | 1.367         |                |             |
|                       | Total                 | 359.500        | 199 |               |                |             |
| Envisioning scenarios | <b>Between Groups</b> | 172.482        | 2   | <b>86.241</b> | <b>67.581</b>  | <b>.000</b> |
|                       | Within Groups         | 251.393        | 197 | 1.276         |                |             |
|                       | Total                 | 423.875        | 199 |               |                |             |
| Proactive assessment  | <b>Between Groups</b> | 212.179        | 2   | 106.089       | <b>101.790</b> | <b>.000</b> |
|                       | Within Groups         | 205.321        | 197 | 1.042         |                |             |
|                       | Total                 | 417.500        | 199 |               |                |             |
| Early warning         | <b>Between Groups</b> | 156.027        | 2   | 78.013        | <b>71.160</b>  | <b>.000</b> |
|                       | Within Groups         | 215.973        | 197 | 1.096         |                |             |
|                       | Total                 | 372.000        | 199 |               |                |             |

**Table-4: Group & Component-wise Descriptives**

| Family occupation |                 | Consequent assessment | Envisioning scenarios | Proactive assessment | Early warning |
|-------------------|-----------------|-----------------------|-----------------------|----------------------|---------------|
| Business          | <b>Mean</b>     | <b>4.1250</b>         | <b>4.1250</b>         | <b>4.1250</b>        | <b>4.3125</b> |
|                   | N               | 80                    | 80                    | 80                   | 80            |
|                   | Std. Deviation  | .86236                | .86236                | .86236               | .68610        |
|                   | <b>Median</b>   | <b>4.0000</b>         | <b>4.0000</b>         | <b>4.0000</b>        | <b>4.0000</b> |
|                   | Grouped Median  | 4.2308                | 4.2308                | 4.2308               | 4.3571        |
|                   | Range           | 3.00                  | 3.00                  | 3.00                 | 2.00          |
|                   | Variance        | .744                  | .744                  | .744                 | .471          |
|                   | <b>Skewness</b> | <b>-.854</b>          | <b>-.854</b>          | <b>-.854</b>         | <b>-.495</b>  |
| Agriculture       | <b>Mean</b>     | <b>3.9000</b>         | <b>3.8000</b>         | <b>3.8000</b>        | <b>3.1000</b> |
|                   | N               | 50                    | 50                    | 50                   | 50            |
|                   | Std. Deviation  | 1.23305               | 1.34012               | 1.34012              | 1.31320       |
|                   | <b>Median</b>   | <b>4.0000</b>         | <b>4.0000</b>         | <b>4.0000</b>        | <b>3.0000</b> |
|                   | Grouped Median  | 4.1429                | 4.1429                | 4.1429               | 3.1667        |
|                   | Range           | 4.00                  | 4.00                  | 4.00                 | 4.00          |
|                   | <b>Skewness</b> | <b>-1.163</b>         | <b>-.943</b>          | <b>-.943</b>         | <b>-.192</b>  |
| Employment        | <b>Mean</b>     | <b>2.6429</b>         | <b>2.0714</b>         | <b>1.8571</b>        | <b>2.2857</b> |
|                   | N               | 70                    | 70                    | 70                   | 70            |
|                   | Std. Deviation  | 1.40430               | 1.23149               | .92134               | 1.16896       |
|                   | <b>Median</b>   | <b>2.5000</b>         | <b>2.0000</b>         | <b>2.0000</b>        | <b>2.0000</b> |
|                   | Grouped Median  | 2.5000                | 1.8000                | 1.7273               | 2.1250        |
|                   | Range           | 4.00                  | 4.00                  | 3.00                 | 4.00          |
|                   | <b>Skewness</b> | <b>.345</b>           | <b>1.059</b>          | <b>.864</b>          | <b>.818</b>   |
| Total             | <b>Mean</b>     | <b>3.5500</b>         | <b>3.3250</b>         | <b>3.2500</b>        | <b>3.3000</b> |
|                   | N               | 200                   | 200                   | 200                  | 200           |
|                   | Std. Deviation  | 1.34407               | 1.45946               | 1.44844              | 1.36724       |
|                   | <b>Median</b>   | <b>4.0000</b>         | <b>4.0000</b>         | <b>4.0000</b>        | <b>3.0000</b> |
|                   | Grouped Median  | 3.7895                | 3.5625                | 3.4375               | 3.4211        |
|                   | Range           | 4.00                  | 4.00                  | 4.00                 | 4.00          |
|                   | <b>Skewness</b> | <b>-.641</b>          | <b>-.384</b>          | <b>-.294</b>         | <b>-.318</b>  |

**Multiple Comparisons:** The multiple comparisons reveal that the group with employment as the family occupation widely differs with the other two groups on all the four components where as the 'agriculture' occupation group differs with the 'business' group on three components (consequent assessment, proactive assessment, and envisioning scenarios) out of the four.

**Table-5: Multiple Comparisons**

| Tukey HSD             |                       |                       |                       |            |             |                         |             |
|-----------------------|-----------------------|-----------------------|-----------------------|------------|-------------|-------------------------|-------------|
| Dependent Variable    | (I) Family occupation | (J) Family occupation | Mean Difference (I-J) | Std. Error | Sig.        | 95% Confidence Interval |             |
|                       |                       |                       |                       |            |             | Lower Bound             | Upper Bound |
| Consequent assessment | <b>Business</b>       | Agriculture           | .22500                | .21079     | .535        | -.2728                  | .7228       |
|                       |                       | <b>Employment</b>     | <b>1.48214*</b>       | .19136     | <b>.000</b> | 1.0302                  | 1.9341      |
|                       | <b>Agriculture</b>    | Business              | -.22500               | .21079     | .535        | -.7228                  | .2728       |
|                       |                       | <b>Employment</b>     | <b>1.25714*</b>       | .21650     | <b>.000</b> | .7459                   | 1.7684      |
|                       | Employment            | Business              | -1.48214*             | .19136     | .000        | -1.9341                 | -1.0302     |
|                       |                       | Agriculture           | -1.25714*             | .21650     | .000        | -1.7684                 | -.7459      |
| Envisioning scenarios | <b>Business</b>       | Agriculture           | .32500                | .20365     | .250        | -.1559                  | .8059       |
|                       |                       | <b>Employment</b>     | <b>2.05357*</b>       | .18488     | <b>.000</b> | 1.6170                  | 2.4902      |
|                       | <b>Agriculture</b>    | Business              | -.32500               | .20365     | .250        | -.8059                  | .1559       |
|                       |                       | <b>Employment</b>     | <b>1.72857*</b>       | .20917     | <b>.000</b> | 1.2346                  | 2.2225      |
|                       | Employment            | Business              | -2.05357*             | .18488     | .000        | -2.4902                 | -1.6170     |
|                       |                       | Agriculture           | -1.72857*             | .20917     | .000        | -2.2225                 | -1.2346     |
| Proactive assessment  | <b>Business</b>       | Agriculture           | .32500                | .18405     | .184        | -.1096                  | .7596       |
|                       |                       | <b>Employment</b>     | <b>2.26786*</b>       | .16708     | <b>.000</b> | 1.8733                  | 2.6624      |
|                       | <b>Agriculture</b>    | Business              | -.32500               | .18405     | .184        | -.7596                  | .1096       |
|                       |                       | <b>Employment</b>     | <b>1.94286*</b>       | .18903     | <b>.000</b> | 1.4964                  | 2.3893      |
|                       | Employment            | Business              | -2.26786*             | .16708     | .000        | -2.6624                 | -1.8733     |
|                       |                       | Agriculture           | -1.94286*             | .18903     | .000        | -2.3893                 | -1.4964     |
| Early warning         | <b>Business</b>       | <b>Agriculture</b>    | <b>1.21250*</b>       | .18876     | <b>.000</b> | .7667                   | 1.6583      |
|                       |                       | <b>Employment</b>     | <b>2.02679*</b>       | .17136     | <b>.000</b> | 1.6221                  | 2.4315      |
|                       | <b>Agriculture</b>    | Business              | -1.21250*             | .18876     | .000        | -1.6583                 | -.7667      |
|                       |                       | <b>Employment</b>     | <b>.81429*</b>        | .19388     | <b>.000</b> | .3564                   | 1.2721      |
|                       | Employment            | Business              | -2.02679*             | .17136     | .000        | -2.4315                 | -1.6221     |
|                       |                       | Agriculture           | -.81429*              | .19388     | .000        | -1.2721                 | -.3564      |

\*. The mean difference is significant at the 0.05 level.

**Consequent assessment:** The preferences of agriculture and business groups donot vary much on the aspect of 'consequent assessment' whereas these two groups together differ widely with employment group with a mean difference ranging from 1.3 to 1.5 on a scale upto 5 which is highly significant (Table-5). Thus, the perception of the employment family background respondents falls considerably apart from that of the remaining two groups.

**Envisioning scenarios:** The agriculture and business family background groups move together around a mean value of 4.0 differing widely from that of the employee background sample whose mean value is only2.0 (Table-4&5) implying that the respondents from employee families exhibit a very low confidence on the competency of 'envisioning' the future scenarios.

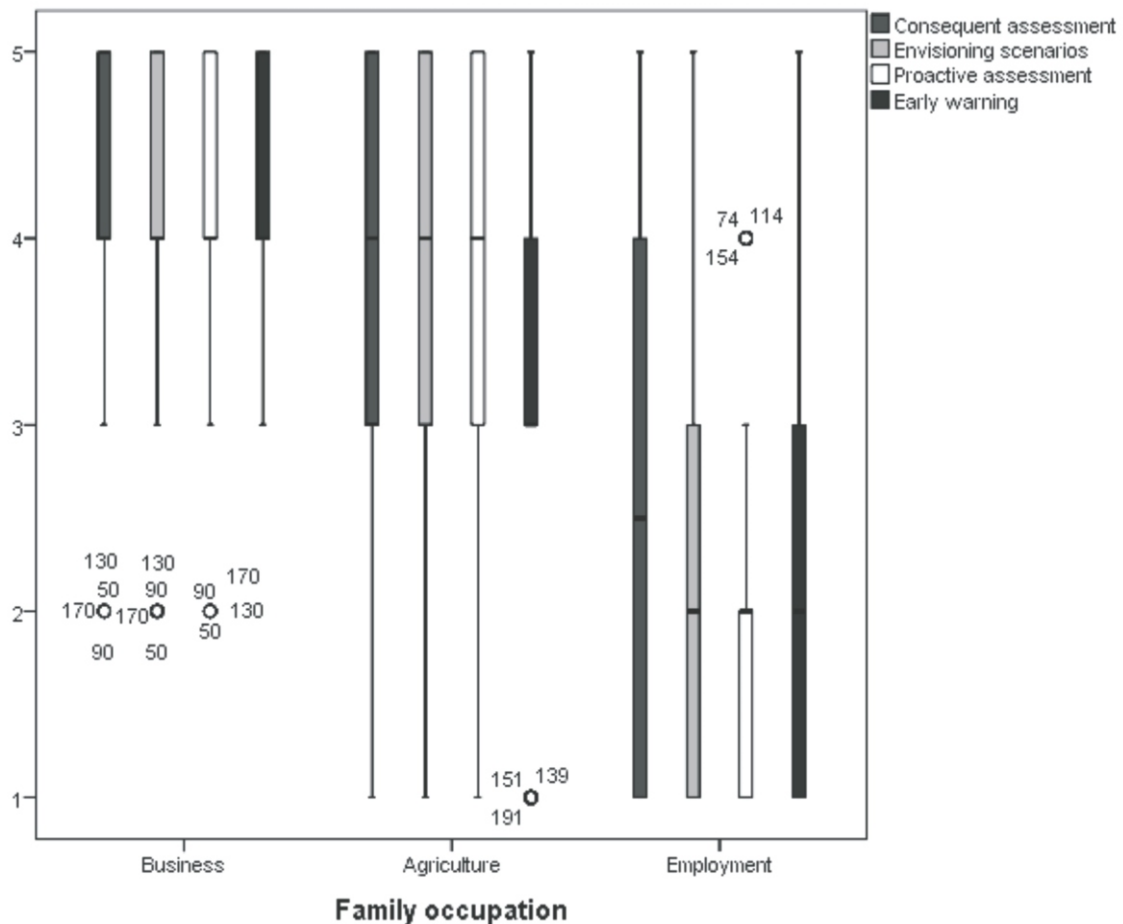


**Proactive assessment:** The respondent group with employment family occupation shows a weak preference for 'proactiveness' as a competency of entrepreneurship with a mean value of 1.8571 which is considerably lesser than the total sample mean (3.25) for this component while the other two groups score relatively higher at 3.8 and 4.1 (Table-4&5) respectively.

**Early warning:** The sample groups with three different occupational family backgrounds show considerable variances within them regarding the competency of early warning. Each group differs with the other two with a significant mean difference (Table-5). The business family group scores high mean value (4.3) while employee group stands at lowest (2.3) keeping the agriculture group at the centre with a mean value of 3.1 (Table-4&5).

**Box Plots:** The observations from the corresponding box plots are explained in terms of location, dispersion and skewness of the responses of the three groups.

**Figure-1: Cluster Boxplot.**





**Location (Median):** The median values of both the groups hailing from business and agriculture occupation families show a uniform value at 4.000 except for 'early warning' competency on which the agriculture family origins exhibit a lesser median at 3.000. But the employment family background sample group shows the median values which hover between 2.00 to 2.500 indicating that these show a relatively weaker preference (Figure-1; Table-4) than their counterparts from business and agriculture backgrounds, for the components of entrepreneurial foresight.

**Dispersion:** Among the total sample, the employee offspring exhibits an inter-quartile range which varies from 1.000 to 3.000 on the four components tested (Figure-1) while the other two sample groups show a constant range between 1.000 and 2.000. Thus the variability of responses is much wider for the employee sample group whereas the same for the remaining two groups is more focussed.

**Comparison of Skewness:** The distribution of the employee-family group is right-skewed since all the values are concentrated on left of the mean, with extreme values to the right (Table-4) whereas the distribution for the other two sample groups is left-skewed as the values position to the right of the mean, with extreme values to the left.

**Outliers:** Outliers are the extreme values that deviate significantly from the rest of the sample and they can exist above or below the whiskers of the box plot. It is statistically proved that regardless of size, at least 30% of samples drawn from a normally-distributed population will have one or more data flagged as outliers. Data outside the outer fences are considered to be extreme outliers. In the present data set, the presence of outliers across all sample groups implies that the population has no normal distribution.

**General observations:** The respondents from business family background show a consistently strong belief on all the four components of foresight as the median value (4.000) is higher than the upper quartile values for the group with employment as the family occupation. The group with agriculture family background follows suit with the business group in their nature of responses except for a very negligible variance on the component of early warning. The competencies of consequent assessment; envisioning scenarios; proactive assessment; and early warning attract relatively stronger preferences from the respondents from business families, followed by those from agriculture families. The sample with employment family occupation is not consistent on their preferences for the components of foresight as the responses shows a wider variance and longer dispersion.

