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The Educator – the FIMT Journal having (ISSN No. 2277-9736) is a peer-reviewed and Bi-annual journal. It welcomes original papers from both academicians and Professionals on management, business economics and related issues. Papers based on theoretical or empirical research or experience, should illustrate the practical applicability and/or policy implications of work described.

The Journal has the following features:

- ❖ **Perspectives** presented on emerging issues and ideas that call for action or rethinking by managers, administrators, and policy makers in organizations. Recommended length of the article is 12,000 to 15000 words.
- ❖ **Research** includes research articles that focus on the analysis and resolution of managerial and academic issues based on analytical and empirical or case research. Recommended length of the research paper is about 20,000 words.
- ❖ **Management Case** describes a real-life situation faced, a decision or action taken by an individual manager or by an organization at the strategic, functional or operational levels.

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Review Process: Two or more referees will review all contributions by following the 'double blind' system. The Educator –the FIMT Journal reserves the right of making editorial amendments in the final draft of the manuscript to suit the journal's requirements.

Editorial Policy

Journals focused towards the publication of current research and review work carried out globally. All contributions to the journal are rigorously refereed and are selected on the basis of quality and originality of the work. The journal publishes the most significant new research and review work in all areas pertaining to its scope and research being done in the world, thus ensuring its scientific priority and significance.

Research Communication

These embody important findings that are novel and by coverage are of reasonably wide interest. Communications should contain a brief abstract and an introductory paragraph. It is important to note that text should not be divided under subheads. Journal adheres to a stringent review/ screening process for considering a manuscript for publication in it. If a manuscript withstands an initial pre-screening test based on the aforesaid guidelines, it is forwarded to a detailed main-screening by competent reviewers/editors and referees. Here a manuscript is further grilled by another subject expert separately. If consensus in the prescreening and main screening is not arrived- at, on acceptance or rejection of, an opinion from third expert is sought for.

V. K. Nangalia Bhardwaj
(Chairman)



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Chairman Message

It is a matter of great pleasure and responsibility for the FIMT family in bringing out the third issue of its Bi-annual Educator –the FIMT Journal Volume IV No. I Jan-Jun., is a testimony of our dedication and vision. This step is towards enhancing the capabilities and enhancing the skills of the upcoming talent in the field of research.

The FIMT is known for best infrastructure for student and faculty. It provides open, healthy, academic environment, innovative thinking, and student's oriented approach with global perspectives, where students are 'Most Important Person' – MIPs and all resources of our institute are used to build a new cadre of global professionals.

It has established the tradition of being innovative and open and this is why I am so profoundly proud to be part of this institute with its short but proud history. I am confident that the FIMT "educator" is a platform to the teachers and academicians to be creative and share their knowledge and learning with other resources from the industry at large.

One of the most significant gaps in our professional education in the country is its weak linkage with the industry and professionals. Until and unless we take creative steps to strengthen this linkage, Professional education will not receive the respect it deserves. I trust that "educator- the FIMT Journal develops into a comprehensive document to divulge the knowledge on socially, culturally and scientifically relevant subjects and does the yeoman services for the larger interest of humanity.

The editorial team deserves appreciation of their sincere efforts to being forth the diverse achievements of the institute. I congratulate the Director, Faculty, and the managing editor of the Educator for successfully bringing out their purposeful Journal. I am sure this positive work will continue in future also and will be able to achieve the objectives of this journal.

I invite all the persons who are engaged in research to participate in the process of knowledge creation and its disbursement to concern stakeholders.



V. K. Nangalia Bhardwaj
(Chairman)

From The Editorial Board

"Knowledge increase when it is shared" —

It gives me immense pleasure to bring to you the Fourth issue of *educator* 2013. Conceived, initiated, and contributed by faculty members from various universities, the journal is a pioneering Endeavour of a college. It is a small step to bring together the minds of academia, researchers, and readers in one bind.

We believe that learning is a never-ending process and one continues to discover oneself in this journey. However, this process is not an isolated and individual venture. It requires an impetus and environment to thrive and flourish in. Keeping this aim in mind, the journal seeks to facilitate this learning environment. It is a concerted effort to give academic researchers a platform to present their ideas in front of an erudite community. The journal is a collection of the best papers contributed by academics that have spent years specializing in the field of commerce, accounting, business management and law.

Given the dynamic nature of commerce and business world, the best ideas are those that can stay abreast of changes in business and technology. The journal has therefore chosen papers that display this foresight and can stand the test of debate and discussion. It is a two-way process that benefits the consumer of this journal and the authors by opening up new questions, study, and investigation. It aids teachers to introduce this newfound learning into their classroom instruction.

This issue includes papers on various facets of management. The journal has been designed to cover the research papers, and articles. During the process of editing, I learnt lot of practical things — how to select, proofread, process of publishing, technology involved and post publication issues. I am thankful to the patron, Ms. Nalini's, the secretary of society who provided his able guidance while giving the team a free hand in the whole process. The elite Editorial Board and the members of team deserve a vote of appreciation and thanks for giving a fine shape to the present issue. We hope you enjoy reading our articles as much as we enjoyed writing them. This Journal will ensure to explore the new researches from the industry and academia in future.

Managing Editor

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Mediating The Social Contract for Development: A Transformational Analysis for Partnering Efficiency

N. Ravichandran

Abstract : In the era of globalization, successful implementation of development programmes requires an appropriate policy formulation, sustainable framework and effective service delivery mechanisms. Indeed, the government of India has been implementing various development programme activities and reforms through Non-Governmental Organizations (NGOs) in a bid to improve efficiency in the service delivery. There has been little effort so far, however, to review and synthesise the lessons learned from these experiences or to assess their implications for further development of services at the local level. This paper aims to estimate the relative technical efficiency and scale efficiency of a sample of eight-three NGOs in India and to demonstrate policy implications for developmental-sector policy makers and the leaders of NGO's management. The selection of the organizations was done based on the prime activity in which the organization is engaged in: social services (SSO), income generations (IGO), health services (HSO), community development (CDO) as reflected in their mission and vision statement. The motivation behind addressing the efficiency issue is to provide empirical analysis of non-government organizations' policy in sustainability mission. The transformational approach was used to estimate the efficiency of the studied organizations. Transformational analysis is based on the premise of a dichotomy between external and internal components that contribute to sustaining of benefits. That is, the approach considers that those structural and functional aspects of the organization that are enveloped within it reflect the efficiency of the organization. Adopting technical and scale efficiency as important dimensions of the approach, it seeks to highlight the importance of internal dynamics of the NGOs for enhancing social contract. This approach gives an edge in understanding the intricacies of issues and challenges that are intrinsic to achieving its efficiency and facilitates organizations to make necessary corrections in its practices/ ways of functioning. This paper draws mixed experiences of NGOs performances and their efficiency. Nonetheless, this paper concludes to policy makers and the leaders of NGOs the versatility of data transformational analysis in measuring inefficiencies among the organizations and their inputs. There is a need for close and continual monitoring of the NGOs activities; allocative efficiency and sustainability efforts in the course of developmental sector reforms are necessary and is the need of the hour.

In the era of globalization, successful implementation of development programmes requires an appropriate policy formulation, sustainable framework and effective service delivery mechanisms. Indeed, the government of India has been implementing various development programme activities and reforms through Non-Governmental Organizations (NGOs) in a bid to improve efficiency in the service delivery. There has been little effort so far, however, to review and synthesize the lessons learned from these experiences or to assess their implications for further development of services at the local level. This paper aims to estimate the relative

technical efficiency and scale efficiency of a sample of 83 NGOs in India and to demonstrate policy implications for developmental-sector policy makers and the leaders of NGO's management. The selection of the organizations was done based on the prime activity in which the organization is engaged in: social services (SSO), income generations (IGO), health services (HSO), community development (CDO) as reflected in their mission and vision statement. The motivation behind addressing the efficiency issue is to provide empirical analysis of non-government organizations' policy in sustainability mission. The transformational approach was used to estimate the

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Mediating the Social Contract for Development

The ultimate responsibility for shaping the social development lies with NGOs. Shaping does not suggest that NGOs should – or even could – reform the entire development sector on their own. Many different groups have a role to play: politicians, professionals, the scientific community, the private sector, local government and the civil society organizations. Nevertheless, the responsibility of social development that is entrusted to NGOs is unique and is rooted in principled politics as well as in widely held expectations.

Politically, the legitimacy of NGOs and their popular support depends on their efficiency and ability to sustain the service delivery mechanism and play a redistributive role. The governance of NGOs and its development is among the core public policy instruments for institutionalized protection and redistribution. In modern states, NGOs are expected

to protect and sustain the development, to guarantee access to service delivery and to safeguard people from the impoverishment that marginalization, poverty, illness can bring. These responsibilities were progressively extended, incorporating the changes in the transitional failures that characterize the development. Since the beginning of 21st century, efficiency has progressively been incorporated as gauges that are guaranteed by NGOs and are central to the social contract between the community and the government. The importance of efficiency as a key element of the social contract in the communities is most acutely evident during the reforms in the last two decades. The legitimacy of NGOs intervention is not only based on social and political consideration. There are also key challenges in order to manage effectively their financing relations and social contracts. These challenges include whether sustainability is desirable and achievable; how to sustain the social development partnerships; and how to position the organization with a clear mission and vision with the changing community needs. Sustaining the social action benefits need a long-term organizational direction, a strong image and sustaining the provision of services valued by the community. It is about governance, leadership and participative management.

Indeed, a more effective NGOs sector stewardship of the development sector is, thus, justified on the grounds of greater efficiency and sustainability. This crucial stewardship role is often misinterpreted as a mandate for survival planning and authoritative command-and-control management. While some believe that effective stewardship increasingly relies on mediation to address current and future complex development challenges. The interest of NGOs, development and the community are closely intertwined. Over the years, this has made non-profit sector as the object of intensive bargaining on how broadly to define the welfare state and the collective goods that go with it. This also means that NGOs have to mediate the social contract between the government and society. Paradoxically, this resulted in NGOs being drawn in directions quite different from the goals and values pursued by them (their social movements).

Sustainability: Disengagement and its consequences

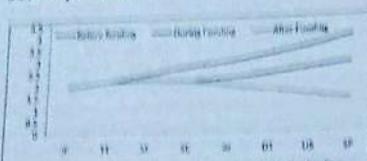


Fig. 1. Image perception of the organizations before, during and after funding

For many NGOs, sustainability means - financial security, providing services at a steady or growing level and maintaining the beneficiaries and/or community base. However, a spectacular deterioration of services and social benefits led to a marked lowdown in the NGOs image (Fig-1). It is not surprising that the NGOs wanted to be in the limelight of social action on continuing basis. Sustaining benefits is not necessarily sustaining the organization. It is also possible for the NGOs to continue while the benefits deteriorate. So, it is important to be clear as to whether the organization or the benefits are the primary focus of the efforts for social development partnership. This caused to reexamine its policies and reassert the leadership role - a re-examination that is far from over.

A similar scenario of disengagement was observed in many of the NGOs. The organization's perception of what should be sustained shifts over time

Executive Director, BUR Foundation states, "Foundation was created to further the well-being of rural Indian communities. The foundation assists programme designed to promote sustainable development at the village level..."

"To offer a broad spectrum of cost-effective and humanistic clinical services of a quality that meets the highest international standards to all irrespective of their caste, creed or class..." goes Daya Trust's mission.

"UDAY Society is formed to enable, guide and train slum dwelling community to identify their problems/issues affecting their lives, mobilize community resources and motivate to solve their own problems..." stated Head of the Organisation.

It is not surprising from the above statement that the NGOs wanted to be in the limelight of social action

on continuing basis. Most NGOs are established because a group of people identifies a common need that can be achieved more easily by coming together. Their focus is on the benefits they can provide. To deliver these benefits, programmes are developed and an organization is established which oversees the programme. But, after an organization becomes well established, however, something peculiar often happens. Organizational members become more focused on maintaining the organization itself than on preserving the benefits to the community.

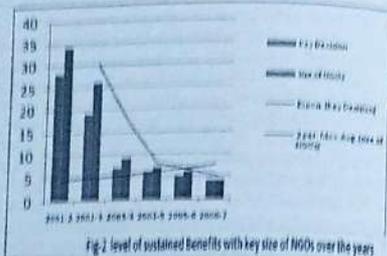


Fig. 2. Level of sustained benefits with key size of NGOs over the years

Experiences and trends suggest that whenever NGOs face financial crises or scramble for finance, they would even accept a new project that contributes little to the novel purpose as long as it allows the organization to survive/continue. With this focus on organizational survival, sustaining the benefits can be forgotten (Fig-2). And, in many cases, the NGOs are so rooted in the community that there is no intention of leaving even in the long-term. This is because NGOs seeing themselves as uniquely capable of addressing the needs of the people and assuming that their services would always be required, decide to provide a certain kind of service at no cost to the beneficiaries and search for a community willing to receive those services. To get financing, the NGOs develop a programme that matches the donor and, in this way, NGOs shift their focus. In effect, the donor is hiring the NGOs as an instrument to fulfill its mission. NGOs have, on the other hand, no expectation of recovering the cost or generating revenue, and its main financial strategy towards sustainability (of organization) is to apply for another grant and assistance.

To become sustainable, NGOs need to shift from a welfare perspective to one that rests more on some

basic value-orientated principles. These include raising cost consciousness among the staff, clients and community and keeping track of efficiency so that as many services as possible can be provided with the available resources. This does not mean the NGOs lose sight of their social objectives and their mission. This is the reason why NGOs were formed and received support from donors in the past. It is a matter of involvement and partnership for social development to ensure that the programme services are of value not just to the direct beneficiaries, but also to the community at large. In other words, instead of behaving as welfare organizations that give the recipients what it believes they need, the NGOs must see themselves as providing something of value to the community in exchange for their support. Thus, NGOs work in partnership with their donors and communities, but are not yet at the level where their services are fully valued by either. At this limited level of exchange, the benefits will not be sustained. To maintain the sustainable scenario, social development partnership with community ownership must be developed with increasing exchange/participation that results in dramatic shifts in roles for the community and the NGOs as well.

Donors, instead of being contractors, become modest partners for social development promoting NGOs no longer as mere providers but facilitators.

Elsewhere, but most spectacularly in NGOs leadership has often become dysfunctional and de-institutionalized, a weakness that is compounded by a lack of financial leverage to steer the benefits. Donors' policies often added to the difficulties NGOs face in assuming their responsibilities, for at least five reasons:

1. The structural adjustment and downsizing the benefits still constrain the reconstruction of leadership capacity today. Financing became unpredictable, making short-term commitments to the growth of service delivery mechanisms impossible or difficult or unable to make an effective case of sustainability.

2. For decades, the donors' community's development agenda - including UN agencies - has been structured around issues and problems and interventions rather around the broader challenges being faced by the society and its systems. While this agenda has certainly contributed to a better appreciation of the burden of problems affecting societies, it has also profoundly influenced the

structure of NGOs. The resulting fragmentation of the governance has diverted attention from important issues, such as the organization survival, authoritative command-and-control management and human resources for social crisis.

3. The untoward consequences of this trend are most marked in aid-dependent because it has shaped the way funds are channeled. The disproportionate investment in a limited number 'social diseases based programmes' considered as priorities that are dependent on external support has diverted the limited efficiencies away from their primary role as mediator in the comprehensive development of the society. As a result, multiple, fragmented funding streams and segmented service delivery are leading to duplication, inefficiencies and counterproductive competition for resources between different programmes.

4. Consequently, the massive mobilization of global solidarity has not been able to offset a growing estrangement between NGOs and the donors, and between people's expectations for decent service accessibility.

5. Moreover, the growth in aid-flow mechanisms and new implementing organizations has further heightened the degree of complexity faced by weak strategic NGOs' bureaucracies in donor-driven programmes. So much effort is required to respond to donors' short-term agendas that little energy is left to deal with the multiple domestic stakeholders, - professions, politicians, etc - where, in the long run, leadership matters most. As advocates have rightly argued that better inter-donor coordination is not going to solve this problem on its own, there is also an urgent need for reinvestment in governance capacity.

Thus, sustainability should be built on the concept of exchange. Donors invest in NGOs' programmes in exchange for producing results that meet the social development goals for long-term returns. This involves a shift both in the way NGOs view their relationship with their donors and beneficiaries and in the way it operates. This partnership both enables NGOs to address their social mission, through the impact created in providing the needed services, and enables them to generate their financing requirements through the community. This view of social development partnership serves the community and also generates the

resources. This may evolve even further to a point where the community can manage and deliver the services itself, relying on the NGOs only for technical support. NGOs can exit and begin the process all over again in another needy community.

Technical Efficiency: Negotiation

NGOs management and their system are too complex: the domains of the NGOs are interconnected, with constantly shifting boundaries. Leadership plays a major role in how participation is governed, while, governance has become complex and influential factors. The characteristics of an organization's internal system, structure, work and culture play a key role in ensuring its long-term survival. Beneficiaries and the stakeholder, on the other hand, are organizing themselves in order to improve their negotiating position and to protect their interests. Communities also far from homogenous; individuals and programmes compete for influence and resources, adding to the complexity of promoting change. Effective mediation in development must replace overly simplistic management models of the past and embrace new mechanism for multi-stakeholder policy dialogue to work out the strategic orientation of the community. The necessary reinvestment in NGOs cannot mean a return to command-and-control governance. In this section, I focus on three major concerns of *technical efficiency* in establishing development partnership within and outside the organization that affect the ability of the organization to meet external demands and the challenges as well as the sustaining of the benefits: the organization's values, mission and vision; governance and strategic communication.

