

3.3.2_file no: 4-List of International Conference Publications

Embracing Change & Transformation-Breakthrough Innovation and Creativity ISBN:978-93-950596-0-7

CLUSTER DEVELOPMENT: AN ALTERNATE STRATEGY FOR GROWTH IN FASHION SECTOR AFTER PANDEMIC

Dr. J. P. Sampath Kumar
Director, School of Planning and Design,
Manipal University Jaipur
sampath.kumar@jaipur.manipal.edu

Dr. BalaKoteswari
Dean (Academics), Sanskrithi School of
Business, Puttaparthi. Anantapur

Ms. Anitha Venkatraman
Managing Director,
Quentia Skills & Allied Services Limited, Chennai

Abstract

The industrial growth in urban areas demanded Labour from rural areas to work in major cities specially in garment sector. This involved lot of activities from identification of workforce to connecting them with industries in major cities. The labours were provided accommodation and transport in the city by the company in most of the cases. This resulted in smooth running of the industrial sector though there were many challenges faced by both the industries and rural labours in connecting to each other. With the spread of pandemic from March to July 2020, India witnessed lot of reverse migration, more so when special trains were introduced in the industry rich places. Many labours returned to their native places either within the State or outside, leaving behind a rich experience of working in industries creating a possibility of new line of production.

There are many clusters existing in India where the production is done by women in their own house whereas assembly, packing and transport is done in small or big towns. It could be the beginning of a new era if big companies can do the same in few identified rural areas. This paper opens a possible path for engaging employees in a new way.

Key words: Garment Sector, Pandemic, Reverse Migration

1 Introduction

Indian textiles and apparel industry contribute 2.3% to the GDP of India, 13% to industrial production and 12% to export earnings (fig 1).

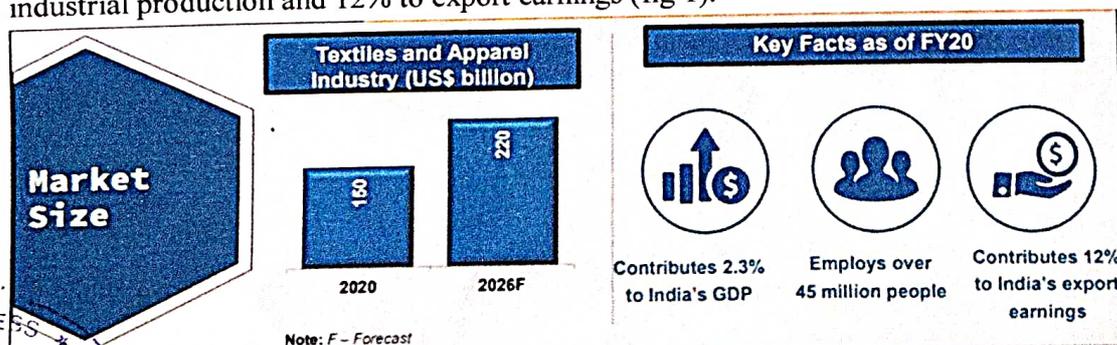
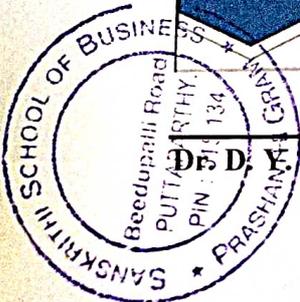


Fig 1. Textiles and apparel market size

Dr. D. V. Patil B-School, Pune, India

Dr. BalaKoteswari 880
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



In India, raw material like cotton, wool, silk and jute are available in abundance. India is the largest producer of Jute and cotton and second largest producer of silk. Some of the major states in India contributing to the growth of textiles and apparel industries is given in Fig. 2.

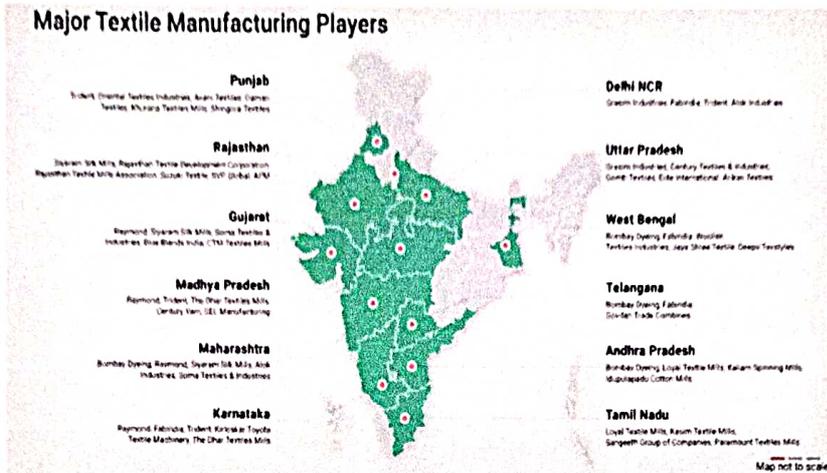


Fig. 2: Major States producing textile products in India.

(Source: <https://www.investindia.gov.in/sector/textiles-apparel>)

The garment export from India contributes to 43% of the total exports encouraging more industries to be set up in this sector (fig 3). Looking at the increase in the income level there is high demand for the apparel sector specially with the penetration of organised and retail sectors and disposable income available with the people. The apparel industry is labour intensive employing over 45 million people next only to agriculture. India has world’s youngest population with an average workforce of 25 years.

Another advantage of apparel industry in India is that 100% FDI is allowed in textiles. Production linked incentive (PLI) schemes worth Rs. 10,683 crores for manmade fibre and technical textiles over a five-year period. New Textile policy focusses on setting up manufacturing hubs for textile machinery with the help of FDI. Good financial support and schemes for setting of integrated textile parks (SITP) and technology up gradation fund scheme (TUFS) released by government encourage more private investments and employment.

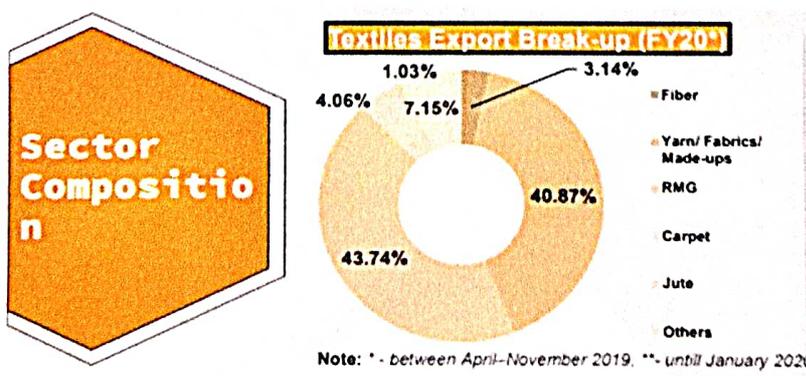
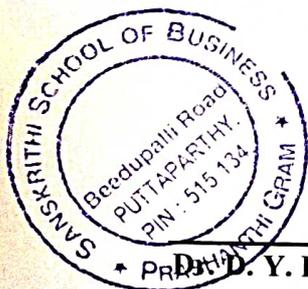


Fig 3. Composition of the textile sector exports from India.



2 Workforce status in apparel industries

2.1 Migration of workers

Migration is the movement of workforce/people from one place to another. It can be intra-state that is within the state to other places or it can be inter-state that is to other states. As per 2011 census, India has 45.6 crore migrants in 2011, 38% of population compared to 31.5 crore migrants in 2001 which is 31% of population. There were 5.4 crore interstate migrants and 63 lakh residents from Bihar and 83 lakh residents from Uttar Pradesh were the largest source of inter -state migrants while Maharashtra and Delhi were the largest receiver states (fig 4).

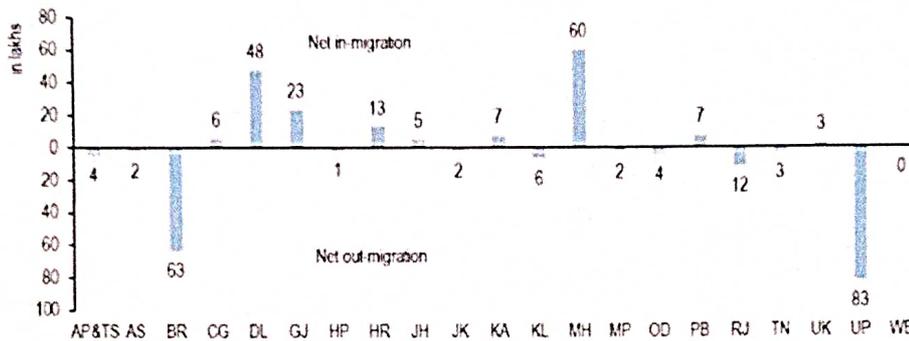


Figure 4: Inter-state Migration (in lakhs)

(Source: Census 2011, PRS, <https://www.prsindia.org/theprsblog/migration-india-and-impact-lockdown-migrants>)

These migrant workforces were absorbed into various sectors like organised and unorganised sectors. Some enter regular employment and some become daily wage labourers absorbed into manufacturing sectors like textiles and garments, food processing, hotel and other industries. There are many causes for migration like education, work, marriage, move with family etc. (fig 5 a and b) either within the state of origin or to the neighbouring states. As mentioned earlier, since apparel industry is a labour-intensive sector, most of these workers get employed in such industries.

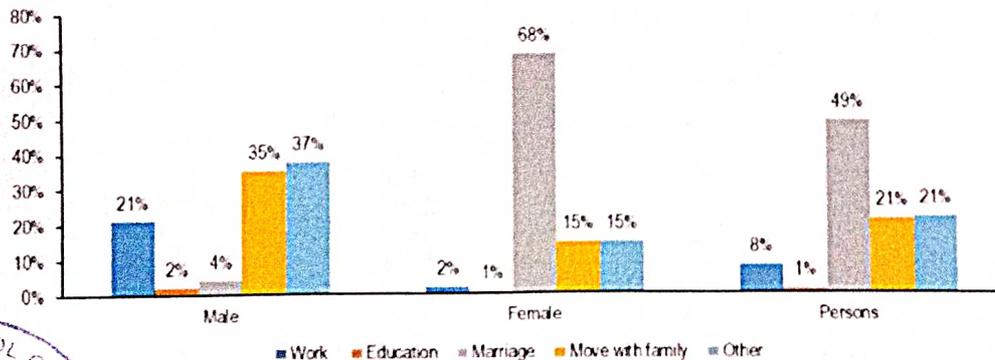
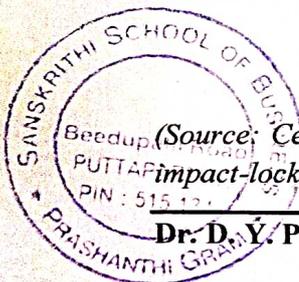


Figure 5(a): Reasons for Intra State Migration;

(Source: Census 2011, PRS, <https://www.prsindia.org/theprsblog/migration-india-and-impact-lockdown-migrants>)



Dr. D.Y. Patil B-School, Pune, India

Dr. Balakrishna
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

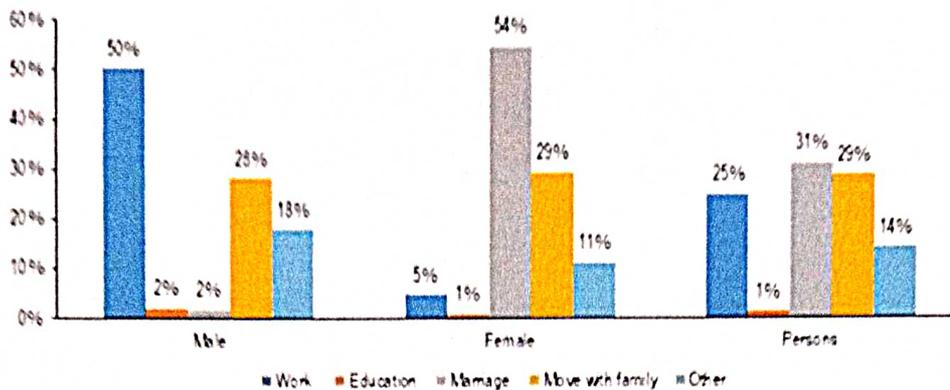


Figure 5(b): Reasons for inter-state migration;

(Source: Census 2011, PRS, <https://www.prsindia.org/theprsblog/migration-india-and-impact-lockdown-migrants>)

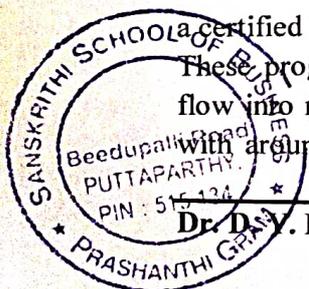
2.2 Inducting the workforce through skill training

Skill Development in India is the key to the country's economic success in the coming decade, with potential to solve global manpower requirements. India will have the largest number of people within the age group of 18 to 35 years in the world for the next 25 years, accounting for as much as seventy percent of the nation's population. This demographic dividend provides for a huge pool of employable manpower while the average age of employed people across the world has crossed forty and in many countries above fifty. This young population of India lacks in employability skills with the Country's existing academic infrastructure barely producing about five percent of the Nation's skilled manpower requirement, causing a tremendous skill gap, which was identified as priority by the Government of India.

Skill development programs developed a connection between the workforce (also referred to as beneficiaries), employment and the industries. In the beginning, many training centres started to mobilize the beneficiaries. The beneficiaries were identified with the help of local panchayat and the government officials of the concerned area by few qualified mobilizers. In the garment sector, mostly the women from the villages and small towns were identified, trained and placed in the garment industries. The task was tedious, risky and tiresome for the mobilizers.

The selected beneficiaries between the age group of 18 to 35 were trained in different fields with the programs being designed by the professionals from the industries covering the core competencies required by the industry. The training program was usually between 200 to 400 hours duration spanning over a month or two with accommodation sometimes being provided by the industries and/or the training centers. The beneficiaries were usually trained either in the big cities or in small towns either by a certified training center or the industries themselves.

These programs, usually referred to as the modules are divided into sessions which flow into number of hours. The training is provided for a duration of 7 hours per day with around 5 to 6 hours being the practical session and the rest for the theoretical



Dr. D.S.V. Patil B-School, Pune, India

Dr. Bala K. Rao
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

instructions. The training usually culminates into industries as on the job trainee, which usually is for 1 to 3 months depending on the trade.

After the completion of the training program, an assessment agency is given the job of assessing the trainees, training center and the training program. The assessment agency is connected to the sector skills, who monitor the entire training programs. Soon after the assessment, the beneficiaries are placed in the garment industries.

3 Working of apparel sectors in India

3.1 Existence of apparels sectors in big cities and small towns

The garment industries are established mainly in big cities like Bengaluru, Chennai, Delhi, Gurugram etc. As the other lucrative industries also grew in such big cities, the accommodation for the trained people became a problem. Further, with rising cost of living in such cities, the industries started incurring more expenses. To overcome such problems, many garment industries started establishing their production centers in smaller towns closer to the big cities, where the work force seem to be available in abundance.

The Government also came out with the concept of Apparel Parks and Integrate Textile Parks, where a minimum of about 50 to 60 acres of land or more is procured by the Government in smaller towns and developed with facilities like roads, water, drainage, electricity etc. This allows the investor to get all the necessary statutory permissions in a single window operation. Since the workforce is also available in such towns, the cost of operation is estimated to be slightly lower as compared to big cities.

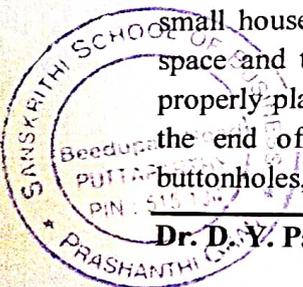
3.2 Successful cluster development based on workforce

One cluster of Bellary in Karnataka, manufactures and exports the jeans and trousers has made its name in the World scenario. An article in www.fiber2fashion.com reports that there are about 450 traders and manufacturers in this cluster with an average investment of 80,000 to 6 lakhs per unit. These traders do not undertake the stitching activity but get the work done from smaller villages. Here, the fabric and raw materials are procured from major cities in India, but the production does not occur under one single roof. The workforce is in various small villages in and around Bellary, located may be around 15 to 20 kms away. The women in these smaller villages are provided training along with a sewing machine to operate. The fabrics are centrally cut and labelled and sent to them for production on daily basis. The cut pieces arrive at the village in a small transport and distributed to the women in the morning. The women stitch the garments throughout the day and the same are delivered to the company in the evening. Later, these garments collected from the villages are taken back to the town for washing and ironing, which happens at one central place. Similar operations were also seen in Rayadurgam, another small town located around 50 kms to Bellary. The small houses in these villages house around 1 to 5 machines depending on available space and the people stitch the garments in the houses itself. The assembly is also properly planned in such a way that the garments are received in completed format by the end of the day. Only the work pertaining to the specialized machines like buttonholes, buttoning etc. are performed at one place before the garments go for

Dr. D. V. Patil B-School, Pune, India

Dr. Bala Krishna
Principal

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



4 Labour problems during pandemic and reverse migration

During the COVID-19 lockdown period, as a result of factories and workstations shutdown, labourers were affected to a maximum extent and migrant workforce suffered a lot losing their income and living. Several inter-state migrant workers tried to return to their hometowns. Due to suspension of transport facilities many of them were not able to go back. Later, when special trains and buses were organised by the government the workers returned to their hometowns either within the State or outside the State. Table 1 and the fig 6 gives some data of such workers returning during covid.



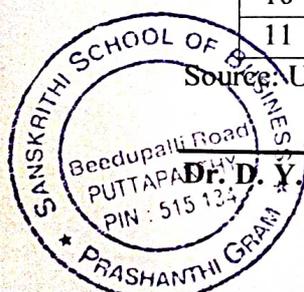
Fig 6. Workers returning to their hometowns during covid. Source: leading newspapers

Table 1: Number of migrant workers who have returned to home-state (as of September 14, 2020).

No.	Name of the State	Number of workers returned to the State
1	Uttar Pradesh	32,49,638
2	Bihar	15,00,612
3	West Bengal	13,84,693
4	Rajasthan	13,08,130
5	Madhya Pradesh	7,53,581
6	Jharkhand	5,30,047
7	Punjab	5,15,642
8	Assam	4,26,441
9	Kerala	3,11,124
10	Maharashtra	1,82,990
11	Tamil Nadu	72,145

Source: Unstarred Question No. 197, Lok Sabha, answered on 14 Sept, 2020; PRS

Dr. D. Y. Patil



5 Probable strategies for the growth of the garment sectors

After the lifting of lockdown, although many industries in the smaller towns have started the production, due to decline in the global market the production has not begun to the full. The migrated workers are still in their hometowns waiting for either the reopening of the industries or looking for alternative jobs. This situation can be best utilized for developing clusters like the Bellary or the Rayadurgam as mentioned above. The probable steps for such cluster development are as under.

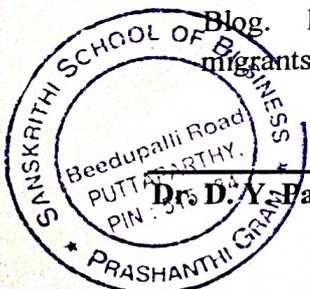
- a) Identification of places where the workforce is available: A detailed study has to be conducted to determine the reverse migrant or available work force in villages. There are many training centres with mobilizers who can perform such task.
- b) Training and certification at these places: Two types of workers are possible in this situation. The first type consists of people, who worked in the garment sector earlier and have considerable experience. For such people, the production process can be initiated with only a couple of days training giving them space for adjusting to the new environment. The second type of workers consists of people who have experience in different fields other than garment field and those who want to start as freshers. For these people, considerable training as per the National Skill Development Corporation (NSDC) norms have to be provided before recruiting and employing them in the cluster development program.
- c) Provision of financial aid to become small entrepreneurs: The sewing machines must be arranged for these trained people. The preferred way is to make them entrepreneurs and providing financial assistance to them to buy the machines.
- d) Establishing a common facility center: The companies have to establish a common facility center having functions like (a) fabric procurement and cutting, (b) bundling and distribution, (c) specialized machine operations, (d) washing and ironing, (e) packing and despatch.

Conclusions

There is a need for engaging the workers in smaller towns and villages and form a cluster in the apparel sector. There are such clusters already existing and have made name in the world market. The new companies should start implementing this method keeping in view the workers who have returned from the cities. There are training institutes and government schemes available to provide them the necessary training and make them employable as entrepreneurs.

References

- Anoop Khanna (2020). Impact of Migration of Labour Force due to Global COVID-19 Pandemic with Reference to India. Journal of Health Management, Volume: 22 issue: 2, page(s): 181-191.
- Iyer, M (2020). Migration in India and the impact of the lockdown on migrants. PRS Blog. <https://www.prsindia.org/theprsblog/migration-india-and-impact-lockdown-migrants>



Dr. D. Y. Patil B-School, Pune, India

Dr. Balakrishna
PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI, 515 884,
Ananthapuramu (Dt.) A.P.

Weblinks

<https://www.ibef.org/industry/indian-textiles-and-apparel-industry-analysis-presentation>

<https://www.investindia.gov.in/sector/textiles-apparel>

<https://www.aajeevika.org/labour-and-migration.php>

<https://www.nytimes.com/2020/04/22/world/africa/coronavirus-hunger-crisis.html>

<https://online.ucpress.edu/socdev/article-abstract/2/2/119/83291/Economic-Shock-and-MigrationDifferential-Economics?redirectedFrom=fulltext>

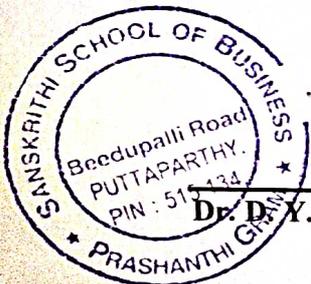
https://censusindia.gov.in/Census_And_You/migrations.aspx

<https://indianexpress.com/article/explained/coronavirus-india-lockdown-migran-workers-mass-exodus-6348834/>

<https://www.fiber2fashion.com/industry-article/5385/bellary-cluster-diversifying-to-denim-products>, “Bellary Cluster: Diversifying to Denim Products”, Originally Published in Apparel India, Dec-2010 (Vol. 2 Issue 11).

Dr. Deekota
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.





DESIGN THINKING: REINVENT HR

Author 1:

Dr. Bala Noteswari, Dean, Sanskrithi School of Business, Puttaparthi, Anantapur (Dt), Andhra Pradesh, India

Author 2:

Ms. Sneha Kanade, Assistant Professor, School of Commerce and Management, Garden City University, Bangalore

Abstract

With the growing need for human capital management, human resources are identified as important capital for any business. What makes employees happy, how they can deliver more are the important points to debate in knowledge forums and learning platforms. But, there always existed a gap between employer perception and employee perception. This gap has been major because of lack of empathy from the employer front and employee involvement from the employee front in the problem-solving process. Lately employee engagement and organizational commitment have been much spoken and strategies have been in place to increase employee involvement. Responding to the need of the hour, customer satisfaction leading to employee satisfaction, and business results, design thinking is one such concept that has brought a paradigm shift in organizations. Thinking from the perspective of the customers by way of interaction, feedback, and knowing the need to deliver the service or product has been a breakthrough idea that changed the game of business altogether. Deloitte Global Human Capital Trends 2017 report revealed that nearly 80 percent of executives rated employee experience very important (42 percent) or important (38 percent), but only 22 percent reported that their companies were excellent at building a differentiated employee experience. Especially HR functions have a major role to play in the organization which is responsible for managing human resources. Present paper is an attempt to present the facts on how design thinking can change the HR role from managing HR to reinventing the HR role.

Key words: Design thinking, employee engagement, productivity

Dr. Bala Noteswari

Sanskrithi School of Business,
Becdupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,

Introduction

Every organization is responding to major business and workforce disruptions, managing changes focussing on customer delight to drive the growth. There is a critical linkage between the employee experience, company business strategy and customer service. Design thinking is one such technique which will help in reimagining and crafting the employee experience to help generate higher engagement, satisfaction among customers, brand building and growth. Research has clear evidences that increase in front-line-engagement increases customer service and revenues. For sustainable business performance applying design thinking to achieve customer satisfaction is inevitable in current competitive world.

Design Thinking in HR

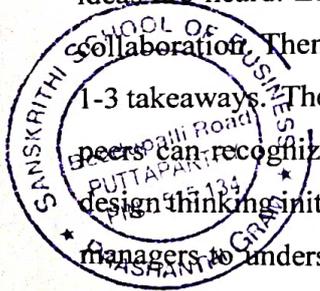
Changing expectation, the challenge to attract and retain talent and shifting to an agile form of organization requires break through thinking about people and people management strategies. Design thinking is one such path breaking approach focussing on human centric approach. In HR design thinking helps change HR at its core. It helps to develop human centric mindset that focussed beyond designing programs or processes to create meaningful experiences. Design thinking casts HR in new role. HR role is transformed from “process developed” to “experience architect”. HR is empowered to reimagine every aspect of work including physical environment, workspace designing/ergonomics along with HR process.

Design thinking casts HR in a new role. It transforms HR from a “process developer” into an experience architect.” It empowers HR to reimagine every aspect of work: the physical environment; how people meet and interact; how managers spend their time; and how companies select, train, engage, and evaluate people (Caredda, S. 2020)

According to Chatterjee (2020) the success of brands like Apple, Google, Nike, Amazon and PepsiCo has established design thinking as a breakthrough methodology to create products and solutions. This methodology is applicable in pretty much all kind of business processes. In the context of HR, empathy the core principle of design thinking is a much-needed aspect while dealing with employee issues and concerns. Research shows that human resources and people operations are 5 times more likely to apply design thinking in everyday business than any other department.

Dr. Balakrishnan
Principal

As per Nguyen, P (2019), Fivestars uses “brainwriting” in the ideation phase to ensure that everybody’s ideas are heard. Each member spends 5-10 minutes jotting their ideas on Post-it notes before group collaboration. Then the group come together to talk about their ideas, refine and narrow down on 1-3 takeaways. They create, pilot and refine as they go. The High Five Program is one such ideas where peers can recognize each other via High Five notes. Dedicated employee experience manager is the design thinking initiative taken by Pixier. This manager holds regular conversations with employees and managers to understand the experiences better, challenges faces and development needs. Peer Insight



uses system for promotions, bonuses and raises as design thinking strategy. They hold a 2-hour ideation session and create prototypes and discuss with the entire team to gather input and refine the system.

According to Sinha, A, Varkkey, B and Meenakshi, N (2020) with the Design thinking supported HR strategy, the food tech company in their study created human-centred service design to improve the employee experience for delivery partners. This gives valuable lessons for new-age tech companies that choose invest in tech-based platforms and promotion instead of focussing on HR-led strategy. By using Design thinking, the food tech company emerged as market leader, delivering more than 1.4 million orders per day by partnering with 35,000 restaurants and employees more than 20,000 young people. A two-pronged strategy was adopted to address the HR pains and gains. The insights and outcomes of the journey and empathy map, and resultant clarity on end user needs helped in developing an integrated HR framework. The framework involved talent attraction, work design and a flexible work option. Complimentary HR offerings were also designed to create the desired employee behaviour.

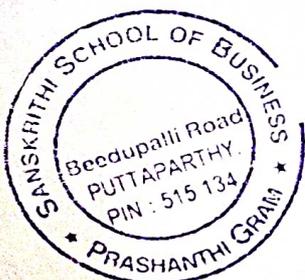
According to Loyola, A (2020) HR needs to embed the “user or employee” at the centre of the experience in its delivery model. Design thinking is a creative approach to problem-solving. It leads to gathering inspiration, ideas, making ideas tangible and share the “story” to create innovative solutions.

- Empathizing with customers first understanding their needs and frustrations
- Moving to define the problem
- Brainstorming to identify and choose the best ideas and solutions
- Building prototypes of test what works and what does not

Design Thinking and Employment Cycle

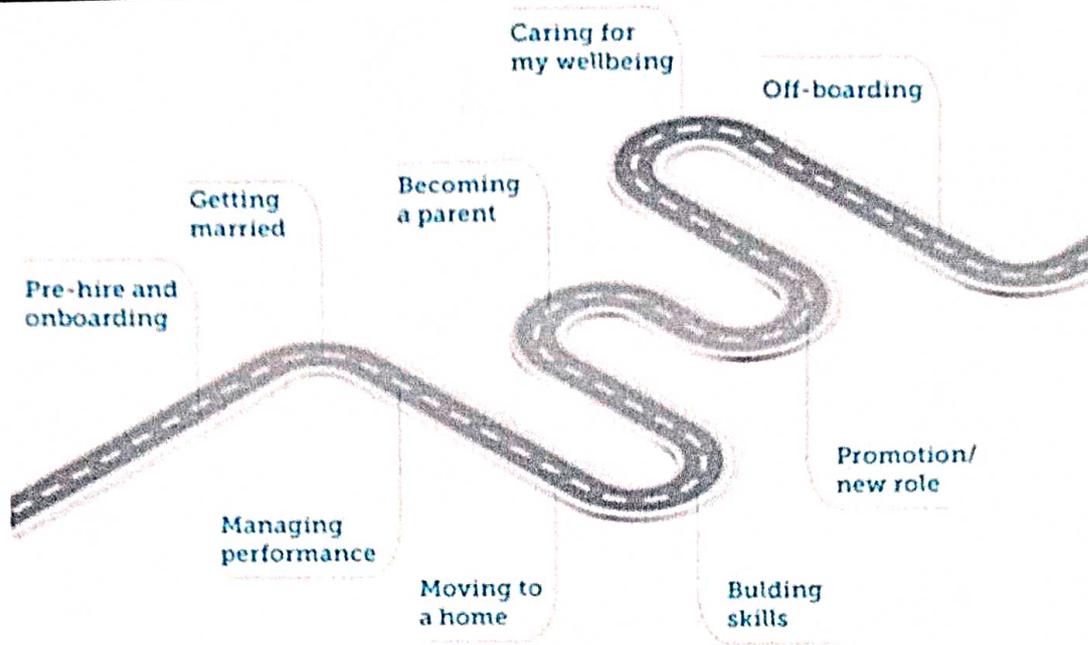
Focus on employee journey: Moments that matter : Employees deliver exceptional performance and perform well at moments of truth, only if they know clearly what they are supposed to do and why. Accordingly to Caredda, S. (2020) employee experience advantage, makes a distinction between three kinds of moments that matter

1. Specific – Like the first day on the job etc
2. Ongoing – like the interaction between employee and supervisor
3. Crated – Like the events at the office, annual office party etc.



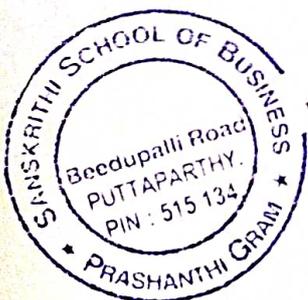
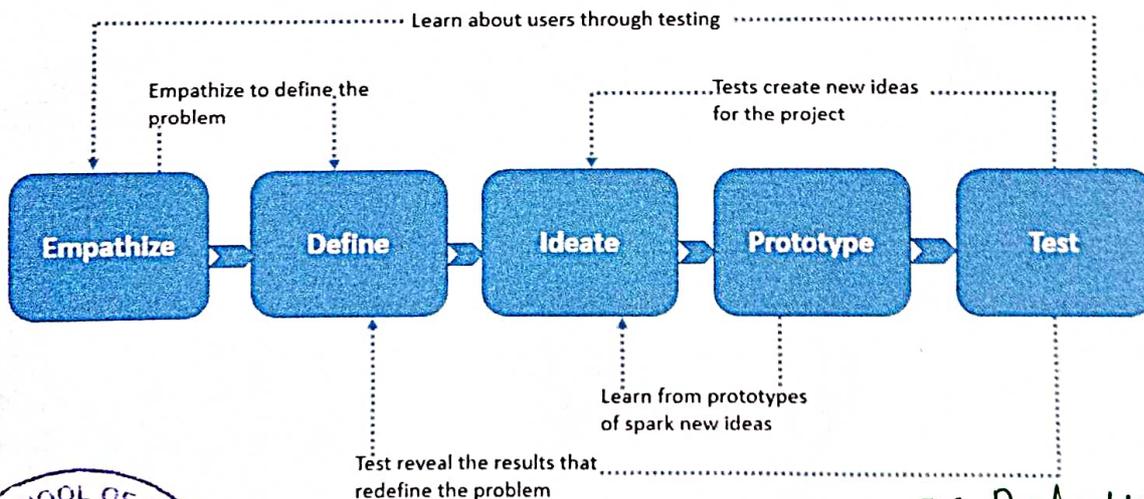
Dr. Pale Koteswar

PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



(Source: <https://sergiocaredda.eu/experience/design-thinking-for-hr/>)

Employment cycle involves analysing the employment needs and aligning them with business strategy. Once the employment needs are established, staff need to be hired. After they are hired, organization need to ensure that they are productive. And, if the employees are happy, they stay with the organization or else exit. This cycle of employment describes the HR process from entry to the exit of the employee. Using design thinking, this process can be reinvented or reimagined to increase the organization productivity. The three stages need a thorough analysis to integrate the design thinking steps, Empathize, Define, Ideate, Prototype and Testing.

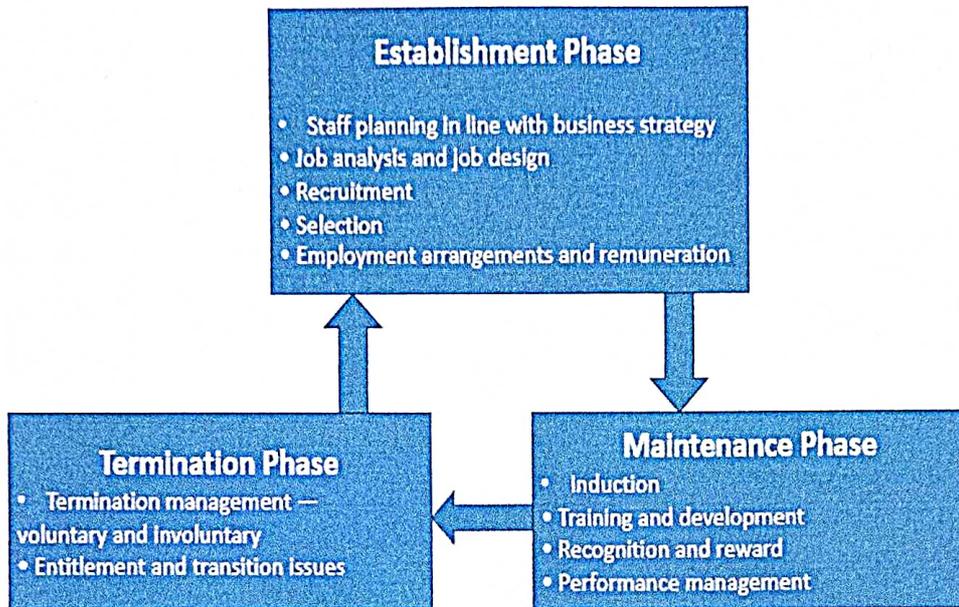


Dr. Bala Koteswari

PRINCIPAL
Sanskriti School of Business,
Seedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

Establishment Phase

While planning for the staff in aligning with the business strategy, HR need to discuss with the internal customers, for whom they are providing the resources to understand the requirement. Know exactly what they expect instead of anticipating what the departments expect HR to provide.



While analysing the jobs, Analyst has to step into the shoes of the job incumbent to understand the roles and responsibilities. Various methods employed in the process of job analysis has to be job holder centric. Typically, a one-to-one interaction session would be the effective one. Designing the job in such a way that there is employee satisfaction and organization productivity. This requires inputs and feedback from the existing employees to understand and appraise the existing jobs.

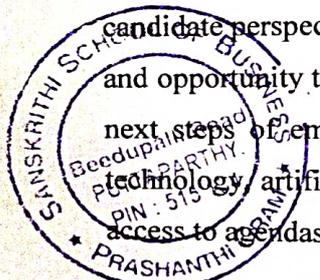
Maintenance Phase

CISCO’s HR teams were trained to use Design Thinking. They looked at areas where HR could change drastically in tangible, practical ways, such as recruiting, onboarding, learning and development, and workplace design. They used Design thinking to re-design the organization with focus on “people experiences” instead of processes (Loyola, A. 2020).

For example, candidate experience, the application journey can bring different expectations from the candidate perspective. Candidates normally look for an enjoyable application and interviewing process, and opportunity to learn about the company and to be informed about their current status and potential next steps of employment. The onboarding process, should focus on creating an experience with technology, artificial intelligence in bringing a whole set of tools of HR to make sure the candidate’s access to agendas, responsibilities and process-guidance.

Dr. Bada Kalyan
Principal

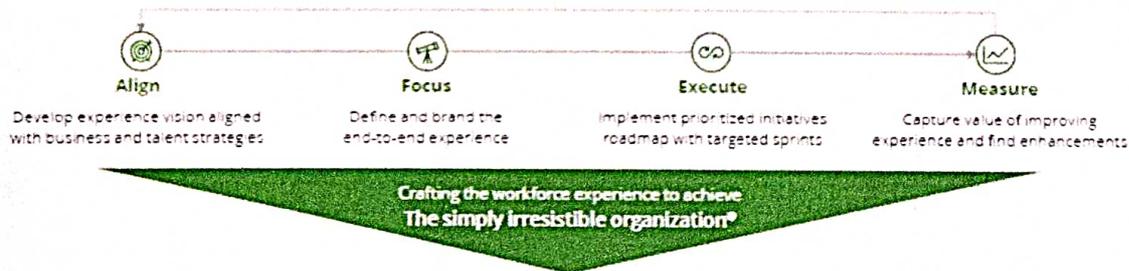
Sanskriti School of Business,
Beedupalli Road, Vasantham,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



Deloitte’s Global Human Capital trends 2016 research reveals that, typically the more importance an organization places on design thinking and the more ready it is to embrace it, the faster the organization grows. According to the data, companies growing by 10 percent or more per year are more than twice as likely to report they are ready to incorporate design thinking compared to their counterparts that are experiencing stagnant growth (Deloitte, 2017 Report). Deloitte implemented a strategy which involved defining customer personas. For example, a manager, a new recruit, an experienced hire, etc) identifying the moments that matter to those customers and creating journey maps of their employment experience. Company is using Hybrid Agile methodology that employs models, prototypes, and multiple voices to design, test, and refine solutions which includes the following:

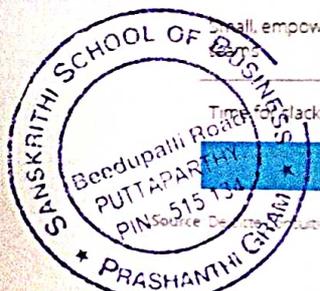
- Leveraging “fit for purpose” strategic design decisions to formulate the desired experience
- Inserting moments that matter into end-to-end process maps to further enrich the employee experience
- Conducting process design workshops, where each process is reviewed from the lens of the personas to validate that it delivers what matters most to that particular workforce segment
- Conducting focus groups and voice-of-the-customer surveys to test the experience early on in the design
- Building checks on the experience into user acceptance testing by asking “Is the process delivering the desired sentiment expressed in the persona”
- Incorporating learning gained from quickly iterating customer experience solutions, revising ideas early and often

Deloitte’s employee experience framework



Meaningful work	Supportive management	Positive Work environment	Growth opportunity	Trust in leadership
Autonomy	Clear and transparent goals	Flexible work environment	Training and support on the job	Mission and purpose
Selection to fit	Coaching	Humanistic workplace	Facilitated talent mobility	Continuous investment in people
Small, empowered	Investment in development of managers	Culture of recognition	Self-directed, dynamic learning	Transparency and honesty
Time flexibility	Agile performance management	Fair, inclusive, diverse work environment	High-impact learning culture	Inspiration

Collaboration and connection



Dr. Balakrishnan

PRINCIPAL

**Sanskriti School of Business,
Deedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.**

As per Loyola, A. (2020) IBM brought employees from different functions into the design process and teams were accountable to co-create a brand-new employee onboarding process. Understanding the new hire's point of view and the realizing the on-boarding experience involves re-working on the process. Performance management is another stage in the employment cycle which create direct impact on business. Business measure individual and team performance when results are measured. IBM brought bunch of field experts for 5 months and developed a brand-new performance model which was implemented across the company.

In framing the compensation design thinking can help to understand the requirements and expectations of the employees and budgets of the employers and optimise the compensation accordingly. While designing policies, empathy driven approach can help formulate policies that meet the needs of the employees and truly benefit them (Chatterjee, 2020)

Conclusion

Design thinking in HR can actually change the game altogether with rethinking employee experiences. Various professionals had tried and tested the method and the results revealed that organizational results enhanced by 112% with implementation of design thinking in HR. Its ultimately people that matter in the organisation and their experiences. The shift of thinking from employer perspective to employee perspective is a breakthrough idea in design thinking which has brought paradigm shift in the way the organization look at the betterment of the results. Many organizations are experimenting on this new technique and trying to make it a culture. Corporate giants had tried and proven to the world that, design thinking is the new way, in fact the only way to achieve results and make the stakeholders happy. Research in this areas on implementation at grassroots level in the organization is the need of the hour.

References

Anamika Sinha, Biju Varkkey and N. Meenakshi (2020). Design thinking for improving employee experience: a case of a food tech company. Development And Learning In Organizations: An International Journal. Vol. 34 No. 1, pp. 8-11, © Emerald Publishing Limited, ISSN 1477-7282 DOI 10.1108/DLO-11-2018-0154

Bersin, J. Solow, M. and Wakefield, N. (2016), "Design thinking: crafting the employee experience", available at: <https://dupress.deloitte.com/dup-us-en/focus/human-capital-trends/2016/employee-experience-management-design-thinking.html> (accessed 30 April 2019).

2017 Deloitte Development LLC. Reimagine and craft the employee experience: Design thinking in



Dr. Balakrishnan
PRINCIPAL
Sangkrithi School of Business,
Beechupatti, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

Elsbach, K.D. and Stigliani, I. (2018), "Design thinking and organizational culture: a review and framework for future research", Journal of Management, Vol. 20No. 10, pp. 1-33.

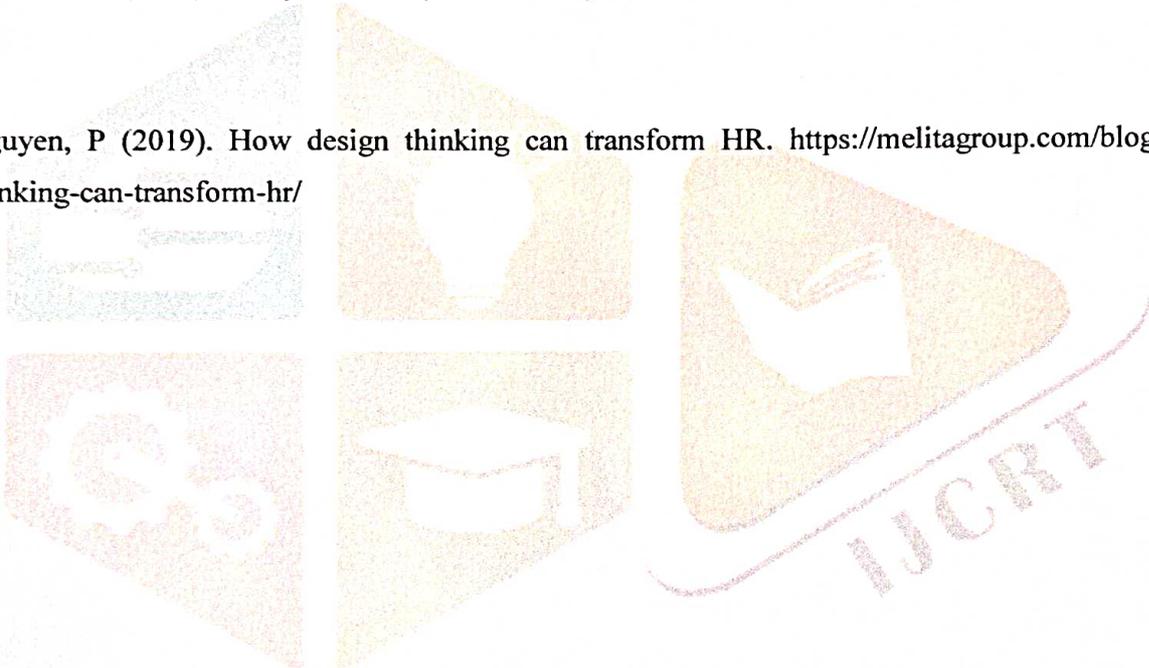
Bailie, I (2020). How to use Design Thinking in HR <https://www.myhrfuture.com/blog/2018/8/14/how-to-use-design-thinking-in-hr>

Loyola, A. (2020). How Design Thinking is Disrupting HR. <https://www.aihr.com/blog/design-thinking-disrupting-hr/>

Chatterjee, (2020). Use of Design Thinking in HR. <https://www.mygreatlearning.com/blog/use-of-design-thinking-in-hr/>

Caredda, S, (2020). Design Thinking for HR. <https://sergiocaredda.eu/experience/design-thinking-for-hr/>

Nguyen, P (2019). How design thinking can transform HR. <https://melitagroup.com/blog/design-thinking-can-transform-hr/>



Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

Issues And Challenges Of Women In Career Advancement In Higher Education

M. BalaKoteswari¹

Abstract

Since times immemorial we have been hearing about the women empowerment in discussion forums and events. Much hype is created on Gender equality in education, career and society. Much of it reflects upon the point that women is the weaker section who needs special attention right from education to career advancement. Government has imposed Equal opportunity laws to favour equal treatment of women at employment and avoid exploitation of women by the employer. But much of the issues are pushed under the carpet and much of it go unnoticed and submissive. Literacy, socioeconomic status and family support has been major challenges for women to overcome the issues faced in the society. Present study focuses on exploring the obstacles coming in way of career advancement of women. Study relies on secondary data gathered from various sources to arrive at findings. Possibilities of overcoming the hurdles are explained as an outcome of the research. Emphasis is on throwing light on the pain points of the women in career advancement.

Keywords: Career advancement, Equal Opportunity, Gender Equality, Women Empowerment .

Author Affiliation: ¹Department of Business Management, Sanskrithi School of Business, Puttaparthi, Anantapuramu (Dt), Andhra Pradesh.

Corresponding Author: D.Pranavasree, Department of Business Management, Sanskrithi School of Business, Puttaparthi, Anantapuramu (Dt), Andhra Pradesh.

Email: principal@sanskritibschool.com

How to cite this article: D.Pranavasree. Issues And Challenges Of Women In Career Advancement In Higher Education 44-48. Retrieved from <http://jms.eleyon.org>

Source of support: Nil

Conflict of Interest: None.

Received: 20 December 2021 **Revised:** 28 January 2022 **Accepted:** 7 February 2022

1. INTRODUCTION

Women has been an important asset in family, society, corporate or in education sector. Since ancient times contribution of women has been highlighted in scriptures and literature. However, still they are failing to gain equality with men. Various challenges stand in the career path of women blocking their advancement. According to Pishgahifard and Poolab (2010) one of the most important factors for development of each country is women's participation in economic, social and political contexts. Women's employment is one of the important factors for economic development and can be considered as significant sign for bright future of nation.

AISHE 2019-20 report states that there are around 2.14 lakh university level teachers out of which 62.9% are male and 37.1% are female. At the college level, the number of teachers are 11.3 lakh with 56.4% male teachers. In stand-alone institutions, total number of teachers is 1.57 lakh with 58% male teachers. Looking at female per 100 male teachers, there are 59, 77 and 72 female teachers per 100 male teachers at Universities, college and standalone institutions respectively.

As per Banker & Banker (2017) In India, only 6.67% of women were in leadership positions, namely, Vice Chancellor, Director or Dean. According to Ghara (2016) it was 15.64% when the positions of Principal, Professor and Equivalent, and Associate Professor were added with the aforementioned positions. Although underrepresentation of women in senior leadership positions in higher education is a

global phenomenon the scenario is too unpleasant in South Asia (Morley & Crossouard, 2015) and India in particular (Banker & Banker, 2017)

2. Review of Literature

Mayya et.al (2021) studied the factors influencing the decision of women to take up senior leadership positions, a cross-sectional survey was planned in India. Study revealed that about 48% of the participants expressed that they decline opportunities for administrative positions. The distance to the workplace was found to be a barrier to take up senior leadership positions.

According to Khan et. Al (2021) there are multiple factors that can potentially impact the career progression of academicians to professional level. The Conventional view of family commitments as being a hindrance to career progression has not been supported. It is the organizational factors that appeared to be prevalent acting as barriers to career progression. Workloads, lack of resources to undertake research and to generate research performance play a critical role in career progression.

Kurup, A, et. al (2020) in their study stated that a per AISHE 2017-18 report their is decline of teachers in higher education especially the women academicians. They account for 42% of total higher education teachers population with less than 25% at professor level and even more less at Vice-Chancellor level. Authors studied the influence of career advancement on the career satisfaction

© The Author(s). 2022 Open Access This article is distributed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits unrestricted use, distribution, and non-commercial reproduction in any medium, provided you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license, and indicate if changes were made. The Creative Commons Public Domain Dedication waiver (<http://creativecommons.org/publicdomain/zero/1.0/>) applies to the data made available in this article, unless otherwise stated.

of women academicians. Findings revealed the need for policy makers, government and higher education institutions to focus on ensuring a clear career path with suitable opportunities to ensure the longevity and success of women academicians.

Adu-Oppong, AA &Kendie, SB (2017) studied the concerns of gender and career advancement in the work place; specifically how women perceive workplace processes as inhibiting factors to women's advancement into top ranking administrative positions in Higher Education (HE) management. The findings from the study revealed that there are processes at the institutional levels that are perceived to hinder qualified women from ascending to senior positions in higher education.

Wang,Y & Liu, H (2014) studied the female's career advancement in tertiary education field in the University of Gavle and Guizhan University. The study finds out that Hofstede's six cultural dimensions: power distance, collectivism vs. Individualism, uncertainty avoidance, masculinity vs femininity, long term orientation vs. Short term orientation and indulgence vs restraint could affect females career advancement in varying degree. Study also showed gender stereotyping, lack of networking, lack of mentorship are most so obvious barriers for female career advancement.

Trivedi.P (2012) studied on glass ceiling practices with working women in education sector at Bhavnagar region. The researcher tried to investigate the factors using two way ANOVA. Results reveal that there is no glass ceiling practices with women teaching staff in education sector at Bhavanagar region. But, social barriers were evident for working women teaching staff to reach top level which is also affecting the promotion and career advancement.

Sharma et.al (2011) did an exploratory study of the glass ceiling in Indian education sector, objective was to cogitate whether there exists glass ceiling in Indian education sector and found that there are no barriers in career advancement in reaching top positions. They also stated that societal norms make women always a second earner. Except few cases having a career is not must for them, as against their male counter parts. Acker (2006) stated that academic life is a circle where women has few barriers to advance. Women professionals had been really successfully especially in the universities. The reality seems to be that academia has been perceived as traditionally elitist, male and patriarchal in its workplace culture, structure and values. According to him, there are three perspectives to explain the continuing under representation of women in senior administrative positions.

1. First perspective being person-centred, which states that the psycho-social characteristics of women like personality, attitude and behaviour. Women always had a challenge of adapting herself to the needs of the traditional male dominant society. Myths like lack of Self-esteem and self-confidence, limited aspirations in the field of management, lack of motivation and ambition to accept challenges, could hinder her mobility in the upward movement in ladder.
2. Structure-centred paradigm states that women are at disadvantageous position in organizational structure which defines the behaviour of women. This approach states that due to the flaws in the structure of the organization leading to fundamental issue. This can be addressed by changing the institutional policies and practices.
3. Third, culture-centred approach links gender centred and organisational structure perspective. Specific role and

responsibilities played by gender in society is carried to the work place. Higher education institutions therefore reproduce gender differences 'via their internal structures and everyday practices' because of the cultural perceptions which determine the attitudes and behaviours of individual men and women and form barriers to the equal participation of women in senior management

3.Objectives

1. To study various factors hindering the career advancement of women in higher education Institutes
2. To analyse the issues and challenges faced by women in career advancement in higher education Institutes
3. To propose recommendation of how to overcome the block for career advancement of women

4.Research Methodology

Study is descriptive and exploratory in nature. Data has been collected from secondary sources like Journals, Magazines and Government reports. Thorough content analysis has been conducted to study various issues and challenges faced by women in career advancement of women in higher education institutes.

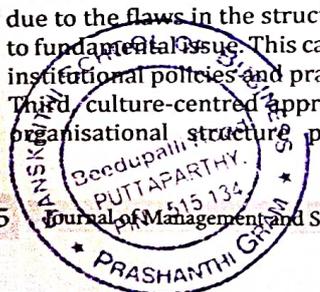
5.Analysis

Mayya et.al (2021) expressed in her study that there is dearth of women in senior leadership positions in India. In Karnataka the results were promising as per her study but number of women in managerial positions and declining senior leadership positions is a concern. For career advancement of women, sociocultural, organisations and person-centred factors have been the major barriers for women in academia. Although changes in the sociocultural and organizational scenario would be gradual and are evolving, modifications in the personal factors may be attended to as a priority by women faculty in academia. Women need organizational support through recognition of their work and managerial potential and addressing the organizational barriers which prevent their ascension to senior leadership positions.

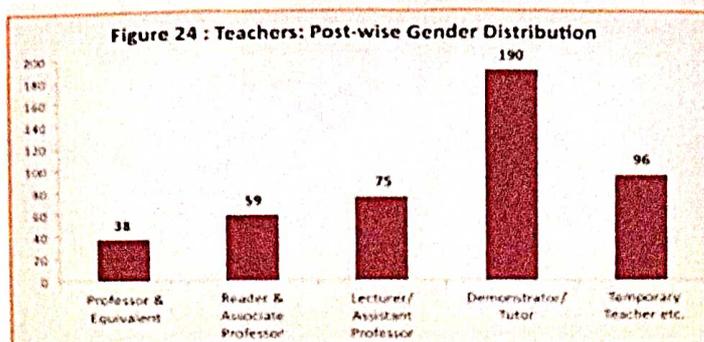
6.Issues and challenges for women to progress in Career

From Personal Front

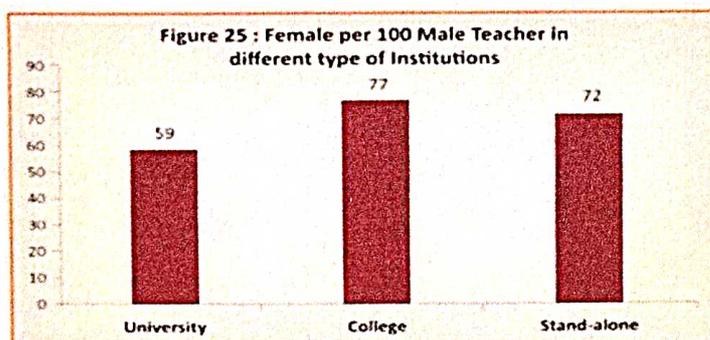
- **Support of the family** – Either the women is single or married, having family support is a big challenge. If she is single, obligation of getting married stands in between her and job. Whether it is accepted by society to send her to work is a hurdle. If she is married, acceptance by in-laws and husband to send her to work is another challenge. In this process, her career advancement definitely is affected. Still academia is more chosen over the corporate in view of work timings and fixed salary.
- **Family responsibilities leading to sacrificing the career** - Many women who manage to go for work facing the challenge of getting support from family need to face another tough situation of fulfilling the family responsibilities. More so she would compromise on her growth and give up important assignments which need extra time and effort from her end. Areas



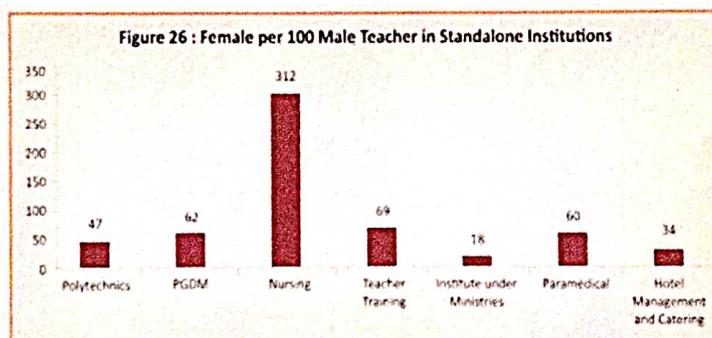
Beedupalli Puttaparthi,
Prashanthi Gram,
Anantapuramu (Dt.) A.P.



(Source: AISHE 2019-20 report)



(Source: AISHE 2019-20 report)



(Source: AISHE 2019-20 report)

like research and development, or doing a PhD which will help here in career need contemplation whether she can balance her family with this extra load. Research says that 90% of women holds themselves back from higher responsibilities as family thinks that she is second breadwinner and she need not work for long hours for whatever reason. Taking the responsibility of children and family should be her main priority.

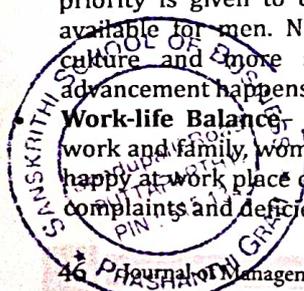
- **Relocation to new place as family obligation** - As women's career is considered as secondary, the decision of relocation is based on the primary bread winner and priority is given to the job choice and opportunities available for men. New job new location, new work culture and more so compromise on the career advancement happens with women in many cases.

Work-life Balance - In spite of being able to manage work and family, women find it difficult to make people happy at work place or at home. There will be constant complaints and deficiencies pointed out to gender. What

is compromised is her personal care, sometime to spend for her health, both mental and physical.

7. Institutional front

- **Stereotyping** - Institutions while allocating the tasks and work, they do show discretion and gender bias. Perceptual errors leading to loss of opportunity by women which is not given to her. This might be because of the maternity break or meeting family obligations of not able to travel or staying for longer hours at work. Especially re-joining after the maternity leave without day care centre support and transportation facility are the biggest hurdle found from research.
- **Denying promotions because of career breaks** - Many Institutes deny promotions and recognition of women compared to men. The reasons being career break or reducing the count of experience as a result of maternity leave or not being able to travel or spend extra time at work for research etc.



Dr. Bala Koteswari/
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

- **Lack of encouragement from higher-up's** – Institutes do show concern for women in providing leaves and not allocating extra hours of work or late stay or take care transportation etc. But, when it comes to moving up in the ladder, same points of concern will be escalated as problems which becomes a block. During appraisals, positive affirmation regarding the performance by peers and recommendation by higher-up is lacking for women.
- **Not being transparent in selection procedure** – In academia, the selection procedure is partially biased. The perception of women being hired vs men and the interrogation on continuing of job or taking a break or getting married or having child becomes focus for women unfortunately. Explaining of things which are planned is easier, but at times the questions which women will be bombard with in the interview puts her in dilemma.
- **Inequity in compensation-** Because of flexi-time, travel related jobs in academia like foreign projects which requires travelling, or collaboration for academic projects or research work which required extra hours at work women forego the opportunity and which reflects in inequity in compensation. Same qualification, experience and knowledge but there exists gender bias in compensation.