## CONCLUSION

By the analysis of the data, it can be strongly believed that the competency of entrepreneurial foresight is strongly correlated with the family background of the respondents. The sample group hailing from business families is highly consistent in their responses and more focussed on the components of foresight. The sample group with agriculture background also show more or less similar attitude towards the components except for one component early warning, on which they prove weak. The respondents with employment as the family occupation are more confused across the four components of foresight as they yield different median values on the four components and relatively wider distribution. Thus, family occupational background emerges to be a critical determinant of entrepreneurial foresight in particular and entrepreneurial orientation in general.

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# ROLE OF INDIAN WOMEN IN SOCIO-ECONOMIC DEVELOPMENT

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## ABSTRACT

After globalization the role of Indian woman has been phenomenal. Our Indian sub-continent is gradually emerging as a powerful land since empowered women have started playing significant role for the socio-economic development of the nation. The transition of woman from the past to present is worth mentioning. Woman who once considered being the masters in the art of home making are now considered to be the forces that shape a country. The modern Indian women have honed their skills and have come to front line to fight against social restrictions, emotional ties, religious boundaries, gender biasedness and cultural clutches. She can now be seen working on par with men in every walk of life. As compared with past, Indian women in modern times have achieved a lot but in reality they have to still travel a long way. Women have always been contributing to enable the economy achieve tremendous progress. But it is the gender bias that still exists at every social stratum, even in the most educated and developed society, is unable to account for the visible contribution of women in every field. The Indian women have come out of the image of ornamental value. Keeping the Indian values intact, the Indian women have surpassed all the limitation to find a place in the growing socio-economic scenario.

**Key Words : Globalization, Women Empowerment, gender biasedness, Socio-economic.**

## INTRODUCTION

Women in India constitute nearly 49% of its population. According to 2011 census report, there are 943 women for every 1000 men. At the 2011 census, India had a female population of 586.47 million. India accounts 15% of World's women characterized by vast regional differences and a variety of cultures. But, social discrimination and economic deprivation on the basis of gender is common to all, irrespective of religion, cast, community, and State.

India has experienced rapid growth and development in the past years in many spheres. Gender equity is not one of them. This is deplorable considering the important role played by women in the socio-economic growth of the country.

The Indian development model has yet to fully incorporate the important role played by women for propelling the socio-economic growth of the country. Current governments at state and central level must understand that no nation can progress unless its women are given equal access to opportunities and adequate safety and security.

A discussion about sustainable socio-economic development is not complete without a conversation on gender equality. Since women account for half of any country's talent base, empowering their participation in the workforce greatly enhances productivity and fosters economic growth. In fact, World Bank studies show that development strategies focusing on gender equality see stronger economic growth than gender-neutral strategies. Throughout the world, women represent a substantial, underutilized force for sustainable development. In Asia, for example, women are responsible for 50% of agricultural output, while nearly 80% of the agricultural labor in Africa market is female. Unfortunately, many of these women lack access to necessary agricultural resources, which, if freely accessible, could decrease global hunger by 12-17%.

### **WOMEN IN CHANGING SOCIETY**

After Independence the Constitution of India gave equal rights to men and women in all walks of life. But even today one cannot say that all women in India enjoy equal rights with men in all matters.

There are many reasons for this

- (1) The socio-cultural barriers,
- (2) Adequate education among women,
- (3) Ignorance of their rights,
- (4) Gender Biasedness ,
- (5) Limited access to resources,
- (6) Stereotype role in the society ,
- (7) Lack of vocational and skill training.-

In spite of all these problems mentioned above, one could see that the condition of India women has improved a lot. Special incentives and reservations have encouraged them to study and get professionally qualified. Education is for Women's Equality . Education has been used as an agent of basic change in the status of women. In order to neutralize the accumulated distortions of the past, it has been observed today, a well-conceived edge in favour of women. The National Education System has played a positive, interventionist role in the empowerment of women. They are getting employed in all sectors.

Their economic independence has been convincingly accepted by the Indian society. It is now common to see women working in business or as lawyers, journalists, even as entrepreneurs. And men increasingly want to marry working women to help pay their household expenses or to prove a point socially that they are open genuinely or not to the idea of a woman being an individual with her own rights, wants and needs. Women in India, whether they belong to urban or rural areas are , taking steps toward becoming fully integrated and valued members of the family and the society as a whole.

As a nation we are witnessing a shift in their status, with more and more women working in the political, business and social arenas. Women are breaking the glass ceiling to acquire top positions in the corporate world. It is evident that the world is changing a lot in terms of acceptance of the many roles of women in Indian society as professionals, as bread-earners in families and as independent thinking individuals. The traditional Indian woman has evolved to prove herself equal in many



professions as well as proved better suited than men in others. The situation for the changing role of women is improving fast.

Today the Indian women can work on her passion by having an exciting, challenging and lucrative high flying career. No doubt, that the social system cannot work with radical thoughts of transforming the values related to the defined roles of men and women. However, Indian men have gradually learnt to accept the changing role of women. Rising trend of working women culture, participation in the major decisions like purchase of property and high ticket items, children education, leisure trips etc indicate the changing attitude of men towards the dynamic role of women. It is definitely an indication of progressive society where a modern Indian woman has carved out a new identity.

This change in women's identity is in turn reflects a change in men's perception towards defined stereotypical roles and duties of a woman. Men mostly are accepting and adapting to it and welcoming women working. They need to convincingly believe in these changing roles. Even men avail the paternity leave to take care of the child without any complexes. The government role is appreciable in this regard. It has been possible only due to women strong will and conviction to fight for their right and maintain the work life balance.

Women can also contribute to the social welfare of the country. Noted lady activists have championed the cause of gender justice and equity. They are shining examples of what India can accomplish if lady leaders are at the helm. Women-friendly policies and laws will be framed as a result of this. This can change the way the world looks at India.

While political culture is important for bringing change, women continue to have a audible voice at the local and national levels, and women are gradually supported to fully participate in formal systems of power. There is a need to strengthen women's access to both formal and informal justice systems, and ensure these are responsive to advancing all women's equal rights, opportunity, and participation. Improving women's political voice is also crucial here. Panchayat raj system has opened new arenas of political career even for the rural and tribal women where women enjoy reservation.

Indian women got empowered and moved to participate further in all spheres of services financial, administrative, and judicial and education to name a few. Women in India are playing an important role in the country's governance. Many women have emerged as exemplary leaders at the policy level as well as the community level. The presence of women in various decision making bodies helped develop confidence among other women, opening up possibilities for future.

It is important to note the critical role women have played in working together to forge solidarity, and unity among themselves. Together they have been able to lobby and influence the enactment of laws that protect and promote the rights of women.

Education has made Indian women identify their hidden self and potential to be part of

governance. Some of them have come out on the social and political field to walk parallel with men folk in these fields. The freedom struggle of India was the opening up of the new horizon for womanhood in India. In modern India, women have occupied high offices including that of the President, Prime minister, Speaker of the Lok Sabha, etc.

They can contribute significantly to the growth the development of India in multifaceted ways.

### THE ROLE OF WOMEN IN ECONOMIC ACTIVITIES

The year 1995, was declared as the International Year for Women throughout the world. The women were made aware of their status and place in society. There have been many movements in our country as well as in other countries for the advancement of women. They are awake and moving fast. They are asserting their rights. As far as India is concerned, it has already agreed to treat women as equal with men in all respects the difference, whatever now exists, is sure to vanish the coming decades when women also get equally educated and liberate themselves from superstitions and irrational traditions.

The primary pathways through which gender systems affect growth are by influencing the productivity of labour and the allocative efficiency of the economy (World Bank 2002). In terms of productivity, for example, if the access of women farmers to productive inputs and human capital were on a par with men's access, total agricultural output could increase by an estimated 6 to 20 percent (World Bank 2001b).

However, before looking at the evidence base, constraints, and interventions, evolution of thinking around women and development must be looked into. In the 1970s, research on African farmers noted that, far from being gender neutral, development was gender blind and could harm women. Out of this realization emerged the Women in Development (WID) approach, which constructed the problem of development as being women's exclusion from a benevolent process. Women's subordination was seen as having its roots in their exclusion from the market sphere and their limited access to, and control, over resources.

India ensures to place women 'in' development by legislation to limit discrimination and by promoting their involvement in education and employment. The WID approach led to resources being targeted at women and made particularly women's significant productive or income generating contribution, more observable.

While remunerated work is important for women, it is important to remember that women still undertake the volume of unpaid work in the home or family business. The Indian women are laden with the social values that make them primarily responsible for caring for children and older people along with routine stereotyped work at home. The nature of work may vary for urban and rural women but the roots are in the social ethos of the Indian culture. Women play the key role in the 'care economy', which not only provides care to the young, old and the sick, but also is vital for ensuring a productive workforce. As this work is not remunerated, it is undervalued and lies outside general statistics of the



economy. However, this unaccounted contribution is substantiating the role of male counterparts to be more productive in their work domain.

Economic policies and practices in India are promoting women recognize their rights as workers and to work. When women do engage in paid work, it can improve their voice in the home and ability to influence household decision-making

Women's relative skill deficiency, lack of assets, and inexperience might mean they are particularly risk disinclined keeping them from higher return economic initiatives and enterprising activities. However, women have been shown to use micro-finance effectively to develop small enterprises and are recognised as good at paying back loans. CASHPOR micro credit is a poverty focused, not a profit company that provide microfinance exclusively to below the poverty line women in eastern U.P and Bihar. Monitoring of social impact annually shows that more than two thirds of mature Clients are no longer poor, CASHPOR itself has become a financially sustainable microfinance institution for the poor, providing an alternative to the for profit micro finance institutions.

Rural Indian women are getting empowered through being part of self help groups and taking initiatives for creating positive social change in rural or underdeveloped areas. There are notable examples of women self help groups in India which have generated employment and income for many families in villages and small towns.

Big and small NGOs are playing a very productive role in guiding the SHGs starting from its formation to linkage with banks to different entrepreneurial activities through out the country.

Women in rural India, despite going through the problems like health, malnutrition, repeated childbearing, and deficient of proper education, engage themselves in different agricultural activities, run small shops, sell different locally produced products and thus generate additional income for the family. A government of India study shows that more than 40 per cent of rural women directly or indirectly contribute to the uplift of their families and thereby bringing social change.

In urban India, the lowest strata, women despite the lack of education and facing problems like shelter, have been catering to social changes and economic development by contributing as a sizeable labour force in various industries like construction industry, water bodies, engaging in various domestic and community services. Hence no developing country or society can afford to ignore the role of women, if they are to progress.

The quality of female jobs has improved somewhat over the past seven years as the share of female unpaid work declined in rural areas, and organised employment rose slightly in services and manufacturing in the urban areas. However, most of the rise in these jobs was still in the informal sector without social benefits (Mehrotra et al. 2014). The World Economic Forum (WEF) data also show that women have a relatively high share in professional and technical occupations India ranked 68th among 135 countries in 2013 in the WEF Index. At the same time, high unemployment among highly

educated women points to a potential glass ceiling. The high unemployment rate among educated women in both urban and rural areas, coupled with the overall low job creation, also points to a demand problem. Over 3 million women would be willing to work if suitable (Sorsa, 2015)

If the public policies are framed that affect female time use, there will be enhancement in economic participation and potential growth. The policies include changes in public investment in infrastructure, such as safer and better transport, sanitation and water; the efficiency of government spending in health, education and infrastructure to the extent they impact women's time allocation. As a result of affirmative action policies towards reducing gender bias in the market place can further give spurt to permanently higher growth by improving human and other capital, productivity and labour input lifting the Indian economy to a new stable state. (Agenor, 2015)

While most are aware of the high profile lady entrepreneurs and corporate heads in urban India, women in rural areas still fail to take the due advantage of the government policies for women entrepreneurial activities. If women are allowed to gain access to skill training and education, they can make a huge impact in enhancing the productivity of the economy.

Noted rural entrepreneurs such as Jashwanti ben Popat who pioneered Lijjat papad are proof of the strong capabilities of Indian women to mould positive social change in India. From mere seven women working under one roof to over 43,000 lady workers, Lijjat papad is a corporate initiative that is energizing the Indian economy.

Now, women such as Ela Bhatt who founded SEWA are empowering women to gain freedom from scarcity of financial resources and redundancy. Women entrepreneurs are also gaining from some of the well-implemented and successful governmental programs at central and state level.

## CONCLUSION

The key role of Indian women in initiating socio-economic progress of the country cannot be underestimated. Our women entrepreneurs, social welfare workers, scientists, politicians and economists are leading the way for a brighter future. Women in urban and rural areas should be given more access to good opportunities so that they can bring about positive social change and contribute to the growth of the country. Women play a crucial role in initiating the advancement and growth of any society, in nations across the world. India is no exception to this rule.

Women became a energetic force of the socio-economic development of the country after the independence. Sizable numbers of women network such as NGOs, associations and co-operatives at the grassroots level have played a noticeable role in providing empowerment initiatives which resulted in socio-economic development and income generating activities. This, in turn, paved the way for sustainable development and economic growth of the country.

Indian society has started realizing the active participation of women to make the country moving parallel to the global advancement. As women kept making these advancements to individualism, and

now women are considered better contenders for many assignments.

Indian society is heading towards an open and progressive society of acceptance and opportunity. The future of women in India looks bright, secure and promising enabling her to contribute substantially for socio-economic development of the country..

There is no field, which remained untouched by Indian women. Indian women have proved her capabilities and potentialities in all walks of life. But she still has to go a long way to achieve equal status in the minds of Indian men.

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## TREND OF CULTIVATED AREA AND PRODUCTION IN VARIOUS FIELD CROPS IN ODISHA

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### ABSTRACT

This paper attempts to highlights the actual cultivated area in Odisha and various suitable crops which will give better income. The results indicate that almost 70 percent population in Odisha is dependent on agriculture. The agriculture sector contributes only about 26 percent of the GSDP. The declining agriculture growth coupled with declining productivity in agriculture. It is evident from the study that increase in production is due to some steps taken by state government, such as seed replacement program, increased irrigation facilities, use of fertilizers, farm mechanization, soil testing & restoration of soli health & fertility, agricultural research education, soil reclamation program, agricultural extension service. Therefore proper implementations of policies are more important. Thus, the paper suggests that government should take initiatives for improvement of agriculture and such step provides an opportunity to increase production and productivity substantially of the state.