Mission and vision define the kind of organization is or aims to be. They guide the individuals and groups and focus energy towards the accomplishment of common goals. The mission and vision help the organization create a distinctive image and identity, clarify strategy and inspire commitment. The review of the NGOs' mission and vision divulged that the board members, the staff and the leadership in general share a set of values and beliefs.

However, it has been found that often there is tension between the values and the strategies. For example, charging for services might be seen as undermining the value an organization places on serving the poor and the staff might resist

implementing the strategy. To build commitment to sustainability within the organization, these tensions to be sorted out either by dialogue on how the strategy fits the values or by selecting different strategies. Interaction with the Heads of NGOs revealed that too many changes, or changes that are too drastic, could jeopardize the organization's tax-exempt status.

Executive Director, SAPNA Project said, "...for the last 27 years, we are working in the Nizamuddin area and in the same community "as they (board) wanted..."

Interaction of the Researcher with the community and staff of TRISHNA Trust revealed that "...lots of work has been caused by Trust in the last 24 years in Churu but not decided to move out to other places as their policy doesn't permit. However, "Trust is ready to support other NGOs in knowledge building..."

In-depth study revealed that "...UDAY Society concentrated it's work in the slum area of west Delhi with the initial objective of enhancing the capacity of the slum people and still, in the last 11 years continued to do so..."

Except for the NGOs that run schools and hospitals and IGOs (SUR Foundation), the rest have been working in the community for long without any intention of leaving even in the long term. This also reflects the NGOs' desire for independence leading many organizations to seek alternatives to donor support as a means of empowering the organization and the community they serve.

This shows organizations with financial, operational and image problems can often trace their troubles to the lack of focus that comes from not having or not communicating a clear organizational mission and vision. Although mission and vision statements provide an anchor in the policy and decision making process, it is not immutable, cast in stone. It should be reviewed from time to time to see whether changes in the internal and external environments render the mission or parts of it obsolete. Moreover, when guided by mission and vision, people believe their efforts could make a difference and they support the work with greater commitment as well as enroll others in the pursuit.

Without a structured, participatory, choices are vulnerable to appropriation by interest groups, changes in political personnel or donor fickleness. Without a social consensus, it is also much more

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difficult to engage effectively with stakeholders whose interests diverge from the options taken by NGOs efficiency that compete for society's resources.

At the core of technical efficiency is the participation of the beneficiaries and key stakeholders. For NGOs, their primary stakeholders attribute more value to social accountability and participation. Through-out the world, intellectuals skills, social connectivity and increasing prosperity are associated with people's rising aspiration to have more say in what happens at their life and their communities, hence the importance of people centeredness and community participation – and in NGOs decisions that affect their lives – hence the importance community to define the NGOs mission and vision. They also define the boundaries of what is negotiable and what is not – specifying central core that is essential to the distinctiveness and integrity of the organization. Indeed this would bring the commitment of the stakeholders, and the values and resources of the community. This is a process that requires time and effort. It would be an illusion to expect NGOs' formation to be wholly consensual, as there are too many conflicting interests. However, the legitimacy of technical efficiency of NGOs depends less on total consensus than on procedural fairness and transparency.

Governance

'Governance' is a term used to describe the process and structures that direct the operations and activities of the organization. Here, I consider 'governing board' as structure which prescribes the organization development. An organization board directly plays a key role in governance. On the other hand, the internal structure of decision-making also has important implications for how organizations develop and maintain service philosophies and what role their boards play in developing initiatives. Most formal organizational charts for NGOs indicate that boards of directors are vested with responsibility for establishing overall policies and for ensuring that the organization's mission and philosophy are articulated and implemented. I found a variety of board structures and functions. A few of the boards appeared to approach the standard model in which boards exercise at least some explicit policy functions. However, as noted previously, NGOs with a high reliance on grants and assistance or other institutionalized funding sources tend to centralize

these decisions in top management staff and allocate a more peripheral role (symbolic role in maintaining the legitimacy) to the boards. Candidly, boards of some of the NGOs sometimes perform only the minimum legally required functions and function as 'sleeping boards' otherwise.

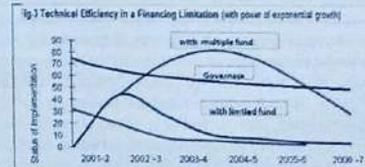
Head of the Organisation, UDAY Society said, "...it is just a body and does not have a role in the organizational issues..."

"...Only the Director of SADHANA Center social wing, who is also part of the same corporate body, attends the board meeting. We have board members to facilitate the organizational mission..." says Executive Director.

"...our every decision passes through the board..." says TRISHNA Trust Programme Manager.

"...of course our board is involved in day-to-day management and passes the expenditure statements..." says Chief Accountant, AATMA Institute.

These organizations have had a very large board (20 members) of prestigious and clout-heavy individuals. The organizations' close affiliation with equally powerful and prestigious corporate institutions justified their involvement. The board served to provide legitimacy and had considerable symbolic value, but it was not a governing board by any definition. Nor did it participate in any direct fundraising activities or organizational growth. Most likely, the organizations were able to maintain such a large and prestigious board because it demanded very little from the board members in return for listing their names on its annual report or its letterhead (Fig-3).



This questions the boards that represent the community interests and serve as a forum for these interests to be negotiated and incorporated into organizational activities. Unfortunately, none of the observed NGOs has had active committee structures to make effective use of diverse board expertise. In principle, the structure allows the organization to fulfill legal formalities and come together once in a year. It

is not surprising that, none of the board members are aware of what type of programmes are ongoing and how many staff are involved, while very few board members know the functional staff personally. To be effective, the strategy requires a board leadership that is relatively independent of the Executive Director.

Some of the NGOs used specialized structures in the form of auxiliary boards for accomplishing limited tasks related to fund-raising, special events and other resource mobilizations. This is a traditional part of board structures and operates in tandem with the type of independent boards. Generally, auxiliary boards have representatives on the governing board, but are otherwise formally excluded from participating in policy decisions. The use of auxiliary boards can be most effective if they establish a separate identity and internal reward system.

Chief Accountant, Daya Trust stated, "...We have got an auxiliary board, which only the trustee's of the organization can attend and at the same time, they only hold the top positions such as Chairman, Secretary, and the rest are members but we take directions from the board members..."

"...all corporate donors are members of the foundation but they do not have decision-making power in organizational matters..." says JYOTI Foundation Executive Director.

The auxiliary boards also serve to develop leadership for broader organizational or community activities and create a symbolic role for particular constituencies who otherwise would have little opportunity to participate in or occupy top management positions in the governing boards.

On the other hand, whatever the specific utility of individual boards, NGOs need boards for their symbolic value. Boards serve to certify to the general public, and the Income Tax Department in particular, that the organization has established formal mechanisms for ensuring that it operates appropriately and continues to deserve its status as a tax-exempt organization, especially if also eligible for receiving tax-deductible donations as a charitable organization.

SADHANA Center "...as we have adopted the corporate approach, it is necessary to consult every board member to launch any product..." says Managing Director.

SUR Foundation: "...It is a legal formality to have

a board ...though we put our personal resources to use in the development projects, we seek the opinion of the board members before taking any policy decision, particularly income generation oriented..." says Executive Director.

Only IGOs have approached boards to exercise strong policy roles. For example, Daya Trust-HSOs implemented a major new programme component – community eye care services – at the direct initiative of a board member and the board of SADHANA Center-IGOs rejected staff-proposed group practice model for income generation activities, instead of contractual. However, these occasions were episodic and rare, and most initiatives come from the staff members although they are undoubtedly shaped by how the staff members expected the board members to view particular developments. These occasions appeared to coincide with rapid growth, the development of major new programme at the initiative of the executive staff without board involvement, and serious problems in meeting donors' requirements with a loss of ongoing funding. Occasionally, the directors viewed these demands not only as interfering with the more pressing work of serving the clients and meeting the donors' requirements, but, as inappropriate or even self-serving and misleading. This shows organization discomfort with working with the board members who do not fully understand the agency's programme or purposes.

The case studies suggest that an independent board will be difficult to implement for organizations with high reliance on grants and assistance, because of the time-frames and the mutual dependence associated with that type of financing. Any case, the board members seemed to face problems of purpose and involvement. In their search for purpose, they made considerable demands on the staff members and on the director's time, energy and patience. In all cases, someone in a key leadership position, usually the Executive Director, exercised strong control over the organization but with the active cooperation of at least some members of the board. The Director's work with the board becomes effectively another programme of the organization. However, it is a difficult role for the directors to play. On the one hand, they must involve diverse constituency groups and give each a sense of purpose, participation and leadership. That means that they must create leadership opportunities and

attribute leadership to others. On the other hand, directors must also ensure that the organization maintains direction and sufficiently unified leadership to avoid internal power struggles and stalemates. That means they must exercise leadership directly themselves. The balance is difficult to maintain. In other words, the board also has a vital connection with the larger community of different stakeholders required to be empowered.

Thus the institutional efficiencies and/or capacities to enable a productive policy dialogue are not a given. They are typically weak, by choice or by default, laissez-faire dominate the approach to policy formulation or decision-making and/or limited discussions on resource allocation. Governance must be built. How to do that depends very much on context and background. Experiences reflect seven common elements of effective governance which might help to strengthen the governance in the NGOs sector:

1. the importance of having external members / governing boards reflect to the reforms agenda
2. systematically harnessing innovations through legal structures (patterning the theory)
3. sharing lessons on what works while building accountability
4. communities would be given better information to protect their members, reduce exclusion and promote equity.
5. communities need information on how well the board (members) and its system is meeting the society's goals and on how public money or donors' support is being used.
6. information that can be used to steer change at the organizational policy level is quite different from the data that most conventional way of dealing the governance
7. there is a need to monitor the board (members) what the reforms are achieving across the range of social values and associated outcomes that are central to organization: people-centeredness; equity; participative management; and governance.

Communication for governance

Communication involves NGOs planned and being focused on achieving specific objectives and

staying issue-based. It is generally pro-active with opportunities being sought to deliver messages; to network with other groups to leverage resources; to maintain excellent external resources, not only with their community and other organizations with similar mission, but other stakeholders as well, and, to create a positive image of the organization, which seeks to increase the amount of trust between the organization and its community.

Two sets of issues are involved: the structure of communication among the organization's staff members and the extent to which the staff execute the decision-making powers over strategic decisions. The findings suggest that the way in which these problems are resolved differs by communication strategy. In the SSOs, the provision of on-going services to a target population and the frequent access to reliance on centralized and institutional financing means that administrative control easily reverts to the Directors or key administrative staff members. As a result, the staff, volunteers and members of the organization are left to play more peripheral roles. This reflects the highly centralized structure with full and explicit control in the hands of the Head in order to coordinate boundary spanning activities and ensure a consistent image of the organization with the outside decision-makers. Among the study NGOs, SSOs (JYOTI Foundation, TRISHNA Trust) particularly illustrate this pattern. They have the corporate approach among the case-study organizations, and both emphasized the need to maintain a well-articulated image in order to position themselves in their respective funding areas.

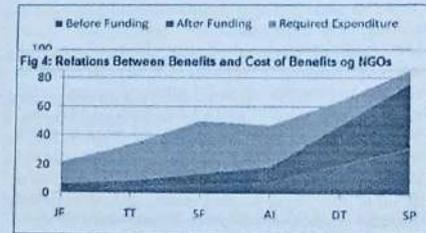


Fig 4: Relations Between Benefits and Cost of Benefits of NGOs. In CDOs and IGOs, similar tendencies toward centralized control exist, especially if they rely on institutionalized funding sources (Fig-4). But, for CDOs, they are attenuated by the need to validate

the organization's claim to represent the local community in a particular geographical area. This mandate forces the CDOs to pay greater attention towards strategic communication to create a positive public image, to network with partners and to create better external relations. Less deliberate examples of centralized structures develop by default when most outer-directed, non-service tasks gravitated toward the director because the organization is not sufficiently large or well organized to delegate these tasks to others. CDOs (SAPNA Project) exemplify this pattern. An IGO (SUR Foundation) also falls into this category, most likely because its stable reliance on one major source of financing meant that its environment is stable, predictable, and easy to manage centrally.

The organization relying mainly on donations and/or community contribution fall into this category among the CDOs. However, organizations that have (SADHANA Center, UDAY Society) a small number of staff (6-8 persons) ended up responsibilities for central coordination of activities. That is important for these organizations because most of their activities involved extensive reliance on numerous volunteers.

Interaction with the Heads of NGOs shows that the centralization strategy can work in terms of securing on-going funding, but it becomes problematic in terms of drawing the second layer leadership and, building the trust of the staff and agreement with the stakeholders. For instance,

One of the Head of an SSO stated,

".....staff agree with the ideas but it is unpredictable whether they will support you or not. There is always a low degree of trust between the staff and the organization."

One of the HSOs key decision-makers expressed that

"...another key member does not devote enough time to some of the central functions, cannot do them systematically, or encounters difficulties in maintaining or creating external relations. Because of these reasons, many of the staff are not even aware of what the organization is doing and they also showed a low level of willingness to listen..."

The Head of a religion based organization said
"...the staff doesn't trust our organization though they happen to agree with you on the issue....their main interest is self-protection"

The overall goal of strategic communication is to convert as many people as possible into 'allies' by increasing the trust and agreement. Sharing information to encourage agreement and ensuring that statements are followed by actions to foster trust are good strategies.

On the other hand, organizations (AATMA Institute, Daya Trust) implement a decentralized organizational structure in order to ensure that specialized programmes are operated appropriately and that supervisors have a narrow enough span of control. In other words, decentralized control involves the use of team structures or group decision-making at some levels of the organization, ranging from client contacts to programme decisions and networking with the community. AATMA Institute and DAYA Trust illustrate this approach among the case study organizations. DAYA Trust used the process deliberately as a mechanism for attending to client needs and staff participation in decision-making. AATMA Institute allowed the same approach to develop default when it vested control over key resources in the hands of individuals and staff members.

Such behaviour go well beyond what can be answered by tracking the outcome, resource use and service output, which is what conventional communication systems focus on. This shows that decentralized strategy requires careful attention to coordination and integration to ensure that the diverse efforts cohere with the overall organizational goals. It also requires intense levels of communication among the various levels of the organization. In addition, as staff members develop networks and boundary spanning abilities of their own, they become highly attractive to other organizations, and the organizations may lose their expertise when they are hired away.

The paradigm shift required to make communication to be instrumental to governance is to refocus on what is holding up progress in reorienting the organization. Better identification of priority and vital to anticipate future challenges, but, from governance point of view, the crucial communication is that which allows identification of the operational system constraints. This critically depends on the transparency and commitment. This also would reflect the increasing value given to the organization and its members, equity gauges, and evidence based

governance towards sustainability. Paradoxically, these open and flexible configuration of governance provide continuity in settings where administrative & policy continuity may be affected by a rapid turnover of decision-makers who belong to the community.

Scale Efficiency

The *scale efficiency* requires close association between the programme and the organization in order to achieve the sustainability or sustain the benefits which have been created by the organization. Programmes fulfilling the clients' needs and promoting community ownership of the programmes are critical to sustaining both the benefits and the organization. This section deals scale efficiency with how community participation and ownership, and quality services promote achieving the mission and meeting the financial objectives, leading to a sustained social development partnership and the benefits between the community & the organization.

Enterprising Partnership

As we have seen in the above section, developmental partnership thinking processes require a shift in roles between the donors, the NGOs and the community. With the growing concept of sustaining the benefits, the community moves from a receiver of prescribed free services to passive financiers of those programmes and services that they value. In other words, actively engaging the community through programmes that would increase their capacity, values and knowledge, which could in turn sustain the organization mission by ensuring, continued support and providing resources to sustain the benefits. The ability to marshal the community resources, exchanging valued programmes for community support, underlies all NGOs' effort for independence from (outside) donors and sustains the benefits. This can only be done through social development partnership, i.e., exchange of values and/or value oriented programmes between the NGOs and the community.

The study findings suggest that such partnership and enterprising participation is especially difficult to create if organizations rely on a variety of funding sources or on multiple grants and assistance. Although all the organizations have problems along these lines, they appeared to be more

prevalent among the HSOs and CDOs. These organizations have access to ongoing funding from external resources, and may therefore easily encounter disarticulation between funding priorities and their own mission. The IGOs are less likely to depend entirely on external support and are equally secure and viable for long-term. SSOs are more likely to expect continuing support from its own mother corporate groups with vested interests in the non-profit mission and its activities.

NGOs may seek to use a *client-driven Strategy*, in which they attempt to maintain close coordination between the service staff of the organization and key programme staff who have central responsibility in implementing the programme. Such coordination structures may counteract the tendency to decouple the delivery of services from the maintenance of funding relationships. Only few NGOs (across the study categories) could use client-driven approach because they had unrestricted financing / donations and could also use their corporate support for such funds to initiate new programmes and services. Even so, a client-driven approach requires to be followed intermittently and is easily compromised. It requires a high level of commitment to maintain effective coordination and sharing decision-making.