8.Society Front

- **Social taboo** – Women going for work whether its academia or corporate, there exist the thinking that she is not taking care of the family irrespective of the fact that she is managing things at both places efficiently. Any problem or issues happens in either work or home, blame comes to her that she is not justifying her role.
- **Second breadwinner in the family**–Time and again, this is very much heard that women is not the primary source of income in the family, she is only supporting the male member in the family for income. Even in the times where men are losing jobs and women are supporting the home, this idea has never gone from society.
- **Burden to the aged grand parents** – If both mother and father work in the family, taking care of children is a big concern. Instead of choosing a day care option, couple choose to keep their children with grand parents where the children are safer and more cared. Sometimes it is liked by the grandparents and sometimes not. This issue remains as challenge for women.

9.How to face the challenges

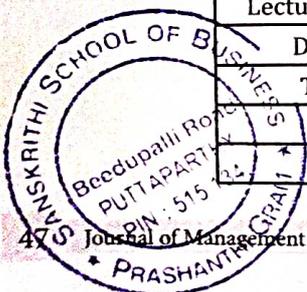
- Institutes should recognise the efforts of faculty irrespective of gender and reduce stereotyping. Times

have changed and its time to change our attitude and perception towards women and provide equal respect and opportunity.

- Institutes should make it mandate where women are allotted specific jobs, and encourage them to apply like, research project heads, PhD guides etc.
- Women should be given opportunities to grow in the administrative responsibilities.
- Institutes should provide required training to women faculty to boost confidence and upskill them to face the challenges
- Culture of the Institute should support and be open to accept that women are equally capable as men. Having women friendly campus, support with day care, transport etc.
- Encouraging women to take up additional responsibilities, providing incentives and providing cooperation from the team
- Reducing the class workload and providing additional responsibilities which will facilitate the growth like research, pursuing PhD etc.
- Encouraging merit-based selection process than gender biased selection process. Without giving an opportunity, it's hard to provide oneself.
- The position of Registrar, Director, Dean to be announced well in advance giving a chance to qualified and capable to apply instead of being biased and non-transparent.
- Organising programs like workshops, seminars, conferences highlighting the achievements of women in academia and their achievements.
- Encouraging women to take up responsibilities as project heads, coordinators and take decisions as well as involve in decision making during meeting.
- Creating awareness to women of what opportunities are available for them to grow in the institute through counselling and mentoring sessions by experts.
- Women themselves need to identify sometime in a day to rejuvenate and take care of their mental and physical health.
- Women should keep their dignity and respect in eyes of others by the way they conduct themselves and also treat other women same.
- Family support becomes very significant for working women, irrespective of their capability as academician. Manging work life balance is only possible when spouse, children and other family members support.
- Women should have high self-esteem and should know how to respect oneself and never underestimate themselves.

Table showing Number of Teachers in Universities and its colleges

Cadre	Male	Female	Total
Professor and Equivalent	64023	24841	88864
Reader and Associate Professor	77610	48175	125785
Lecturer/Assistant Professor	438938	350691	789629
Demonstrator/Tutor	15714	28388	44102
Temporary Teacher	35882	35761	71643
Visiting Teacher	5720	5137	10857
Grand Total	637887	492993	1130880



M. BalaKoteswari
PRINCIPAL
 Sanskrithi School of Business,
 1130880
 Puttaparthi Road, Prashanthi Gram,
 PUTTAPARTHI - 515134,
 Ananthapuramu (Dt.) A.P.

10. Conclusion

Managing work life challenges is inevitable for women. Women are quite competent and capable in doing so. Research has evidence that women proved themselves to be best in whatever they do and good at multitasking. In the academics, where more sincere and consistent efforts are required, women are somehow given a backseat due to various factors. Present paper tried to highlight the factors responsible for this situation. As women hold the half the responsibility in society and family, same applies for the academics also. So Institute should support her in providing a supportive environment to grow and progress in her career and recognise the efforts and enable to occupy them in higher positions. Women should be supported by their family, as they need to play dual role in life. Women should hold respect herself and exhibit same with others. Its more a collaborative effort from Institutes, family and women herself to make it possible to overcome the challenges and move ahead in the career. "If we think we can do it, we are right, if we think, we cannot do it, we are right" So what we think really matters.

Acknowledgement

Nil

Funding

No funding was received to carry out this study.

Reference:

1. J. Acker, Regimes of Inequality: A theory of Gendered Organisations. *Gender and Society*, 16 (2006) 315-339.
2. A.A. Adu Oppong, S.B. Kendie, Gender and Career Advancement in the Workplace: An Assessment of the Experiences of Women in Higher Education Management, *International Journal of Humanities and Social Science*, 7(10) (2017).
3. D.V. Banker, K. Banker, Women in leadership: A scenario in the Indian higher education sector, In P. Bhatt, P. Jaiswal, B. Majumdar, S. Verma, *Riding the new tides: Navigating the future through effective people management*, (2017) 239-251.
4. Department of Higher Education, Ministry of Human Resource Development, Government of India, All India survey on higher education 2017-18. (2018)
5. T.K. Ghara, Status of Indian women in higher education. *Journal of Education and Practice*, 7(34) (2016) 56-64.
6. T. Khan, P. Siriwardhane, Barriers to Career Progression in the Higher Education Sector: Perceptions of Australian Academics. *Sustainability*, (2021).
7. C. Kumar, Only 13 of India's 431 universities have women VCs, *The Times of India*, (2015).
8. S.S. Mayya, M. Martis, L. Ashok, Women in Higher Education: Are They Ready to Take Up Administrative Positions?—A Mixed-Methods Approach to Identify the Barriers, Perceptions, and Expectations, (2021).
9. Mediating Effects of Factors Influencing Career Satisfaction of Women Academicians in Higher Education, PRABANDHAN: The Indian Journal of Management, 13(4) (2021).
10. L. Morley, B. Crossouard, Women in higher education Leadership in South Asia: Rejection, refusal, reluctance, *Revisioning*, (2015).
11. T.L.H. Nguyen, Barriers to and facilitators of female Deans' career advancement in higher education: An exploratory study in Vietnam, *Higher Education*, 66(1) (2013) 123-138.
12. Press Information Bureau, Government of India, Highlights of minimum qualifications for appointment of teachers in universities and colleges and measures for maintenance of standards in higher education, (2018).
13. Pishgahifard, Zahra, Poulab, Omolbani, Future Study of women's employment status with emphases for Iran Position in the MIDDLEEAST, *Journal of Women's Research (Woman in Development and Policy)*, Autumn, 7(3) (2010) 89-106.
14. T.V. Ryba, C.Q. Zhang, Z. Huang, K. Aunola, Career adapt-abilities scale-Dual career form (CAAS-DC) : Psychometric properties and initial validation in high-school student-athletes, *Health Psychology and Behavioral Medicine*, 5(1) (2017) 85-100.
15. A. Sharma, S. Sharma, N. Kaushik, An Exploratory Study of Glass Ceiling in Indian Education Sector, *International Journal of Multidisciplinary Research*, 1(8) (2011).
16. S. Sundaresan, Work-life balance-Implications for working women, (2014).
17. P. Trivedi, Glass Ceiling Practices With Working Women In Education Sector At Bhavnagar Region, *Journal of Commerce and Management, Knowledge Consortium of Gujarat Continuous Issue - 16. ISSN: 2279-225X*
18. Y. Wang, H. Liu, Female's Career Advancement in Tertiary Educational Field: University of Gavle and Guizhou University, Project Report, University of Gavle, (2014).

Dr. BalaKoteswari
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



THE ROLE OF TRAINING AND WORK ENVIRONMENT ON RETENTION AND JOB SATISFACTION AS A MEDIATOR AT STARTUPS, BANGALORE

Padmaja P

Assistant Professor, Department of MBA, The Oxford College of Engineering, Bangalore.

Dr. Bala Koteswari

Dean Academics Sanskrithi Group Of Institutions, Puttaparthi, Andhrapradesh.

Dr.R.V Dhanalakashmi

Professor & HOD, Department of MBA, The Oxford College of Engineering, Bangalore.

Richa Tiwari

Assistant Professor, NITTE School of Management, Bangalore.

ABSTRACT

Purpose: Employee Retention is a buzz topic in today's Knowledge based era, Very few empirical studies were carried out in the rapid-growing Startup sector and this present study address the gap in the literature. The Comprehensive literature reviews reported that Job Satisfaction is an important contributor of retention. Work environment and training are the topmost pertinent factors in raising the level of job Satisfaction towards organization. This paper investigates the impact of the above factors over Job satisfaction and explores the effects of Job satisfaction on retention and verifies the mediating effect of Job satisfaction on the relationship between proposed antecedents and employee retention.

Design/methodology: A Structured Questionnaire framed, consisting of elements acquired from earlier literatures were used to collect the data. A Simple random sampling technique employed in selecting the sample size. Questionnaire has been circulated to various employees working in Startups located at Bangalore in India, 270 responses have been recorded and used for the analysis.

Findings: Findings discloses that Job satisfaction influences retention and among the above factors work environment has significant relation with retention. In addition,

Dr. Bala Koteswari

Principal

Sanskriti Group of Institutions,
Beedupalli Road, Prashanthnigam,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

The Role of Training and Work Environment on Retention and Job Satisfaction as A Mediator at Startups, Bangalore

Job satisfaction acts as a mediator between the proposed factors and outcome variable. However, mediation analysis indicated that training did not have any direct effect on retention.

Research limitations: This present study was carried out at startups in Bangalore. Sample size is not very large, since startups are having less manpower very difficult to increase sample size.

Practical implications: This paper suggests few recommendations to the Startups in employee retention as it is very essential to sustain. If Startups provide healthy work environment and effective training in order to increase Job satisfaction and leads to increase the level of retention in the organization.

Originality/value: This research paper highlights the significant factors that contribute to employee retention in startups.

Keywords: Work environment, Training, Job Satisfaction, Employee retention

Cite this Article: Padmaja P, Dr. Bala Koteswari, Dr.R.V Dhanalakshmi and Richa Tiwari, The Role of Training and Work Environment on Retention and Job Satisfaction as A Mediator at Startups, Bangalore, *International Journal of Management*, 11(9), 2020, pp. 1181-1191.

<http://www.iaeme.com/IJM/issues.asp?JType=IJM&VType=11&IType=9>

1. INTRODUCTION

In today's Knowledge Based era competitive workforce is required for every organization to sustain in the market and face competition. Human Resource creates value to the organization when they satisfied. Job satisfaction plays a vital role in retaining employees for long period of time. Employee retention reduces turnover cost to the organization. Due to globalization organizations are facing lot of challenges like increasing intensified competition, increasing skilled employees' mobility and decreasing the employee retention (Ng'etheet al. 2012). Subsequently, retaining skilled workforce has become a major challenge for organizations, since skilled workforce have huge opportunities in the global market (Harris 2007).

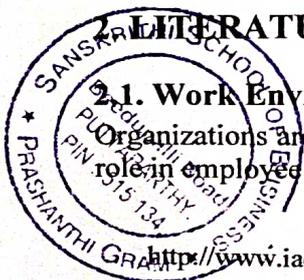
Every organization depends on their talented employees to sustain and face competition. Retention process become a challenging task to human resource managers to manage talented employees, especially young generation employees as they always look for better opportunities.(Bogdanowicz & Bailey, 2002; Correia de Sousa & van Dierendonck, 2010). If it continues employee turnover rate predicted to increase 23.4% over next five years and around 192 million employees expected to return from different parts of the world in 2018(Biswas, 2013). Further reviews predicted that increasing employee turnover rate enable India to focus on Employee Retention. To reduce turnover rate organization has to take initiation to find the reasons behind that and identify the factors which will be contribute in increasing the retention rate of employees.

This present study aims to address the gap in the literature by examining the impact of Work environment and Training, over Job satisfaction among employees of startups in Bangalore, as well as to predict the effects of job satisfaction on retention. It also investigates the mediating effect of Job satisfaction between proposed factors and employee retention.

LITERATURE REVIEW

1. Work Environment

Organizations are striving hard to retain the skilled employees. Work environment plays vital role in employee retention. Work environment includes not only the physical structure but also



<http://www.iaeme.com/IJM/index.asp>

Dr. Bala Koteswari
Principal
Sanskriti School of Business,
Baddupalli Road, Prashanthigram,
Bangalore, PIN 5715134, INDIA

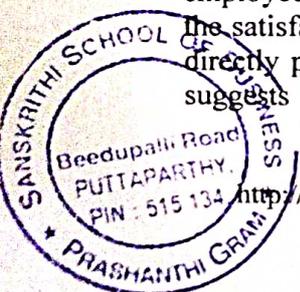
all the things that make employee involve in the work itself. A positive work environment makes employees feel comfortable at work place and provide the necessary encouragement to sustain them throughout the day. This observation is repeated by Wells &Thellen (2002), Organizations by providing suitable work environment, increase the level of motivation help to retain employees for long period of time. Heneman (2007), also mentioned in his study that one of the most critical elements of any organizations recognition strategy is having a positive work environment. Employees feel sense of belonging if supportive work environment provided by the organization (Miller, Erickson & Yust, 2001) and supervisor cooperation, desirable career development and peer relationship (Richards et al., 1994), perceived organization support (Casper et al., 2002) participate in decision making process (Subramaniam & Mia, 2001) are most important antecedents of healthy work environment. Supportive and healthy work environment increases employee's interest to perform their job leads to increasing their performance (Ma prieto., 2014). According to Hytter (2007) work place practices, support from supervisors, compensation, employee training, career development activities, physical working conditions are positively related with employee retention.

2.2. Training

To survive and flourish in today's competitive corporate-world organization should invest time and money in enhancing the skills and capabilities of their employees constantly. This purpose can be fulfilled by training. Training is an important function of HRM practices, and it enhances the skills and knowledge of the employee. Training bridges the gap between job needs and employee skills, knowledge and behaviors. Training is the important function of HRM practices and develops employees' skills which are used to perform not only the present job as well as future (Delery and Doty 1996). Schuler and MacMillan (1984) training is one of the major human resource management practice that helps employees to develop their skills helps to organizations to gain a competitive advantage. Training helps to increase the employees' levels of commitment and loyalty, causing them to stay for long period of time with the organization, hence it enhances the level of retention (Samuel and Chipunza 2009). Forgacs, (2009) and Paré and Trembley (2007), stressed in his research that training plays a significant role in increasing the skills and knowledge of the employees to perform present job as well as future job effectively, influence the level of job satisfaction, may affect the employees' leaving decision. Palwasha Bibi, the findings of his study revealed that there is a positive relationship between training and employee retention. The findings of this study supported the results of previous research (e.g., Choi and Dickson 2009; Saritas 2007). These studies suggested that when organizations provide adequate training and care about their employees, it affects the decision of intention to stay for long period of time and increases the employee retention rate (Dockel et al. 2006).

2.3. Job Satisfaction

Job satisfaction acts a crucial role in employee retention. Some researchers define Job Satisfaction is the response of employees' towards their work experiences. Based on various literatures, a comprehensive meaning for job satisfaction is related to the positive attitude of the employees towards their job as well as organization (Armstrong 2006; Bibi et al., 2013) Many researchers studied and revealed the connection between job satisfaction and retain of employee (Amah, 2009; Ashton, 2017; Huang S. et al. 2017). Based on these reviews, retaining the employees is linked with job satisfaction. Turnover Decisions are influenced by the dissatisfied employees who are trying to look for alternative jobs. So every organization tries to increase the satisfaction level of the employee. Radosevich et al. (2008) argue that Job satisfaction is directly proportionate with work environment and employee engagement. Saks (2006) also suggests in his study that highly engaged employees are more likely to demonstrate positive,



attitudes, intentions and behaviors within the work environment. Job Satisfaction includes not only employee feeling towards job but also satisfaction with various aspects of the job like supervision, compensation, opportunities for development (Chang & Chang et al., 2007)

2.4. Employee Retention

Organizations need people who execute the job well and retain them as their employees. Retention is the potential of an organization to retain efficient employees who can be partin organizational growth and success (Al- Jarradi, 2011). Employee retention means prevent the employee mobility in an organization, turnover ratio of staff can be considered as the other side of the same coin (Okioga, 2012). The factors which are contributing more in employee retention are Offering competitive jobs which are satisfying, clear career growth opportunities and conduct effective training programs(Torrington et al, 2008). Some additional strategies believed to improve employee retention include recognize skilled employees, making employees to be comfortable by providing conducive work environment, offering employee stock option scheme that make it hard to separate (Scott et al, 2012). According to the world at work survey, specified that some crucial methods to retain employees are: identify key employees, meeting key employees with available opportunities in the organization, paying competitive salary to the employees and developing employee who can replace key employees. In (Renaud et al. 2015) defined and examined 28 human resources practices, which combines five major factors: compensation, innovation, training, work environment and work-life balance. Results revealed that four out of these factors are positively connected with employees' retention.

3. RESEARCH METHODOLOGY

Research Methodology is a much useful technique in “identifying and collecting information” regarding the study variables (Denzin.N.K, 2000). It is an organized and efficient approach used to collect the data. The main objective of this present study was to examine the mediating effect of job satisfaction between Work environment and Training (Predictors) and employee retention (Outcome variable). Comprehensive literature review helped to develop a conceptual framework for the present study as shown in figure 1. The conceptual framework examines the role of work environment and Training on employee retention with job satisfaction as a mediator.

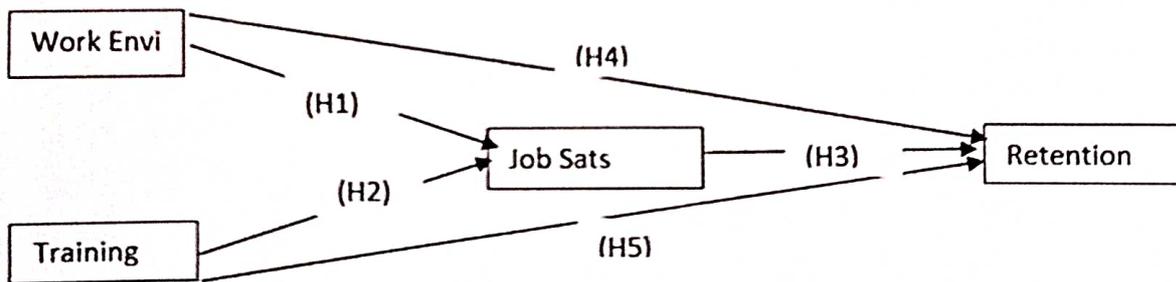
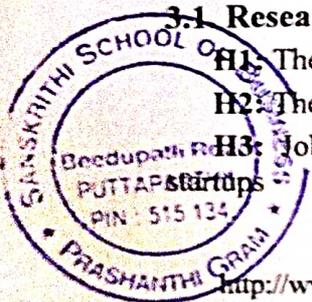


Figure 1 Conceptual Framework

Dr. Balakrishna
 School of Business,
 Beedupalli Road, Prasanthigrain,
 Anaparthi, Puttaparthi - 515134,
 Anaparthi, Puttaparthi (Dt.) A.P.

3.1 Research Hypotheses

- H1: There is a significant impact of Work Environment on Job Satisfaction in startups
- H2: There is a significant impact of Training on Job Satisfaction in startups
- H3: Job Satisfaction has significant positive relationship with employee retention in startups



H4: Work Environment has significant impact on employee retention in Startups

H5: Training has significant impact on employee retention in Startups.

H6: Job Satisfaction has a significant mediating effect between Training, Work environment and Employee Retention in Startups.

3.2. Sample

The Present study mainly focused to test in startups of Bangalore. Simple random sampling technique was used to determine the study sample. 300 Questionnaires were distributed to the employees of Startups. 280 responses were obtained, only 270 responses were appropriate and same has been used for the study.

3.3. Procedure

Structured Questionnaire was used to collect the data. Questionnaire was developed based on the literature of related subjects. The questionnaire was distributed to the employees of startups through personal visits to get accurate response. JAMOVI and JASP were used to analyze the collected data.

3.4. Measures

3.4.1. Training

For the purpose of this study, eight items were used to assess employees' perception about training. Training considered for this paper effective training policy, allocated sufficient time, relevant to career development, move desired direction in the career, move to upward mobility, quality training, continuous education about training program, opportunity for skill development. To measure Training five-point likert scale was used: 1=strongly Disagree;2=Disagree;3=Neutral;4=Agree;5= Strongly Agree.

3.4.2. Work Environment

For the purpose of this study, four items were used to assess employees' perception about work environment. It considered for this paper was Innovation, leisure, healthy work environment,dynamic entrepreneurial place. To measure the work environment five-point likert scale was used: 1=strongly Disagree;2=Disagree;3=Neutral;4=Agree;5= Strongly Agree.

3.4.3. Job Satisfaction & Employee Retention

To measure Job satisfaction and Employee Retention, respondents were supposed to indicate, on the five-point likert scale, the degree to which they agree or disagree to each statement regarding job satisfaction and retention. Some of the statements are "I have clear idea about organization's mission", "I am very much satisfied with my present job", "I am glad to work for this Organization", "I am satisfied with the benefits provided by the organization", "I will recommend this Organization as a great place to work", "I rarely think about switching to the new Organization".

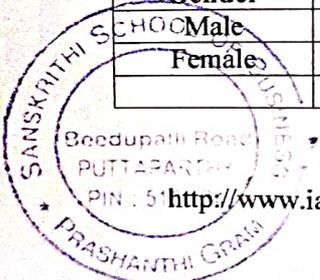
4. EMPIRICAL FINDINGS & DISCUSSIONS

Dr. Bala Koteswari

Table 1 Respondent's Profile

Gender	Counts	% of Total	Age (in years)	Counts	% of Total
Male	201	74.4 %	18-25	202	74.8%
Female	69	25.6 %	26-35	58	21.5%
			36-45	6	2.2 %

PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTY, PIN - 515134,
Ananthapuramu (Dt.) A.P.



The Role of Training and Work Environment on Retention and Job Satisfaction as A Mediator at Startups, Bangalore

Gender	Counts	% of Total	Age (in years)	Counts	% of Total
			46-55	4	1.5 %
Education Qualification	Counts	% of Total	Years of Experience	Counts	% of Total
Diploma	2	0.7	< 2 years	109	40.40%
UG	124	45.90%	2-5 Years	132	48.88%
PG	138	51.10%	>5 years	31	11.48%
Other	6	2.20%			

Descriptive statistical technique is used to describe the demographic profile of the respondents. From the Table 1, most of the respondents were male (74.4%), and only 25.6% female respondents. Maximum employees were postgraduate and their percentage was 51.1% and under graduates was 45.9%. Maximum Respondents has 2-5 years of experience and their percentage was 48.8%.

Table 2 Descriptive Statistics and Correlation Matrix

	Mean	SD	Training	workenvi	jobsats	Retention
Training	4.03	0.727	(.922)			
Workenvi	4.00	0.769	0.419	***	(.804)	
Jobsats	3.96	0.904	-	*	0.191	**
Retention	3.80	0.808	-	*	0.149	*
		0.132			0.759	***
						(.768)

Note. * $p < .05$, ** $p < .01$, *** $p < .001$ Alpha Values appear diagonal in the parentheses.

Correlation analysis is done in order to find the strength of relationship between the study variables. Training and Work environment have significant relation with Job satisfaction and Retention. Among the study variables work environment has a significant positive correlation with Job satisfaction i.e., 19.1% at .01 level of significance but Job satisfaction has significant relationship with retention i.e., 75.9% at .001 level of significance. This means that work environment has positive impact on job satisfaction. This means that job satisfaction of employees has impact on retention level of employees.

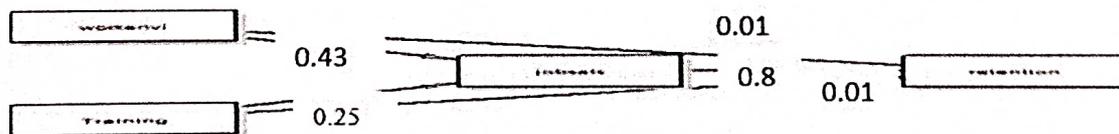


Figure 2 Path Coefficients between Predictors, Mediator and Outcome variable.

The path coefficient (figure 2) illustrates the mediation effect. Here, Training and work environment are the predictors, Job satisfaction is the mediator and Retention is the outcome variable. From the above table there is an indirect effect but very less direct effect, this indicates Full Mediation between predictor and outcome variable.



Dr. Balakrishna
Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

4.1. Mediation Analysis

Table 3 Indirect and Total Effects

Type	Effect	Estimate	SE	95% C.I. (a)		B	Z	P
				Lower	Upper			
Indirect	training ⇒ jobsats ⇒ retention	-0.2139	0.068	-0.3466	0.0812	0.19245	-3.16	0.002
	workenvi ⇒ jobsats ⇒ retention	0.36445	0.065	0.2375	0.4914	0.3468	5.628	<.001
Component	training ⇒ jobsats	-0.2535	0.08	0.4099	0.0971	0.21534	-3.176	0.001
	jobsats ⇒ retention	0.84379	0.027	0.7901	0.8975	0.89371	30.807	<.001
Direct	workenvi ⇒ jobsats	0.43192	0.076	0.284	0.5798	0.38805	5.724	<.001
	training ⇒ retention	-0.04633	0.037	-0.118	0.0254	0.04169	-1.266	0.205
Total	workenvi ⇒ retention	-0.00908	0.036	0.0796	0.0614	0.00864	-0.253	0.801
	workenvi ⇒ retention	-0.26023	0.077	0.4101	0.1104	0.23414	-3.403	<.001
	workenvi ⇒ retention	0.35537	0.072	0.2137	0.4971	0.33816	4.916	<.001

Note. Confidence intervals computed with method: Standard (Delta method)

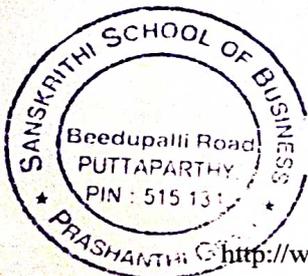
Note. Betas are completely standardized effect sizes

From the forehead mediation analysis tables reveals that the H1 work environment has significant relation with job satisfaction. If the organization provides quality work environment, encourage innovation all plays significant role in increase job satisfaction. The results revealed that H2 Training also has significant relation with job satisfaction. Job satisfaction has significant positive relation with employee retention which supports the H3. But the predictors (work environment and training) have not significant direct relation with retention and the results don't support H4 and H5. The findings of the present study support H6, means Job Satisfaction has a significant mediating effect between Training, Work environment and Employee Retention in Startups. To increase the level of retention rate startups, provide healthy work environment which encourages innovation and it leads to increase job satisfaction.

4.2. Confirmatory Factor Analysis

R-Squared	
	R ²
we.dynam	0.418
we.inn	0.554
we.lisure	0.720
tr.mob	0.747
tr.qlty	0.802
tr.edu	0.744
tr.time	0.614

Dr. Bala Koteswari
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHY - 515134,
Ananthapuramu (Dt.) A.P.



The Role of Training and Work Environment on Retention and Job Satisfaction as A Mediator at Startups, Bangalore

Model fit

Chi-square test			
Model	X ²	df	p
Baseline model	1211.715	21	
Factor model	29.492	13	0.006

Fit Indices

CFI	TLI	RMSEA	SRMR
0.986	0.978	0.069	0.025

4.3. Parameter estimates

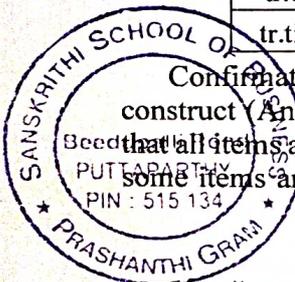
Table 4 Factor loadings

Factor	Indicator	Symbol	Estimate	Std. Error	z-value	p	95% Confidence Interval	
							Lower	Upper
workenvi	we.dynam	λ11	0.671	0.060	11.107	< .001	0.553	0.790
	we.inn	λ12	0.623	0.047	13.346	< .001	0.532	0.715
	we.lisure	λ13	0.904	0.057	15.918	< .001	0.793	1.016
training	tr.mob	λ21	0.689	0.039	17.479	< .001	0.611	0.766
	tr.qlty	λ22	0.826	0.045	18.518	< .001	0.739	0.914
	tr.edu	λ23	0.861	0.049	17.412	< .001	0.764	0.958
	tr.time	λ24	0.808	0.054	15.032	< .001	0.702	0.913

Table 5 Residual variances

Indicator	Estimate	Std. Error	z-value	p	95% Confidence Interval	
					Lower	Upper
we.dynam	0.627	0.062	10.187	< .001	0.507	0.748
we.inn	0.313	0.034	9.078	< .001	0.245	0.380
we.lisure	0.318	0.050	6.386	< .001	0.220	0.415
tr.mob	0.160	0.018	8.780	< .001	0.124	0.196
tr.qlty	0.168	0.022	7.735	< .001	0.126	0.211
tr.edu	0.255	0.029	8.834	< .001	0.199	0.312
tr.time	0.410	0.041	10.112	< .001	0.330	0.489

Confirmatory factor analysis was used to measure the factor loading of items for each construct (Andersen and Gerbing, 1988). The parameter estimates of study variables showed that all items achieved the desired cut-off value with a factor loading of 0.6 (Chin et al., 1997), and some items are scored more than that and some items of work environment and training are



D. Balakrishnan
PRINCIPAL

Sanskrithi School of Business,
Eedunalli Road, Prashanthi Gram,
PUTTAPARTHY - 515134,
Ananthapuramu (Dt.) A.P.

excluded due to less factor loading value (Hair et al., 2014). Table IV shows the factor loading of the items. Additionally, examined the model fit by the following criteria described by Hair et al. (2006). The Threshold value of the comparative fit index (CFI) indicates a better model fit and the Tucker Lewis Index (TLI) should be equal to or greater than 0.90. However, the root mean square error of approximation (RMSEA) and standardized Root Mean Square Residual (SRMR) should be less than 0.08, and the X^2/df value must be less than 0.3 to be considered a good model fit (Hair et al., 2010). Based on the results of the present study the indices values of CFI (0.986) and TLI (0.978) were acceptable, the RMSEA (0.069) and SRMR (.025) the c-min value X^2/df (3) confirmed a good model fit.

5. PRACTICAL IMPLICATIONS

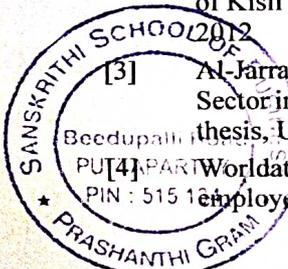
The primary objective of the present study was to test the formulated hypotheses and the findings of this study also have a number of valuable implications for HR managers in the Startups. The results of the present study show that higher levels of training and conducive work environment are associated with higher levels of job satisfaction, thus increasing employees' Retention. To make employees comfortable HR managers have to provide congenial work environment and effective training programs help to enhance their skill and knowledge. It makes the job is more attractive and competitive. Therefore, organizations should provide healthy work environment to make jobs more attractive and increase employees' job satisfaction.

6. CONCLUSION

Human resources are the most valuable asset to every organization and organization's growth and success are mainly depending on human resources rather than tangible resources, such as machinery and finances. Employee stability is a major concern to the organizations in a reaching their strategic goals. Certain Human Resource Management practices, especially training, congenial work environment and job satisfaction seem to provide positive results in some organizations. The outcomes of the current study indicate that job satisfaction is the major contributor in employee retention. Organization can enhance the level of satisfaction of employee by providing effective training programs and supportive work environment. The second finding of this study indicates that job satisfaction mediates the relationship between work environment and training on employee retention. Therefore, job satisfaction and Work environment are the major factors which influence the retention level. This present study not only extends upon the training, work environment, job satisfaction and employee retention literature but also serves as guide to HR managers in handling employee turnover effectively. It is been concluded that the outcomes of the study opened for further research in startups.

REFERENCES:

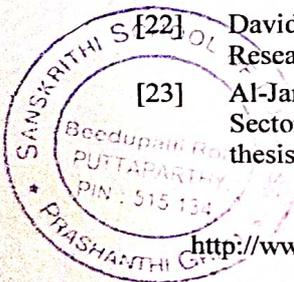
- [1] Wells, M. & Thelen, L. What does your workplace say about you? The Influence of personality status and workplace on personalization. *Journal of Environmental and Behaviour Sciences*, 34(3), 300-321, 2002.
- [2] Okioga C.K. The Contribution of a Developed Reward System on Employee Retention: A Case of Kisii Bottlers Limited: Kenya. *European Journal of Business and Management*, 4(16), 9-21,
- [3] Al-Jarradi, K. An Investigation into the Effectiveness of the Reward System in the Government Sector in the Sultanate of Oman and the Potential for Introducing a Total Reward Strategy? PhD thesis, University of Manchester, 2011.
- [4] WorldatWork, Total Reward Model, A framework for Strategies to attract, motivate and retain employees. Retrieved from WorldatWork, 2000.



Dr. Bala Koteswari
Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

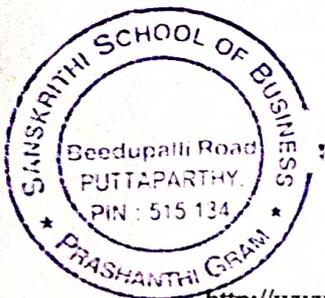
The Role of Training and Work Environment on Retention and Job Satisfaction as A Mediator at Startups, Bangalore

- [5] Abbasi, S.M., & Hollman, K.W. Turnover: The real bottom line, *Journal of Public Personnel Management*, 29, 332-345, 2000.
- [6] Richards, B., O'Brien, T., & Akroyd, D. Predicting the organizational commitment of marketing education and health occupations education teachers by work related rewards. *Journal of Industrial Teacher Education*, 32(1), 49-64, 1994.
- [7] Subramaniam, N., & Mia, I. The relation between decentralised structure, budgetary participation and organisational commitment: the moderating role of managers' value orientation towards innovation. *Accounting, Auditing & Accountability Journal*, 14(1), 12-30, 2001.
- [8] Casper, W.J., Martin, J.A., Buffardi, L.C., & Erdwins, C.J. Work-family conflict, perceived organizational support, and organizational commitment among employed mothers. *Journal of occupational health psychology*, 7(2), 99, 2000.
- [9] Miller, N.G., Erickson, A., & Yust, B.I. Sense of place in the workplace: The relationship between personal objects and job satisfaction and motivation. *Journal of Interior Design*, 27, 35-44, 2001.
- [10] Bogdanowicz, M.S., & Bailey, E.K. The value of knowledge and the values of the new knowledge worker: generation X in the new economy. *Journal of European Industrial Training*, 26(2/3/4), 125-129, 2002.
- [11] Ng'ethe, J. M., M. E. Iravo, and G. S. Namusonge. Determinants of academic staff retention in public universities in Kenya: Empirical review. *International Journal of Humanities and Social Science* 2 (13): 205-212, 2012
- [12] Harris, J., and J. Brannick. *Finding and Keeping Great Employees* (Vol. 314). New York: Amacom, 1999
- [13] Forgacs, L. Recruitment and retention across continents. *Journal of Training and Development* 63 (6): 40-44, 2009
- [14] M. Tremblay, The influence of high-involvement human resources practices, procedural justice, organizational commitment, and citizenship behaviors on information technology professionals' turnover intentions. *Group and Organization Management* 32 (3): 326-357, 2007.
- [15] Samuel, M. O., and C. Chipunza. Employee retention and turnover: using motivational variables as a panacea. *African Journal of Business Management* 3 (8): 410-415, 2009
- [16] Delery, J. E., and D. H. Doty, Modes in theorizing in strategic HRM: Tests of universalistic, contingencies, and configurational performance predictions. *Academy of Management Journal* 39: 802-835, 1996
- [17] Palwasha Bibi, Ashfaq Ahmad, and Abdul Halim Abd. Majid, "The Impact of Training and Development and Supervisors Support on Employees Retention in Academic Institutions in Pakistan: The Moderating Role of the Work Environment", *Gadjah Mada International Journal of Business* Vol. 20, No. 1 (January-April): 113-131.
- [18] Ma prieto, I., & Pilar perez-santana, M., "Managing innovative work behavior", *The role of human resource practices personnel review*, 43(2), 184-208. PR-11-2012-0199, 2014.
- [19] Hytter, A. Retention strategies in france & Sweden, *The Irish Journal of Management*, 28(1), 59-79, 2007.
- [20] Choi, Y., and D. R. Dickson. A case study into the benefits of management training programs: Impacts on hotel employee turnover and satisfaction level. *Journal of Human Resources in Hospitality and Tourism* 9 (1): 103-116, 2009.
- [21] Andersen, J.C. and Gerbing, D.W., "Structural equation modelling in practice, a review and recommended two-step approach", *Psychological Bulletin*, Vol. 103, pp. 411-423, 1988.
- [22] David Mwakidimi Msengeti, Dr. Joseph Obwogi *International Journal of Scientific and Research Publications*, Volume 5, Issue 4, ISSN 2250-3153, April 2015. Ananthapuramu (Dt.) A.P.
- [23] Al-Jarradi, K. An Investigation into the Effectiveness of the Reward System in the Government Sector in the Sultanate of Oman and the Potential for Introducing a Total Reward Strategy. Ph.D. thesis, University of Manchester, 2011.



- [24] Renaud, S., Morin, L., Saulquin, J.-Y. and Abraham, J. What are the best HRM practices for retaining experts? A longitudinal study in the Canadian information technology sector. *International Journal of Manpower*, 36(3): 416-32, 2015.
- [25] Saks, A.M., "Antecedents and Consequences of Employee Engagement," *Journal of Managerial Psychology*, 21(7), 600-19, 2006.
- [26] Chang&Chang., "A study on relationship among leadership, organizational culture, the operation of learning organization & employee's job satisfaction", *Journal of Learning Organization*, vol 14, issue 2, 2007.
- [27] Amah, O.E., "Job satisfaction and turnover intention relationship the moderating effect of job role centrality and life satisfaction", *Research and Practice in Human Resource Management*, 1(17):24:35, 2009.
- [28] Mumtaz Ali Menon, Rohani, "The link between Training satisfaction, work engagement and turnover intention", *Emerald Journal of Training and Development*, Vol 40, No 6, PP 407-429, 2016.
- [29] Chin, W.W., Gopal, A and Salisbury, W.D., "Advancing the theory of adaptive structuration the development of scale to measure faithfulness of appropriation", *Information systems Research*, Vol.8, PP.342-367, 1997.
- [30] Denzin, N.K, & Lincoln, Y.S, *Handbook of Qualitative Research*, 2nd edition, United States of America, Sage Publications, 2000.

Dr. Bala Koteswari
PRINCIPAL:
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.





Two-day International Conference Management (through Transformation of Policy framework) for Better Society

SANSKRITHI SCHOOL OF BUSINESS

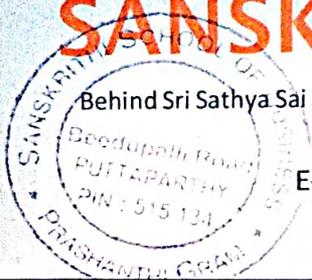
Behind Sri Sathya Sai Super Speciality Hospital, Beedupalli Knowledge Park, Prasanthi Gram, PUT APARTHI, A.P - 515134

T: +91 9100064545 / 9100974516/19/20/38/43

E-mail: enquiry@sanskritibschool.com | ssbputtaparthi@gmail.com

Website: www.sanskritibschool.com

Dr. Belakoteswar
PRINCIPAL



[instagram.com/sgiptofficial/](https://www.instagram.com/sgiptofficial/)



[facebook.com/BSchoolSanskriti/](https://www.facebook.com/BSchoolSanskriti/)



twitter.com/SanskritiGroup



[linkedin.com/in/sanskritibschool/](https://www.linkedin.com/in/sanskritibschool/)

Sanskriti School of Business,
Beedupalli Knowledge Park,
Prasanthi Gram, Puttaparthi, A.P. - 515134.
Ananthapuramu (Dist.) A.P.



SANSKRITHI SCHOOL OF BUSINESS PUTTAPARTHI

Proceedings of Two-day International Conference ON 5TH & 6TH JANUARY
2018 Management (through Transformation of Policy framework) for

Better Society (MTPBS)

PATRON IN CHIEF

Dr.P.NARAYANA REDDY
GROUP DIRECTOR, SGI

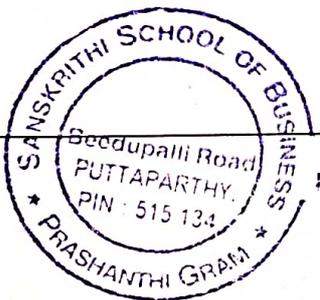
CHIEF ORGANISER

Dr.M.Bala Koteswari
PRINCIPAL

SECRETARY

Dr.T.VENKATESAN,
Associate Professor & HOD
Mrs.E.Prasanthi, Associate
Professor

**SANSKRITHI SCHOOL OF BUSINESS,
PUTTAPARTHI**



Dr. Bala Koteswari

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



Published by:

Non Olympic Times

Publisher Office: 42G-Mettuthottam, Chinnavedampatti, Coimbatore-641049, Tamilnadu, India.

e-mail: info@nonolympictimes.org

Website: www.nonolympictimes.org

Book Name

Issue 2

© 2020 Author Name

ISBN: 978-81-949524-6-6

Author Name Photographs © Authors and Sources

Printed in Editor Office

Alacrity Business Center, 10th floor, Levana Cyber Heights,
Vibhuti Khand, Gomti Nagar, Lucknow-226010, (U.P.) INDIA

All Rights Reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the Publisher or Editor.

DY. Balakrishnan
PRINCIPAL

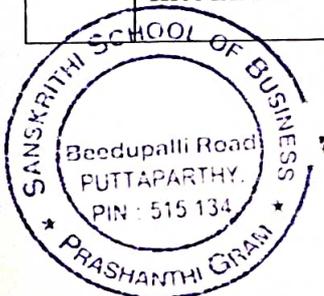
Sanskriti School of Business,
Sanskriti Management Institute,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

**Two-day International Conference ON 5TH & 6TH JANUARY 2018 Management
(through Transformation of Policy framework) for Better Society (MTEBS)**

ISBN NUMBER: 978-81-949524-6-6



S.NO	PROCEEDINGS OF INTERNATIONAL CONFERENCE - 2018 CONTENTS	CATAGORY	PAGE NO.
			I-VI
1.	DEMONETISATION: IT'S IMPACT ON INDIAN ECONOMY Mr.K.MADDILETI ¹ , Dr.S.SUBBA REDDY ² Mr.C.MANOJ KUMAR ³		1-5
2.	RECRUITING THE RIGHT TALENT IN THE DIGITAL AGE -Mr.Prathibhapai		5-10
3.	STRATEGIC TRANSFORMATION FOR INDUSTRIAL GROWTH - Strategic Renewal of Organizations- - Dr. Sai Kumar R,		10-12
4.	START UP INDIA STAND UP INDIA- AN INITIATIVE FOR ENTREPRENEURSHIP DEVELOPMENT IN INDIA Dr. J.MURTHY		13-15
5.	SKILL DEVELOPMENT: INITIATIVES & CHALLENGES M.B.S.Sravanthi Dr. A. Amruth Prasad Reddy Dr. A. Hari Haranath Reddy		15-19
6	A STUDY ON CUSTOMER'S PERCEPTION ON INSTITUTIONAL AND NON-INSTITUTIONAL HOUSING FINANCE Dr. K. Rajendra Prasad & Dr. B. Nagarjuna		19-23
7.	Service Quality Perception of Patients in Public & Private Hospitals in Dakshina Kannada District Authors: Dr Sweta DCunha*, Dr P. Narayana Reddy**, Dr Sucharitha Suresh***		23-26
8.	HIGH TECHNOLOGY ENTREPRENEURSHIP –THE DRIVEWAY FOR A NEW ECONOMY Dr.T.S.Poornachandrika & Dr.V.Harileela		27-28
9.	THE CONCEPT OF START UP AND STANDUP AND ITS IMPACT ON MBA STUDENTS EITHER TO CHOOSE ENTREPRENEURSHIP OR JOBS IN INDIA: A LITERATURE REVIEW – Prof.Kameswara Rao Poranki		29-35
10.	FINANCIAL PERFORMANCE ANALYSIS OF SELECTED PUBLIC SECTOR BANKS IN INDIA , Dr. A. Srinivasan		35-38
11.	PAPER PRESENTATION ON RECRUITMENT PROCESS - Sai Krishna Naik		39-40
12.	AN EMPIRICAL STUDY ON“THE IMPACT OF EMPLOYEE MOTIVATION ON JOB PERFORMANCE” G. Raja Sekar ¹ , C Eswaramma ² , Raghavendra A		40-43
13.	Work Life Balance and its relation with Job stress, Job satisfaction and Turnover Intention among Nurses: By SEM approach. Dr. SUCHARITHA SURESH,		44-47
14.	ENTREPRENEURSHIP AND ECONOMIC GROWTH: META ANALYSIS V.SUNEEL KUMAR,Assistant Professor Dr. T.NAVANEETHA, Assistant Professor		48-58
15.	Future Business Leader (Not Managers) Preparation at Business School		59-61
16	An Empirical study on Tourism Policy in Karnataka (2015-20)NAGARAJU L G		61-65
17	WORK-LIFE IMBALANCE: CHALLENGES AND OPPORTUNITIES For HR MANAGERS BY KVSS Ravindra Nath, T Lavanya		66-73



Dr. Balakrishna
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P. i

18	GLOBALIZATION & LEADERSHIP – CHALLENGES & STRATEGIES IN CROSS CULTURAL ENVIRONMENT TO ENHANCE EMPLOYEE PERFORMANCE Anuradha Reddy ¹ &Dr.Sudhakar Kota ²		73-79
19.	Users' choice in the selection of a new software – an Empirical Study Dr D. Maheswara Reddy Mr Sreekanth Putha**		80-84
20.	Make in India- FDI inflows andMSMEs Dr. Chacko Jose P, ¹ Dr.BinduBalagopal ²		84-88
21.	Lean HR: Potential for Future India G. Sowmya Assistant Professor		89-90
22.	IMPACT OF DEMONETIZATION ON INSURANCE SECTOR:: A VIEW ON FRAMEWORK HOW DEMONETIZATION ON INSURANCE SECTOR S.Abdul Rafi, Research Scholar		91-97
23.	ABSTRACT IMPACT OF GST ON THE INDIAN HOSPITALITYINDUSTRY SuryanarayanaRaju RSKK, Senior Faculty, Hospitality Department, NITHM,		97-100
24.	Human Capital Development in the Insurance Industry S.Md. Karimulla Basha		101-105
25.	Recent Reforms in Human Resources Development M. Amala Kumari,Assistant professor		105-107
26.	Global Trends In Management: Relevance To Ancient Indian Literature Dr.Jasti katyayani, Professor		107-109
27.	India-an International brand And Its strategies to become Global Market Leader BY AUTHORKVSS RavindraNath		110-114
28.	A Study of Fundamental Analysis for Shares of Five Major Banks in India with Reference to Cochin Stock Exchange Limited RAMAKRISHNAIAH. A Assistant Professor		115-118
29.	A LEARNING ORGANIZATION: REFORM IN THE FIELD OF HRD, FOR ORGANIZATIONS UNDERGOING PHASE OF TRANSITION IN THE FIELD OF MANAGEMENT. Dr. Nalina.R* Dr. P Narayana Reddy** Dr.Mahesha Kempegowda***		119-122
30.	Digital Human Capital Management – A Reform in Human Resource Management.Dr Subhasree Kar		123-124

¹Faculty at Corner Stone International School for Business Management, Al Aim, UAE

²Professor, Head of Quality Assurance, Skyline University College, Sharjah, UAE



Dr. Balakrishnan
PRINCIPAL
Sangkrithi School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

31.	Lessons from Demonetisation for Better Policy A Banu Kiran, Placement Officer, EAIMS, Email ID: bhanukiranvimalkumar@gmail.com	125-127
32.	Corporate and Financial Resolution – who gains, who loses? - Dr Venkatesh Tamurkar	127-131
33.	CLINICAL TRIALS IN INDIA: CHALLENGES - ETHICS IN MEDICAL RESEARCH Dr Syed Siraz ³	131-136
34.	“A STUDY ON EMPLOYEE ABSENTEEISM”	136-138
35.	Recent IPOs in India	138-139
36.	A VIEW ON GST IN INDIAN ECONOMY ITS ISSUES AND CHALLENGES P.VENUGOPAL RAO	140-143
37.	A Study on the Customer Delight towards Honda Cars By Dr.S.Ahamed Basha	143-147
38.	A Study of Pricing Effect and Earnings Quality Analysis of Select Telecommunication Companies in India	148-152
39.	AN EMPIRICAL STUDY ON “INDUSTRIAL RELATIONS” WITH REFERENCE TO BHARAT HEAVY ELECTRICALS LIMITED(BHEL), HYDERABAD	152 - 156
40.	Service Quality Perception of Patients in Public & Private Hospitals in Dakshina Kannada District	157- 160
41.	A STUDY OF UNIT LINKED INSURANCE PLANS OF ICICI PRUDENTIAL LIFE INSURANCEG. Raja Sekar ¹ , C Eswaramma ²	160-165
42.	High Technology Entrepreneurship –The driveway for a new Economy Dr.T.S.Poornachandrika	166-168
43.	Human Capital Development in the Insurance Industry S.Md. Karimulla Basha	169-173
44.	The Assessment of Profits and Sales of Retailers Pre and Post GST Ms. E. Prashanthi Assistant Professor	173-176



Dr. Balakrishnan
PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

is the sign of a maturing ecosystem that the economy has been able to ride the storm of dried-up funding, the alleged burst of the startup bubble and emerge as the third-largest startup ecosystem in the world – with no signs of stopping it – right behind the US and China.

References

1. "PM Modi in Mann Ki Baat: 'Start Up India, Stand Up India' action plan on January 16 - Times of India", The Times of India
2. "Start-Up India plan on Jan 16: Modi on Mann ki Baat". The Indian Express. 2015-12-27.
3. <http://indiatoday.intoday.in/story/live-start-up-india-will-change-conventions-says-arun-jaitley/1/571913.html>
4. <http://www.employmentnews.gov.in/START%20UP%20AND%20STAND%20UP27Nov15.pdf> (November,2015)
5. <http://pib.nic.in/newsite/PrintRelease.aspx?relid=138523-03-April-2016>
6. <https://www.mapsofindia.com/my-india/government/start-up-india-stand-up-india-pm-modis-job-creation-drive>
7. 'Stand Up India' will transform lives of Dalits, tribals: Modi", The Hindu, 5 April 2016
8. "Modi's Stand Up India scheme will ease pressure on job reservations", Hindustan Times, 6 April 2016
9. <https://www.standupmitra.in/Home/NSchemeGuidelines>
10. <https://www.entrepreneur.com/article/270330>
11. <http://www.talkativeman.com/guru-shishya-parampara-oral-tradition/>
12. <https://rashidfaridi.com/2016/04/15/guru-shishya-parampara-lessons-for-modern-education-systems/> (April 15, 2016 by Rashid Faridi)
13. <https://inc42.com/datalab/the-annual->

FINANCIAL PERFORMANCE ANALYSIS OF SELECTED PUBLIC SECTOR BANKS IN INDIA

By

Dr. A. Srinivasan, Principal, Sanskrithi School of Business

ABSTRACT

Banks play an important role in the economic development of every nation. They have control over a large part of the supply of money in circulation. A bank is a financial intermediary that accepts deposits and channels those deposits into lending activities. Banks are a fundamental component of the financial system, and are also active players in financial markets. Financial performance refers to the achievement of the bank in terms of profitability. The profitability of a bank denotes the efficiency with which a bank deploys its total resources to optimize its net profits and thus serve as an index to the degree of asset utilization and managerial effectiveness. In this article an attempt is made to see the financial performance of the selected public sector banks with the different norms. They are grouped as follows, ratio analysis, correlation and regression. For this study six Public Sector Banks are selected. The Indian banking system faces several difficult challenges. The selected public sector banks have performed well on the sources of growth rate and financial efficiency during the study period. The old private sector banks and new private sector banks play a vital role in marketing of new type of deposits and advances schemes.

KEYWORDS:

Bank,
Economic
Development,
Financial
Performance,
Public Sector,
Profitability.

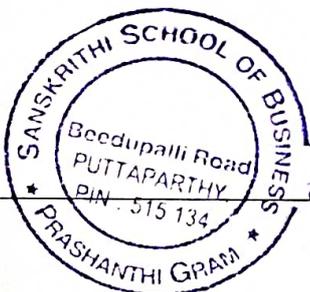
INTRODUCTION

A good bank is not only the financial heart of the community, but also one with an obligation of helping in every possible manner to improve the economic conditions of the common people. A bank is a financial intermediary that accepts deposits and channels those deposits into lending activities. Banks are a fundamental component of the financial system, and are also active players in financial markets. The essential role of a bank is to connect those who have capital (such as investors or depositors), with those who seek capital (such as individuals wanting a loan, or businesses wanting to grow). Banks play an important role in the economic development of every nation. They have control over a large part of the supply of money in circulation. Through their influence over the volume of bank money, they can

Dr. Balakrishnan

PRINCIPAL 35

Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHY - 515134,
Ananthapuramu (Dist. A.P.)



Influence in nature and character of production in any country. Economic development is a dynamic and continuous process. Banks are the main stay of economic progress of a country, because the economic development highly depends upon the extent of mobilization of resources and investment and on the operational efficiency of the various segments (i.e. Trade, Industrial Development, and Agriculture) of the economy. Thus, in the modern economy, banks have become a part and parcel of all economic activities in India.

OBJECTIVES OF THE STUDY

- The major objective of the study is to analyze the financial performance of the selected public sector banks. The following are the specific objectives of the study.
- To enlighten on the establishment of public sector banks.
- To analyze the financial position of selected public sector banks.
- To offer suggestions for improving the performance of the banks.

METHODOLOGY

To accomplish the objectives of the study, secondary data were used. It has been collected from bank records, published and unpublished financial reports, journals, magazines and websites. The study is chronological and covers a period from 2001 to 2010. Financial performance of the selected public sector banks were analyzed for the period of ten years with the help of the following tools and techniques, Ratio Analysis, Correlation, Regression.

PUBLIC SECTOR BANKS

The term public sector banks are used commonly in India. This refers to banks that have their shares listed in the stock exchanges NSE and BSE and also the government of India holds majority stake in these banks. They can also be termed as government owned banks. Following Public Sector Banks are selected for the study. Bank of India, Indian bank, Indian overseas bank, Canara bank, Union bank of India and State bank of India.

ANALYSIS AND INTERPRETATION RATIO ANALYSIS

In this section, some important ratios are used to analyze the financial performance of selected public sector banks

TABLE: 1 - RATIO OF ADVANCES TO ASSETS

The above table shows that the ratio of advances to assets, the ratio ranges from 45.00per cent to 63.37per cent of Bank of India, 43.28per cent to 62.93per cent of Canara Bank, 41.18per cent to 61.18per cent of Indian Bank, 41.90per cent to 61.85per cent of Indian Overseas Bank, 37.51per cent to 56.25per cent of State Bank of India and 41.77per cent to 59.97per cent of Union Bank of India. There is an increasing trend in the ratio of advances to assets. It is concluded that, the banks aggressiveness in lending which ultimately results in better profitability.

This ratio enables the banks' ability to meet the contingencies of repayment of deposits. The ratio ranges from 1.34per cent to 0.28per cent of Bank of India,

1.20per cent to 0.22per cent of Canara Bank, 13.10per cent to 0.59per cent of Indian Bank, 1.37per cent to 0.54per cent of Indian Overseas Bank, 0.27per cent to 0.09per cent of State Bank of India and 1.09per cent to 0.36per cent of Union Bank of India. It is concluded that, there is an increasing trend in the capital of the selected public sector banks. This ratio enables the banks' ability to meet the contingencies of repayment of deposits.

This ratio enables the banks' ability to meet the contingencies of repayment of deposits. The ratio ranges from 1.34per cent to 0.28per cent of Bank of India, 1.20per cent to 0.22per cent of Canara Bank, 13.10per cent to 0.59per cent of Indian Bank, 1.37per cent to 0.54per cent of Indian Overseas Bank, 0.27per cent to 0.09per cent of State Bank of India and 1.09per cent to 0.36per cent of Union Bank of India. It is concluded that, there is an increasing trend in the capital of the selected public sector banks. This ratio enables the banks' ability to meet the contingencies of repayment of deposits.

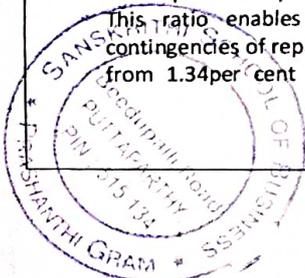
The above table shows the ratio of credit deposit of selected public sector banks. The credit deposit ratio plays an important role in determining the profitability of the banks. The ratio ranges from 52.85per cent to 75.33per cent of Bank of India, 49.05per cent to 73.96per cent of Canara Bank, 42.92per cent to 70.91per cent of Indian Bank, 47.59per cent to 74.80per cent of Indian Overseas Bank, 49.84per cent to 73.11per cent of State Bank of India, 46.98per cent to 69.60per cent of Union Bank of India. It is concluded that, the selected public sector banks maintains the highest credit deposit ratio, therefore the profitability of the banks is good.

From the above table shows the ratio of return on average net worth of the selected public sector banks. During the study period Bank of India, Canara Bank, Indian Bank, Indian Overseas Bank and Union Bank of India return on average net worth ratio was increased that is from 7.03per cent to 24.97per cent, 9.43per cent to 18.25per cent, 0 to 20.26per cent, 5.49per cent to 22.07per cent and 5.9per cent to 21.46per cent respectively and in case of State Bank of India ratio of return on average net worth ratio was decreased that is from 18.2per cent to 17.05per cent. It is concluded that, higher the ratio ensures increased return to the equity shareholders. The return on net worth during the study period is good in case of all the banks except State Bank of India.

The above table indicates the ratio of liquid assets to working fund. The ratio shows decreasing trend. Ratio has been inferred irregular variations that is from 51.08per cent to 36.91per cent of Bank of India, 54.63per cent to 37.80per cent of Canara Bank, 57.75per cent to 37.77per cent of Indian Bank, 59.60per cent to 39.73per cent of Indian Overseas Bank, 66.52per cent to 47.54per cent of State Bank of India, 55.77per cent to 40.47per cent to Union Bank of India. It is concluded that, the fluctuation in ratio has showed adverse effect to the bank. So the selected public sector bank has to take care of liquid assets to maintain steady position.

Dr. Balakrishna 36
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



CORRELATION ANALYSIS

In this part of analysis, correlation between the independent variables namely, credit deposit ratio, total investment to total deposits, interest income to working fund, spread to working fund, non- interest income to working fund and non-interest expenses to working fund as well as, the correlation between the dependent variable, "Net Profit to Working Fund".