**Keywords: Agricultural product, GSDP, & Per capita income.**

### INTRODUCTION

Agriculture has been the backbone of the Indian economy and it will continue to remain so for a long time. Indian agriculture is characterized by agro-ecological diversities in soil, rainfall, temperature, and cropping system. Intensive cultivation as a result of introduction of high yielding varieties in the mid 1960's required higher energy inputs and better management practices. India has made remarkable progress in agricultural mechanization technology. The country evolved a selective mechanization model using a power mix based on animate and inanimate power sources (Pandey, 2009). Outputs on a unitary basis for every type of harvest have increased from 1950. This has been possible since the government has put particular focus on farming operations in the five-year plans and stable developments in the domains of engineering science, irrigation, implementation of contemporary farming operations, and supply of cultivation loans and grants after the Green Revolution took place in the country.

Odisha is an Agrarian state. More number of populations of the state is dependent on agriculture. There is a large disparity between the per capita income in farm sector and nonfarm sector.

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So it is necessary to know the trend of cultivated area and agricultural production. The national agricultural policy approved by the government of India in 2000, to achieve 4 percent growth rate in agriculture annually. The decline in agricultural growth coupled with declining productivity in agriculture. The state has about 64.09 lack hectores of cultivable area out of total geographical area of 155.711 lack hectores accounting for 41.16 percent average size of holding in the state is 1.25 hector. The small and marginal farmers constituted 83 percent of the farming community. The Government of Odisha declared a State Agriculture Policy in 1996. After more than a decade, in 2008, the State Agriculture Policy was revised and its scope widened to cover many other aspects of the State's agriculture. The State Agriculture Policy 2008 served Odisha well, and stimulated the growth of private lift irrigation and agro industries. More than 1,00,000 lift irrigation points were established and the State saw the growth of many new agro based industries. Farm mechanization reached new heights; the number of tractors sold to the farmers increased from less than 200 tractors in 1999 2000 to more than 5000 in 2011-12. More public investment in agriculture is the present requirement as private investment in agriculture would take time because of the slow evolution of appropriate policies. Investment can spur up the productivity and capital formation which is so very crucial to the agriculture sectors. The State has about 64.09 lakh hectares of cultivable area out of total geographical area of 155.711 lakh hectares, accounting for 41.16 percent. Total cultivated area is about 61.50 lakh hectares. About 40.17 lakh hectares of cultivable area has acidic soil and approx. 4.00 lakh hectares of area suffers from salinity. That apart, nearly 3.00 lakh hectares of cultivable area suffers from water logging.

The State has one Agriculture University namely, Odisha University of Agriculture and Technology (OUAT) with the network of colleges and research stations to cater to the needs of the farmers of the State. Emphasis would be given to 'demand-driven' research rather than 'project oriented' research. Odisha is bestowed with varieties of agro-climatic conditions favourable for the development of horticultural crops. Horticulture provides an excellent opportunity to raise the income of farmers in rainfed areas and dry tracks. Animal Husbandry is a major economic activity taken up by new entrepreneurs especially in rural areas. Livestock Sector plays a pivotal role in rural employment and livelihood. The strength of the fisheries sector in Odisha lies in the large under/unutilized freshwater and brackish water resources. Watershed Development is one of the priority areas for the State. Odisha has been one of the pioneers in demonstrating successful watershed development program (State Agricultural Policy, 2013).

Odisha is an Indian state on the subcontinent's east coast, by the Bay of Bengal. Since prehistoric days, the land of Odisha has been inhabited by various people. The earliest settlers of Odisha were primitive hill tribes. Odisha is the 9th largest state by area in India, and the 11th largest by population. Oriya is the official and most widely spoken language, spoken by three quarters of the population. Bhubaneswar is the capital of Odisha, and home to nearly a thousand temples. Odisha is speedily growing economic wise as it has a large amount of growth rates in gross state domestic products as shown in the reports by the Ministry of Statistics and Programme Implementation. Odisha has a network of roads, railways, airports and seaports.

### REVIEW OF LITERATURE

Nath (1996) in his paper *Origin Growth and Condition of Living of Agricultural Labourer in Orissa-A Village Study* discuss about the situation of agricultural workers in village areas. The study begins with the agricultural labour situation during the last three censuses in Odisha. It is discerned that there has been a growth of agricultural wagedworker category over time at the aggregate and percentage level as well. Spatially both advanced and backward districts are having higher proportion of agricultural labourers to the state average. Sahu and Nayak (2007) in their report *Agricultural development of Orissa* found that the area under food grain production of Orissa over last 7 years almost remains unchanged of 67 lakh hectares. Major oilseed crops grown in the state are groundnut, sesame, mustard, sunflower, niger and safflower. Jute, mesta and cotton are at the three important fiber crops grown in the states. Jute is cultivated in coastal districts, mesta is taken in inland districts and cotton is grown in KBK district. Pandey (2008) in his paper “Economic development in Orissa: Growth without inclusion?” shows that the economy is poised for a take-off to a high growth phase, almost similar to that at the national level. On the poverty dimension, however, the recent developments have been gloomy, to say the least. The consumption expenditure surveys carried out by the National Sample Survey Organisation, the standard source of data for poverty analysis in India by official and non-official investigators, shows that the period 1993-2004 has witnessed a reversal of the achievements made on the poverty front during 1983-93. Balakrishnan et al. (2008) in their report *Agricultural growth in India since 1991* addresses the observed slow growth of the agricultural sector since 1991. The method is to document the movement during this period of the factors that have been recognised as determining agricultural growth with a view to identifying the proximate causes of the slowdown. Hatai & Sen (2008) in their report *An Economic Analysis of Agricultural Sustainability in Orissa* found that the development of a method for generating Sustainable Livelihood Security Index (SLSI) for agricultural sustainability and evaluating the existing status has been reported. Some measures have been suggested to promote sustainable agriculture of Orissa. This state has been selected since it faces wide inequality, improper management and over-exploitation of natural resources and explosion of population. These have created a threat to ecological balance and economic as well as social status of households in different districts of the state.

Ghosh and Kumar (2010) in their paper “Performance of Irrigation and Agricultural Sector in Orissa: An Analysis of Missing Links” noticed that in Orissa, annual investment in irrigation sector is remained consistently high with an average annual outlay about Rs. 600 crores during the past years since 2000-01. Agricultural growth rate of the state is hovering around one percent. Nayak (2011) in his paper *Rural Infrastructure and Cropping Intensity in Odisha* observes that there exists regional disparity in the stock of rural infrastructure in all the three forms. The coastal region of the state is ahead in all the three categories of infrastructure, albeit with some exceptions. The southern Orissa, mostly comprising the underdeveloped Kalahandi-Bolangir-Koraput (KBK) is still the most backward region of the state. However, as regards cropping intensity, the story is not the same. Sharma (2011) in his paper “India's Agricultural Development under the New Economic Regime: Policy Perspective and Strategy for the 12th Five Year Plan” concluded that the failure to achieve targeted growth in agriculture has resulted from the inadequacies of the provision of the critical public goods such as research and development, extension services, surface irrigation, rural infrastructure, etc. on which agricultural growth thrives as well as inappropriate policies.



Jena (2012) in his paper “Agricultural productivity in Kalahandi District of Orissa over the decades: A temporal assessment” found that the scenario of agricultural productivity in Kalahandi district during the last 27 years was not found to be encouraging. To increase the agricultural productivity in Kalahandi region, the emphasis should be laid on land reform measures (consolidation), technological change, infrastructure development (mainly irrigation) and adequate flow of funds to agriculture. Das (2012) in his project Status paper on Rice in Orissa discuss about the production and challenges of rice cultivation in Orissa. He found that Rice covers about 69 per cent of cultivated area and is the major crop covering about 63 per cent of total area under food grains. It is the staple food of almost entire population of Orissa; therefore, the state economy is directly linked with the improvement in production and productivity of rice in the state. Maan & Kumar (2012) in their paper statewide agricultural sector growth and performance found that Agriculture is the major sector of the Indian economy as a source of income, employment and export earnings. Commercial crops play a significant role, not only in the domestic sector but also in the external trade by meeting the domestic requirements of oils, fibres and sugar as well as earning the foreign exchange through export or import substitution. Their significance has further grown recently due to liberalization and globalization of the Indian economy since 1991. Deb (2012) in his paper “Policies for Raising Agricultural Growth and Productivity in India” found that there are basically seven factors which need focused reforms in the short and medium terms. These are: (a) price policy; (b) subsidies and investments; (c) land issues; (d) irrigation and water management (e) research and extension; (f) credit; (g) domestic market reforms and diversification. Institutions have to be developed in all these aspects. Sharma (2012) in his report “Accelerating Agricultural Development for Inclusive Growth: Strategic Issues and Policy Options” observes that despite a strong growth linkage between agriculture and other economic sectors, and poverty reduction, agriculture has not received the required attention during the reforms period. The neglect of agriculture and rapid growth of non-agriculture sector has led to serious agrarian crisis and increased disparity between urban and rural incomes. Many factors have contributed to the slowdown in agricultural growth: inadequacies of the provision of the critical public goods such as research, extension, rural infrastructure (on which agricultural growth depends), increased competition for resources from other sectors/ programmes such as rural development and poverty alleviation, and subsidies; lack of long-term government commitment required for agricultural development.

Das (2013) in his paper “Agricultural productivity growth in India: An analysis accounting for various land types” shows that agricultural TFP growth in India for period ranged between 1% during 1981-1990 to about 1.7% during 2000-2008. Growth in TFP was higher during the post reform period than during the pre reform period. They also find that usage in agricultural inputs has declined during the post reform period compared to the pre reform period. Better technologies in Indian agriculture enhanced agricultural production during the post reform period. Its findings show that, though contribution of TFP towards output growth was declining during the initial years, it however shows a rising trend towards explaining output growth during the last decade. Srivastava et al. (2013) in their report “Groundwater Development and Energy Use Dynamics for Irrigation in Odisha” conclude that Odisha's agriculture sector is characterized as low input-low productive with high risk and regional inequality. The groundwater development bears a positive relationship with the agricultural income

and as most of the ultimate irrigation potential (UIP) from groundwater in Odisha remains unutilized due to underdevelopment of groundwater resources, its sustainable development will accelerate the agriculture growth in the state.

Paltasingh and Goyari (2013) in their paper “Analyzing Growth and Instability in Subsistence Agriculture of Odisha: Evidence from Major Crops” attempt to (i) analyze growth and magnitude of instability in area, yield and production of major crops of Odisha in preliberalized and liberalized periods, (ii) to test the controversy about the nexus between instability and growth rate of area, yield and production, and (iii) to explore the relationship between instability and weather variability along with price fluctuations. Reddy (2013) in his paper “Agricultural productivity growth in Orissa, India: Crop diversification to pulses, oilseeds and other high value crops” concluded that during the period 1991 to 2008 the growth rate of agriculture in Orissa is lower than all India. Orissa agriculture is highly concentrated in low productive and high water consuming paddy cultivation with little diversification towards pulses, oilseeds and other high value crops (HVCs): included sugarcane, fruits and vegetables etc., which fetch higher net returns. It is also characterized by low use of fertilizer, energy and irrigation per unit area compared to other states. Reddy (2013) in his paper “Agricultural productivity growth in Orissa, India: Crop diversification to pulses, oilseeds and other high value crops” found that there are perceptible regional disparities with the Coastal Plain having a distinct advantage in agricultural production compared to the Central Table Land region, Northern Plateau and Eastern Ghats regions as better initial socio-economic conditions in the Coastal plains in 1971 are having positive influence in growth in later years. Significant income gains are possible through crop diversification from paddy to pulses, oilseeds and HVCs in upland rain fed areas in kharif (rainy) season, if proper drainage, institutional and policy support is provided in Eastern Ghats and Northern Plateau of Orissa. Biswal & Kumar (2013) in their paper “Shifting cultivation and policies of sustainable development: A meaningless obsession” found that both the strategies; to reduce shifting cultivation and to achieve sustainability in the shifting cultivation tribal areas seems to be difficult as shifting cultivation has a vice versa relationship with socio-cultural, economic and temporal aspects of the communities. For example, poverty and livelihood is deeply rooted in this form of agriculture and without wiping out poverty it is difficult to imagine of sustainability. In Orissa, there are different projects developed to reduce shifting cultivation and to bring out sustainability.

Mohanty et al. (2014) in their paper “Agricultural instability in Odisha during post reform period” observed that the stability has increased in area under cultivation for all major crop groups except condiments and spices, stability of production and yield has increased across all the crop groups at the state level in the second period. Some diversified results have been observed while examining the instability of area under cultivation across the physiographic zones for major crop groups. Kumar (2014) in his paper “Dispossessed and displaced: A brief paper on tribal issues in Orissa” concluded that the poverty and marginalization of tribal's has been a historical process aided by the State formation and extension, and has led to marginalization and impoverishment of a large section of society. Structural factors constraining access to land and forests have played an important and fundamental role in the marginalization process. Larger political factors frame these structural constraints which need to be addressed through political processes.



## RELEVANCE OF THE STUDY

Agriculture in Odisha is characterized by low productivity on account of various factors viz. problematic soil, lack of irrigation facilities, low seed replacement rate, low level of fertilizer consumption, low level of mechanization, uneconomic size of holding, low investment, in-adequate capital formation and traditional agricultural practices. The trend and comparison of various agricultural crops were made by area of cultivation and production parameters for last 10 years. It will help to understand real position of agriculture and practical solutions of agricultural problems.

## OBJECTIVES OF THE STUDY

The trend and comparison of various agricultural crops were made by area of cultivation and production parameters for last 10 years with the aims and objectives of this study are as under:

1. To identify actual cultivated area under different crops.
2. To know the production capacity of various crops.
3. To choose ideal crops for better production and income.

Scope of the Study:

The seven crops are taken as treatments and the 10 years are taken as a replication and statistical analysis according to Randomized Block Design (RBD) up to analysis of variance table.

## MATERIAL & METHOD

### DATASOURCE

In this research paper secondary data were used. The secondary data for last 10 years crops like groundnut, wheat, rice, sugarcane, oil seeds crops, pulse crop and food grain crops with respect to cultivated area and production were collected from <http://orissagov.nic.in/agriculture>.

## STUDY PERIOD

From these secondary data, the data related with area of cultivation and total production for last 10 years i.e. 1998-1999 to 2007-2008, are separated with respect to individual crops.

Statistical Analysis:

These data are statically analyzed according to randomized block design up to analysis of variance.

### Study:

The crops are taken as a treatments like

### Characters of analysis

|    |           |    |             |
|----|-----------|----|-------------|
| T1 | Wheat     | T5 | Oil Seeds   |
| T2 | Rice      | T6 | Pulses      |
| T3 | Sugarcane | T7 | Food grains |
| T4 | Groundnut |    |             |

The area of cultivation and total production are the main characters of analysis

## DATA ANALYSIS AND INTERPRETATION

Table- 1: ANOVA for Area of cultivation of various crops

| Source of Variance | Degrees of Freedom | Sum of Squares | Mean sum Of Squares | Calculated F Value | Table Value of F |      |
|--------------------|--------------------|----------------|---------------------|--------------------|------------------|------|
|                    |                    |                |                     |                    | 5%               | 1%   |
| Treatments         | 7-1=6              | 39403.8        | 65673               | 45448**            | 2.25             | 3.12 |
| Replication        | 10-1=9             | 54.64          | 6.07                | 4.2**              | 2.04             | 2.72 |
| Error              | (7-1)(10-1)=54     | 77.99          | 1.45                |                    |                  |      |
| Total              | 70-1=69            | 39536.43       |                     |                    |                  |      |

Source: Own compliance, (\*\*significant at 1% level)

ANOVA Table indicates high significant difference between this treatments as well as replications. This result shows that the cultivated area with respective crop having major difference. Rice is major crop in Odisha (44.63 lack hectares), followed by food grains (65.7 lack hecter), Pulses (16.7 lack hecter) and oil seeds crops are cultivated in only 7.9 lack hecter of total area.