TRISHNA Trust initiated Apni Yojna scheme for bringing drinking water to the villagers, where low rain fall a high fluoride content and underlying brackish to saline ground water zone coupled with natural factors like desert and increased population the leads to tremendous pressure on traditional drinking water sources. Trust has involved itself in exploring new sources of drinking water through a hydro geological survey. Because of that, they are able to provide drinking water with the collaboration of the government to 300 odd villages. In this work, the community bears 20 to 30 percent of the total cost and 5 percent for maintenance, which is paid either in cash or thorough providing materials. The collaborative effort has solved the drinking water problem and provides 24 hour supply to those villages where they had never seen that amount of water. Interestingly, building and supervision of utilization of water are done by the village committee.

However, many NGOs did not show a similar level of commitment to assessing client needs. The analysis of the grants and assistance and donation

revealed that no contract/ agreement reflected client needs and most proposals seemed to contain only the minor modifications to the previous proposal for the same programme, which is purely donor-driven. In other words, re-directing the grants and donations to interfere for determining community needs to guide decisions requires restructuring the proposals for the existing funding relationship or developing approaches to new financing.

My interaction with the adolescent community in the AATMA Institute project area is reflected in the following:

"... we receive sex and sexuality related education and health care services...but our basic problems are drinking water, sanitation facilities, and security. These issues are not talked about or integrated with the on-going training programmes..." says adolescent group.

"...out of 40,000 total population, only 200-220 adolescents have attended the training programme in the last 3-4 years...through AATMA Institute prompted peer education, it did not yield any fruitful results..." adds another adolescent.

This shows that the community requires development but the project talks of sexual health. There are no coordination efforts made in between these two issues.

Similarly, being a corporate run SSO, "JYOTI Foundation distributes free medicines and organizes health camps in its project area" as if it were the community requirement.

But, my interaction with the community revealed that, "the health/medical team comes once in a month and provides medicines. Whenever they come, they do not give proper attention like checkup, but give the same medicines which they had distributed earlier..."

This shows the level of Foundation's communication/contact with the community. Nonetheless, this is not to be criticized. The emerging energies are not channelised towards community development- it is a concern.

In this way, as the experiences show, the first layer of the participation is appropriate to meet the immediate, short-term needs of the community. There is a lot of good work done in this way, but research has shown that it does not empower the communities to act on their own nor will it likely lead to sustaining the benefits. Nevertheless, active community

involvement is a pre-requisite for social development partnership, which requires knowledge, skills and capacity to manage the programme and benefits.

The marketing Strategy: Only a few of the study NGOs, (namely SADHANA Center and Daya Trust) pursued this strategy with successful financing in terms of increased financing but did so systematically. Although preserving the mission of the organization, new programme developments may be new only in name, but not in approach. Donors will find it difficult to accurately assess the effectiveness of the new initiatives

"... we began our vision to help women augment their family income and improve the quality of their lives. We run a workshop where women are trained in marketable skills such as embroidery, tailoring, net weaving and puppet making. The women make a range of products such as cushion covers, bags, etc. However, when we have large demand, we hire professionals to complete the job in time. We adopt this strategy of hiring professionals to fulfill the market-based demand and quality, as our women may not understand these issues, though they are trained in marketable skills..." says Programme Manager, SADHANA Center.

"...We organize eye camps in every village free of cost. This project has been supported by a bilateral agency to provide free eye check-up, operation and spectacles, including board and lodging for the patients. This approach has gained marketing attention to initiate a fee-for-service, not-for-profit, multi-disciplinary hospital. This establishes the passion and compassion to deliver affordable health care to the people..." stated Chief Administrator, Daya Trust.

Moreover, moving along the continuum is not an easy task for a number of reasons. It is a well-thought process but is time-consuming and difficult for the NGOs that are working within short project periods. It is also more difficult to control as the NGOs must let the community learn and make decisions, which is not predictable. The community may not identify the marketing as the core programme, as a priority need. Even so, the benefits of greater participation - a responsive programme that the community values and contributes towards partnership - reward those NGOs that find their way around the challenges.

The Selective Strategy: In the more common version of the marketing strategy, NGOs use their

perception of market demands by members/ community who supply their product for a price. In principle, NGOs ought to use their mission to guide their choices, but my review of the case-study organization data suggest that this type of marketing approach may easily take on a life of its own. Although this approach is likely to be successful at least in the short run, organizations seem to find it difficult to maintain the primacy of their mission, and the strategy can endanger both the mission and the ability to meet the community / members needs. Either or both these failures may threaten the organization's access to other alternative ways /resources, such as community marketing. Only a very few NGOs (SUR Foundation) illustrate this approach.

Raising farm income level can be met by increasing productivity, capturing a greater share of the end consumer price, and ensuring that production matches market seasonality or unmet demand for fresh produce or grain. Concretely, this means providing villagers the means to increase the amount of money they can earn. Under-developed agriculture areas are often resistant to development. Without a direct income enhancing benefit in those areas, long-term sustainable development is doubtful. The goal of the income enhancement programme is therefore to create village-level institutions, which generate both employment and income.

This shows that this is a powerful strategy when the community discovers all the strengths that exist within its individuals and local groups. In this approach, the community realizes that by drawing on its assets it can address its priority needs. However, this type of exercise should not be a one-time activity or one-place networking. As the community works together, they to need find their own networking and move along to develop their developmental partners and to sustain the benefits.

The Accidental Strategy: NGOs simply happen to be in the right place at the right time - for example, serving large numbers of slum population, and promoting rural (village) development programmes and services, as were the case with urban based NGOs (like UDAY Society). This strategy, fostering community participation and ownership, begins by valuing what works in the community rather than focusing on its problems. This appreciative approach breaks the problem-solving cycle, where the community members view their community and often themselves as a problem that can only be solved by outsiders. By emphasizing the problems, NGOs place

the communities in a recipient role. NGOs obtain funding information before their programmes have been fully developed, because they have access to inside information or similar opportunities are underway. As a result an organization can find itself pursuing new opportunities with new directions with which its staff and board may feel comfortable. But, this strategy can also create problems in meeting donor's expectations about programme performance. Instead of building on the existing assets in a community, the community members feel empowered and able to address their issues.

Overall, community involvement should be viewed along a continuum. At one end, it is a welfare-oriented approach in which the community receives prescribed benefits. At the other end, the community ultimately owns and manages the programme and benefits. Effective community ownership is more than just stakeholders' participation and partnership building. It requires the development of an ongoing governance structure for sustaining community efforts for continuing need-based programme activities that people value. To enhance the long-term social-development partnership and sustain the programme and benefits, there is need for fostering a higher level of participation, working with the communities to move up the continuum.

Quality Services with Programme Demand

An important factor sustaining any service is quality. It lies at the heart of partnership i.e., exchanging value for value. People do not value low-quality products and services, and will not use them even when they are free, preferring instead to turn to the commercial sector, where they feel assured of product and service quality. In other words, people are ready to be a partner for development through supporting each other. However, providing quality services on a continuum basis also difficult but it could help to meet the organization mission and fulfill the perceived community quality as well as meeting the organizational financial objectives. It has been observed from the study NGOs' project areas that communities are willing to pay for those services and products that they believe are high quality. Surveys around the world also show that people, even poor people, are willing to pay for the services they value. Indeed, they often value the services more and use them more judiciously when they have to pay for them. Charging fees, often called cost recovery, is an approach to generating revenue that all NGOs should

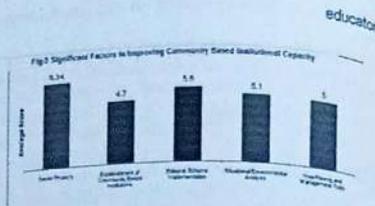
consider. It is based on the concept of partnership people paying for the services and products they value.

This approach demands inputs from all levels with the focus on clients or customers. This, in turn, questions the level of monitoring and information system an organization has. Routine record reviews would highlight potential problems such as changes in utilization or profile of clients. These changes may or may not be related to quality, but it would identify the weaknesses of the programme and services. This is a competitive exercise, which further demands high quality competent staff.

In general, two sets of challenges for improving quality include how to structure internal resources to be most consistent with external demands/environment and how effectively use resources that are available. These two sets of challenges are interdependent, so that efforts to address one set of issues may limit the ability to solve other problems. However, the issues match the quality and skills with programme demands, establishing organizational leadership and structure, and developing a coherent organization mission and vision. Restricted grants and assistance usually require NGOs to meet specific programme quality demands with high quality of skills. In addition, NGOs that change or expand their services with new financing sources either hire new staff to perform the new or changed activities or make their current staff members more productive. Broader quality improvements are likely to intensify these types of problems, especially for HSOs. Interaction with the study NGOs revealed that the supply of competent employees is shrinking, which ultimately affects the programme quality and services.

Building a critical Mass of capacity for change

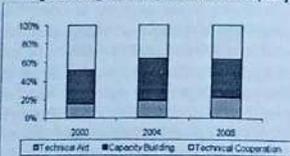
The stimulation of open, collaborative structures that supply reforms with strategic intelligence and harness innovation through the management of organization requires a critical mass of committed and experienced people. They must not only carry out organizational and managerial tasks, but they must also be able to balance flexibility and coherence, adapt to new ways of working, and build credibility and legitimacy. However, that critical mass of people and organizations is often not available. Even if organizations and people are available, they are often short on credibility and starved of resources, while key staff may have found more rewarding working environments with stakeholders (Fig-5).



Poor governance complicates matters, and is compounded by local pressure and the disproportionate influence of the donor community. The conventional response to leadership capacity shortfalls in such settings, which are characterized by a heavy reliance on external technical support and capacity building, have been disappointing. They need to be replaced by more systematic and sustainable approaches in order to institutionalize competencies that learn and share experiences.

Organizational, managerial and leadership capacities buildup overtime is hard to find, but a set of extensive interviews reveal that personal career trajectories are shaped by a combination three decisive experiences: [1] at some point in their life, all had been part of a project or programme. Many of them refer to this as a formative experience: it is where they learned about project or programme, but also where they forged a commitment and started building critical partnerships. [2] Few communities personal became involved in project planning exercise, which provided knowledge and strengthened their capacity to generate and use information to build networking and linkages. [3] All believed the importance of cooptation and sharing their experiences with other members (Fig-6).

Fig-6 Growing Deficiency: Technical Vs Capacity



On the other hand, community stakeholders encountered with NGOs who did not lived up to expectations for four reasons mainly: [1] NGOs often underestimate or overestimate the complexity of the problem they supposed to deal with; [2] NGOs rely on "others", particularly donors' expertise or international expertise, thereby defeating their purpose.[3]

introduction of tools was rarely identified as a critical input, and community stakeholders did not highlight inputs from experts and training; and [4] some have not delivered the promised technical results or led to unexpected untoward side-effects (Fig-6).

Thus, the implication is that key investment for leadership in bringing reforms should be to build capacity, create opportunities for learning by linking individuals and institutions to ongoing reform processes. A further consideration is the importance of doing so in an environment where exchange, within and across the organization is facilitated. Unlike conventional approaches to capacity building, exchange and exposure to the experience of others enhances self-reliance. This is not just a recipe for positioning the organization in the community.

CONCLUSION

Sustainability reforms change the balance of power within the organization and the relationship between the organization and the community. Success depends not only on a credible technical efficiency, but also on the ability to obtain the scale-efficiency and the wider commitment that is necessary to develop governance and mobilize leaders. Moreover, NGOs often had enough to deal with simply trying to resolve the technical challenges internal to the organization or the sector itself. They are traditionally ill at ease, short of leverage and ill equipped to make the society to be independent or sustain the benefits. The general lack of governance limits the ability to promote the sustainable movement to advance the leadership changes or reforms in the efficiencies, when it challenges the interests of the community. It explains the frequently absent or overly cautious reactions against the health effects of working conditions and societal environmental damage, or the slow implementation of governance that may interfere with the scale efficiency. Furthermore, ambitious reform efforts are often diluted or watered down under the influence of the donor community or other vested interests.

Experiences from the observed NGOs show that endorsement of sustainability reforms critically depends on technical efficiency that is formulated in terms that show its potential political dividends. To do that NGOs have to respond explicitly to rising demand as well as constraints the organization faces, showing that it is not merely a technical programme, but one rooted in concerns in relevant to community. Also to be visibly based on the technical efficiencies,

providing reassurance of the sustainable reforms or benefits is required feasibility. Creating the technical and developing the scale-up efficiencies towards commitment to sustainability, however, is the only a first step. Insufficient preparation of its implementation is often the weak point. Of particular importance is an understanding of resistance to change, particularly from the members of NGOs. While the NGOs' leadership has its merits, it is also possible to organize more systematic exercise to anticipate and respond to the potential reactions of stakeholders. Thus delivering on reforms requires a sustained management capacity across levels of the system. They need to be instigated in conjunction with changes in the organizational culture, from one of issuing decrees for change to a more inclusive collaboration with a variety of stakeholders across the community. That in turn requires the institutionalization of policy-dialogue mechanisms drawing practice based knowledge up from the ground level to inform overall organizational governance, while reinforcing social linkages and collaborative action among constituencies at community level. This management capacity should not be assumed, it requires active investment.

Even with effective participative management to gain consensus on sustainable reforms and the requisite management for implementation across community, many such reforms do not have their intended impact. The best planned and executed programmes often run into unanticipated challenges or rapidly changing contexts. Broad experience in dealing with complex systems behaviour suggests that significant shortfalls or shifts away from articulated goals are to be expected. An important component to build sustainability reform processes is mechanism that can pick up significant unintended consequences of deviations from expected performances benchmarks, which allow for course corrections during implementation. Hence, the leadership, governance and participative management for greater equity in the organization must be an effort undertaken by the whole of society and engage all relevant stakeholders. Mediating stakeholders around ambitious 'sustainable reforms' requires re-orienting the organization mission, vision, participation and innovations into the design and re-design of reforms, and drawing on experienced and committed individuals to manage the direction and implementation of reforms. While not a recipe, these elements of efficiencies constitute in and of themselves for maintaining the sustained benefits.

Study of Customer Perception in Reference to Life Insurance Services Provided by LIC

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Abstract : Due to India's huge population and an untapped insurance market, life insurance companies have been instrumental in mobilizing the savings of the people and have been ranked next to the banking institutions. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. India has very low insurance penetration and density compared to the world average. One of the main reasons of low insurance penetration in low insurance literacy. If we compare the status of India with global standards, India is lagging behind even with Asian countries. The insurance penetration in India is 5.2 percent and insurance density is US \$54.3; whereas the world average is 7 and US\$595.1, respectively. The insurance penetration for Asia is 6.1 and insurance density is US\$243.1. Before the entry of private insurance players, the insurance penetration in India was less than 2%. In a decade, it is more than double - above 4%. In India, insurance along with banking accounts for 5.4% of the GDP (at current prices) in 2009-10 with a growth rate of 11.3% over the last year (economic survey 2010-11). The objectives of the study are to find out the factors influencing the customers, to study the attitude of the consumers regarding the Life Insurance Corporation, to find the reasons for choosing a particular service and to study the satisfaction level and to probe the problems faced by the customers. The perception and satisfaction of the customers is judged through primary data that is, filling of questionnaires, in which the sample size consists of 617 respondents, from customers. The data is collected from Northern India. The majority of the data is from NCR, such as Delhi, Gurgaon, and Faridabad. The convenient sampling technique has been used for this study. Respondents were asked to denote their perception of the quality of performance of different parameters on a five-point Likert rating scale where 1 denoted highly dissatisfied and 5 denoted highly satisfied. The survey was conducted over a period of 5 months i.e. from August 2011 to December 2011. Researcher has used KMO, Bartlett test & Factor analysis to test the hypothesis. After analysis of data researcher finds out that LIC has been facing stiff competition from private insurance companies. LIC should focus on assurance and empathy to further strengthen the level of satisfaction. Major players in the market especially LIC have to concentrate on retaining existing customers, which could offer huge business potential. Time based competition, quality, product range, timely advertisement, follow up, prompt and error free service are the key ingredients for the better service and it will boost up the sales. The future direction of LIC depends on the innovative, attractive and futuristic strategies of marketing. This study has analyzed the different elements involved in the product mix and their practical applications in the Indian life insurance sector. This study provides a good scope for further research in developing new marketing plans for the rural customers. Towards the end of the study the researcher has given various useful suggestions for the future development and betterment of LIC. With the ever changing global financial scenario, it has to change and to adapt to the situations accordingly.

Key-Words : Hypothesis, Factor analysis, Customer Satisfaction, Services, LIC.

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INTRODUCTION

The basic human trait is to be averse to the idea of taking risks. There is always an urge to minimize the risks and take protection against possible failure. The risk includes fire, the perils of sea, death and accidents and burglary. Any risk may be insured against at a premium commensurate with the risk involved. Thus collective bearing of risk is insurance. Whether life or non-life insurance, insurer provides people with a reasonable degree of security and assurance that they will be protected in the event of a calamity or failure of any sort. There are number of forces driving the services sector today such as industries-customers, competitors, government, technology and globalization forcing rapid changes in the service sector. In addition, there are four factors of particular importance to service providers-change in how quality is perceived, cost control, customer services and the new definitions of the customer.