It can be seen from the table 8, that the highest positive correlation is between spread to working fund to non interest income to working fund (.684) at 5per cent level of significance, however the highest negative correlation records between credit deposit ratio to non- interest expenses to working fund (-.671) at 5per cent level of significance. However, there is a moderate level of correlation between dependent variable and independent variables. The dependent variable net profit to working fund is seem to have high positive correlation with credit deposit ratio (.557) and high negative correlation with interest income to working fund (-.280).

It can be seen from the table 9, that the highest positive correlation is between spread to working fund to non-interest expenses to working fund (.758) at 5per cent level of significance, however the highest negative correlation records between credit deposit ratio to non interest income to working fund (-.666) at 5per cent level of significance. However, there is a moderate level of correlation between dependent variable and independent variables. The dependent variable net profit to working fund is seem to have high positive correlation with non interest income to working fund (.399) and high negative correlation with non interest expenses to working fund (-.026).

It can be seen from the table 10, that the highest positive correlation is between credit deposit ratio to net profit to working fund (.709) at 5per cent level of significance, however the negative correlation records between non- interest expenses to working fund and net profit to working fund (-.638) at 5per cent level of significance. However, there is a moderate level of correlation between dependent variable and independent variables. The dependent variable net profit to working fund is seem to have high positive correlation with credit deposit ratio (.709) at 5per cent level of significance and high negative correlation with total investments to total deposits (-.152).

It can be seen from the table11, that the positive correlation is between credit deposit ratio to net profit to working fund (.691) at 5per cent level of significance, however the negative correlation records between credit deposit ratio to non-interest expenses to working fund (-.747) at 5per cent level of significance. However, there is a moderate level of correlation between dependent variable and independent variables. The dependent variable net profit to working fund is seem to have high positive correlation with spread to working fund (.608) and high negative correlation with non interest expenses to working fund (-.233).

It can be seen from the table 12, that the positive correlation is between spread to working fund to non-interest expenses to working fund (.742) at 5per cent level of significance, however the negative correlation records between interest income to working fund to net profit to working fund (-.645) at 5per cent level of significance. However, there is a moderate level of correlation between dependent variable and independent variables. The dependent variable net profit to working fund is seem to have high positive correlation with credit deposit ratio (.395) and high negative correlation with spread to working fund (-.096).

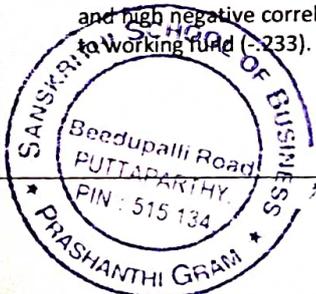
From the table 13, that the positive correlation is between total investments to total deposits to non interest income to working fund (.710) at 5per cent level of significance, however the highest negative correlation records between credit deposit ratio to total investments to total deposits (-.647) at 5per cent level of significance. However, there is a moderate level of correlation between dependent variable and independent variables. The dependent variable net profit to working fund is seem to have high positive correlation with credit deposit ratio (.614) and high negative correlation with spread to working fund (-.238).

REGRESSION ANALYSIS

In this part of analysis, regression between the independent variables namely, credit deposit ratio, total investment to total deposits, interest income to working fund, spread to working fund, non- interest income to working fund and non-interest expenses to working fund as well as, the regression between the dependent variable, "Net Profit to Working Fund".

The non-interest income to working fund ratio has a significant effect on net profit to working fund at 5% level. Except this variable all other variables do not have significant effect on the dependent variable. From the regression coefficient given above it is observed that the credit deposit, total investment to total deposits, interest income to working fund and non-interest expenses to working fund have negative effect on net profit to working fund and all other variables have positive effect on net profit to working fund. Overall multiple correlations show a high correlation (0.982) between the dependent variable and set of independent variables taken together.

The non-interest income to working fund ratio has a significant effect on net profit to working fund at 5% level. Except this variable all other variables do not have significant effect on the dependent variable. From the regression coefficient given above it is observed that interest income to working fund and non-interest expenses to working fund have negative effect on net profit to working fund and all other variables have positive effect on net profit to working fund. Overall multiple correlation shows a high correlation (0.977) between the dependent variable and set of independent variables taken together.



Dr. Balu Koteswaram
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134.
Ananthapuramu (Dt.) A.P.

All variables found in the table do not have significant effect on the dependent variable. From the regression coefficient given above it is observed that the interest income to working fund, and non-interest expenses to working fund have negative effect on net profit to working fund and all other variables have positive effect on net profit to working fund. Overall multiple correlation shows a high correlation (0.974) between the dependent variable and set of independent variables taken together.

All variables found in the table do not have significant effect on the dependent variable. From the regression coefficient given above it is observed that the interest income to working fund, and non-interest expenses to working fund have negative effect on net profit to working fund and all other variables have positive effect on net profit to working fund. Overall multiple correlation shows a high correlation (0.984) between the dependent variable and set of independent variables taken together.

The non-interest income to working fund ratio has a significant effect on net profit to working fund at 1% level and non-interest expenses to working fund ratio has a significant effect on net profit to working fund at 5% level. Except this variable all other variables do not have significant effect on the dependent variable. From the regression coefficient given above it is observed that non-interest expenses to working fund have negative effect on net profit to working fund and all other variables have positive effect on net profit to working fund. Overall multiple correlation shows a high correlation (0.994) between the dependent variable and set of independent variables taken together.

All variables found in the table do not have significant effect on the dependent variable. From the regression coefficient given above it is observed that the total investment to total deposits, interest income to working fund and spread to working fund have negative effect on net profit to working fund and all other variables have positive effect on net profit to working fund. Overall multiple correlation shows a high correlation (0.939) between the dependent variable and set of independent variables taken together.

SUGGESTIONS

Since the banking sector reforms have been set in motion, the profitability became the buzzword, and the prime mover of the financial strength and performance of banks. Unlike in the past, all banking operations gradually came to be measured in terms of their ability to generate possibilities of social banking for their meaningful survival and growth. Therefore, there should be a shift in the banks objective from bank growth. The following important steps are taken by the sample banks for overall real growth.

CONCLUSION

The financial performance of the selected six public sector banks is analyzed using different parameters. The selected public sector banks that are Bank of India, Canara Bank, Indian Overseas Bank, Indian Bank, State Bank of India and Union Bank of India are in a position to follow the rules of the Government for the social and economic development of the country. The selected public sector banks have performed well on the sources of growth rate and financial efficiency during the study period. The old private sector banks and new private sector banks play a vital role in marketing of new type of deposits and advances schemes. However, these banks, by earning atleast a nominal profit, have to serve the economy through extension of advances and safeguard the interest of their investors by providing the expected return on their investment in banks. These forces the public sector banks not only to increase their earnings but also to create surplus out of their banking activities. The Indian banking system faces several difficult challenges. Therefore, the banks have to re-orient their strategies in the light of their own strengths and the kind of market in which they are likely to operate on. In the perspective of this domestic and international development, the banking sector has to chart out a perfect path for the development in its own.

Referances :

- Ahmed, Khan Masood, (1992): Banking in India, Anmol publications, New Delhi.
- Bilgrami.S.A.R (1982): Growth of Public Sector Banks – A Regional Growth
- Analysis, Deep and Deep publication, New Delhi.
- Chakrabarthy.K.C (1990): Banking in 1990, Himalaya Publishing House, Bombay.
- Dep, Kalpada (1998): "Indian Banking since Independence". Ashish Publishing House, New Delhi.
- Gupta.S.P (2000): Statistical Methods, Sultan Chand & Sons, New Delhi.
- thari.C.R (1991): "Investment Banking an\d Customer Service", Vol. II, Arihant

Dr. Balakrishnan
PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

4. How to evaluate the candidates

The various parameters and the ways to judge them i.e. the entire recruitment process should be planned in advance. Like the rounds of technical interview, HR interviews, written tests, psychometric tests etc.

Conclusion:

If the organization follows the above strategies in recruitment process they can get right & potential candidate's to achieve the goals of the organization.

AN EMPIRICAL STUDY ON "THE IMPACT OF EMPLOYEE MOTIVATION ON JOB PERFORMANCE"

G. Raja Sekar¹, C Eswaramma², Raghavendra A³

G. Raja Sekar, Assistant Professor, Sanskrithi School of Business, Puttaparthi, G.Rajasekhar@live.com, 9581323234.

C. Eswaramma, HR,
Krishna Allied Industries Ltd., Mumbai
Raghavendra A. General Manager – Marketing, Krishna Allied Industries Ltd., Mumbai

ABSTRACT

This research explores the importance of the "Impact of employee motivation on job performance" This research is based on both the primary and secondary data. The secondary data enabled the researcher to design the collection of primary data through a survey. Employee motivation concepts and theories will be studied and applied as a motivational strategy in the employee's performance. This research reveals that the employees are motivated to improve their performance and to reach the targets by the motivational factors like increase in salary, incentives and others. This research will develop guidelines for the effective impact of motivation on sales team to maximize sales.

Key words: Employee Motivation, Sales Team, Incentives, Sales Management

INTRODUCTION

This research study will understand and analyse the change in the sales environment with the effect of Motivation. There are many factors like offers, promotions to boost the sales but this study is limited to employee motivation factor on sales team. The research is limited to sales team participation in boosting the sales, with the interest to gain more understanding on the subject, researcher is planned to approach some companies.

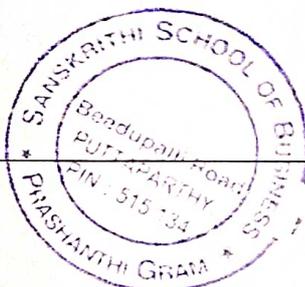
This study will provide an opportunity to the researcher the employee's behaviour in any industry against the motivations by the senior Management to increase the sales.

BACKGROUND OF THE STUDY

According to McGregor's (1960) XY theory motivation is a complex function for managers, XY theory is based on individuals. Motivation needs are different in each different phase or scenario according to Kovach (1987) motivation is 1 simple tailor-made solution. It is a management decision most often Marketing or Sales Managers take the decision. In case like for a very young sales person Money would not be a key motivator. In his case career opportunities may be the main motivating factor. (Ibid) was able to unconditionally state this based on the learning outcome of a study on engineering employees which yielded the subsequent ranking on motivational factors: (a) interesting work (b) full

Dr. Balakrishnan 40
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthilgram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



appreciation of work done and (c) feeling of being in on things. States that there should be appreciation for the work done by an individual or group, absence of appreciation may arise inequity with the appreciation of others work in his Equity Theory. Herzberg's two-factor theory states that motivation is involved in the job, but dissatisfaction doesn't occur due to the absence of motivation. Dissatisfaction rises when the employees are not satisfied with the present motivational factors.

RESEARCH METHODOLOGY

Research Approach

Survey Method: Survey method is self-administrated questionnaire used to find the views of the Sales Team of various Companies to understand the effect of motivation on their sales attitude.

Research Objectives:

1. To describe the ranked importance of the motivating factors on employees
2. To ascertain the various types of incentives programmes in their Present Organizations
3. To describe the categorized importance of the Motivations schemes on employees in their Present Organizations
4. To suggest ways in which incentives programmes for organizationsto be improved upon in order to increase employee motivation

Research Hypothesis:

1. H₀: There is no significant difference between motivational factors influence on employees.
2. H₁: Motivational factors and level of motivation are independent.
3. H₂: The Motivational factors and ratings are independent.
4. H₃: The Incentives schemes and ratings are independent

DATA ANALYSIS

Hypothesis:

H₀: There is no significant difference between motivational factors influence on employees

	Strongly Agree	Agree	Disagree	Strongly Agree	N _i	Total (T _i)
Reasonable periodical increase in salary	8	12	8	0	3	28
Job security exist in the company	7	20	1	0	3	28
Healthy working environment	12	15	1	0	3	28
Effective performance appraisal system	4	11	13	0	3	28
Career opportunities	9	10	8	1	4	28
Recognition	8	20	0	0	2	28
					ΣN = 18	ΣG = 168

$$CF = \frac{G^2}{N} = \frac{168^2}{18} = 1568$$

$$SSR = \sum \left(\frac{T_i^2}{N_i} \right) - CF = 2025.33 - 1568 = 457.333$$

$$TSS = \sum Y_{ij}^2 - CF = 2103 - 1568 = 540$$

$$SSE = TSS - SSR = 540 - 457.333 = 82.667$$

ANOVA TABLE:

SV	df	SS	MSS	F - Ratio	
				F _{cal}	F _{tab}
Treatment (Factor)	6 - 1 = 5	457.3	91.467	13.2	F _(5, 17) (5%) = 2.92
SSE	12	82.6	6.8		
TSS	18 - 1 = 17	540			

Since F_{cal} Value > F_{Tab} Value, H₀ is rejected

Hence, it is colluded that there is significant difference motivational factors influence on employees

Hypothesis:

H₁: Motivational factors and level of motivation are independent

Motivational Factors	High Motivation	Low Motivation
	Actual Values	
Economic Factor (Incentives, Commission)	28	0
Targets	15	13
Challenges	12	16
Awards	3	25
Promotions	2	26
Work culture	20	8
Job security	21	7
Opportunities to learn and Develop	18	10
Work life balance	23	5
Company ethics	20	8

$$\chi^2 = \sum_{i=1}^m \sum_{j=1}^n \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

$$\chi_{cal}^2 \text{ value} = 89.57$$

$$\chi_{tab}^2 \text{ value} (9df, 0.05) = 3.325$$

Since $\chi_{cal}^2 \text{ value} > \chi_{tab}^2 \text{ value}$, the null hypothesis is rejected

Hence, we can conclude that motivational factors and level of motivation are dependent

Hypothesis:

H₂: The Motivational factors and ratings are independent

Variables	Ranks				
	1	2	3	4	5
	Actual values				
Salary Increase	1	3	21	2	1
Target based Promotions	2	21	1	3	1
Incentives, commissions, Bonus	22	1	1	3	1
Motivation Talks	2	2	4	19	1
Recognition	1	1	1	1	24
	Expected values				
	5.6	5.6	5.6	5.6	5.6
	5.6	5.6	5.6	5.6	5.6
	5.6	5.6	5.6	5.6	5.6
	5.6	5.6	5.6	5.6	5.6

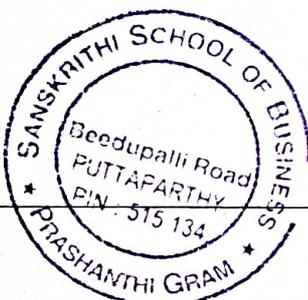
$$\chi^2 = \sum_{i=1}^m \sum_{j=1}^n \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

$$\chi_{cal}^2 \text{ value} = 283.928$$

Dr. Balakrishnan
PRINCIPAL

41

Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



$$\chi_{tab}^2 \text{ value (16df, 0.05)} = 7.962$$

Since $\chi_{cal}^2 \text{ value} > \chi_{tab}^2 \text{ value}$, the null hypothesis is rejected

Hence, we can conclude that motivational factors and ratings are dependent

Hypothesis:

H₃: The Incentives schemes and ratings are independent

	Rank1	Rank2	Rank3	Rank4	Rank5
Actual values					
Performance based Incentive	21	2	1	3	1
Target based Incentive	1	23	1	2	1
Experience Based Incentive	1	1	23	2	1
Commission on individual sale	4	1	2	20	1
Periodic commission	1	1	1	1	24
Expected Values					
	5.6	5.6	5.6	5.6	5.6
	5.6	5.6	5.6	5.6	5.6
	5.6	5.6	5.6	5.6	5.6
	5.6	5.6	5.6	5.6	5.6
	5.6	5.6	5.6	5.6	5.6

$$\chi^2 = \sum_{i=1}^m \sum_{j=1}^n \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

$$\chi_{cal}^2 \text{ value} = 311.785$$

$$\chi_{tab}^2 \text{ value (16df, 0.05)} = 7.962$$

Since $\chi_{cal}^2 \text{ value} > \chi_{tab}^2 \text{ value}$, the null hypothesis is rejected

Hence, we can conclude that incentives schemes and ratings are dependent

RESEARCH FINDINGS

Sales employees are motivated to improve sales and to reach the targets. Motivations are in different forms. Most of the companies follow their own motivation and incentive structures to maximize their sales due to the immense competition.

H₀ is rejected: Hence it is colluded that there is significant difference motivational factors influence on employees

H₁ is rejected: Hence, we can conclude that motivational factors and level of motivation are dependent

H₂ is rejected: Hence we can conclude that motivational factors and ratings are dependent

H₃ is rejected: Hence we can conclude that incentives schemes and ratings are dependent

Management show interest to motivate sales employees, motivation is restricted to sales offers and plans. Motivation plan varies as per the sales plan. But the employees are not satisfied with the motivation receiving from the management. Sales employees are also happy with the service from the HR department. Sales employees also consider the support from HR and Managers as motivation towards their job.

Majority of the Sales employees are self-motivated. They are creating their own plans and motivate them self to achieve their personal and organizational targets.

Sales employees are not satisfied with incentive structure offered by most of the companies. In most cases Management explained the negative consequences of failure in achieving the targets, which pushed sales employees to secure their job.

Job security and Recognition is recorded as the top motivation factor for every employee.

- Sales employees are motivated with Motivational talks to achieve the targets but whereas Sales employees look for incentives as motivation.

- Sales employees opted Economical factors like incentives and commissions are the highest motivations following with work/life balance and Company ethics. Low Motivational factors are recorded such as Promotional offers, awards and challenges. Few employees commented that promotional, challenges or awards are not realistic in most scenarios.

- Sales employees marked Incentives as 1 in top 5 rankings for the motivational factors. Incentives is followed with Target based promotions and salary increase in the top ranking for the motivations.

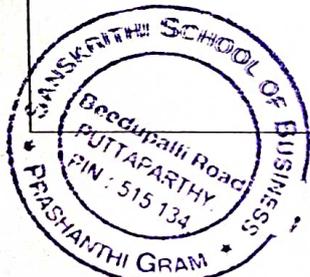
- Sales employees are interested in performance based incentive scheme followed with commission on individual sale and target based incentive scheme.

DISCUSSION OF FINDINGS

The findings of this research states that most of the organizations are not motivating sales employees to the great extent. Organizations motivates its employees with the motivational talks, recognition promises but not promotion or rewards. In most cases negative motivation practice more in most of the organizations. Research findings also states that, sales employees are more interested on performance based incentives and true promises. Majority of the sales employees stated that economic benefits motivate them more toward organizational goal. Sales teams also preferring for Work/Life balance.

RECOMMENDATIONS FOR FUTURE RESEARCH

The research on "The impact of employee motivation on employee job performance" made it clear about the research scope in the area. Impact of Employee motivation on sales has laid a clear path to the research in this area. The findings of this research will become abstract to many other researches which can produce more specific results into each single finding of this study. Employee motivation is limited to sales in this study due to several limitations but research made clear that there are many factors employees can be motivated and also there are many other factors where sales managers can increase sales, therefore there is a thin line where we can use motivation to improve the sales. This research leaves a good scope for the future study.



Dr. D. R. K. Reddy
Principal
Sanskriti School of Business, 42
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

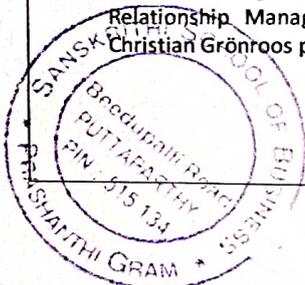
REFERENCES

- Abraham H. Maslow, Motivation and personality, New York: Harper & Row, 1954.
- Ballentine, A. (2003) Non-monetary rewards in the workplace.
- Baron, R. A. (1983). Behaviour in organizations. New York: Allyn & Bacon, Inc.
- Bartol, K.M. and Martin, D.C. (Ed.). (1998). Management (3rd). New York, NY: McGraw-Hill.
- Clayton P. Alderfer, Existence, Relatedness and Growth: Human Needs in Organizational Settings, New York: Free Press, 1792
- Cameron and Pierce (1997) Intrinsic Motivation and Academic Achievement: Remedial and Special Education January 1, 1997 18: 12-19
- Deci, E.L., & Ryan, R.M. (1985). Intrinsic Motivation and Self-Determination in Human Behavior. New York: Plenum
- Dessler, G. (1993). Winning Commitment – How to Build and Keep a Competitive Workforce. New York, NY: McGraw-Hill.
- Gomez-Mejia, L. and Balkin, D. 1992. "The Determinants of Faculty Pay: An Agency Theory Perspective," Academy of Management Journal, 35, 921-955.
- Gavin, J.F. (1970). Ability, effort, and role perception as antecedents of job performance. Experimental publication system, manuscript number 190A. APA. Washington, DC.
- Gollwitzer, P.M. (1993). Goal achievement: the role of intentions. European Review of Social Psychology, 4, 141–185.
- J.G. Hunt and J.W. Hill, "The New Look in Motivation Theory for Organizational Research," Human Organization, Summer, 1969, p. 104
- K.W. Thomas, "Intrinsic Motivation and how it works," Training, October 2000, pp. 130 – 35.
- Morgan, G 1997, Images of Organization, Sage Publications Thousand Oaks, CA.
- PetcharakPetcharak, P. (2002). The assessment of motivation in the Saint Paul Hotel employees. Ms. Thesis, UW-Stout.
- Pfeffer, Jeffrey. (1998) 'Six Dangerous Myths About Pay', in Harvard Business Review on Managing People (1999), Harvard Business School Press, Boston, p.73-99
- Rajeswari Devadass, "Employees Motivation in Organizations: An integrative literature review", IPEDR vol.10 (2011), pp 566 – 570
- Rudolph, P.A., & Kleiner, B.H. (1989). The art of motivating employees. Journal of Managerial Psychology, 4(5), i-v.
- Service Management and Marketing: A Customer Relationship Management Approach, 2nd Edition by Christian Grönroos published by John Wiley & sons Ltd.
- Services Marketing: Integrating Customer Focus Across the Firm, Fourth Edition Valarie A. Zeithaml, University of North Carolina, Mary Jo Bitner, McGraw-Hill Irwin
- Smith, Frank. 1994. Understanding reading 5th edition. Hillsdale, NJ: Lawrence Erlbaum Associates
- Valarie A. Zeithaml, Mary Jo Bitner, and Dwayne D. Gremler (2009), Services Marketing: Integrating Customer Focus Across the Firm, 5th Edition. New York
- Victor H. Vroom, Work and Motivation, New York: John Wiley, 1964.
- Wendell L. French Personnel Management Process, Boston Houghton 1987 p 541

Websites:

- <http://www.first-level-leadership.com/Menu/Employee-Motivation/19>
- http://www.profilesinternational.com/solutions_managing_employee_performance/motivating-employees.aspx
- <http://tenonline.org/art/9611.html>
- <http://www.employeebenefits.co.uk/benefits/staff-motivation.html>

Dr. Balakrishnan
PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.⁴³



Human Capital Development in the Insurance Industry

S.Md. Karimulla Basha

Head of the Department, Sanskrithi School of Business,
Puttaparthi.

(Email: k4karim@gmail.com Mobile: +91-8008453796)

Abstract

The insurance industry is a fundamental pillar on which the economic health of a nation stands and the challenges in the workforce are paramount to the organization's progress. While business capital has generally been defined in three parts – financial, technological, and human – there has been heightened attention placed recently on the issues of human capital in global markets. A healthy insurance industry can be developed and sustained only with excellent Human Capital Management. To understand the various factors that tug, heave, prod and push the insurance industry, it is necessary to understand it from Michael Porter's seminal work. 'The Five forces Model', an analysis is provided in this paper to offer a wider perspective on the various challenges that the insurance industry facing at present.

Key words: Insurance, Human Capital Development, Michael Porter's five forces model, ROI on talent

Introduction

Virtually all organizations around the world recognize the importance of people in the successful conduct of business hence the new trend of classifying employees as assets or human capital. In the old economic order, land and capital occupied eminent positions among the factors of production while Labour was essentially required to transform the input of equipment and materials to things of value for use by the market. This situation

brought about the laying of emphasis on the manual worker and the conditions of work prevailing at the material time. The economic and social gains of the 20th century projected Frederick Taylor's principles of scientific management into limelight as he propounded a basis for the measurement of the productivity of the manual worker. Following series of steps beginning with observing the task involved and analyzing its constituent motions, recording each motions and eliminating those not needed, Taylor

Was able to offer management a way of determining effective methods of achieving greater productivity though it took him twenty years of experimentation to work this out.

Why insurance is important?

The insurance industry plays a pivotal role in the development of nation's economy. A healthy insurance industry provides the following advantages;

1. Coverage against risks like natural disasters, arson, riots, breakdowns etc. that could demote economic progress. Freak weather instances like Tsunamis, storms, cyclones, earthquakes etc are increasingly being

common. The existence of healthy insurance industry will help the nations and individuals to recover economically and psychologically from catastrophes.

2. Sources of funds to spur investment in critical sectors like Infrastructure. Premium mopped up from the market is channelized into constructive investment like Infrastructure which contribute to developing the capital markets

3. Stimulation of risk taking and entrepreneurship which is the engine of all economic growth. No industry can possibly exist without the security offered by insurance firms, with regards to the risk coverage of their operations.

4. Sources of FDI which would be of permanent nature unlike quick flight equity investment inflows.

5. Occupy the void left by the governmental agencies, in providing quality health care to citizens at affordable prices.

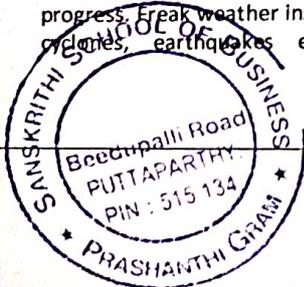
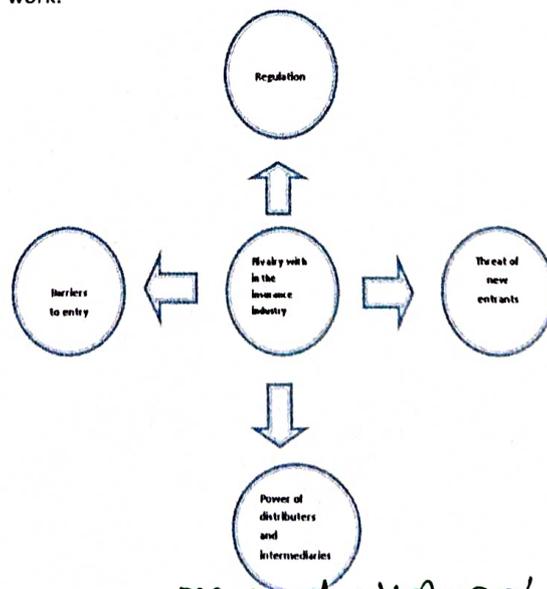
6. Wealth creation and improved quality of risk management by participation of insurance derivatives on the bourses. Thus, the insurance industry is a fundamental pillar on which the economic health of a nation stands and it is of paramount importance to have vibrant and strong insurance industry.

Michael Porter's five force Model

The five-force model was developed in 1979 by Michael E. Porter, a highly acclaimed strategist and professor at the Harvard Business School. The model is used to identify and analyze forces that affect an industry. According to the model, companies must evaluate the opportunities available and threats posed by present competitors, prospective competitors, the availability of substitute products in the market, and the bargaining power vested with its customers and suppliers.

Understanding the insurance industry through Michael porter's five forces model:

Let us study the insurance industry from one of Michael porter's seminal works, the 'Five Force' frame work.



Dr. Bala Krishna
PRINCIPAL 101
Sanskriti School of Business,
Beedupalli Road, Bidadrihigram,
Anantapur (Dt) A.P.,
Anantapuram (Dt.) A.P.

Rivalry Existing Within the Industry

The current competition amongst Insurers is extremely aggressive because of the factors below.

- **Multiple Players pursuing similar strategies:** Insurers are under pressure to justify the huge investments made into their business. Because there is a long gestation period to period to break even, companies are focused on grabbing market share, leading to premium undercutting.

- **Lack of perceived differentiation among service providers:** Demarcation in a commoditized industry like insurance is extremely difficult with everyone selling a promise.

- **There are insignificant buyer switching costs:** Insurance is a commoditized business and only customer service provides an option to differentiate. But customers requiring claims service are generally few and far between and it is of no great benefit to customer to choose insurer X over insurer Y, unless a price arbitrage is involved.

Government Regulation

The insurance industry is among the most regulated and the intensity of regulation in the wake of the financial crisis of 2008 is only expected to increase.

- Increasing share capital and adequacy ratios are being demanded by the regulators.

- Rising Consumer activism has given publicity to the commission structure being enjoyed by agents producing insurance policies. Greater scrutiny is posing questions of the agency model of distribution.

- Consumer activists are demanding simplification of wordings and forcing insurers to take a lenient view of claim occurrences. In most countries, the judiciary gives verdicts in favor of the insureds.

- Large scale protests for greater representation in business is getting increasingly vociferous.

Threat from new entrants:

The insurance industry in Asia is amongst world's most keenly watched sectors. Almost all the world's leading insurers and brokers are keen on tapping into the China and India success stories. Insurers who globally are facing a slowdown would be interested in establishing their presence in the emerging markets.

Newer entrants to the industry will bring with them a fresh management perspective, adding to the dynamism of the market. Product specialists will enter fray and with newer competitors, severity of competition will move to a higher plane with the strongest left standing. Expect inorganic growth activities to show an uptake!

Barriers to Entry

Insurance is an Industry with exceptional entry barriers. Some of them are:

- Regulators stipulate that every insurer has to have very high paid up capital for setting up business. This is a very high deterrent and implemented to bring in only the serious players into the industry. The high entry barriers simultaneously directly creates formidable exit barriers as no company can afford to write off such investments.

- Insurance is based on the law of large numbers. Hence, insurers focus on building large risk portfolios.

This requires expansive distribution mechanisms like branches, agents, cooperative societies, online channels, banc assurance and the like. Building huge distribution options requires investment of time, funds and reputation and constitutes imposing entry barriers.

- The learning curve in the insurance industry is steep. As there are differences between regions and countries, it may take a few years before multinational insurers can really get grip on the local markets. With the host of new age liability risks the learning curve is expected to move to a higher slope.

- With fierce competition within the industry, entrenched players will provide a hostile reception to new entrants. The threat of retaliation will inhibit less serious forms from embarking on insurance ventures.

- The insurance industry does not have patented products and services and neither does it involve proprietary technology. The presence of me-too services will make the sector all the more unattractive to new entrants.

- Insurance being a critical sector, posing socio-political ramifications will be subject to active regulation and scrutiny. Insurance regulation must be kept in mind by firms wishing to enter the insurance arena.

Power of distributors and intermediaries

Globally, a major portion of insurance business gets placed through intermediaries. Intermediaries like brokers represent the interest of the clients and thereby possess significant power. Banc assurance channels pose the threat of backward integration. Of late, a number of banks have decided to float insurance companies of their own. As banks have a lot of financial dealings with the customers, they find that it makes sense to incorporate insurance within the bouquet of offerings they provide. The nature of distribution and intermediation is changing, with technology being a prime mover. Call centers, internet channels, vehicle dealerships, non banking finance partners are some of the newer intermediation partners entering the distribution mix of most companies.

Challenges facing the insurance industry in Asia and MENA regions:

A brief sketch of the major challenges facing the insurance industry in the Asia and Middle East and North Africa (MENA) regions.

- Regulatory action
- Reduced investment income
- Talent dearth
- Political unrest
- Natural catastrophes
- Rising shareholder expectations and short shelf life CEOs.

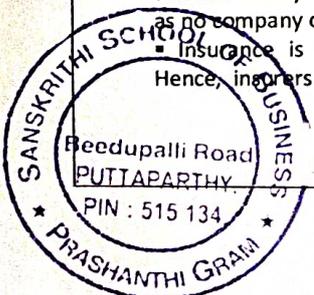
Regulatory action

The impact of regulatory action is seen along the following parameters:

Cost: the cost of compliance is shooting up, with diversion of key talent and resources, to dealing with regulatory requirements. Attached to this is the opportunity cost of missed deal making, as a result of such requirements.

Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



Nationalization of workforce: Increased political unrest across the MENA region has spurred regulators to further increase the nationalization percentages of the workforce. This brings with it added recruitment and training costs that will add burden on a beleaguered industry.

Capital adequacy ratios: are expected to rise in the insurance market and further add to the costs of running an insurance business.

Reduced investment income

The ability of insurers to earn sufficient investment income to remain profitable and meet their liabilities remains a concern, because of combination of economic recession, historically low interest rates and the new sovereign debt fears (especially in Europe) has cut float returns at a time when insurance sales are facing pricing pressure. With the return of inflation, profitability concerns abound.

Talent dearth

The insurance industry is plagued by a shortage of skilled staff. The best minds in college do not look upon insurance as an exciting career opportunity. The stock markets and investment banking options look more glamorous and turbocharged to them. The insurance industry has collectively failed to market itself as an intellectual, fun filled and exciting place to be in. The stars of the industry are drawn into the business more by fortune than design. Unless this situation is addressed, the insurance industry could slip into becoming a breeding ground of mediocrity.

The difficulty of attracting and retaining the best minds in the insurance business is further magnified by the intense competition in the market place that distracts management from articulating and implementing human capital development programs.

Political unrest

Maoist movements, insurgencies, terrorist activities, rioting etc. will inevitably lead to fluctuations in the insurance markets. The retail insurance market is heavily dependent on income levels and political unrest does not bode well for growth in the short term.

Natural catastrophes

Flooding in Saudi Arabia, Pakistan, Philippines and India, severe cyclones in Oman, earthquakes in Japan, twisters in the US, landslides, tsunamis and hurricanes are occurring with alarming frequency. The insurance industry has modeled its pricing based on the remote occurrence of such natural catastrophes. Such tail events are now entering into the body of the normal curve, thereby creating scenarios where existing risk management methods are providing inadequate.

Because of a plethora of companies offering the same standardized products, the intensity of competition is severe and the chances of increasing premiums are reduced. As a result, the margins maintained for Nat Cat perils are low and reinsurers find such books unattractive.

Rising shareholder expectations and short shelf life of CEOs

Shareholder expectations are one of the most pressing concerns for the CEO of any insurance company. Though insurance by its very nature takes a long time to break even (seven years for most mid-sized companies), there are increased calls from shareholders who require the breakeven period to be brought down. It is becoming increasingly difficult for companies to establish a long term 'human Capital Development' program, when the CEO's of some companies have a 2-4 year shelf life.

Why is human capital development important?

Clearly, the insurance industry can test the limits of leadership ability. Pricing pressure, increased competition, lack of proprietary assets, high exit barriers, and evolving nature of risks, changing distribution models, low differentiation, and regulatory action, reduced investment income, easy mobility of talent etc, are making it difficult for insurers to show consistent profits.

In such a scenario, does 'Human Capital Development' matter? Are businesses so tied to 'Human Capital Development' that good results are not feasible in the absence of it? Is there evidence to support the fact that good results are tied to good 'human Capital Development'? Is 'human capital Development' to be deployed only during good times and to be discarded otherwise? Does 'Human Capital Development' enable business to sustain performance in the long term?

As reported in fast Company (August 1998), in a study conducted by McKinsey and Company - involving 77 companies and almost 6,000 managers and executives - the most important corporate resource over the next 20 years will be talent: smart, sophisticated business people who are technologically literate, globally astute, and operationally agile. The study has gone on to find acceptance in all industries across all parts of the world and is called, 'The War for Talent'.

How does human capital development make a case for itself?

Human Capital Development when properly executed will add to the bottom line in the following ways:

Building the brand: Human Capital Development has the potential for a company to improve its corporate brand in the perception of the industry peers, customers, employees, potential recruits and regulators. Companies like GE and IBM are globally renowned for the extensive leadership training that they provide their employees. Tata Consultancy Services (TCS) runs a huge employee Learning and development centre that set the standard for in-house training in the Indian IT sector. It is believed that an employee, who has gone through the intensive TCS residential training program, has an edge over peers who have not had similar benefit. Insurance companies need to take a cue and approach HR initiatives from a brand building angle. Should insurance companies not have the equivalent of the McDonald's university for learning and development? As Ray Kroc, founder of McDonald's, once said, "If we are going to go anywhere,

Dr. Balakrishna

PRINCIPAL 103

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



we've got to have talent. And I'm going to put my money in talent."

Aligning talent strategy to business strategy

Human capital Development Initiatives, when they focus on talent through the prism of organizational strategy, will be able to deliver improved business results. For this to happen, HR needs to get into the skin of role requirements and be absolutely clear on the kind of personality traits that will be required of the person, to be successful in the various roles across the organization. If training can be used to bridge the gap, then it must be implemented at the earliest. Once the requirements are frozen, expensive recruiting and training errors can be more easily avoided. The Aditya Birla group identifies training requirements of employees by the cadre to which they belong and specialized development programs are arranged for the employees to improve the quality of their work output. Among other factor, their Human capital management initiatives propellers the Aditya Birla Group, to the rank of 'India's Best Employer' in 2007, as per a finding conducted by Hewitt Associates.

Improved role on talent

A strategic approach to Human Capital Development will make HR less of an administrative function and a more strategic operation. With Human Capital Development initiatives, HR will generate information on the Return on Investment (ROI) on talent and how best it can be improved.

The best insurance companies are going to be defined, not by innovativeness of products or IT structures or the nature of regulation and competition. Instead, the best insurers will be defined by their ability to obtain, engage and retain the right people. Thereby the case for the Human capital Development in Insurance companies is established

Constituents of Human Capital Development

Human Capital Development is not to be found within the silos of the HR department, nor in the accounting books, the company pantry, the birthday parties or annual employee fashion week. It cannot be found in vision and mission statements or CSR activities. Human Capital Development is invisible glue, but in companies where it exists, it permeates the entire organizational DNA and is ubiquitous. It can be found in sales, Marketing, HR, Admin, R&D, Technical Team, Shop floor, CEO office and in each and every action taken by the company.

A particular set of processes cannot be called Human Capital Development. But we can surely say, that in organizations where the below factors are to be found over an extended period of time ,Human capital Development finds fertile breeding ground to breathe, live and flourish. We call them HCD Factors are:

- Right leadership
- System over individuals
- Getting the right people On Board
- 360° Transparency

Right leadership

Great leaders understand that Human Capital Development cannot be a set of rules systems and

processes that are to be imposed on a working population. Instead good Human Capital Development starts with getting the right people on board, making sure that they stay engaged and letting of wrong sort of employees.

Human capital Development starts with answering the following questions and making sure that they are implemented rigorously across all sections of organization hierarchy during the talent selection process.

- What types of people will help our organization succeed?
- Why would the best people we need for business want to work here?
- How should we treat our people so they deliver peak performance?

Boards of insurance companies will need to remember that quarterly financials are only the score cards of the game and not the end game itself. If a soccer team changes its captain every season, then you know where the team is headed.

The right leadership matters and equally important is the support and tenure of time extended to the right leadership to engineer results. Unless leaders are given time and room to generate business results, they will not be in a position to nurture "Human Capital Development within their companies.

System over Individuals:

Good companies and governments ensure that the rule of the law is supreme and no one is allowed to get away from a breach of rules, no matter how they are placed in the hierarchy.

One of the examples of 'system over individual' that comes to mind is the legend of King Manunndhi Chozhan, who ruled ancient Tamil Nadu, a state in the southern most part of India. The king had hung a bell outside his palace which could be rung by anyone who had a grievance and wanted justice.

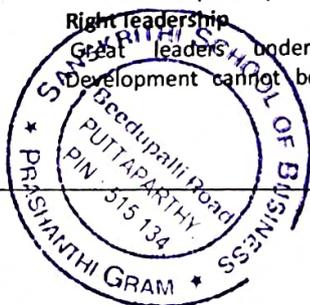
The king was deeply pained that he had killed the calf accidentally. But despite being the king, he ordered that his own son be killed under his chariot so that justice could be meted out to the cow. While this legend might be an extreme example, it is still relevant to HR functions in the modern business world. No matter who has breached the rules, the treatment must be uniform, fair and without discrimination, even if it is the CEO himself.

360° Transparency:

Transparency is about information. Transperancy embodies honesty and open communication because to be transparent, someone must be willing to share information, even when it is uncomfortable to do so. Transperancy is an individual being honest with himself about the actions he is taking. Transparency is also the organization being upfront and visible about the actions it take, and whether those actions are consistent with its values.

Dr. Balakrishnan

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.
104



A Study of Fundamental Analysis for Shares of Five Major Banks In India with Reference to Cochin Stock Exchange Limited

RAMAKRISHNAIAH. A

Assistant Professor,
Sanskriti School of Business,
Puttaparthi-515134 Andhra Pradesh,
Email: 181131krishna@gmail.com

Abstract

The Indian banking scenario has witnessed significant development in the recent years with the entry of private banks and their focus on retail banking and convergence of services. The financial strength and future investment perspective of the key factors in the banking sector of the economy. Five major players from banking sector viz. SBI, HDFC, ICICI, Canara Bank and Axis Bank are selected for the study. This fundamental analysis helps the investors to decide his long or short-term investment decisions. Since banking sector is one of the fastest growing sector or the economy. The study concerned with this sector would be beneficial for investors and stock dealers. Fundamental analysis of a business involves analyzing its financial statements and health, its management and competitive advantages, and its competitors and markets. When applied to futures and forex, it focuses on the overall state of the economy, interest rates, production, earnings, and management. When analyzing a stock, futures contract, or currency using fundamental analysis there are two basic approaches one can use; bottom up analysis and top down analysis.

Key words: Current Ratio, Dividend, intrinsic value, Average Retention, Investment.

INTRODUCTION

Investment refers to the process of putting money or monies worth in some opportunities for the purpose of making or reaping returns out of it. Investment in fixed and ownership security is intimately associated with the economic activity of the nation. An investment in the equity of any company is likely to be more profitable if the economy is strong and prosperous. So the expectation of the growth of the economy is favorable for the stock market. The fundamental approach to security analysis will help to compare the current observable market value if a particular security with its theoretical or 'intrinsic value' that is based on a variety of factors such as growth trend, earning stability and dividend history as well as based on subjective estimates of future earning and capitalization rates. Investors are always looking for a better way to pick up securities. Fundamental analysis has emerged to assist investors in making better investment decisions.

I. STATEMENT OF THE PROBLEM

Fundamental analysis is performed on historical and present data, but with the goal of making financial forecasts. There are several possible objectives to conduct a company stock valuation and predict its

probable price evolution make a projection on its business performance to evaluate its management and make internal business decisions, to calculate its credit risk.

II. REVIEW OF LITERATURE

Joshi (1986) in his study of all scheduled commercial banks operating in India analyses the profitability and profit planning relating to the period 1970-1982. The study discusses and trends in profits and profitability of commercial banks nationalization. The factors leading to the deterioration of profitability are highlighted.

Minakshi and Kaur (1990) attempted to measure quantitatively the impact of the various instruments of monetary policy on the profitability of commercial banks. The study empirically proves that pre-liberalization banking being highly regulated and controlled industry, has suffered a lot so far as profitability concerned. The bank rates and reserve requirements ratio has played a significant role in having a negative impact on the bank's profitability.

Ojha (1992) in his study attempts to measure the productivity of public sector commercial banks in India. After identifying various measures of productivity like total assets per employee, total credit per employee, total deposits per employee, pre-tax profits per employee, net profit per employee, working funds per employee, ratio of establishment expenses to working funds and net interest per employee, comparison is made with the banks at the international level. The study concludes the Indian banks have very less productivity ratio compared with western countries. Since in his study a comparison has been made of Indian public sector banks, which have to perform other social functions unlike western commercial banks.

Ram Mohan and Ray (2004). This study attempts a comparison of performance among three categories of Indian banks-public, private and foreign, using physical quantities of inputs and outputs, and comparing the revenue maximization efficiency of banks during 1992-2000. This study concludes that public sector banks performed significantly better than private sector banks but no differently from foreign banks. The conclusive points to a convergence in performance between public and private sector banks in the post-reform era, using financial measures of performance.

III. OBJECTIVES OF THE STUDY

- ❖ To analyses the profitability position of the five major banking companies.
- ❖ To carry the fundamental analysis by studying the past five years data of each company.
- ❖ To find-out the long term and short-term financial solvency of the companies.

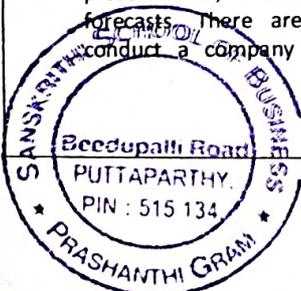
IV. RESEARCH METHODOLOGY

Research Design

The research design describes the theoretical plan and structure of the study to find answers to the research problem. It constitutes the outline for data collection, sampling techniques and framework for analysis of data. The present study is both descriptive and analytical nature.

Dr. Balakrishnaiah
RAMAKRISHNAIAH. A

Sanskriti School of Business, 5
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



DATA COLLECTION

In this research study the primary data is collected through discussion with the senior finance staff of the company. The study is based on secondary data and examines the trading mechanism in stock market. The consequences are strained essentially from secondary data collected. Reserve Bank of India Publication, Annual Reports of RBI, assorted issues of Economic Review of RBI, Statistical 10 Tables linking to Banks in India and websites of Reserve Bank of India, websites of selected public and private sector banks, Indian Banker's Association Bulletins, Capitaline corporate database, Reserve Bank of India's Report on Trend and Progress in Banking (RBI, 2017). For collecting appropriate data for the purpose of conducting the research work internet surfing has also been made for obtaining the requisite and latest information. Five leading Indian banks from the public sector and private sector have been selected for this study. All these banks have been selected on the basis of quantum of total income and balance sheet size.

SAMPLING

The fundamental analysis was done with 5 years data (2013, 2014, 2015, 2016, and 2017). From this, the Banking companies which satisfied the following criteria which have been shortlisted for further research:

1. The companies listed in NSE and BSE.
2. Availability of data at least for the period of 15 years.
3. The company should have at least three years of continues turnover during the study period.

FRAMEWORK FOR ANALYSIS

The study of financial statement such as profit and loss accounts and balance sheets through profitability ratios, solvency ratios, turnover ratios and dividend ratios constitutes in the framework of analysis. $eps = \text{profit after tax} / \text{no. of equity shares}$ $\text{dividend per share} = \text{amount declared as dividend} / \text{no of equity shares}$ **the intrinsic value calculation** $\text{dividend payout ratio (dpor)} = \text{dividend per share} / \text{earnings per share}$ $\text{average dpor for 5 years} = \text{sum of (dpor) for five years} / 5$ $\text{average retention ratio} = 1 - \text{average dividend payout ratio}$

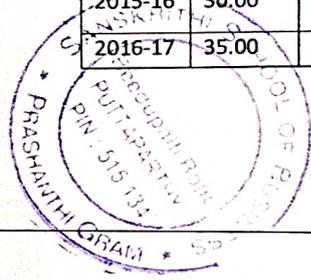
V. ANALYSIS OF INTERPRETATION

THE INTRINSIC VALUE CALCULATION

$\text{Dividend payout ratio (DPOR)} = \text{dividend per share} / \text{earnings per share}$

Table no: 1 calculate the dividend payout ratio (DPOR) during the five year period for SBI bank.

DIVIDEND PAYOUT RATIO (DPOR)			
YEAR	DPS	EPS	DPOR
2012-13	21.50	106.56	0.2017
2013-14	29.00	143.67	0.2018
2014-15	30.00	144.37	0.2077
2015-16	30.00	116.07	0.2584
2016-17	35.00	174.15	0.2009



Sources: secondary data

INTERPRETATION:

The above the table 1 shows that the dividend payout ratio has been analysed. The value of SBI bank increased for the year 2012 – 13. The investor's is to getting the high profit.

$\text{AVERAGE DPOR FOR 5 YEARS} = \text{SUM OF (DPOR) FOR FIVE YEARS} / 5$

$= 1.0705 / 5$
 $= 0.2141$

$\text{AVERAGE RETENTION RATIO} = 1 - \text{AVERAGE DIVIDEND PAYOUT RATIO}$

$= 1 - 0.2141$
 $= 0.7859$

THE INTRINSIC VALUE CALCULATION

$\text{DIVIDEND PAYOUT RATIO (DPOR)} = \text{DIVIDEND PER SHARE} / \text{EARNING PER SHARE}$

Table No:2 CALCULATE THE DIVIDEND PAYOUT RATIO (DPOR) DURING THE FIVE YEAR PERIOD FOR HDFC BANK

DIVIDEND PAYOUT RATIO (DPOR)			
YEAR	DPS	EPS	DPOR
2012-13	8.50	44.87	0.189436
2013-14	10.00	52.77	0.189502
2014-15	12.00	64.42	0.186278
2015-16	16.50	84.40	0.195498
2016-17	4.30	22.02	0.195277

Sources: secondary data

INTERPRETATION:

The above the table 2 shows that the Dividend Payout Ratio for the five year 2013-17. The highest Dividend Payout Ratio has analysed. HDFC Banks Dividend Payout Ratio increased in 2014 – 15.

$\text{AVERAGE DPOR FOR 5 YEARS} = \text{SUM OF (DPOR) FOR FIVE YEARS} / 5$

$= 0.95599 / 5$
 $= 0.191198$

$\text{AVERAGE RETENTION RATIO} = 1 - \text{AVERAGE DIVIDEND PAYOUT RATIO}$

$= 1 - 0.191198$
 $= 0.808802$

Dr. B. Lakshmi
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram, 116
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

THE INTRINSIC VALUE CALCULATION

DIVIDEND PAYOUT RATIO (DPOR) = DIVIDEND PER SHARE / EARNING PER SHARE

Table No: 3 CALCULATE THE DIVIDEND PAYOUT RATIO (DPOR) DURING THE FIVE YEAR PERIOD FOR ICICI BANK

DIVIDEND PAYOUT RATIO (DPOR)			
YEAR	DPS	EPS	DPOR
2012-13	11.00	37.37	0.294354
2013-14	11.00	33.76	0.325829
2014-15	12.00	36.10	0.33241
2015-16	14.00	44.73	0.312989
2016-17	16.50	56.09	0.29417

Sources: secondary data

INTERPRETATION:

The above the table 3 shows that the Dividend Payout Ratio for the five year 2013-17. The highest earnings has analysed in 0.33241. ICICI Bank Dividend Payout Ratio increased in 2016 – 17.

AVERAGE DPOR FOR 5 YEARS = SUM OF (DPOR) FOR FIVE YEARS / 5

$$= 1.559752 / 5$$

$$= 0.31195$$

AVERAGE RETENTION RATIO = 1 – AVERAGE DIVIDEND PAYOUT RATIO

$$= 1 - 0.31195$$

$$= 0.68805$$

THE INTRINSIC VALUE CALCULATION

DIVIDEND PAYOUT RATIO (DPOR) = DIVIDEND PER SHARE / EARNING PER SHARE

Table No: 4 CALCULATE THE DIVIDEND PAYOUT RATIO (DPOR) DURING THE FIVE YEAR PERIOD FOR CANARA BANK

DIVIDEND PAYOUT RATIO (DPOR)			
YEAR	DPS	EPS	DPOR
2012-13	8.00	38.17	0.209589
2013-14	8.00	50.55	0.158259
2014-15	10.00	73.69	0.135704
2015-16	11.00	90.88	0.121039
2016-17	11.00	74.10	0.148448

Sources: secondary data

INTERPRETATION:

The above the table 4 shows that the Dividend Payout Ratio for the five year 2013-17. The highest earnings have been analysed.

AVERAGE DPOR FOR 5 YEARS = SUM OF (DPOR) FOR FIVE YEARS / 5

$$= 0.773038 / 5$$

$$= 0.154608$$

AVERAGE RETENTION RATIO = 1 – AVERAGE DIVIDEND PAYOUT RATIO

$$= 1 - 0.154608$$

THE INTRINSIC VALUE CALCULATION

DIVIDEND PAYOUT RATIO (DPOR) = DIVIDEND PER SHARE / EARNING PER SHARE

Table No: 5 CALCULATE THE DIVIDEND PAYOUT RATIO (DPOR) DURING THE FIVE YEAR PERIOD FOR AXIS BANK

DIVIDEND PAYOUT RATIO (DPOR)			
YEAR	DPS	EPS	DPOR
2012-13	6.00	29.94	0.200401
2013-14	10.00	50.57	0.197746
2014-15	12.00	62.06	0.193361
2015-16	14.00	82.54	0.169615
2016-17	16.00	102.67	0.155839

Sources: secondary data

INTERPRETATION:

The above the table 5 shows that the Dividend Payout Ratio for the five year 2013-17. 2012– 2013 highest earnings has been analysed. Investors getting high profit.

AVERAGE DPOR FOR 5 YEARS = SUM OF (DPOR) FOR FIVE YEARS / 5

$$= 0.916962 / 5$$

$$= 0.183392$$

AVERAGE RETENTION RATIO = 1 – AVERAGE DIVIDEND PAYOUT RATIO

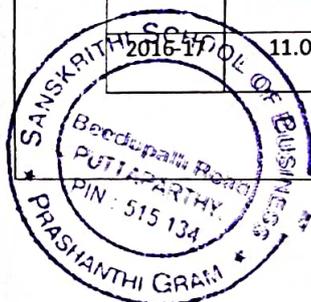
$$= 1 - 0.183392$$

V. FINDINGS AND SUGGESTION

The liquidity position of banking companies can be considered as satisfactory. The absolute liquid ratio shows the banking companies cash position. It fluctuating steadily from year to year and Canara Bank is the highest position in Quick Ratio and a slight change in Axis Bank remaining ICICI Bank, SBI Bank, HDFC Bank as

Dr. *[Signature]*
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



follow changes. In Capital adequacy ratio ICICI Bank is the highest position and a slight change in HDFC Bank remaining Axis Bank, Canara Bank, SBI Bank as follow changes.

The income expenditure of the companies is in good position. Even though the companies must maintain its effective manner. The short term solvency position of the companies was good and also the companies can concentrate the profitability level. The liquidity position of the companies was satisfactory level so that the companies can maintain this same level for the coming year also. The company's reserves and surplus level was in increasing trend. It shows the companies has high profit level, during the study period and it should continue for further year also. The company's major sources are from loan funds. So that companies can reduce its external debt borrowings. The companies should control the secured loan level to the good practice for financial control.

VI. CONCLUSION

The central focus of the study was to perform security analysis on the selected five securities in the banking sector. Data were collected from the secondary sources, the analysis was done with five years data. The fundamental analysis had shown the real position of the Indian economy, which is in the booming stage. All the banks have been analysed for their performance in the last five years. This analysis revealed that all the banks have shown consistently good performances and the performance is improving every year. Therefore the performances of all the banks are likely to be much better in the years to come.

It also creates good corporate image among the investors. This study shows that solvency position of the company in short-term and long term financial aspects. And also it shows liquidity position of the company through Fundamental Analysis movement. This shows positive Fundamental Analysis level even though it has to use efficient and effective manner to create financial strength of the companies.

REFERENCE

1. I.M. Panday, Financial Management, Vikas Publications, New Delhi, 9th Edition, reprint 2009
2. T.S. Reddy & Dr. Y. Hari Prasad Reddy, Management Accounting, Margham Publication.
3. M.Y. Khan and P.K. Jain Financial Management, Tata McGraw Hill Publishing Company Ltd., 4th Edition, 2004.
4. C.R. Kothari, research Methodology, New Delhi, New Age International (P) Ltd 2004.
5. Dr. V. Balu, Research Methods in Business, Sri Venkateswara Publications, Edition, June, 2007.
6. Business Today
7. Business World
8. Capital Market

Websites:

www.cochinstockexchange.com
www.moneycontrol.com

www.statebankofindia.com
www.hdfcbank.com
www.icicibank.com
www.canarabank.com
www.axisbank.com
www.nseindia.com
www.bseindia.com

Ram Mohan, T.T. and Ray, S.C. (2004), "Comparing Performance of Public and Private Sector Banks- A Revenue Maximization Efficiency Approach", EPW, Pp.1271-1276.

Dr. Balakrishna
PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



A LEARNING ORGANIZATION: REFORM IN THE FIELD OF HRD, FOR ORGANIZATIONS UNDERGOING PHASE OF TRANSITION IN THE FIELD OF MANAGEMENT.

Dr. Nalina.R* Dr. P Narayana Reddy** Dr.Mahesha Kempegowda***

*,Asst. Professor, BIT-MBA.

** Group Director ,Sanskriti Group of institutions, Puttaparthi,Anantapur,Andrapradesh.515134.

***HOD & Professor, BIT-MBA.

ABSTRACT

Present age organizations are uncertain, unsettling, non-sustaining, and vulnerable to stupendous factors both external and internal to organizations design, planning and operations. Having LO in the organizations framework enables to suit to present day management poised with disruptive innovation. Organizations will experience conceptual and practical LO at work through a design based on dimensions of LO by Senge. The paper depends highly on literature review to identify different measurement instruments to be used for analysis and to develop conceptual overview on topic under study. Questionnaire was used to collect data. Collected data were analyzed and interpreted using suitable statistical techniques such as Mean, Chi-square test, Kruskal - Wallis Test, Mann Whitney U Test, ANOVA and Structured Equation Modelling (SEM), and (AMOS) Statistical Packages for Social Sciences (SPSS. IBM 21.0).

Key Words: Learning Organization, Intellectual Capital, Disruptive Innovation, LO leaflet.

Abbreviations: LO: Learning Organization, PM: personal Mastery, MM: Mental Model, SV: Shared Vision, TL: Team Learning, ST: System Thinking.

1. INTRODUCTION

Peter M. Senge in the year 1990 at MIT's Sloan School of Management conceptualized LO. As per Senge's submission LO stimulates efforts of employees positively, channelizes them in the desired direction to unfold to be a reality of what seem to be a solution to pressing problems of present day organizations. LO is certain in terms of untiring contribution to provide ways to make organizations most sustaining for a long period of time.

Long standing classical organisations who otherwise stood tall and strong for decades are falling prey to a year old much smaller organizations who are absolutely not matching in any resource and business perspectives to age old organizations. Present day organizations are highly characterized with divergent and innovative thought process. To achieve the transition from age old thinking to present day required thought process starts with gaining orientation and understanding to LO a final resort for this kind of transition.

1.1 Learning Organization

As per Senge organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and

where people are continually learning to see the whole together. Looking at the brief description of what an LO.

1.2 Dimensions of LO

The process of LO is solely based on dimensions of LO and how organizations fit enough to have adoptibility to proceed with all those dimensions by bringing out a framework.

1.2.1 Systems Thinking: Pinpointing important issues by recognizing the interdependence and interrelationships of the parts that connect the larger system, leveraging change by identifying where actions that can lead to significant, enduring improvements.

1.2.2 Personal Mastery: Personal mastery is the describes this as a process where an individual strives to enhance his vision and focus his energy, and to be in a constant state of learning. Understanding Yourself, Personal Vision and Purpose, Loving Oneself, Self-Discipline, Proactive Behavior, Contribution to Others, Positive Attitude, Overcoming Fears, Balance in Life, Achieving Success, Absolute Happiness.