The replications shows high significant difference between the replications means. The year of cultivation also shows major differences. It ranges from 123.39 lack hectares in 2002-03 to 144.63 lack hectares in 2007-08.

Table- 2: ANOVA for Production of various crops

| Source of Variance | Degrees of Freedom | Sum of Squares | Mean sum Of Squares | Calculated F Value | Table Value Of F |      |
|--------------------|--------------------|----------------|---------------------|--------------------|------------------|------|
|                    |                    |                |                     |                    | 5%               | 1%   |
| Treatments         | 7-1=6              | 52386.28       | 8731                | 179.42**           | 2.25             | 3.12 |
| Replication        | 10-1=9             | 1581.91        | 175.77              | 3.61**             | 2.04             | 2.72 |
| Error              | (7-1)(10-1)=54     | 2627.29        | 48.66               |                    |                  |      |
| Total              | 70-1=69            | 56595.58       |                     |                    |                  |      |

Source: Own compliance (\*\*significant at 1% level)

ANOVA table shows highly significant difference between treatments means, and production of individual crops is differed from each other. Production of food grains 715.55 lack MT followed by rice 604.03 lacks MT Lowest production is of wheat 2.23 lack MT.

Same way the replications are highly significantly differed. It shows year wise production having vast differences. It ranges from 98.22 lacks MT of year 2002-03 to 216.29 lacks MT of year 2007-08.

## FINDINGS OF THE STUDY:

ANOVA table of cultivated area and production showed highly significant difference between treatments and replications. The variation in area of cultivation and crop wise production is due to agricultural activities in the state, small size of holding, topography of cultivated area in adequate irrigation facilities, distribution and quantity of rainfall, soli structure, vegetation and other agro

climatic factors. But increase in production is due to some steps taken by state government are as under seed replacement program, increased irrigation facilities, use of fertilizers, farm mechanization, soil testing & restoration of soli health & fertility., agricultural research education, soil reclamation program, agricultural extension service.

## CONCLUSION AND SUGGESTIONS:

Area of cultivation and crop wise production for last 10 year of cultivation and production shows highly significant difference. The variation in area of cultivation and production is due to agricultural activities in the state, small size of holding and 83 percent of small farmers, topography of cultivated area, inadequate irrigation facilities, distribution and quantity of rain fall, soil structure, vegetation and other agro climatic factors. Increase in production is due to some steps taken by the state government, new agriculture policy and clear agenda. The steps are,

1. Poor seed replacement program, 2. Increased irrigation facilities, 3. Balanced fertilization 4. Farm mechanization, 5. Soil Testing and restoration of soil health and fertility, 6. Agricultural research and education , 7. Agricultural extension services 8. Soil reclamation program

So, these steps provide an opportunity to increase production and productivity substantially in the state.

## ANNAXURE-I

### Area of Cultivation of Various Crops for last 10 years (lack hectare)

|                     | R1<br>98-99 | R2<br>99-00 | R3<br>00-01 | R4<br>01-02 | R5<br>02-03 | R6<br>03-04 | R7<br>04-05 | R8<br>05-06 | R9<br>06-07 | R10<br>07-08 | Total       | Mean      |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-----------|
| T1<br>Wheat         | 0.17        | 0.19        | 0.16        | 0.20        | 0.14        | 0.19        | 0.16        | 0.17        | 0.17        | 0.19         | 1.74        | 0.17      |
| T2<br>Rice          | 44.5        | 46.00       | 44.30       | 45.00       | 42.70       | 45.00       | 44.20       | 44.80       | 44.5<br>0   | 44.50        | 446.30      | 44.6<br>0 |
| T3<br>S<br>Cane     | 0.47        | 0.31        | 0.31        | 0.30        | 0.25        | 0.29        | 0.34        | 0.37        | 0.41        | 0.38         | 3.43        | 0.34      |
| T4<br>G. nut        | 2.6         | 2.50        | 2.20        | 2.30        | 1.80        | 2.30        | 2.30        | 2.20        | 2.40        | 2.50         | 23.10       | 2.30      |
| T5<br>Oil<br>Seeds  | 8.7         | 8.50        | 7.00        | 8.50        | 5.90        | 7.90        | 8.40        | 8.30        | 8.30        | 8.40         | 79.90       | 7.90      |
| T6<br>Pulse<br>s    | 15.6        | 16.30       | 13.90       | 17.40       | 13.20       | 16.40       | 16.50       | 18.80       | 19.5<br>0   | 19.80        | 167.50      | 16.7<br>0 |
| T7<br>Food<br>grain | 64.5        | 66.90       | 62.60       | 66.80       | 59.40       | 65.70       | 65.80       | 67.90       | 68.4<br>0   | 68.80        | 656.90      | 65.7<br>0 |
| Total               | 136.<br>5   | 140.7<br>0  | 130.5<br>0  | 140.6<br>0  | 123.4<br>0  | 137.9<br>0  | 138.4<br>0  | 142.5<br>0  | 143.<br>7   | 144.8<br>0   | 1378.8<br>0 | 19.7<br>0 |
| Mean                | 19.5        | 20.1        | 18.6        | 20.1        | 17.6        | 19.7        | 19.8        | 20.4        | 20.5        | 20.7         | 19.70       |           |

Source: Own compliance

## ANNAXURE-II

### Production of Various Crops for last 10 years (lack hect.)

|                     | R1<br>98-99 | R2<br>99-00 | R3<br>00-01 | R4<br>01-02 | R5<br>02-03 | R6<br>03-04 | R7<br>04-05 | R8<br>05-06 | R9<br>06-07 | R10<br>07-08 | Total   | Mea<br>n |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|---------|----------|
| T1<br>Wheat         | 0.21        | 0.25        | 0.20        | 0.27        | 0.19        | 0.25        | 0.22        | 0.24        | 0.24        | 0.28         | 2.35    | 0.24     |
| T2<br>Rice          | 53.90       | 51.90       | 46.20       | 71.50       | 32.40       | 67.30       | 65.40       | 69.60       | 69.30       | 76.60        | 604.00  | 60.40    |
| T3<br>S Cane        | 30.60       | 18.30       | 21.00       | 18.90       | 15.10       | 18.10       | 23.20       | 25.40       | 28.40       | 26.80        | 225.90  | 22.60    |
| T4<br>G. nut        | 2.60        | 3.60        | 2.30        | 3.30        | 2.20        | 3.40        | 3.50        | 3.40        | 3.80        | 4.30         | 32.40   | 3.20     |
| T5<br>Oil<br>Seeds  | 4.50        | 5.70        | 3.70        | 5.40        | 3.20        | 5.00        | 5.30        | 5.50        | 6.00        | 6.80         | 51.10   | 5.10     |
| T6<br>Pulses        | 6.10        | 6.50        | 5.10        | 6.90        | 4.60        | 6.20        | 6.20        | 7.90        | 8.70        | 9.10         | 67.40   | 6.70     |
| T7<br>Foodgrai<br>n | 63.80       | 62.70       | 55.40       | 82.30       | 40.50       | 77.40       | 75.90       | 82.20       | 82.90       | 92.40        | 715.60  | 7.16     |
| Total               | 161.60      | 148.90      | 133.80      | 188.70      | 98.20       | 177.60      | 179.70      | 194.40      | 199.30      | 216.30       | 1698.70 | 24.3     |
| Mean                | 23.1        | 21.30       | 19.10       | 27.00       | 14.00       | 25.40       | 25.70       | 27.80       | 28.5        | 30.9         | 24.3    |          |

Source: Own compliance

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## AN EMPIRICAL STUDY OF INDIAN INSURANCE INDUSTRY POST GLOBAL FINANCIAL CRISIS

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**\*\*\*Ms. Sushma**

### ABSTRACT

India has recently emerged as a major political & economic power in the world. The financial crisis that engulfed the world in 2008 needed developing countries like India to lead the rescue and recovery, instead of G7 westerns countries who dealt with such crisis in the past. Recently, discussions and negotiations are going amongst G20 countries regarding a new global financial architecture (G-20 Summit, 2008). The outcome will affect the relevant industries in India and hence it is a public interest issue for the actuarial profession in the country. Increased and more intrusive and costly regulations and red tapes are likely to be a part of the new deal (Economic Survey 2009-10).

The objective of this paper is to study the perception of higher level authorities in Insurance sector regarding the role of regulator in minimizing the impact of global financial crisis. The primary data has been collected from 200 authorities in insurance industry. The data has been analyzed with statistical tools like MS-Excel.

On the basis of the findings, various measures and policy recommendations for insurers have been suggested to minimize the impact of crisis.

**Keywords: Global financial crisis, regulatory framework, IRDA, de-regulation, Insurance securitizations, risk transfers.**

### INTRODUCTION

It was found that the current global economic crisis had a major impact on insurance companies all over the world. In 2008, global Life insurance premiums declined by 3.5% to US\$ 2,490 bn. This de-growth was triggered by a 5.3% decline in Life insurance premiums growth (as against a 4.4% growth recorded in 2007) in the industrialized countries (Yalman, 2008). The financial crisis and the global economic downturn severely affected sales of unit-linked products, particularly single premiums, causing a strong decline in overall premiums in Western European countries like UK, Italy and France where unit-linked products are quite common (Rangarajan, 2008).

However, the global financial crisis has not had a major impact on the Indian Life insurance sector. This was primarily due to stringent guidelines laid down by the IRDA on solvency margins as well as investment norms for the industry players to follow (Reserve Bank of India, 2008). Domestic life insurers are subject to solvency requirements, which stipulate them to maintain a minimum

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solvency ratio of 150% (Union Budget, 2010-11). This ensures that life insurance companies remain well capitalized at all points of time. In addition, IRDA has stringent guidelines regarding the investment of policyholders' funds. These guidelines cover a gamut of risk management issues for individual companies as well as the industry including defining acceptable quality of investment and set limits on permissible exposure to single asset class. IRDA's investment guidelines restrict life insurance companies from investing in global markets. Thus, the industry does not have any exposure whatsoever to the international credit instruments. As a result, Indian Life Insurance companies remained relatively insulated from the financial crisis plaguing the global markets (Jayashree, 2008).

## FINANCIAL CRISIS AND REGULATION

As with previous crises the fundamental cause of the ongoing financial turmoil was an overextension of credit and a mispricing of risk. The crisis has been blamed on short-comings of the regulatory regime among other reasons. Depending on one's view point, the finger has been pointed at a lack of regulation (or de-regulation), ill-devised regulation or over-regulation. Given the scope and complexity of this financial crisis, there is probably some truth in all of these (Dao, 2005).

When tackling regulatory reforms, policy makers need to take into account that the business model of insurance differs substantially from that of other financial services providers. Insurers are funded by advance premium payments unlike banks, which rely mainly on short-term deposit or short-term credit funding. In most cases, they cannot be withdrawn on demand or prematurely exceptions are certain life insurance policies (Associated Press, 2004).

Even for life policies, there are generally early-withdrawal penalties, making withdrawal expensive and less likely. Therefore, traditional insurers are much less susceptible to or may they originate a 'liquidity panic'. In addition, insurance risks represent a high proportion of the risk profile of insurance companies. They are diversified and to a large extent, uncorrelated with market risks. The impact of a market crash is partly mitigated compared with banks where the portfolio of outstanding loans is correlated with general economic conditions (Blair, 2007).

Insurers are infrequently exposed to margin calls at times of rapid market declines, since the industry rarely uses leverage to enhance investment returns. The long-term investment horizon of insurers usually has a stabilizing effect in the market environment.

Finally, insurance-linked securitization (ILS) differs from bank securitization in the type of risk transferred, since the underlying risks are typically not financial or market risks (e.g. exchange or interest rate, credit, price) but are related to the likelihood of non-financial events. ILS has so far withstood the financial crisis.

## THE IMPACT OF THE FINANCIAL CRISIS ON INSURERS

Conventional insurers entered the crisis in a comparatively strong position. The specific characteristics of the insurance business model have protected the industry from the worst impacts of the financial turmoil. However, the insurance industry is not immune to the effects of the current crisis. The main reason is declining asset values and its effect on the value of their investment portfolios. Specific lines of business, like directors and officers (D&O) and errors & omissions (E&O) insurance, are also likely to be affected by rising claims. The sale of insurance products in particular new unit linked business in life - is expected to fall due to the economic slowdown (Naveen, 2008). With macro-



economic conditions deteriorating at the global level, insurers will not be able to escape the negative consequences of recession in key markets. Some large, complex financial companies were confronted with losses that originated in their banking divisions and have had to be rescued by governments, in common with other banks presenting a systemic risk. Financial insurance in particular bond and mortgage insurers, have correlated risk portfolios and have experienced a significant rise in credit defaults (Prasad, Eswar, Rajan and Subramanian, 2007).

### RESEARCH METHODOLOGY

The Research methodology adopted for this study has been described below:

### OBJECTIVES OF THE STUDY

The main objectives of this study are following:

1. To study the impact of the financial crisis on insurers.
2. To analyze the implications of financial crisis for the insurance industry.
3. To study the perception of higher level authorities in Insurance sector regarding the role of regulator in minimizing the impact of global financial crisis.
4. To suggest measures and policy recommendations to be followed by insurers to minimize the impact of crisis.

### HYPOTHESIS

$H_{01}$ : Perception of insurance authorities regarding the role of insurance regulators is independent of their age.

$H_{02}$ : Perception of insurance authorities regarding the role of insurance regulators is independent of their sector.

### PROCESS ADOPTED

In order to gain knowledge about the Insurance market, reading about the Insurance market was the first step undertaken. This gave not only in depth knowledge about what is been offered but also proved useful while developing the questionnaire. The main instruments required for survey was a well-developed questionnaire.

The whole research is based on primary data as well as secondary data. Primary data was collected through questionnaire from the employees of various insurance companies. Secondary data was collected through the magazines, newspapers, insurance companies catalogue, etc. The data was collected from 200 respondents. The selected respondents were higher level authorities of Insurance Industry not below the rank of managers. Out of 200 respondents, 88 respondents (44%) were employees of Public sector companies whereas 112 respondents (56%) were employees of Private sector companies. The sampling Technique used was Judgemental sampling.