The first organized effort to establish a life insurance office in India in 1870 with the formation of 'Bombay Mutual Life Assurance society' it was first Indian Insurance Company & its creation is of more importance if it takes into account the fact that it was the first life insurance company to treat Indian Lives on par with that of the foreigners. By the year 1955, approximately 170 insurance companies & about 80 provident societies has been registered for transacting life insurance business in India. In order, to reach the goal of a socialistic pattern of society in India, in the implementation of second five year plan it is bound to give material assistance to the lives of millions in the rural areas. It will introduce a new sense of awareness building, for the future in the spirit of clam confidence which insurance alone can give. It is a measure conceived in a genuine spirit of service to the people. It will be for the people to respond, confound the doubter's & make it a resounding success.

LIFE INSURANCE CORPORATION OF INDIA (LIC)

Life Insurance Corporation of India (LIC) was formed in September, 1956 by an Act of Parliament, viz., Life Insurance Corporation Act, 1956, with capital contribution from the Government of India. The then Finance Minister, Shri C.D. Deshmukh, while piloting

the bill, outlined the objectives of LIC thus: to conduct the business with the utmost economy, in a spirit of trusteeship; to charge premium no higher than warranted by strict actuarial considerations; to invest the funds for obtaining maximum yield for the policy holders consistent with safety of the capital; to render prompt and efficient service to policy holders, thereby making insurance widely popular.

Since nationalisation, LIC has built up a vast network of 2,048 branches, 100 divisions and 7 zonal offices spread over the country. The Life Insurance Corporation of India also transacts business abroad and has offices in Fiji, Mauritius and United Kingdom. LIC is associated with joint ventures abroad in the field of insurance, namely, Ken-India Assurance Company Limited, Nairobi; United Oriental Assurance Company Limited, Kuala Lumpur and Life Insurance Corporation (International) E.C. Bahrain. The Corporation has registered a joint venture company in 26th December, 2000 in Kathmandu, Nepal by the name of Life Insurance Corporation (Nepal) Limited in collaboration with Vishal Group Limited, a local industrial Group. An off-shore company L.I.C. (Mauritius) Off-shore Limited has also been set up in 2001 to tap the African insurance market.

Life Insurance Corporation's (LIC) new premium collection touched \$ 9.58 billion in the April-December 2009 period while the combined business of the 22 private insurers grew to US\$5.07 billion from the previous year, as per data collated by IRDA (www.irdaindia.org). The LIC posted a 50 per cent growth in new premium collection in the first 9 months of the 2010 fiscal, increasing its market share to 65 per cent from 56 per cent a year ago. In 2010 fiscal year, it crossed the \$54.1 billion mark in total premium income by the end of March 2010, showing a growth of 29 per cent.

REVIEW OF LITERATURE

- Gupta (1977) worked on how the LIC is working with its policies, can it provide quality and variety of products to its customers and lastly, is there any scope for private participation in coming few years. It was concluded in that research work that "presently, the-only captain of ship insurance is Life Insurance Corporation of

India but soon the doors may be opened for private sector. No doubt, the LIC is working well with its policies but still it will have to be ready for entry of private sector".

- Mishra (1988) worked on objective to study the effect of working of the LIC, how this affects the financial level, and studies the impact of LIC's working on the internal organization. It was concluded that being the only company providing best services to the customers by satisfying their needs, the LIC is running successfully by earning through revenues and through providing remarkable services to the customers.
 - Chennappa (2005) examined the entry of private players- whether it will be successful or not and whether entry of bancassurance will be successful, and to what extent and also the India's insurance prospects. The entry of State Bank of India and its focus on bancassurance brought a new dynamics in the game.
 - Krishnamurthy (2005) made a study to see the development of Bancassurance in India and to study the current training programme for bank employees. Four years ago, Bancassurance in India was a concept but today it is a reality. All the Indian players in life insurance including the LIC, have a specialized marketing team for this channel and premiums income collected represents 25% to 70% of gross total premium income. For example, in SBI Life, Bancassurance business represents about 70% of the total business and more than 2 million bank customers have taken insurance through this channel. Bancassurance is believed to be the most cost effective channel to make insurance products available to masses through widespread bank branches network.
 - Aggarwal (2005) explained his research experience about location and channels used to supply services to target customers. Place and environment in which service is delivered also plays an important role. Traditionally, insurance service providers have been going to the customer through
- educator
- their direct selling agents. In India and in the world, the selling model is basically dependent upon agency sales force. Even in the U.S, most of the insurance policies are sold through direct contact, as it is a complicated product and it needs personal guidance, suggestions and options.
- Subramanian (2005) noted that in India, the average collection of insurance companies would rise by 50% in 5 years from now, if the companies take up to Bancassurance Model. Success of bancassurance model in other parts of the world has shown us that banks and insurance companies have taken focused steps in developing this model. There is an established marketing and distribution network. Although bancassurance was slow in picking up pace, it has finally taken off as a sound distribution channel.
 - Xharbrahimi (2006) in his research paper discussed the effect of technology on life insurance distribution, whether life insurers and insured are aggressively seeking to make use of internet or not. Technology in the insurance industry has evolved from providing enhanced operation processing to facilitating corporate strategy. More recently, technology is becoming an important part of corporate life insurance competitive strategy and is increasingly employed in achieving a competition edge.
 - Gayathri H., M. C. Vinaya, and K. Lakshisha (2005) conducted a pilot study on the insurance companies in India to quantitatively study the levels of the dimensions of service quality and its relation to the level of customer satisfaction. The results showed that LIC was scoring lower in all the five dimensions of service quality. To relate the satisfaction level of customers with the levels of SERVQUAL dimensions, multiple regression equations were developed for the four companies. The study concluded by saying that the companies have to focus on service quality in order to differentiate themselves and create a competitive advantage in order to survive the competition in the market.

OBJECTIVES OF THE STUDY

The study is conducted with the following three objectives;

- To determine the perceptions of customers regarding the service quality in LIC.
- To analyze various problems faced by policyholders of LIC.

HYPOTHESIS

Based on the above said objectives, the following major hypothesis are set.

H1: Both Male and Female are equally satisfied with the services provided by LIC.

H2: People in different income group are indifferent towards LIC.

RESEARCH METHODOLOGY

The study is based on both primary and secondary data. The necessary data is collected from annual reports of the companies in life insurance business, websites, magazines and IRDA journals. The perception and satisfaction of the customers and intermediaries is judged through primary data that is, filling of questionnaires, in which the sample size consists of 617 respondents, from customers. The data is collected from Northern India. The majority of the data is from NCR such as Delhi, Gurgaon, Faridabad and Ghaziabad. The convenient sampling technique has been used for this study. The study has been conducted to know the extent of satisfaction of different categories of consumers towards Postal life insurance. Respondents were asked to denote their perception of the quality of performance of different parameters on a five-point Likert rating scale where 1 denoted highly dis-satisfied and 5 denoted highly satisfied. 650 questionnaires were distributed among LIC customers. Out of 650 questionnaires served 617 people responded i.e.95% customers answered. The survey was conducted over a period of 5 months i. e. from May 2011 to September 2011.

DATA ANALYSIS AND FINDINGS

The SPSS software package 17.0 version was used for analyzing the data collected for this study.

TABLE 1
DISTRIBUTION OF AGE GROUP

	Frequency	Percent	Cumulative Percent
between 20-30	191	31.0	31.0
between 30-40	290	47.0	78.0
between 40-50	87	14.1	92.1
more than 50	49	7.9	100.0
Total	617	100.0	

Table 1 shows the break up of respondent according to their age. The data exposed that maximum 47% of total sample population are in the age group between 30-40 years.

TABLE 2
DISTRIBUTION OF GENDER

	Frequency	Percent	Cumulative Percent
Male	339	54.9	54.9
Female	278	45.1	100.0
Total	617	100.0	

Table 2 portrays the break up of respondent according to the gender. The data exposed that maximum 54.9% of total sample population are Male.

TABLE 3
DISTRIBUTION OF INCOME GROUP

	Frequency	Percent	Cumulative Percent
between 1-2 lakhs	49	7.9	7.9
between 2-3 lakhs	136	22.0	30.0
between 3-4 lakhs	180	29.2	59.8
between 4-5 lakhs	224	36.4	92.2
more than 5 lakhs	48	7.8	100.0
Total	617	100.0	

Table 3 portrays the break up of respondent according to their yearly income. The data exposed that maximum 36.4% of total sample population are in the income group between 4-5 lakhs.

TABLE 4
DISTRIBUTION OF EDUCATION GROUP

	Freq- uency	Percent	Cumulative Percent
UnderGraduate	12	1.9	1.9
Graduate	197	31.9	33.8
Post Graduate	408	66.2	100.0
Total	617	100.0	

Table 4 shows the break up of respondent according to their education. The data exposed that highest 66.2% of total sample population are post graduate while minimum 1.9% are undergraduate.

TABLE 5
DISTRIBUTION OF OCCUPATION GROUP

	Freq- uency	Percent	Cumulative Percent
Businessmen	278	45.1	45.1
Servicemen	339	54.9	100.0
Total	617	100.0	

Table 5 shows the break up of respondent according to occupation Group. From the table it is clear that Servicemen are keen to transact with the LIC as they hold 55 % of the total sample population.

ANALYSIS

In order to establish scale dimensionality, the researcher used a factor analyses method using component analyses as the starting point. There are two objectives of factor analyses: the first objective is to reduce data set to a manageable level and the second objective is to establish the underline dimensions in the data.

Factor Analysis Factor analysis is a set of techniques, which by analyzing the correlation between factors, reduces their number into a few factors that explain much of the original data more economically (Nargundkar, 2005). Before proceeding to factor analysis, its appropriateness needs to be assessed. This can be done by examining Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity (BTS) measures of sampling adequacy. Table 1

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depicts the results of KMO and BTS measures.

TABLE 6
KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.919
Bartlett's Test of Sphericity	Approx. Chi-Square	1.799E4
	Df	120
	Sig.	.000

It is clear from the table 5 that KMO value is .919 which exceeds the minimum value of 0.6 for good factor analysis (Kaiser and Rice, 1974). Furthermore, the result of Bartlett's Test of Sphericity is .000 which also meets the criteria of value lower than .05 in order for factor analysis to be considered appropriate. In nutshell, all the requirements indicate that data is fit for factor analysis.

The present study employs Principal Component Analysis (PCA) with Varimax Rotation using SPSS 16. The results bring out four factors having an Eigen value above one and explaining a total variance of 87.453% (table 7).

TABLE 7 : TOTAL VARIANCE EXPLAINED

Comp onent	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumula- tive	Total %	% of Variance	Cumula- tive %
1	12.466	77.914	77.914	7.253	45.331	45.331
2	1.525	9.539	87.453	6.740	42.122	87.453
3	.456	2.850	90.303			
4	.313	1.955	92.258			
5	.258	1.610	93.869			
6	.216	1.351	95.220			
7	.150	.940	96.159			
8	.122	.765	96.924			
9	.118	.737	97.661			
10	.099	.620	98.281			
11	.080	.498	98.779			
12	.066	.413	99.192			
13	.050	.312	99.503			
14	.031	.191	99.695			
15	.027	.169	99.863			
16	.022	.137	100.000			

Source: Primary Data

Note: Extraction Method: Principal Component Analysis

In table 8 Rotated Factor Matrix shows the relationship between each item (row) and the different factors (column). Values close to '1' represent high loading and close to '0' represent low loading. A cut-off 0.40 (Malhotra, 2007, p.627) is used to select the loads.

TABLE 8
ROTATED FACTOR MATRIX

S.No.	Statement	Component	
		1	2
1	Variety of Life Insurance Scheme are available in LIC	.847	.442
2	Insurance is available on minimum sum in LIC	.344	.900
3	Premium payable on insurance is minimum in LIC	.530	.780
4	Loans are easily available against Postal Life insurance	.819	.333
5	Lapse insurance policy can be continue easily in LIC	.671	.668
6	Policy holders receive high rate of bonus year to year in LIC	.526	.760
7	Rebate provided to policy holders on advance payment of premium is satisfactory in LIC	.653	.671
8	Formalities on maturity of policy required is satisfactory in LIC	.507	.800
9	Premium collection centre & agent are available in your nearby area	.826	.510
10	Problems & queries are solved on the spot regarding your policy.	.785	.551
11	Interest rate on Loan against policy is satisfactory in LIC	.791	.459
12	You are satisfied with your LIC policy.	.799	.510
13	Duration of the time period to transfer policy from one place to another place under LIC	.923	.012

14	Duration of the time period to surrender policy under LIC	127	.885
15	Duration of time period required to get the final payment after maturity of policy under LIC	.731	.521
16	Duration of time period taken for final claim settlement in case of mishappening under LIC	.305	.901

Source: Primary Data

Note: Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization; A Rotation converged in 4 iterations.

Table 9 gives a summary of the results of the Factor Analysis presenting factor loadings for the various dimensions, mean scores, Eigen values for the individual factors. Different factors are assigned descriptive labels based on the contents of the items covered under the respective factor.

TABLE 9. NAMING OF FACTOR

Factor No.	Name of Dimensions	Item No.	Variables	Factor Loadings
F1	Accessibility	1	Variety of Life Insurance Scheme are available in LIC	.847
		4	Loans are easily available against Postal Life insurance	.819
		5	Lapse insurance policy can be continue easily in LIC	.671
		9	Premium collection centre & agent are available in your nearby area	.826
		10	Problems & queries are solved on the spot regarding your policy.	.785
		11	Interest rate on Loan against policy is satisfactory in LIC	.791
		12	You are satisfied with your LIC policy.	.799
		13	Duration of the time period to transfer policy from one place to another place under LIC	.923

F2	Customer Service Quality		
15	Duration of time period required to get the final payment after maturity of policy under LIC	.731	
2	Insurance is available on minimum sum in LIC	0.9	
3	Premium payable on insurance is minimum in LIC	0.78	
6	Policy holders receive high rate of bonus year to year in LIC	0.76	
7	Rebate provided to policy holders on advance payment of premium is satisfactory in LIC	0.671	
8	Formalities on maturity of policy required is satisfactory in LIC	0.8	
14	Duration of the time period to surrender policy under LIC	0.685	
16	Duration of time period taken for final claim settlement in case of mishappening under LIC	0.901	

Source: Primary Data

Accessibility: This factor is the most important, explaining as high as 77.9 % of the total variance and has an Eigen value of 12.466. It comprises 9 scale-items of 16 items. At first sight, items covered in this factor seem to be quite different in its content.

Customer Service Quality: This factor accounts for the second largest amount of total variance, i.e. 9.539 % of the total variance. This factor has an Eigen value of 1.526. This factor consists of 7 scale items. Based on this reasoning, the researcher labelled this dimensions 'Customer Service Quality'.

Testing of Hypothesis

Hypothesis 1:

TABLE 10 : ANNOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	48.006	3	16.002	18.949	.000
Within Groups	517.676	613	.844		
Total	565.682	616			

Since the value of significance is less than .05 so null hypotheses is rejected and alternate hypothesis is accepted i.e both male and female are not equally satisfied with the services provided by LIC.

Hypothesis 2:

TABLE 11 : ANNOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11.916	4	2.979	3.292	.011
Within Groups	553.767	612	.905		
Total	565.682	616			

From the Table 11 the value of significance is .011 which is less than .05 so null hypotheses is rejected and alternate hypothesis is accepted. Hence we can say that People in different income group have different views towards LIC.

SUGGESTIONS AND RECOMMENDATIONS

1. Time taken to transfer policy from one place to another place should be reduced.
2. Bonus rate provided is not satisfactory.
3. Minimum sum required to purchase insurance policy should be reduced.
4. Premium amount on insurance policy should be minimum.
5. To increase the level of insurance penetration LIC may focus on bringing products that suit to the rural customers.
6. The company if possible should invest in advertising, conduct road shows, and spend money on Hoardings, so that it can better propagate awareness about its various lesser known products.
7. LIC should also tie up with several other banks apart from the existing ones to sell its products i.e. through banc assurance.
8. The company has the option of tying up with local NGO's for selling its rural insurance products.
9. Customer friendly documentation i.e. it should be made easier and faster.
10. LIC should keep a check that its agents equally promote all its products.
11. LIC may provide additional funds to its development officers and agents.

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12. All the hidden charges should clearly be stated in the form and explained by the agent and LIC should provide better training to its agents.
13. Claim settlement process should be made fast and must not involve lengthy decision making process.
14. Some special focus should be laid on individual risk coverage while designing the products.

CONCLUSION

The Insurance Industry today is experiencing intense competition and the major players, including LIC have come under pressure. In lieu of this, retaining a Customer is cheaper than finding a new customer. The entry of private sector insurance companies into the Indian insurance sector triggered off a series of changes in the industry. Even with the stiff competition in the market place, it is evident from the study that the public sector giant LIC dominates the Indian insurance industry. In the present time retaining a Customer is cheaper than finding a new Customer. LIC should focus on assurance and empathy to further strengthen the level of satisfaction. Major players in the market especially LIC have to concentrate on retaining existing customers, which could offer huge business potential. Time based competition, quality, product range, timely advertisement, follow up, prompt and error free service are the key ingredients for the better service and it will boost up the sales.

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A Study of Return on Long Strangles Strategy with Special Reference to Indian SNX Nifty 50

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Abstract : Long strangle strategy involves the simultaneous buying of a slightly out-of-the-money put and a slightly out-of-the-money call of the same underlying stock / index and expiration date. The investor is directional neutral but is looking for an increased volatility in the stock / index and the prices moving significantly in either direction. The returns could potentially be higher. However, for a Strangle to make money, it would require greater movement on the upside or downside for the stock / index. As Indian stock market become volatile due to entry of FII and other factors. In this scenario, does LONG STRANGLE strategy gives return to investor? In this paper an attempt has been made to study return on Long Strangle strategy for Indian SNX Nifty 50. For this purpose last 4 years data have been examined

Key words: Long strangle strategy, Indian SNX Nifty 50, Derivative option strategies.