1.2.3 Mental Models: A mental model is an explanation of someone's thought process about how something works in the real world. It is a representation of the surrounding world, the relationships between its various parts and a person's intuitive perception about his or her own acts and their consequences.

1.2.4 Shared Vision: To bind people together around a common identity and sense of destiny the practice of shared vision involves the skills of unearthing shared pictures of the future that foster genuine commitment and enrolment, rather than compliance. It considered driving factor which serves as predominant factor in driving people towards something in common interest of self as well as organizations.

1.2.5 Team Learning: The accumulation and adaptation of individual learning constitutes team learning. Team learning enhances the organizational capability of improving decision making with respect to problem areas by providing quick access to knowledge at various levels of the organization and existing expertise in organization possession.

2. REVIEW OF LITERATURE: LEARNING ORGANIZATION

Paraskevi Dekouloua,et.al (2015), It is time and again put to test that LO is the answer for vicious competition, technological challenges, economic volatility and all other trends in the present era. Continuous learning, systems connection, empowerment, and work performance related tasks influence individual job performance. Employee's performance is also elevated by utilizing effective organizational knowledge.

Brenda Barker Scott (2012), Disruptive innovation is the name that's changing today's business scenario. One needs to master himself on various grounds in order to sustain likely challenges faced by these kinds of innovations going around.

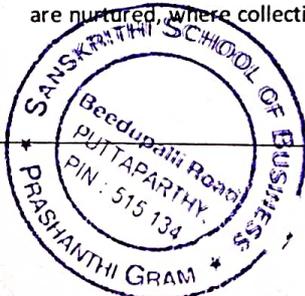
Alexandra Luciana Guță (2011), Management process has its essence in employing management functions through deal with changes and adapting to ever dynamic environmental conditions (Cymanow, n.d.). For

Dr. Balakrishnan

PRINCIPAL

119

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



companies to be successful they need to adapt to knowledge economy and knowledge societal concepts.

Kavita Singh, (2010), in this ever complex and uncertain business world one thing constant is change. Today's organization requires which is more with the need of disruptive innovation, company's need to adopt and perform spontaneously to achieve competitive advantage.

Olivier Serrat, (2009), Managers today are not able to implement LO successfully is in the reason senge did not talk about of not being able to establish connection.

3. RESEARCH METHODOLOGY

In relation to what is comprehended above, paper adopts various statistical tools, measurement techniques to the data collection, analysis and interpretations of data.

Conceptual consideration to research: Shows that the research gap reveals following understanding on thoughts like, the journey towards a learning organisation is one without a final destination (Paul A. Fuller, 2007).

Background of the study: It's quite impossible to conclude whether an organization has truly achieved the status of LO. Central to the current study is the fact that the convergence to learning organization through transition has been taken for granted in the relevant literature.

Need for the study: LO of senge is one of result of the thought process flourished way back in 1990's which saw many organizations finding its answers to worldly questions by connecting to concept LO. ST, MM, SV, PM, TL become important components of successful organizations becoming LO's of late. Success of LO is restored in ability to establish connection and build network upon which companies successfully travel the path transition in the field of management.

Statement of the Problem: Some of the practical and intellectual issues concerning the study is in relation to LO as there is no final resort to depend fully on propagating that there is an empirical evidence to the fact that LO assists organizations to successfully adopt to management issues.

Objectives of the Study:

Following are the objectives forethought by researcher pertaining to area of study.

1. To gain a conceptual understanding on the dimensions of LO.
2. To study the contribution of LO to organizations that assist phase of transitions in the field of management.
3. To provide a leaflet to assist and use for organizations to adapt to managerial transition.

Hypotheses for the Study.

1. Ho: There is no statistically significant difference in the opinion of respondents in companies with respect to PERSONAL MASTERY.

H1: There is a statistically significant difference in the opinion of respondents in companies with respect to PERSONAL MASTERY.

2. Ho: There is no statistically significant difference in the

Table 4.1.1 Mean, Standard Deviation and Test Statistics of PERSONAL MASTERY No.		Descriptive Statistics		Test Statistics ^{a,b}	
Factor	Mean	SD	Asymp. Sig.	Decision	
PM1	Employees who master in required skills promote organizational managerial transition	4.314	0.0035	0.01011	No Sig.Diff
PM2	Employees need to find means to master their skills to be adoptive	4.122	0.7963	0.0104	Sig.Diff
PM3	Employees are always ahead of learning path	4.415	0.9111	0.0152	Sig.Diff
PM4	Employees to take assistance from training and development centers to create dynamic learning teams	4.586	0.4013	0.0265	Sig.Diff
PM5	Employees can think beyond personal development, ahead of meeting with organizational growth	4.182	0.9656	0.1224	No Sig.Diff
Df=5		Kruskal Wallis Test		b. Grouping Variable: Sectorial Belonging	

opinion of respondents in companies with respect to SHARED VISION.

H1: There is a statistically significant difference in the opinion of respondents in companies with respect to SHARED VISION.

3. Ho: There is no statistically significant difference in the opinion of respondents in companies with respect to MENTAL MODELS

H1: There is a statistically significant difference in the opinion of respondents in companies with respect to MENTAL MODELS.

DY. *B. Lakshmi*
PRINCIPAL

Sanskriti School of Business
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



4. Ho: There is no statistically significant difference in the opinion of respondents in companies with respect to TEAM LEARNING.

H1: There is a statistically significant difference in the opinion of respondents in companies with respect to TEAM LEARNING.

5. Ho: There is no statistically significant difference in the opinion of respondents in companies with respect to SYSTEMS THINKING.

H1: There is a statistically significant difference in the opinion of respondents in companies with respect to SYSTEMS THINKING.

Data collection: The data for the study has been obtained mainly from the primary sources. Questionnaire method was used. Before final stage of data collection, pilot testing was done to obtain accuracy of the tool. Data is also sought from secondary sources in addition, to cover the drawbacks of informational insufficiency experienced in primary data. Secondary data sources are company's annual reports, other manuals, publications and newsletters.

Statistical tools used: After the data collection was done with, the collected data were analyzed using suitable statistical techniques such as Mean, Chi-square test, Kruskal - Wallis Test, Mann Whitney U Test, ANOVA and Structured Equation Modelling (SEM), and (AMOS) Statistical Packages for Social Sciences (SPSS. IBM 21.0).

Limitations of the Study:

1. Data collection is the most time consuming job, researcher has to experience.

2. The response from the employees to data collection was too casual.

3. Organizations were reluctant to share information through their employees citing to various problems.

4. ANALYSIS AND INTERPRETATION

4.1 PERSONAL MASTERY

Ho: There is no statistically significant difference in the opinion of respondents in companies with respect to PERSONAL MASTERY.

H1: There is a statistically significant difference in the opinion of respondents in companies with respect to PERSONAL MASTERY.

Ho = μ PM = μ Organization Management

H1 = at least one of them not equal to another

ROLE OF ICT IN MARKETING AGRICULTURAL OUTPUT.

Dr. Shakeela Banu* **Dr. P. Narayana Reddy****

*Professor HOD-MBA Brindavan College.

**Group Director, Sanskriti Group of Institutions, Puttaparthi.

ABSTRACT

This study is related to Gauribidanur Taluk, Chickballapur Dist, of Karnataka. It studies the impact of various agricultural schemes introduced in Karnataka state by the Government to enhance better market availability to farmers. The introduction of ICT is the most obvious means to enhance the lives of farmers. This paper makes an attempt to understand the various reasons and then use this as a basis to develop a new procedure of ICT, which will be implemented and used for a more effective reform.

The main objective is to study the Criteria adopted for selection of crop and to choose a mode of logistics, Based on the objectives hypothesis was framed and a Questionnaire was drafted to collect and analyze the data. Data was analyzed at three levels Macro Perspective-Kruskal-Wallis Test, Mann-Whitney U Test, Micro Perspective- ANOVA, Focused Path Analysis, A part of the research thesis covering one of the objective, one hypothesis has been explained in this paper.

Key Words: Agricultural Schemes, ICT, Procedure.

INTRODUCTION

India's rural market is large and consists of 740 million consumers. Rural prosperity and income with rural consumers are linked to a sizeable extent with agricultural prosperity. In most of the products rural consumption now accounts for a large share than urban counterparts. A survey by NCATER clearly shows that rural market is growing at a faster rate than urban market. Green revolution in Indian Agriculture in the year 1970 has added to the prosperity of rural India. Companies that have carved inroads into the heart of rural are HUL, nirma chemical work, parle foods, Colgate Palmolive. A Hindi poet has rightly said " **bharat mate gram vasini**" which means, "mother India lives in her villages".

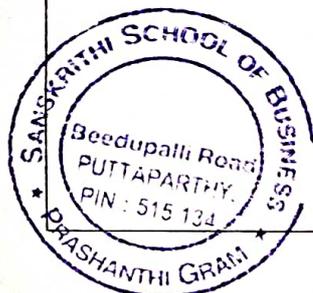
Agriculture in Karnataka depends upon monsoon. It is the largest producer of spices, aromatic and medicinal crops. Second largest state in milk production after Gujarat. Second largest producer of grapes. Nearly 70% of coffee is grown here. Karnataka is the 3rd largest producer of sugar and 4th largest producer of sugarcane. Agriculture is very important in this state as the growth of the Economy depends upon agriculture. Climatic conditions favor's the state in the growth of vegetables. It is known for floriculture and silk production.

LITERATURE REVIEW

Sudesh Kumar et.al, (2013) in his study " Indian Rural Market: Challenges and ways ahead" has highlighted that the policy makers are focused in injecting money to pump the rural economy as there is a tremendous potential in the rural sector. Various players such as FMCG, Retail, Automobiles and Consumer Durables are

Dr. Balakrishna
PRINCIPAL

121



Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

focusing towards the rural markets. NSSO reveals that the rural expenditure is increasing on consumer goods. Rural consumer expenditure on FMCG is about USD 9 billion per annum.

Arshi Talwar et.al, (2014), is of the opinion that 68.84% of the population reside in 6,38,000 villages and have attracted marketers. The consumption of industrial and manufactured products has increased in the rural areas due to green revolution such as 46% of soft drinks, 49% of motorcycles sales, 59% of cigarettes sales, 10% of Maruti Suzuki's sale. Companies have good opportunities to tap the rural markets though there are many challenges to be faced.

Simone and Monica, (2002), have given the example of Warana "wired village" project of Maharashtra to show that ICT helps in rural development related to sugar cane growing and harvesting.

Shaik.et.al, (2004), in their research has examined the performance of three ICT projects in India. Though they are of different origin their purpose is to deliver information to farmers. These three projects are from Madhya Pradesh, Maharashtra and Andhra Pradesh. There are many ICT initiatives in India for agricultural development such as Gyandoot project (Madhya Pradesh, a Government initiative), Warana wired village project (Maharashtra, Non-Government cooperative initiative) and iKisan project of the Nagarjuna group of companies (Andhra Pradesh, private sector initiative). The paper concludes that ICT should be incorporated in all endeavors related to agriculture.

METHODOLOGY .

Objectives: 1) To study the criteria adopted for selection of crop

Selection of Crop Code	Descriptive Statistics		Test Statistic	Decision
	Mean	SD	cs 1,2 Asymp. Sig	
Factor Criteria for SELECTION OF CROP				

2) To choose mode of logistics by the farmers.

Hypothesis:

1) There is no significant difference in preferences between set of respondents with respect to Criteria for Selection of Crop and Mode of Logistics

2) There is no significant difference in preferences between set of respondents with respect to Criteria for Mode of Logistic

Research gap: Despite huge attention and implementation of various ICT projects by many State and Central Governments, this sector is not flourishing .In spite of technology available and ICT facility available people are unable to adopt and use it in the Taluk.

Sampling Technique and Sample Size

Sampling Population:

- ☑ Total Population: 49246
- ☑ Sample collected from: 600
- ☑ Convenience sampling
- ☑ Area of Study: Gauribidanur Taluq.

Analytical Tools Used

- Data was analyzed using suitable statistical techniques such as Mean, KW Test, Mann-Whitney U Test, ANOVA, Structured Equation Modelling (SEM), and (AMOS) Statistical Packages for Social Sciences (SPSS. IBM 21.0) has been used for the analysis.

- Descriptive statistics comprising of standard deviation, mean scores, percentages, and coefficient of variation was used to summarize the characteristics of the respondents.

- Inferential statistics was applied to establish the relationship between variables.

Analysis of Data at Three Levels

1. To evaluate the significant differences Mann-Whitney U test is applied to evaluate 3 or more groups.
2. To assess the differences in the 02 parameters, their impact and significance were analyzed using.
3. Path analysis is drawn using AMOS.

Scope of Study

- ☑ Gauribidanur Taluk is considered for study.
- ☑ Only Farmers are covered under the study, as the study relates to Agriculture.
- ☑ 600 farmers were covered.
- ☑ Questionnaire was used for Data Collection.

Analysis and Interpretation

1) Criteria for SELECTION OF CROP

Mean averages - σ calculated S D & calculated Statistics of Criteria for

SELECTION OF CROP

H0: There is no significant difference in preferences between set of respondents in Gauribidanur Taluk with respect to Criteria for SELECTION OF CROP

H1: There is a significant difference in preferences between set of respondents in Gauribidanur Taluk with respect to Criteria for SELECTION OF CROP

Ho = Kasaba = Hosur = M-halli = Thondebhavi = D-palya = Nagaragere

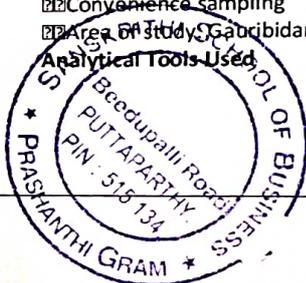
H1 ≠ at least one of them not equal to another.

$\alpha = 0.05$ Significance level

Dr. Balakrishna

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P. 122



**A Study of Pricing Effect and Earnings Quality
Analysis of Select Telecommunication Companies in
India with reference to ICICI Securities Limited
Author**

DR .T.VENKATESAN,
Associate Professor,
Sanskriti School of Business,
Puttaparthi-515134 Andhra Pradesh, India
Email:drvenkatesant@gmail.com.

Abstract

The despite countless efforts to elucidate market participants' understanding of the implications of earnings quality, empirical accounting research have rendered two distinct perspectives. The first perspective considers market participants native users of accounting information who fail to grasp the implications of earnings quality resulting in temporary security mispricing. The second perspective suggests that market participants scrutinize earnings reports carefully and subsequently discern and price the quality of earnings. The purpose of my research is to help clarify the ambiguity surrounding market participants' price effect of earnings quality using one clearly observable indicator of low-quality earnings, accounting restatements. This study examines the effect of earnings quality has on short-window returns and analyst forecast revisions and dispersion following restatement announcements using a cross-section of 719 publicly traded firms that announced restatements between 2013 to 2017. Regression and correlation difference metrics are used to proxy for earnings quality. The metrics are examined separately and collectively to ascertain their individual and incremental effects in modelling the market reaction. Further analyses investigate the effects that various levels of investor sophistication have on the market movement.

Key words: earnings pricing, earning quality, Turnover, Cash flow, net profit.

I. INTRODUCTION

Earning quality refers to the nearness of operational profit to cash flows, that is, the more the distance of profit to cash flow, the lesser the quality of earning and the ability of earning to define the changes of the return of shares. Therefore, in the current study, the relationship between earning quality and the return of shares was reviewed. In order to test the hypotheses and correlation test were employed. The focus on earnings is so intense that a suggestion was made that the market should fixate on firms' bottom line income, with the exclusion of other indicators of operating performance. Such single-minded attention fails to recognize that the reported net income is the result of an extended accounting process with considerable room for managerial discretion at every step.

II. STATEMENT OF THE PROBLEM

The focus on earnings is so intense that a suggestion was made that the market should fixate on

firms' bottom-line income, with the exclusion of other indicators of operating performance. Such single-minded attention fails to recognize that the reported net income is the result of an extended accounting process with considerable room for managerial discretion at every step. The perils of focusing exclusively on bottom-line earnings are vividly highlighted by the recent spate of corporate accounting scandals. As a result, there have been growing concerns about firms' quality of earnings, or the extent to which reported earnings reflect operating fundamentals. In the context of stock prices, to the extent that the market fixates on reported income and does not take into account the quality of firms' earnings, there may be temporary deviations of prices away from their correct values. Put in another way, measures of earnings quality may have predictive power for future movements in stock prices. This paper examines whether or not, and why, there is information in earnings quality for future stock returns.

III. REVIEW OF LITERATURE

Zariffard (1998) the assessment of the earning quality within the Iranian economical organization, and designed a framework from the. Elements and factors which are related to the assessment of the earning quality Earning quality are based on the sustainability of profit. Contrary to the predictions made, the reaction of the market to the increase of the company's cash profit is Positive. Earning quality is based on the relationship between profit and operational cash flow.

Leuz (2001) the quality of profits measured by the fluctuation of profit which is equal to the division of the deviation of operational standard profit by the deviation of operational cash flow standards. The smaller proportion shows a lower earning quality.

Xu et al (2006) also report that restatements affect the equity valuations of competing firms. They find that firms having cash flow characteristics similar to restating firms experience a negative return of 0.76 percent when the restatement reduces the stock price of the restating firm In addition to eroding market capitalization, restatement firms are subject to other economic penalties. Firms issuing restatements are also frequently the subject of class action .

IV. OBJECTIVE OF THE STUDY

- ❖ To analysis of the earnings quality can be influenced by the market price.
- ❖ To examines the association between the different earnings quality proxies and the market price reactions.
- ❖ To identify the level of earnings for each year and realize market price reactions.

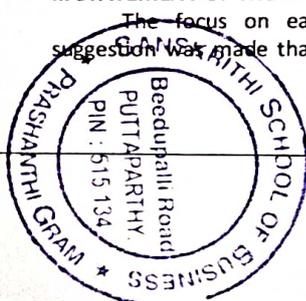
V. RESEARCH METHODOLOGY

Research Design

The research describes the theoretical plan and structure of the study to find answers to the research problem. It constitutes the outline for data collection, sampling techniques and framework for analysis of data. The present study is both descriptive and analytical nature.

Dr. Balakrishna
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Frasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



DATA COLLECTION

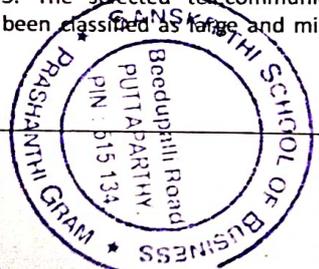
Year	BDATE		RELCOM		VSNL		IDEEL		MTNL	
	X	Y	X	Y	X	Y	X	Y	X	Y
2012-13	40	(8)	20.16	(19)	9.23	47	37.24	(39)	37.24	(34)
2013-14	34	(21)	12.40	(50)	28.98	37	19.18	(28)	35.06	1
2014-15	35	(48)	7.84	(28)	18.16	(53)	16.75	3	304.45	(29)
2015-16	34	31	5.45	76	22.67	(16)	37.98	16	(299.4)	73
2016-17	27	4	25.50	(15)	29.63	27	15.85	10	(22.35)	(25)
Correlation	(0.22)		(0.35)		0.004		(0.19)		(0.26)	

The present study purely based on the secondary data only. The related data, such as profit and loss account statement, balance sheet and some important key ratios were collected from the published annual reports of selected telecommunication companies in India. Other related information was collected from the Centre for Monitoring Indian Economy (CMIE) Reports, official website of selected telecommunication companies, NSE, BSE, annual report of the ministry of Telecommunications, Institute of Financial Management and Research (IFMR), Libraries of various institutions, research publications and various academic research reports. Further the researcher referred various finance related textbooks and journals.

SAMPLING

The research was conducted for a period of the price quality analysis was done with 5 years data (2013, 2014, 2015, 2016, and 2017). From this, the Telecommunications companies which satisfied the following criteria which have been shortlisted for further research:

1. The companies listed in NSE and BSE.
2. Availability of data at least for the period of 15 years.
3. The company should have at least three years of continues turnover during the study period.
4. The companies declared and paid dividend for a minimum of seven years during the study period.
5. The selected telecommunication companies have been classified as large and mid cap. companies based



on market capitalization. The companies' stocks with market capitalization of Rs.8000 crore.

- ❖ Bharti Airtel Limited Reliance Communications Ltd.
- ❖ Tata Communications Ltd Idea cellular Ltd
- ❖ Mahanagar Telephone Nigam Limited.

VI. FRAMEWORK FOR ANALYSIS

The various statistical tools are used to analyze Pricing Effect of Earnings Quality of the selected telecommunication companies in India. The study of financial statement such as profit and loss accounts and balance sheets through profitability ratios, solvency ratios, turnover ratios and dividend ratios constitutes in the framework of analysis. The frame work of analysis contains data analysis by using of SPSS package with applications of ratio analysis and statistical tools of Mean, Standard deviation, Variance, Perspective statistical tools Correlation, Testing of hypothesis, F-test.

Hypothesis of the Study

In this study, the quality of earnings for companies is calculated, categorized and then verified to find out whether or not there is a meaningful difference between the average of return in these companies and their quality of earning. Also, the relationship between the qualities of earning and their return was studied. To achieve: these goals; the following hypothesis were considered:

1. The listed companies on ICICI with different earning qualities have different return of shares. The objective is to see whether or not there is a meaningful difference between the averages of the companies' return considering their categorization. In other words, do companies with high earning quality have a high return of shares, and vice-versa.
2. There is a meaningful and positive relationship between earning quality and return of shares price in the listed companies on ICICI.

VII. ANALYSIS AND INTERPRETATION Earning quality:

This model focuses on the proportion of the operation's cash flow to the operational profit. Based on this model is the higher the cash flow proportion and the higher earning quality.

$$\text{Earning Quality} = \frac{\text{Operational cash flow}}{\text{Operational net profit}}$$

TABLE:1 CORRELATION INDEX OF EARNING QUALITY AND RETURN OF THE COMPANIES DURING THE FIVE YEARS

INTERPRETATION:

Table.1 shows that a meaningful correlation does not exist between these two variables; in other words, there is no relationship between the average of the quality of profit in the companies which were studied during the five year period from 2013 to 2017 and the average of return rate. This means that the increase or decrease of the-quality of profit has not been effective on their return rate. In this results Tata communication company

Dr. Balakrishnan
PRINCIPAL 149

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

data relationship better than others because Tata communication having positive (0.04) result.

CHART.1 CORRELATION INDEX OF EARNING QUALITY

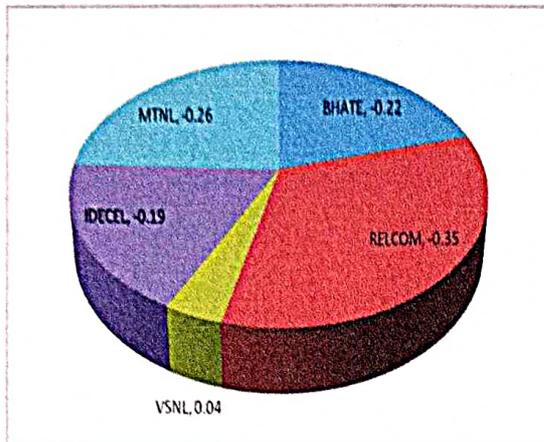


TABLE.2 COMPARISON OF THE AVERAGE OF EARNING QUALITY FOR THE STUDIED COMPANY'S DURING THE PERIOD.

Year	The Average Of Earning Quality (%)				
	BHATE	RELCOM	VSNL	IDECEL	MTNL
2012 - 13	40.60	20.16	9.23	37.24	37.24
2013 - 14	34.81	12.49	28.98	19.18	35.06
2014 - 15	35.64	7.84	18.16	16.75	304.45
2015 - 16	34.76	5.45	22.67	37.98	(299.4)
2016 - 17	27.50	25.50	29.63	15.85	(22.35)
Avg of five years EQ	34.66	14.288	21.73	25.4	14.08

INTERPRETATION:

The implication of these data shows that the different percentages of earning quality. Above the Table shows that Bharti airtel is the highest position in Earning quality and a slight change in Idea cellular remaining Tata communication, Reliance communication, Mahanagar telephone nigram as follow changes.

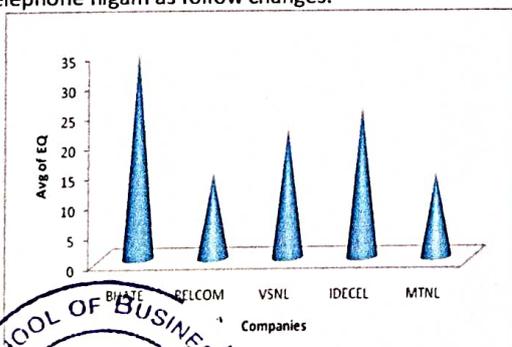


CHART 2 LEVEL OF EARNING QUALITY

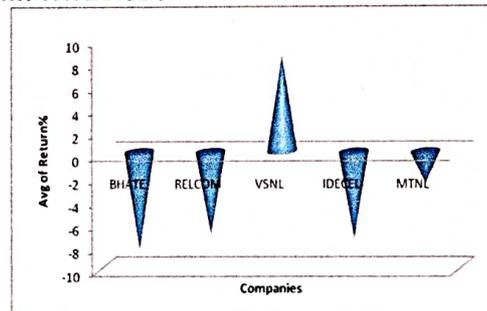
TABLE. 3 COMPARISON OF COMPANIES QUALITY OF THE AVERAGE OF RETURN FOR THE FIVE YEARS.

Variable	Average of Return(%)				
	BHATE	RELCOM	VSNL	IDECEL	MTNL
2012 - 13	(8)	(19)	47	(39)	(34)
2013 - 14	(21)	(50)	37	(28)	1
2014 - 15	(48)	(28)	(53)	3	(29)
2015 - 16	31	76	(16)	16	73
2016 - 17	4	(15)	27	10	(25)
Avg of five years Return	-8.598	-7.2	8.4	-7.6	-2.8

INTERPRETATION:

The different price changes affect the return level for the five year durations. It has implication by the price movements at the market level. Table shows that Tata communication is the up position in Return percentage and remaining, Bharti airtel, Idea cellular, Reliance communication, Mahanagar telephone nigram as down position.

CHART. 4 AVERAGE OF PRICING EFFECTS ON RETURN



Testing of hypothesis

Test of the First hypothesis

Ho: The listed companies in ICICI with different earning qualities do not make different return of shares.

H1: The listed companies in ICICI with different earning qualities make different return of shares.

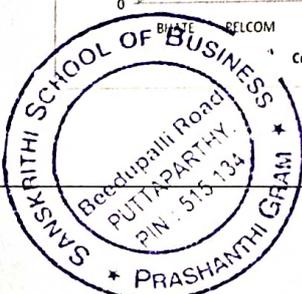
Table. 4

Company code	Mean (EQ)	Mean (Return)
BHATE	34.66	-8.59
RELCOM	14.28	-5.2
VSNL	21.73	8.4
IDECEL	25.4	-7.6
MTNL	14.08	-2.8

F-test:

Calculate F Test for given 34.66, 14.28, 21.73, 25.40, 14.08 and -8.59, -5.20, 8.40, -7.60, -2.80.

Dr. Balakrishna
 Sanskriti School of Business,
 Beedupalli Road, Prashanthigram,
 PUTTAPARTHI - 515134,
 Ananthapuramu (Dt.) A.P.



To calculate F Test

$$F \text{ Test} = (\text{variance of } 34.66, 14.28, 21.73, 25.40, 14.08) / (\text{variance of } -8.59, -5.20, 8.40, -7.60, -2.80)$$

$$= 73.62/46.79$$

$$= 1.58$$

The required F Test value is 1.58.

INTERPRETATION:

In order to determine the quality of profit of the listed companies in the stock exchange market during the five year period (2013 to 2017) and calculate their return of shares, analysis of variance with F-Test was carried out. The companies were categorized into two parts considering their quality of profit. As it is shown, there is no meaningful difference between earning quality and return of shares in the 0.05 level (F=1.58 and P>0.05).

Test of the second hypothesis

The hypothesis that a data set in a regression analysis follows the simpler of two proposed linear models that are nested within each other.

Ho: There is no meaningful and positive relationship between earning quality and return of share prices in the companies of stock exchange market.

Ho: There is a meaningful and positive relationship between earning quality and return of share prices in the companies of stock exchange market.

Table .5

Company code	Mean (EQ)	Mean (Return)
BHATE	34.66	-8.59
RELCOM	14.28	-5.2
VSNL	21.73	8.4
IDECEL	25.4	-7.6
MTNL	14.08	-2.8

1) Linear Regression : Calculate the Linear Regression whose input values are $X = [34.66, 14.28, 21.73, 25.40, 14.08]$ & $Y = \{-8.59, -5.20, 8.40, -7.60, -2.80\}$ Substitute these values.

$$A = Ybar \div \text{Slope} \times Xbar$$

$$= 2.39$$

Linear Regression:

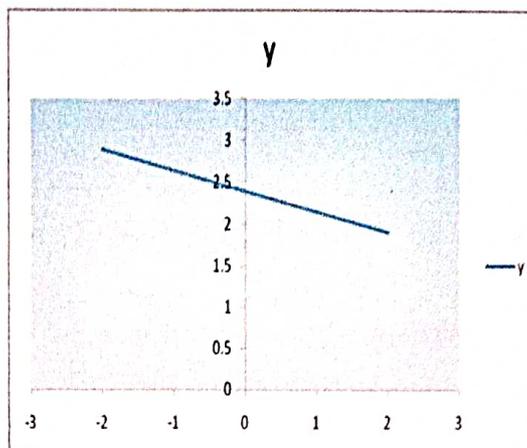
$$Y = A + Bx$$

$$\text{Value} = 2.39 + (-0.25)X$$

INTERPRETATION:

The findings show that the average of returns of the classified companies is not different from the quality of earning. As shown in, there is no meaningful difference between the levels of earning quality and the return of shares the result obtained for the test of the first hypothesis shows that Ho is rejected.

CHART 5 REGRESSION LINE



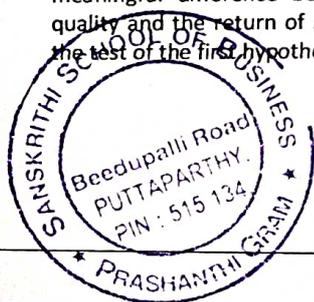
VIII. FINDINGS AND SUGGESTIONS

The Earning Quality affected by net profit proportionate from the cash flow base on the different years. The management may make proper communication of day to day trading information to the clients so that they can clear about the investment decision. The pricing position can't understand by investors and it may be creating the risk so; investors must be link with the reference to agent like ICICI securities.

The Each management may try to improve the EPS by increasing the profitability to the investors. The cash flow level and profit of the company is measure earning quality, so the management may improve the cash flow and profit to an optimum level to meet the contingencies. If we invest high amount in individual security means risk will be more, so we have to invest lesser amount in various securities, it helps to reduce the risk. More opportunities and counseling will be provided to clients by the ICICI securities. Its help to improve the customer level and investments in the market.

XI. CONCLUSION

This research presents an empirical study about the use of different price effects of quality of earnings on different Telecommunication Company. The notion is; since there is no agreed-upon the quality of earnings, one company or one industry cannot be labeled as having low quality of earnings based on market reactions. In another words, the company or the industry can be judged as having low or high quality or earnings only if there is consistency among the results of cash flow. In this research four companies are more fluctuate on the price return but one company have moderate price movements in market. Its shows the quality of the price returns with risk free. This research concludes that the shareholders dealing with the company should analysis for the quality of earning in order to have strong evidence about the level of quality before taking any corrective action or making any decision related to that company. If one company is having low quality of earning in market level but high quality of earnings according to company performance,



Dr. Balakrishnan
PRINCIPAL
 Sanskriti School of Business,
 Beedupalli Road, Prashanthigram,
 PUTTAPARTHI - 515134,
 Ananthapuramu (Dt.) A.P.

References

1. Andaleeb, S. S. (2000). Public and private hospitals in Bangladesh: service quality and predictors of hospital choice. *Health Policy and Planning*, 15(1), 95–102. <https://doi.org/10.1093/heapol/15.1.95>
2. Arasli, H., Haktan, E., Salih, E., Katircioglu, T., Camilleri, D., & O'Callaghan, M. (2008). Gearing service quality into public and private hospitals in small islands: empirical evidence from Cyprus. *International Journal of Health Care Quality Assurance International Journal of Health Care Quality Assurance International Journal of Health Care Quality Assurance Iss Leadership in Health Services An International Journal*, 21(4), 8–23. <https://doi.org/10.1108/09526860810841129>
3. Arun, G., Manjunath, S. J., & Chethan, K. C. (2012). Service Quality At Hospital – A Study Of Apollo Hospital In Mysore. *Journal of Business and Management*, 4(1), 1–7.
4. Duggirala, M., Rajendran, C., & Anantharaman, R. N. (2008). Patient perceived dimensions of total quality service in healthcare. *Benchmarking: An International Journal*, 15(5), 560–583. <https://doi.org/10.1108/14635770810903150>
5. Irfan, S. M., & Ijaz, a. (2011). Comparison of Service Quality Between Private and Public hospitals : Empirical Evidences From Pakistan. *Journal of Quality and Technology Management*, VII(1), 1–22.
6. Jabnoun, N., & Chaker, M. (2003). Comparing the quality of private and public hospitals. *Managing Service Quality*, 13(4), 290–299. <https://doi.org/10.1108/09604520310484707>
7. Johnston, R. (1995). The Determinants of Service Quality - Satisfiers and Dissatisfiers. *International Journal of Service Industry Management*, 6(5), 53–71. <https://doi.org/10.1108/09564239510101536>
8. Nunnally, J. C. (1978). *Psychometric theory*. New York: McGraw-Hill
9. Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric theory* (3rd ed.). New York: McGraw-Hill
10. Pai, Y. P., & Chary, S. T. (2013). Dimensions of hospital service quality: a critical review: perspective of patients from global studies. *Int J Health Care Qual Assur*, 26(4), 308–340. <https://doi.org/10.1108/09526861311319555>
11. Ramanujam P.G (2011). Service Quality in Health Care Organisations: A Study of Corporate Hospitals in Hyderabad. *Journal of Health Management*. 13(2) 177–202
12. Taner, T., & Antony, J. (2006). Comparing public and private hospital care service quality in Turkey. *International Journal of Health Care Quality Assurance Incorporating Leadership in Health Services*, 19(2–3), i–x. <https://doi.org/10.1108/13660750610664991>
13. Yousapronpaiboon, K. (2013). A Comparison of Service Quality between Private and Public Hospitals in Thailand. *International Journal of Business and Social Science*, 4(11), 176–184.

A STUDY OF UNIT LINKED INSURANCE PLANS OF ICICI PRUDENTIAL LIFE INSURANCE

G. Raja Sekar¹, C Eswaramma²

G. Raja Sekar, Assistant Professor, Sanskrithi School of Business, Puttaparthi, g.rajasekhar@live.com, 9581323234.

C. Eswaramma, HR, Krishna Allied Industries Ltd., Mumbai,

ABSTRACT

Over the past years Unit Linked Insurance Plans (ULIP) had emerged as a major player in savings mobilization. Investors had showed keen interest by subscribing to ULIP schemes anticipating higher returns. However, with the global recessionary trend the performance of UUP had been drastically affected. The BSE Sensex which had shot up to 34082 on 27th December 2017. The BSE Sensex which shot up to 21000 points came crashing down and stood at 8335 points (12th March 2009) and had greatly affected the Net Asset Value (NAV) across all the plans of various companies.

The objective of this paper is to study the relation between returns and Sensex, investors' preference for ULIP and Equity, growth and penetration of ICICI Prudential and the performance of some of its ULIP schemes.

The hypotheses guiding this study are:

- 1) H_0 = Fluctuations in stock market do not adversely affect the NAV of UUP
- 2) H_0 = Income of the investors does not affect the fund option selected by the investors.
- 3) H_0 = Age does not affect the preference for type of insurance (traditional or unit – linked) selected by the investors.

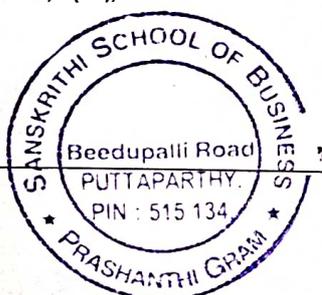
The major finding of this study is that the NAV for equity based fund options moves in tandem with Sensex while for debt based fund options it is not much affected by the movement of Sensex.

Keywords: ULIP, risk-return, Net Asset Value, Sensex

Introduction

Human life is subject to risks of death and disability due to natural and accidental causes. When human life is lost or a person is disabled permanently or temporarily, there is a loss of income to the household. The family is put to hardship. Sometimes, survival itself is at stake for the dependants. Risks are unpredictable. Death/disability may occur when one least expects it. An individual can protect himself or herself against such contingencies through life insurance.

Life insurance is insurance on human beings. Though Human life cannot be valued, a monetary sum could be determined which is based on loss of income in future years. Hence in life insurance, the Sum Assured (or the amount guaranteed to be paid in the event of a loss) is by way of a 'benefit' in the case of life insurance. Life insurance products provide a definite amount of money to the dependants of the insured in case the life insured dies during his active income earning period or becomes



Dr. Balakrishnan
PRINCIPAL

160
Sanskrithi School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

disabled on account of an accident causing reduction/complete loss in his income earnings.

Unit Linked Insurance Plans (ULIP)

ULIP are a category of goal-based financial solutions that combine the safety of insurance protection with wealth creation opportunities. In ULIPs a part of the investment goes towards providing you life cover. The residual portion of the ULIP is invested in a fund which in turn is invested in stocks or bonds; the value of such investments alters with the performance of the underlying fund chosen by the policyholder. The dynamics of the capital market have a direct bearing on the performance of ULIP. Thus, in ULIPs the investment risk is generally borne by the investor.

Statement of Problem

ULIP is of recent origin. Over the last few years ULIP have emerged as major players in savings mobilization. Investors have been showing keen interest by subscribing to various ULIP Schemes anticipating higher returns and capital gains.

The year 2008 had witnessed the global recessionary trend, whereby the performance of ULIP had been drastically affected. The BSE Sensex which shot up to 21000 points came crashing down and stood at 8335 points (12th March 2009) and had greatly affected the Net Asset Value (NAV) across all the plans of various financial institutions.

There is a relationship of ULIP returns to the general economic environment that directly affects the investors. Considering these factors the study intends to analyze the Performance of Unit Linked Insurance Plans of ICICI Prudential.

Literature Review

Padmavathi V. in her article "ULIP and Risk management" states that ULIPs are selling well. LICs premium from sale of ULIP has grown by 293% in 1st quarter of 2005-06 as compared to last year. For ICICI Prudential 60% of the premium constitute from ULIP. The paper goes on to explain the concept of risk management and prominent role played by insurance in the same. The paper makes a comparative study of risk-return in traditional insurance plans and ULIP plans.

Lubos Pastor and Robert F. Stambaugh (2008) in their paper titled "Are stocks really less volatile in the long run?" find that stocks are more volatile over long horizons. For a 30-year time horizon, it was found that return variance per year was 21 to 53% higher than the variance at a one year time horizon.

Mihir Dash along with Lalremtluang C, Snimer Atwal and Supriya Thapar in their paper titled, "A study on risk-return characteristics of life insurance policies" observe that endowment plans have higher rate of return with mortality incorporated, while for unit-linked investment plans, the rate of return is higher when it is treated purely as an investment instrument.

Achintya Mandal (2008-09) in his paper, "Overview of Indian Insurance market in post-liberalisation era – growing challenges and opportunities and the Fight for FDI". The opening up of insurance sector in 2000 allowed private players into the market. The foreign players

could also enter the market with limit of 26% on direct ownership. The aggressive marketing strategies adopted by the private and foreign players have expanded the market for insurance. As a result of this even though the share of PSUs is larger than their private counterparts, the percentage of market share is coming down.

News release by Swiss Re Sigma study (2003) on "Unit linked life insurance in Western Europe regaining momentum" said that the surge in equity market helped to provide good returns as a result of which ULIP became popular investment tools during 1990s. The share of unit linked business grew from 21% to 36% between 1997 and 2001. Falling markets reduced the demand for ULIP in 2002 but the introduction of capital protection features helped them to the path of recovery.

Karuna K (2009) in her article appearing in 'Insurance Chronicle' titled 'Relevance of ULIPs as a good investment tool' observes that traditional life insurance plans offered by LIC took care of only the insurance needs of people. However, with the ever changing demands of customers a new product called ULIP was launched which combines the benefits of insurance, investment and tax benefits. It observed that ULIPs are better suited to investors who have 15-20 years as their time horizon. This helps to spread the expense over the longer period and reap the benefits.

Scope of Study

ICICI Prudential Life Insurance Co offers Life Insurance and Medical Insurance plans. Life Insurance plans are issued by the company in the following categories:

- 1) Education solutions
- 2) Wealth creation plans
- 3) Premium guarantee plan
- 4) Protection plans
- 5) Retirement plans.

The protection plans are purely traditional life insurance plan and hence is beyond the scope of this study. The researcher has taken one unit linked plan from each category as follows:

- a. Education solutions – Smart Kid New Unit linked Regular Premium
- b. Wealth creation plans – ICICI Pru Life Stage Assure
- c. Premium guarantee plans – InvestShield Cash Bak
- d. Retirement plans – Life Stage Pension

The researcher studied performance (i.e. NAV) of above for the period 1st January 2014 to 30th June 2017 at monthly intervals

Objectives of Study

- 1) To study the growth of ICICI Prudential Life Insurance since its inception
- 2) To study the penetration of ICICI Prudential Life Insurance vis-à-vis that of its competitors over the period of 10 years from 2007-06 to 2016-17
- 3) To study whether return of ULIP is related to stock market return
- 4) To study investors preference for ULIPs and Equity

Research Methodology

Data Collection

The study had used both primary and secondary data.

Dr. Balakrishnan

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



❖ **Primary data** was collected from investors by questionnaire method. The study area refers to Kadapa, Madanapalle and Puttaparthi. Data was collected from 300 investors which consisted of 195 from Kadapa, 75 from Madanapalle and 30 from Puttaparthi.

❖ **Secondary data** was collected from books, journals, websites (www.icicprulife.com, www.bseindia.com, www.irda.org, www.swissre.org, www.ssrn.org, www.rbi.org, www.mospi.gov.in, www.traderji.com), articles and annual reports.

Hypotheses

- 1) H_0 = Fluctuations in stock market do not adversely affect the NAV of ULIP
- 2) H_0 = Income of the investors does not affect the fund option selected by the investors.
- 3) H_0 = Age does not affect the preference for type of insurance (traditional or unit – linked) selected by the investors.

Statistical Tools for Analysis

The collected data were analysed through:

- 1) Net Asset Value (NAV)
- 2) Karl Pearson's Coefficient of Correlation
- 3) Chi-square Test

Results and Discussions

Growth of ICICI Prudential Life Insurance

ICICI Prudential Life Insurance Company today announced that it has increased its capital base by another Rs 50 crore, taking the total paid-up equity capital to Rs 375 crore, ICICI Bank holding 74% and Prudential plc holding 26% of the shares. Its growth since incorporation is measured in terms of the following parameters:

- 1) Number of new policies
- 2) Premium income – including first year premium, renewal premium and single premium.
- 3) Sum assured on basic policy
- 4) APE – annualized premium equivalent. The premium collected by the life insurance company is in the form of regular premium and single premium policies. The single premium policies involve the payment of premium only at the commencement of policy. Thus, the total premium collected by a company includes regular premium paid by the policyholder for one year and single premium paid for a tenure depending upon the duration of the policy. The comparison between different companies on the basis of such figures may not give a fair picture of the position of the company. Hence annualized premium equivalent is calculated which normalizes the single premium payments to recurring premium payment equivalent. This helps in comparison of sales accurately.

Table 1: Growth of ICICI Prudential since inception (Rs. Crores)

Year	No. of new policies ('000)	Premium income	APE
2008	98	116.3	68
2009	244	417.6	253.5
2010	436	989.3	706.2
2011	615	2363	1256
2012	838	4261	2163

2013	1960	7913	4381
2014	2913	13561	6519
2015	2637	15356	5302
2016	1762	16532	5345
2017	2637	17881	3975

Source: Annual Reports of ICICI Prudential from 2007-08 to 2016-17

From Table 1 it can be observed that the number of new policies has shown a steady increase till 2014. In 2015 on account of fall in the stock markets and global recession it decreased by 9.5%, while in 2016 it decreased by 33.18%. However, premium income increased by 13.24% and 7.14% during the same period. This could be on account of the top-ups paid by the policy holders and high sum assured policies sold during the year. The annualized premium equivalent increased 15 times in 2008, 2.7 times in 2009 and by 48% in 2013. This amount then reduced by 18.67% in 2014 and in 2017 it stood at Rs. 3975.

For the year ending 31st March 2016 the total new business premium received by the company is Rs. 7862crores as compared to Rs. 6334 crores in the preceding year. It has underwritten over 12.74 million policies since inception and has assets under management (AUM) of over Rs. 68150 crores.

Penetration of ICICI Prudential Life Insurance in Life Insurance Industry

LIC of India is the market leader amongst all life insurers all through the 10 years (Table 2). However, its share is coming down over the year with the entry of private players. ICICI Prudential was the market leader with 92.59% share amongst the private life insurance companies. As more and more players entered the life insurance market, share of ICICI Prudential came down to 42% in 2007-08 and stood at 20.83% in 2014-15. (Table 3)

The private life insurers have played a major role in increasing the popularity of linked plans. Of the total business, 82.3% was contributed by ULIPs and rest by way of traditional plans. They consolidated their position in 2012-13 by increasing it further to 88.75% and 90.33% in 2013 – 14.

LIC which predominantly sold the traditional plans had only 29.76% of its overall business coming from ULIP. However, with the growing popularity they also introduced new policies which helped them to increase the share of linked business to 62.31% in 2013-14.

Thus, for the industry as a whole the linked business accounted for around 70% of total business in 2013-14. (Table 4)

Performance evaluation of four unit linked insurance plans

To analyze the performance, Karl Pearson's coefficient of correlation is calculated by taking into consideration the independent variable - BSE SENSEX as variable 'X' and the dependent variable - NAV under the scheme for various fund options as variable 'Y'. (Table 5)

Hypothesis – 1:

H_0 = Fluctuations in stock market do not adversely affect the NAV of ULIP

Dr. Balakrishnan
PRINCIPAL



The NAV under Equity based fund options e.g. flexi-balancer, flexi-growth, maximiser, multiplier and R.I.C.H were approximately 0.99. Hence, we can say that the fluctuations in stock market will adversely affect the NAV. The upward movement in Sensex will increase the NAV under equity based options and vice-versa. Thus, the hypothesis was rejected.

However, the NAV for Debt based options like preserver, protector and Invest Shield Cash back was showing a consistent increase over a period of time irrespective of movement in Sensex. Hence for debt based fund options we can say that a fluctuation in stock market does not affect the NAV. Hence the hypothesis was accepted.

Summary of Findings and Conclusion

Investors' preference for ULIP and equity

65.67% of the investors were males.

1) 88% of the investors' age was less than 45 years indicating that ULIP is a popular investment tool among the young people.

2) Nearly 62% of the investors were employed while only 13.67% of the investors who were involved in their own business have unit linked insurance plans.

3) 70% of the investors were earning less than Rs. 30000 p.m. The unit linked insurance plans is not popular among high net worth individuals i.e. those earning more than Rs. 45000 p.m. as only 16% had invested in it.

4) 36.67% of the investors save less than 20%, 43% save between 20 to 40% of their annual income and balance 20.33% save more than 40% of their annual income.

5) Only 16% of the investors were ready to take risks when it comes to investing the money, while nearly 27% were absolutely not interested in taking any risk.

6) Apart from ULIPs, bank deposits, public provident fund were popular investment avenues selected by the investors. Two-third of the investors had bank deposits, while 50% have PPF a/c.

7) ICICI Prudential Life Insurance Co. Ltd is the market leader in the unit linked plans market as can be seen from the survey of 300 investors. Here 41.33% of the investors have insurance plan with this company and only HDFC Standard life Insurance Co. Ltd with 14.33% and Life Insurance Corporation of India with 13% have double digit market share.

8) 60% of the investors are investing in ULIP to get the benefits of capital appreciation. The other popular reasons are children education and retirement planning.

9) Brand image is the most important factor which affects the decision-making process while choosing among various competing brands of unit linked insurance plans.

10) Equity based fund options like R.I.C.H, flexi-growth, multiplier and maxi miser have found favour with 75.67% of the investors and only 24.33% of the investors go in for balancer, protector and preserver fund options. This shows that majority of the investors are ready to take risks and reap the benefits of capital appreciation.

11) Only 53% of the investors choose the switch option between various funds. Thus, it can be said that there is an equally high percentage of investors i.e. 47% that do not switch their funds.

12) 61.67% of the investors said that that allocation charges are average and 27% said that it was very high. Only 11.33% investors feel that the charges were very low.

13) 54.33% of the investors had the opinion that returns on their investment in linked insurance plans is average.

Hypothesis - 2:

Income of the investors does not affect the fund option chosen by the investors. For this we consider that the investors whose income is more than Rs. 30000 prefer funds having more of equity.

Ho = Income level does not affect the fund option selected by the investors. (Table 6)

$\chi^2 = 2.78$

χ^2 at 5% level of significance for 1 d.f. = 3.841

The calculated value is lesser than the tabulated value. So, the null hypothesis can be accepted.

Hence, we can conclude that the relation between the variables income of investors and the fund option chosen by them are not significant and the factors are independent.

Hypothesis - 3:

Age of the investors does not affect the type of insurance policy chosen by them. For this we assume that those investors whose age is less than 30 years prefer unit linked insurance plans as compared to traditional insurance plans.

Ho = Age does not affect the preference for type of insurance selected by the investors. (Table 7)

$\chi^2 = 3.764$

χ^2 at 5% level of significance for 1 d.f. = 3.841

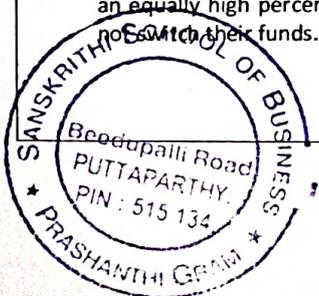
The calculated value is lesser than the tabulated value. So, the null hypothesis can be accepted.

Hence, we can conclude that the relation between the variables age of investors and preference for type of insurance are not significant and they are independent.

Conclusion

The study was conducted to study the performance of ULIP of ICICI Prudential Life Insurance Co Ltd. It was found that the schemes where the investors have chosen equity based fund the returns are directly proportional to the stock market. However, the debt based fund has shown increasing returns over the time. They are neutral to the volatility shown by the stock market.

The survey showed that around 40% of the investors had invested in ULIP of ICICI Prudential Life Insurance Co Ltd. The company's brand image has captured the attention of investors incities. The primary objective for investing in such plans was found to be capital appreciation and children education. The investors found the allocation charges to be average and the consequent returns also to be average. It was observed that the switch option was not exercised by nearly half the investors. Thus, it can be said that the investors are not monitoring their investment properly. The investors have to understand the working of ULIP in a better way to maximize their returns.



INDIVIDUAL
Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

Limitations

1. NAVs were considered on monthly basis. Daily NAVs or weekly NAVs would have given more precise result for the study.
2. The time period considered for performance of schemes was January 2014 to June 2017 i.e. 42 months; a larger period could have ensured coverage of a full market cycle.
3. The study was limited to the cities of Madanapalle, Kadapa, Puttaparthi.

Scope for Further Research

1. Comparative study of performance of public and private sector in unit linked insurance plans.
2. Comparison of returns of various schemes of ICICI Prudential since inception.
3. Returns on unit linked insurance v/s. returns on traditional insurance.

References:

Books:

- 1) Cooper Donald R., *Business Research Methods*, New Delhi, Tata McGraw Hill Education Private Limited, 2009
- 2) Gupta, S. P., *Statistical Methods*, New Delhi, Sultan Chand & Sons., 2008.
- 3) Kothari, C.R., *Research Methodology Methods and Techniques*, New Delhi, New Age International Pvt Ltd, Publishers., 2004.
- 4) Shajahan, S., *Research Methods for management*, Mumbai, Jaico Publishing House., 2006.

Articles:

- 1) Dash Mihir, Lalremtluangic C, Atwal Snimer, Thapar Supriya, 'A Study of Risk-Return characteristics of life insurance policies', *Social Science Research Network*, 12 November 2008, <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=%201303350>
- 2) Padmavathi V, 'Unit linked insurance Policies (ULIP) and Risk Management', *International Institute for Insurance and Finance*, 6 April 2014, <http://www.iiif.ac.in/faculty-research>
- 3) Dr. Liebuein Peter, 'Some thoughts on Risk Modeling in Insurance Companies', *Social Science Research Network*, 11 May 2009
- 4) Kansal Pradeep, 'Solvency Margin in Indian Insurance Companies', *The Chartered Accountant*, June, 2004, p. 1352-1354
- 5) Lubos Pastor and Robert F. Stambaugh, 'Are Stocks really less Volatile in the Long Run?', *Social Science Research Network*, 22 May 2016,
- 6) Mandal Achinya, 'Overview of Indian Insurance Market in Post-Liberalization era – Growing Challenges and Opportunities and the Fight for FDI', *Insurance Institute of India*, 2008-09,
- 7) Karuna K, 'Relevance of ULIP as a good investment tool', *Insurance Chronicle*, May 2016, Vol – IX Issue – V, p 43-46
- 8) Dr. Kannan R., Mr. Sharma K. P, Mr. Rao A V., Mr. Sarma S K., 'Indian Life Insurance Industry – Lapsation and its Impact', *IRDA Journal*, January 2013, p 11 -14.

- 9) 'Unit linked life insurance in Western Europe: regaining momentum', *Social Science Research Network*, News Release.

Reports:

- 1) Annual reports of Insurance Regulatory and Development Authority 2007-08 to 2016-17
- 2) Annual reports of ICICI Prudential Life Insurance Company Ltd 2007-08 to 2016-17

Periodicals:

- 1) IRDA Journal, Hyderabad
- 2) Insurance Chronicle,
- 3) Ensure, Mumbai
- 4) Intelligent investor, Mumbai

Newspapers:

The Times of India
The Indian Express
Economic Times

Websites:

www.iciciprulife.com
www.bseindia.com
www.irda.org
www.swissre.org
www.ssrn.org
www.rbi.org
www.mospi.gov.in
www.traderji.com
www.economictimes.indiatimes.com
www.insuranceinstituteofindia.com
www.iiif.ac.in

APPENDIX I

FINANCIAL INFORMATION

Table 2: % Comparison of Premium received by Life-Insurers for ten years

Year	LIC of India	Private Sector	TOTAL
2007 – 08	99.98	0.02	100
2008 – 09	99.46	0.54	100
2009 – 10	97.99	2.01	100
2010 – 11	95.32	4.68	100
2011 – 12	90.67	9.32	100
2012 – 13	85.75	14.25	100
2013 – 14	81.90	18.10	100
2014 – 15	74.39	25.61	100
2015 – 16	70.92	29.08	100
2016 – 17	70.10	29.90	100

Source: IRDA Annual Report 2016-17



Dr. Bala K. R. S.
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

Table 3: Premium received by Private Sector Life Insurance Co. and Share of ICICI Prudential

Year	Rs. In Crores		% Share of ICICI Prudential in the Private Sector
	Private Sector	ICICI Prudential	
2007-08	6.45	5.97	92.59
2008-09	272.55	116.38	42.70
2009-10	1119.06	417.62	37.32
2010-11	3120.33	989.28	31.70
2011-12	7727.51	2363.82	30.59
2012-13	15083.54	4261.05	28.25
2013-14	28242.48	7912.99	28.02
2014-15	51561.42	13561.06	26.30
2015-16	64497.43	15356.22	23.81
2016-17	79373.06	16531.88	20.83

Source: IRDA Annual Report 2016-17

Table 4: Comparison of unit-linked and non-linked life insurance business for three years

	Unit-linked business (%)			Non-linked business (%)		
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Private	82.3	88.75	90.33	17.7	11.25	9.67
LIC	29.76	46.31	62.31	70.24	53.69	37.69
Industry	41.77	56.91	70.3	58.23	43.09	29.7

Source: IRDA Annual Report 2016-17

Table 5: Summary of Karl Pearson's Coefficient of Correlation under various fund options

Type of Fund	Smart Kid	Life Stage Assure	Life Stage Pension	Invest Shield CashBak
Balancer	0.881	0.885	0.903	Not applicable
Flexi-Balancer	0.944	0.948	0.966	Not applicable
Flexi-growth	0.989	0.988	0.989	Not applicable
Maximiser	0.985	Not applicable	0.991	Not applicable
Multiplier	0.994*	0.994**	0.992	Not applicable
Preserver	0.583	0.583	0.573	Not applicable
Protector	0.576	0.574	0.558	Not applicable
R.I.C.H.	0.980	0.980**	Not applicable	Not applicable
Return guarantee fund	0.921*	Not applicable	Not applicable	Not applicable

Investment CashBak	Not applicable	Not applicable	Not applicable	0.567
--------------------	----------------	----------------	----------------	-------

Source:

Calculated on basis of NAV from 1-1-2014 to 30-6-2017

* Calculated on basis of NAV from 31-12-2014 to 30-6-2017

** Calculated on basis of NAV from 31-3-2014 to 30-6-2017

Table 6: Relationship between Income of investors and type of fund option (Equity and Debt)

Income of investors	Equity based fund option (α)	Debt based fund option (β)	Total
Less than or equal to Rs. 30000 (A)	154	57	211
More than Rs. 30000 (B)	73	16	89
Total	227	73	300

Source: Survey Data

Table 7: Relationship between age of investors and type of insurance plan (observed frequencies)

Age of investors	Only unit linked insurance plan (α)	Both types of insurance (β)	Total
Less than or equal to 30 years (A)	71	44	115
More than 30 years (B)	93	92	185
Total	164	136	300

Source: Survey Data

Dr. Balakrishna

PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

Human Capital Development in the Insurance Industry

S.Md. Karimulla Basha

Head of the Department, Sanskrithi School of Business,
Puttaparthi.

(Email: k4karim@gmail.com Mobile: +91-8008453796)

Abstract

The insurance industry is a fundamental pillar on which the economic health of a nation stands and the challenges in the workforce are paramount to the organization's progress. While business capital has generally been defined in three parts – financial, technological, and human – there has been heightened attention placed recently on the issues of human capital in global markets. A healthy insurance industry can be developed and sustained only with excellent Human Capital Management. To understand the various factors that tug, heave, prod and push the insurance industry, it is necessary to understand it from Michael Porter's seminal work. 'The Five forces Model', an analysis is provided in this paper to offer a wider perspective on the various challenges that the insurance industry facing at present.