### LIMITATIONS

A higher number of questionnaire surveys from managers in insurance industry would have increased the credibility of results from the survey analysis.

2. Primary data might not be too realistic and may suffer from personal biases of the respondents. Also, the managers were having very busy schedule because of which they were reluctant to give appointment.
3. The research also suffered from regional limitations as the research was limited to Uttar Pradesh. Although, telephonic interviews were conducted and e-mails were sent in different cities, the collected data holds a greater percentage of respondents from Uttar Pradesh.

## DATA ANALYSIS

The following table reveals the demographic profile like age and sector of the insurance authorities:

**Table 1: Age of respondents**

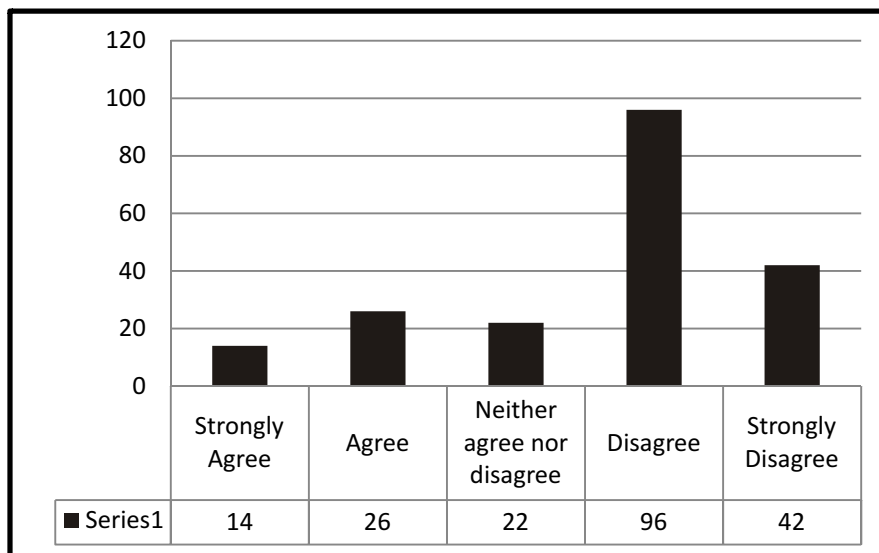
| Particulars   | No. of respondents |
|---------------|--------------------|
| 21 – 30 years | 8                  |
| 31 – 40 years | 16                 |
| 41 – 50 years | 28                 |
| 51 – 60 years | 148                |
| <b>Total</b>  | <b>200</b>         |

**Table 2: Sector of respondents**

| Particulars  | No. of respondents |
|--------------|--------------------|
| Public       | 88                 |
| Private      | 112                |
| <b>Total</b> | <b>200</b>         |

Q.1. Do you agree that global financial crisis has affected the Indian Insurance industry?

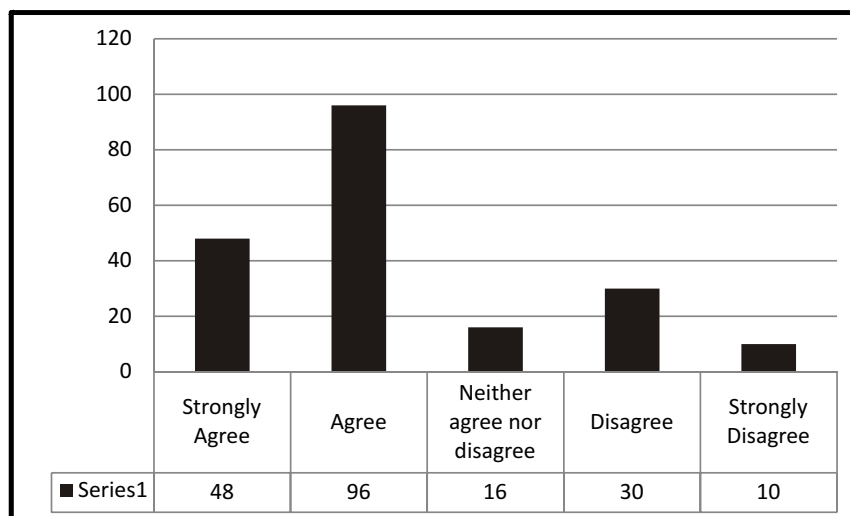
**Fig. 4.1. Authorities perception about global financial crisis affecting the Indian Insurance industry**



**Interpretation:** The data suggests that majority of respondents (48%) disagree that global financial crisis has affected the Indian Insurance industry.

Q.2. Do you agree that regulator (IRDA) must introduce reforms to enhance customers trust in the insurance industry?

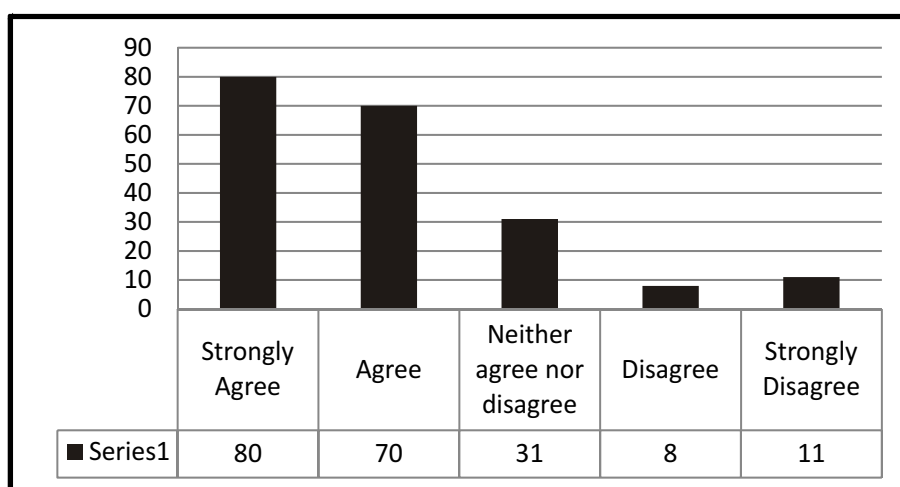
**Fig.4.2. Authorities perception about Regulators introducing reforms to enhance customers trust**



**Interpretation:** The data suggests that majority of respondents (47%) agree that regulators must introduce reforms to enhance customers trust in the insurance industry

Q.3. Do you agree that IRDA has stringent guidelines regarding the investment of policyholders funds?

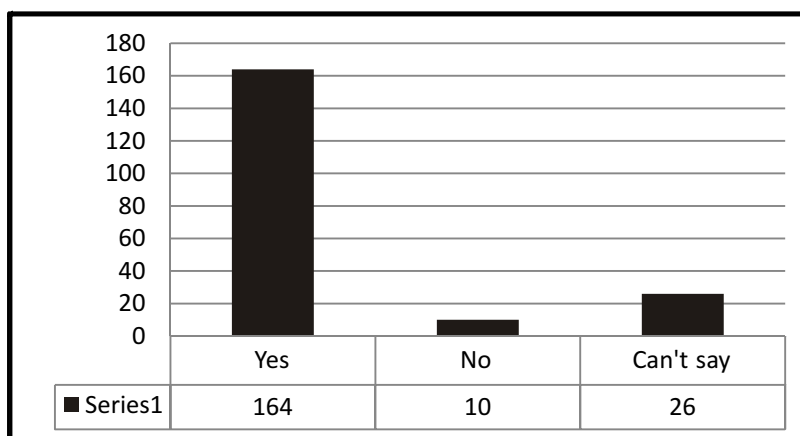
**Fig.4.3. Authorities perception about IRDA stringent guidelines regarding investment**



**Interpretation:** The data suggests that majority of respondents (75%) agree that IRDA has stringent guidelines regarding the investment of policyholders funds.

Q.4. Does the Indian insurance industry have any exposure whatsoever to the international credit instruments ?

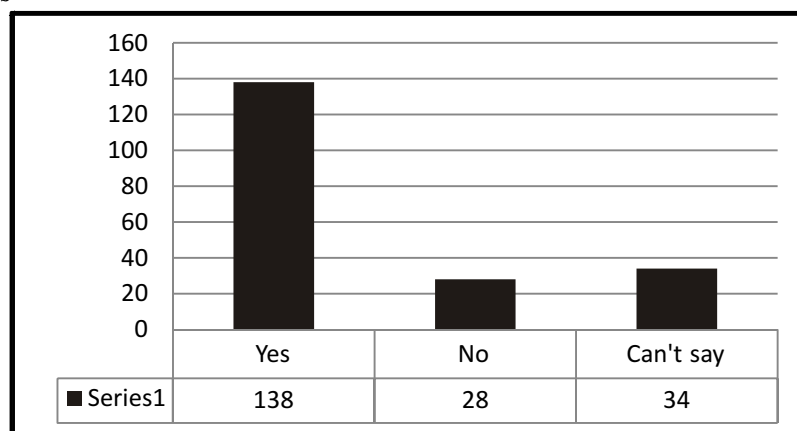
**Fig.4.4. Authorities perception about Indian insurance industry exposure to the International credit**



**Interpretation:** The data suggests that majority of respondents (82%) say Yes to the statement that Indian insurance industry has exposure whatsoever to the international credit instruments.

Q. 5. While formulating policies to minimize the impact of global financial crisis, should the regulator (IRDA) take into account the fact that the business model of the insurance industry differs substantially from that of other financial services sectors?

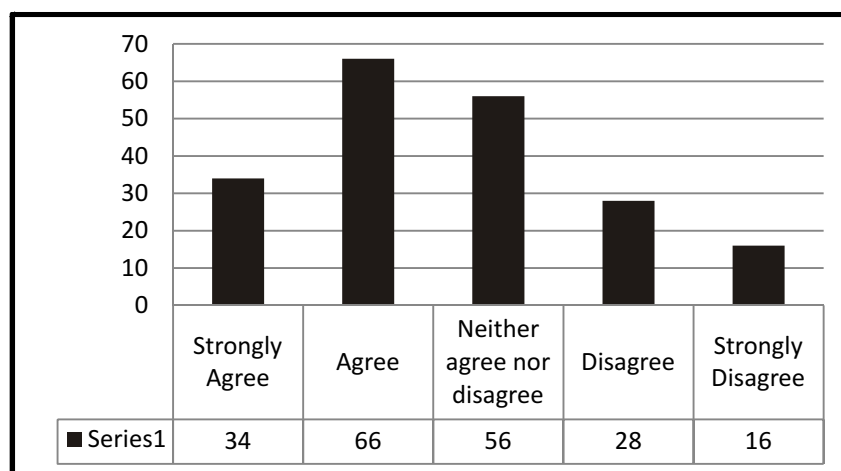
**Fig.4.5. Authorities perception about Regulators should take into account the fact that the business model of the insurance industry differs substantially from that of other financial services sectors**



**Interpretation:** The data suggests that majority of respondents (69%) say Yes to the statement that while formulating policies to minimize the impact of global financial crisis, the regulators should take into account the fact that the business model of the insurance industry differs substantially from that of other financial services sectors.

Q. 6. Do you agree that compliance frameworks can meet new regulator demands on insurers whose financial stability is questionable.

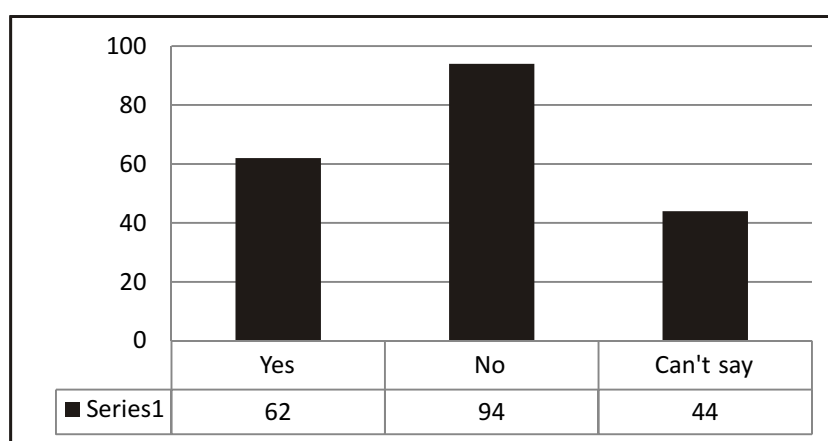
**Fig. 4.6. Authorities perception about Compliance frameworks to meet new regulator demands**



**Interpretation:** The data suggests that majority of respondents (50%) agree that compliance frameworks can meet new regulator demands on insurers whose financial stability is questionable.

Q. 7. Do you agree that independent and structured testing is necessary to ensure that regulatory framework and models are functioning as intended?

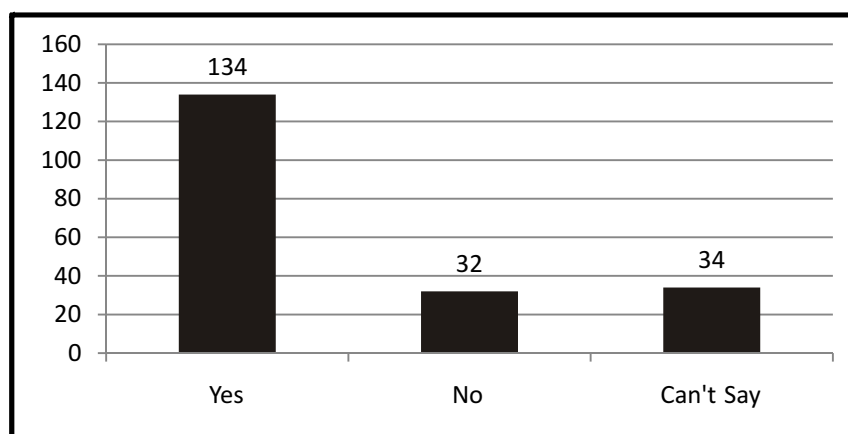
**Fig.4.7. Authorities perception about Independent and structured testing**



**Interpretation:** The data suggests that majority of respondents (47%) say Yes to the statement that independent and structured testing is necessary to ensure that regulatory framework and models are functioning as intended.

Q. 8. Do you agree that the well positioned and prepared organizations are able to capitalize on the dislocation in the market?