1. INTRODUCTION

Investors are smart enough. So there are like to be attracted to the tradable instrument like option. As investors are more interested in high return. When investors see tradeable instrument like Option, it is going to attract investor to trade in options. As it gives high return with low investment, but many investor portfolios converted into zero by trading in derivative option market. As it required lot of research, analysis, and awareness of market, without understanding the pros and cons of derivative option, investor should not trade in derivative option.

Derivative option allows investor to participate in market where they can enter into two different positions in the same market. That is the beauty of trading in Derivative option. Market is likely to move in three directions either up or down or neutral. Option allows investors to take advantage of all this movement without taking much risk but it shouldn't

be traded without proper understanding the concept related to option market.

After the globalization and other changes, share market has opened its boundaries. FII plays a big role in liquidity of the market. And we have seen huge volume after the entries of foreign investor. Share market is affected by external factors such as Global economic outlook, FDI/FIIs, Policies of other countries, Exchange Rate, Shocks, Internal factors includes Government policy, political factors, Inflation, interest rate, monsoon, market emotion, economic growth and market shocks, Other factors such as Political situation and stability in the government, election effects, CRR, Interest rate hike/reduction by RBI, industrial production, debt level, major political, economical, and military policy, wholesale price index, prime lending, stock market regulation, investment restriction, financial budget, fiscal policy, growth rate, strategic alliance with foreign countries, crude prices, natural disasters and export import

data. Due to Globalization, change in economic sentiment of developed countries like US, UK, Germany, France, and China will affect the Indian share market, so chance of high volatility increase. As a result of it. We have seen many up and down side in Indian share market. SNX Nifty is trading in the range of 2500 to 6100. So in modern era, investor has to see from the perspective of world when you are not trading direction, means you do not know in which direction market will move, and assuming high volatility in the market, if investor's focus is to identify right strategy to build right position at the right time, investor is actually trading volatility, not direction and this is where long strangle strategy comes handy.

With long option strangle include betting on movement of Index value, if index value move sharply in either direction, chance of high return is expected. As in this strategy, both out of money call option and put option have bought as a result it cost less than buying in the money option. But because of the time value decline as the time passes, there is a much chance that the contract will expire with zero value. If investor can utilize the opportunity given by the market due to high volatility, investor can get advantage of taking profit when the market goes up and as well as when market goes down.

The focus of this paper is on individual investor who has limited capital. We have selected this strategy as it requires large movement in Nifty price. Volatility is major factor that affect this strategy. We believe that Volatility is like the ocean in storm it takes time for it to blow away, before one enjoys seeing the normal waves. If volatility is high, both call option and put option premium are going to increase.

2. LITERATURE REVIEW

Although the index option strategy has been very successfully, there has been very little research dealing directly with specific option strategies. There is also a major difference between stock option strategy and index option strategy. Liquidity of option plays huge role in selecting stock option or index option.

Most of the Literature review said the long straddle strategy can't give good return on investment. But they have observed that if selection of option, strike price, premium, time remaining till expiry, up-

coming event are the major factor that affect the return on the investment. If you have chosen it very carefully, Chance is more to gain good amount of profit.

Mihir Dash et. al. (2007) considers a class of stock and options strategies, involving a long or short position in a stock, combined with a long or short position in an option. The study applies these strategies to a sample of one hundred and twenty-seven stocks listed in National Stock Exchange F&O segment, using corresponding stock options and tries to find out which of these strategies yields maximum returns. It also tries to relate the optimal strategies and the returns from the optimal strategies to the characteristics of the distribution of returns of the underlying stock. The findings of the study indicate the strategies that were optimal in two senses: one type of strategy that was optimal at the lowest strike price and whose payoff decreased with increase in strike price, and the other type of strategy that was optimal at the highest strike price and whose payoff increased with increase in strike price. It was found that only the standard deviation, skewness, and kurtosis of the returns distribution of the underlying stock affected the optimal strategy.

Theodore Goodman (2012) investigates whether fundamental accounting signals can predict extreme stock price movements and whether such information is appropriately priced by the option market. He finds that accounting signals exhibit incremental predictive information with respect to future option returns conditional on implied and historical stock volatility. A portfolio that exploits the information in these fundamental accounting signals earns economically and statistically significant returns.

Amit Goyal & Alessio Saretto (2007) study the cross-section of stock options returns and find an economically important source of mispricing in the options implied volatilities. They sort stocks based on the difference between historical realized volatility and at-the-money implied volatility and construct portfolios of straddles and delta-hedged calls and puts. They find that a zero-cost trading strategy that is long (short) in the portfolio with a large positive (negative) difference in these two volatility measures, produces an economically and statistically significant average monthly return. The results are robust to different market conditions, to stock risk-

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characteristics, to various industry groupings, to options liquidity characteristics, and are not explained by linear factor models.

Brian H. Boyer and Keith Vorkink (2011) found strong evidence of a negative cross-sectional relationship between ex-ante total skewness and risk-adjusted returns on individual equity options, consistent with the predictions of recent theoretical asset-pricing models. The alphas of option portfolios with high ex-ante skewness in some cases are less than -50 percent per week, even though the alphas of the underlying stocks are insignificant from zero. We demonstrate that the negative relationship between ex-ante skewness and option returns is not subsumed by moneyness. Simulations further indicate that our findings are also robust to various statistical features of option returns such as non-normality, non-linearity, and peso problems. Our results suggest that the ability of intermediaries to effectively hedge short positions in individual options deteriorates with ex-ante skewness. Intermediaries are therefore compensated for bearing unhedgeable risk when accommodating the relatively high investor demand for lottery-like options.

James S. Doran & Andy J. Fodor (2008) examines the historical performance of 12 portfolios that include S&P 100/500 index options. Each option portfolio is formed using options with different maturities and moneyness, while incorporating bid-ask spreads, transaction costs, and margin requirements. Raw and risk adjusted returns of option portfolios are compared to a benchmark portfolio that is only long the underlying asset. This allows the marginal impact of including options in the portfolio to be examined. The analysis reveals that including options in the portfolio most often results in underperformance relative to the benchmark portfolio. However, a portfolio that incorporates written options can outperform the benchmark on a raw and risk-adjusted basis. This result is dependent on restricting option investment relative to the maximum allowable margin. While positive and significant risk-adjusted performance is observed for some option portfolios, greater risk tolerance relative to the long index benchmark portfolio is required.

Dr. Rashmi Rathi (2011) indicate Options are important derivative securities trading all over the world for the last three decades. They are speculative

financial instruments. It has peculiar quality under which the holder of the option has been given right to buy or sell an underlying asset at a specified period for a fixed premium. Option trading strategies used by speculators, hedgers and arbitrageurs. Options can be used to create portfolio with unique features, capable of achieving investment objectives.

3. OBJECTIVE OF THE STUDY

The objective of this study to examine the return using long strangle strategy in SNX NIFTY 50.

4. RESEARCH METHODOLOGY

To study the return on long strangle strategy we have taken data of last four years (Daily basis - For the period 1st April 2008 through 31st march 2012) SNX NIFTY 50. The data of last four financial year daily option had collected from the official website of Indian securities market (www.nseindia.com)which has been analyzed to find out whether the long strangle option strategy gives return to the investor every time. We have selected SNX Nifty 50 to overcome volume problem in stock option. We have observed the problem of liquidity and low volume in stock based option. In Nifty based option, generally it is observed that the nifty option has greater volume than of other trade able instrument of derivative option in India. We make fresh position on the 1st day of new month. We have take one lot of nifty option, we have used daily closing price of Nifty Option. To analyze the return by long strangle strategy the researches have taken one lot of nifty option both in call option and put option. The study is based on fresh trade by the investor just before 30 minutes of closing bell. Suppose NIFTY is trading around 50 figures like 4650 than we have taken range of 150 points otherwise we have taken 200 point difference while choosing option strike price. The study ignores brokerage and bid-ask spread or other cost associated with trading in derivative option. Returns are reported as a average return, middle of the month average return, yearly return if strategy is closed off in the middle of the month.

5. STRATEGY IMPLICATION

To study the return using this long straddle

educator

strategy data, taken from (www.nseindia.com) have been tabulated and analyzed in the following manner

As per this strategy on the 1st day of new month which is 25th November, 2011. We make new position by buying 4900 NIFTY call option and 4500 (refer Table 1) Put option As nifty was trading around 4700 in the 1st day. We paid

(ONE LOT = 50 SHARES)		
	4900 NIFTY premium/ per lot Call	4500 Nifty put premium/ per lot
Premium	68.2	85.4
No of Shares	50	50

Table1: Sample Data of SNX Nifty 50 for the month of November-December 2011.

(Amount in Rs.)									
Date	Nifty Closing	Call Strike Price	Put Strike Price	Call Premium	Put Premium	Total Premium	Total Value	Profit/ Loss	% of Profit /Loss
25-Nov-11	4710.95	4900	4500	68.2	85.4	153.6	7580	0	0
28-Nov-11	4870.3	4900	4500	120.9	41.3	162.2	8110	430	5.60
29-Nov-11	4816.75	4900	4500	91.1	47	138.1	6905	-775	-10.09
30-Nov-11	4832.35	4900	4500	96.75	41.15	137.9	6895	-785	-10.22
1-Dec-11	4963.75	4900	4500	156.3	20.25	176.55	8827.5	1147.5	14.94
2-Dec-11	5080.7	4900	4500	234.9	11.65	246.55	12327.5	4647.5	60.51
5-Dec-11	5065.6	4900	4500	223.35	12.1	235.45	11772.5	4092.5	53.29
7-Dec-11	5086.1	4900	4500	238.35	11.45	249.8	12490	4810	62.63
8-Dec-11	4956.6	4900	4500	158.9	22.45	181.35	9067.5	1387.5	18.07
9-Dec-11	4885.9	4900	4500	122.2	28.85	151.05	7552.5	-127.5	-1.66
12-Dec-11	4773.7	4900	4500	63.65	34.9	98.55	4927.5	-2752.5	-35.84
13-Dec-11	4811.35	4900	4500	70.35	23.7	94.05	4702.5	-2977.5	-38.77
14-Dec-11	4764.2	4900	4500	50.45	30	80.45	4022.5	-3657.5	-47.82
15-Dec-11	4757.4	4900	4500	48.1	28.7	76.8	3840	-3840	-50.00
16-Dec-11	4643.15	4900	4500	19.6	45.7	65.3	3265	-4415	-57.49
19-Dec-11	4623.85	4900	4500	14.1	46.3	60.4	3020	-4660	-60.68
20-Dec-11	4554.5	4900	4500	5.8	58.2	64	3200	-4480	-58.33
21-Dec-11	4711.5	4900	4500	13.8	15.7	29.5	1475	-6205	-80.79
22-Dec-11	4748.9	4900	4500	17.4	8.85	26.25	1312.5	-6367.5	-82.91
23-Dec-11	4720.6	4900	4500	8.45	7.35	15.8	790	-6890	-89.71
26-Dec-11	4787.7	4900	4500	10.4	1.9	12.3	615	-7065	-91.99
27-Dec-11	4750.9	4900	4500	3.15	1.5	4.65	232.5	-7447.5	-96.97
28-Dec-11	4711.1	4900	4500	0.85	0.85	1.5	75	-7605	-99.02
29-Dec-11	4648.6	4900	4500	0.05	0.05	0.1	5	-7675	-99.93

Investment (Rs.)	3410	4270
Total Investment (Rs.)	7680	

For the above month we can see that maximum return was 62.63% and maximum loss was -99.93% in the month of December, 2011. In the middle of the month that is 14th of May, the return was -47.62%.

If we wait till the contract end the loss will be -99.93% means an investor could loose almost all its money.

Similar way, we have analyzed data of last four years, starting from the period 1st April 2008 through 31st march 2012.

1.6. STUDY & DISCUSSION

Monthly Return using long strangle NIFTY strategy from the year 2008-09 to 11-12

Table 2: Month wise return using long strangle NIFTY strategy for the year 2008-09.

Month	Return if We wait till the expiry	Return in the middle of the month	Highest Return of the month	Lowest Return/Loss of the month
April	-99.806	3.354	40.105	-99.806
May	-63.704	-24.591	1.747	-89.616
June	159.614	65.653	248.751	-26.094
July	-87.892	-18.426	14.737	-94.252
August	-98.975	-52.830	0.233	-98.975
September	-48.897	-24.900	34.329	-72.483
October	464.875	71.045	658.679	-11.086
November	-93.767	147.389	0.237	-93.767
December	-94.042	-42.516	-8.516	-94.042
January	-99.933	-26.206	1.645	-99.933
February	-99.628	-21.459	4.188	-99.628
March	107.820	-44.846	107.820	-86.130
AVG	-4.553	2.472	83.663	-80.509

From the above table, the study shows that if we wait till expiry date. The average return for financial year 2008-09 comes to -4.553%. If we close this strategy in the middle of the month, this strategy gives 2.472% average return. If investor is able to take maximum advantage of this strategy, this strategy gives Average highest return of 83.663% in a year. March, June, October and November giving maximum return up to 555.679%, maximum loss was also minimum in the month June (-26.09%) and in October (-11.086%).

If we see from the all different situation, June and October month is considered to the best month for long strangle strategy in 2008-09

Table 3: Month wise return using long strangle NIFTY strategy for the year 2009-10

Month	Return if We wait till the expiry	Return in the middle of the month	Highest Return of the month	Lowest Return/Loss of the month
April	50.345	-77.112	113.515	-47.841

Month	Return if We wait till the expiry	Return in the middle of the month	Highest Return of the month	Lowest Return/Loss of the month
May	131.471	113.515	163.559	-21.670
June	-75.603	163.559	4.170	-85.748
July	-99.955	-31.126	25.431	-99.955
August	-99.953	-24.614	2.565	-99.953
September	-73.707	-44.606	-2.562	-83.937
October	-10.927	-29.088	79.571	-90.020
November	-48.006	-26.093	-2.267	-12.936
December	43.985	-66.088	62.971	-84.106
January	-99.910	-14.637	20.278	-85.666
February	66.995	1.410	85.348	-99.910
March	-22.687	-7.160	45.432	-10.276
AVG				-67.586

In 2009-10, the average return is -22.687% if we wait till the expiry date, the average return in the middle of the month is also negative. In may, return on the expiry date is 131.471% and in the middle of the month, it gives 113.515% return. All other months expect March and June give negative return. It means that in the year 2009-10. Nifty had moved in a particular range during the all months

Table 4: Month wise return using long strangle NIFTY option strategy for the year 2010-11

Month	Return if We wait till the expiry	Return in the middle of the month	Highest Return of the month	Lowest Return/Loss of the month
April	-99.861	-50.585	1.478	-99.861
May	1.495	4.675	209.307	-27.602
June	6.990	-40.116	43.767	-50.312
July	-99.893	-54.262	-9.491	-99.893
August	-99.841	-64.274	-21.308	-99.841
September	427.019	195.298	458.592	-41.470
October	-92.273	-50.524	1.748	-94.825
November	-99.244	-9.552	62.398	-99.244
December	-26.310	-26.196	5.543	-71.602
January	355.523	211.279	355.523	-10.407
February	-4.338	47.948	47.948	-88.973
March	89.081	-30.214	89.081	-72.473
AVG	29.862	11.123	103.715	71.375

In 2010-11, the average return comes to 29.86%, as two month (September and January) gives huge

return on this strategy. But return in the middle of the month is low compared to the return on the expiry date, which is 11.213%. In September, the return comes to 427.019% on the expiry day while it gives 195.298% return on investment in the middle of the month. In January, highest return comes on the last day which is also highest in that month. In this year it is observed that if strategy is making loss than return will be in the same direction, it means that if trade is making loss, than more loss will accrue at the end of the month, and if trade is making profit than it was increased at the expiry date, expect may, June, February and march.

Table 5: Month wise return using long strangle NIFTY option strategy for the year 2011-12.

Month	Return if We wait till the expiry	Return in the middle of the month	Highest Return of the month	Lowest Return/Loss of the month
April	-96.873	-1.374	53.555	-96.873
May	74.577	40.445	121.497	-9.132
June	-58.943	-40.316	8.251	-84.339
July	-99.787	-43.569	13.572	-99.787
August	474.560	162.437	474.560	-20.917
September	-47.310	2.644	43.103	-81.977
October	-56.828	-27.616	20.374	-80.369
November	149.186	-49.410	197.590	-55.359
December	-99.935	-38.770	62.630	-99.935
January	170.840	7.405	170.840	-21.031
February	3.832	36.094	172.126	-7.169
March	-19.625	-43.183	19.539	-78.191
AVG	32.641	0.399	113.137	-61.423

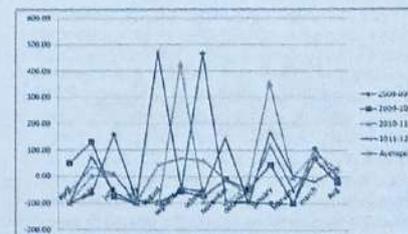
In 2011-12, the average return on this strategy is highest among last four year, which is 32.641%. Average return in the middle of the month is 0.399%, it means that large movement was seen on before or on the expiry day. The minimum highest return on the month is 8.251% in June. The highest return was in august (474.560%) which is same on the expiry date of august. May, August, November, January and February gives positive return in the range of 3.832% to 474.560%.