Key words: Insurance, Human Capital Development, Michael Porter's five forces model, ROI on talent

Introduction

Virtually all organizations around the world recognize the importance of people in the successful conduct of business hence the new trend of classifying employees as assets or human capital. In the old economic order, land and capital occupied eminent positions among the factors of production while Labour was essentially required to transform the input of equipment and materials to things of value for use by the market. This situation

brought about the laying of emphasis on the manual worker and the conditions of work prevailing at the material time. The economic and social gains of the 20th century projected Frederick Taylor's principles of scientific management into limelight as he propounded a basis for the measurement of the productivity of the manual worker. Following series of steps beginning with observing the task involved and analyzing its constituent motions, recording each motions and eliminating those not needed, Taylor

Was able to offer management a way of determining effective methods of achieving greater productivity though it took him twenty years of experimentation to work this out.

Why insurance is important?

The insurance industry plays a pivotal role in the development of nation's economy. A healthy insurance industry provides the following advantages;

7. Coverage against risks like natural disasters, arson, riots, breakdowns etc. that could demote economic

progress. Freak weather instances like Tsunamis, storms, cyclones, earthquakes etc are increasingly being common. The existence of healthy insurance industry will help the nations and individuals to recover economically and psychologically from catastrophes.

8. Sources of funds to spur investment in critical sectors like infrastructure. Premium mopped up from the market is channelized into constructive investment like infrastructure which contribute to developing the capital markets

9. Stimulation of risk taking and entrepreneurship which is the engine of all economic growth. No industry can possibly exist without the security offered by insurance firms, with regards to the risk coverage of their operations.

10. Sources of FDI which would be of permanent nature unlike quick flight equity investment inflows.

11. Occupy the void left by the governmental agencies, in providing quality health care to citizens at affordable prices.

12. Wealth creation and improved quality of risk management by participation of insurance derivatives on the bourses.

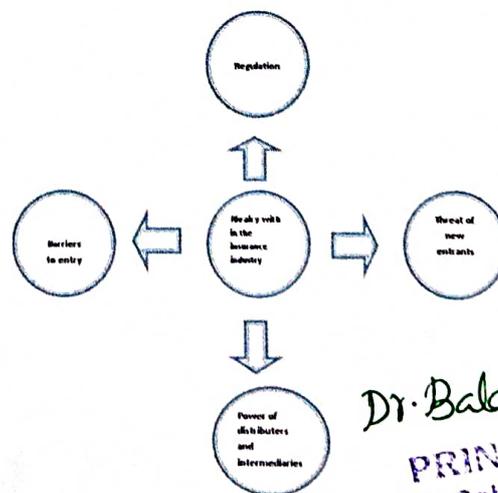
Thus, the insurance industry is a fundamental pillar on which the economic health of a nation stands and it is of paramount importance to have vibrant and strong insurance industry.

Michael Porter's five force Model

The five-force model was developed in 1979 by Michael E. Porter, a highly acclaimed strategist and professor at the Harvard Business School. The model is used to identify and analyze forces that affect an industry. According to the model, companies must evaluate the opportunities available and threats posed by present competitors, prospective competitors, the availability of substitute products in the market, and the bargaining power vested with its customers and suppliers.

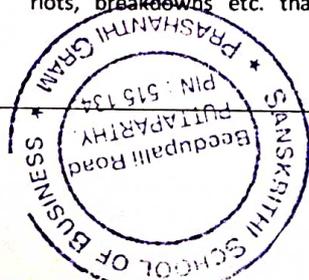
Understanding the insurance industry through Michael porter's five forces model:

Let us study the insurance industry from one of Michael porter's seminal works, the 'Five Force' frame work.



Dr. Bala K. Raju
PRINCIPAL

Sanskrithi School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515184,
Ananthapuramu (Dt.) A.P.



Rivalry Existing Within the Industry

The current competition amongst insurers is extremely aggressive because of the factors below.

▪ **Multiple Players pursuing similar strategies:** Insurers are under pressure to justify the huge investments made into their business. Because there is a long gestation period to period to break even, companies are focused on grabbing market share, leading to premium undercutting.

▪ **Lack of perceived differentiation among service providers:** Demarcation in a commoditized industry like insurance is extremely difficult with everyone selling a promise.

▪ **There are insignificant buyer switching costs:** Insurance is a commoditized business and only customer service provides an option to differentiate. But customers requiring claims service are generally few and far between and it is of no great benefit to customer to choose insurer X over insurer Y, unless a price arbitrage is involved.

Government Regulation

The insurance industry is among the most regulated and the intensity of regulation in the wake of the financial crisis of 2008 is only expected to increase.

▪ Increasing share capital and adequacy ratios are being demanded by the regulators.

▪ Rising consumer activism has given publicity to the commission structure being enjoyed by agents producing insurance policies. Greater scrutiny is posing questions of the agency model of distribution.

▪ Consumer activists are demanding simplification of wordings and forcing insurers to take a lenient view of claim occurrences. In most countries, the judiciary gives verdicts in favor of the insureds.

▪ Large scale protests for greater representation in business is getting increasingly vociferous.

Threat from new entrants:

The insurance industry in Asia is amongst world's most keenly watched sectors. Almost all the world's leading insurers and brokers are keen on tapping into the China and India success stories. Insurers who globally are facing a slowdown would be interested in establishing their presence in the emerging markets.

Newer entrants to the industry will bring with them a fresh management perspective, adding to the dynamism of the market. Product specialists will enter fray and with newer competitors, severity of competition will move to a higher plane with the strongest left standing. Expect inorganic growth activities to show an uptake!

Barriers to Entry

Insurance is an industry with exceptional entry barriers. Some of them are:

Regulators stipulate that every insurer has to have very high paid up capital for setting up business. This is a very high deterrent and implemented to bring in only the serious players into the industry. The high entry barriers simultaneously directly creates formidable exit barriers as no company can afford to write off such investments.

Insurance is based on the law of large numbers. Hence, insurers focus on building large risk portfolios. This requires expansive distribution mechanisms like branches, agents, cooperative societies, online channels, banc assurance and the like. Building huge distribution options requires investment of time, funds and reputation and constitutes imposing entry barriers.

The learning curve in the insurance industry is steep. As there are differences between regions and countries, it may take a few years before multinational insurers can really get grip on the local markets. With the host of new age liability risks the learning curve is expected to move to a higher slope.

With fierce competition within the industry, entrenched players will provide a hostile reception to new entrants. The threat of retaliation will inhibit less serious forms from embarking on insurance ventures.

The insurance industry does not have patented products and services and neither does it involve proprietary technology. The presence of me-too services will make the sector all the more unattractive to new entrants.

Insurance being a critical sector, posing socio-political ramifications will be subject to active regulation and scrutiny. Insurance regulation must be kept in mind by firms wishing to enter the insurance arena.

Power of distributors and intermediaries

Globally, a major portion of insurance business gets placed through intermediaries. Intermediaries like brokers represent the interest of the clients and thereby possess significant power. Banc assurance channels pose the threat of backward integration. Of late, a number of banks have decided to float insurance companies of their own. As banks have a lot of financial dealings with the customers, they find that it makes sense to incorporate insurance within the bouquet of offerings they provide. The nature of distribution and intermediation is changing, with technology being a prime mover. Call centers, internet channels, vehicle dealerships, non banking finance partners are some of the newer intermediation partners entering the distribution mix of most companies.

Challenges facing the insurance industry in Asia and MENA regions:

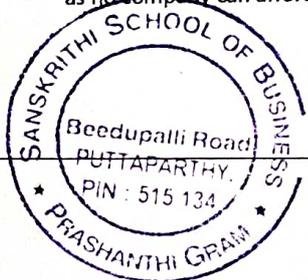
A brief sketch of the major challenges facing the insurance industry in the Asia and Middle East and North Africa (MENA) regions.

- Regulatory action
- Reduced investment income
- Talent dearth
- Political unrest
- Natural catastrophes
- Rising shareholder expectations and short shelf life CEOs.

Regulatory action

The impact of regulatory action is seen along the following parameters:

Cost: the cost of compliance is shooting up, with diversion of key talent and resources, to dealing with regulatory requirements. Attached to this is the



Dr. Balakrishna
Principal

Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

opportunity cost of missed deal making, as a result of such requirements.

Nationalization of workforce: increased political unrest across the MENA region has spurred regulators to further increase the nationalization percentages of the workforce. This brings with it added recruitment and training costs that will add burden on a beleaguered industry.

Capital adequacy ratios: are expected to rise in the insurance market and further add to the costs of running an insurance business.

Reduced investment income

The ability of insurers to earn sufficient investment income to remain profitable and meet their liabilities remains a concern, because of combination of economic recession, historically low interest rates and the new sovereign debt fears (especially in Europe) has cut float returns at a time when insurance sales are facing pricing pressure. With the return of inflation, profitability concerns abound.

Talent dearth

The insurance industry is plagued by a shortage of skilled staff. The best minds in college do not look upon insurance as an exciting career opportunity. The stock markets and investment banking options look more glamorous and turbocharged to them. The insurance industry has collectively failed to market itself as an intellectual, fun filled and exciting place to be in. The stars of the industry are drawn into the business more by fortune than design. Unless this situation is addressed, the insurance industry could slip into becoming a breeding ground of mediocrity.

The difficulty of attracting and retaining the best minds in the insurance business is further magnified by the intense competition in the market place that distracts management from articulating and implementing human capital development programs.

Political unrest

Maoist movements, insurgencies, terrorist activities, rioting etc. will inevitably lead to fluctuations in the insurance markets. The retail insurance market is heavily dependent on income levels and political unrest does not bode well for growth in the short term.

Natural catastrophes

Flooding in Saudi Arabia, Pakistan, Philippines and India, severe cyclones in Oman, earthquakes in Japan, twisters in the US, landslides, tsunamis and hurricanes are occurring with alarming frequency. The insurance industry has modeled its pricing based on the remote occurrence of such natural catastrophes. Such tail events are now entering into the body of the normal curve, thereby creating scenarios where existing risk management methods are providing inadequate.

Because of a plethora of companies offering the same standardized products, the intensity of competition is severe and the chances of increasing premiums are reduced. As a result, the margins maintained for Nat Cat perils are low and reinsurers find such books unattractive.

Rising shareholder expectations and short shelf life of CEOs:

Shareholder expectations are one of the most pressing concerns for the CEO of any insurance company. Though insurance by its very nature takes a long time to break even (seven years for most mid-sized companies), there are increased calls from shareholders who require the breakeven period to be brought down. It is becoming increasingly difficult for companies to establish a long term 'human Capital Development' program, when the CEO's of some companies have a 2-4 year shelf life.

Why is human capital development important?

Clearly, the insurance industry can test the limits of leadership ability. Pricing pressure, increased competition, lack of proprietary assets, high exit barriers, and evolving nature of risks, changing distribution models, low differentiation, and regulatory action, reduced investment income, easy mobility of talent etc, are making it difficult for insurers to show consistent profits.

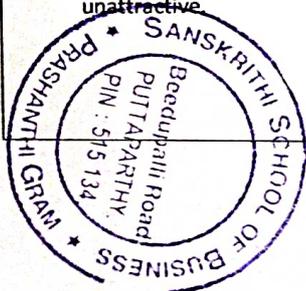
In such a scenario, does 'Human Capital Development' matter? Are businesses so tied to 'Human capital Development' that good results are not feasible in the absence of it? Is there evidence to support the fact that good results are tied to good 'human Capital Development'? Is 'human capital Development' to be deployed only during good times and to be discarded otherwise? Does 'Human Capital Development' enable business to sustain performance in the long term?

As reported in fast Company (August 1998), in a study conducted by McKinsey and company – involving 77 companies and almost 6,000 managers and executives – the most important corporate resource over the next 20 years will be talent: smart, sophisticated business people who are technologically literate, globally astute, and operationally agile. The study has gone on to find acceptance in all industries across all parts of the world and is called, 'The War for Talent'.

How does human capital development make a case for itself?

Human Capital Development when properly executed will add to the bottom line in the following ways:

Building the brand: Human Capital Development has the potential for a company to improve its corporate brand in the perception of the industry peers, customers, employees, potential recruits and regulators. Companies like GE and IBM are globally renowned for the extensive leadership training that they provide their employees. Tata Consultancy Services (TCS) runs a huge employee Learning and development centre that set the standard for in-house training in the Indian IT sector. It is believed that an employee, who has gone through the intensive TCS residential training program, has an edge over peers who have not had similar benefit. Insurance companies need to take a cue and approach HR initiatives from a brand building angle. Should insurance companies not have the equivalent of the McDonald's university for learning and development? As Ray Kroc, founder of McDonald's, once said, "If we are going to go anywhere,



Dr. Balakrishna
171
Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

we've got to have talent. And I'm going to put my money in talent."

Aligning talent strategy to business strategy

Human capital Development Initiatives, when they focus on talent through the prism of organizational strategy, will be able to deliver improved business results. For this to happen, HR needs to get into the skin of role requirements and be absolutely clear on the kind of personality traits that will be required of the person, to be successful in the various roles across the organization. If training can be used to bridge the gap, then it must be implemented at the earliest. Once the requirements are frozen, expensive recruiting and training errors can be more easily avoided. The Aditya Birla group identifies training requirements of employees by the cadre to which they belong and specialized development programs are arranged for the employees to improve the quality of their work output. Among other factor, their Human capital management initiatives propellers the Aditya Birla Group, to the rank of 'India's Best Employer' in 2007, as per a finding conducted by Hewitt Associates.

Improved role on talent

A strategic approach to Human Capital Development will make HR less of an administrative function and a more strategic operation. With Human Capital Development initiatives, HR will generate information on the Return on Investment (ROI) on talent and how best it can be improved.

The best insurance companies are going to be defined, not by innovativeness of products or IT structures or the nature of regulation and competition. Instead, the best insurers will be defined by their ability to obtain, engage and retain the right people. Thereby the case for the Human capital Development in Insurance companies is established

Constituents of Human Capital Development

Human Capital Development is not to be found within the silos of the HR department, nor in the accounting books, the company pantry, the birthday parties or annual employee fashion week. It cannot be found in vision and mission statements or CSR activities. Human Capital Development is invisible glue, but in companies where it exists, it permeates the entire organizational DNA and is ubiquitous. It can be found in sales, Marketing, HR, Admin, R&D, Technical Team, Shop floor, CEO office and in each and every action taken by the company.

A particular set of processes cannot be called Human Capital Development. But we can surely say, that in organizations where the below factors are to be found over an extended period of time ,Human capital Development finds fertile breeding ground to breathe, live and flourish. We call them HCD Factors are:

- Right leadership
- System over individuals
- Getting the right people On Board
- 360° Transparency

Right leadership

Great leaders understand that Human Capital Development cannot be a set of rules systems and processes that are to be imposed on a working population. Instead good Human Capital Development starts with getting the right people on board, making sure that they stay engaged and letting of wrong sort of employees.

Human capital Development starts with answering the following questions and making sure that they are implemented rigorously across all sections of organization hierarchy during the talent selection process.

- What types of people will help our organization succeed?
- Why would the best people we need for business want to work here?
- How should we treat our people so they deliver peak performance?

Boards of insurance companies will need to remember that quarterly financials are only the score cards of the game and not the end game itself. If a soccer team changes its captain every season, then you know where the team is headed.

The right leadership matters and equally important is the support and tenure of time extended to the right leadership to engineer results. Unless leaders are given time and room to generate business results, they will not be in a position to nurture "Human Capital Development within their companies.

System over Individuals:

Good companies and governments ensure that the rule of the law is supreme and no one is allowed to get away from a breach of rules, no matter how they are placed in the hierarchy.

One of the examples of 'system over individual' that comes to mind is the legend of King Manunndehi Chozhan, who ruled ancient Tamil Nadu, a state in the southern most part of India. The king had hung a bell outside his palace which could be rung by anyone who had a grievance and wanted justice.

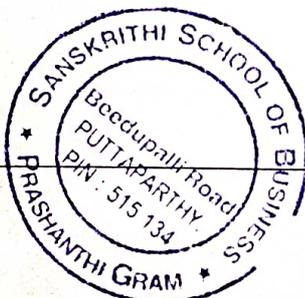
The king was deeply pained that he had killed the calf accidentally. But despite being the king, he ordered that his own son be killed under his chariot so that justice could be meted out to the cow. While this legend might be an extreme example, it is still relevant to HR functions in the modern business world. No matter who has breached the rules, the treatment must be uniform, fair and without discrimination, even if it is the CEO himself.

360° Transparency:

Transparency is about information. Transperancy embodies honesty and open communication because to be transparent, someone must be willing to share information, even when it is uncomfortable to do so. Transperancy is an individual being honest with himself about the actions he is taking. Transparency is also the organization being upfront and visible about the actions it take, and whether those actions are consistent with its values.

Dr. Balakrishna
PRINCIPAL

Sanskriti School of Business,
Boedupalli Road, Prasantiligam,
PUTTAPARTHI-515134,
Ananthapuramu (Dt.) A.P.



Conclusion

Through out the course of this case study, we have seen the importance of the insurance industry to the global economy, the forces that compete to make the insurance industry requires Human Capital Development more than its, why the insurance Industry requires Human Capital Development more than its contemporizes in manufacturing and other services, the factors that enable Human Capital development to flourish, what HR needs to do and become to obtain great leverage from Human Capital Development and what are some of the best Human capital Development practices to improve organizational productivity.

References:

7. http://www.ehow.com/how_7626292_apply-five-forces-model-business.html
8. The business case for commitment to diversity by Stanley F. Slater, Robert A Weigand and Thomas J.Zwirlein,Kelly Scool of Business, Indiana University.
9. Management Challenges for the 21st Century, Peter F.Drucker
10. Driving Business benefits through human capital intelligence.Parag Gain, Sudrshan sen Guptha, Infosys view point.
11. India insurance Turning 10,Going on 20 Bostan Consultany Group,2011,www.bcg.com
12. Challenges for Our Human Capital in the New Economy [Economic Review Committee: Sub-committee on Enhancing Human Capital] in Singapore. Internet Research

The Assessment of Profits and Sales of Retailers Pre and Post GST

Ms. E. Prashanthi

Assistant Professor

Department of Business Management

Sanskriti School of Business

Prashanthi_2686@yahoo.com

Mr. T.N. Anil Kumar

Assistant Professor

Department of Business Management

Sanskriti School of Business

tnanil27@gmail.com

Abstract:

GST is one of the most crucial tax reforms in India which has been long pending. There are mixed response, inexplicit, arguments and opinions among the Manufactures, traders and society about GST. Finally The Government has taken the GST act to come into effect on 1st July 2017 GST is a single uniform indirect tax which was introduced to replace Central and State indirect taxes such as VAT, CENVAT, and others. GST applies on all types of businesses, small or large. This makes it one of the greatest tax reforms in the country. The entire nation will follow a unified tax structure. It is also widely agreed that GST will cause in a series of changes to how businesses will operate and the Retail Industry will be no exception. The Present study is to focus on to study the level of awareness of retailers towards GST, and to distinguish the sales and profits before and after GST.

Introduction:

GST is a single uniform indirect tax which was introduced to replace Central and State indirect taxes such as VAT, CENVAT, and others. GST applies on all types of businesses, small or large. This makes it one of the greatest tax reforms in the country. The entire nation will follow a unified tax structure.

As the name suggests, GST will be applicable on both goods and services and India will follow a dual system of GST to keep both the Centre and State independent of each other. The GST council will be headed by the Union Finance Minister and it will consist of various State Finance Ministers. GST will be devised as a four-tiered tax structure with tax slabs of 5%, 12%, 18%, and 28% for various different categories of products and services. 0% rate is kept for most essential goods such as rice, wheat. Designed as a uniformed tax for the entire nation, it will replace the following indirect taxes earlier levied by the Centre and the State:

(i) Taxes levied and collected by the Centre:

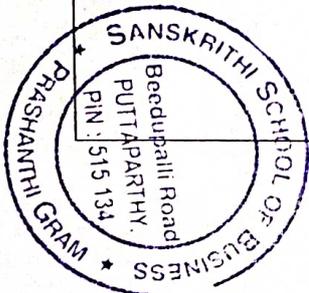
1. Central Excise duty
2. Additional Duties of Customs (commonly known as CVD)
3. Special Additional Duty of Customs (SAD)
4. Service Tax

AND

(ii) Taxes levied and collected by the State:

Dr. Balakrishna
173

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



1. State VAT
2. Central Sales Tax
3. Entertainment and Amusement Tax (except when levied by the local bodies)
4. Taxes on lotteries, betting and gambling
5. Like other countries such as Canada and Brazil, India will follow the dual form of GST. At the intra-state level, where goods and services are sold within the state, CGST (Central Goods and Services Tax) and SGST (State Goods and Services Tax) will be levied.
6. When selling goods and services into other states (inter-state sales), IGST (Integrated Goods and Services Tax) will be levied. Importing goods will come under IGST as it will be considered as inter-state supply. Imported goods will also attract basic customs duty.
7. Exports and supplies to SEZ, however, will be zero-rated.

As per 23rd GST Council meeting on 10th November 2017

Rates for 178 items have been reduced from 28% to 18%.

- GST Rate for manufacturers and traders under composition scheme is 1 %
- Reduced from 28% to 18% W.e.f. 15th Nov 2017 – Shampoo, Perfume, tiles, watches
- Reduced from 28% to 12% – Wet grinders, tanks
- Reduced from 18% to 12% – Condensed milk, refined sugar, diabetic food
- Reduced from 12% to 5% – Desiccated coconut, idli dosa batter, coir products
- Reduced from 5% to Nil – Duar meal, khandsari sugar, dried vegetables
- For Restaurants within hotels, and room tariff less than Rs. 7,500 the GST rate is 5%. Also, the credit of ITC paid on inward supplies cannot be taken.
- For Restaurants within hotels, and room tariff greater than Rs. 7,500 the GST rate is 18% and credit of ITC paid on inward supplies can be availed.
- Outdoor catering continues to be charged at 18% with the availability of ITC on inward supplies.

Retail business in India is a key pillar of the economy and accounts for about 10% of the GDP. The Indian retail market is estimated to be more than US\$ 600 billion and one of the top five retail markets in the world by economic value. The imminent implementation of Goods & Services Tax (GST) is expected to result in greater transparency, an improved flow of credit, and reduced trade barriers from a tax perspective. The timely release and revision of the draft GST model law, GST rules, and documentation templates reflect the government's commitment and keenness to implement the GST law in India in 2017.

It is also widely agreed that GST will Cause in a series of changes to how businesses will operate and the Retail Industry will be no exception. This thought piece highlights some of the key areas impacted and a number of changes that the industry will need to imbibe over the coming months to ensure that GST is effectively implemented.



a. Reduced taxes – In the current tax structure, most of the retail products are subject to 30 % indirect taxes on average. This includes excise duty, VAT, CST, service tax on warehousing, consulting and rent, Octroi and entry tax. The main impact of GST on retailers will be a significant reduction of the tax burden on the retailers.

b. Seamless Input tax credit – In the current tax structure, input tax credit is available on VAT but not available on service tax and import duty. In the proposed GST regime, there will be set off on taxation starting from producer's point to the consumer point. GST will make an impact by eliminating the cascading effect of taxes thereby reducing the total tax burden on the retail sector.

c. Increased Supply chain efficiency – Major impact of GST will be on the warehouse networks of retail industries. As CST is abolished, Industries will have no motivation to operate warehouses in each state wherever they operate. This will lead to 20 % – 30 % consolidation of warehouses. Transportation will benefit due to state boundaries becoming insignificant. The long queues and wait time at check posts and state boundaries will be reduced further reducing the lead-time.

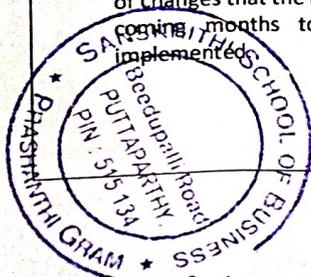
The impact of GST will be evident on supply chains, as their designs would be efficiency-oriented and not in alignment with the taxation system.

d. Tax on gifts and promotional items – As per the model GST law, any supply without any consideration will attract tax. It is a common practice in Indian retail sector to offer free products for promotion or one plus one free offers. In the current taxation system; these free products, samples and gifts were tax-free. Once GST is implemented, such gifts will also be considered for tax and the retailers would have to rethink their promotional strategy.

e. Better Opportunities & Growth of Retail Market – Upon implementation of GST, analysts predict unification of markets. Thus, biggest of the impacts of GST will be in the widening of potential markets for the retailers. Retailers would be ready to explore markets

Dr. B. Lakshmi
Principal

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



		Mean	N
Pair 1	SALES BEFORE GST	4.05	43
	SALES AFTER GST	2.60	43
Pair 2	PRIOR PROFITS	3.86	43
	POST PROFITS	2.51	43

across diminished boundaries leading to better growth of the retail market.

The impact of GST on retail sector will be very positive from both taxation and operations point of view. Retail industries will have to re-assess their current supply chain strategy and re-model their network. Supply chain network design will be a critical activity for the retail industries as it offers the opportunity of cost saving in tune of 1% – 1.15% of sales.

Methodology:

Random Sampling method has been followed to select 43 retailers in Puttaparthi, Andhra Pradesh. The present study is based on an exclusive interview method. The data were analyzed with Paired sample T test and Correlation Analysis.

Paired Sample T Test:

A paired t test is used to compare two population means where you have two samples in which observations in one sample can be paired with observations in the other sample.

Correlation Analysis:

Correlation analysis is a method of statistical evaluation used to study the strength of a relationship between two, numerically measured, continuous variables (e.g. height and weight). This particular type of analysis is useful when a researcher wants to establish if there are possible connections between variables.

Objectives of the Study:

1. To know the level of awareness of the selected retailers towards the concept of GST.
2. To assess the changes in profits before and after GST
3. To assess the changes in sales before and after GST

Hypothesis Framed:

1. H_0 : There is no correlation between the values of sales pre GST and post GST

H_1 : There is a significant correlation between the values of sales pre GST and post GST

2. H_0 : There is no correlation between the profit of commodities of pre GST and post GST

H_1 : There is a significant correlation between the profit of commodities of pre GST and post GST

3. H_0 : There is no change in profits of commodities before GST and after GST

H_1 : There is a change in profits of commodities before GST and after GST

4. H_0 : There is no change in sales of selected retailers before GST and after GST

H_1 : There is a change in sales of selected retailers before GST and after GST

Results and Discussions:

Table 1: Diagram

Interpretation: The mean value of sales before GST is 4.05 which is very much nearer to 5. Therefore, the retailers opined that there is much more satisfaction towards the sales before GST, whereas the mean value of sales after GST is 2.60 (approximately 3), which means most of the retailers after GST are in neutral position about their sales.

The mean value of profits before GST is 3.86, the retailers opined that there is much more satisfaction towards the profit before GST whereas the mean value of the profit after GST is 2.51, which means most of the retailers after GST are in neutral position about profits.

Table 2: Correlation Analysis

Paired Samples Correlations

	N	Correlation	Sig.
Pair 1	T & SALES AFTER	.43	.094
Pair 2	PRIOR PROFITS & POST PROFITS	.43	.094

Interpretation: The table 2, shows the correlation between sales before and after GST and profits pre and post GST. The p-value is 0.549 for pair 1 (Sales before & after GST) which is greater than 0.05. Hence, we accept the null-hypothesis. Therefore, there is no correlation between sales before & after GST

The significant value (p) for pair 2 (Profit before & after GST) is 0.550, which is greater than 0.05. Hence, we accept the null-hypothesis. Therefore, there is no correlation between the profits before & after GST.

	Paired Differences	t	df	Sig. (2-tailed)		
				Upper	Lower	
Pair 1	SALES BEFORE GST - SALES AFTER GST	1.163	1.721	10.416	42	0
Pair 2	PRIOR PROFITS - POST PROFITS	1.035	1.663	8.664	42	0

Table 3: Paired T Test

Interpretation: Table 3 shows the results of paired samples T-test significant value (p) for pair 1 (Sales before & after GST) is 0.00, which is less than 0.05. Hence, we reject the null-hypothesis. Therefore, there is significant difference between the sales of commodities before & after GST at 42 degree of freedom and 5% level of significance.

The p value for pair 2 (Profits before & after GST) is 0.00, which is less than 0.05. Hence, we reject the null-hypothesis. Therefore, there is significant difference



DR. Balakrishna
 PRINCIPAL
 Sanskrithi School of Business, 175
 Beedupalli Road, Prashanthigram,
 PUTTAPARTHI - 515134,
 Ananthapuramu (Dt.) A.P.

between the profits of commodities before & after GST at 42 degree of freedom and 5% level of significance.

Conclusion:

The concept of GST is very difficult to understand by the local retailers as per the descriptive statistics undertaken in this empirical analysis. There is huge difference in the sales and profits before & after GST.

References:

- <https://www.coniferlabs.in/gstdocs/gst-terms.html>
- <http://www.financialexpress.com/industry/what-gst-means-for-the-organised-and-urorganised-retail-sector/695747/>
- <http://holisollogistics.com/how-significant-will-be-the-impact-of-gst-on-retail/>
- <https://www.ibef.org/industry/retail-india.aspx>



Dr. Balakrishna
PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



SANSKRITHI SCHOOL OF BUSINESS

Behind Sri Sathya Sai Super Speciality Hospital, Beedupalli Knowledge Park, Prasanthi Gram, Puttaparthi-515134. (A.P)

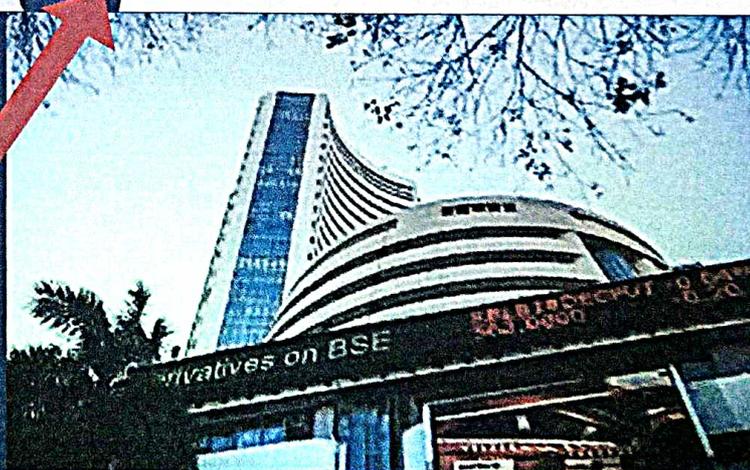
NATIONAL LEVEL SYMPOSIUM

ORGANISED BY SANSKRITHI SCHOOL OF BUSINESS

FINNOV-2019

On: 1st & 2nd November 2019

+9100974525
enquiry@sanskritibschool.com
www.sanskritibschool.com



CHIEF PATRON

Dr. P. NARAYANA REDDY
GROUP DIRECTOR - SGI

CHIEF - ORGANIZER

DR. SOMA HARI PRASAD
PRINCIPAL - SSB

EVENT CO-ORDINATORS

DR. K. RAJENDRA PRASAD
DR. T. VENKATESAN

Dr. Balakrishna
PRINCIPAL



International Technical Partners

Indian Technical Partners



T: +91 9100074545 / 9100974518/38/43 | E-mail: enquiry@sseptp.org | ssbputtaparthi@gmail.com | www.sanskritibschool.com



**SANSKRITHI SCHOOL OF BUSINESS
PUTTAPARTHI**

**PROCEEDINGS OF NATIONAL LEVEL SYMPOSIUM
FINNOV-2019**

1st & 2nd November 2019

PATRON IN CHIEF

**Dr.P.NARAYANA REDDY
GROUP DIRECTOR, SGI**

CHIEF ORGANISER

**Dr.SOMA HARI PRASAD
PRINCIPAL**

SYMPOSIUM SECRETARY

**DR.K.RAJENDRA PRASAD
DR.T.VENKATESAN**

SANSKRITHI SCHOOL OF BUSINESS



Dr. Balakrishna
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

Material featured on this site may be reproduced free of charge in any format or media without requiring specific permission. This is subject to the material being reproduced accurately and not being used in a derogatory manner or in a misleading context. Where the material is being published or issued to others, the source must be prominently acknowledged. However, the permission to reproduce this material does not extend to any material on this site, which is explicitly identified as being the copyright of a third party.

Every effort has been made to avoid errors or omissions in this publication. In spite of this, some errors might have crept in. Any mistake, error or discrepancy noted may be brought to our notice which shall be taken care of in the next edition. It is notified that neither the publisher nor the authors or seller will be responsible for any damage or loss of action to any one, of any kind, in any manner, there from.

No part of this book may be reproduced or copied in any form or by any means (graphic, electronic or mechanical, including **Photocopying**, recording, taping, or information retrieval system) or reproduced on any disc, tape, perforated media or other information storage device, etc., without the written permission of the publishers. Breach of this condition is liable for legal action.

For binding mistakes, misprints or for missing pages, etc., the publisher's liability is limited to replacement within one month of purchase by similar edition. All expenses in this connection are to be borne by the purchaser.

Authorization to reproduce such material must be obtained from the copyright holders concerned.

Note: Please inform if anyone encourage to photocopy of this book, along with the Proof and get attractive Reward. Names will be kept Confidential.

© Authors

Rs. 350

ISBN 978-81-922147-9-6

ISBN: 978-81-922147-9-6



First Edition: 2019

9 78 936 385402

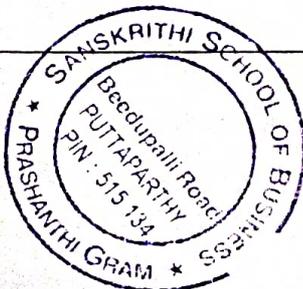
Published by *NTMR Research and Publications for printed at Hyderabad-51*

NTMR Research and Publications, Hyderabad-51

Email: ntmrresearch@gmail.com

Dr. Balakrishna
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthnagar,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



INDIVIDUALS DEALING IN STOCK MARKET WITH RESPECT TO INVESTMENT AND TRADING PATTERN

*Dr.R.Lilambeswara Singh

**Ms.U.Yasmin

***Ms.C.Hasmath Bee

Abstract

investment pattern of people those who are dealing in stock market. Other objectives may include checking the tendency viz., Intraday, Positional, Long Term etc of investors regarding investment; identify the segment in which people are investing more, etc. The scope of this Investors tend to look at the Return – the potential return possible from investment; Risk- the variability in returns from an investment in avenues due to value going up and down or market fluctuations; Liquidity – the ease with which the investment can be converted into cash. Based on the preferred risk, return and liquidity each individual selects investment avenues that match with his investment objectives. An individual investor has to confront his/her demographics, lifestyle and investment psychology whether the investor's age or occupation or annual income plays a significant role while making preference for investment avenues. This Study tried to explore the Investment and Trading Pattern of Individual Investor who resides in Bangalore City. The Primary objective of the study is to check the study is geographically limited to Bangalore City, it include all class of people those who are dealing in stock market. Here, two variables are tested i.e. occupation and investment patter, age and risk taking ability, etc. So, ANOVA is the proper tool to test the hypothesis. It is found during the study that, occupation, age, education does affect the investment decision of individuals dealing in stock market. It was also found that new generation investors (whose age is less than 35) prefer online trading rather than off line.

Keywords—Investment Avenues, Investment Pattern, Investment Tendency, Risk – Return, Stock Market, Trading Pattern

Abbreviations—Analysis of Variance (ANOVA), Future and Options (F&O), Initial Public Offer (IPO), Mutual Fund (MF)

INTRODUCTION

According to economics, investment is the utilization of resources in order to increase income or production output in the future. Investment means putting your money to work to earn more money. Done wisely, it can help you to meet your financial goals. Investing even a small amount can produce considerable rewards over the long term, especially if you do it regularly [Arrow, 1971]. But you need to make decision about how much you want to invest and where to invest it. To choose wisely, you need to know the investment options thoroughly and there relative risk exposures [Admati et al., 1997]. Financial planning is the process of meeting your life's goals through proper management of your finances. An amount deposited into a bank or machinery that is purchased in anticipation of earning income in the long run both are examples of investments [Cohn et al., 1975; Bajtelsmit&Bernasek, 1996]. Although there is a general broad definition to the term investment, it carries slightly different meanings to different industrial sectors. When investment is done in Fixed Income avenues it means that the investment is done in term deposit in bank, post office deposit, insurance saving plan, pension funds, provident funds etc. Nevertheless, there are certain problems in investing this type of avenues. The major problem is that these types of the instruments are Low Returns, Risk of Repayment or Credit Risk and Non-transparency [Guiso et al., 1996; Barberis et al., 1998; Daniel et al., 1998; Froot et al., 1999]. These types of instruments yield very low returns so investor get lower interest rates for the period you have invested it. As far as investing in equity markets or related instruments are concerned the investment is done in shares and stocks, index



DY. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

futures and forwards. Investing in equity also has its drawbacks. The major drawback that is involved in this avenue is that it is highly risky and volatile market, operative expenses are too high because of investment of lot of intermediates. The equity instruments do not have access to technical and fundamental reports [Froot et al., 1999; Berk et al., 1999; Bajtelsmit et al., 1999; Barber et al., 2001; Daniel et al., 2001].

II. REVIEW OF LITERATURE

Geographical Trade Structure and Patterns of International Portfolio Investment – The Case of Australia by Kevin Daly and Anil Mishra (2002)

In general, the paper attempts to identify and quantify those determinants that drive Australia's overseas financial investments. In the aftermath of the recent global financial crisis it would appear that information related to those factors that influence investment decisions is now more urgent than at any time in the history of global funds management. More research into the determinants of a country's international investment position would therefore appear desirable, given that the number of relevant drivers appear to be highly volatile and of a country-specific nature. The paper focuses on understanding the relationship between capital flows and trade flows based on data sourced from CPIS 1997 and 2001 data. To begin the investigation of the determinants of Australia's geographical allocation of portfolio investment a series of multivariate regressions have been employed. The broad relationships between capital flows and trade flows, financial market shares and shares in world gross national income are examined. Accordingly, variables are used for Australia's exports and imports as calculated from the IMF Direction of Trade Statistics.

Investment Behaviour of Individual Investor in Stock Market by Dr. D. P. Warne (2012)

The study attempts to understand the behaviour of individual investor in stock market, specifically their attitude and perception with respect to the stock market. A survey is conducted to attain the objectives of the paper. Respondents are classified in to different categories on the basis of income, profession, education status, sex and age. Primary data is collected from a sample around 50 investors of Ambala District. Finally there are different factors which affect the investment behaviour of individual

investors such as their awareness level, duration of investment etc. The study reveals that the respondents integrate the objectives of saving, the factors influencing the saving and the sources of information for decision making. The annual income and the annual saving are given importance of consideration by the respondents, because the level of income decides the level of savings. Today's investors are fully aware about the stock market. The market movements affect the investment pattern of investors in the stock market.

Investment Patterns and Performance of Investor Groups in Japan by Akiko Kamesaka, John R. Nofsinger, Hidetaka Kawakita (2010)

There is an ongoing debate whether investor trading decisions are influenced more by information about value or by psychological biases. Two categories of theoretical trading models have been developed to explain the two potential influences of behavior. The information-based category of models posits that trading is based on informational advantages. These models suggest that informed investor trading would exhibit a positive feedback, or momentum, pattern of trading. That is, high (low) returns in one period will be associated with a high degree of investor buying (selling) in the next period. Investor trading may be characterized by specific trading patterns, like positive feedback trading, empirical studies can identify the actual trading patterns of investor groups. The purpose of this study is to empirically characterize the trading style of seven different investor groups in Japan. The groups are individuals, foreign investors, and five types of institutional investors. To be consistent with theoretical models, we first look for the positive and negative feedback trading patterns. Where positive feedback trading exists, we attempt to identify its motivation using the post trading returns. While theory and existing empirical studies can lead to ex ante hypotheses for some investor groups, we find little direction for other groups.

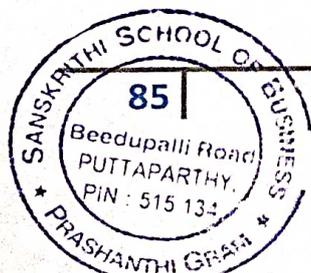
RESEARCH METHODOLOGY

Statement of Problem

A problem statement is a clear concise description of the issues that need to be addressed by a problem solving team and should be presented to them (or created by them) before they try to solve the problem. When bringing together a team to achieve a particular purpose efficiently provide them with a

Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



problem statement. Trading and investment pattern in India is not so organized so, to know in which segment people are investing and trading more and which factors influence them to take decision of investment. The problem statement in this research study is "Investment and Trading Pattern of Investors dealing in Stock Market".

Objectives of the Study

The main objective of the study is to know literacy and total awareness of current capital market among different investment avenues and their potential market among the people of Bangalore City.

Some other Secondary Objectives are as under

- To know the awareness of Capital Market.
- To analyze the investment habit of the people of Bangalore City.
- To check the purpose of investing in selected Investment Avenues.
- To know the influencing force behind the decision making while making investment in currently available investment options.
- To find out the best suitable medium for investing in different investment avenues.

Scope of the Study : The research contains people of Bangalore who are investing in stock market. The research involves all income group people of Bangalore. All the different occupations are covered under this study. In this research, all the segments viz., Equity, Commodity, Bond, Future and Options, etc in which people of Bangalore are investing is taken into consideration. This research also covered all the people investing online and through broking company's advice.

Significance of the Study:

This will help the Stock Broking House, how to make people aware about capital market mostly stock market by imparting best education. This research is also helpful to the company to know the taste of masses and turn it towards best available investment avenue. It would be important for the company to frame effective Marketing Strategy. It would play great role in selecting the right media for advertising to create brand awareness as well as to give knowledge of the products. Different age group people would get benefit by this research.

Population and Sample Size: All the individuals who are dealing in stock market in Bangalore city

will be the population for this study whereas 150 individuals have been taken as Sample for the purpose of the study.

Data Collection: The study is based on Primary data. The main source of data used for this study is primary and it will be derived from structured Questionnaire. Other sources of data are journals, reports on trend and progress of stock broking houses, books and other web sites.

Limitations of the Study:

Research Study is conducted in the Bangalore city only for study purpose. So, it provides idea of that particular regions' investment pattern and their preference only. Sample size may or may not be able to match with population result as it is 150, which may be small. Scope of the study is limited to the selected investment instruments only. Biasness of Individuals while answering questions, it may affect findings of the study.

DATA ANALYSIS AND INTERPRETATION

Table 1- Age Wise Classification of Investors

Age	No. of Respondent
Less than 25	16
25-35	32
35-45	56
More than 45	46
Total	150

Interpretation:

There are 16 people who are less than 25 years are investing in stock market. There are 32 people who are between age of 25 to 35 are investing in stock market, there are 56 people who are between age of 35 to 45 are investing in stock market and in this group people are investing more than any other group, there are 46 people who are more than 45 years are investing in stock market.

Dr. Balakrishna
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



	150
--	-----

Table-2: Education Wise Classification of investors

Education	No. of Respondent
Under Graduate	48
Graduate	62
Post Graduate	28
Professional Degree	12
Total	150

Interpretation:

There are 48 people who are under graduate are investing in stock market, there are 62 people who are graduate are investing in stock market and it is the highest number of people compare to any other education, there are 28 people who are post graduate are investing in stock market, there are 12 people who are professional are investing in stock market.

Occupation	No. of Respondent
Businessman	81
Non-Government Employee	28
Professional	26
Government Employee	13
Any Other	2

Table 3: Occupation Wise Classification of Investors Interpretation:

There are 81 people who are businessman are investing in stock market, there are 28 people who are Non-Government Employee are investing in stock market and it is the highest number of people compare to any other occupation, there are 26 people who are Professional are investing in stock market, there are 13 people who are Government employee investing in stock market.

Table-4: Segment Wise Classification

Segment	No. of Respondent
Equity	90
Commodity	61
Future And Option	36
Mutual Fund	28
IPO	28
All	4

Interpretation :

There are 90 people who are investing in equity and it is the highest number, There are 61 people who are investing in commodity, There are 36 people who are investing in future and option, There are 28 people who are investing in mutual fund, There are 28 people who are investing in IPO, There are 4 people who are investing in all the segments.



Dr. Balakrishna
PRINCIPAL
 Sanskriti School of Business,
 Boedupalli Road, Prasanthigram,
 PUTTAPARTHI - 515134,
 Ananthapuramu (Dt.) A.P.

Table-5: Age and Different Segment Wise

ONE WAY ANOVA

Age	Equity	Commodity	F&O	Mutual Fund	IPO	All
Less than 25	13	5	4	4	3	-
25-35	21	10	6	5	4	3
35-45	33	19	17	9	13	1
Above 45	23	27	7	10	8	-
Total	90	61	36	28	28	4

The above table shows relationship between age and investment in different segment of stock market.

Classification of Investors Interpretation

Above table shows relationship between age of individual and investment in different segment in stock market. People who are between ages of 35-45 mostly are investing in equity. People who are of more than age of 45 mostly are investing in commodity. People who are between the age of 35-35 highest are investing in future and option. In mutual fund highest investment is made by people who are above 45 years. In IPO highest investment is made by people who between age group of 35-45.

H0: There is no significant difference in age wise selection of various segments.

H1: There is significant difference in age wise selection of various segments.

Table-9: Occupation and Different Segment Wise Classification of Investors

Interpretation

In equity mostly businessmen are investing. In commodity and future and option all segments are investing but the highest investment is made by businessmen only. In mutual fund and IPO all segment are investing equally.

H0: There is no significant difference in occupation wise selection of segments.

H1: There is significant difference in occupation wise selection of segments.

Table-10: Relationship between Occupation and Different Segment of Stock Market

pation and different segment of stock market. At 5% level of significance above table show that F table value is greater than F calculated. i.e. F calculated > F tabulated $3.725 > 2.759$. So, *H1* is accepted. There is significant difference in occupation wise selection of segments.

Table-11: Education and Tendency Wise Classification of Investors

Interpretation

People who are undergraduate in that 28 are trading intraday, 11 are trading positional, 8 are trading long term, 1 in any other. People who are graduate in that 35 are trading intraday and it is the highest numbers of people who are trading in intraday, 7 are trading positional, 18 are trading long term, 2 in any other. People who are post graduate in that 8 are trading intraday, 9 are trading positional, 11 are trading long term. Among professionals in that 3 are trading intraday, 1 investor is trading positional and 8 investors are trading long term.

H0: There is no significant difference education wise selection of tendency in equity.

H1: There is significant difference between education wise selection of tendency in equity.

Dr. Balakrishna

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

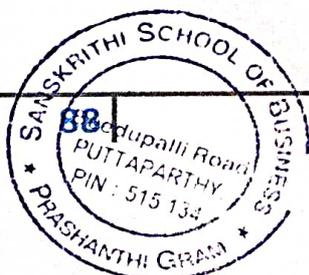


Table-12: Education and tendency in Equity

ANOVA		ONE WAY			
Source of Variation	SS	df	MS	F	F crit
Between Groups	3198.5	4	799.625	5.238862	3.055568
Within Groups	2289.5	15	152.6333		
Total	5488	19			

Above table shows education and tendency in equity. At 5% level of significance above table shows that F table value is more than F calculated value.

F calculated > F tabulated 5.238 > 3.055. So, H_0 is rejected. That means there is significant difference in education wise selection of tendency for investment.

FINDINGS OF THE RESEARCH

- People whose age is less than 25 years out of them only few persons are investing less than 1000. People whose age is between 35-45 years out of them mostly are investing between 1000 to 10000.
- People whose age is more than 45 years out of them most of are investing online. In age group of less than 25 years only 6 persons are investing through broking company advice and

it is the lowest number compare to any other group.

- People who are graduates in that 20 are trading intraday and it is the highest numbers of people who are trading in intraday, 6 are trading positional, 18 are trading long term, 1 in any other.
- People who are graduate 41 are investing online 20 are investing through broking company's advice in these group highest number of people are investing in online and offline both.
- There are 59 businessmen who are trading online and it is the highest number of people compared to any other occupation. 22 businessmen are taking advice from broking companies.
- There are 26 businessmen trading intraday and 11 businessmen are trading positional, 23 businessmen are trading in long-run, 2 businessmen trading in other way. Most of the businessmen are trading intraday and it is the highest number of people trading intraday.
- People whose income is between 15000 to 25000 out of them 7 are investing less than 1000, 36 are investing between 1000 to 10000, only 1 invest between 10000 to 15000 and 2 are investing more than 15000.

CONCLUSION:

Most of the investors are very sensitive about safety of their investment. They want more safety and reliability. Current trend and easy access is not affected the investor as much as safety and reliability. Most of the earning people invest their income up to different level in any sector, so investment company have also very much scope of gaining business. Equity market is also popular among investors due to higher return, but due to uncertainty and lack of proper knowledge investors do not invest in that sector. But investors who have proper knowledge and willingness to take risk up to some extent are investing in Equity market. Bank's interest rate is also decreasing since last few years so, investors move towards other avenues like mutual fund, bond, equity market and others like land, gold, building etc. So, final conclusion on part is that investors of Bangalore City are investing their

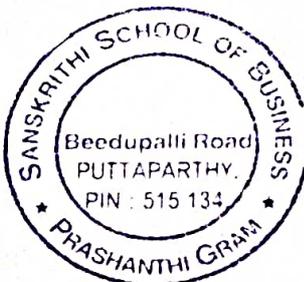


Dr. Bale Kogal
 PRINCIPAL
 Sanskrithi School of Business,
 Beedupalli Road, Prashanthi Gram,
 PUTTAPARTHI - 515134,
 Ananthapuramu (Dt.) A.P.

money with the balance of safety, reliability and return on investment.

REFERENCES:

1. K.J. Arrow (1971), "Essays in the Theory of Risk-Bearing", Chicago: Markham Publishing Co.
2. Cohn, A. Richard W.G. Lewellen, R.C. Lease & G.G. Schlarbaum (1975), "Individual Investor Risk Aversion and Investment Portfolio Composition", Journal of Finance, Vol. 30, No. 2, Pp. 605-620, Cohn, A. Richard, W.G. Lewellen, R.C. Lease & G.G. Schlarbaum, "Op. Cit." Pp. 610.
3. V.L. Bajtelsmit & A. Bernasek (1996), "Why do Women Invest Differently than Men?", Financial Counselling and Planning, Vol. 7, Pp. 1-10.
4. L. Guiso, T. Jappelli & D. Terlizzese (1996), "Income Risk, Borrowing Constraints, and Portfolio Choice", American Economic Review, Vol. 86, No. 1, Pp. 158-172.
5. N. Barberis, A. Shleifer & R. Vishny (1998) "A Model of Investor Sentiment", Journal of Financial Economics, Vol. 49, Pp. 307-343.
6. Admati, Anat & Paul Pfleiderer (1997), "Does it All Add Up? Benchmarks and the Compensation of Active Portfolio Managers", Journal of Business, Vol. 70, Pp. 323-350.



Dr. Balakrishnan

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

TRANSFORMING INCLUSIVE GROWTH WITH FIN TECH AND FINANCIAL INCLUSION

Dr.B.Nagarjuna*

Dr.K.Rajendra Prasad**

*Associate Professor, Sree Vidyanikethan Institute of Management, Tirupati, Andhra Pradesh.

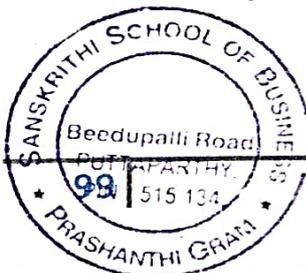
**Associate Professor, Sanskriti School of Business, Puttaparthi, Andhra Pradesh

ABSTRACT

Inclusive growth in Banking and Financial Services is the result of Fin Tech and Financial Inclusion, the buzzwords in Digital India. In the light of the recent governments focus on relying more on technology and electronic modes of rendering govt services to public, Fintech and Financial Inclusion are beyond doubt, the key enablers. Financial Institutions, Information Technology and telecommunication developments are in the forefront in contributing to the sustainable development of the country by providing fair, transparent, affordable financial services to the largest unreached rural population. FinTech is the conglomeration of Information Technology with Banking & Financial Services that enables the improvements in efficiency, cost reduction and customer satisfaction. Financial

Inclusion, promoted as a National objective by the Govt of India and Reserve Bank of India to attain the inclusive growth is a process of ensuring availability, access and usage of formal financial system and financial services by all members of the economy. The prominent drivers of the growth in India which is one of the fastest growing economies in the world include telecommunications, infrastructure, literacy & financial services

Digitalization in Financial Inclusion & Paradigm shifts in FinTech industry opened new avenues of expansion for existing financial service providers and also allowed new players to enter into financial services sector, yet the results towards inclusive growth of Indian Economy are dissatisfactory. This paper attempts to focus on the evolution & growth of the concepts of Fin Tech & Financial Inclusion and also examines the impact, challenges and future



Dr. K. Rajendra Prasad
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHY - 515134,
Ananthapuramu (Dt.) A.P.

perspectives towards inclusive growth of Indian Economy.

Keywords: Fin Tech, Financial Inclusion, Digitalization, Inclusive growth.

INTRODUCTION: It has been a long standing objective of the Indian Govt and the Reserve Bank of India to promote Financial Inclusion and Fin Tech industries across the country. Though the word Financial Inclusion was first used in 1993, the thrust cropped only after 1998. Financial Inclusion refers to the process of ensuring universal access to a wide range of financial services at affordable cost and promoting banking habits in rural India. It aims at reaching the needs of all sections of the society particularly the low income groups and especially the weaker and excluded sections of the population. Fin Tech or Financial Technology, though a relatively new industry gaining momentum in the recent times comprises the financial institutions using information and allied technologies in offering their financial services.

In the digital era where we are, connecting the business and customers in digital modes is more preferable in the light of increased transparency, accountability and efficiency. The Fin Tech firms are also encouraged and supported by the governments to get connected with the citizens digitally as part of 'Digital India' campaigning. With the bounce given to Fin Tech and Financial Inclusion by business units and as well the governments to transform into inclusive growth of the Indian Economy, rapid changes are noticed in the Financial System of the country.

FinTech

Financial Technology is a digital Technology where Information Technology is used to perform the banking and financial services. A conglomeration of business firms in general and financial institutions in particular operating in the areas of digital payments, insurance, asset management etc constitute the FinTech industry. Today many firms have developed internet based solutions to facilitate their customers perform financial transactions with improvement in efficiency, cost reduction and customer satisfaction.

A new era of FinTech environment has been driven

today due to the developments in technology, changed demand patterns for financial products from customers and competitive forces. This has led companies to embrace the technologies in their financial services to gain a strategic edge in the market.

Fin Tech

Block Chain	Digital Banking
Insurance	online
Trading	
Lending	
Personnel	Digital
Services	
Finance	payments

Block Chain	Digital Lendor of financial transactions
Digital Payments	Electronic Payment made where in the payee and payer use digital modes
Insurance	Information Technology behind administration of Insurance business
Lending Services	Online alternative lending that occurs outside the banking institution
Digital Banking	Digitilization of traditional banking activities
Cyber Security	Use of Computers of Prevent E-crimes, Money Laundering,etc.,

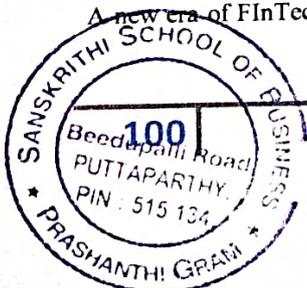
According to a report by Nasscom, there are close to 400 companies in India focusing at Fin Tech market globally. The result of demonetization has made the general public and business firms to adapt themselves to cashless modes of payments. The support from the governments also created a momentum for cashless technologies like wallets, internet banking, mobile driven POS etc. The Fin Tech startups are also geared by the financial assistance from RBI and the statutory bodies of the govts.

Financial Inclusion

Financial Inclusion is emerging as a new paradigm of economic growth that plays a major role in driving away the poverty from the country. It has been a vital component for economic growth of the country and for a better society. The aim of

Dr. Balekaeswar
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



Financial Inclusion (FI) is to make easy access of financial services to the large underprivileged population of the country. It is an attempt for achieving inclusive growth of the society by making availability of finance to the deprived section of population.

Technology is playing key role in all sectors and as well it is not an exception in financial inclusion. Digitalization in Financial Inclusion has opened new avenues of expansion for existing financial providers and allowed new players to enter into financial services sector. In a developing country like India, the role of financial institutions in promoting financial inclusion is remarkable.

Financial Awareness Messages (FAME)

Basic Financial Literacy (AV Mode)
RBI Caution
Paisa Bolta Hai
Financial Literacy weeks

RBI Programmes for financial inclusion/ Education

Financial Inclusion and Education are two important elements in the Reserve Bank of India's developmental role. Towards this, it has created critical volume of literature and has uploaded on its website in more than 13 languages for banks and other stakeholders benefit. The aim of this initiative is to create awareness on financial products and services, good financial practices, going digital and consumer protection.

Financial Inclusion results in easy access to the financial services for the unreached and excluded strata of population that may aid them to save money safely and help in preventing concentration of economic power with few individuals. This social and Economic implications from financial inclusion has become an important area of concern for the policy makers.

Future Perspectives

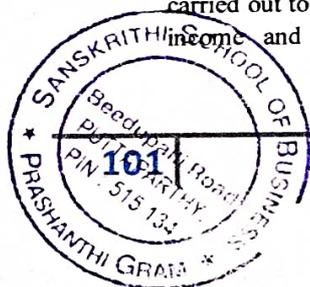
- The thrust for Inclusive Growth from Fin Tech and Financial Inclusion cannot be experienced unless substantial research is carried out to understand the needs of low-income and vulnerable sections of the

society and how to bridge the gap with digital technologies.

- Financial Experts view that though FinTech is emerging as an innovative way to achieve Financial Inclusion and the broader objective of Inclusive Growth, much research is to be done to understand how Fin Tech startups can catalyze Financial Inclusion.
- With the restructuring of the financial sector in India after demonetization, there was an increase of more than 20% in digital transactions that subsequently led to increased traffic in FinTech startups.
- Innovative and digitally secured Financial Products with Inclusion Strategies are to be launched by the FinTech startups to serve the under banked.
- The increasing support to the digital finance firms by the govts and central banks has created a growing need to ensure data protection, privacy and quick service to the customers.
- FinTech and Financial Inclusion can be ensured only with a service motto coupled with technological expertise. Hence one of the major challenges in the near future may be attracting Technical, talented and skilled personnel into this zone.
- More significantly, the FinTech and Financial Inclusion can contribute towards Inclusive Growth by creating Investment awareness and Investment opportunities in the excluded sections of the society.
- Successful adoption and adaptation of innovations in digital finance is possible through proper regulatory changes and compatibility with the traditional mandates of financial regulation and supervision like safeguarding the stability of the financial system, maintaining its integrity and protecting customers.