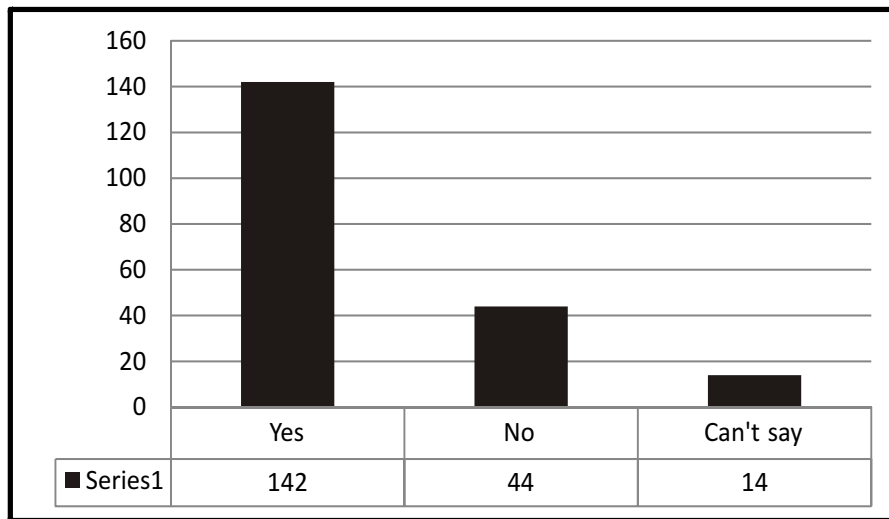
**Fig.4.8. Authorities perception about well positioned organizations ability to capitalize**



**Interpretation:** The data suggests that majority of respondents (67%) say Yes to the statement that the well positioned and prepared organizations are able to capitalize on the dislocation in the market.

Q. 9. During the times of global financial crisis, insurance organizations need to protect their assets and capital base, maintain liquidity, and mitigate the exposures to losses that may be developing?

**Fig.4.9. Authorities perception about Insurance organizations mitigating the exposures to losses**



**Interpretation:** The data suggests that majority of respondents (71%) say Yes to the statement that during the times of global financial crisis, insurance organizations need to protect their assets and capital base, maintain liquidity, and mitigate the exposures to losses that may be developing.

### Hypothesis:

$H_{01}$ : Perception of insurance authorities regarding the role of insurance regulators is independent of their age.

To test whether the age has significant impact on perception regarding the role of insurance regulators, chi-square test is conducted.

**Table 3:** Perception of insurance authorities \* Age

|                     | Value  | Df | Asymp. Sig.(2-sided) |
|---------------------|--------|----|----------------------|
| Pearson Chi- Square | 11.672 | 18 | .021                 |

There are seven parameters regarding the role of insurance regulators on which the respondents are questioned. The analysis reveals that the calculated value is 11.672. As the p-value (Asymp. Sig-2 sided) is found to be 0.021, hence hypothesis is rejected at 5% level of significance. So the Perception of insurance authorities regarding the role of insurance regulators is dependent on their age.

**H<sub>02</sub>:** Perception of insurance authorities regarding the role of insurance regulators is independent of their sector.

To test whether the sector has significant impact on perception regarding the role of insurance regulators, chi-square test is conducted.

**Table 4:** Perception of insurance authorities \* Sector

|                     | Value | Df | Asymp. Sig.(2-sided) |
|---------------------|-------|----|----------------------|
| Pearson Chi- Square | 7.267 | 6  | .036                 |

There are seven parameters regarding the role of insurance regulators on which the respondents are questioned. The analysis reveals that the calculated value is 7.267. As the p-value (Asymp. Sig-2 sided) is found to be 0.036, hence hypothesis is rejected at 5% level of significance. So the Perception of insurance authorities regarding the role of insurance regulators is dependent on their sector.

## FINDINGS

The main findings of the study are given below:

1. Majority of respondents (48%) disagree that global financial crisis has affected the Indian Insurance industry.
2. Majority of respondents (47%) agree that regulators must introduce reforms to enhance customers trust in the insurance industry.
3. Majority of respondents (75%) agree that IRDA has stringent guidelines regarding the investment of policyholders funds.
4. Majority of respondents (82%) say Yes to the statement that Indian insurance industry has exposure whatsoever to the international credit instruments.
5. Majority of respondents (69%) say Yes to the statement that while formulating policies to minimize the impact of global financial crisis, the regulators should take into account the fact that the business model of the insurance industry differs substantially from that of other financial services sectors.
6. Majority of respondents (50%) agree that compliance frameworks can meet new regulator demands on insurers whose financial stability is questionable.
7. Majority of respondents (47%) say Yes to the statement that independent and structured testing is necessary to ensure that regulatory framework and models are functioning as intended.
8. Majority of respondents (67%) say Yes to the statement that the well positioned and prepared organizations are able to capitalize on the dislocation in the market.
9. Majority of respondents (71%) say Yes to the statement that during the times of global financial crisis, insurance organizations need to protect their assets and capital base, maintain liquidity, and mitigate the exposures to losses that may be developing.
10. Perception of insurance authorities regarding the role of insurance regulators is independent of their age and sector.



### RECOMMENDATIONS

The following measures should be considered to strengthen the role of regulator in minimizing the impact of financial crisis:

1. Government policies should provide incentives for sound risk and capital management.
2. Large complex financial institutions (LCFI) have to be supervised in their entirety
3. Regulators must step up their efforts to achieve convergence with accounting standards.
4. Much greater transparency is needed for structured financial products.
5. Policy makers reacting to the financial crisis need to take into account that the business model of the insurance industry differs substantially from that of other financial services sectors.
6. As the regulatory environment in financial services is being redefined, it is recommended that new legislation should be targeted, balanced, and calibrated by the expected impact it will have on the economy. It should also enhance the working of existing regulations, safeguard the level playing field, and further enhance global consistency.
7. IRDA needs to identify which activities and products need to be regulated and how extensive the regulation needs to be. It is widely agreed that both unregulated participants, such as non-bank lenders, and unregulated instruments, such as credit default swaps, have contributed significantly to the current financial crisis and that any changes to the existing systems need to address these issues.
8. The government should allow regulators to adapt to market changes as they arise and include mechanisms for evaluating new market risks.
9. The government should provide regulator with independence from inappropriate influence, sufficient prominence and authority to carry out their mission and require accountability for meeting the stated goals.

### CONCLUSION

The financial crisis is likely to lead to a redefinition of the role of regulator in the insurance industry, at national, regional and global levels. In this process, the insurance industry has to be a credible voice to make sure that policy makers understand the distinctive features of insurance and the potentially negative consequences of hastily prepared and ill devised intervention and regulation. A close dialogue between politicians, regulators, insurers and other market participants ensures that we draw the right lessons from the current crisis. Such a dialogue is key to ensure that reforms make regulatory systems more resilient and internationally consistent. Ultimately, any reform must act to enhance customers' trust in the insurance industry.

IRDA has stringent guidelines regarding the investment of policy holders' funds. These guidelines cover a gamut of risk management issues, including defining acceptable quality of investment, and set limits on permissible exposure to a single asset class, security, company as well as industry.

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## PUBLIC SECTOR REFORMS IN INDIA : DISINVESTMENT

**\* Dr. Om Shankar Gupta**

### ABSTRACT

The process of disinvestment is going on not only in India but also in China, Russia, Brazil, Taiwan, Hungary, Thailand, Philippines, Korea, Turkey, Poland, West Asia, Zambia and Vietnam . Object of disinvestment is to reduce the financial burden on the government, improve public finances, introduce competition and market discipline, funds growth, encourage wider share of ownership and depoliticize non-essential services. Disinvestment improves corporate governance, develops and deepens the capital market through spread of equity culture, enhances corporate governance with the induction of independent directors developing and deepening of capital market, developing infrastructure, defence, education, healthcare and law and order. Private sector involves in PSUs by disinvestments. There are a lot of merits in private sector. In private sector, the decision-making process is quick, decisions are liked with the competitive markets changes. In private sector, better corporate governances, exposure, competitive corporate responsibility and transparency are found. The loss making PSUs can be successfully revived by asking the strategic partners to infuse fresh capital and exercising excellent management control over sick PSUs.

**Keywords : Divestment, depoliticize, governance, induction, ideology, publicize.**

### INTRODUCTION

Disinvestment can also be defined as the action of an organization selling an asset. It is also referred to as 'divestment'. In most contexts disinvestment typically refers to sell from the government partly or fully of government owned enterprise.

Object of disinvestment is to reduce the financial burden on the government, improve public finances, introduce competition and market discipline, funds growth, encourage wider share of ownership and depoliticize non-essential services.

Disinvestment improves corporate governance, develops and deepens the capital market through spread of equity culture, enhances corporate governance with the induction of independent directors developing and deepening of capital market, developing infrastructure, defence, education, healthcare and law and order.

Private sector involves in PSUs by disinvestments. There are a lot of merits in private sector. In private sector, the decision-making process is quick, decisions are liked with the competitive markets

changes. In private sector, better corporate governances, exposure, competitive corporate responsibility and transparency are found. The loss making PSUs can be successfully revived by asking the strategic partners to infuse fresh capital and exercising excellent management control over sick PSUs.

## PROCESS OF DISINVESTMENT

Disinvestment may be minority, majority or complete. A minority disinvestment is the one such that, at the end of it, the government retains a majority stake in the company, typically greater than 51%, thus ensuring management control. Examples of minority sales via offer for sale include recent issues of Power Grid Corporation of India Ltd., Rural Electrification Corporation Ltd., NTPC Ltd., NHPC Ltd. etc.

A majority disinvestment is one in which the government, post-disinvestment, retains a majority stake in the company i.e., it sells off a majority stake. Historically majority disinvestment has been typically made to strategic partners. These partners could be other CPSEs themselves, a few examples being BRPL to IOC, MRL to IOC and KRL to BPCL.

Complete privatization is a form of majority disinvestment. Wherein 100% control of the company is passed on to a buyer. Examples of this include 18 hotel properties of ITDC and 3 hotel properties of HCL.

## PRIVATIZATION AND DISINVESTMENT

Disinvestment beyond 50% involves transfer of management, whereas disinvestment below 50% would result in the government continuing to have a major say in the undertaking. Majority disinvestment is done when the objectives of the company are achieved or there is a decrease in number of beneficiaries or private sector can efficiently operate and manage the undertaking. Complete privatization may result in public monopolies becoming private monopolies, which would then exploit their position to increase cost of various services and earn higher profits.

### DISINVESTMENT IN INDIA

Annual CPSE Disinvestment Target vs. Achievement Table since 1991-92 (as on 08 January 2016)  
Disinvestment Proceeds- Historical Data

| YEAR    | TARGET      | ACHIEVED *  | ACHIEVEMENT |
|---------|-------------|-------------|-------------|
|         | (Rs. crore) | (Rs. crore) | (%)         |
| 1991-92 | 2,500       | 3,038       | 121.51      |
| 1992-93 | 2,500       | 1,913       | 76.50       |
| 1993-94 | 3,500       | 0           | 0.00        |
| 1994-95 | 4,000       | 4,843       | 121.08      |
| 1995-96 | 7,000       | 168         | 2.41        |
| 1996-97 | 5,000       | 380         | 7.59        |
| 1997-98 | 4,800       | 910         | 18.96       |
| 1998-99 | 5,000       | 5,371       | 107.42      |
| 1999-00 | 10,000      | 1,585       | 15.85       |
| 2000-01 | 10,000      | 1,871       | 18.71       |
| 2001-02 | 12,000      | 3,268       | 27.24       |
| 2002-03 | 12,000      | 2,348       | 19.57       |
| 2003-04 | 14,500      | 15,547      | 107.22      |
| 2004-05 | 4,000       | 2,765       | 69.12       |
| 2005-06 | 0           | 1,570       | N.A.        |
| 2006-07 | 0           | 0           | N.A.        |
| 2007-08 | 0           | 4,181       | N.A.        |

|                |                       |                 |           |
|----------------|-----------------------|-----------------|-----------|
| <b>2008-09</b> | 0                     | 0               | N.A.      |
| <b>2009-10</b> | 25,000                | 23,553          | 94.21     |
| <b>2010-11</b> | 40,000                | 22,763          | 56.91     |
| <b>2011-12</b> | 40,000                | 14,035          | 35.09     |
| <b>2012-13</b> | 30,000 <sup>#</sup>   | 23,857          | 79.52     |
| <b>2013-14</b> | 54,000 <sup>##</sup>  | 21,321          | 39.48     |
| <b>2014-15</b> | 58,425                | 24,338          | 41.66     |
| <b>2015-16</b> | 69,500 <sup>###</sup> | 12,732          | 18.32     |
| <b>TOTAL</b>   | <b>4,13,725</b>       | <b>1,92,357</b> | <b>46</b> |

- \* Excludes Other Receipts of the Government from CPSE Disinvestment # Revised Target : Rs. 24,000 crore
  - ## Revised Target : Rs. 19,027 crore
  - ### Revised Target : Rs. 30,000 crore
- (Source- [http://bsepsu.com/Annual\\_Table.asp](http://bsepsu.com/Annual_Table.asp))

## Disinvestment in world between 2000-08

| Country  | Proceeds (\$ millions) |
|----------|------------------------|
| China    | 1,70,736               |
| Russia   | 52493                  |
| Brazil   | 18362                  |
| India    | 9611                   |
| Pakistan | 7556                   |

Privatization did not lead to greater competition in all cases. Germany privatized 13,500 companies by selling off its stake in a span of 2 years. Other countries like Taiwan, Hungary, Thailand, Philippines, Korea, Turkey, Poland, West Asia, Zambia, Vietnam and even China similarly marched ahead with the disinvestment program. In the UK and much of South America, Eastern Europe and Russia, the idea behind privatization was not merely to raise money, but was also driven by ideology-privatized swiftness at all costs to increase the firm's efficiency and profitability from 1991-92 to 2000-01.

The change process in India began in the year 1991-92 with 31 selected PSUs disinvested for Rs. 3038 crore. In August 1996 the disinvestment commission, chaired by G.V. Ramakrishna was set up to advise, supervise, monitor and publicize gradual disinvestment of PSUs. The department of disinvestment was set up as a separate department in December 1999 and was later renamed as ministry of disinvestment from September 2001. From May 2004, the department of disinvestment became one of the departments under the ministry of finance.

### **NATIONAL INVESTMENT FUND**

The Government of India constituted the National Investment Fund (NIF) on 3rd November, 2005, into which the proceeds from disinvestment of Central Public Sector Enterprises were to be channelized. The corpus of the fund was to be of permanent nature and the same was to be professionally managed in order to provide sustainable returns to the Government, without depleting the corpus. NIF was to be maintained outside the Consolidated Fund of India.

The NIF was initialized with the disinvestment proceeds of two CPSEs namely PGCIL and REC, amounting to Rs 1814.45 crore.

### **SALIENT FEATURES OF NIF**

- (i) The proceeds from disinvestment of CPSEs will be channelized into the National Investment Fund which is to be maintained outside the Consolidated Fund of India
- (ii) The corpus of the National Investment Fund will be of a permanent nature
- (iii) The Fund will be professionally managed to provide sustainable returns to the Government, without depleting the corpus. Selected Public Sector Mutual Funds will be entrusted with the management of the corpus of the Fund
- (iv) 75% of the annual income of the Fund will be used to finance selected social sector schemes, which promote education, health and employment. The residual 25% of the annual income of the Fund will be used to meet the capital investment requirements of profitable and revivable CPSEs that yield adequate returns, in order to enlarge their capital base to finance expansion/diversification

The NIF corpus was thus managed by three Public Sector Fund Managers. The income from the NIF corpus investments was utilized on selected social sector schemes, namely the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Accelerated Irrigation Benefits Programme (AIBP), Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY), Accelerated Power Development and Reform Programme, Indira Awas Yojana and National Rural Employment Guarantee Scheme (NREGS).