Monthly average Return if we wait till the expiry date for the study period

Table 6: Month wise return if we wait till the expiry date for the study period

Year	2008-09	2009-10	2010-11	2011-12	Average
April	-99.81	60.35	-99.88	-98.87	-62.05
May	-63.70	131.47	1.49	74.58	35.96
June	159.61	-75.90	6.99	-58.94	7.94
July	-87.89	-99.95	-99.89	-99.79	-96.88
August	-98.98	-99.95	-99.84	474.56	43.95
September	-48.90	-55.78	427.02	-47.31	69.76
October	464.87	-73.71	-92.27	-56.83	60.52
November	-93.77	-10.93	-99.24	149.19	-13.69
December	-94.04	-48.91	-20.31	-99.93	-67.30
January	-99.93	43.99	355.52	170.84	117.60
February	-99.93	-99.91	-4.34	3.83	-50.09
March	107.82	67.00	89.08	-19.63	61.07
AVG	-4.55	-22.69	29.86	32.64	8.82

Graph 1: Month wise return if we wait till the expiry date for the study period



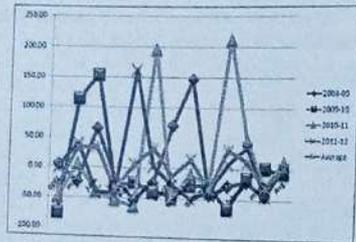
Above table 6 shows the month wise return if an investor wait till the expiry date. It is observed that only 5 month shows negative average return, May, August, September, October, January, and march gives more than 30% average return, and September, October, January and march gives more than 60% average return in last four years. January and March is best months for high return in this strategy. It means that every year, nifty must have showed large movement either in up or down side in January and March. 35% of the months out of 48 months show the positive results if an investor wait till expiry.

Monthly average Return if we exist in between (Middle of the Month) till the expiry date for the study period

Table 7: Month wise return if we exist in between for the study period

Year	2008-09	2009-10	2010-11	2011-12	Average
April	3.35	-77.11	-50.59	-1.37	-31.43
May	-24.59	113.51	4.67	40.44	33.51
June	65.65	153.56	-40.12	-40.32	34.70
July	-18.43	-31.13	-54.26	-43.57	-36.85
August	-52.83	-24.61	-64.27	162.44	5.18
September	-24.90	-40.02	195.30	2.64	33.26
October	71.04	-44.61	-50.52	-27.62	-12.93
November	147.39	-29.09	-9.55	-49.41	14.83
December	-42.52	-26.99	-26.20	-38.77	-33.62
January	-28.21	-66.09	211.28	7.40	31.10
February	-21.46	-14.64	47.95	36.09	11.99
March	-44.85	1.41	-30.21	-43.18	-29.21
AVG	2.47	-7.15	11.12	0.40	1.71

Graph 2: Month wise return if we exist in between (middle of the month) for the study period



From table 7 and Graph 2 it can be observed that January, May, June, and September gives more than 30% return if we exist in the middle of the month. And the loss does not exceeds 35% in last four years, 50% of the month gives positive return in long strangle strategy if we exist in the middle of the month. As time passes, the premium of call option and put option decreases, due to time value of the option. This strategy to exits in the middle of the month is suitable for the investor, who doesn't want to take more risk and is happy with low return.

CONCLUSION

The study indicate that an investor gain more compare if he or she wait till the expiry date as compare to exit in between the month. It is quit different compare to the general perception of an

investor. Generally in the initial stage of every month the premium of call and put options are higher but as the time passes premium of call and put option decreases, so the at the time of expiry it gives lower return but due to large movement in the NIFTY during few last days of the month, this strategy gives more return at the time of expiry. It is observed that the long strangle strategy give higher return in the month of January and March is suitable. However, there is no consistency in the return if we use this strategy in Indian NIFTY. Therefore investor advised to be selective in using this strategy.

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Compensation-Satisfaction Correlation at Workplace: A Study on BPO's at NCR

Dr. Inderjeet Dagar

Abstract : Indian BPOs have been in news for certain contradictory issues. While this industry is able to create more employment on the other hand is facing the problem of attrition. Although these issues have been addressed from different perspective, more and more researches are required to understand the employment trends and employee expectation and satisfaction, may be in the local level. An online survey was conducted at NCR to address compensation issue in different BPOs. 106 respondents selected on the basis of snowball sampling fully completed the survey. With the help of descriptive statistics and correlation tests findings were generated. Overall it was found out that BPOs are no more considered as stepping stones to other jobs rather are thought of as long term career prospects. And the compensation satisfaction was highly correlated to job satisfaction among the respondents.

Key Words: Compensation, Job satisfaction, BPOs, NCR, India

INTRODUCTION

The level of compensation is one of the more important job attributes to individuals (Jurgensen, 1978). Not surprisingly, salary or wages as measures of pay level consistently have been shown to predict pay satisfaction among a number of different occupational groups (Berger & Schwab, 1980; Dreher, 1980; Dreher et al., 1988; Futrell, 1978; Hemmasi, Graf, & Lust, 1992; Lawler, 1971; Motowidlo, 1982; Ronan & Qrgant, 1973; Schwab & Wallace, 1974). Moreover, for almost all motivational theorists salary or compensation is a strong motivator. For example, as per Herzberg's (1968) two factor theory, salary is a hygiene factor as well as motivator.

In fact, the study of employee satisfaction with pay has been a longstanding interest to psychologists. Way back in 1935 Hoppock's seminal work on job satisfaction revealed that dissatisfaction with wages was the most important reason for voluntary separation across a broad range of occupations.

Other consequences of wage related dissatisfaction has been studied in subsequent times. Those include reduced level of performance (Bretz

& Thomas, 1992); coming late to the office (Koslowsky, Sagie, Hrausz & Singer, 1997); absenteeism (Weiner, 1980); theft (Greenberg, 1993); turnover and turnover intentions (Motowidlow, 1983). Even there are studies that tried to relate pay satisfaction with outcomes in the organizational level analysis (Griffin, Mathieu, and Jacobs, 2001; Schneider, Hanges, Smith, & Salvaggio, 2003). While Griffin et al. studied the effect of pay satisfaction on the teachers' perception of local community support for education, Schneider et al. tried to find out the relationship between pay satisfaction and organisations' actual financial performance. A relatively recent finding reveals that pay satisfaction is related to student academic performance, teacher intention to quit, and student dropout level (Currall, Towler, Judge, & Kohn, 2005).

Employees' perception of equity and procedural justice in pay fixation is considerably related to pay satisfaction. This has been supported by both theoretical and empirical evidences (Heneman & Judge, 2000; Greenberg & Weithoff, 2001). Studies suggest that individuals who historically have received higher raises in the past should be more satisfied with their raises (Dyer & Theriault, 1976).

And people report more satisfaction to pay raises when it is related to performance (Folger & Konovsky 1989) and that it follows fair criteria (Dyer & Theriault 1976)

In a recent study (Carragher, 2011) it has been found out that attitudes towards benefits were significant predictors of turnover for employees and entrepreneurs over a four-year time period while satisfaction with pay was typically significant for employees but not for entrepreneurs. It was also found that for the employees both equity and expectancy considerations were able to explain differences in turnover rates while for entrepreneurs expectancy theory considerations were more powerful than equity theory explanations.

Previous research has identified several background factors that influence employees' satisfaction with compensation such as age (Dreher, Ash & Bretz, 1988), educational level (Klein & Maher, 1966), gender (Nash & Carroll 1975) & tenure (Dreher 1981). Similarly, one Indian study reveals that people from private and public sector differ in their pay satisfaction which acts as a catalyst for job satisfaction (Sharma & Bajpai, 2011). Although it is not denied that pay satisfaction has multiple correlates (Hemmasi, Graf & Lust 1992), some studies find no relationship between compensation and job satisfaction (Igalens & Roussel 2000).

OVERVIEW OF BPO INDUSTRY

Business Process Outsourcing (BPO) is one of the fastest growing segments of the Information Technology Enabled Services (ITES) industry. A major success of the BPOs can be attributed to its ability to attract the youth of India. The changing lifestyles, demand for luxury and emergence of high-income spending groups coupled with a thoroughly cosmopolitan outlook of life are the factors along with the glamour attached with the BPO jobs generated passion in Indian youth for BPO jobs (Purwar, 2010).

India has become the leading destination for such companies with 46 percent of the global business-process-off shoring (BPO) market (Kaka, Kekre & Sarangan, 2006) and will probably remain so for sometime as it is predicted from its growth. The driving forces that account for this growth of BPO in India are emphasis on quality service, skilled sets

and workers, cost effectiveness, English speaking manpower, enabling business policy and regulatory environment, rapid growth in key business infrastructure etc. (NASSCOM-McKinsey, 2002).

In present scenario, the Indian BPO employees represent a new middle class—with its employment base in the increasingly globalized private sector. The new middle class identifies with an image of a professional that the BPO work provides them (Sandhu, 2006). In terms of the moral fiber of BPO employees, this particular group, above all, exemplifies an interesting and important part of the so-called knowledge workforce holding a significant covert influence through their proximity to and involvement with electronic means of production and accumulation (Batstone, Boraston, & Frenkel, 1978)

BPOs have been found to be creating highest number of employment in India. According to the sixth quarterly survey by the Ministry of Labour and Employment the IT/BPO sector has shown the highest increase at 6.9 lakh during 2009-10. Also, the wages for the IT/BPO sector showed the maximum growth of 9.3 percent during the last quarter (Siliconindia 2010). With all these achievements and characteristics BPOs could draw the attention of researchers and media equally.

While there was publicity regarding its popularity among the Indian middleclass job seekers, on the other hand lots of reporting were there regarding its attrition problems and job induced stress with its consequences. While unraveling the causes of attrition, HayGroup in its 2008 "BPO Sector Special Survey," came to the following findings. a) the salary structure is not competitive in BPO firms as compared to the rest of the Indian market; b) the short-term variable component was just 4% last year while the rest of India's workers enjoyed 10%. Such a low figure does not give any scope in creating incentive programs to encourage employees to work harder or stay at the organization; c) the attrition rate at BPOs last year was 23.5% compared to 15% in the general market; d) the benefits package mainly focused on retirement benefits, which clearly does not mean much of an incentive for a 20 year old. The employee gets the money at age 60. So retirement benefits like PF do not encourage employees to stay at one company (BPOWATCH, 2010).

In the same line the present study tries to find

out the satisfaction level of BPO employees related to their compensation package and other benefits. It tries to answer the basic questions like –a) what is the satisfaction level of employees of the different components of compensation; b) Do people differ in perception of compensation satisfaction with regards to their demography?; c) what is their job satisfaction level with respect to different employee benefit schemes?	7-12 months	39	36.8
	1-2 years	32	30.2
	2-5 years	18	17.0
	>=5 years	17	16.0
Total work experience			
	=< 6 months	0	0
	7-12 months	18	17.0
	1-2 years	10	9.4
	2-5 years	28	26.4
	5-10 years	29	27.4
	>=10 years	21	19.8
Current cost to the company			
	<= 2 Lacs	0	0.3
	2-4 Lacs	41	8.7
	4-6 Lacs	29	27.4
	>= 6 Lacs	36	34.0

A snowball sampling method was adopted to select the respondents. On the basis of personal contacts some respondents were identified. Then they were requested to pass on the URL of the online questionnaire to their acquaintances working in BPO sector. However, the study was limited to the BPO companies situated in and around Bhubaneswar city of NCR, India. In total 145 persons had responded to the questionnaire from which 106 respondents had completed the questionnaire fully.

Table 1. Sample Profile

Variables	Frequency	Percentage
Age		
=< 20 years	0	0
21-25 years	38	35.8
26-30 years	42	39.6
31-40 years	20	18.9
>= 41 years	6	5.7
Sex		
Male	32	69.8
Female	74	30.2
Qualification		
Under Graduate	9	8.5
University Degree	39	36.8
Masters Degree	51	48.1
Ph. D.	3	2.8
Other	4	3.8
Experience in current company		
=< 6 months	0	0

Out of them 69.8 % were male and 30.2 % were female and the majority is within 20 to 30 age group. From the above table it could be also noticed that the majority of the people are master's degree (PG Level) holders (48.1%). Most of the respondents (36.8%) had 7-12 months experience in the present company however it was also found out that maximum people (27.4%) had 5-10 years experience in the BPO industry. None of the respondents were getting salary less than 2 Lacs per annum and maximum people (38.7%) had the salary 2-4 Lacs followed by 34.0% of respondents having more than 6 Lacs per annum.

2.2 Instrument & Data collection

A survey instrument was prepared that contained demographic information along with questions measuring the level of satisfaction from different components, and satisfaction on different employee benefit schemes. The items contained the different financial benefits provided in different organizations.

Four experts having more than ten years experience in corporate were consulted while preparing the questionnaire. Perception regarding the salary components was obtained through a 23 item questionnaire having different components of

salary and benefits as items. The responses were collected in a five point Likert type of scale (1= least important to 5= highly important). The scale had high reliability score (alpha= 0.95). The job satisfaction employee benefit scheme scale consisting of 25 items measured responses in a five point scale ranging from 1= lowest, 2= somewhat, 3= neutral, 4= good, 5= excellent (alpha = 0.94).

For data collection, the survey instrument was made online and the link was distributed to contact persons with a request to forward it to their known persons working in BPOs. The responses were directly stored in the main computer of one of the investigators. The stored data then was imported to SPSS for further analysis. The responses which were complete in all respects were retained and others were rejected.

RESULTS

The data were analyzed with the help of SPSS. Along with the descriptive statistics, correlation tests were used to generate the findings.

Table 2. Satisfaction derived from different components of compensation (in percentage)

Salary components	Delighted	Satisfied	Neutral	Not Satisfied	Completely dejected
Basic	16.0	16.0	39.6	16.0	12.3
HRA	17.0	13.2	39.6	19.8	10.4
Group Insurance	51.9	16.0	19.8	7.5	4.7
Bonuses	48.1	21.7	12.3	7.5	10.4
Medical Benefits	44.3	11.3	16.0	17.0	11.3
Abroad traveling opportunities	35.8	9.4	39.6	9.4	5.7
Paid time off	30.2	13.2	35.8	8.5	12.3
Higher education options	34.0	15.1	18.9	7.5	24.5
Gym and other recreational amenities	67.9	10.4	11.3	5.7	4.7
Pickup and drop	58.5	12.3	14.2	7.5	7.5
Training and upgrading skills	26.4	12.3	16.0	13.2	32.1
Regular management feedback to improve mistakes	28.3	11.3	34.9	15.1	10.4

Cafeteria facilities	50.0	17.0	15.1	14.2	3.8
Yearly paid vacation	51.9	12.3	17.9	8.5	9.4
Tour allowances	63.2	8.5	18.9	5.7	3.8
Night shift allowances	60.4	3.8	23.6	10.4	1.9
Family get together	61.3	9.4	17.9	9.4	1.9
Office parties	51.9	8.5	24.5	7.5	7.5
Monthly achiever recognition	51.9	19.8	14.2	4.7	10.4
Target achievement recognition and cash prize	50.9	20.8	15.1	4.7	9.4
On call training and guidance by trained supervisor	29.2	8.5	15.1	14.2	33.0
Quality assurance & failure root cause analysis and further training	26.4	11.3	14.2	14.2	34.0
Retirement benefit	59.4	11.3	11.3	3.8	14.2

The table shows that the people are deriving the maximum satisfaction from Night shift allowances (60.4%), Tour allowances (63.2%), Family get together (61.3%), Gym and other recreational amenities (67.9%) that means the people are actually becoming more family and health oriented and seeking night shift disturbance allowances due to the nature of work in odd hours. Next level of priority they have given to the factors e.g. Pickup and drop (58.5%), Retirement benefits (59.4%) which shows the crowd is looking this sector from more long term perspective and may be life long career where they might find even the retirement benefits. This Indian generation is habituated in seeing their earlier generation enjoying retirement benefits being public servant. Group Insurance (51.9%), Yearly paid vacation (51.9%) also motivates people and they draw satisfaction in the next level priority that shows this segment is getting much matured and looking for more family orientation. The above said factors are more important compared to Basic (16.0%), HRA (17%).

Table 3. Sex and compensation satisfaction

		Mean	SD	t
Compensation	Male	52.66	20.07	-33 (df = 104)
	Female	54.16	20.77	
Job satisfaction	Male	65.69	22.07	1.74 (df = 104)
	Female	59.15	16.32	

Further attempt was made to find out the mean satisfaction level of males and female respondents. It was found out that although their mean compensation satisfaction and job satisfaction level differed slightly, further t test confirmed that there is no significant difference (Table 3). It implies that although female employees have problems related to nightshifts (Jayanthi & Venkatramaraju 2009), the compensation has not been compromised.