References

- Anshul Agarwal (2010), Financial Inclusion: opportunities & challenges, skoch summit, pp 5-6



Dr. Balakrishna
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

DIGITAL BANKING IN INDIA: A SLIPPERY GROUND

**Dr.R.Lilambeswara Singh Prof.in Dept of MBA,Sanskriti School of Business,
Puttaparthi, Ananthapur.A.P.**

ABSTRACT

The government aggressively pushing for digital transactions, without any safeguards, trustful, unskeptical and unsophisticated users of online banking transactions have been sitting ducks. Continuous efforts are made by the central government for making transactions more traceable and people more accountable. In spite of these efforts the cyber fraudsters across the country are making hay while the sun shines. "Financial fraud is big business, contributing to an estimated \$20 billion in direct losses annually. Industry experts suspect that this figure is actually much higher, as firms cannot accurately identify and measure losses due to fraud. The worst effect of financial frauds is on FDI (foreign direct investment) inflows into India," said secretary-general, Assocham. The most worrying part is the very dismal conviction rate in cases related to credit/debit card and online banking transactions frauds in India. To secure themselves against fraud via digital channels, banks need to distinguish and resolve the areas which are vulnerable. These include ensuring that basic IT security is at its very best, and telling their customers how to bank safely transact online, to ensure that precautions are in place, applying appropriate internal controls, choose strong passwords and avoid being duped.

Key Words: Scamsters, Digitisation, IT Security,

INTRODUCTION

The government aggressively pushing for digital transactions, without any safeguards, trustful, unskeptical and unsophisticated users of online banking transactions have been sitting ducks. Continuous efforts are made by the central government for making transactions more traceable and people more accountable. In spite of these efforts the cyber fraudsters across the country are making hay while the sun shines. The fraudsters through credit/debit cards and internet banking Rs.1 lakhs to 2 lakhs are siphoned off every hour and an average of Rs 48 lakh is lost to scamsters every day according to the latest statistics from the Ministry of Electronics and Information Technology, based on fraud misappropriation reports submitted by banks till December 21, 2017. Though RBI has, in the past, claimed to have taken measures, banking frauds have only increased in every financial quarter in 2017. The extent of online frauds can be gauged

by the fact that the cyber crime police station in Bengaluru registered as many as 250 cases in just one month in the year 2017. Experts say incidents of banking frauds are under-reported due to lack of awareness. From cases involving skimming to phishing to hacking into the banking systems, the vulnerability of the banking systems and lack of awareness among customers have cost account-holders dearly. "Financial fraud is big business, contributing to an estimated \$20 billion in direct losses annually. Industry experts suspect that this figure is actually much higher, as firms cannot accurately identify and measure losses due to fraud. The worst effect of financial frauds is on FDI (foreign direct investment) inflows into India," said secretary-general, Assocham. India has the second highest risk of digital fraud in the Asia Pacific region, behind Indonesia and almost half of the consumers in India have directly or indirectly experienced retail fraud a study by credit Information Company Experian and International Data Corp (IDC) said. At 8.1 index points, fraud risk in India was only second to 8.7 index points in Indonesia, which was much higher than the average.

Figures tell the tale:

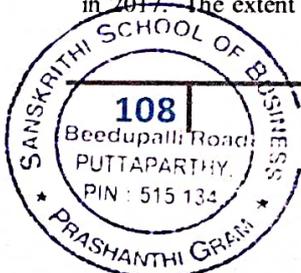
Quarters	Cases	Amount (In Lakh Rupees)
Till March 2017	3,077	1330.1
Till June 2017	5,048	1962.71
Till September 2017	7,372	3420.86
Till December 21, 2017	10,220	11,185.73
	25,817	17,899.4

Source: RBI data via TOI

Maharashtra topped the list of credit/debit card and internet banking-related frauds in the fiscal 2016-17 with 380 cases involving Rs12.10 crore. Over 25,800 fraud cases involving about Rs179 crore related to credit/debit cards and internet banking were reported in 2017 (up to 21 December), parliament was informed. "As per the data provided by Reserve Bank of India (RBI) on frauds related to ATM/Credit/Debit cards and net banking as reported

Dr. Balakrishna
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



by the banks, 10,220 cases of fraud were reported in the December 2017 quarter (up to December 21)," IT minister Ravi Shankar Prasad said in a written reply to the Rajya Sabha. The amount involved was Rs111.85 crore in the said quarter, he added. Prasad said 7,372 cases were reported in September quarter, 5,148 cases in June quarter and 3,077 cases in March quarter of 2017, with the amount involved adding to Rs67.13 crore. In 2016, 3,156 cases and 4,147 cases were registered in the September and December quarters, respectively. The amount involved—in these two quarter was—Rs 45.50 crore, the minister said. As per the state-wise details of frauds involving amount of over Rs1 lakh, Maharashtra topped the list of credit/debit card and internet banking-related frauds in the fiscal 2016-17 with 380 cases involving Rs12.10 crore. Haryana ranked second with 238 cases (Rs8.27 crore), followed by Karnataka (221 cases worth Rs9.16 crore), Tamil Nadu (208 cases worth Rs4.38 crore) and Delhi (156 cases worth Rs3.43 crore).

Involvement of Insiders:

A survey compiled by The Times of India, based on a Reserve Bank of India (RBI) report, revealed that one bank official is held for fraud every four hours in a public sector bank (PSB), an analysis of data. According to the report, over 5,200 officials were held for fraud in PSBs between 1st January 2015 to 31st March 2017. Of the total number of frauds, 2,084 cases saw the involvement of insiders, accounting to 12 percent of the cases. The data revealed that State Bank of India (SBI) topped the list in the number of frauds by officials with 1,538 cases followed by Indian Overseas Bank (449 cases) and Central Bank (406 cases). The Punjab National bank (PNB), reportedly had 184 cases of frauds by its employees in this time period. In 2016-17, 3,870 cases of bank fraud were reported amounting to Rs 17, 750 crore was reported across banks including commercial and private banks. Out of these, 450 cases had insider involvement. between 2013-2017, 17,504 total cases of bank frauds were reported in public and private sector banks. Out of these, 2,084 had insider involvement. The data does not reveal the financial loss banks suffered due to employees committing fraud, separate data accessed from RBI by The Times of India for the period between 1 April 2013 and 31 December 2016 shows that all commercial banks, including private ones, lost Rs 66,066 crore to 17,504 frauds.

Low Conviction Rate:

The most worrying part is the very dismal conviction rate in cases related to credit/debit card and online banking transactions frauds. Data released by NCRB reveals the following:

Only one person convicted in the year 2015. Maharashtra ranks no.1 when it comes to cyber banking crimes but no.15 when it comes to convictions. Top states when it come to cyber banking crimes convictions are:

UP – 120, Telengana – 26, Punjab – 25, MP – 20, Kerela – 17, and Rajasthan – 13.

CONCLUSION

To secure themselves against fraud via digital channels, banks need to distinguish and resolve the areas which are vulnerable. These include ensuring that basic IT security is at its very best, and telling their customers how to bank safely transact online, to ensure that precautions are in place, applying appropriate internal controls, choose strong passwords and avoid being duped. The major problem that most banks face is that their investment in infrastructure security has failed to pace up with their efforts to provide the digital services the customers expect today. As a result, many frauds are being detected by customers rather than the banks themselves, undermining trust in bank brands and the banking system in India as a whole. K Mookhey, CEO & Founder of Network Intelligence, a global cyber security firm, said compared to the volume of transactions, the money lost to frauds may look small, but definitely cannot be ignored. Improving technology tools are enabling criminal gangs to execute more complex frauds; a technology-based strategy is the only practical response if banks are to succeed in safeguarding their brand reputation and customer trust. Advanced anti-fraud systems are need of the hour. This adds another layer of much-needed protection to the entire transaction process. Do not click on links that come through SMSs or emails as these may lead to inadvertent downloading of malware programs that can steal sensitive data from your mobile device or computer. Malware attacks can also be avoided by steering clear of untrustworthy websites and unverified apps.

REFERENCES

- <https://www.thequint.com/news/india/17504-cases-of-bank-fraud-reported-between-2013-2017-rbi-data>
- https://static1.squarespace.com/static/551af08e4b037a3bf1ac8c0/t/59dc80663e00bed1b42b612a/1507623017887/NG_Digital_banking_fraud.pdf
- http://www.business-standard.com/article/finance/cyber-frauds-on-rise-with-increase-in-digital-banking-assochoam-pwc-115070901104_1.html



Dr. Balakrishna

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

DIGITAL PAYMENT METHODS IN INDIA- A CONCEPTUAL STUDY

Prof Dara Prabhakar, SKIM, Sri Krishnadevaraya University, Anantapur
Dussa Hemanath, Assist Professor, Sanskrithi School of Business,
hemanath@sanskritihischool.com

ABSTRACT

We are now in the era of digital world. India is heading on the path of a major digital revolution. In today's world, the intensified connectivity provided by the Internet has transformed the nature of financial transactions. In the past decade there is a magnificent progress in the usage of various gadgets like mobile phones, laptops, smart phones, iPads, tabs and internet in India. Snowballing use of internet, mobile penetration and Government initiative such as Digital India are acting as catalyst which leads to exponential growth in use of digital payment. India stabs to treading towards digital payment system. Digital payment system is a payment system made through an electronic network and digital modes. All the transactions in digital payments are completed online. It is an instant and convenient way to make payments. As a part of promoting cashless transactions and converting India into digital society various modes of digital payments are available as follows: banking cards, USSD, UPI, AEPS, Mobile & e-wallets, POS terminals, Micro-ATMs and internet, mobile banking, BHIM. This is a conceptual study which deals on various digital payment methods available in India, its merits and demerits, the present and prospect trends of Digital Payments in India are studied.

Keywords: Digital Payments, Banking Cards, Point of Sale, Digital Wallets, Internet Banking.

INTRODUCTION

The new millennium has opened a plethora of opportunities in digital technology and has made tremendous influence in payment services. Financial transactions scenario has changed rapidly from conventional to convenience payments with digitalization. The Government of India has taken numerous steps to boost and embolden digital payments in the country.

As part of the 'Digital India' Campaign, the Government intends to generate a 'digitally empowered' economy that is 'Faceless, Paperless, and Cashless.' Digital payment methods are usually hassle-free, more expedient and provide flexibility to do payments - anywhere and anytime.

OBJECTIVES OF THE STUDY

- To study about various digital payments methods.
- To know the pros & cons of digital payments.
- To analyze the present and prospect trends of digital payments.

MEANING



Dr. Balakrishna Das

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

In simple terms, a digital payment occurs when goods or services are purchased through the use of numerous electronic mediums.

Digital payment is a technique of making payments through digital modes. In digital payments, payer and payee both use digital modes to send and receive money. It is also termed as electronic payment. No physical cash is involved in the digital payments. All the financial dealings and transactions in digital payments are completed online. It is a prompt and convenient way to do payments.

DEFINITION

As per the Indian Payment and Settlement Act 2007, digital payments are defined as electronic fund transfers. When an individual initiates the transfer of funds through an electronic medium by means of authorization or bank instructions to credit or debit an account maintained with that bank, it is called as digital payment system. It also comprises ATM transactions transfer through telephone, point of sale transfer, internet and card payments along with direct deposits or withdrawal of funds. Hence, the digital payment systems are dependent upon the different technologies.

VARIOUS DIGITAL PAYMENTS METHODS

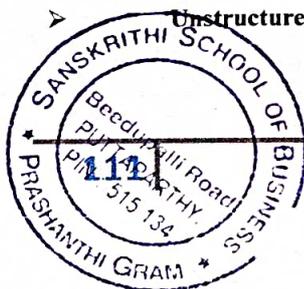
> Banking Cards (Debit/Credit/Cash/ Travel/Others)

Banking Cards are the frequently used payment methods by consumers and come with various attribute and advantages such as safety & security of payments, convenience, than any other payment method. The extensive ranges of cards available are: credit, debit and prepaid cards and they also offer enormous flexibility. These cards provide 2 factor authentications for secure payments e.g secure PIN and OTP. The major benefit of debit/credit or prepaid banking cards is that they can be used for online shopping, expended to make other types of digital payments, online transactions, PoS machine . For example, customers can save the card details in digital payment apps or mobile wallets to make a hassle-free and cashless payment.

MasterCard, RuPay, Visa, are some of the reputed and popular example of card payment systems, payment cards give people the power to purchase items in stores, on the Internet, through mail-order catalogues and over the telephone. They save both customers and merchants' time and money, and thus enable them for ease of transaction.

Transaction Cost	Services Offered	Funds Transfer limit
<ul style="list-style-type: none"> NIL to customer for merchant transactions. Annual fee and limits on ATM transaction by banks discretion. 0.50% to 2.25% paid by merchant Cash-out charged to customer in case of credit cards @ 1% to 3.5% of transaction value. 	<ul style="list-style-type: none"> These cards can be used at PoS (Point of Sale) machines, ATMs, microATMs, Shops, wallets, online transactions, and for e-commerce websites. International cards can be used across globe for multiple currencies 	<ul style="list-style-type: none"> User can set up transaction limit based on card. Based on credit ratings

> Unstructured Supplementary Service Data (USSD)



Dr. Balakrishnan
PRINCIPAL

Sanskrithi School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

The *99# runs on USSD channel, state-of-art payment service. *99# can be used to do mobile transactions without downloading any app and payment can be made without mobile data facility. Banking customers can avail this service by dialing *99#, a “Common number across all Telecom Service Providers (TSPs)” on their mobile phone and transact through an interactive menu displayed on the mobile screen. The basic objective of this type of digital payment service is to build an environment to deliver financial deepening and inclusion among the underserved sections, under-banked society and integrate all of them into typical banking service. *99# service has been introduced to deliver the banking services to every common man across the country.

*99# service is presently offered by 51 leading banks & all GSM service providers and can be accessed in 12 distinct languages including Hindi & English as on 30.11.2016 (Source: NPCI).

Transaction Cost	Services Offered	Funds Transfer limit
<ul style="list-style-type: none"> NIL by system Rs. 0.50 charged to customer 	<ul style="list-style-type: none"> Balance enquiry Mini Statement Funds transfer 	<ul style="list-style-type: none"> Rs 5,000/day Rs 50,000/annum

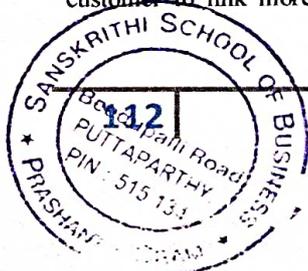
➤ **Aadhaar Enabled Payment System (AEPS)**

AEPS, can be utilized for all banking transactions such as balance enquiry, cash withdrawal, cash deposit, payment transactions, interoperable, Aadhaar to Aadhaar fund transfers, etc. All transactions are done through a banking correspondent based on Aadhaar verification. There is absolutely no need to physically visit a branch, provide debit or credit cards, or even make a signature on a document. This service can only be availed if your Aadhaar number is linked & registered with the bank where you hold an account. This is another initiative taken by the NPCI to promote digital payments in the country. Currently 118 banks offer AEPS (Source: NPCI). AEPS is a bank controlled model which allows online interoperable financial transaction at PoS (Point of Sale / Micro ATM) through the Business Correspondent (BC) any bank using the Aadhaar authentication.

Transaction Cost	Services Offered	Funds Transfer limit
<ul style="list-style-type: none"> NIL to customer Merchant or BC may get charged or paid based on bank's discretion 	<ul style="list-style-type: none"> Balance Enquiry Cash Withdrawal Cash Deposit Aadhaar to Aadhaar funds transfer Payment Transactions (C2B, C2G Transactions) 	<ul style="list-style-type: none"> Banks define limit. No limit for RBI.

➤ **Unified Payments Interface (UPI)**

UPI is a form of interoperable payment system through which any customer holding any bank account can send and receive money through a UPI-based app. UPI is a system that controls numerous bank accounts into a solo mobile application (of any participating bank), combining several banking features, unified fund routing & merchant payments under one veil. The major merit of UPI is that it allows users to transfer money without a bank account or IFSC code. Main requisite is a Virtual Payment Address (VPA). To avail this service one should have a valid bank account and a registered mobile number, which is linked to the same bank account. The service allows a customer to link more than one bank account on a UPI app on their smartphone to effortlessly initiate fund



Dr. Bala Rajan
PRINCIPAL
 Sanskrithi School of Business,
 Beedupalli Road, Prashanthipuram,
 PUTTAPARTHI - 515134,
 Ananthapuramu (Dt.) A.P.

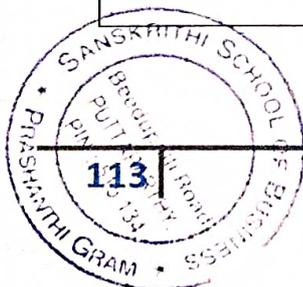
transfers and make collect requests on a 24/7 basis and on all 365 days a year. It also offers "peer-to-peer" collect request which can be scheduled and settled as per the need and convenience. Currently 30 banks offer UPI (Source: NPCI). Banks provide their own UPI App for Android, Windows and iOS mobile platforms.

Transaction Cost	Services Offered	Funds Transfer limit
<ul style="list-style-type: none"> • NIL. to customer by most Banks • Customer pays for data charges 	<ul style="list-style-type: none"> • Balance Enquiry • Transaction History • Send / Pay Money <ul style="list-style-type: none"> ○ Virtual Address ○ A/c no. & IFSC code ○ Mobile no. and MMID ○ Aadhaar (to be made functional) • Collect Money <ul style="list-style-type: none"> ○ Virtual Address • Add bank account • Change / Set MPIN • Notifications • A/c Management 	<ul style="list-style-type: none"> • 1 lakh per transaction

➤ Mobile Wallets

A mobile wallet is a technique to transfer cash in digital mode and a form of virtual wallet service that can be made use of by downloading an app. Users can link their credit card or debit card or bank account information in an encoded format in mobile device. These reduced the demand of the use of credit/debit card or remember the CVV or 4-digit PIN. Rather than using physical plastic card to make purchases, payment can be done with smartphone, tablet, or smart watch and it is Non-interoperable. Users can add money to a mobile wallet and use the same to make transactions and payment for purchase goods and services in a secured way. An individual's account is needed to be linked to the digital wallet to pile money in it. Currently the service of mobile wallet is available with 40 Companies (Source: NPCI). Most of the banks in the country have launched their mobile-wallets service and there are many private companies involved in developing mobile wallet apps. e.g. Paytm, PhonePe, Freecharge, Mobikwik, Oxigen, mRuppee, Airtel Money, Jio Money, SBI Buddy, itz Cash, Citrus Pay, Vodafone M-Pesa, Axis Bank Lime, ICICI Pockets, SpeedPay etc.

Transaction Cost	Services Offered	Funds Transfer limit
<ul style="list-style-type: none"> • Customer pays for remittances to bank a/c @ 0.5%-2.5% of fixed fee. • May pay for data charges in self-service mode. 	<ul style="list-style-type: none"> • Balance Enquiry • Passbook/ Transaction history • Add money <ul style="list-style-type: none"> ○ Bank A/c ○ All Cards ○ Cash-In • Accept Money • Pay money <ul style="list-style-type: none"> ○ Another wallet (mobile no.) with same provider ○ Pay merchant ○ Bar Code reader • Manage Profile • Notifications 	<p><u>For Users</u></p> <ul style="list-style-type: none"> • No KYC - Rs 20,000/ month (revised from Rs 10,000 to current till 30th Dec. 2016) • Full KYC - Rs 1,00,000/- month <p><u>For Merchants</u></p> <ul style="list-style-type: none"> • Self-Declared - Rs 50,000/ month • With KYC - Rs 1,00,000/- month



Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasantnigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

➤ **Banks Pre-Paid Cards**

A prepaid card is a sort of payment instrument on to which users add money to make purchases. The type of card may not be linked to the bank account of the customer. However, a debit card issued by the bank is linked with the bank account of the customer. Almost All leading Banks offer prepaid cards.

Transaction Cost	Services Offered	Funds Transfer limit
<ul style="list-style-type: none"> On loading the pre-paid card, Customer may pay service charges for transaction or fixed fee, upfront + each transaction. Loading wallets is mostly free. Merchant is charged fee 0.50% to 2.50 % Cash out is charged to customer as fixed fee or 1% to 2.5% of value of transaction. Only from Cards 	<ul style="list-style-type: none"> Balance Enquiry Passbook/ Transaction history Add money <ul style="list-style-type: none"> Bank A/c All Cards Accept Money Pay money <ul style="list-style-type: none"> Another wallet (mobile no.) with same provider Pay merchant Bar Code reader Cash-Out(Cash withdrawal) Touch and Pay Manage Profile Notifications 	<p><u>For Users</u></p> <ul style="list-style-type: none"> Rs 1,00,000/- for Users <p><u>For Merchants</u></p> <ul style="list-style-type: none"> Self-Declared - Rs 50,000/ month With KYC – Rs 1,00,000/- month

➤ **Point Of Sale**

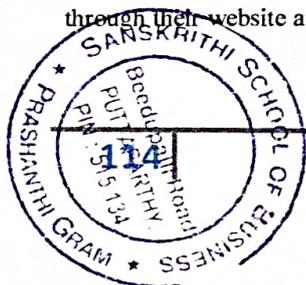
Conventionally, PoS terminals signified to those that were mounted in all stores where customers make their payment for purchases using credit/debit cards. It is typically a hand held device that scans banking cards. Though, with digitization the scope of PoS is enhancing and this service is also offered on mobile platforms and via internet browsers. A point of sale (PoS) is the area where sales are done. On a macro level, a PoS will be a mall, a market or a city. On a micro level, retailers consider a PoS to be the area where a customer completes a transaction, such as a checkout counter. It is also known as a point of purchase. There are various types of PoS terminals such as:

- ✓ Physical PoS terminals are the ones that area available at shops and stores.
- ✓ Mobile PoS terminals work through a tablet or smartphone. This is advantageous for small time business owners as they do not have to invest in expensive electronic registers.
- ✓ Virtual PoS systems practice web-based applications to process payments.

Funds Transfer limit for POS Terminals
<ul style="list-style-type: none"> No limit for regulator Merchant's Bank and payee Bank may set limit based on its own discretion

➤ **Internet Banking**

Internet banking refers to the process of carrying out banking transactions online. These may include many services such as transferring funds, opening a new fixed or recurring deposit, closing an account, etc. Internet banking is also referred to as e-banking or virtual banking. Internet banking is usually used to make online fund transfers via (NEFT, RTGS, ECS, IMPS)-National Electronic Fund Transfer, Real Time Gross Settlement, Electronic Clearing Systems or Immediate Payment Service. Banks offer customers all types of banking services through their website and a customer can log into their account by using a username and password. Unlike visiting



Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
 Beedupalli Road, Prasanthigram,
 PUTTAPARTHI - 515134,
 Ananthapuramu (Dt.) A.P.

a physical bank, there are to time restrictions for internet banking services and they can be availed at 365/24/7. There is a wide scope for internet banking services.

➤ **Mobile Banking**

Mobile banking is an umbrella term used for the wide range of services provided by banks using the software known as apps. Transactions are done with the help of mobile phones, tablets, etc. Mobile banking is termed as the process of performing financial transactions, banking transactions with the help of a smartphone. The scope of mobile banking is growing with the launch of many mobile wallets, digital payment apps and other services like the UPI. Most of the banks have their own apps for Android, Windows, iOS mobile platforms and customers can download the same to perform their banking transactions at the click of a button and touch of an icon.

➤ **Micro ATMS**

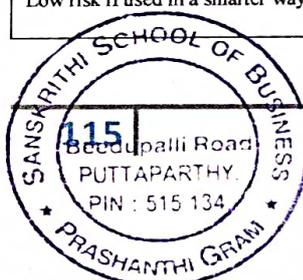
Micro ATM is a device that is being used by many Business Correspondent (BC) to deliver basic banking service. The platform will enable Business Correspondents to conduct instant transactions. The micro platform will enable function through low cost devices (micro ATMs) that will be connected to banks across the country. This would enable a person to instantly deposit or withdraw funds regardless of the bank associated with a particular BC. This device will be based on a mobile phone connection and would be made available at every BC. The basic transaction types, to be supported by micro ATM, are Deposit, Withdrawal, Fund transfer and Balance enquiry.

➤ **Bharat Interface for Money (BHIM) App**

The BHIM app permits users to make payments using the UPI application. This also works in alliance with UPI and transactions can be performed using a Virtual Payment Address (VPA). User can attach their bank account with the BHIM interface effortlessly. It is viable to link multiple bank accounts. The BHIM app can be availed by anyone who has a mobile number, debit card and a valid bank account. Money can be sent to various bank accounts, virtual addresses or to an Aadhaar number. There are also many banks that have alliance with the NPCI and BHIM to allow customers to use this interface.

THE MERITS AND DEMERITS OF DIGITAL PAYMENTS

Merits of Digital Payments	Demerits of Digital Payments
Handy & Hassle-free payments can be made by just a click.	Strenuous for illiterates
Pay or send or even receive money from anywhere and at anytime	The risk of data being stolen, lack of reliability.
Digital payments encourage users by giving discounts, rewards, cash-back offers.	Hackers can hack the servers of the bank or the E-Wallet you are using and easily get your personal information.
One stop solution for paying bills	Difficult for a non-technical persons
There is a proof and record of all digital transactions.	Without gadgets payments are not possible.
Helps to keep black money under control as every transaction is being recorded.	Most of the digital payment modes are based on mobile phone, the internet and cards.
Cost-effective and less transaction fee.	Since we don't carry physical cash it leads to overspending as there is no control
Low risk if used in a smarter way.	



Dr. Balakrishnan
PRINCIPAL
 Sanskrithi School of Business,
 Beedupalli Road, Prasanthigram,
 PUTTAPARTHI - 515134,
 Ananthapuramu (Dt.) A.P.

Digital payments are gradually gaining popularity in India and there are ample of apps that are being launched in this sector. It has become a hassle-free and secure way to make payments. Every coin has two sides so as the digital payments. Despite many advantages, digital payments have a few drawbacks also, it all depends on the user to get the best out of the available resources without facing any issues.

CONCLUSION

Digital payments are more convenient than cash payments. We need not carry cash with us all the time. Digital payments can be made in seconds just by a click. The balance is not an issue with digital payments when we can pay the exact amount. We will also have all our payments recorded automatically. We all adore simplicity and ease. Hence, we can say that Digital payment is the future of fund transfer and money transactions.

Owing to the omnipresent use of internet-based shopping and banking, digital payment system grew fast. In 2015-16, a total of Rs. 4018 billion transactions were made digitally as compared to Rs. 60 billion in 2012-13. The percentage of the digital payments will amplify in the considerable rate in the near future. With technology development, many digital payments companies have been established to expand, enhance and enable secured digital payment transactions.

FUTURE OF DIGITAL PAYMENTS

Technology plays a vital role for mass adoption of digital payments. The right product has to gratify to the assorted needs of the customer. The payment methods have to be simple, fast, efficient, reliable and secure. Research has already proven that convenience has emerged as the primary reason for customers to embrace digital payments on contrary to the popular belief that discounts and cash-backs are the only motivators.

The digital payments mode in India is still budding though it has seen significant activity in the yesteryears. There is an enormous opportunity. "The digital payment offerings of the future need to combine the simplicity and universality of cash with the security and convenience offered by digital payments," the Google-BCG report stated.

Digital transformation has stipulated an easy path to go for digital payments. This will certainly increase the quantity of digital transactions. The future of digital payments is optimistic. India is experiencing a significant growth in digital payments.

"Digital payments in India to reach \$1 trillion by 2023", the Credit Suisse report stated.

REFERENCES

- Sharon, G. S. (2000). *Beyond digital wallets: Internet payment services as ecommerce boom or bust*. *EContent*, 23(2), 31-36.
- He, F., & Peter, P. M. (2007). *Decision factors for the adoption of an online payment system by customers*. *International Journal of E-Business Research*, 3(4), 1-11, 13, 15-16, 18-32.
- Coates, V., & Bonorris, S. (1998). *Digital money: Electronic cash may rise sense*. *The Futurist*, 32(6), 22-25.
- *Digital payments in india to supersede cash & non-digital payments by 2022*, IDC reports. (2017, Dec 22).
- *A wealth of wallets; mobile payments*. (2012, May 19). *The Economist*, 403, 14.
- Sumanjeet, S. (2009). *Emergence of payment systems in the age of electronic commerce: the state of art*. *Global Journal of International Business Research*, 2(2), 17-36.
- *India: Making digital payments a mass movement in india - nearly 10 lakh citizens get reward money over rs.153.5 crore for embracing digital payments*. (2017, Feb 24).
- STONEMAN, B. (2001, Jun 13). *MasterCard moves into wireless payments*.
- *Mobile app payments: Paytm to MobiKwik, the digital wallet is expanding*. (2015)



Dr. Balakrishnan

PRINCIPAL

Sanskrithi School of Business,
Beedupalli Road, Prasantigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

SOVEREIGN GOLD BONDS: A STEP TO REDUCE GOLD IMPORTS

Dr.T.Venkatesan

Dr.S.K.Nagarajan

*Associate Professor, Sanskrithi School of Business, Puttaparthi, Anantapur, Andhra Pradesh Email:drvenkatesant@gmail.com

**Associate Professor, Department of Business Administration, Annamalai University, Tamilnadu.

Abstract:

The Indian economy has been recording a negative current account (i.e. Current Account Deficit) from ages past. The Government has been trying very hard to reduce the current account deficit in the Balance of Payment (BOP). India being the founder member in WTO is still unable to have positive Current account in its BOP. The reason for current account deficit can be ploughed back to excess imports over exports. Gold is a big reason of concern for excessive imports in the country. In order to reduce the current account deficit in BOP, the Government of India has taken initiation to introduce the Sovereign Gold Bonds. The other side of a coin is Investments. Sovereign gold bonds have opened a new avenue for the Investment for the public. The

Introduction:

Indian Economy has not been in a very good shape recently. All the economic articles in Newspapers and websites have been reporting gloominess. In the recent months, many of us would have come across this statement multiple times – ‘Please Stop buying Gold’. Our Finance Minister and his team didn’t know a quicker way to stop the decreasing the Current Account Deficit. The import duty on Gold went up from 4% at the starting of this year to 10% step by step. 20% of the Gold imports needs to be exported back again with some value addition.

reason for having excessive import of gold in the country from the investment point of view is high inflation rate. There are very few investment avenues in the market which give real returns on investment with minimum risk, one among them is gold. If these bonds generate real returns then this would be an ideal investment avenue.

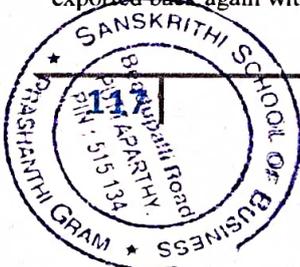
This paper discusses the mechanism of sovereign gold bonds and how it is going to reduce the gold imports of the country. Also to what extent these bonds can be an ideal investment for the people to fight against the inflation.

(Key Words: Sovereign Gold Bonds, Balance Of Payment, Current Account Deficit, Gold, Imports, Investment.)

So, what has been happening? Why all this measures all of a sudden? I decided to look into the issue and what has been happening over the years.

In 2001, the total world production of Gold was 3764 tonnes and India imported 462 tonnes, which turns out to be 12.27% of the total production. In 2012, the total production was 4130 tonnes. India imported 1079 tonnes which turns to be 26.12%. India has consumed one-fourth of the total gold production.

REASON FOR Current account deficit



Dr. Balakrishnan
PRINCIPAL

Sanskrithi School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

What could be the main reasons? Traditionally, Indians always have an affinity towards Gold Jewellery. In the recent years, we have started moving from the concept of Gold Consumption (buying for Jewellery) towards Gold Investment (buying for future benefits). In 2011-2012, 56% of Gold Imports happened through Banks. It is said that Gold has been purchased more due to the high returns it offers. But if we compare the returns between the period of April 2003 and March 2013, Rs.1000 investment would have given Rs. 5267 in Gold, Rs. 6158 in Sensex, Rs. 5746 in Nifty (Bank deposit at 8% would have given Rs. 2337). So, comparatively stock market has given more benefits.

Stock markets have remained out of reach for most of our population. Many of our fellow citizens are unaware of the stock market. There are many intricacies in dealing with our stock market and hence it is an unviable option for most of our citizens. Though stock markets have given better returns, Gold wins in terms of the consistency. If we draw a graph between stock and Gold, the growth of Gold will be more linear and stock market would be filled with crests and troughs.

Gold is considered more liquid compared to Real estate. It also doesn't require huge investment. Typically, it is said Peasants are the largest consumers of Gold. It protects them from Inflation. It is said to be the best Hedge from uncertainties. It has been found that for every 1 % increase in income, gold consumption increases by 1.5%. India's Golden period also happened between 2003 and 2010 when the GDP growth was spectacular and the per capita income increased tremendously. Also the MNREGA scheme increased the income of Rural masses and their primary investment turned out to be Gold.

has been caught when it smuggled from Nepal into India. Pakistan's gold imports have increased all of a sudden. Sri Lanka has mirrored India in the Imports Duty rate due to fear of Smuggling.

I read another interesting perspective a few days back. If the investment in Gold goes down, the consumption in Economy increases. It leads to higher liquidity in the economy. The inflation goes up. This is mainly due to the lack of investment interest in other alternatives.

In the short run, Government should aim for decreasing other non-essential imports. Here are values (in Rs. Crore) of some of the non-essential imports published in the Economic Times 2 days ago. Apples: 1152, Booze: 1150, Cashew: 5433, Dolls: 431, Mobile Phones: 25835, Spectacles: 366, Cosmetics: 2173, Almonds: 2105 among many others. Government should try and increase the domestic production of these goods. It could create employment, curb imports and boost exports.

proposed the introduction of the Gold Monetisation Scheme (GMS), which was introduced a month ago and now the SGB is the second measure.

"Any step that increases consumer choices and makes gold a fungible asset class is good. Our research confirms the growing interest among Indian consumers for interest-bearing gold-based investment products," Somasundaram P.R. MD, India, World Gold Council, said.

"Unlike the GMS, where the primary objective is to 'monetize' India's massive stock of physical gold, the SGBs scheme intends to convert the investment demand for physical gold into paper demand," according to Sonal Varma, India economist at Nomura.

Dr. Balakrishna
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



In 2014, India's investment demand for gold was at 181 tonnes against an average annual demand of 345 tonnes from 2010 to 2013. "If the scheme is subscribed fully in the first year, then it would represent 27 per cent of the 2014 investment demand and would result in saving of \$2 billion on gold imports at current prices," the report said.

Importantly, a 2 per cent lower limit of interest rate has been indicated and will be paid in terms of gold grams. On maturity, the investor is to get an amount equivalent to the face value of gold in rupee terms.

As with the Gold Monetisation Scheme, the interest rate could determine its success. "It is an excellent scheme and is a new alternative investment avenue while having 'gold' tagged to it and will surely gain popularity among investors," Prithviraj Kothari, Managing Director, Riddhi Siddhi Bullions and Vice-President of India Bullion and Jewellers' Association, told this correspondent.

Sovereign Gold Bond Scheme

This scheme is designed to reduce the current and future hoarding of gold. We believe it will succeed in this aim because it is very convenient for a typical gold customer to participate in it, particularly since the minimum values to participate in the scheme are low.

The main features of the scheme are:

The salient features of the scheme are:-

- i. Sovereign Gold Bonds will be issued on payment of rupees and denominated in grams of gold.
- ii. Bonds will be issued on behalf of the Government of India by the RBI. Thus, the Bonds will have a

sovereign guarantee.

iii. The issuing agency will need to pay distribution costs and a sales commission to the intermediate channels, to be reimbursed by Government.

iv. The bond would be restricted for sale to resident Indian entities. The cap on bonds that may be bought by an entity would be at a suitable level, not more than 500 grams per person per year.

x. The tenor of the bond could be for a minimum of 5 to 7 years, so that it would protect investors from medium term volatility in gold prices. Since the bond, will be a part of the sovereign borrowing, these would need to be within the fiscal deficit target for 2015-16 and onwards.

xi. Bonds can be used as collateral for loans. The Loan to Value ratio is to be set equal to ordinary gold loan mandated by the RBI from time to time.

xii. Bonds to be easily sold and traded on exchanges to allow early exits for investors who may so desire.

xiii. KYC norms will be the same as that for gold.

xiv. Capital gains tax treatment will be the same as for physical gold for an 'individual' investor. The Department of Revenue has agreed that amendments to the existing provisions of the Income Tax Act, for providing 'indexation benefits to long term capital gains arising on transfer of bond'; and for 'exemption for capital gains arising on redemption of SGB' will be considered in the next budget (Budget 2016-17). This will ensure that an investor is indifferent in terms of investing in these bonds and in physical gold- as far as tax treatment is concerned.

xv. The amount received from the bonds will be used by Gol in lieu of government borrowing and the notional interest saved on this amount would be credited in an account "Gold Reserve Fund" which

Dr. Balakrishna
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



will be created. Savings in the costs of borrowing compared with the existing rate on government borrowings, will be deposited in the Gold Reserve Fund to take care of the risk of increase in gold price that will be borne by the government. Further, the Gold Reserve Fund will be continuously monitored for sustainability.

xvi. On maturity, the redemption will be in rupee amount only. The rate of interest on the bonds will be calculated on the value of the gold at the time of investment. The principal amount of investment, which is denominated in grams of gold, will be redeemed at the price of gold at that time. If the price of gold has fallen from the time that the investment was made, or for any other reason, the depositor will be given an option to roll over the bond for three or more years.

xvii. The deposit will not be hedged and all risks associated with gold price and currency will be borne by Gol through the Gold Reserve Fund. The position may be reviewed in case 'Gold Reserve Fund' becomes unsustainable.

xviii. Upside gains and downside risks will be with the investor and the investors will need to be aware of the volatility in gold prices.

xix. In order to ensure wide availability, the bond will be marketed through post offices/banks/NBFCs and by various brokers/agents (including NSC agents) who will be paid a commission.

The main advantages to investors are:

1. Gold is bought at a wholesale price even for small denominations.

2. Compared to the alternative options such as ETFs, there are no transaction costs.

3. Interest can be earned.

Under this scheme, any cost of operation or promotion would be on the government's balance sheet and this would make it very easy to market and launch. There are no additional costs associated with launching the scheme as the infrastructure required is already in place. This scheme will drive away all retail investors from gold ETFs in India as this is a paper gold, which would give interest over and above the gold rate benefit, while an ETF would have load (in India, the load is between 1% and 2.5% negative interest). Gold ETFs have been on a downward trend, but this scheme may give it a death blow in India.

Sovereign Gold Bonds Scheme vs. Gold ETF

Both the schemes are linked to Gold and backed by renowned custodians thus the safety and the purity is guaranteed. But there are some major differences which makes the newly launched Sovereign Gold Bond Scheme superior than Gold ETFs.

Interest and Capital Appreciation

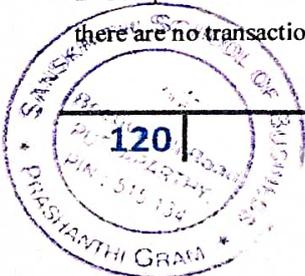
Sovereign Gold Bonds are gaining much attention because of additional interest of 2% to 3% per annum on the invested amount. SGB will not only provide the capital appreciation, a nominal interest rate at 2%-3% per annum will also be given to the investor in form of Gold.

This is not applicable in Gold ETF. You will only earn the difference in the amount of buying rate and selling rate i.e. only capital appreciation. No extra benefit is associated with GETF.

Distribution and Other Cost

Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Ananthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



Another benefit of investing in SGB is they don't bear any cost i.e. no brokerage, no commission and also no expense ratio. All the cost of distribution and commission will be borne by the Government.

Gold ETF bears the cost of holding demat account, commission and brokerage on buying and selling plus an expense ratio of about 1%.

Tax on Interest and Capital Gains

Taxation on SGB is levied under two heads Capital Gains and Income from Other Sources. Capital Gain tax is similar to that of physical gold i.e. short-term capital gain will be taxed at slab rate and long-term capital after 3 years will be taxed at 20% with indexation and 10% without indexation benefit. Currently Government is planning to provide some tax benefits on capital gains in the upcoming budget 2016-17.

The interest income of SGB shall be taxed at applicable slab tax rate under the income from other sources.

Since Gold ETF is debt-oriented mutual fund scheme, the tax is levied as non-equity funds under capital gain head i.e. Short term capital gains will be taxed at slab rate and long-term capital gains after 3 years will be taxed at 20% with indexation.

Lock-in-Period/Liquidity

SGB likely to come with a lock-in-period of 5-7 years, but can be easily bought and sold on commodity exchanges and thus will allow early exit. Similarly GETF can also be bought and sold on stock exchanges any time.

Investment Decision



SGB can be held in paper as well as dematerialize form while GETF can only be held in Dematerialized form. Thus an additional cost of demat account is also associated with GETF.

Conclusion:

The scheme will help in reducing the demand for physical gold by shifting a part of the estimated 300 tons of physical bars and coins purchased every year for Investment into gold bonds. Since most of the demand for gold in India is met through imports, this scheme will, ultimately help in maintaining the country's Current Account Deficit within sustainable limits.

References

<http://www.cnbc.com/id/100819215>

http://its.edu.in/UploadFile/News_Letter/Jul/fd4cFinvest%20Times_Issue%2034.pdf

<http://finmin.nic.in/swarnabharat/sovereign-gold-bond.html>

<https://www.rbi.org.in/scripts/AnnualPublications.aspx?head=Handbook%20of%20Statistics%20on%20Indian%20Economy>

<https://www.rbi.org.in/Scripts/FAQView.aspx?Id=109>

DR. Balakrishnan

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (D.T.) A.P.

TRANSFORMATION OF FINANCIAL INCLUSIVENESS IN DIGITAL INDIA

Dr.Soma.Hari Prasad M.B.A., M.Phil, Ph.D., (Principal – Sanskrithi School of Business)

Email: hariprasadsoma@sanskritibschool.com

ABSTRACT:

Inclusive development is multifaceted and can be achieved through growth with equity-social, economic and political. There is no mechanism to achieve an automatic inclusive growth rather it can be attained through proactive intervention, effective policy implementation and people's participation in governance process. Democracy would lose its significance if the benefits of growth do not reach the unreached. Economics of well-being of a nation rest on 'GraminArthaVyavastha' which is directly related to poverty, inequality and unemployment etc. Initiatives by the government like Pradhan Mantri Jan DhanYojana, Self Help Group Bank Linkage Programme (SHGBLP), Kisan Credit Card (KCC), Farmer Producer Organization (FPO) and DeendayalUpadhyay Gram JyothiYojana to improve efficacy of public policy and programme through innovative financial services for rural poor. Financial inclusion provides access to financial services that are the key to participating in a modern economy. These include payments, credit, insurance and savings. Without access to efficient payment systems, business grinds to a halt. A modern economy cannot work without efficient, reliable and cost-effective payments.

Keywords: Kisan Credit Card(KCC), Self Help Group Bank Linkage Programme (SHGBLP), PMMY (Pradhana Mantri Mudra Yojana), Artificial Intelligence and Machine Learning (AI & ML)

Introduction:-

Financial inclusion is described as the process of ensuring access to appropriate financial products and services needed by all sections of society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players. In a country where the vast majority of population is still very poor, financial inclusion is of great significance. Economic and social opportunities mean volatility in their income

can have an adverse effect on the financial stability. However, the banking sector has made rapid strides largely because of the swift advancement in technology. Automated teller machines, internet and mobile banking, payment wallets, and other advancements have brought in significant improvements in consumer experience and have also helped banks widen their reach.

Review of Literature:-

Michael Chibba (2009) noted that Financial Inclusion is an inclusive development and Poverty Reduction strategy that manifests itself as part of the emerging FI-PR-MDG nexus.

MaderaSharma and Jesim Paise (2008) suggest that the issue of financial inclusion is a development policy priority in many countries using the index of financial inclusion developed in levels of human development and financial inclusion in a country move closely with each other, although a few exceptions exist.

Twelfth Five Year Plan, NITI Aayog, GOI,

Dr.B.B.Sahoo (2019) Banking and Financial Inclusion A Journal on Rural Development

Objectives of the Study:

1. To understand the financial innovations made in the areas of financial inclusion by the government and private enterprises.
2. To understand the financial inclusion and its importance
3. To find out the approaches adopted by banks, steps taken by the regulatory bodies and various government initiatives to achieve financial inclusion.
4. To analyze the past years performance and achievements towards reaching out to the unbanked areas under financial inclusion.

Dr. Balakrishna Dora
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthnagar,
PUTTAPARTHI - 516134,
Ananthapuramu (Dt.) A.P.



5. To understand the impact of changes happen post innovation techniques and schemes.

Analysis:

World over nearly 82% of population are in nonbanking segment. However, India in recent past has taken phenomenal steps using technological changes and India's demographic dividend is well suited to switch to digital behaviour, considering that the median age of an Indian is expected to be 29 years by 2020, with 900 million of the population falling in the age group of 15-60 years by 2025.

Mobile and Internet, Digi Lockers:

An investment of \$18.4 billion to provide last mile internet connectivity, better access to government services, and development of IT skills. Provision of Wi-Fi services in cities with a population of more than one million, as well as major tourist centre's Provision of broadband internet access to 250,000 village clusters by 2019 at a cost of about \$5.9 billion. Availability of digital lockers to each citizen, allowing them to store all their original identification documents and records. Development of 100 smart cities in India Focus on moving towards automation in delivery of government services Achievement of a leadership position in IT towards betterment of health, education and banking services. Wide internet access and an enabled use of shareable private space on a public cloud model in order to empower citizens digitally.

Artificial Intelligence Machine Learning: The increasing capability of artificial intelligence (AI) and machine learning (ML) is another important technological advance affecting banking in recent years. AI and ML are general-purpose technologies that may be used in a wide variety of areas within a financial institution. These include refinements to existing products, such as better credit and risk management, tools for uncovering asset pricing anomalies, and helping institutions comply with regulatory requirements.

Aadhaar Card

The technology-levered Aadhaar programme is likely to be the biggest disruptor in financial inclusion delivery, as innovations leveraging the Aadhaar card

are expected to assist in broad-basing the access and acceptance by financially excluded segments.

Rural Banking Outlets:-

RBI in January 2006 allowed banks to employ Business Correspondents (BCs) to carry out banking transactions on behalf of the bank as agents, and Business Facilitators (BFs) for submission of clients proposal to the banks. BCs use mobile devices to communicate the record of all small ticket transactions through internet or GPRS etc.. It has proved to be cost effective where different services like Opening Bank accounts, Recurring Deposits, Fixed Deposits, withdrawal and remittances, micro insurance and micro pensions etc., has phenomenally increased. The following results shows the performance of increase in outlets:

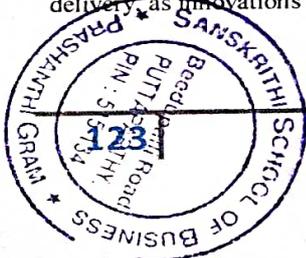
Particulars	Annual Growth Rate
No. of Banking outlets	27% (Inc. from 67,974 to 5,69,547 outlets)
Banking Outlets through Branch Mode	4.8%
Banking Outlets through Branchless Mode	35.2%

Direct Benefits Transfer:

The scheme was initiated to facilitate disbursements of government entitlements such as those under the social security pension scheme, handicapped old age pension scheme, etc., of any central or state government bodies, using Aadhaar and authentication thereof, as supported by UIDAI.

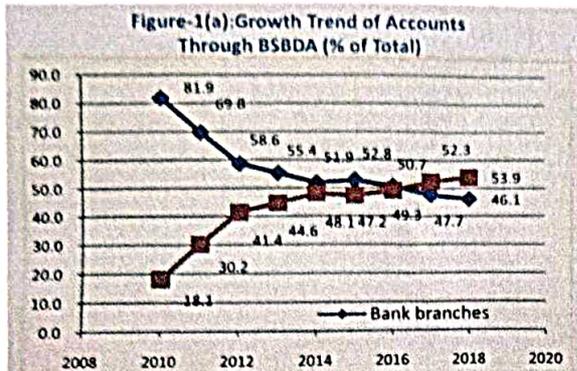
Prime Minister Jan Dhan Yojana (PMJDY)

:To extend credit, insurance and pension schemes to the unreached segment PMJDY launched on 28 Aug, 2014 with opening of 15 million accounts on inauguration day itself with major features like Basic Savings Bank Deposit (BSBD) account with zero balance, accidental insurance cover and life insurance and credit for farming and non-farming sectors with an overdraft facility after satisfactory operations of 6 months The Central and State Governments used them for Direct Benefit Transfer (DBT) eg., LPG, The following charts shows not only the strength growing accounts but also savings amount per account



Dr. Balakrishna
PRINCIPAL

**Sanskriti School of Business,
Beedupalli Road, Prapatthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.**



Self Help Group Bank Programme (SBLP):

This SBLP programme is cost effective and an efficient tool for poverty eradication. The programme has proved that lending to poor is also bankable and when small loan products are offered to the poor even without collateral, the repayment is far better than formal industry.

PARTICULARS	AS ON 31 st MARCH 2018
No. of SHG registered	50.2 Lakhs
SBLP SAVINGS WITH BANKS	19,592 Crores
LOANS TO SBLP GROUPS	75,598 Crores

MUDRA (Micro Units Development & Refinancing Agency):

PMMY Pradhan Mantri Mudra Yojana (PMMY) launched on April 8th, 2015 with the concepts like Stand up India has been encouraging where women entrepreneurs SHG member will be eligible for a loan of Rs.1 Lkh. Under MUDRA scheme till date



4.83 crore loans are sanctioned where 2.5 lakh crores is disbursed. MUDRA cards scheme, facilitating hassle free working capital financing to micro enterprises, has issued cards to over 8.53 lakh borrowers since its inception in FY 2015-16 with more than 1.52 lakh of these cards, worth ` 1425.48 crore, being issued in FY 2017-18 alone. MUDRA provides financial assistance to Asset Finance Companies (FCs) and Loan Companies (LCs) where the principal business is for financing the physical assets.

Findings:

Technological advances are increasingly reducing the cost of serving these customers and opening up a potentially significant growth opportunity for banks. Operating cost of customer through BC etc., using mobile occupies only 0.3% of branch teller cost.

Driving greater financial inclusion will not only generate sizable economic benefits — boosting gross domestic product (GDP) by up to 14%

The absence of traditional credit data for financially excluded individuals and MSMEs is a major barrier to accessing financing. However PMMY is making an aggressive move.

Suggestions:- To reduce the number of under banked individual, BFI industry commitment is required to adopting and leveraging them, where majority of private banks also can take a lead. Government can make use of some of these credit bureaus under Mudra who have pioneered modern fintech techniques, offering financial institutions a single source of data, whether that's through a traditional credit file, or a digital file of aggregated data. As a result, government can have an access to financial services at a lower cost, to more people, while also reducing risk.

References:

GVS Sekhar; Financial Innovation Theories and Models – 2018

Thakor (2012) and Gennaioli, Shleifer, and Vishny (2012) are recent examples of theoretical research that attempts to tie financial innovation and financial instability

Dr. Balakrishna
PRINCIPAL
 Sanskriti School of Business,
 Beedupalli Road, Puttaparthi,
 ANANTHAPURAMU - 515134,
 Ananthapuramu (D.T.) A.P.

"CURRENT TRENDS AND PRACTICES IN SUCCESSION PLANNING"

E.Prasanthi

Assistant professor , SSB

ABSTRACT

There are several critical trends that will further strengthen the transformation of succession management from a replacement tool to a development and leadership capability tool, thereby ensuring that systems and processes are responsive and less bureaucratic. Succession planning will continue to become more integrated into the everyday life of organizations, moving from a formal 'annual event' to become a part of the daily fabric of doing business. Technology will also integrate succession processes into the desktop computers of managers. A single icon will grant immediate and widespread access to succession planning information. Additionally, all of the components of HR management are being looked at, appropriately, as fully integrated, aligned systems, rather than as a set of disconnected activities. Gone is the silo mentality that kept HR from other business units. The hyper-competition of the contemporary world makes such an approach outdated and dangerous to the bottom line

Keywords: Trends, Succession planning, Best practice.

INTRODUCTION

Substantial change and organizational trends have caused traditional Succession Planning and Management (SP&M) approaches to become obsolete (Karaveli & Hall, 2003). Some of these important trends include (a) Shifting demographics that will result in a shortfall in the number of next generation organization leaders, as well as an increase in attrition in executive level positions. (b) Economic conditions that have resulted in massive downsizing and increasingly flat and dynamic organizational structures. (c) Reduced loyalty among employees while organizations are trying to build involved and engaging work environments. (d) Recognition on the part of senior executives of the importance of values, competencies, intellectual capital, and knowledge management. As a result, many organizations that engage in SP&M have

transitioned from traditional approaches that seek to identify and prepare leaders for specific future positions to processes that seek to identify and develop pools of talented individuals who can assume a variety of unknown future positions. Typically, these more agile processes are built around a core set of leadership best practices that drive assessment, development, and selection decisions.

Trends in Succession planning

Trend 1: The Need for Speed

Speed is only likely to become more important in the future. That sensitivity to speed is affecting human resources (HR) practices as well. Many companies keep statistics to see how long it takes to do the following:

- Justify a position.
- Recruit for and fill a vacancy.
- Find talent to meet immediate needs or synchronize efforts.
- Train people.

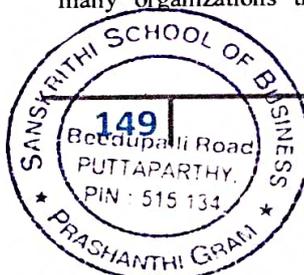
In a more stable era, it might have been acceptable to permit a long lead time between the justification and filling of a position, or the selection of a qualified person and the realization of full productivity from that worker following training. But stable times are gone. Time is a resource easily wasted, and people must be found and oriented so that they can become productive as quickly as possible.

Trend 2: A Seller's Market for Skills

Employers in many other parts of the world have traditionally taken workers for granted. Many managers still assume that, if their organizations will only pay enough, they can always find the people they need to fill any position. But that assumption is not always valid anymore.

There are several reasons:

- First, the population is aging. Fewer workers are entering at the bottom of organizational pyramids because there are fewer workers of traditional entry-level age. Those new workers have a work ethic and values different from those of previous generations. Many prize a balance of work and personal life that does not match the frenetic pace of many organizations today, where number of work hours for the average manager is on the rise.
- Second, more people are reaching traditional retirement ages. Some authorities contend that



D. Prashanthi
Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHY - 515134,
Ananthapuramu (Dt.) A.P.

this will lead to a leadership shortage as senior managers, traditionally the oldest age group, take advantage of generous retirement plans. Other authorities, however, caution against assuming that people will retire at traditional ages in the future, since retirement plans and other benefits are less secure than they once were.

- Third, until recently the U.S. economy sustained a broad expansion for the longest period in history. Many groups have benefited from this expansion. While there may be evidence that the rich are getting richer and the poor are getting poorer, it is also true that virtually anyone in America who wants a job can find one somewhere. This means that workers can afford to be more selective about where they work, which creates a seller's market for skills.

Trend 7: The Growing Activism of the Board of Directors

Boards of directors are beginning to take a more active role in SP&M. The evidence clearly points in that direction. One reason has been the Sarbanes-Oxley Act of 2002. A key effect of that act is to increase board accountability in business operations. And, of course, finding qualified successors for CEOs on down is an important issue that corporate boards must perennially address.

Trend 8: Growing Awareness of Similarities and Differences in Succession Issues Globally

One size does not fit all—and that is as true of succession planning as it is of anything else. Unfortunately, it is a lesson that some multinational corporations (MNCs) have never learned. An all-too-common scenario is that the corporate headquarters in Europe, the United States, or Japan will establish succession planning guidelines and then roll them out worldwide, forgetting that the world is a big place and national cultural differences do play a role in effective succession planning practices. The result is that, whatever the approach, it is only partly effective.

U.S. firms will generally prize individualists who can claim credit for what they have done on their own. That is not true in other cultures, where a willingness to “stick one’s head above the crowd may mean it is cut off.” In short, allowances may have to be made for cultural differences in which individual efforts are prized in those cultures where individualism is prized, while an individual’s willingness and skill to influence groups may have

to be identified and rewarded in more collectivistic cultures where team efforts are prized

*Some European firms—and some firms in developing nations—will prize “family heritage.” Ultimately, coming from the European tradition of aristocracy, this principle means that “not all people are created equal.” Some people, as George Orwell once noted in *Animal Farm*, are “more equal than others” by virtue of birth family, socioeconomic status, schools attended, and social networks developed from school and family connections. In short, it means that one’s family may mean that one is destined to be a senior executive no matter what corporate leaders in other nations may want because that is just the way things are done locally.*

Trend 9: Growing Awareness of Similarities and Differences of Succession Programs in Special Venues: Government, Nonprofit, Education, and Small or Family Business

Just as one size of SP&M program may not fit all internationally, one approach to SP&M will not work in all venues. While there are many similarities in effective SP&M programs across business, government, and nonprofit sectors, there are some important differences as well. The same is true in settings such as educational institutions, small business, and family business. There is two key differences in succession planning programs between business and in governmental settings. One difference is that some governmental entities have civil service systems that prohibit (by law) the naming of individuals to fill positions without competitive job searches. In some jurisdictions, all jobs must be posted. Individuals are then ranked according to their qualifications compared to the requirements listed on job descriptions. That approach means, in practical terms that a government entity can commit to develop anyone who wishes to be developed a method sometimes called a *talent-pool approach*. But identifying individual successors in advance may not be possible. A second difference has to do with who may be regarded as the key customers of the effort. In business, the CEO plays the single most important role as customer. But in some governmental entities, the agency director is a political appointee who carries out the will of an elected official. In practical terms, that means that the most important owners of the SP&M process will be those government civil servants who do not change with the winds of every political election. They possess the collective

Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



institutional wisdom of the organization in their heads, and they must be appealed to on the grounds of a legacy if a government-agency SP&M program is to work. In many cases, government succession programs bear different titles and are called *workforce planning* or *human capital management initiatives*.

Nonprofit

Nonprofit entities share characteristics with business and government. For that reason, an effective SP&M program in a nonprofit organization will most likely be a hybrid of what works in the private and public sectors. The senior-most leader must back the effort if it is to succeed, and the nonprofit SP&M program is like the private sector. But dedicated leaders who have made their careers in the organization, and are committed to its worthwhile mission, must also back the effort. And in that respect, the SP&M program in a nonprofit organization is akin to that of a governmental entity.

entrepreneur may (or may not) be the best equipped—by skills, vision, or motivation—to run the business. Family succession has several issues associated with it. One issue centers on management. A second issue centers on tax and inheritance issues. A third issue centers on legal issues. A fourth issue centers on what might be called family psychology.

Trend 10: Managing a Special Issue: CEO Succession

CEO succession has emerged as a special theme and research topic within the succession literature. In that respect it is like other unique succession issues, such as the impact of cultural differences in making succession decisions, small business succession, and family business succession. The special interest in CEO succession should come as no big surprise. It has been a prominent topic for research, discussion, and investor interest. In fact, it has been a focus of attention in much the same way that succession to the throne has preoccupied citizens in those nations where a monarch is the titular head of state. That analogy between monarch in a nation and CEO of a company is particularly apt when thinking about the successors of founding entrepreneurs in small businesses, where a CEO's unexpected and sudden loss can have particularly devastating effects on the business.