## RESTRUCTURING OF NIF

On the 5th of November 2009, CCEA approved a change in the policy on utilization of disinvestment proceeds. In view of the difficult situation caused by the global slowdown of 2008-09 and a severe drought in 2009-10, a one-time exemption was accorded to disinvestment proceeds being deposited into NIF for investment; this exemption was to be operational for period April 2009-March 2012. All disinvestment proceeds obtained during the three year period were to be used for selected Social Sector Schemes allocated for by Planning Commission/ Department of Expenditure.

The three year exemption, mentioned above was extended by CCEA on 1st March 2012 by another year, i.e. from April 2012 – March 2013, in view of the persistent difficult condition of the economy. The utilization of disinvestment proceeds were thus continued for funding of Social Sector Schemes till 31st March, 2013.

The Government on 17th January, 2013 has approved restructuring of the National Investment Fund (NIF) and decided that the disinvestment proceeds with effect from the fiscal year 2013-14 will be credited to the existing 'Public Account' under the head NIF and they would remain there until withdrawn/invested for the approved purpose. It was decided that the NIF would be utilized for the following purposes:

- (a) Subscribing to the shares being issued by the CPSE including PSBs and Public Sector Insurance Companies, on rights basis so as to ensure 51% ownership of the Government in those CPSEs/PSBs/Insurance Companies, is not diluted.
- (b) Preferential allotment of shares of the CPSE to promoters as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 so that Government shareholding does not go down below 51% in all cases where the CPSE is going to raise fresh equity to meet its Capex programme.
- (c) Recapitalization of public sector banks and public sector insurance companies.
- (d) Investment by Government in RRBs/IIFCL/NABARD/Exim Bank;
- (e) Equity infusion in various Metro projects;
- (f) Investment in Bhartiya Nabhiya Vidyut Nigam Limited and Uranium Corporation of India Ltd.
- (g) Investment in Indian Railways towards capital expenditure

The allocations out of the NIF will be decided in the Government Budget. For F.Y. 2013-14 Government have approved allocations from the NIF towards spending on recapitalization of Public Sector banks and capital expenditure of Indian Railways.

### Conclusion

The object of public sector units is to provide its people right goods, at right price and right time. In other words public sector is known to its service motives and private sector is known to its efficiency. By means of disinvestments government and private sector provide the benefits of joint sector to public.



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# LOCUS OF CONTROL AND EMPLOYEE ENGAGEMENT AMONG THE EMPLOYEES OF AUTOMOBILE INDUSTRY

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## ABSTRACT

Locus of control reflects the extent to which individuals believe that what happens to them is within their control, or beyond it. The objective of the present study was to study locus of control and employee engagement among the employees of automobile industry. A convenience sample consisting of ninety employees working in automobile industry participated in the study. By administering questionnaires locus of control and employee engagement among the employees were assessed. The collected data was analysed with various statistical tools like Mean, Standard Deviation, Correlation, regression and ANOVA tests. A higher level of locus of control was observed among the above 50 years age group and a higher level of employee engagement among the 41-50 age group. A higher level of locus of control and employee engagement was observed among the above 30000 income group. There were significant differences in locus of control and employee engagement among the respondents of different income groups. There was a significant positive correlation between locus of control and employee engagement. Approximately 18% of the variance of employee engagement was explained by locus of control.

**Key Words: Employee Engagement, External, Internal, and Locus of Control.**

## INTRODUCTION

Julian B. Rotter (1966) first used the term internal locus of control and external locus of control. Locus of control is defined as a generalized expectancy that rewards or outcomes in life are controlled either by one's own actions (internal locus) or by other forces (external locus). According to Rotter people have different degrees of internality and externality. An individual with an internal locus of control believes that rewards he or she receives are the result of his or her own behavior and confident that he or she can control his or her live. Individuals with external locus of control are just the opposite. They think that rewards are not dependent upon their actions and that the events happen to them as a result of external factors such as luck or other influences (Gan, Shang & Zhang, 2007). Individuals with internal locus of control (Internals) seem to better adapt to varying situations than do people who have an external locus of control (Externals). Locke (1983) and Spector (1982) found that individuals with an internal locus of control orientation appear more motivated, perform better on the job than individuals with an external locus of control. Garson and Stanwyck, (1997) found that locus of control has been positively associated with low-perceived stress and high performance.

Research efforts investigating the internal-external locus of control construct, particularly with relationship to work-related variables have increased significantly (MacDonald, 1974). Valencha (1972) based on his study concluded that internals are likely to be better informed about the knowledge required, nature, and demands of their work, and they believe, to a greater extent than externals that they control the benefits, achievements, and accomplishments related to their job behavior. Organ and Greene (1974) conducted a study among scientists in a research and development setting and found that internals reported greater satisfaction with work than externals.

Shuck and Wollard (2010) defined employee engagement as “an individual employee's cognitive, emotional and behavioral state directed toward desired organizational outcomes”. Employees who are engaged exhibit attentiveness and mental absorption in their work (Saks, 2006) and display a deep, emotional connection toward their workplace (Kahn, 1990). Organizations believe that employee engagement is an important source of competitive advantage. Research evidences indicate that organizations with high levels of employee engagement report positive organizational outcomes (Shuck and Wollard, 2010).

## REVIEW OF LITERATURE

Anderson, C.R., and Schneier, C.E. (1978) investigated the relationships among internal-external (IE) locus of control, behaviors characteristic of internal versus external personality types, and leader and group performance. Results indicated that leaders were more likely to be internals than externals. A higher level of performance was achieved by internal leaders and by groups led by internals. A stepwise discriminant analysis identified ten behaviors which clearly separated internals from externals. Internals demonstrated behaviors characteristic of an instrumental, task-oriented style, and externals exhibited behaviors pointing to a social emotional style.

Singh, A.P., and Kedar Nath (1991) explored the effects of organizational role stress, organizational climate and locus of control on job involvement. The results showed that subjects with high organizational role stress were less involved in comparison to the subjects of low organizational stress group. The respondents scored high on achievement, expectation and affiliation, and dependency dimensions of organizational climate were observed to be highly involved in their job than those respondents who scored low on these dimensions of organizational climate, namely 'extension' and 'control'. Further, the subjects categorised as external locus of control group showed lower degree of job involvement than their counterparts categorised as internal locus of control group.

Kinicki, A.J. and Vecchio, R.P. (1994) examined the impact of time-based stress on leader-member exchange among a sample of 138 loan officers representing 24 bank branches. It was found that unit-level variability on leader-member exchange was inversely related with time-based stress, while unit-level mean on leader-member exchange was positively related with time-based stress.

Leader-member exchange acted as a mediator of the relation between employee locus of control and organizational commitment, while employee locus of control correlated with leader-member exchange, and leader-member exchange correlated with employee organizational commitment.

Nair, S.K., and Yuvaraj, S. (2000) conducted a study among 72 male executives/ managers from various organisations in the private sector. The Internal vs. External Control of Reinforcement (IECR) Inventory and a self-report measure of managerial effectiveness, called the Managerial Effectiveness Questionnaire (MEQ) were administered to the participants. Results indicated that (i) internality of locus of control was positively and significantly related with overall managerial effectiveness; (ii) internally controlled managers were significantly higher on overall managerial effectiveness as compared to externally controlled managers.

## OBJECTIVE OF THE STUDY

The objective of the present study was to study locus of control and employee engagement among the employees of automobile industry.

## METHODOLOGY

A convenience sample consisting of ninety employees working in automobile industry participated in the study. Questionnaire method was used to gather primary data. By administering questionnaires locus of control and employee engagement among the employees were assessed. The collected data was analysed with various statistical tools like Mean, Standard Deviation, Correlation, regression and ANOVA tests.

## MEASURES

Rotter's (1966) internal-external scale was administered to assess locus of control expectancy using 29 questions. Each question has two options for the participant to choose from. Among the two, one option expresses a typical attitude of internal locus of control, and the other expresses external locus. One point was scored for each external option chosen by the participant. The higher the score, the more external the individual is.

Employee Engagement questionnaire was based on the global drivers of employee engagement identified by Right Management Global Benchmarking Employee Engagement Study (2008). The questionnaire contains 26 items. Responses were scored as follows: Strongly Disagree = 1; Disagree = 2; Neither Disagree Nor Agree = 3; Agree = 4; Strongly Agree = 5.

## RESULTS AND DISCUSSION

This section presents the analysis of the data collected from the respondents. The collected data was analysed with Mean and Standard Deviation, ANOVA, Correlation and Regression tests.

**Table 1 Demographic characteristics of the Sample**

| Demographic factors   | Classification | Number of Respondents | Percent |
|-----------------------|----------------|-----------------------|---------|
| Age ( in years)       | 20-30          | 20                    | 22.2    |
|                       | 31-40          | 36                    | 40.0    |
|                       | 41-50          | 23                    | 25.6    |
|                       | Above 50       | 11                    | 12.2    |
| Gender                | Male           | 49                    | 54.4    |
|                       | Female         | 41                    | 45.6    |
| Education             | Graduate       | 12                    | 13.3    |
|                       | Post graduate  | 25                    | 27.8    |
|                       | Diploma        | 31                    | 34.4    |
|                       | Others         | 22                    | 24.4    |
| Experience (in years) | 5 & Below      | 15                    | 16.7    |
|                       | 6-10           | 21                    | 23.3    |
|                       | 11-15          | 29                    | 32.2    |
|                       | Above 15       | 25                    | 27.8    |
| Income (in rupees)    | 15000 -20000   | 7                     | 7.8     |
|                       | 20000-25000    | 29                    | 32.2    |
|                       | 25000-30000    | 23                    | 25.6    |
|                       | Above 30000    | 31                    | 34.4    |

Among the 90 respondents, 36 (40.0%) belong to 31-40 age group; 49 (54.4%) are male; 31 (34.4%) are diploma holders; 29 (32.2%) belong to 11-15 years experience group; and 31 (34.4%) belong to above 30000 income group.

**Table 2 Mean and Standard Deviation of research variables in different age groups.**

|          | AGE            | Locus of Control | Employee Engagement |
|----------|----------------|------------------|---------------------|
| 20-30    | Mean           | 14.80            | 99.50               |
|          | N              | 20               | 20                  |
|          | Std. Deviation | 3.806            | 18.883              |
| 31-40    | Mean           | 15.61            | 97.58               |
|          | N              | 36               | 36                  |
|          | Std. Deviation | 2.406            | 6.367               |
| 41-50    | Mean           | 15.70            | 100.57              |
|          | N              | 23               | 23                  |
|          | Std. Deviation | 2.420            | 5.221               |
| Above 50 | Mean           | 16.82            | 97.91               |
|          | N              | 11               | 11                  |
|          | Std. Deviation | 2.272            | 7.286               |
| Total    | Mean           | 15.60            | 98.81               |
|          | N              | 90               | 90                  |
|          | Std. Deviation | 2.780            | 10.314              |

A higher level of locus of control (Mean=16.82) was observed among the above 50 years age group and a lower level of locus of control (Mean=14.80) among the 20-30 age group. A higher level of employee engagement (Mean=100.57) was observed among the 41-50 age group and a lower level of employee engagement (Mean=97.58) among the 31-40 age group.

**Table 3 Mean and Standard Deviation of research variables in different experience groups.**

| EXPERIENCE |                | Locus of Control | Employee Engagement |
|------------|----------------|------------------|---------------------|
| 5 & Below  | Mean           | 13.53            | 96.80               |
|            | N              | 15               | 15                  |
|            | Std. Deviation | 3.642            | 21.644              |
| 6-10       | Mean           | 15.19            | 99.00               |
|            | N              | 21               | 21                  |
|            | Std. Deviation | 2.159            | 5.692               |
| 11-15      | Mean           | 15.55            | 99.52               |
|            | N              | 29               | 29                  |
|            | Std. Deviation | 2.654            | 7.557               |
| Above 15   | Mean           | 17.24            | 99.04               |
|            | N              | 25               | 25                  |
|            | Std. Deviation | 1.786            | 4.937               |
| Total      | Mean           | 15.60            | 98.81               |
|            | N              | 90               | 90                  |
|            | Std. Deviation | 2.780            | 10.314              |

A higher level of locus of control score (Mean=17.24) was observed among the above 15 years experience group and a lower level of locus of control score (Mean=13.53) among the 5 & below experience group. A higher level of employee engagement (Mean=99.52) was observed among the 11-15 years experience group and a lower level of engagement among 5 & below experience group.

**Table 4 Mean and Standard Deviation of research variables in different income groups.**

| INCOME      |                | Locus of Control | Employee Engagement |
|-------------|----------------|------------------|---------------------|
| 15000-20000 | Mean           | 12.43            | 83.57               |
|             | N              | 7                | 7                   |
|             | Std. Deviation | 5.473            | 26.882              |
| 20000-25000 | Mean           | 14.83            | 100.31              |
|             | N              | 29               | 29                  |
|             | Std. Deviation | 1.338            | 7.246               |
| 25000-30000 | Mean           | 15.61            | 99.13               |
|             | N              | 23               | 23                  |
|             | Std. Deviation | 2.658            | 6.917               |
| Above 30000 | Mean           | 17.03            | 100.61              |
|             | N              | 31               | 31                  |
|             | Std. Deviation | 2.243            | 5.213               |
| Total       | Mean           | 15.60            | 98.81               |
|             | N              | 90               | 90                  |
|             | Std. Deviation | 2.780            | 10.314              |

A higher level of locus of control (Mean=17.03) and employee engagement (Mean=100.61) was observed among the above 30000 income group. A lower level of locus of control (Mean=12.43) and engagement (Mean=83.57) was observed among the 15000-20000 income group.

**Table 5 Results of ANOVA test of research variables and age.**

|                     |                | Sum of Squares | df | Mean Square | F     | Sig. |
|---------------------|----------------|----------------|----|-------------|-------|------|
| Locus of Control    | Between Groups | 29.339         | 3  | 9.780       | 1.278 | .287 |
|                     | Within Groups  | 658.261        | 86 | 7.654       |       |      |
|                     | Total          | 687.600        | 89 |             |       |      |
| Employee Engagement | Between Groups | 143.478        | 3  | 47.826      | .441  | .724 |
|                     | Within Groups  | 9324.311       | 86 | 108.422     |       |      |
|                     | Total          | 9467.789       | 89 |             |       |      |

There was no significant difference in locus of control ( $F=1.278$  &  $p>.05$ ) and employee engagement ( $F=0.441$  &  $p>.05$ ) among the respondents of different age groups.