Table 4. Age group and compensation satisfaction

	Age group	Mean	SD	F
Compensation	21-25 years	52.18	17.84	3.36' (df = 102/3)
	26-30 years	48.59	19.19	
	31-40 years	66.0	26.94	
	>= 41 years	58.17	24.93	
Job satisfaction	21-25 years	64.45	19.08	75 (df = 102/3)
	26-30 years	59.64	16.71	
	31-40 years	59.50	16.86	
	>= 41 years	55.83	23.43	
	*p<.05			

As it is reflected in the Table 4, respondents of different age groups significantly differed in the perceived levels of compensation satisfaction, however, their job satisfaction level did not differ significantly. From the mean scores it is evident that respondents in the range of 31-40 years were highly satisfied with their compensation package in comparison to others but it was not reflected in their job satisfaction level. Youngsters in the age group 21-25 years found to be more satisfied with the job. Such finding invites more insight into this phenomenon.

Table 5. Compensation satisfaction correlation

	Mean	SD	
Compensation	53.71	21.40	0.48***
Job satisfaction	61.12	17.94	
***p < .001			

The satisfaction perceived from different components of compensation was obtained from a five point rating scale. The total score of individual respondents in each component was compared with their job satisfaction level obtained from a five point Likert type of scale. The correlation coefficient score (0.48) of both variables being significant at .001 level of significance (Table 5) implies that the satisfaction level on different components of the compensation is highly correlated with the job satisfaction level.

4.0 Discussion and Conclusion

The overall finding suggests that people were relatively happy with upcoming compensation strategies formulated by BPOs and compensation had highly correlated with job satisfaction. This finding is in line with other findings that compensation satisfaction leads to job satisfaction (Sharma & Bajpai, 2011). The finding that people were satisfied with the compensation can be substantiated with the finding that perceived job characteristics positively relates to compensation satisfaction (Yen & McKinney, 1992) and so far as the job characteristics of Indian BPOs are concerned they have a formal, structured, and rationalized HRM system (Budhwar, Luthar and Bhatnagar 2006). Moreover, in support of the previous findings (Dreher, Ash & Bretz, 1988), this study found out that there is age difference so far as perception of compensation satisfaction is concerned.

Our findings are in line with certain surveys conducted by reputed organizations. For example, a Towers Watson's Global Workforce Study (2010) noted that increasingly more employees in India are taking an opportunistic attitude and are open to job shifts to advance their careers. Similarly, our study also found that the people are more interested to find

on the job training, interested to study more while working and which would enhance their career path. As per the same study, only 25 percent Indians and 23 percent of Chinese employees listed working for one organisation as their preferred career model. This trend in China and India is symptomatic of growing economies and the optimism it generates. Employees here are more bullish about the future and are willing to follow opportunities as they arise. To retain talent, India Inc will have to increasingly engage its employees in every aspect-be it competitive pay, learning opportunities, challenging work, career advancement opportunities or being an employer of choice. Because with the time our study found the ITES/BPO sector is also getting matured people who're looking for long term career within this sector are slowly trying to get settled and looking for long term growth and career. Despite being a decade or more removed from a highly paternalistic employment deal in parts of the world, findings in several studies now indicating that self-reliance is more of an intellectual construct than the behavioral reality for employees. This is most obvious when it comes to employees' views about providing for their working lives and into retirement. The study shows that globally employees understand that, they are solely or chiefly responsible for ensuring their futures and their long-term financial and physical health and well-being. Our study also shows that pattern and validates the above observations. Many employees are currently sacrificing advancement for job security.

Moreover, Indian BPOs are not far behind so far as good human resource practices are concerned. One of the recent finding suggest that a number of Indian BPO firms employ exclusivist strategies, such as open human resource policies and other collectivistic human resources practices such as team reward and compensation, team performance evaluation, etc. (Sarkar, 2009).

This study pertains to a small part of India i.e. NCR and the findings of the study should be generalized with caution. Other limitations of the study include non probability sampling and small sample size.

However, the findings generated can be directly helpful for the BPOs at NCR and some generalizations for India can be taken with caution.

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Comparative Analysis of The Role of Tourism Industry in Usa & Spain Economy

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Abstract : The travel and tourism industry is the lifeblood of most of countries in world. Tourism is second largest industry to providing the employment in the world. This paper looks at the need of advance technology in tourism industry. In the present paper we analysis a comparative study of the contribution made by the tourism industry to employment, GDP and the balance of Payments in US & Spain economy. The paper also covers ancillary industries like accommodation, travel agency which helps the tourism in these countries. Other issues affecting the industry are discussed, including funding and the government's tourism strategies. The paper presents some statistics for the worldwide tourism industry providing an indication of its global importance. Finally, the paper analyzes role of tourism in promotion of countries economy.

Key words- Economy, Tourism, Analysis, ancillary, accommodation, travel agency.

INTRODUCTION

Tourism in throughout world is a large industry. The World Travel and Tourism Council calculated that tourism generated \$121 billion or 6.4% of the nation's GDP in 2011. It was responsible for providing 39.3 million jobs that calculated 7.9% of its total employment in the world. The GDP of the tourism sector has expanded 22.9% between 1990 and 2011. The sector is predicted to grow at an average annual rate of 7.7% in the next decade. In 2011 World Travel and Tourism Council predicted the annual growth to be 8.8% between 2011 & 2021.

The share of tourism industry in the World's GDP in 2011-12 was 10%, which is more than the world military budget. In global terms, 7% of the total capital investment was invested in travel & tourism industry in 2011-12. In the present era nearly 21.2 Crore people in whole world are employed in travel and tourism industry. In future, this growth may be very high. According to the World Tourism Council of Brussels, the revenues from travel and tourism in Asia-Pacific region will grow at the rate of 7.8% annually over the next decade. Amongst the all

economic sectors, tourism sector is highly labour intensive industry

World Tourism Industry is an industry which is flourishing all over the world. The scenario of the World tourism industry is always in a state of flux, ever changing. It is reckoned that by end of 21st century World tourism industry will be capable to generate nearly 500 million job opportunities for the people. It is also assumed that the contribution of World tourism industry in GDP will be approximately above 15%. Tourism is a vital source of income for many countries and it generates income through the consumption of goods and services by tourists, the taxes levied on businesses in the tourism industry, and the opportunity for employment in the service industries associated with tourism. Some of the services offered by these industries include transportation services such as cruise ships and taxis, accommodation services such as hotels, restaurants, bars, and entertainment venues, and other hospitality industry services such as spa's and resorts. There are some countries which have legal restrictions on traveling abroad. Any projections of growth in tourism serve as an indication of the relative

influence that each country will exercise in the future. Tourism products have become one of the most traded items on the internet with the advent of e-commerce.

TOURISM IN USA'S ECONOMY

The United States is a developed country and has the world's largest economy, with an estimated GDP \$15.6 trillion in 2012 and 19% of global GDP at purchasing-power parity, as of 2011. The per capita GDP of the U.S. was the world's sixth-highest as of 2010, although America's wealth inequality was also ranked highest among OECD countries by the World Bank. The economy is fueled by an abundance of natural resources, a well-developed infrastructure and high productivity; and while its economy is considered post-industrial it continues to be one of the world's largest manufacturers. The country accounts for 41% of global military spending, and is a leading economic, political, and cultural force in the world, as well as a leader in scientific research and technological innovation.

TOURISM IN SPAIN ECONOMY

Tourism in Spain found very popular today as well as always for summer holidays. In 2007, Spain became the second most visited country of the world after France. That year, almost 60 million foreign tourists were reached, according to the World Tourism Organization. In 2010, Spain dropped to the fourth most visited country in the world after France, United States and China with 53 million visitors. Direct contribution of Spain's tourism industry in GDP was €2.1 billion (\$81.8 billion) in 2010 according to the World Travel and Tourism Council. It is fifth largest economy that gives highest contribution in GDP after the United States with \$510.8 billion, Japan \$172.5 billion, China \$113.4 billion and France \$107.6 billion according to World Travel and Tourism Council (2010).

Hypothesis: we assume that growth rate of tourism industry in both countries have increasing trends.

We assume that contribution of tourism industry in GDP, employment generation; foreign exchange earnings and growth rate of FTAs in both countries have an increasing trend.

OBJECTIVES OF THE STUDY

The main objective of the study is to make a comparison of the US and Spain Tourism industry in their economies. Some objectives are as like:

- To study the comparative analysis of domestic and international tourist inflow.
- To study the comparative analysis of the contribution of domestic and international tourism in the GDP.
- To study the comparative analysis of the contribution of domestic and international tourism in generation the employment.
- To study a comparative analysis of the foreign exchange revenue generation.

RESEARCH METHODOLOGY

The present study is based on the secondary data. Data has been collected through various websites of these countries as like; <http://www.tinet.ita.doc.gov>, www.milkeninstitute.org, www.ustravel.org, <http://data.worldbank.org/indicator/st.int.arvi>, Wikipedia, World travel and tourism council, Milken Institute, U.S travel association etc.

LIMITATION

Present study is based totally on secondary data, and reliability of data is based on the agency that collects it. Due to time and money constraint it was not possible to make the comparison of the whole world so that we select these two countries.

LITERATURE OF REVIEW

Vision the dynamic and growth oriented Govt. of Gujarat is determined to develop Tourism as a key industry to make it an important contributor to the state's economic and social growth and to offer a right blend of Business and Pleasure. This will be achieved by active participation of private, national and international corporate bodies to bring in their expertise and investment with supportive Govt. policies and facilitation. Government will offer the most conducive climate for the industry to grow. Tourism a growth Engine Hospitality Industry Growth

Indirect Employment Cultural Development The current world tourism contribution to GDP is 11%. The current Indian tourism contribution to GDP is 1.8% and it is targeted to reach 6% in the next decade. If this can be re-targeted to reach 10% an additional 1.2 Crore jobs can be created. A majority of the 2 Crore NRIs are Gujarati's who are prosperous as professionals and traders. This untapped resource can be motivated to become prospective tourists and investors in this sector and the GDP level can be improved considerably.

Ahmad Jafari Samimi, Somaye Sadeghi and 3Soraya Sadeghi (2011), in their study "Tourism and Economic Growth in Developing Countries: P-VAR Approach" find that causality and long-run relationships between economic growth and Tourism development in developing countries using P-VAR approach during 1995-2008. The findings reveal that there is a bilateral causality and positive long-run relationship between economic growth and Tourism development. On the other words, the tourism-led growth hypothesis is confirmed, as well as, output level which relates to economic well being and level of development is important in attracting tourist. The significant impact of tourism expanding on developing countries economy justifies the necessity of governments intervention aimed, at promoting and increasing tourism demand by providing the tourism facilities. As well, the economic expansion in developing countries affects the tourism growth which is reflected by the development in infrastructure and tourism resorts.

Purna Chandra Padhan 2011 in the study Forecasting International Tourists Footfalls in India: An Assortment of Competing Models in 2011 find that the tourist demand forecasting applying various alternatives forecasting models and asses the forecasting performance. Using uni-variate forecasting model, the forecasting performance of various models are evaluated, based on alternative model selection criteria, such as MAD, MAPE and MPE. For empirical analysis monthly data over the period Dec 1990 to Jan 2010 is applied. The result found that SARIMA model provides better forecast values than other competing model. The advantage of this model is also that it not only captures Autoregressive and moving average process in the series but also the seasonal process. As policy

implications, for uni-variate series SARIMA model can be applied for forecasting tourists demand in India. However, other factors affecting tourist demand should also be taken into consideration while forecasting tourists' demand, which perhaps is one of the limitations of this paper.

Adamos Adamou and Sofronis Clerides 2011 in the study "Tourism, Development and Growth: International Evidence and Lessons for Cyprus study" find that investigate the relationship between tourism specialization, development and economic growth. Descriptive cross-country comparisons indicate a link between tourism specialization and level of development. Econometric analysis shows that tourism specialization is associated with higher rates of economic growth at relatively low levels of specialization but eventually diminishing returns set in and tourism's contribution becomes minimal. Cyprus was one of the success stories of international tourism in the 1980s and 1990s but has since struggled to position itself in the international tourism landscape. Its example illustrates well both the promise and the limitations of tourism-driven economic growth.

Madhusmita mishra and prabina kumar padhi 2010 in the study emergence of tourism in the sustainable growth of India: an empirical analysis study find that tourism is an important and flourishing industry in the country. It is termed as a useful measure for employment generation, poverty alleviation and sustainable human development in India. It accounts for one-third of the foreign exchange earnings of India and also gainfully employs the highest number of people compared to other sectors. This sector also attracts the domestic tourist and foreign tourist in an enthusiastic way which resulted in improving well balanced economy for the nation like in India. The present paper elaborates about the status and development of tourism in the context of India. It shows that due to tourism sector India has gained brand image in the mind of foreign tourist and the data regarding tourism shows about the increasing trend of foreign tourist arrival which resulted the boosting in foreign exchange earnings in the year 2001 to 2010.

COMPARATIVE ANALYSIS OF THE INFLOW OF TOURIST IN USA & SPAN

Table.1 Comparison of the Tourist Inflow in U.S.A & Span from 2000-10 (in crores)

Year	USA	Growth Rate	Span	Growth Rate
Mean	2.14	5.16	5.30	1.23

Source: <http://www.lineta.ita.doc.gov>
Note: ** indicate that data is not available.

Graph: 1 Comparative of the Tourist inflow in U.S.A & Span (in crores)

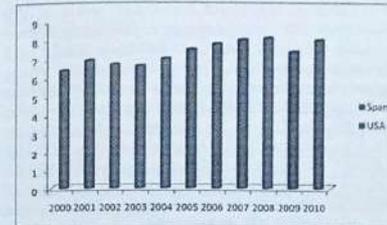


Table and graphs shows that mean value of FTAs in USA & Span is calculated 2.14 & 5.3 crore during the period of 2000 to 2010 and growth rate of FTA is calculated 5.16% & 1.23% for USA & Span respectively. Study found that Span is leading in FTAs while USA is leading in the growth rate of FTA in the above said time period.

COMPARATIVE ANALYSIS OF THE CONTRIBUTION OF TOURISM INDUSTRY IN THE G.D.P OF USA & SPAN

Table.2 Comparison of the Contribution of Tourism in GDP of Rest of World, U.S.A & Span Economy 2000-10 (in %age)

Year	USA	Growth Rate	Rest of the world	Growth Rate	Span	Growth Rate
Mean	8.83	-0.59	9.56	0.18	9.36	2.90

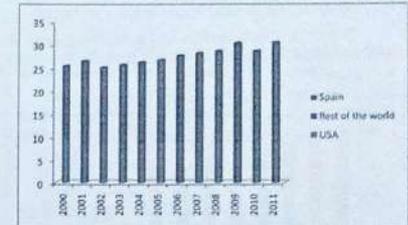
Source: www.milkeninstitute.org

Note: ** indicate that data is not available.

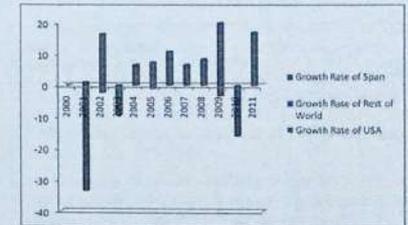
The graph & table shows the contribution of tourism industry in GDP of USA & Span economy. Study found that mean value of the contribution of tourism industry in GDP of USA, Rest of the world & Span is calculated 8.83%, 9.56% & 9.36% during

the study period. While growth rate of the contribution of GDP is finds -0.59% 0.18% & 2.90% in the above said time period respectively. Study found that Span has the more contribution in GDP (9.36%) as well as Growth rate (2.90%) in comparison to USA GDP (8.83%) & growth rate (-0.59%).

Graph 2: Comparison of the Contribution of Tourism in GDP of Rest of World, U.S.A & Span Economy (in %age)



Graph 2.1: Comparison of the Growth Rate of the Contribution of Tourism in GDP of Rest of World, U.S.A & Span Economy (in %age)



COMPARATIVE ANALYSIS OF THE CONTRIBUTION OF TOURISM INDUSTRY IN USA & SPAN EMPLOYMENT FENERATION

Table 3. Contribution of Tourism Industry in Employment Generation in USA & Span 2000-10 (in Lakhs)

Year	Employment in USA	Growth Rate	Employment Span	Growth Rate
Mean	0.15	-4.70	8.38	-2.66

Source: www.milkeninstitute.org

The graph & table shows the contribution of tourism industry in employment generation in USA & Span economy. Study found that mean value of the contribution of tourism industry in employment generation in USA & Span is calculated 0.15 & 8.38 lakh of total employment during the study period. While growth rate of the contribution of employment generation is finds -4.70% & -2.66% in the above said time period respectively. Study found that tourism industry in both countries have a negative (-4.7 & -2.66%) in the employment generation respectively.