Trend 11: Review and Update Your Program –

that worked well 5 years ago may need to be

reevaluated and revised to address the realities of a smaller talent pool and a more complex business environment.

Trend 12: Leverage Multiple Data Sources -

There is an art and a science to succession management. The best talent decisions are based on objective and subjective data from a variety of sources that don't conflict, including assessments, commentary and storytelling.

Trend 13: Assessments are Standard - Rather than the exception, assessments are becoming the norm for all companies seeking the most effective process to drive market performance.

Trend 14: More Advanced Workforce Planning -

Organizations are recognizing that rigorous workforce planning analytics are increasingly important. Knowing your competitors, being more externally and future focused enhances agility and supports a proactive succession management process.

Trend 15: Make Diversity a Reality - While companies may have diverse candidates in the succession pool they are not always chosen. Make it a priority to prepare diverse candidates for critical roles and promote them.

Trend 16: Organizational restructures, mergers, acquisitions, etc occur more often — which compresses the feasible time frame for planning;

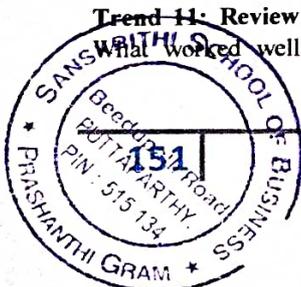
Trend 17: Downsizing and cost-cutting approaches have sometimes had the effect of reducing the resources and options available to organizations, because many high-potential employees may be either victims of the cutbacks or else leave voluntarily because they have lost confidence in the employer;

Trend 18: The mantra that it has become harmful to one's career to remain employed by the same organization for a lengthy period has reduced the emphasis on a structured career with a single organization, as employees (particularly younger ones) change employers more often;

Trend 19: The ageing population is now having an impact as many 'baby boomers' are now in a position to choose early retirement. This trend may lead to

Dr. Balakrishna
Principal

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



labor supply shortages as fewer new employees are available to replace them;

Trend 20: Technology is driving more frequent changes in job types and content, which makes it harder to plan; and

Trend 21: Issues such as equal opportunity and managing diversity are having a greater impact, as organizations seek to maximize the contribution of all employees.

Investing in a credible forecast about the future makes it possible to understand the skills and capabilities a CEO will need.

Development: The best practices in development are different for internal and external candidates. For internal candidates, development begins with the identification of a small number of people who could be made ready in two to four years. Though there is a strong bias for "ready now" candidates, directors must recognize that such individuals exist only in theory.

Selection: As the transition approaches, the internal candidates should be ready. The scanning for external candidates should be updated. The best selection practice involves inviting all internal candidates to give presentations to the board in which they describe their vision for the company's next five years. After a presentation and discussion, the likelihood is if the development of internal talent has been successful that a clear winner will be revealed. If none emerges, then it is time for the board to consider external candidates. The risk with external candidates is high not only do they present an incomplete picture to directors, but the company is an incomplete picture to them.

Transition: A best-practices transition focuses on both the on-boarding process and first 12 months of a new CEO's tenure. Internal and external successors experience on-boarding differently, but a critical presumption is that before the successor's first day, the board has made certain that he or she has begun to develop relationships with board members, had sufficient time with the outgoing CEO to complete appropriate hand-offs and has a sense of the areas that represent burning fires requiring immediate action. On-boarding itself refers to the process of getting up to speed on the job.

Define job descriptions based on critical skills: Each year, it's important to take the time to review existing job descriptions to make sure they include the right skills and experience you need from new hires as well as existing staff. Many times, due to

changes in technology or industry demands, these skills can change over time. Because job descriptions are the basis for recruiting efforts, be sure that they reflect the most up-to-date skills you need to stay on top in your industry.

Assess current personnel skillsets: A part of conducting a succession planning action is to take a close look at your existing staff to identify future leadership potential. Look for those who are actively engaged in learning and skills enhancing activities. Talk with department managers to see who shows potential for taking on higher levels of responsibility. These folks are your team leaders, innovators and entrepreneurs who can bring new ideas and opportunities to your company.

Conduct frequent performance reviews: At minimum, your staff should expect to receive at least one performance review annually, with the optimized performance review frequently at quarterly intervals. During this time, assess the skills of staff, and how well they are progressing in their assigned roles. Look for employees who consistently reach their career objectives and get them assigned to higher level projects.

Encourage managers to coach employees: Supervising today is vastly different than in previous generations. This is especially true when supervising younger crowd of highly creative employees, who are driven by different types of incentives. Give managers the tools to better manage people by teaching them to lead by example, rather than simply keeping a watchful eye on staff. Managers should become coaches, not babysitters.

Provide corporate learning opportunities: The final element in a solid succession plan is to provide company-sponsored education and training for all employees. This can be as easy as setting up an online training system so that employee can take classes around their schedules. Or it can involve providing an in-house training program, conducted by management or outside consultants. Many companies also encourage higher education with tuition reimbursement programs

Develop an integrated approach to succession management: Organizations with an integrated, rather than "just-in-time," approach to succession management experience higher retention rates, increased employee morale, and an environment that

Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



stimulates innovation and organizational change. There are some positions in an organization that are more critical than others. A successful succession plan should place a high priority on planning for a smooth change in such positions. Key components of an integrated succession management approach include: workforce planning, succession planning, knowledge management practices, and recruitment and retention practices.

Continually assess potential employee turnover: Making career planning discussions a part of a regular and ongoing performance review process assists in assessing potential turnover. Department heads are a good resource in helping to identify employees that may be planning to leave.

Provide a formal, written succession plan as a framework for succession initiatives: Without a formal plan, workforce/succession planning tends to take place in a haphazard fashion. A formal plan identifies risks and strategies, thereby providing a guiding framework for specific succession initiatives, including how employees are eligible to participate and what being part of the succession plan means. Plans that have been thoughtfully articulated and communicated to the organization are more likely to be successful. Additionally, having a formal plan indicates organization and leadership commitment to succession management, which is critical for success and for sustaining successful planning across political and leadership transitions. The Budget Department and the Human Resources Department should work together to develop this plan,

employee. Making sure pay levels are competitive with the market place is one means of retaining employees. Providing career advancement opportunities for employees is another means of retention.

Consideration must be given to collective bargaining agreements and how those agreements fit in with the overall succession plan: The engagement of bargaining units for cross training opportunities is encouraged.

If early retirement programs are offered by your entity, it should be done in conjunction with a succession plan: Governments use considerable caution when considering the implementation of early retirement plans. If an early retirement program is offered, that might provide a window of opportunity to look at technology, potential to streamline, or rethinking the way services are provided, managed, and/or administered.

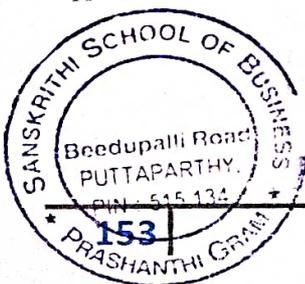
Consider non-traditional hiring strategies. Options such as part-time work, job-sharing, volunteers, and flexible schedules and flexible-place arrangements are providing mechanisms to both meet the needs of the organization and employees.

Deploy a Succession Management Process: There needs to be a process that the firm will follow. Different size firms require a different process. The key element is that firms need to make succession planning an integral process by linking succession planning and the firm's overall business strategy. This link is critical since it gives succession planning the opportunity to affect the firm's long-term goals and objectives. Furthermore, in case of an unexpected event, the firm should know how the next leader will be selected. Otherwise, the firm may be open to civil war or implosion.

Identify Future Leaders: The smart firms don't wait until its time to elect a new managing partner or other key player in the firm. They use a continuous identification process to focus on future leaders. They have developed for their firm a unique set of technical, professional, client and leadership competencies.

Develop Future Leaders: Best-practice firms create specific, individualized development plans for each employee. These plans identify which developmental activities are needed. In larger firms this is handled through the human resource group. The HR group will help develop or purchase training programs and will also monitor employee follow up in the developmental areas.

Measure Results: Best-practice firms realize that if it is not measured it is not important. These firms develop measures and targets for success. Targets are specific and may include the number of employees and partners that have completed a specific training program and can effectively utilize the knowledge from the program in their daily work



DY. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

Interest in advancement – Another key factor that the company looks for in its "high potentials" is the desire to perform leadership tasks. Its Leadership Review forms, filled out by the individual employees, seek to identify individuals' interests and match them to positions.

Past performance – Past performance is heavily weighted in the culture and in the performance review process.

Promotion record – Promotion record still has impact but counts for less than it previously did. The company's culture once expected movement at least every 18 months; now, it focuses more on people staying and seeing their individual projects through to the end.

Long-range plans: The talent management planning process begins with the setting of long-range, achievable goals. Jeff Oberlin, President of Jeff Oberlin, Inc. in Elmhurst, Illinois, is a business improvement executive who specializes in enterprise learning and workforce productivity. He emphasizes that from line employees all the way up to CEO, companies need to make sure that they have a long-range view of where they are going, what type of talent they will need, the competencies required in particular jobs and across the board, and also the number of employees needed with certain skill sets.

Progress checks: Once an organization devises a strategic plan that impacts the acquisition and development of talent, it should conduct annual progress checks with quarterly reviews. Such reviews assess changing strategies and explore emerging marketplace threats and opportunities, which could necessitate adjustments to the plan.

Connecting business strategies to needed competencies: Attention should be focused in the right direction in the talent management planning process. This means making the connections between business strategies and the competencies needed to implement them. Personnel in what would be called key, critical or pivotal positions in implementation projects can immensely influence the success or failure of strategic plans.

Developing a talent mindset: Leadership throughout the organization needs to have a talent mindset that drives them to actively participate in the

acquisition and development of talent. Because company culture is the soul of an organization, top executives need to help create and sustain a purposeful, engaging, rewarding and high performance work life. This requires constant attention and should be part of the annual talent planning process.

Integrating all talent initiatives: All of the initiatives a company undertakes to attract, recruit, on-board, engage, direct, develop, reward and retain talent have to work consciously in concert. People who perform these functions should participate in the annual talent management planning process and the quarterly reviews, along with the business leaders they support.

A New Talent Management Model: The movement in Human Resources towards a broader, more systematic approach to attracting, acquiring, developing and retaining talent began in the early to mid 1990s and has accelerated throughout the current decade.

The talent management process coupled with improved technology greatly enhances business communication. It increases the information exchange between HR personnel and top business executives, allowing them to create and implement strategic plans. Its ultimate outcome will be an integrated approach that leaves nothing to chance. It will assure that the right people are in the right jobs when and where the business needs them.

Side Bar: Choosing Talent Management Software: In the new integrated approach to talent management, senior business leaders will work with senior HR leaders to set strategic goals and realize them. Here are five factors to keep in mind when choosing talent management software.

- Consider a comprehensive suite of modules: Although a number of modules are available which can stand alone or be integrated, the three essential modules that need to be linked together in a talent management system are: Learning Management, Performance Management and Talent Planning.
- Address integration issues: One software provider can supply a single interface and eliminate problems resulting from vendor interdependence within a suite of modules.
- Such true integration results in shared data across all modules, consistent security, a master profile of each employee, shared competencies,

Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTABARTHI - 515 134,
Andhra Pradesh (DR) APP?



- a unified user interface, shared workflow and embedded analysis.
- Implement configurable process management: Choose applications with the flexibility to match the organization's business processes, rather than having to adjust HR processes to fit the software. Ideally, it should be possible to leverage multiple configuration options to meet geographic and/or organizational needs.
 - Consider global needs: The capability of a system to operate in multiple languages permits integration on a global scale.
 - Ensure secure and scaleable architecture: Software tools hosted in a protected environment on the Internet relieve companies of the burden of managing their own.

CONCLUSION

This article provides evidence that while there are plenty of bright spots in the practice of succession management within organizations, such as the growing trend toward increasing senior leader ownership of the process; succession management practitioners identify significant areas of opportunity. Clear opportunity exists to hard-wire succession efforts to business strategy, to improve the assessment and evaluation processes, and to strengthen accountability.

REFERENCES

BIBLIOGRAPHY

BOOK REFERRED:

1. Rothwell, W.J., Effective Succession Planning: Ensuring Leadership Continuity and Building Talent from Within, 2005.

WEBSITES:

http://www.viapeople.com/Current_Trends_in_SPM.pdf

<http://blog.shrmatlanta.org/2012/05/18/5-key-trends-in-succession-planning/>

http://www.occupationalhazards.com/zone/328/OHErgonomics/Article/79152/Succession_Planning.aspx

<http://www.hr-matters.info/feat2011/2011.jul.SuccessionPlanningAndTheEmergingGenerations.htm>



Dr. Balakrishna
PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prashanthi,gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

SIMPLE TAX PLANNING METHODS FOR SALARIED PEOPLE

CA RAKESH K. BHURANI

ACA, M.Com., NET, EMBA

ABSTRACT :

Tax planning involves an intelligent application of the various provisions of the direct tax laws to practical solutions in such a manner as to reduce the tax impact on the assessee to the minimum. A thorough understanding of the principles, practices and procedures of tax laws and the ability to apply such knowledge to various practical solutions is expected.

A thorough up to date knowledge of tax is a pre-requisite for a successful study of tax planning techniques. Not only an up to date knowledge of the statute is necessary, but one must also be aware of the contents of the various circulars issued by CBDT and also of case laws in the form of various decisions by the court.

This is an attempt to share useful information for tax planning for salaried people in easy way.

Successful tax planning - tests to be satisfied.

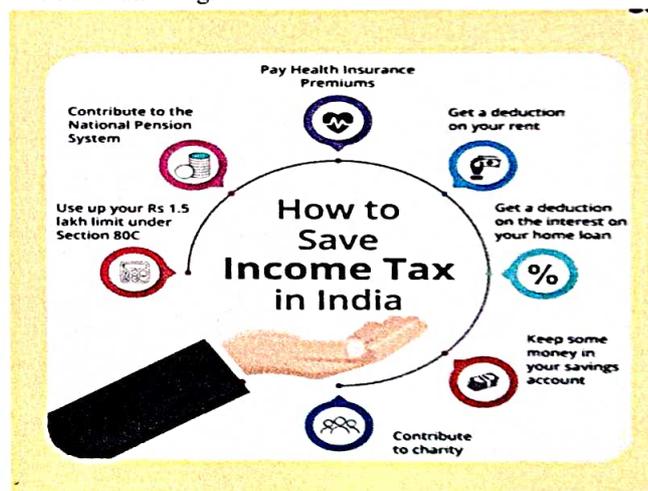
Tax planning in any case will entirely depend on the individual facts and circumstances. It is a tool in the hands of taxpayer and tax practitioners for selective use. It is essential to comprehend a) that the facts bearing the issue are evidenced by proof b) that the associated legal consequences, both under the personal and under the tax laws, are fully borne in mind; and c) that the situation warrants implantation of "tax planning." Successful tax planning must conform to two outstanding tests viz, a) conformity with current law and b) flexibility.

Tax Planning involves planning in order to avail all exemptions, deductions and rebates provided in Act. The Income Tax law itself provides for various methods for Tax Planning, Generally it is provided under exemptions u/s 10, deductions u/s 80C to 80U and rebates and reliefs. Some of the provisions are enumerated below :

Investment in securities provided u/s 10(15) . Interest on such securities is fully exempt from tax.

Why Every Person Needs Tax Planning ?

Tax Planning is resorted to maximize the cash inflow and minimize the cash outflow. Since Tax is kind of cost, the reduction of cost shall increase the profitability. Every prudent person, to maximize the Return, shall increase the profits by resorting to a tool known as a Tax Planning.

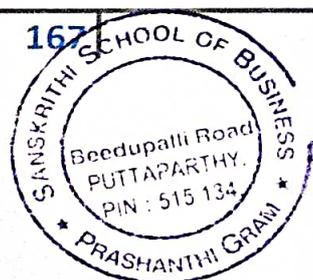


SE

SECTION I - Understanding Your Payslip

1. Basic Salary

This is a fixed component in your paycheck and forms the basis of other portions of your salary, hence the name. For instance, HRA is defined as a percentage (as per the company's discretion) of this basic salary. Your PF is deducted



DY. Balakrishnan
PRINCIPAL

Sanskrithi School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHY - 515134,
Ananthapuramu (Dt.) A.P.

at 12% of your basic salary. It is usually a large portion of your total salary.

2. House Rent Allowance

Salaried individuals, who live in a rented house/apartment, can claim house rent allowance or HRA to lower tax outgo. This can be partially or completely exempt from taxes. The income tax laws have prescribed a method for computing the HRA that can be claimed as an exemption.

Read more about how to claim HRA exemption. Also do note that, if you receive HRA and don't live on rent your HRA shall be fully taxable.

Case Study:

Malvika works at an MNC in Bangalore. Her company provides her with a house rent allowance. But she doesn't live in a rented accommodation as she lives with her parents.

How can Malvika make use of this allowance?

4. Bonus

The bonus is usually paid once or twice a year. Bonus, performance incentive, whatever may be its name, is 100% taxable. Performance bonus is usually linked to your appraisal ratings or your performance during a period and is based on the company policy.

5. Employee Contribution to Provident Fund (PF)

Provident Fund or PF is a social security initiative by the Government of India. Both employer and employee contribute a 12% equivalent of the employee's basic salary every month toward employee's pension and provident fund. An interest of about 8.65% from FY 2018-19 (earlier it was 8.55% for FY 2017-18) gets accrued on it. This is a retirement benefit that companies with over 20 employees must provide as per the EPF Act, 1952.

6. Standard Deduction

Standard Deduction has been reintroduced in the 2018 budget. This deduction has replaced the conveyance allowance and medical allowance. The employee can now claim a flat Rs. 50,000 (Prior to Budget 2019, it was Rs. 40,000) deduction from the total income, thereby reducing the tax outgo.

7. Professional Tax

Malvika can pay rent to her parents and claim the allowance provided they own the place they currently live in. All she has to do is enter into a rental agreement with her parents and transfer money to them every month. This way Malvika can make a nice gesture and give back to her parents, and two, save some taxes. But remember, Malvika's parents will have to show the rent she paid in their income tax returns.

3. Leave Travel Allowance

Salaried employees can avail exemption for a trip within India under LTA. The exemption is only for the shortest distance on a trip. This allowance can only be claimed for a trip taken with your spouse, children, and parents, but not with other relatives. This particular exemption is up to the actual expenses, therefore unless you actually take the trip and incur these expenses, you cannot claim it. Submit the bills to your employer to claim this exemption. Read more about how to claim this exemption.

Professional tax or tax on employment is a tax levied by a state, just like income tax which is levied by the central government. The maximum amount of professional tax that can be levied by a state is Rs 2,500. It is usually deducted by the employer and deposited with the state government. In your income tax return, professional tax is allowed as a deduction from your salary income.



Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



At the end of every financial year, many tax payers frantically make investments to minimize taxes, without adequate knowledge of the various available options. The Income Tax Act offers many more incentives and allowances, apart from the popular 80C, which could reduce tax liability substantially for the salaried individuals. Here are seven smart tips to help you save more and reduce taxes.

1. Salary Restructuring

Restructuring your salary may not always be possible. But if your company permits, or if you are on good terms with your HR department, restructuring a few components could reduce your tax liability.

Opt for food coupons instead of lunch allowances, as they are exempt from tax up to Rs. 50 per meal Include medical allowance, transport allowance, education allowance, uniform expenses (if any), and telephone expenses as part of salary. Produce bills of actual expenses incurred for these allowances to reduce tax Opt for the company car instead of using your own car, to reduce high prerequisite taxation.

2. Utilizing Section 80C

Section 80C offers a maximum deduction of up to Rs. 1,00,000. Utilize this section to the fullest by investing in any of the available investment options. A few of the options are as follows:

- Public Provident Fund
- Life Insurance Premium
- National Savings Certificate
- Equity Linked Savings Scheme
- 5 year fixed deposits with banks and post office
- Tuition fees paid for children's education, up to a maximum of 2 children

3. Options beyond 80C

If you have exhausted your limit of Rs. 1,00,000 under section 80C, here are a few more options:

Section 80D - Deduction of Rs. 15,000 for medical insurance of self, spouse and dependent children and Rs. 20,000 for medical insurance of parents above 65 years

Section 80G- Donations to specified funds or charitable institutions.

4. House Rent Allowance

Are you paying rent, yet not receiving any HRA from your company? The least of the following could

be claimed under Section 80GG: 25 per cent of the total income or Rs. 2,000 per month or

Excess of rent paid over 10 per cent of total income This deduction will however not be allowed, if you, your spouse or minor child owns a residential accommodation in the location where you reside or perform office duties. If HRA forms part of your salary, then the minimum of the following three is available as exemption:

The actual HRA received from your employer

The actual rent paid by you for the house, minus 10 per cent of your salary (this includes basic dearness allowance, if any)

50 per cent of your basic salary (for a metro) or 40 per cent of your basic salary (for non-metro).

5. Tax Saving from Home Loans

Use your home loan efficiently to save more tax. The principal component of your loan, is included under Section 80C, offering a deduction up to Rs. 1,00,000. The interest portion offers a deduction up to Rs. 1,50,000 separately under Section 24.

6. Leave Travel Allowance

Use your Leave Travel Allowance for your holidays, which is available twice in a block of four years. In case you have been unable to claim the benefit in a particular four-year block, you could now carry forward one journey to the succeeding block and claim it in the first calendar year of that block. Thus, you may be eligible for three exemptions in that block.

A Final Word

Keep in mind the below points, to avoid the hassles of last minute tax planning.

Give your employer details of loans and tax saving investments beforehand, to prevent any excess deduction

Check the Form 16 received at the end of each year from your employer thoroughly

It is important to start your tax planning well before 31st March, and to file your returns before the 31st of July each year

Dr. Balakrishnan

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



Emerging Trends in Digital Payments – A Prospective Study

Dr. K. Rajendra Prasad, Associate Professor

**Sanskriti School of Business,
Ananthapuramu Dist., AP**

email: drp78@gmail.com - Cell:
8309976567

Abstract: Innovative approaches in financial transactions is become highly essential as money related activities by various parties like individuals, customers, retailers, merchandises, non-profit organizations, government bodies etc are expecting fast, transparent, secure transactions with less time consumption and at low cost. All these expectations of all the parties would come in realty with the implementation of digital payments. Digital payment is a way of payment which is made through digital modes. In digital payments, payer and payee both use digital modes to send and receive money. The digital payment systems generally classified into four categories viz., Online Credit Card Payment System, Online Electronic Cash System, Electronic Cheque System and Smart Cards based Electronic Payment System. Each payment system has its advantages and disadvantages for the customers and merchants. These payment systems have numbers of requirements: e.g. security, acceptability, convenience, cost, anonymity, control, and traceability.

Key words: Digital modes, Electronic payments, Financial Transactions, Emerging trends.

Introduction

As payment is an integral part of any trading or mercantile transactions, now-a-days, electronic payment system is become an integral part of e-commerce. The emergence of e-commerce has created new financial needs that in many cases cannot be effectively fulfilled by traditional payment systems. For instance, new types of purchasing relationships-such as auction between individuals online-have resulted in the need for payment methods that allows individuals to e-mail payments to the other



Dr. B. Nagarjuna, Associate Professor
Sree Vidyanikethan Institute of
Management, Tirupati, A.P.,
email: nagarjuna1975@gmail.com, -
Cell: 9885462950

individual. Recognizing this, virtually all interested parties viz., academicians, government, business community and financial service providers are exploring various types of electronic payment system and issues surrounding electronic payment system and digital currency. Some proposed electronic payment systems are simply electronic version of existing payment systems such as cheques and credit cards, while, others are based on the digital currency technology and have the potential for definitive impact on today's financial and monetary system. Therefore, electronic payment systems and in particular, methods of payment being developed to support electronic commerce cannot be studied in an isolation. A failure to take place these developments into the proper context is likely to result in undue focus on the various experimental initiatives to develop electronic forms of payment without a proper reflection on the broader implications for the existing payment system.

Conventional or Traditional Payment System

To get into the depth of electronic payment process, it is better to understand the processing of conventional or traditional payment system in trading or commerce. A conventional process of payment and settlement involves a buyer-to-seller transfer of cash or payment information (i.e., cheque and credit cards). The actual settlement of payment takes place in the financial processing network. Non-cash payment requires three separate elements. The buyer must have an agreed means of payment authorization and instructing its bank to affect a transfer of funds. The seller's bank and buyer's bank need an agreed method of exchange payment instructions. This is referred to as payment clearing.

Dr. B. Nagarjuna
PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

Payment System in Digital World

With the growing complexities in the e-commerce transactions, different digital or electronic payment systems have appeared in the last few years. At least dozens of electronic payment systems proposed or already in practice are found. The grouping can be made on the basis of what information is being transferred online. Earlier found six types of electronic payment systems: (1) PC-Banking (2) Credit Cards (3) Electronic Cheques (i-cheques) (4) Micro payment (5) Smart Cards and (6) E-Cash.

Objectives and Methodology of the Empirical Research Study

The emergence of Technology in Financial Markets has created new financial needs that in many cases cannot be effectively fulfilled by the traditional payment systems. Recognizing this, virtually all interested parties are exploring various types of electronic payment system and issues surrounding electronic payment system and digital currency. The present study has emphasized on the technological specifications of various electronic payment systems and the researcher have distinguished electronic payment systems based on what is being transmitted over the network; and analyze the difference of each electronic payment system by evaluating their requirements, characteristics and assess the applicability of each system.

Objectives of the Study

A brief study on digital modes which are used in digital payments

To study the execution process of each digital modes for electronic payments

To study the progress and challenges of mobile banking & e-wallet payments

Design of the empirical research

The empirical research study is based on the observations on emerging trends taking place in the present business environment with the

implementation of technology in financial services, markets and institutions. As the study would highlight on Emerging Trends in Digital Payments, the researcher has been taken into consideration of various means which are used in digital payments and explained in table forms the working methods of each digital modes of payment. In this regard, the researcher has explained

Data Sources: The data required for the study is information of various digital modes & tools which are applying in mercantile transactions especially for payments. Secondary Data is widely used for this empirical study, such as data of various regulatory bodies, banks, institutions those are implementing and intermediating the digital transactions.

Data Analysis & Techniques: As the secondary data is used for this study, the researcher has used some tables, graphs, diagrams and pictograms to make it easy to understand the data collected.

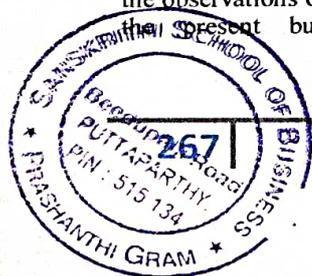
Initiatives of Government in Digital Payments

The Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. "Faceless, Paperless, Cashless" is one of professed role of Digital India. Digital payment is a way of payment which is made through digital modes. In digital payments, payer and payee both use digital modes to send and receive money. It is also called electronic payment. No hard cash is involved in the digital payments. All the transactions in digital payments are completed online. It is an instant and convenient way to make payments.

Technology in the Financial Service Industry is a necessity for the survival of businesses as customers seek lower cost alternative to traditional financial services.

Digitalization in Financial Services

The digital revolution of the past decade has led to the emergence of new financial services and products and new delivery channels not only in mercantile but also domestic requirements for ease financial transactions. These have the potential to



DY. Bala Krishna Rao
PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

contribute enormously to the financial markets & services: the expansion of financial services to serve the vast majority of the population (availability), at low cost (affordability), and in efficient, safe, reliable forms that meet their needs (quality). Ongoing technological innovations have already brought about the emergence and rapid growth of new digital payment market participants and institutions, such as Bank Cards (Debit / Credit / Cash / Travel / Others), Unstructured Supplementary Service Data (USSD), Aadhaar Enabled Payment System (AEPS), Unified Payments Interface (UPI) Mobile Wallets, Banks Pre-Paid Cards, Point Of Sale (POS), Internet Banking, Mobile Banking, Micro ATMs those for mobile money and other forms of e-money. These new technologies can be especially useful for many categories of populations as well as business enterprises in delivering all financial services. Consequently, people not only get services better suited to their needs but also escape the often crippling costs, especially of traditional payment services.

Conceptual Introduction of Digital Modes

The following is explained a brief introduction of each digital modes which are used in electronic payments.

Bank Card: It is typically a plastic card issued by a bank to its customers that performs one or more of a number of services that relate to giving access to funds, either from the customer's own bank account, or through a credit account.

Unstructured Supplementary Service Data (USSD): USSD (Unstructured Supplementary Service Data) is a Global System for Mobile(GSM) communication technology that is used to send text between a mobile phone and an application program in the network. It can be used for WAP browsing, prepaid callback service, mobile-money services, and as part of configuring the phone on the network.

Aadhaar Enabled Payment System (AEPS) is a bank led model which allows online interoperable financial transaction at PoS (Point of Sale / Micro ATM) through the Business Correspondent (BC)/Bank Mitra of any bank using the Aadhaar authentication. How to get it: Provide KYC (Know

Your Customer) information to open a new account.

Unified Payments Interface (UPI): is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. It also caters to the "Peer to Peer" collect request which can be scheduled and paid as per requirement and convenience. Each Bank provides its own UPI App for Android, Windows and iOS mobile platform(s).

e-Wallets: An e-wallet, sometimes called a digital wallet, is a secure place that contains one or more currency purses. One can fund in e-Wallet in several different ways. Once it is funded the one can use it online to buy goods or services.

Point of Sale (POS): point of sale generally means any location where a sale or transaction may take place. A point of sale terminal (POS terminal) is an electronic device used to process card payments at retail locations.

Table 1: Brief Summary of Digital Payment System Modes

Growth in Digital Transformation

The increasing usage of digital transactions have enabled individuals and business houses to use various applications which have access of androids. In general public, more and more individuals have started using digital modes for various payments like, smart phone, bank cards, e-wallets, POS, mobile applications for all transactions of payments as compared to the traditional desktop/Web-based banking applications. In this respect, there is a need to understand of threats in usage of such digital mode payments from many aspects. The following are some of the fraudulent activities explained in below table.

Overview of the Progress of Digital Payments Industry in India

In India, physical cash has traditionally been dominated up to 2013 in all mercantile and domestic life. However, the payment mode has

Dr. Bala K. Srinivasan

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



been rapidly changing from 2013 financial year and the increased adoption of smart phones together with a favorable regulatory environment are pushing the economy to a less cash-dependent state, and promoting the usage of digital payments. With respect to demonetization of INR 500 and INR 1,000 currency notes since November 8th, 2016 which accounted for over 80% of the bills in circulation, and the subsequent policy measures taken by the Government of India (GOI) and the Reserve Bank of India (RBI) have provided further impetus to digital payments. Some key actions including expansion of the digital payments infrastructure at merchant establishments, expansion into rural areas, relaxation in the PPI norms, incentivization of digital payments at fuel pumps, toll plazas, insurance portals etc. Since FY13, the volume of digital payments transactions has grown at 19% annually while the value has increased at an annual rate of 12% in the same time period. The digital payments market is dominated by card transactions (debit and credit) both in terms of value and volume. As seen in the figure graph below, in FY17, card transactions accounted for c. 60% of the total digital transactions volume. While this proportion has declined since FY13, due to the increase in share of other payment modes, the overall number of cards (debit and credit) in circulation has actually increased.

ease of use & convenience are expected to continue growing in popularity.

Post Demonetization Scenario' Report published by ASSOCHAM India Along the road however, there are a number of challenges that the industry faces and needs to overcome.

These include the following:

Inertia in adoption: Cash transactions have been the dominant payment mode for Indians for a very long time. Even though the penetration of digital payments has been rapidly increasing, concerns regarding security, privacy and transparency of charges are still prevalent among consumers.

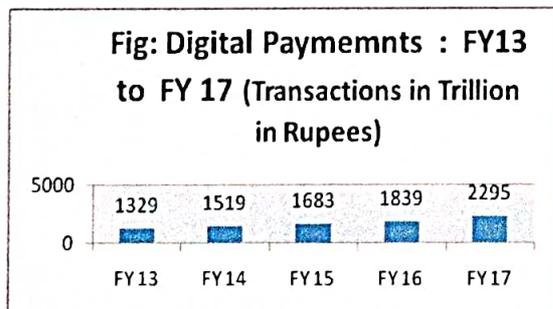
Risk of security breaches and fraud: The risks of breach leading to financial loss is a vital decision element for adoption of digital payment modes. Ensuring the security of the technological system is key, since singular events of breaches can lead to large reputational and financial losses for companies.

Issues with compatibility: Many digital modes currently on the market are only compatible with one or two operating systems (most commonly iOS and Android). Consumers are looking for options that make transactions the most convenient, and issues with compatibility can hamper that experience.

Consolidation in the industry: Despite the surge in the user base and popularity, mobile payment companies are increasingly moving towards consolidation in the e-wallet space. Lack of funding and growth in transactions between merchants and existing customers of wallet companies has forced consolidation in this space.

Impact of UPI: Introduction of UPI has created greater competition for mobile wallets but in the short-term, mobile wallets are not expected to face a great impact. UPI powered apps will need to deliver on a number of fronts including transaction costs and ease of use that rivals that of mobile wallets.

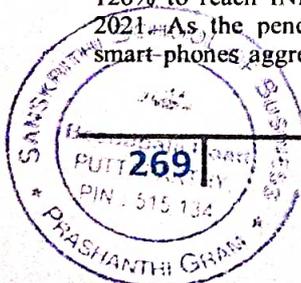
Moving beyond core services: Players in the mobile wallet space have begun moving beyond



Source: Reserve Bank of India data: Deloitte Analysis

Perspectives and key Challenges in Digital Payments

The electronic payments industry is expected to maintain the pace of its current expansion. Value of the transactions is expected to rise at a rate of 126% to reach INR 32 trillion by the fiscal year 2021. As the penetration of mobile internet and smart-phones aggregate, mobile wallets with their



Dr. *Baladev*
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

their core service and delivering collateral services. For example, PayTM provides a broad range of m-commerce services.

6. Charkrabarthi, Rajesh et al (2015), *The Asian Manager's Handbook of E-Commerce*, New Delhi: Tata McGraw Hill.)

Concluding Remarks:

There are a number of tailwinds pushing the financial service industry along its growth trajectory, which include increased financial technology adoption, overall growth of the e-commerce industry and rising need for convenience among consumers. The Indian financial services industry in general, e-Commerce industry in particular has seen remarkable growth to have reached USD 38 billion by 2018. With the preference to shop online, adoption of mobile wallets, which provide an alternative for cash, and card transactions has also increased. A number of online merchants have also been providing incentives to consumers for using mobile wallets as their payment mode. Mobile phone subscriptions in India have crossed the 1 billion mark in 2018. Of these, an estimated 371 million users subscribe to mobile internet. Individual customers need for convenience can be seen across a number of industries, including food, health, FMCG, banking, insurance and the mobile wallet industry is benefiting from that trend. Ease of usage, especially with money transfer and bill payment services are a big draw for the younger user base

REFERENCES

1. Anderson, M.M. (1998), "Electronic Cheque Architecture, Version 1.0.2", Financial Services Technology Consortium, September
2. Baddeley, M. (2004) "Using E-Cash in the New Economy: An Electronic Analysis of Micropayment Systems", *Journal of Electronic Commerce Research*, Vol. 5, No. 4, pp 239-253.
3. Bhatia, Varinder (2000), *E-Commerce (Includes E-Business)*, New Delhi: Khanna Book Publishing Co.
4. Cavarretta, F. and de Silva, J. (1995), "Market Overview of the Payments Mechanisms for the Internet Commerce", accessed on <http://www.mba96.hbs.edu/fcavarretta/money.html>.
5. Chakrabarti, Rajesh and Kardile, Vikas (2016), *E-Commerce: The Asian Manager's Handbook*, New Delhi: Tata McGraw Hill.

IMPACT OF FDI ON INDIA RETAIL TRADE - OPPORTUNITIES AND CHALLENGES

Shireesha.NM ,3rd sem MBA ,BIT Institute
of Technology, Hindupur
8217514040,shirinithu6gmail.com

Dr. Balakrishna
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



RNI – MPENG/2011/46472

ISSN-2249-9512



Journal of Management Value & Ethics
(A quarterly Publication of GMA)

Dr. Prabhakar Singh Bhadouria
Editor-in-Chief

Advisory Board

Dr. Umesh Holani
Professor, SOS in Commerce,
Jiwaji University, Gwalior (M.P.)

Dr. Sandeep Kulshreshtha
Professor
IITM, Gwalior (M.P.)

Dr. S. P. Bansal
Vice-Chancellor,
Himachal Pradesh Tech. University
Hamirpur (H.P.)

Dr. D.A.C. Silva
Director General of SLITHM Colombo,
Sri Lanka

Dr. S.K.Singh
Professor SOS in Commerce,
Jiwaji University, Gwalior (M.P.)

Dr. B.S. Patil
Director
School of Research & Innovation
CMR University, Bangalore

Dr. S. Rangnekar
Head, Deptt. of Mgmt. Studies, IIT,
Roorkee, Deharadun (Uttarakhand)

Dr. Bamidele Moyosola Abiodun
Faculty of Economic University of
Ilorin, Nigeria

Dr. Khamidov Obidjon
Head, Tourism Deptt. University of
Economics, Uzbekistan

Dr. Raj Kumar Singh
Professor
School of Mgmt. Studies, Varanasi

Dr. Sol Bobst
University of Houston Victoria,
Texas, U.S.A.

Dr. A.K. Jha
Professor
Deptt. of Mgmt. Greater Noida

Editorial Board

Dr. Manoj Patwardhan
Professor, ABV-IIITM,
Gwalior (M.P.)

Dr. Ajay Wagh
Professor & Dean, Deptt of Business
Management, IGNTU, Amarkantak
(M.P.)

Dr. Ampu Harikrishan
Dean School of Business Indus
International University, Una (H.P.)

Dr. Avinash D. Pathardikar
Professor & Dean, Deptt. of HRD. V.B.P.
University, Jaunpur (U.P.)

Dr. Prakash C Bhattaria
University of Kathmandu, Nepal

Dr. Bateshwar Singh
Associate Professor, Deptt. of Commerce
& Financial Studies, Central University,
Ranchi, Jharkhand

Dr. Rumki Bandyopadhyay,
Deputy Director
Amity University, Gurgaon

Dr. Lilambeswara Singh,
Professor & Head
St. Johns College of Engg. & Tech.
Yemminagar, Kurnool (A.P.)

Dr. Surabhi Singh,
Associate Professor,
Institute of Mgmt. Studies
Ghaziabad (U.P.)

Dr. Mukesh Singh Tomar,
Professor, HIMT, Knowledge Park,
Greater Noida (U.P.)

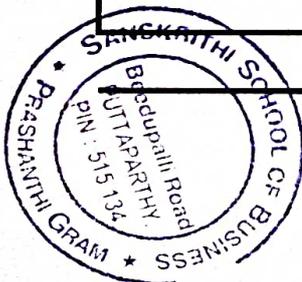
Dr. Ravi Jain,
Faculty of Mgmt., Gwalior (M.P.)

Dr. Raturaj Baber,
Asst. Professor, Prestige Institute
of Mgmt., Gwalior (M.P.)

GWALIOR MANAGEMENT ACADEMY

C-17 Kailash Nager, Near New High Court, Gwalior-M.P. 474006 (INDIA)
Phone No. 0751-2230233,9425121133

Dr. Balakrishnan



PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

S.No.	Articles	Page
1.	THE IMPORTANCE OF LOGISTICS IN THE DEVELOPMENT OF TOURISM INDUSTRY AND DIRECTIONS OF ITS USE Tairova Mavluda Mukhammedrzaevna, Asadov Farmon Shukrulloevich, Aminova Nigina Bakhriddinovna	5
2.	THE ROLE OF USING INNOVATIONS IN IMPROVING THE COMPETITIVENESS OF GOODS Tairova Masuma Muhammedrzaevna, Urakova Makhsad Khakimovna, Kayimova Zumrad Abdullayevna, Giyazova Nozima Bayazovna	11
3.	DIRECTIONS OF USING MARKETING SECTOR IN PRODUCING INNOVATIVE PRODUCTS Tadjieva Sayyora Uralovna, Boltaeva Mokhichekhra Sharipovna, Khodjaeva Dilbar Khurshidovna, Navuz-zoda Layli Bakhtiyorovna	16
4.	PARTICULAR QUALITIES USE OF SOCIAL MEDIA IN DIGITAL TOURISM Khurramov Ortikjon Kayumovich	21
5.	FAVORABLE INVESTMENT CLIMATE FORMATION ISSUES FOR ATTRACTING ACTIVE INVESTMETNS Jumaeva Zulfiya Qayumovna, Rasulova Nigora Ne'matovna, Primova Azima Azizovna	29
6.	ATTITUDE OF INDIVIDUAL BUSINESS CLASS ASSESSEE TOWARDS TAX PLANNING IN SALEM DISTRICT Dr.T.Venkatesan	34
7.	PROBLEMS RELATED TO THE FORMATION OF THE MIDDLE CLASS Hasanhonova Nodira Isametdinovna	46
8.	ISLAMIC DEVELOPMENT BANK AND THE REPUBLIC OF UZBEKISTAN: FOREIGN INVESTMENTS AND SOCIO-ECONOMIC DEVELOPMENT Yovkochev Sherzod Shukhrat o'g'li	50
9.	YELLOW JOURNALISM IN INDIA Dr.Praveen Srivastava, Dr.Nidhi Agarwal, Swati Yadav	55
10.	IMPROVING THE OLD-AGE PENSION SYSTEM OF REPUBLIC OF UZBEKISTAN Xamdamov Shavkat Komilovich	58
11.	ACTUAL PROBLEMS OF ACCOUNTING OF ENTERPRISE MODERNIZATION PROCESSES Z.U.Mukhammadiev	65
12.	WOMEN EMPOWERMENT THROUGH SELF HELP GROUPS Dr R.Liambeswara Singh	72
13.	IMPROVEMENT OF FINANCIAL STATEMENTS FOR FINANCIAL ASSETS IN THE REPUBLIC OF UZBEKISTAN Boronov Bobur Farkhodovich	77
14.	SOCIAL WELFARE OF THE POPULATION IN DYNAMICALLY DEVELOPING CONDITIONS Khusanov B.Sh.	87
15.	ROLE OF THE STATE IN DEVELOPMENT AND FINANCE TOURISM ACTIVITIES Karimova Aziza Mahommdrezaevna	93



Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

Legal Instructions :

- The GMA is publishing a Journal of Management Value & Ethics from times a year in January, April, July, and October.
- No part of this publication may be reproduced or copied in any form by any means without prior written permission.
- The views expressed in this publication are purely personal judgments of the authors and do not reflect the views of GMA.
- All efforts are made to ensure that the published information's is correct. GMA is not responsible for any errors caused due to oversight or otherwise.
- All legal disputes jurisdiction will be Gwalior.

All rights reserved, reproduction in whole or part from this journal without written permission of GMA is Prohibited. The views expressed by contributors are necessary endorsed by GMA. Unsolicited manuscript shall not be returned even if accompanied by self addressed envelop with sufficient postage.

Publisher/Printer/Owner/Editor-in-Chief :
Dr. Prabhakar Singh Bhadouria,

Gwalior Management Academy
Regd. Office: C-17 Kailash Nagar Near New High Court Gwalior M.P. INDIA-474006,
e-mail : jmveindia@yahoo.com, www.jmveindia.com
Annual subscription Rs.2000.00 (India) \$ 170 & euro 150 (foreign Airmail)

Printed at:
Sai offset Throat palace, Lashkar Gwalior (M.P.)

Graphics & Designed:
Shivani Computer Graphics, Gwalior (M.P.) #9826480017



Dr. Balakrishna
PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

ATTITUDE OF INDIVIDUAL BUSINESS CLASS ASSESSEE TOWARDS TAX PLANNING IN SALEM DISTRICT

Dr.T.Venkatesan¹

ABSTRACT

Tax planning is an arrangement of one's financial affairs in such a manner that the tax planner may either reduce the incident of tax wholly or reduce it to maximum possible extend by using the exemption, deductions, rebates and relief available in the framework of the taxation laws. It does not amount to evasion of tax. It is an act of prudence and farsightedness on the part of the taxpayer who is entitle to reduce the burden of his tax liability to the maximum possible extent under the existing law. Attitude is the state of mind. One's attitude should definitely influences on all the decisions taken by an individual. This study focuses on the attitude of the Individual Business Class Assessee towards tax planning. The objective of the study is to analyze the attitude of the Business class towards tax planning. Both primary and secondary data were used for the study. The data collected in the consumer survey through a structured questionnaire constitute primary data. The sample size of the tax payers was 250. Convenience sampling method was followed in selecting these business class assessee. The data collected from these 250 individual business class assessee were tabulated and analysed by using %age analysis, Chi-square test.

This study analyses how different factors like Sex, Age, Marital status, Educational qualification, Nature of business, Level of turnover, Block of Fixed Assets, Operating expenses, Method of accounting, Valuation of stock, Number of earning members in the family, Number of dependents, Monthly income, and Monthly investment affect their attitude towards tax planning. Gender, level of education, level of turnover, Depreciation on Fixed Assets, Operating expenses have an effect on the attitude of the Business assessee towards tax planning. Whereas age, marital status, nature of Business, number of earning members in the family, number of dependents, monthly income, and monthly investment do not have any impact on the attitude of the individual business class towards tax planning. This analysis would help the government to work out various schemes, based on the findings of this study, to mobilize finance from the salaried class individual business class. The study bridges the gap found in the reviews.

Tax Planning: An Introduction

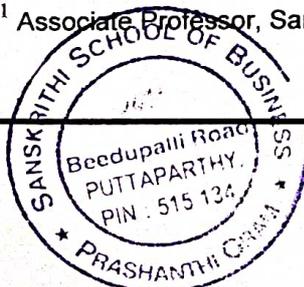
Tax planning is an arrangement of one's financial affairs in such a manner that the tax planner may either reduce the incident of tax wholly or reduce it to maximum possible extend by using the exemption, deductions, rebates and relief available in the framework of the taxation laws. It does not amount to evasion of tax. It is an act of prudence and farsightedness on the part of the taxpayer who is entitle to reduce the burden of his tax liability to the maximum possible extent under the existing law. Tax planning ensures not only accruals of tax benefit with in the four corners of law, but it also ensures that the tax obligations are properly discharged to avoid penal provision.

Dr. Balakrishnan

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Anantapuramu (Dt.34A.P.

¹ Associate Professor, Sanskriti School of Business, Puttaparthi, Andhra Pradesh



Attitudes are generally considered as judgements and these are results of either direct experience of the social environment or through observations. So attitude can be considered as a hypothetical construct, which represents degree of liking or disliking of an individual towards a particular object. Winning and losing are two opposite sides of a same coin and that coin is attitude. Attitude is composed of beliefs about the consequences of performing the behaviour and an evaluation of how the human will feel about those consequences. Attitude may be defined as an enduring organization of motivational, emotional, perceptual, and cognitive process with respect to some aspect of our environment. Whereas in the context of Individual Tax Payer attitudes, various attributes and benefits of the tax saving instruments affect the attitudes of the them towards tax planning.

On this basis, it can be analysed about the tax benefits enjoyed, the Return on investment made in tax saving schemes and also how far they can minimise their tax liability through investing in tax saving instruments. Hence, the tax payers should have sufficient knowledge on various tax saving instruments in order to minimise their tax incidence. Besides, various Socio-demographical and Business environments factors like Sex, Age, Marital status, Educational qualification, Nature of business, Level of turnover, Block of Fixed Assets, Operating expenses, Method of accounting, Valuation of stock, Number of earning members in the family, Number of dependents, Monthly income and Monthly investment also play vibrant role in the attitude of individual tax payers towards tax planning.

Hence, this study is concerned with evaluating the attitude of individual business class towards tax planning. The study will help the individual business class to plan savings and investments towards maximizing the returns and minimising the tax liability of them. The in-depth analysis of the behavioural pattern of the business people would help the government to work out various schemes to mobilize finance from the business people by introducing various tax saving schemes and also to reduce the tax evasion and tax avoidance. The study assumes significance in the light of the fact that very few research works are available on attitude of individual assessee in India in which were studied about the attitude of salaried class and no one studied about the attitude of business class particularly in Salem district. Hence, this study bridges the gap.

Review of Literature

Ledereich and Siegel (1988) emphasized the role of factors like age, health, marital status, family status; objectives risk tolerance, investment preferences, liquidity, employment stability, and tax rate in personal financial planning.

Radha V in her study titled 'A study of Investment behaviour of investors of Corporate Securities' (1995) has examined the investment plan of corporate security individual business class in TamilNadu.

An All-India Survey, titled "Household Investors' Problems, needs and Attitudes", conducted by the Society for Capital Market Research and Development revealed the fact that majority of the retail investors lost confidence in various agencies like SEBI, credit rating agencies etc.

A survey was conducted by the Ananda Vikatan (a Tamil weekly magazine) during January 1999. Public were interviewed on the aspect of savings and their saving habits.

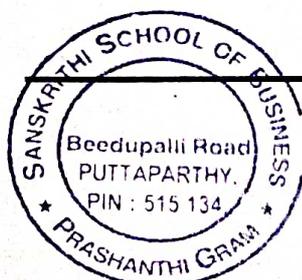
Gnana Desigan C in his study titled "Investors' Perception towards Equity Share Investment – An Empirical Study" (2003) has examined the investment pattern of the equity investors and the problems of

DY. Balakrishnan

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

35



equity share investors in primary and secondary market. The analysis revealed the attitude and perception of the investors equity share investment.

The attributes and attitudes of individual investors have been studied by Ronald Lease et. al. (1974). Krishnamoorthi.C in his study titled, "Investment Patterns and Tax Planning in the Nilgiri District", (2008) has examined the attitude of the investors in Nilgiri District. The Analysis reveals that there is no significant relationship between Sex, Age, Marital Status, Educational Qualification, Monthly Income and Monthly Investment with Attitude on Tax Planning.

L. Pandiyan, and T. Aranganathan, studied the savings and investments attitude of salaried class in Cuddalore District.

Objectives of the study

The study is undertaken with the following objectives:

- To study the conceptual background of the individual business class towards investment and tax planning.
- To analyse the attitude of the individual business class towards tax planning.
- To suggest optimum tax planning for individual business class.

Research Methodology

The present study is based on convenience-cum-stratified sampling. The Business Class Assesseees have been taken as a sample and six sub-occupations have been identified from the Business people based on their operation as shown in table No. 1.

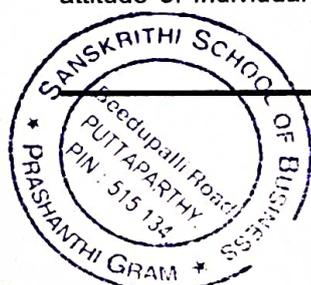
Table 1- Sample Unit:

Heads	Nature	Sample
Non-Speculation	Manufacturing	20
	Whole sale	45
	Retail	80
	Services	45
	Works Contract	20
Speculation	Speculators	40
	Total	250

Sources: Primary data

The persons include in this study are of different age groups under the Business Class. The area of the study covers Salem District. While selecting respondents enough care has been taken to see that the sample represents the whole universe.

The study is basically an analytical study based on primary research also related to the analysis of the attitude of Individual Business Class towards Tax planning. In order to conduct this study, 250 Individual



Dr. Babakotayaloo

PRINCIPAL 36

Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

business class assessee from various business activities such as Manufacturer, Whole-saler, Retailer, Works Contractor and Speculator in Salem District have been selected by sampling method and mainly questionnaire has been used for collecting the data. All the data required for this analytical study has been obtained mainly from primary sources, but at times, secondary sources of data have also been considered.

The questionnaire was divided into two parts, the first part asks about the socio – economic profile of the respondent, which includes gender, age, marital status, nature of business, level of turnover, monthly income, investment in tax saving schemes and level of awareness on tax laws and the second part shows the attitudes and attitudinal factors of the respondent.

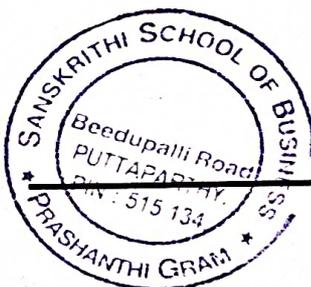
The data collected from these 250 individual business class assessee were tabulated and analysed by using percentage analysis, Chi-square test.

The following hypotheses have been taken to study the attitude of individual business class assessee towards tax planning.

- There is no relationship between gender and the attitude of individual business class towards tax planning.
- There is no relationship between age and the attitude of individual business class towards tax planning
- There is no relationship between marital status and the attitude of individual business class towards tax planning
- There is no relationship between educational qualification and the attitude of individual business class towards tax planning
- There is no relationship between nature of business and the attitude of individual business class towards tax planning
- There is no relationship between number of earning members and the attitude of individual business class towards tax planning.
- There is no relationship between monthly income and the attitude of individual business class towards tax planning.

Analysis and Interpretation of Data

To measure the attitude of the Individual Business Class towards tax planning, Rensis Likert's summated a scaling technique. Based on this technique, the various responses are assigned scale values. In this study 5,4,3,2, and 1 scale values were used to measure individual business class' attitude on tax planning. The rating 5 or 4 or 3 or 2 or 1 indicates whether the statement is strongly agreed or agreed or neutral or disagreed or strongly disagreed respectively. A total score for each respondent from all the 20 statements was calculated using the above scoring procedure. The twenty statements and their scores are given in Table 2.

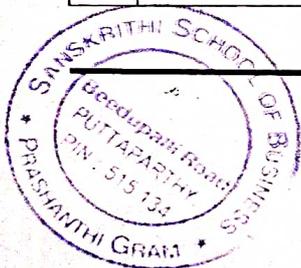


Dr. Balakrishnan

PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

Table 2: Attitude of individual business class towards Tax Planning:

S. No	Factors		Strongly Agreed	Agreed	Neutral	Disagreed	Strongly Disagreed	Total
1	Tax planning is a key part of financial planning	No	182	16	21	17	14	250
		%	72.8	6.4	8.4	6.8	5.6	100
2	Tax rate affects the return on investment in tax saving schemes	No	177	21	17	20	15	250
		%	70.8	8.4	6.8	8	6	100
3	Instead of paying fines and penalties, may pay the fair tax	No	106	55	44	22	23	250
		%	42.4	22	17.6	8.8	9.2	100
4	Minimize tax incidence and maximize the savings through tax saving schemes.	No	191	49	10	0	0	250
		%	76.4	19.6	4	0	0	100
5	Tax planning is an important part of investment planning	No	163	43	33	11	0	250
		%	65.2	17.2	13.2	4.4	0	100
6	Save tax and earn more; be a prudent investor	No	178	34	22	10	6	250
		%	71.2	13.6	8.8	4	2.4	100
7	Save income tax and cover your medical expenses with a smile	No	105	62	49	23	11	250
		%	42	24.8	19.6	9.2	4.4	100
8	Using the Non-trading expenses as tax saving instruments (Tuition fees, Donation etc.)	No	97	56	69	21	7	250
		%	38.8	22	28	8.4	2.8	100
9	Increase the wealth and reduce the tax liability (Repayment of Housing Loan)	No	65	77	42	38	28	250
		%	26	30.8	17	15	11.2	100
10	Tax laws are easy to understand	No	45	33	57	75	40	250
		%	18	13	23	30	16	100



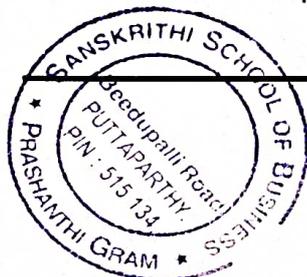
Dr. Balakrishna
PRINCIPAL

38
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

11	Tax evasion leads to heavy fines & Penalties	No	56	109	44	27	14	250
		%	22.4	44	18	11	5.6	100
12	Tax system affects the production & distribution of wealth seriously	No	33	69	41	78	29	250
		%	13.2	27.6	16.4	31.2	11.6	100
13	Fear of tax audits and prosecution	No	46	72	50	63	19	250
		%	18.4	29	20	25	7.6	100
14	Exaggerating business expenses to reduce the tax liability	No	0	0	76	82	92	250
		%	0	0	30.4	32.8	36.8	100
15	Business Friends are reporting and paying tax honestly	No	45	68	54	71	12	250
		%	18	27.2	21.6	28.4	4.8	100
16	Tax is an obligation and say no to tax evasion	No	110	72	59	9	0	250
		%	44	28.8	23.6	3.6	0	100
17	Tax avoidance is a key for tax planning	No	122	64	40	24	0	250
		%	48.8	25.6	16	9.6	0	100
18	No sufficient awareness about tax saving schemes	No	162	44	39	5	0	250
		%	64.8	17.6	15.6	2	0	100
19	Many people report all of their income to Revenue.	No	21	60	45	71	53	250
		%	8.4	24	18	28.4	21.2	100
20	It is every taxpayer's civic responsibility to pay his or her correct taxes.	No	135	44	110	24	12	250
		%	54	17.6	44	9.6	4.8	100

Sources: Primary data

The scores of 250 sample individual business class were calculated. An individual is the mere summation of the scores secured from the 20 statements. The scores of the respondents range from 20 to 100. The average score is 60. The respondents were grouped into two on the basis of average score, in the first group, those who have scored above 60 and in the second group, and those who have score below 60. Further, for the purpose of in depth analysis, the respondents are grouped into three groups, viz., Low level of attitude towards tax planning, Moderate level of attitude towards tax planning, and High level of attitude



Dr. *[Signature]*
 Sanskriti School of Business,
 Beedupalli Road, Prasanthi Gram,
 PUTTAPARTHI - 515134,
 Ananthapuramu (Dt.) A.P.

towards tax planning. Those who score between 20 and 50 are low, those who score between 51 and 60 are moderate, and those who score above 60 are high. The data collected are presented in Table 3.

Table 3: Attitude of the Individual Business Class towards tax planning:

S.No	Level of Attitude	No. of Respondents	Percentage
1	Low (≤50)	56	22.4
2	Moderate (51-60)	102	40.8
3	High (>60)	92	36.8
	Total	250	100

Sources: Primary data

The above table reveals that out of the 250 sample individual business class, 22.4 % have low level of attitude, 40.8 % have moderate level of attitude, and 36.8 % have high level of attitude towards tax planning. There are several factors which determine the attitude of the sample individual business class are analysed as follows:

Table 4: Gender and the Attitude of individual business class towards Tax Planning:

S.No	Gender	Attitude towards tax planning			Total
		Low	Moderate	High	
1	Male	36	72	77	185
2	Female	20	30	15	65
	Total	56	102	92	250

Sources: Primary data

It is observed that among the male sample assessee, 19.46% have low level of attitude towards tax planning, 38.92% have moderate level of attitude towards tax planning, 41.62% have high level of attitude towards tax planning, whereas 30.77% of the female sample individual business class have low level, 46.15% have moderate level, 23.08% have high level of attitude towards tax planning.

Hypothesis: There is no significant relationship between gender and the attitude of individual business class towards tax planning.