**Table 6 Results of ANOVA test of research variables and experience.**

|                     |                | Sum of Squares | df | Mean Square | F     | Sig. |
|---------------------|----------------|----------------|----|-------------|-------|------|
| Locus of Control    | Between Groups | 134.896        | 3  | 44.965      | 6.997 | .000 |
|                     | Within Groups  | 552.704        | 86 | 6.427       |       |      |
|                     | Total          | 687.600        | 89 |             |       |      |
| Employee Engagement | Between Groups | 77.188         | 3  | 25.729      | .236  | .871 |
|                     | Within Groups  | 9390.601       | 86 | 109.193     |       |      |
|                     | Total          | 9467.789       | 89 |             |       |      |

There was a significant difference in locus of control ( $F=6.997$  &  $p<.01$ ) and no significant difference in employee engagement ( $F=0.236$  &  $p>.05$ ) among the respondents of different experience groups.

**Table 7 Results of ANOVA test of research variables and income.**

|                     |                | Sum of Squares | df | Mean Square | F     | Sig. |
|---------------------|----------------|----------------|----|-------------|-------|------|
| Locus of Control    | Between Groups | 151.302        | 3  | 50.434      | 8.088 | .000 |
|                     | Within Groups  | 536.298        | 86 | 6.236       |       |      |
|                     | Total          | 687.600        | 89 |             |       |      |
| Employee Engagement | Between Groups | 1793.904       | 3  | 597.968     | 6.701 | .000 |
|                     | Within Groups  | 7673.885       | 86 | 89.231      |       |      |
|                     | Total          | 9467.789       | 89 |             |       |      |

There were significant differences in locus of control ( $F=8.088$  &  $p<.01$ ) and employee engagement ( $F=6.701$  &  $p<.01$ ) among the respondents of different income groups

**Table 8 Correlation among the research variables**

|                     |                     | Locus of Control | Employee Engagement |
|---------------------|---------------------|------------------|---------------------|
| Locus of Control    | Pearson Correlation | 1                | .426**              |
|                     | Sig. (2-tailed)     |                  | .000                |
|                     | N                   | 90               | 90                  |
| Employee Engagement | Pearson Correlation |                  | 1                   |
|                     | Sig. (2-tailed)     |                  |                     |
|                     | N                   |                  | 90                  |

There was a significant positive correlation ( $r=.426$  &  $p<.01$ ) between locus of control and employee engagement.

**Table 9 Regression analysis with employee engagement as dependent variable**

**Model Summary**

|       |                   |          | Adjusted R | Std. Error of the |
|-------|-------------------|----------|------------|-------------------|
| Model | R                 | R Square | Square     | Estimate          |
| 1     | .426 <sup>a</sup> | .181     | .172       | 9.386             |

a. Predictors: (Constant), Locus of control

**ANOVA<sup>b</sup>**

| Model |            | Sum of Squares | df | Mean Square | F      | Sig. |
|-------|------------|----------------|----|-------------|--------|------|
| 1     | Regression | 1715.867       | 1  | 1715.867    | 19.479 | .000 |
|       | Residual   | 7751.921       | 88 | 88.090      |        |      |
|       | Total      | 9467.789       | 89 |             |        |      |

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|
|       |            | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant) | 74.168                      | 5.671      |                           | 13.079 | .000 |
|       | LCSUM      | 1.580                       | .358       | .426                      | 4.413  | .000 |

a. Dependent Variable: Employee Engagement



Regression analysis was conducted to investigate the relationship between locus of control and employee engagement. F-Test was statistically significant, which means that the model was statistically significant. The R-Squared is 0.18 which means that approximately 18% of the variance of employee engagement was explained by the predictor variable, that is, locus of control.

### CONCLUSION

Locus of control refers to a generalized expectancy that rewards or outcomes in life are controlled either by one's own actions (internal locus) or by other forces (external locus). An individual with an internal locus of control believes that rewards he or she receives are the result of his or her own behavior and confident that he or she can control his or her live. The objective of the present study was to study locus of control and employee engagement among the employees of automobile industry. A convenience sample consisting of ninety employees working in automobile industry participated in the study. By administering questionnaires locus of control and employee engagement among the employees were assessed. The collected data was analysed with various statistical tools like Mean, Standard Deviation, Correlation, regression and ANOVA tests. A higher level of locus of control was observed among the above 50 years age group and a higher level of employee engagement among the 41-50 age group. A higher level of locus of control and employee engagement was observed among the above 30000 income group. There were significant differences in locus of control and employee engagement among the respondents of different income groups. There was a significant positive correlation between locus of control and employee engagement. Approximately 18% of the variance of employee engagement was explained by locus of control.

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## Negative publicity Can it boost the product sales?

**\*Dr. Ashish Singh**

### ABSTRACT

Negative publicity is publicity as a result of particular reasons and the result is often disastrous. No person or an organization thinks of negative publicity in its most weird dreams. But for a organization, who cannot spend much money in positive publicity, this negative publicity can be a good source of gaining acceptance in the already overcrowded market. And the negative publicity comes at very low cost and instantly. Another advantage is the perception of people. We tend to remember bad things more easily than good things. Also, there are many entities in the market who always try to do good things. But there are few, approximately zero, who are dragged in to negative publicity.

These reasons, which supports negative publicity are theoretical reasons, but they are backed by practical examples as well. This paper is written to explore these reasons and gives substantial proof for the same.

**Key words: Counterattack, accessibility, curiosity, spread**

### INTRODUCTION

Publicity is the transmission of information with the objective of increasing sales of a product. It may be publicity of people, goods and services, organizations, or works of art or entertainment etc.

Thus, publicity is gaining public visibility or awareness for a product, service or your company through the use of media. It is the job of public relations of the organization to establish and maintain communication with the public. Another method is to do it internally, without the use of media.

If we look from marketing perspective, publicity is one component of promotion, which is one component of marketing. The other elements of the promotional mix are advertising, sales promotion, direct marketing and personal selling.

The advantages of publicity are low cost and maximum credibility. The disadvantages are lack of control over how your publicity will be used, and the obvious frustration over the low percentage of publicity that are taken up by the media. It is in the hands of media to air it or not.

### NEGATIVE PUBLICITY MANAGEMENT

Negative publicity occurs when a negative happening is spread about the product, or service or the organization. And it is normally observed that negative publicity spreads more in comparison of

positive publicity. When a fire in bush starts, it spreads at the fantastic speed.

The destruction it leaves behind is often severe and unmanageable. But if we look at it minutely, we will observe that the negative publicity is often caused by very small incident.

Negative Publicity is the adverse publicity, that an organization may incur due to any particular reason, but which leads to potentially disastrous consequences. It results in the firm's reputation among its public being badly tarnished. Thus, it hurts business real bad.

Causes of negative publicity can be various, ranging from very small to very big. Some examples are as follows:

1. Disillusioned employee
2. Angry customers
3. Misleading interpretations of interview excerpts
4. Mischief spreading rumors etc.

Now the next question in “how it spreads”. This starts with a very small thing, like an interview, or literature by someone about any product or service or organization. Then it garners attention from everyone, who is interested or not interested. The media pestered with hate mail and the organization loses face overnight.

Another thing is the spread of positive publicity. Positive publicity never spreads so fast as negative publicity. In case of positive publicity, only that public which is interested in that event, will access it. Those people who are not interested will not access it.

If we talk in theoretical sense, such rumors are meaningless. But in practical sense, rumors are much tastier and favorable than facts. We all don't know anything positive about cold drinks. But all of us know about “toilet cleaning effect” of cold drinks, as propagated by yoga guru.

## NEGATIVE EFFECTS OF NEGATIVE PUBLICITY

Negative effects of negative publicity are huge, very fast and for a long time. They are as follows:

1. Normally, no business flourishes under negative publicity.
2. Firms may have to call back all their products, which is a huge loss for them.
3. Shares of the firm may take a lower course.
4. The firm may be forced to give compensation, and the venture might be lost.

Thus, an organization must do something very fast to counter the ill effects of negative publicity. How to counter it? There are some basic steps to minimize the ill effects of negative publicity.

1. Look into the problem
2. Work out a plan of counterattack
3. Give out concrete proofs of safe-practices
4. Follow up progress continually

After the initial things have subsided, come out with attractive offers; get experts to vouch for your products, the works. Prevention always works better. Thus, it is beneficial to continuously look out for the things that may cause the negative publicity, and to tackle those things at the initial stage itself.

### **POSITIVE EFFECTS OF NEGATIVE PUBLICITY**

In some cases, negative publicity can increase sales when a product or company is relatively unknown, simply because it stimulates product awareness.

Maximum companies are forced to think about “how to make public to think their product is a good one”, or they are just trying to get people to know about their product. In that case, any publicity, positive or negative, turns out to be valuable.

This suggests that whereas the negative impression fades over time, but increased awareness may remain, which can actually boost the chances that a product will be purchased. New companies have little to lose when it comes to publicity of any kind; the key is simply to get seen, through positive or negative publicity.

### **CONCLUSION**

Thus, it is now well established that negative publicity may have positive effects. While positive reviews always increased sales, the effect of negative reviews depended on whether the products were new or well established.

It can increase product awareness or accessibility. Going a little bit further, we can say that negative publicity has positive or negative effects will depend on existing product awareness. When awareness is high, negative publicity will definitely hurt sales. Negative publicity should lower product evaluation, however, and consequently, decrease consumer choice.

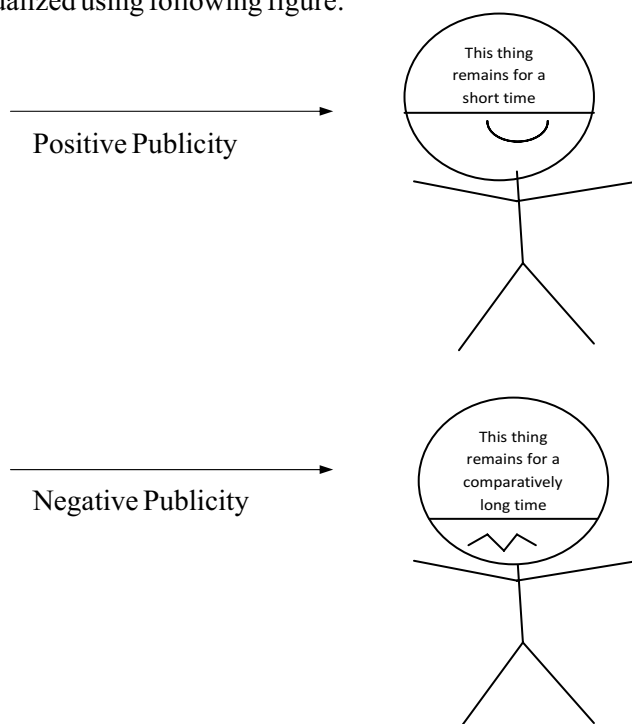
In contrast, by increasing awareness, negative publicity may increase sales when product awareness is low or absent.

While conventional wisdom suggests that any publicity is good publicity, this article helps to broaden these perspectives. Building on various findings, we can theorized the times and condition under which negative publicity might boost purchase.

This article thus emphasizes negative publicity and demonstrates when it has positive versus negative effects. Many situations suggest that negative publicity can increase product awareness and accessibility; it can sometimes have a positive influence on product choice and sales.

## SOME PRACTICAL EXAMPLES

Some practical examples will serve to boost up the point which author is trying to make. These examples are conceptualized using following figure:



So, negative publicity remains for a long time. Some examples are as follows: Coca Cola is often criticized for high water consumption in water scarce regions and using harmful ingredients to produce its drinks. Water is becoming scarcer around the world and increases both in cost and criticism for Coca Cola over the large amounts of water used in production. Further, the allegations, made by Baba Ramdev, alleging it to be equal to toilet cleaner, also did not hamper the sales; in fact it boosted the sales to some extent; PETA, 2008 PETA (People for the Ethical Treatment of Animals) had a campaign with the message which says 'Be comfortable in your own skin. Let animals keep their'. They had many models, including celebrities pose nude and then placed these photographs on billboards. The point was to show that these people would rather go naked than wear fur; Kissing Vegetarians, 2009 PETA wanted to show that vegetarians make better lovers. So, they organized a make out tour; Arbaaz and Malaika MR Coffee had to face the wrath of the masses for serving obscenity in the form of ad is Malaika Arora and her better half Arbaaz, who shot the ad for the MR coffee brand, where the duo were seen getting cozy with a slogan which read, 'Real pleasure can't come in an 'instant'; Amul Macho ad rose the market shares of the company go exponentially up to 250 crores in 2007-2008. Amul Macho's "Yeh to bada toying hai" has been amongst the most controversial advertisements in India. It featured a woman washing her husband's Amul Macho underwear fantasizing as if her husband was still wearing it. The suggestive expressions of the woman and the

complete setting of the ad, make it sexually explicit and vulgar. This ad attracted strong protests and cases were filed on the above said grounds. The court also upheld the objections raised in this case and modified the frequency and airing timings of the advertisement on TV; Tuff shoes ads stirred the nation most. The tuff shoe ad showed supermodel Milind Soman and Madhu Sapre, both posed wearing nothing but a pair of tuff shoes and python wrapped around their body. This ad faced severe protests from social organizations for unhealthy promotion and nudity. Another case filed against this ad was under the Wildlife Protection Act for illegal use of the python and cruelty on animals. The legal proceedings lasted for around 14 years, till the courts declared the accused as not guilty; Kamasutra condom ad appeared in girlie magazine Debonair. This condom ad featured voluptuous Pooja Bedi and Marc Robinson in a shower scene under a waterfall. With this ad, the company found a new tool to sell products that is being bold and sexy. The ad was the first one to be banned on Doordarshan since it challenged conservative Indian sensibilities. Other media channels also refused to air this ad as the audience couldn't handle such obscenity; Calida ad is a tremendous success in terms of consumer acceptance. In 1998, its ad ran into controversies and made this product the talk of the town. It featured supermodel Bipasha Basu and Dino Morea, both wearing Calida underwear. Dino was photographed pulling off Bipasha Basu's underwear with his teeth. Several women organizations raised protests against this ad and eventually the airing of ad was banned; Tom Ford's men perfume ad shocked the prudish viewers as women grabbing her unnaturally round, full breasts with her manicured hands, pressing them together to show off a bottle of Tom Ford for Men Fragrance in her cleavage. This ad was undoubtedly one of the boldest ads ever, and the sales rose to new heights; Set wet zatak, Wildstone deodorant ad that has been positioned sensuously in the market. In 2007 an ad featured a women getting aroused and lusting after a man who has applied Set Wet zatak deodrant. Her suggestive gestures made the scene look obscene and sexually explicit.

These examples show that the product sales went up in spite of negative publicity because of natural curiosity among the potential customers. In some cases, the advertisement has to be pulled off from the air, but during the time it was in the air, it has already done its job.

So, in the end, the sales definitely went up due to reasons mentioned above in parts of this article.

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