Result: The table-4 explains the relationship between gender and attitude towards the tax planning. The calculated value of chi-square 7.86 which is greater than tabulated value of chi-square 5.991 at 5% level of significance. Hence it is highly significant and the null hypothesis is rejected at 5% level of significance. Hence there is association between gender and the attitude towards mutual funds.

Table 5: Age and the Attitude of individual business class towards Tax Planning:

S.No	Age	Attitude towards tax planning			Total
		Low	Moderate	High	
1	21-30	16	10	9	35



Dr. Balakrishna
PRINCIPAL 40
 Sanskrithi School of Business,
 Beedupalli Road, Prasanthigram,
 PUTTAPARTHI - 515134,
 Ananthapuramu (Dt.) A.P.

2	31-40	14	38	18	70
3	41-50	15	31	29	75
4	51-60	11	23	36	70
	Total	56	102	92	250

Sources: Primary data

From the data collected, it is observed that among the sample individual business class in the age group 21-30 years, 45.71 % have low, 28.57 % have moderate, and 25.72 % have high levels of attitude towards tax planning. In the age group of 31-40 years, 14.29 % have low, 54.29% have moderate, and 31.42 % have high levels of attitude towards tax planning. In the age group of 41-50 years, 20 % have low, 41.33 % have moderate, and 38.67 % have high levels of attitude. In the age group of 51-60 years, 20 % have low, 33.33 % have moderate, and 46.67 % have high levels of attitude towards tax planning. In the age group of above 60, 8 % have low, 32 % have moderate, and 60 % have high levels of attitude.

Hypothesis: There is no relationship between age and the attitude of individual business class towards tax planning.

Result: Chi-square test was applied to find out whether there is any significant association between the age of the individual business class and their attitude towards tax planning. The calculated value of chi-square is 23.40 which is greater than the table value of 12.6 at 5% level of significance. Since the calculated value is greater than the table value, it is inferred that there is significant association between the age of the individual business class and their attitude towards tax planning. Hence, the hypothesis is rejected.

Table 6: Marital Status and the attitude of individual business class towards Tax Planning:

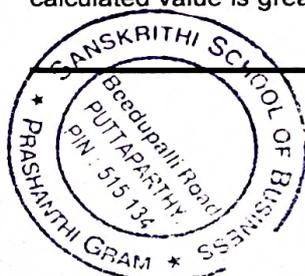
S.No	Marital Status	Attitude towards tax planning			Total
		Low	Moderate	High	
1	Married	21	76	78	175
2	Unmarried	35	26	14	75
	Total	56	102	92	250

Sources: Primary data

It is inferred from the above table, in the married sample individual business class, 12 % have low, 43.43 % have moderate, and 44.57 % have high levels of attitude towards tax planning. In the unmarried sample individual business class, 46.67 % have low, 34.67% have moderate, and 18.67% have high levels of attitude towards tax planning.

Hypothesis: There is no relationship between marital status and the attitude of individual business class towards tax planning.

Result: Chi-square test was applied to find out whether there is any significant association between the marital status of the individual business class and their attitude towards tax planning. The calculated value of chi-square is 38.72 which is greater than the table value of 5.99 at 5% level of significance. Since the calculated value is greater than the table value, it is inferred that there is significant association between the



D. Balakrishnan
PRINCIPAL 41

Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

marital status of the individual business class and their attitude towards tax planning. Hence, the hypothesis is rejected.

Table 7: Educational Qualification and the Attitude of Individual business class towards Tax Planning:

S.No	Educational Qualification	Attitude towards tax planning			Total
		Low	Moderate	High	
1	Higher Sec	13	19	8	40
2	UG	29	41	20	90
3	PG	19	30	47	85
4	Professional	6	12	17	35
	Total	56	102	92	250

Sources: Primary data

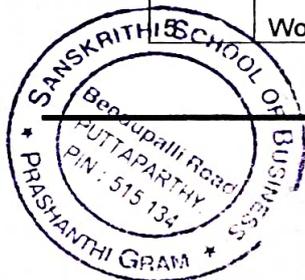
From the data obtained, it is ascertained that among the sample individual business class with Higher Secondary level of education, 32.5 % of individual business class have low, 47.50 % have moderate, and 20 % have high levels of attitude towards tax planning. In degree holders' level, 20 % have low, 45.56 % have moderate, and 34.44 % have high levels of attitude towards tax planning. In post- graduates' level, 22.35% have low, 35.29% have moderate, and 42.35% have high levels of attitude. In professional degree level, 17.14% have low, 34.29% have moderate, and 48.57% have high levels of attitude.

Hypothesis: There is no significant association between the educational qualification and the attitude of individual business class towards tax planning.

Result: Chi-square test was applied to find out whether there is any significant association between educational qualification and their attitude towards tax planning. The calculated value of chi-square is 9.65 which is less than the table value of 15.5 at 5% level of significance. Since the calculated value is less than the table value, it is inferred that there is no significant association between educational qualification and the attitude of individual business class towards tax planning. Hence, the hypothesis is accepted.

Table 8: Nature of Business and the Attitude of Individual business class towards Tax Planning:

S.No	Nature of Business	Attitude towards tax planning			Total
		Low	Moderate	High	
1	Manufacturing	3	10	5	20
2	Whole sale	11	16	18	45
3	Retail	13	37	20	80
4	Services	11	17	17	45
	Works Contract	10	8	4	20



Dr. Balakrishnan
PRINCIPAL 42
Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

6	Speculators	8	14	28	40
	Total	56	102	92	250

Sources: Primary data

The analysis of the data regarding the nature of work of the sample individual business class and their level of attitude towards tax planning reveals that among the manufacturer sample, 15% have low, 50% have moderate, and 35% have high levels of attitude towards tax planning. In whole seller, 24.44 % have low, 35.56% have moderate, and 40% have high levels of attitude towards tax planning. In Retailer, 16.25% have low, 46.25% have moderate, and 37.50 have high levels of attitude towards tax planning. In service providers, 24.44 % have low, 37.78% have moderate, and 37.78% have high levels of attitude towards tax planning. In works contractors, 50% have low, 40% have moderate, and 10% have high levels of attitude towards tax planning. In speculators, 20% have low, 35% have moderate, and 45% have high levels of attitude towards tax planning.

Hypothesis: There is no significant association between the nature of business and the attitude of individual business class towards tax planning.

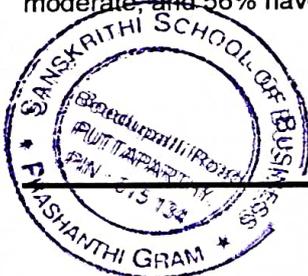
Result: Chi-square test was applied to find out whether there is any significant association between the nature of work of and the attitude of individual business class towards tax planning. The calculated value of chi-square is 16.83 which is less than the table value of 18.31 at 5% level of significance. Since the calculated value is less than the table value, it is inferred that there is no significant association between the nature of work and the attitude of individual business class towards tax planning. Hence, the hypothesis is accepted.

Table 9: Number of Earning Members and the Attitude of Individual business class towards Tax Planning:

S.No	Earning Members	Attitude towards tax planning			Total
		Low	Moderate	High	
1	One	38	41	36	115
2	Two	12	45	28	85
3	Three and above	6	16	28	50
	Total	56	102	92	250

Sources: Primary data

It is inferred from the above table, among the sample individual business class with one earning member, 33.04% have low, 35.65% have moderate, and 31.30% have high levels of attitude towards tax planning. In two earning members' level, 14.12% have low, 52.94% have moderate, and 32.94% have high levels of attitude towards tax planning. In three or more earning members' level, 12% have low, 32% have moderate, and 56% have high levels of attitude towards tax planning.



Dr. Balakrishnan
PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134, 43
Ananthapuramu (Dt.) A.P.

Hypothesis: There is no relationship between number of earning members and the attitude of individual business class towards tax planning.

Result: Chi-square test was applied to find out whether there is any significant association between the number of earning members in the individual business class' families and their attitude towards tax planning. The calculated value of chi-square is 21.90 which is greater than the table value of 9.49 at 5% level of significance. Since the calculated value is greater than the table value, it is inferred that there is significant association between the number of earning members in the individual business class families and their attitude towards tax planning. Hence, the hypothesis is rejected.

Table 10: Monthly Income and the Attitude of Individual business towards Tax Planning:

S.No	Monthly Income	Attitude towards tax planning			Total
		Low	Moderate	High	
1	Up to 20000	20	17	8	45
2	20000-30000	10	29	21	60
3	30000-40000	17	33	30	80
4	40000-50000	5	11	19	35
5	Above 50000	4	12	14	30
	Total	56	102	92	250

Sources: Primary data

From the above table, it is inferred that the sample individual business class with up to 20000 income level, 44.44% have low, 37.78% have moderate, and 17.78% have high levels of attitude towards tax planning. In 20000-30000 income level, 16.67% have low, 48.33% have moderate, and 35% have high levels of attitude towards tax planning. In 30000-40000 income level, 21.25% have low, 41.25% have moderate, and 37.50% have high levels of attitude towards tax planning. In 40000-50000 income level, 14.29% have low, 31.43% have moderate, and 54.29% have high levels of attitude towards tax planning. In above 50000 income level, 13.33% have low, 40% have moderate, and 46.67% have high levels of attitude towards tax planning.

Hypothesis: There is no significant association between the monthly income and the attitude of the individual business class towards tax planning.

Result: Chi-square test was applied to find out whether there is any significant association between the monthly income of the individual business class and individual business class' attitude towards tax planning. The calculated value of chi-square is 22.71 which is greater than the table value of 15.5 at 5% level of significance. Since the calculated value is greater than the table value, it is inferred that there is significant association between the monthly income of the individual business class and their attitude towards tax planning. Hence, the hypothesis is rejected.



DN Balakrishna

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI 515134
Ananthapuramu (Dt.) A.P.

Findings of the Study

There is much difference in the attitude of the male and female sample individual business class towards tax planning. The tax planning of the respondents are affected in respect of their age level. The respondents' attitude towards tax planning are influenced in respect of their marital status. The sample shows that there is much difference in educational qualification of the individual business class and their attitude towards tax planning. There is much difference in the individual business class with different natures of business in their levels of attitude. How many members be there in the family to earn, the attitude towards tax planning does change. It is clear from the study that the attitude of the individual business class towards tax planning are affected in respect of their monthly income.

Conclusion

This study disclosed the individual business class assessee's attitude towards tax planning. As the business people contribute a significant part of the financial resources for the government by means various taxes, it has to be the concern of the government to offer them various tax saving schemes which will help the business class individuals to save their money by investing in it. It may facilitate them to minimise their tax liability and reduce tax evasion.

References:

- Gaur, V.P. Narang, D.B., (2009), "Income Tax Law and Practice", Kalyani Publishers, New Delhi.
- Groves, Harold. M., (1948), "Trouble Spots in Taxation", Princeton University Press, Princeton.
- Gupta, K.L., (1970), "Personal Savings in Developing Nations, Further Evidence", *Economic Record*, June., pp. 243-9.
- Gurley, J. G. and E. S. Shaw, (1956), "Financial Intermediation and the saving Investment Process", *The Journal of Finance*. Vol. 11, pp. 257-76.
- Jindal, K. B., (1962), "Income Tax – Past and Present", Kitab Mahal Private Ltd., Allahabad.
- Juster, F. T. and L. D. Taylor, (1975), "Towards a Theory of Saving Behaviour", *American Economic Review*, Vol. 65, pp. 203-9.
- Kelley, A. C. and J. G. Williamson, (1968), "Household Saving Behaviour in Developing Economies – The Indonesian Case", *Economic Development and Cultural Change*, April, pp. 385-404.
- Krishnamurty, K. and P. Saibaba, (1981), "Determinants of Saving Rate in India", *Indian Economic Review*, Vol. XVI, No. 4, pp. 225-50.
- Shobhana.V.K. and J. Jayalakshmi, (2006), "Investors' Awareness and Preferences-A Study", in *Journal of Organizational Management*, VolXXII, No3 Oct-Dec., pp. 16-18.
- Somasundaram V.K., (1997), "A Study on the Savings and Investment Pattern of Salaried Class in Coimbatore District", Unpublished M.Phil Dissertation, submitted to Bharthiyar University, Unpublished M.Phil Dissertation, submitted to Venkateswara University, Tirupathi, pp. 31-39.
- Capital Tax Group (1989): "Neutrality in the Taxation of Savings: An Extended Role for PEPs", Commentary No. 17, London: Institute for Fiscal Studies.
- Chelliah, Raja J. (1996): "An Agenda for Comprehensive Tax Reform" Towards sustainable Growth- Essays in Fiscal and Financial Sector Reforms In India, Oxford University Press, New Delhi.
- Chelliah, Raja J. and R. Kavita Rao (2001): "Rational Ways of Increasing Tax Revenues in India" presented in World Bank Conference Fiscal Policies to Accelerate Economic Growth, New Delhi, May 21-22.
- Dr. Ahuja, Girish and Dr. Gupta, Ravi. (2007): "Systematic approach to Income Tax and Central Sales Tax" Book, Bharat Law House Pvt. Ltd. Publication, New Delhi.

Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



WOMEN EMPOWERMENT THROUGH SELF HELP GROUPS

Dr.R.Lilambeswara Singh¹

ABSTRACT

This paper depicts about an evaluation of Women's Self Help Groups. The widening social consciousness across the globe has brought a number of issues to the fore among which gender equality and empowerment of women are very significant.

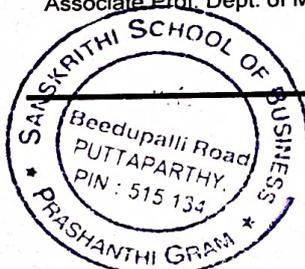
Favouritism against women in the structure of male – female differentiation encompasses the core of the gender – based system. The education is the biggest beneficial force and in the rise in the levels of education which encourages progressive outlook and the advent of industrialisation and modernisation has affected a sea change in the attitudes and thinking pattern of the people. The empowerment is not fundamentally political alone in fact, political empowerment will not flourish in the absence of economic empowerment. The programme of micro financing through Self Help Groups (SHGs) has transferred the real economic power in the hands of women and has greatly reduced their dependence on men. This has aided in empowerment of women and building self confidence, but lack of education frequently comes in the way and many a times they had to seek help from their husbands for day-to-day work like bank accounts and so many. The distance education assigns an opportunity to these women to improve their skills. The extended level of learning will help them to learn skill and vocations and play an effective role in the management of SHGs.

Key words: Self Help Groups, Social Capital, Community Development, Women Empowerment.

INTRODUCTION:

In recent years, the group model has become one of the most extensively adopted way for alleviating rural poverty in India and many other developing countries. Groups are used as a conduit for both individual and society development through people's self – endeavor and self – reliance. Micro credit groups and Self Help Groups are illustrations of the group based models for society and women's progress. Groups have been found predominantly pertinent for poor women in the rural areas where they are created and cherish to empower them both economically and socially. Women in India are fatality of a multiple socio – economic and cultural factors. They are a primary part of each economy. All encompassing growth and harmonious development of a nation would be achievable only when women are considered as equal partners in advancement with men. Liberation of women is a requirement for nation's economic expansion and social growth. Poverty is the core impediment for the growth of the women. The responsibility of women and the necessity to empower them are vital to human advancement programs including poverty mitigation. In spite of diverse plans relating to poverty mitigation has been in progress, it was observed that woman in rural

¹ Associate Prof. Dept. of Management, Sanskrithi School of Business, Puttaparthi, Anantapur. Dt. (A.P.)



Dr. Balakrishnan
PRINCIPAL

72
Sanskriti School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHY - 515134,
Ananthapuramu (Dt.) A.P.

areas, particularly from the poor families may possibly be benefited. Rapid development in SHG development has now turned into an empowerment movement among women across the country. Economic empowerment effects in women's capability to influence or make decision, amplified self confidence, enhanced status and role in household and so on. The formation of SHGs is not eventually a micro credit project but an empowerment process. The empowerment of women through SHGs would offer assistance not only to the individual women but also for the family and community as a complete through communal action for growth.

This paper enlightens women empowerment through

- Self Help Groups
- Gender Bias
- Micro Finance

STRATEGY OF WOMEN EMPOWERMENT:

In scrutiny of low literacy rate of women and the massive assignment of educating rural women an appropriate strategy will have to be designed. The key responsibility is to spot the areas where these groups in actuality, are facing troubles because only at this stage, the method of problem solving adult learning will attract these rural poor to advance their working and income. The triumph of any strategy of women empowerment depends upon the following features like intensity of education, communal custom, family planning, health, cleanliness, and surroundings.

A variety of case studies illustrate that there is a positive correlation between credit accessibility and empowerment of women. At first glance, Distance education emerges by itself as 'women friendly' form of attaining education and proper qualifications. There are two uniqueness which are normally seen to render this mode of learning particularly suitable for women, by making distance education attuned with other sphere of life, there is no attendance needed, second, at the same time, and there is a high level of flexibility in learning programs and time management. These features have three diverse and undoubted merits for the distant student. Since, the distance education curriculum is planned for independent study if can fine fit with family obligations and living at home. Learning material is sent to the women at their home and the SHGs may offer them the needed training wherever they desire. Rural women can learn at their own speed on the basis of time available to them. Technology aids them round the clock admittance on student support services. In rural India where women are not exposed to regular education, distance education is the only alternative for learning. The members of SHGs are generally illiterate and do not possess any formal education. In a study it was accounted that the members of the Groups were not fully literate and were not capable to read and write. Many are now talented to affix their signatures possibly an outcome of the Government sponsored literacy programme and the obligation to affix signature on several circumstances as members of SHGs. The handicap of literacy would be a stumbling block for attaining many desired results. For instance, they will be incapable to follow the accounts maintained by the group and therefore stay behind ignorant about the amount pooled individually and in the group, and would be unable to write an application to represent their case. Hence it is vital to offer them education through especially designed modules through distance education that are directly helpful as a member of SHG. At this phase they do not require school or university certificate, Diploma or degrees. They need enhancement in their professional abilities and solving their day-to-day troubles in the functioning and performing of SHGs. They should be clarified about the benefit of group based strategies in poverty mitigation like significance of savings and opening bank account, selling of products, timely reimbursement and replicate loaning. It is essential to put



Dr. Balakrishnan
PRINCIPAL

73

Sanskriti School of Business,
Beedupalli Road, Prasanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

in plain words that she is not alone and that such hindrances are being faced universally. Only by Self Help they may struggle against their hardship and progress upon the destiny of their family and children.

All these problems, opportunities and chances can be elucidated that women through short duration training section distributed at their doorstep or work place. At the initial stage we may face convinced problems and confrontation from the participants if we demand some extra time and money. It is therefore recommended that the benefits should be associated with the distance education units and subsidies should be in the form of distance education and not cash. There are cases where cash subsidies were taken away vigorously by male, members in the family for liquor consumption and gambling and made no noteworthy impact in the society. But education is such a sort of financial assistance that cannot be deprived by male members in the family. Secondly, educated mother will further teach her children and thus will help in reducing the blight of illiteracy and poverty from the society.

EMPOWERMENT OF WOMEN THROUGH EDUCATION:

It is also pragmatic that open education at present is essentially catering to the needs of elites in the urban areas and it has to make inroads in rural areas where India lives. In rural areas women are entirely dependent on men, as they do not have economic supremacy to spend. The chronological relationships with their husbands can be seen as influenced by historical factors that outline the social arrangements of how they are subordinated. It has been noticed that women do experience a double day, as they return to study shared with their domestic roles. The policy planners must consider incorporating the economic benefits with education. Thus the SHGs should in reality also be transformed into Self Help Study Groups that will give them not only better income but also superior esteem and self confidence to do something meaningful for the society as a whole. They should comprehend that they are not the secluded unproductive but vital wheel for the smooth running of the society.

I.SELF HELP GROUPS:

The model of SHG is based on the following principles:

- Self help enhancement with mutual help can be a commanding vehicle for the poor in their socioeconomic development.
- Participative financial services management is more approachable and efficient.
- Poor can accumulate and are bankable and SHGs as clients, results in wider outreach, lower operational cost and much lower risk costs for the banks.
- Construction of a common fund by contributing small savings on a normal basis.
- Flexible independent system of working.
- Loaning is done primarily on belief with a exposed documentation and without any security.
- Amounts financed are small, frequent and for short duration.
- Failure to pay are rare generally due to group pressure; and
- Intermittent meetings.

II.GENDER BIAS:

The socially strong-minded ideas and practices which define what roles and activities are deemed suitable for women and men. Even as the gender division of labour is inclined to be seen as ordinary and immutable, in fact, these ideas and practices are communally constructed. This results in context-specific models of who does what by gender and how this is valued. Gender divisions of labour are not necessarily



Dr. Balakrishna
74
Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

strictly defined in terms of men's and women's roles, as is sometimes assumed. They are characterised by collaboration in joint activities, as well as by separation. Often, the conventional standard regarding gender divisions changes from the actual practice. However, roles typically selected as female are almost invariably less respected than those designated as male. Women are generally predictable to fulfill the reproductive responsibility of bearing and raising children, compassionate for the other family members, and household administration tasks, as well as home based production. Men tend to be more connected with prolific roles, particularly paid work, and market production. In the labour market, although women's overall contribution rates are rising, they tend to be restricted to a relatively contracted range of occupations or intense in lower grades than men, usually earning less.

Anciently, women's creative functions have been ignored or under-valued, mainly in the familiar sector and subsistence agriculture. This has led to misconceived expansion projects; for example the services of additional agents and agricultural inputs being targeted at men. Because women's labour is underestimated, it is often unspecified by mainstream development strategy to be infinitely elastic. For example, policy makers anticipate that women can take on roles formerly fulfilled by public services, such as care for the sick and elderly, when curtails are made. The formal credentials and recognition of women's roles and the related time load is essential for gender-sensitive growth interventions. Recently, international organisations have begun to determine all forms of economic movement by gender. International definitions of economic movement have also been enlarging to include survival farming, food processing and home working 'in expectation of profit'. Time budget reviews are also being applied in some places to determine women's input into reproductive work.

Gender and growth policies and programmes can challenge and change women have socially set roles, in hunt of gender equity. For example, women have been successfully qualified and employed as water technicians or builders in societies where these were job previously a male domain. However, programmes intended to increase women's contribution in fields beyond the household must ensure that they are appropriately paid. They should also be escorted by deliberation of how men, or public provision, can shrink women's responsibilities in the home.

III.MICRO FINANCING:

Studies have shown that many essentials contribute to make it more complicated for women empowerment through micro businesses. These essentials are:

- Lack of awareness of the market and potential profitability, thus making the alternative of business difficult.
- Unsatisfactory book keeping.
- Employment of too many relations which increases social stress to allocate benefits.
- Locale prices randomly.
- Scarcity of funds.
- Huge interest rates.
- Inventory and inflation accounting is on no account calculated.
- Credit policies that can slowly damage their business.

For micro finance programme to be cost effectual in obtaining about the empowerment of women, it would necessitate

- Giving business training,



Dr. Balakrishnan
PRINCIPAL

Sanskriti School of Business 75
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

- Contribute in women's general education and literacy,
- Providing direction in balancing family and work responsibilities,
- Providing a discussion for dialogue on social and political issues, such as, women's rights and society problems,
- Giving women skill in decision making,
- Endorsing women's ownership, control and participatory supremacy in their micro finance programmes.

Micro finance programmes, thus, has been very flourishing in attaining women. This gives micro finance organisation an extra ordinary chance to act deliberately to empower poor women and to curtail the potentially negative impacts which was experienced by few women.

CONCLUSION:

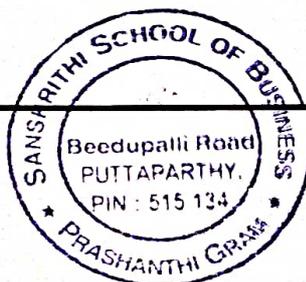
It is apparent that gender approaches in micro finance need to look away from just increasing women's access to savings and credit and organising Self Help Groups to appear strategically at how programmes can actively endorse gender equality and women's empowerment. Moreover the focal point should be on mounting a diversified micro finance sector where different type of organisations, NGOs and formal sector banks all ought to have gender policies tailored to the needs of their particular target groups institutional roles and capabilities and collaborate and work together to make a major contribution to gender equality and pro-poor development.

REFERENCES:

- H. R. Krishnamurthy: "Economic Development in India" (2006) - Sapna Book House, Bangalore.
- Everett, J. (1991): *The Global Empowerment of Women. Summary of the annual conference of the Association for Women in Development, November 17-19, 1989, Washington DC.*
- www.unicef.org/programme/gpp/policy/empower.html.

Dr. Balakrishnan

PRINCIPAL
Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHY - 515134,
Ananthapuramu (Dt.) A.P.



THE ROLE OF TRAINING AND WORK ENVIRONMENT ON RETENTION AND JOB SATISFACTION AS A MEDIATOR AT STARTUPS, BANGALORE

Padmaja P

Assistant Professor, Department of MBA, The Oxford College of Engineering, Bangalore.

Dr. Bala Koteswari

Dean Academics Sanskrithi Group Of Institutions, Puttaparthi, Andhrapradesh.

Dr.R.V Dhanalakashmi

Professor & HOD, Department of MBA, The Oxford College of Engineering, Bangalore.

Richa Tiwari

Assistant Professor, NITTE School of Management, Bangalore.

ABSTRACT

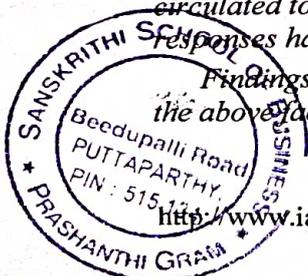
Purpose: Employee Retention is a buzz topic in today's Knowledge basedera, Very few empirical studies were carried out in the rapid-growing Startup sector and this present study address the gap in the literature. The Comprehensive literature reviews reported that Job Satisfaction is an important contributor of retention. Work environment and training are the topmost pertinent factors in raising the level of job Satisfaction towards organization. This paper investigates the impact of the above factors over Job satisfaction and explores the effects of Job satisfaction on retention and verifies the mediating effect of Job satisfaction on the relationship between proposed antecedents and employee retention.

Design/methodology: A Structured Questionnaire framed, consisting of elements acquired from earlier literatures were used to collect the data. A Simple random sampling technique employed in selecting the sample size. Questionnaire has been circulated to various employees working in Startups located at Bangalore in India, 270 responses have been recorded and used for the analysis.

Findings: Findings discloses that Job satisfaction influences retention and among the above factors work environment has significant relation with retention. In addition,

Dr. Bala Koteswari
PRINCIPAL

Sanskriti Group of Institutions,
Beedupalli Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



The Role of Training and Work Environment on Retention and Job Satisfaction as A Mediator at Startups, Bangalore

Job satisfaction acts as a mediator between the proposed factors and outcome variable. However, mediation analysis indicated that training did not have any direct effect on retention.

Research limitations: This present study was carried out at startups in Bangalore. Sample size is not very large, since startups are having less manpower very difficult to increase sample size.

Practical implications: This paper suggests few recommendations to the Startups in employee retention as it is very essential to sustain. If Startups provide healthy work environment and effective training in order to increase Job satisfaction and leads to increase the level of retention in the organization.

Originality/value: This research paper highlights the significant factors that contribute to employee retention in startups.

Keywords: Work environment, Training, Job Satisfaction, Employee retention

Cite this Article: Padmaja P, Dr. Bala Koteswari, Dr.R.V Dhanalakashmi and Richa Tiwari, The Role of Training and Work Environment on Retention and Job Satisfaction as A Mediator at Startups, Bangalore, *International Journal of Management*, 11(9), 2020, pp. 1181-1191.

<http://www.iaeme.com/IJM/issues.asp?JType=IJM&VType=11&IType=9>

1. INTRODUCTION

In today's Knowledge Based era competitive workforce is required for every organization to sustain in the market and face competition. Human Resource creates value to the organization when they satisfied. Job satisfaction plays a vital role in retaining employees for long period of time. Employee retention reduces turnover cost to the organization. Due to globalization organizations are facing lot of challenges like increasing intensified competition, increasing skilled employees' mobility and decreasing the employee retention (Ng'etheet al. 2012). Subsequently, retaining skilled workforce has become a major challenge for organizations, since skilled workforce have huge opportunities in the global market (Harris 2007).

Every organization depends on their talented employees to sustain and face competition. Retention process become a challenging task to human resource managers to manage talented employees, especially young generation employees as they always look for better opportunities.(Bogdanowicz & Bailey, 2002; Correia de Sousa & van Dierendonck, 2010). If it continues employee turnover rate predicted to increase 23.4% over next five years and around 192 million employees expected to return from different parts of the world in 2018(Biswas, 2013). Further reviews predicted that increasing employee turnover rate enable India to focus on Employee Retention. To reduce turnover rate organization has to take initiation to find the reasons behind that and identify the factors which will be contribute in increasing the retention rate of employees.

This present study aims to address the gap in the literature by examining the impact of Work environment and Training, over Job satisfaction among employees of startups in Bangalore, as well as to predict the effects of job satisfaction on retention. It also investigates the mediating effect of Job satisfaction between proposed factors and employee retention.

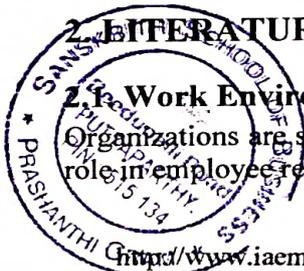
2. LITERATURE REVIEW

2.1 Work Environment

Organizations are striving hard to retain the skilled employees. Work environment plays a vital role in employee retention. Work environment includes not only the physical structure but also the

Dr Bala Koteswari
PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prasanthigram,
BETTAUR, DISTRICT 134,
ANANTAPUR (A.P.)



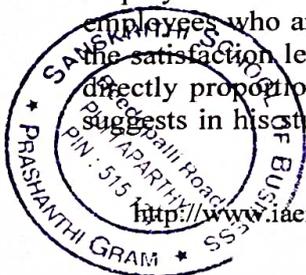
all the things that make employee involve in the work itself. A positive work environment makes employees feel comfortable at work place and provide the necessary encouragement to sustain them throughout the day. This observation is repeated by Wells & Thellen (2002), Organizations by providing suitable work environment, increase the level of motivation help to retain employees for long period of time. Heneman (2007), also mentioned in his study that one of the most critical elements of any organizations recognition strategy is having a positive work environment. Employees feel sense of belonging if supportive work environment provided by the organization (Miller, Erickson & Yust, 2001) and supervisor cooperation, desirable career development and peer relationship (Richards et al., 1994), perceived organization support (Casper et al., 2002) participate in decision making process (Subramaniam & Mia, 2001) are most important antecedents of healthy work environment. Supportive and healthy work environment increases employee's interest to perform their job leads to increasing their performance (Ma prieto., 2014). According to Hytter (2007) work place practices, support from supervisors, compensation, employee training, career development activities, physical working conditions are positively related with employee retention.

2.2. Training

To survive and flourish in today's competitive corporate-world organization should invest time and money in enhancing the skills and capabilities of their employees constantly. This purpose can be fulfilled by training. Training is an important function of HRM practices, and it enhances the skills and knowledge of the employee. Training bridges the gap between job needs and employee skills, knowledge and behaviors. Training is the important function of HRM practices and develops employees' skills which are used to perform not only the present job as well as future (Delery and Doty 1996). Schuler and MacMillan (1984) training is one of the major human resource management practice that helps employees to develop their skills helps to organizations to gain a competitive advantage. Training helps to increase the employees' levels of commitment and loyalty, causing them to stay for long period of time with the organization, hence it enhances the level of retention (Samuel and Chipunza 2009). Forgacs, (2009) and Paré and Trembley (2007), stressed in his research that training plays a significant role in increasing the skills and knowledge of the employees to perform present job as well as future job effectively, influence the level of job satisfaction, may affect the employees' leaving decision. Palwasha Bibi, the findings of his study revealed that there is a positive relationship between training and employee retention. The findings of this study supported the results of previous research (e.g., Choi and Dickson 2009; Saritas 2007). These studies suggested that when organizations provide adequate training and care about their employees, it affects the decision of intention to stay for long period of time and increases the employee retention rate (Dockel et al. 2006).

2.3. Job Satisfaction

Job satisfaction acts a crucial role in employee retention. Some researchers define Job Satisfaction is the response of employees' towards their work experiences. Based on various literatures, a comprehensive meaning for job satisfaction is related to the positive attitude of the employees towards their job as well as organization (Armstrong 2006; Bibi et al., 2013) Many researchers studied and revealed the connection between job satisfaction and retain of employee (Amah, 2009; Ashton, 2017; Huang S. et al. 2017). Based on these reviews, retaining the employees is linked with job satisfaction. Turnover Decisions are influenced by the dissatisfied employees who are trying to look for alternative jobs. So every organization tries to increase the satisfaction level of the employee. Radosevich et al. (2008) argue that Job satisfaction is directly proportionate with work environment and employee engagement. Saks (2006) also suggests in his study that highly engaged employees are more likely to demonstrate positive



The Role of Training and Work Environment on Retention and Job Satisfaction as A Mediator at Startups, Bangalore

attitudes, intentions and behaviors within the work environment. Job Satisfaction includes not only employee feeling towards job but also satisfaction with various aspects of the job like supervision, compensation, opportunities for development (Chang & Chang et al., 2007)

2.4. Employee Retention

Organizations need people who execute the job well and retain them as their employees. Retention is the potential of an organization to retain efficient employees who can be partin organizational growth and success (Al- Jarradi, 2011). Employee retention means prevent the employee mobility in an organization, turnover ratio of staff can be considered as the other side of the same coin (Okioga, 2012). The factors which are contributing more in employee retention are Offering competitive jobs which are satisfying, clear career growth opportunities and conduct effective training programs(Torrington et al, 2008). Some additional strategies believed to improve employee retention include recognize skilled employees, making employees to be comfortable by providing conducive work environment, offering employee stock option scheme that make it hard to separate (Scott et al, 2012). According to the world at work survey, specified that some crucial methods to retain employees are: identify key employees, meeting key employees with available opportunities in the organization, paying competitive salary to the employees and developing employee who can replace key employees. In (Renaud et al. 2015) defined and examined 28 human resources practices, which combines five major factors: compensation, innovation, training, work environment and work-life balance. Results revealed that four out of these factors are positively connected with employees' retention.

3. RESEARCH METHODOLOGY

Research Methodology is a much useful technique in “identifying and collecting information” regarding the study variables (Denzin.N.K, 2000). It is an organized and efficient approach used to collect the data. The main objective of this present study was to examine the mediating effect of job satisfaction between Work environment and Training (Predictors) and employee retention (Outcome variable). Comprehensive literature review helped to develop a conceptual framework for the present study as shown in figure 1. The conceptual framework examines the role of work environment and Training on employee retention with job satisfaction as a mediator.

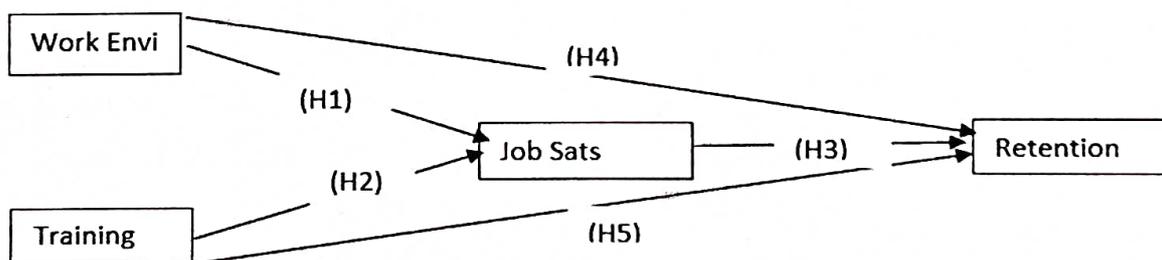


Figure 1 Conceptual Framework

3.1. Research Hypotheses

- H1: There is a significant impact of Work Environment on Job Satisfaction in startups
- H2: There is a significant impact of Training on Job Satisfaction in startups
- H3: Job Satisfaction has significant positive relationship with employee retention in startups



Dr. Balakrishnan
PRINCIPAL
Sankruthi School of Business,
Seedurthi, Puttaparthi,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

H4: Work Environment has significant impact on employee retention in Startups

H5: Training has significant impact on employee retention in Startups.

H6: Job Satisfaction has a significant mediating effect between Training, Work environment and Employee Retention in Startups.

3.2. Sample

The Present study mainly focused to test in startups of Bangalore. Simple random sampling technique was used to determine the study sample. 300 Questionnaires were distributed to the employees of Startups. 280 responses were obtained, only 270 responses were appropriate and same has been used for the study.

3.3. Procedure

Structured Questionnaire was used to collect the data. Questionnaire was developed based on the literature of related subjects. The questionnaire was distributed to the employees of startups through personal visits to get accurate response. JAMOVI and JASP were used to analyze the collected data.

3.4. Measures

3.4.1. Training

For the purpose of this study, eight items were used to assess employees' perception about training. Training considered for this paper effective training policy, allocated sufficient time, relevant to career development, move desired direction in the career, move to upward mobility, quality training, continuous education about training program, opportunity for skill development. To measure Training five-point likert scale was used: 1=strongly Disagree;2=Disagree;3=Neutral;4=Agree;5= Strongly Agree.

3.4.2. Work Environment

For the purpose of this study, four items were used to assess employees' perception about work environment. It considered for this paper was Innovation, leisure, healthy work environment,dynamic entrepreneurial place. To measure the work environment five-point likert scale was used: 1=strongly Disagree;2=Disagree;3=Neutral;4=Agree;5= Strongly Agree.

3.4.3. Job Satisfaction & Employee Retention

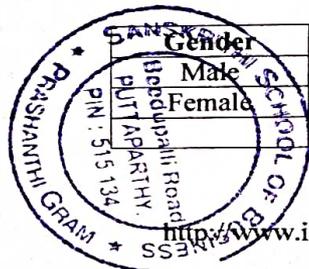
To measure Job satisfaction and Employee Retention, respondents were supposed to indicate, on the five-point likert scale, the degree to which they agree or disagree to each statement regarding job satisfaction and retention. Some of the statements are "I have clear idea about organization's mission", " I am very much satisfied with my present job", "I am glad to work for this Organization", " I am satisfied with the benefits provided by the organization", " I will recommend this Organization as a great place to work", I rarely think about switching to the new Organization".

4. EMPIRICAL FINDINGS & DISCUSSIONS

Table 1 Respondent's Profile

Gender	Counts	% of Total	Age (in years)	Counts	% of Total
Male	201	74.4 %	18-25	200	74.1 %
Female	69	25.6 %	26-35	58	21.5 %
			36-45	6	2.2 %

Dr. Bala Koteswari
PRINCIPAL
Srikrishna School of Business,
Beechepalli Road, Prashanthigram,
PUTTAPARTHY, P.N. 515 134,
Ananthapur (Dt.) A.P.



The Role of Training and Work Environment on Retention and Job Satisfaction as A Mediator at Startups, Bangalore

Gender	Counts	% of Total	Age (in years)	Counts	% of Total
			46-55	4	1.5 %
Education Qualification	Counts	% of Total	Years of Experience	Counts	% of Total
Diploma	2	0.7	< 2 years	109	40.40%
UG	124	45.90%	2-5 Years	132	48.88%
PG	138	51.10%	>5 years	31	11.48%
Other	6	2.20%			

Descriptive statistical technique is used to describe the demographic profile of the respondents. From the Table 1, most of the respondents were male (74.4%), and only 25.6% female respondents. Maximum employees were postgraduate and their percentage was 51.1% and under graduates was 45.9%. Maximum Respondents has 2-5 years of experience and their percentage was 48.8%.

Table 2 Descriptive Statistics and Correlation Matrix

	Mean	SD	Training	workenvi	jobsats	Retention	
Training	4.03	0.727	(.922)				
Workenvi	4.00	0.769	0.419	***	(.804)		
Jobsats	3.96	0.904	-	*	0.191	**	
		0.146				(.889)	
Retention	3.80	0.808	-	*	0.149	*	
		0.132				0.759	

							(.768)

Note. * $p < .05$, ** $p < .01$, *** $p < .001$ Alpha Values appear diagonal in the parentheses.

Correlation analysis is done in order to find the strength of relationship between the study variables. Training and Work environment have significant relation with Job satisfaction and Retention. Among the study variables work environment has a significant positive correlation with Job satisfaction i.e., 19.1% at .01 level of significance but Job satisfaction has significant relationship with retention i.e., 75.9% at .001 level of significance. This means that work environment has positive impact on job satisfaction. This means that job satisfaction of employees has impact on retention level of employees.

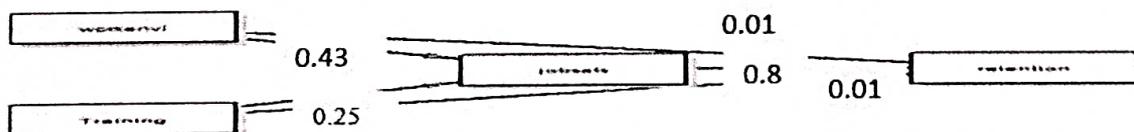
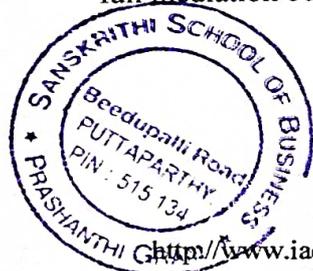


Figure 2 Path Coefficients between Predictors, Mediator and Outcome variable.

The path coefficient (figure 2) illustrates the mediation effect. Here, Training and work environment are the predictors, Job satisfaction is the mediator and Retention is the outcome variable. From the above table there is an indirect effect but very less direct effect, this indicates full mediation between predictor and outcome variable.



Dr. Balakrishna
 PRINCIPAL
 Sanskriti School of Business,
 Beedupalli Road, Prashanthi Gram,
 PUTTAPARTHI - 515134,
 Ananthapuramu (Dt.) A.P.

4.1. Mediation Analysis

Table 3 Indirect and Total Effects

Type	Effect	Estimate	SE	95% C.I. (a)		B	Z	P
				Lower	Upper			
Indirect	training ⇒ jobsats ⇒ retention	-0.2139	0.068	0.3466	0.0812	0.19245	-3.16	0.002
	workenvi ⇒ jobsats ⇒ retention	0.36445	0.065	0.2375	0.4914	0.3468	5.628	<.001
Component	training ⇒ jobsats	-0.2535	0.087	0.4099	0.0971	0.21534	-3.176	0.001
	jobsats ⇒ retention	0.84379	0.027	0.7901	0.8975	0.89371	30.807	<.001
Direct	workenvi ⇒ jobsats	0.43192	0.076	0.284	0.5798	0.38805	5.724	<.001
	training ⇒ retention	-0.04633	0.037	-0.118	0.0254	0.04169	-1.266	0.205
Total	workenvi ⇒ retention	-0.00908	0.036	0.0796	0.0614	0.00864	-0.253	0.801
	workenvi ⇒ retention	+0.26023	0.077	0.4101	0.1104	0.23414	+3.403	<.001
	workenvi ⇒ retention	0.35537	0.072	0.2137	0.4971	0.33816	4.916	<.001

Note. Confidence intervals computed with method: Standard (Delta method)

Note. Betas are completely standardized effect sizes

From the foregoing mediation analysis tables reveals that the H1 work environment has significant relation with job satisfaction. If the organization provides quality work environment, encourage innovation all plays significant role in increase job satisfaction. The results revealed that H2 Training also has significant relation with job satisfaction. Job satisfaction has significant positive relation with employee retention which supports the H3. But the predictors (work environment and training) have not significant direct relation with retention and the results don't support H4 and H5. The findings of the present study support H6, means Job Satisfaction has a significant mediating effect between Training, Work environment and Employee Retention in Startups. To increase the level of retention rate startups, provide healthy work environment which encourages innovation and it leads to increase job satisfaction.

4.2. Confirmatory Factor Analysis

R-Squared	
	R ²
we.dynam	0.418
we.inn	0.554
we.lisure	0.720
tr.mob	0.747
tr.qlty	0.802
tr.edu	0.744
tr.time	0.614

Dr. Balakoteswari

PRINCIPAL

Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.



The Role of Training and Work Environment on Retention and Job Satisfaction as A Mediator at Startups, Bangalore

Model fit

Chi-square test			
Model	X ²	df	p
Baseline model	1211.715	21	
Factor model	29.492	13	0.006

Fit Indices

CFI	TLI	RMSEA	SRMR
0.986	0.978	0.069	0.025

4.3. Parameter estimates

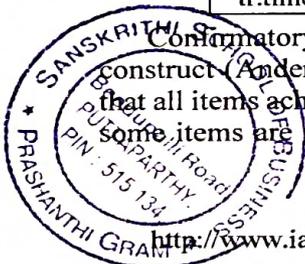
Table 4 Factor loadings

Factor	Indicator	Symbol	Estimate	Std. Error	z-value	p	95% Confidence Interval	
							Lower	Upper
workenvi	we.dynam	λ11	0.671	0.060	11.107	< .001	0.553	0.790
	we.inn	λ12	0.623	0.047	13.346	< .001	0.532	0.715
	we.lisure	λ13	0.904	0.057	15.918	< .001	0.793	1.016
training	tr.mob	λ21	0.689	0.039	17.479	< .001	0.611	0.766
	tr.qtly	λ22	0.826	0.045	18.518	< .001	0.739	0.914
	tr.edu	λ23	0.861	0.049	17.412	< .001	0.764	0.958
	tr.time	λ24	0.808	0.054	15.032	< .001	0.702	0.913

Table 5 Residual variances

Indicator	Estimate	Std. Error	z-value	p	95% Confidence Interval	
					Lower	Upper
we.dynam	0.627	0.062	10.187	< .001	0.507	0.748
we.inn	0.313	0.034	9.078	< .001	0.245	0.380
we.lisure	0.318	0.050	6.386	< .001	0.220	0.415
tr.mob	0.160	0.018	8.780	< .001	0.124	0.196
tr.qtly	0.168	0.022	7.735	< .001	0.126	0.211
tr.edu	0.255	0.029	8.834	< .001	0.199	0.312
tr.time	0.410	0.041	10.112	< .001	0.330	0.489

Confirmatory factor analysis was used to measure the factor loading of items for each construct (Andersen and Gerbing, 1988). The parameter estimates of study variables showed that all items achieved the desired cut-off value with a factorloading of 0.6 (Chin et al., 1997), and some items are scored more than that and some items of work environment and training are



Dr. Balakrishna
PRINCIPAL
Sanskriti School of Business,
Prasanthi Road, Prasanthigram
Puttaparthi - 515134,
Ananthapuramu (Dt.) A.P.

excluded due to less factor loading value (Hair et al., 2014). Table IV shows the factor loading of the items. Additionally, examined the model fit by the following criteria described by Hair et al. (2006). The Threshold value of the comparative fit index (CFI) indicates a better model fit and the Tucker Lewis Index (TLI) should be equal to or greater than 0.90. However, the root mean square error of approximation (RMSEA) and standardized Root Mean Square Residual (SRMR) should be less than 0.08, and the χ^2/df value must be less than 0.3 to be considered a good model fit (Hair et al., 2010). Based on the results of the present study the indices values of CFI (0.986) and TLI (0.978) were acceptable, the RMSEA (0.069) and SRMR (.025) the c-min value χ^2/df (3) confirmed a good model fit.

5. PRACTICAL IMPLICATIONS

The primary objective of the present study was to test the formulated hypotheses and the findings of this study also have a number of valuable implications for HR managers in the Startups. The results of the present study show that higher levels of training and conducive work environment are associated with higher levels of job satisfaction, thus increasing employees' Retention. To make employees comfortable HR managers have to provide congenial work environment and effective training programs help to enhance their skill and knowledge. It makes the job is more attractive and competitive. Therefore, organizations should provide healthy work environment to make jobs more attractive and increase employees' job satisfaction.

6. CONCLUSION

Human resources are the most valuable asset to every organization and organization's growth and success are mainly depending on human resources rather than tangible resources, such as machinery and finances. Employee stability is a major concern to the organizations in a reaching their strategic goals. Certain Human Resource Management practices, especially training, congenial work environment and job satisfaction seem to provide positive results in some organizations. The outcomes of the current study indicate that job satisfaction is the major contributor in employee retention. Organization can enhance the level of satisfaction of employee by providing effective training programs and supportive work environment. The second finding of this study indicates that job satisfaction mediates the relationship between work environment and training on employee retention. Therefore, job satisfaction and Work environment are the major factors which influence the retention level. This present study not only extends upon the training, work environment, job satisfaction and employee retention literature but also serves as guide to HR managers in handling employee turnover effectively. It is been concluded that the outcomes of the study opened for further research in startups.

REFERENCES:

- [1] Wells, M. & Thelen, L. What does your workplace say about you? The Influence of personality status and workplace on personalization. *Journal of Environmental and Behaviour Sciences*, 34(3), 300-321, 2002.
- [2] Okioga C.K. The Contribution of a Developed Reward System on Employee Retention: A Case of Kisii Bottlers Limited: Kenya. *European Journal of Business and Management*, 4(16), 9-21, 2012
- [3] Al-Jarradi, K. An Investigation into the Effectiveness of the Reward System in the Government Sector in the Sultanate of Oman and the Potential for Introducing a Total Reward Strategy. Ph.D. thesis, University of Manchester, 2011.
- [4] WorldatWork, Total Reward Model, A framework for Strategies to attract, motivate and retain employees. Retrieved from WorldatWork, 2000.

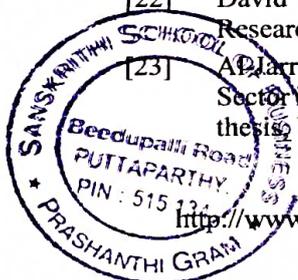
<http://www.iaeme.com/IJM/index.asp>



Dr. Bala Koteswari
Principal
Sanskriti School of Business,
Beedupalli Road, Prashanthigram,
PUTTAPARTHI - 515134,
Andhra Pradesh (Dt.) A.P.
Editor@iaeme.com

The Role of Training and Work Environment on Retention and Job Satisfaction as A Mediator at Startups, Bangalore

- [5] Abbasi, S.M., & Hollman, K.W. Turnover: The real bottom line, *Journal of Public Personnel Management*, 29, 332-345, 2000.
- [6] Richards, B., O'Brien, T., & Akroyd, D. Predicting the organizational commitment of marketing education and health occupations education teachers by work related rewards. *Journal of Industrial Teacher Education*, 32(1), 49-64, 1994.
- [7] Subramaniam, N., & Mia, L. The relation between decentralised structure, budgetary participation and organisational commitment: the moderating role of managers' value orientation towards innovation. *Accounting, Auditing & Accountability Journal*, 14(1), 12-30, 2001.
- [8] Casper, W.J., Martin, J.A., Buffardi, L.C., & Erdwins, C.J. Work--family conflict, perceived organizational support, and organizational commitment among employed mothers. *Journal of occupational health psychology*, 7(2), 99, 2000.
- [9] Miller, N.G., Erickson, A., & Yust, B.L. Sense of place in the workplace: The relationship between personal objects and job satisfaction and motivation. *Journal of Interior Design*, 27, 35-44, 2001.
- [10] Bogdanowicz, M.S., & Bailey, E.K. The value of knowledge and the values of the new knowledge worker: generation X in the new economy. *Journal of European Industrial Training*, 26(2/3/4), 125-129, 2002.
- [11] Ng'ethe, J. M., M. E. Iravo, and G. S. Namusonge. Determinants of academic staff retention in public universities in Kenya: Empirical review. *International Journal of Humanities and Social Science* 2 (13): 205-212, 2012
- [12] Harris, J., and J. Brannick. *Finding and Keeping Great Employees* (Vol. 314). New York: Amacom, 1999
- [13] Forgacs, L. Recruitment and retention across continents. *Journal of Training and Development* 63 (6): 40-44, 2009
- [14] M. Tremblay, The influence of high-involvement human resources practices, procedural justice, organizational commitment, and citizenship behaviors on information technology professionals' turnover intentions. *Group and Organization Management* 32 (3): 326-357, 2007.
- [15] Samuel, M. O., and C. Chipunza. Employee retention and turnover: using motivational variables as a panacea. *African Journal of Business Management* 3 (8): 410-415, 2009
- [16] Delery, J. E., and D. H. Doty, Modes in theorizing in strategic HRM: Tests of universalistic, contingencies, and configurational performance predictions. *Academy of Management Journal* 39: 802-835, 1996
- [17] Palwasha Bibi, Ashfaq Ahmad, and Abdul Halim Abd. Majid, "The Impact of Training and Development and Supervisors Support on Employees Retention in Academic Institutions in Pakistan: The Moderating Role of the Work Environment", *Gadjah Mada International Journal of Business* Vol. 20, No. 1 (January-April): 113-131.
- [18] Ma prieto, I., & Pilar perez-santana, M., "Managing innovative work behavior", *The role of human resource practices personnel review*, 43(2), 184-208. PR-11-2012-0199, 2014.
- [19] Hytter, A. Retention strategies in france & Sweden, *The Irish Journal of Management*, 28(1), 59-79, 2007.
- [20] Choi, Y., and D. R. Dickson. A case study into the benefits of management training programs: Impacts on hotel employee turnover and satisfaction level. *Journal of Human Resources in Hospitality and Tourism* 9 (1): 103-116, 2009.
- [21] Andersen, J.C. and Gerbing, D.W., "Structural equation modelling in practice, a review and recommended two-step approach", *Psychological Bulletin*, Vol. 103, pp. 411-423, 1988
- [22] David Mwakidimi Msengeti, Dr. Joseph Obwogi *International Journal of Scientific and Research Publications*, Volume 5, Issue 4, ISSN 2250-3153, April 2015.
- [23] Al-Jaradi, K. An Investigation into the Effectiveness of the Reward System in the Government Sector in the Sultanate of Oman and the Potential for Introducing a Total Reward Strategy. Ph.D. thesis, University of Manchester, 2011.



- [24] Renaud, S., Morin, L., Saulquin, J.-Y. and Abraham, J. What are the best HRM practices for retaining experts? A longitudinal study in the Canadian information technology sector. *International Journal of Manpower*, 36(3): 416-32, 2015.
- [25] Saks, A.M., "Antecedents and Consequences of Employee Engagement," *Journal of Managerial Psychology*, 21(7), 600-19, 2006.
- [26] Chang&Chang,," A study on relationship among leadership, organizational culture, the operation of learning organization & employee's job satisfaction", *Journal of Learning Organization*, vol 14, issue 2, 2007.
- [27] Amah, O.E,"Job satisfaction and turnover intention relationship the moderating effect of job role centrality and life satisfaction", *Research and Practice in Human Resource Management*, 1(17):24:35, 2009.
- [28] Mumtaz Ali Menon, Rohani, "The link between Training satisfaction, work engagement and turnover intention", *Emerald Journal of Training and Development*, Vol 40, No 6, PP 407-429, 2016.
- [29] Chin, W.W., Gopal.A and Salisbury, W.D,"Advancing the theory of adaptive structuration the development of scale to measure faithfulness of appropriation", *Information systems Research*, Vol.8,PP.342-367, 1997.
- [30] Denzin, N.K, & Lincoln, Y.S, *Handbook of Qualitative Research*, 2nd edition, United States of America, Sage Publications, 2000.



Dr. Balakoteswari
PRINCIPAL
Sanskrithi School of Business,
Beedupalli Road, Prashanthi Gram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

TRENDS OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA

Vrinda Coutinho¹ and Dr. Bala Koteswari²

¹Research Scholar, Reg. No: GCU0118PAMG1279, Ph. D Batch - 2, 2018-2021

²Professor, School of Commerce & Management, Garden City University, Bangalore

ABSTRACT

The modern day world comprising of organisations is woven by the social fabric; they are engaged into producing goods and services to satisfy the end requirements of a consumer thereby providing employment to a large number of the people. Corporate Social Responsibility involves measures taken by the organisations to bring about positive social and environmental effects associated with the manner in which the business operates. It is imperative that CSR should be inherent in the mission statement of the organisation thereby cutting any speculation with regard to false claims blaming an organisation for publicity as a means of social marketing. Through this paper we would help understand the various companies into CSR activities and their intent to take up such activities. One would also get to understand that corporate social responsibility is more than just a business or a trend. Organisations that are genuinely true to their vision and want to help people around the world and simultaneously increase their profits efficiently and effectively, are the ones who will benefit from embracing CSR. On the other hand, Social Marketing is a marketing function used by organisations to spread a social message with an intent of commercialisation, thereby educating the society about the social cause to improve their overall wellbeing.

India is the first country in the world to make CSR mandatory through an amendment to The Company Act 2013 in April 2014. With this, business can invest their profits in areas of social nature like education, hunger, poverty and gender equality. Through this paper we can understand the CSR trends in India. It would also be worth reflecting on the fact on whether we are serving as protagonists towards Corporate Social Responsibility or is it just Social Marketing?

Keywords: Corporate Social Responsibility, Social Marketing, Trends in India, Profits.

DEFINITION OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

In the words of Philip Kotler & Nancy Lee (2005) Corporate Social Responsibility is 'a commitment to improve community well being through discretionary business practices and contributions of corporate resources.

CSR is a concept of management where companies bring together social and environmental concerns pertaining to their business operations and interactions with stakeholders. In simple terms, anything that is beneficial to the society can be called as CSR.

BACKGROUND OF CORPORATE SOCIAL RESPONSIBILITY

The development of CSR in India could be best understood through the four phases –

During the first phase 1850-1914 the CSR concept was driven by noble deeds of philanthropists and charity. During the second phase 1914-1960 it was largely influenced by Mahatma Gandhi's theory of trusteeship. Industrialists were pressurised to contribute towards the benefit of the society. In the third phase i.e. from 1960-1980 CSR was greatly influenced by the emergence of public sector undertaking to ensure proper distribution of wealth. In the fourth phase i.e. from 1980 till date Indian Companies integrated CSR into a sustainable business strategy. What started as charity is currently considered as responsibility.

In the current era, Corporate Social Responsibility is the heart and soul of modern corporate initiatives. According to Indian Company Act 2013 it is mandatory for every company i.e. Public and Private to invest in CSR activities. This helps to create goodwill, ensures profit maximisation and is something that goes beyond charity.

AN OVERVIEW OF THE RULES FRAMED FOR CSR UNDER THE COMPANIES ACT 2013

With effect from 1st April 2014, the Ministry of corporate Affairs has notified Section 135 and Schedule VII of the Companies Act of 2013 as well as the provisions of the Companies Rules, 2014. Based on this, every company private limited or public limited, with a net worth of Rs 500 Crore or a turnover of Rs 1000 Crore or net profit of Rs 5 Crore, needs to allocate 2% of its average net profit for the immediate preceding three financial years on corporate social responsibility activities. Every company shall constitute a CSR Committee of the Board consisting of three or more directors out of which at least one director shall be an independent director.

Dr. Bala Koteswari

Sanskriti School of Business
Beedupatti Road, Prasanthigram,
PUTTAPARTHI - 515134,
Ananthapuramu (Dt.) A.P.