Graph 3. Contribution of tourism industry in employment generation in USA & Span in Economy (in Lakhs)

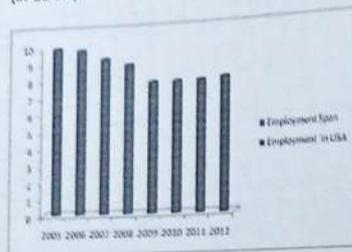
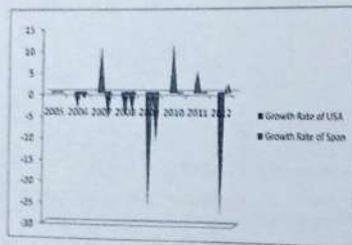


Table 3.1. Growth Rate of the Contribution of Tourism Industry in Employment Generation in USA & Span Economy (in Lakhs)



COMPARATIVE ANALYSIS OF THE CONTRIBUTION OF TOURISM INDUSTRY IN USA & SPAN FOREIGN REVENUE

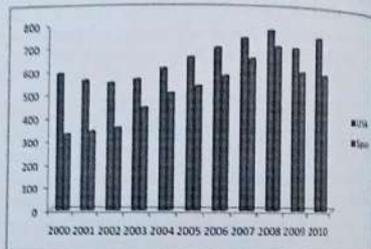
Table 4 Contribution of Tourism in Generating Revenue in USA & Span Economy 2000-10 (in US\$ billions)

Year	USA	Growth Rate	Span	Growth Rate
Mean	644.55	2.93	509.29	5.94

Source: www.ustravel.org

The graph & table shows the contribution of tourism industry in generating revenue in USA & Span economy. Study found that mean value of the contribution of tourism industry in generating revenue in USA & Span is calculated 644.55 & 509.29 US\$ billion respectively during the study period. While growth rate of the contribution of generating revenue is finds 2.93% & 5.94% in the above said time period respectively. Study found that revenue generating by tourism industry in USA is greater (644.55 US\$ billion) in comparison to Span economy (509.29 US\$ billion) respectively. While in case of growth rate of revenue generation in Span is greater (5.94%) than US economy (2.93) respectively.

Graph 4: Contribution of Tourism in Generating Revenue in USA & Span Economy (in US\$ billions)



FINDINGS

Study found that Span is leading in FTAs while USA is leading in the growth rate of FTA in the above said time period.

- ❖ Study found that Span has the more contribution in GDP (9.36%) as well as Growth rate (2.90%) in comparison to USA GDP (8.83%) & growth rate (-0.59%)

- ❖ Study found that tourism industry in both countries have a negative (-4.7 & -2.66%) in the employment generation respectively.
- ❖ Study found that revenue generating by tourism industry in USA is greater (644.55 US\$ billion) in comparison to Span economy (509.29 US\$ billion) respectively. While in case of growth rate of revenue generation in Span is greater (5.94%) than US economy (2.93) respectively.

CONCLUSION

On the basis of present study researcher found that hypothesis growth rate of tourism industry in both countries have increasing trends is rejected.

Another hypothesis is that contribution of tourism industry in GDP, employment generation; foreign exchange earnings and growth rate of FTAs in both countries have an increasing trend also rejected in this study.

On the basis of present study clear-cut we can't say that which economy is performing better than other. While in some cases US economy is performing better than Span economy and vice versa.

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Analytical Study of The Review of Literature of The Thesis on 'Corporate Governance Disclosure Practices by Banking Sector: A Comparative Analysis of Public, Private and Foreign Banks in India'

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Abstract : In this paper, we have made an effort to bring forth the review of literature of my research work on the topic Corporate Governance Disclosure Practices by Banking Sector: A Comparative Analysis of Public, Private and Foreign Banks in India which has helped me in coming to productive conclusions

1. INTRODUCTION

Corporate Governance has fast emerged as a benchmark for judging corporate excellence in the context of national and international business practices. From guidelines and desirable code of conduct some decade ago, corporate governance is now recognized as a paradigm for improving competitiveness and enhancing efficiency and thus improving investors' confidence and accessing capital, both domestic as well as foreign.

This research examines the practices of corporate governance attributes in banking sector and how they adhere to corporate governance practices through primary and secondary research. With the help of Corporate Governance Index prepared for both public and private sector banks, an effort has been made to gauge which sector is a step ahead when it comes to implementing corporate governance disclosure practices, also an endeavor is made to understand the investor perception with regards to CG practices. The results of this research indicate mix results, the practice of corporate governance is at nascent stage, both private and public sector banks are adhering to mandatory requirements of corporate governance attributes as per clause 49 of the listing agreement by SEBI, as a result it is bringing more transparency and minimizing the

chances of malpractices. However, hope is looming large for the proper implementation of corporate governance principles in Indian Banking Sector.

This is the literature review which I have gone through thoroughly and had been of a big help in conducting my research, which deals with the similar concepts with regard to corporate governance, the aim to present this review of literature is to give a glimpse about what are the research studies that have already been done before and what inferences they have deduced

2. REVIEW OF LITERATURE

Before making details into literature review, it entails to discuss the development of corporate governance practices in world. Globally, Cadbury Committee was set up in May 1991, in the United Kingdom. It was set up, *inter alia* by the financial reporting Council, the London Stock Exchange. This committee wanted to improve the overall standard of corporate governance in financial reporting and auditing by clearly defining the responsibilities and its expectations from those involved. The Cadbury Report states "Corporate governance is the system by which companies are directed and controlled. The Boards of Directors is responsible for the governance of their companies". Shareholders should be

concerned with appointing the directors and auditors such that an effective governance structure is created.

The board should be responsible for making the company strategies, guide and lead the company to put them into effect, supervise the management and report to stakeholders.

However, the board's actions are subject to rules and regulations. Their acts should be legally recognized. The Cadbury Committee made nineteen recommendations.

Blue Ribbon Committee was formed under the direction of the United States Securities and Exchange Commission. It was constituted to develop recommendations to enable audit committees to function as the ultimate guardian of investors' interests and corporate accountability. The committee recommended enclosing Statement of Disclosure by Audit Committee to the shareholders, and certificate of Statutory Auditors regarding Independence. Euro shareholders Corporate Governance Guidelines 2000 are more specific and detailed. It has given ten recommendations on disclosure of information in the annual reports. It states that a company should aim at maximizing shareholders value in the long term. Companies should clearly state (in writing) their financial objectives as well as their strategy, and should include these important ones in the Annual Report. Some of the important recommendations are: (1) Shareholders approval is required for major decisions which can affect the standing of shareholders within the company. This approval is also necessary for important decisions which may deeply affect the risk profile, organization, size and the nature of the business. These decisions can also be approved by the AGM. (2) There should be no bias involved in electing the auditors. The entire process of election should be very transparent. Auditors should be independent and elected by the general meeting. (3) Shareholders should be provided price sensitive information through regular as well as electronic means.

Corporate governance has assumed great significance in India in the recent past. Despite the Companies Act, 1956, outlining a structure for Corporate Governance, defining the board's authority and responsibility, and creating an arrangement of checks and balances with penalty for breaking the

law, a need was felt for a comprehensive code of corporate governance. In India, the confederation of Indian Industry (CII) tried to fill in this gap by outlining a code of corporate governance in April 1988 followed by the Ramakrishna Commission on PSU corporate Governance and the recommendations of the Kumar Mangalam Birla Committee on Corporate Governance in December 1999. CII's code -Desirable Corporate Governance in India- emphasized the frequency of board meetings, removal of Financial Institutions (FI) from the management where shareholding is less than 10%, withdrawal of FIs nominees from the board of companies which are not defaulting in loan payment, transparency in credit ratings of financial instruments, removal of restrictions on the takeover of companies and debarring companies from accepting further deposits (CII Report, 2003).

The Ramakrishna Commission on Public Sector Undertakings (PSUs) corporate governance emphasized autonomy in professionalizing the board, providing incentives for the top management, accountability, autonomy in price fixation, strengthening investors interface, power to dispose of assets, providing for elected directors, setting up a pre-investigation board, freedom in investing within certain limits, and power to enter a joint venture (Ramakrishna Commission Report, 1999). Security and Exchange Board of India (SEBI's) Kumar Mangalam Birla Report has been enshrined in clause 49 (annexure) of the listing agreement of every Indian stock exchange. A beginning has been made in India for mandatory observance of corporate governance practices, through clause 49 of the Listing Agreement of the Stock Exchanges. The recommendations of the committee are mandatory. The mandatory recommendations of the Report are:

- Half the directors on the board should be independent if the chairman is executive and one third if the chairman is non-executive.
- The audit committee will investigate reasons for financial transparency. The committee should have minimum three non-executive directors. The majority of these directors should be independent. At least one director should have some knowledge in the field of accounting and finance. The audit committee should meet at least three times a year.

- The board of companies should meet at least four times a year.
- A remuneration committee should be set up to determine the remuneration package including performance-linked incentives, stock options etc. of the executive directors.
- A committee should be formed to study investor's complaints.
- The chairman of all the committees should be present at the AGM to answer the shareholder's queries.
- The directors cannot be members of more than 10 committees across companies and cannot chair more than five committees.
- The annual report should have a section on corporate governance reporting the status of Compliance.
- The non-executive chairman should be provided with an office and the expenses should be reimbursed to make him effective.
- The annual report should have the detailed resumes of newly appointed directors.

The non-mandatory recommendations of the committee are:

- Non-executive Chairman to maintain Chairman's Office at company's expense.
- Board to set-up a Remuneration Committee to formulate company's remuneration policy on specific remuneration package for Executive Directors.
- Half-yearly declaration of financial performance including summary of significant events in last six months to be sent to shareholders.
- Company may move towards regime of unqualified financial statements.
- Company may train Board Members in the Business Model of the Company as well as risk profile of the business parameters of the company, the responsibilities as Director and the best way to discharge them.
- The evaluation of performance of non-executive Directors by other members of the Board and to decide to continue or otherwise of the Directorship of the non-executive Directors.

- The Company to establish the Whistle Blower Policy for reporting management concerns about unethical behaviors, actual or suspected fraud, etc. (Pradhan & Pattnaik, 2003)

Here are more theories related to the topic:

Karpoff, Jonathan M., Malatesta, Paul H. and Walking, Ralph A (1996) Judging from prior writings, many researchers and practitioners think shareholder-initiated corporate governance proposals promote value-maximizing policies. These proposals are regarded as serving an important role in the governance of public corporations. Their findings, however, do not support this view. Shareholder-initiated corporate governance resolutions tend to target poorly performing firms, as measured by market-to-book ratio, operating return, and recent sales growth. This suggests that their sponsors seek improvements. They find little evidence, however, that proposals increase share values or spur performance improvements. The average wealth effects associated with shareholder-initiated corporate governance proposals are not significantly different from zero. Sales growth subsequently declines for firms receiving proposals relative to sales growth for control firms. And changes in operating return on sales are not significantly larger for proposal firms than their controls. They also find little evidence that shareholder proposals are associated with significant changes in firm policy. Turnover among chief executive officers is not significantly higher among firms that previously attracted proposals than for other firms matched by industry and size. They find that some of the firms attracting successful proposals changed managers or restructured operations, but such changes typically were motivated by external control threats, not the shareholder proposals. Even proposals receiving a majority of share votes are not associated systematically with significant changes in target firms' policies or stock values.

Shleifer, Andrei and Vishny, Robert W (1996) This paper surveys research on corporate governance, with special attention to the importance of legal protection of investors and of ownership concentration in corporate governance systems around the world.

Lin, Laura (1996) Despite the important monitoring role that the law and some reformers have

assigned to outside directors, there is substantial disagreement about whether these directors are effective monitors of management. This Article contributes to the debate over the role of outside directors in three ways. First, Section II of the Article surveys the theories about outside directors that have been put forward in the financial economics and management science literature. Second, Section III reviews the rapidly growing body of empirical evidence that bears on those theories. To date, there have been only a few law review articles that even briefly discussed empirical studies of the effectiveness of outside directors, so my goal here is to make those studies accessible to the legal community. Third, Section IV argues that the existing theories (which tend to imply that outside directors are either never effective or always effective) are too simplistic. The empirical data are mixed as to the effectiveness of outside directors as monitors: there are conditions under which outside directors appear to be effective, and conditions under which outside directors appear to be ineffective. The policy implications of these empirical results are discussed in Section V.

Core, John E., Holthausen, Robert W. and Larcker, David F (1997) They examine whether board and ownership structure variables explain the level of chief executive officer (CEO) compensation. After controlling for standard economic determinants (i.e., the firm's demand for a high-quality CEO, firm performance, and risk), they find that board and ownership structure variables explain a significant amount of cross-sectional variation in CEO compensation. They also find that the predicted component of compensation arising from these board and ownership structure characteristics has a significant negative relation with subsequent firm accounting performance. Overall, their analysis indicates that unusually large CEO compensation levels reflect managerial entrenchment or poor governance mechanisms, and those firms with more entrenched managers or poorer governance systems perform worse.

Roe, Mark J (1997) This entry for the Palgrave dictionary looks at the recent literature on comparative corporate governance. He examines the reasons for the upswing in interest in comparative corporate governance, what the principal national differences seem to be, how different nations pursue

different purposes through their corporate governance systems, and what we might learn (and already have learned) about structure, political differences, and convergence in corporate governance systems. He concludes by mentioning some potential pitfalls in comparative scholarship, such as selection bias, inattention to complementarities, and ad hoc comparisons, and briefly suggests a research agenda.

Turnbull, Shann (1997) This paper outlines the conceptual, cultural, contextual and disciplinary scope of the rapidly evolving topic of corporate governance. As a basis for improving the rigour of research and analysis, some definitions are suggested. Reasons for the diversity of viewpoints and concerns are considered. To provide an orientation for new scholars and those from specialized disciplines, recent surveys of corporate governance are reviewed from their ethnocentric, contextual, and intellectual contingencies. The prospects of developing the topic as a "science of organization" are considered along with areas for future research.

Macey, Jonathan R., (1998) Ever since publication of Berle and Means' 1932 classic, "The Modern Corporation and Private Property," many have believed that there are significant problems with the American system of corporate governance. In particular, the separation of ownership and control identified with the American publicly held corporation is said to produce an organizational structure in which shareholders face collective action problems that make it impossible for them effectively to monitor and discipline the management of the firms in which they have invested. Professional managers are said to be virtually unaccountable to shareholders.

Recently scholars have suggested that institutional investors are the group most likely to resolve America's corporate governance problem. Other commentators, however, have questioned the merits of having institutional investors take a more active role in corporate governance. Roberta Romano, for example, has shown that public pension funds face political constraints that are likely to prevent them from serving very effectively as monitors of corporate managers. As for corporate pension funds and financial institutions, it has long been recognized that these institutions face conflicts of interest that

prevent them from serving as effective representatives of the interest of outside shareholders. Jack Coffee has pointed out that the kind of long-term, "relational" investing required to make institutional investors a voice in corporate governance may be too costly to such investors because it will require them to sacrifice liquidity. Jill Fisch has argued that institutional investors may not find it rational to engage in relational investing unless they are given special benefits such as special information about control.

Monks, Robert A.G. and Minow, Nell(1999) This paper is an outline of corporate governance—its scope, its history and suggestions for improving its effectiveness in the United States. The goal of governance is maximizing wealth creation to the extent it is compatible with the overall interests of society. America has attempted to balance centralized power, public and private, with the interests of the individual citizen, lawmakers' and judges' relying on the theoretical powers of owners to assure corporate responsibility. The current system of shareholder and director oversight is limited, and unfortunately so are the proposals by scholars and practitioners to increase the number of "independent" directors as the key to effective corporate governance. Institutional shareholders in the United States today and focus particularly on the pension system—holder of 30 percent of the total equity capital—are the new "permanent and universal" owner of the private enterprise system. This provides a legal basis for a "Federal Law of Ownership," establishing corporate governance standards through the policies of the U.S. Department of Labor, which has jurisdiction over private pension funds. In a system that has many owners with relatively small percentage stakes, the most significant obstacles to effective monitoring are "collective action" or "free rider" problems and conflicts of interest. The authors make specific proposals to improve the effectiveness of an ownership-based governance system in the United States, including dividing equity holdings between "ownership" and "trading" categories. This would accommodate the legitimate needs of certain classes of investor who place a premium on liquidity while permitting other classes of investor, the "permanent" owners, to exercise a rational level of oversight, and the development of new special purpose "fiduciary ownership" in situations.

Berglöf, Erik and Von Thadden, Ernst-Ludwig(1999) The rapidly growing literature studying the relationship between legal origin, investor protection and finance has stimulated an important debate in academic circles. It has also generated a cottage industry of applied research and strong policy statements. This paper discusses the implications in particular for developing and transition countries from this literature. Our general conclusion is that its focus on the plight of small investors is too narrow when applied to these countries. The authors argue that this group is unlikely to play an important role in most developing and transition countries. External investors may still be crucial, particularly in transition countries, but they are more likely to come in as strategic investors or creditors. The paper also proposes a broader paradigm including other stakeholders and mechanisms of governance in order to better understand the problems facing these countries and generate policy implications that compensate for the weaknesses of capital markets.

Sarkar and Sarkar(2000) provided evidence on the role of large shareholders in monitoring company value in the Indian context, whose corporate governance system is a hybrid one. Similar to other studies, this study also found that after a definite level of block holdings by directors the company value enhances. But it did not find any substantial proof that institutional investors, normally mutual funds, are active in corporate governance. The outcome advocates that lending institutions start supervising the corporation efficiently only after the equity holding cross a considerable value and this supervision is reinforced by the level of liability of these corporations. The study provides substantial proof that company value is enhanced by foreign equity ownership. In general, the analysis supports the view emerging from developed country studies that the identity of large shareholders matters in corporate governance.

Turnbull, Shann (2000) this paper provides orientation in understanding the topic of corporate governance to further research, analysis and reform. Limitations in the theories and practices of the dominant Anglo paradigm are identified. Various viewpoints used in analyzing corporate governance are described with their cultural specificities to transcend and subsume other approaches and various institutional contexts, information and control theory is shown to provide a way of grounding

corporate governance, theories of the firm, and the analysis of organizations in general in the science of cybernetics.

Becht, Marco, Bolton, Patrick and Röell, Ailsa A (2002) believe that Corporate governance is concerned with the resolution of collective action problems among dispersed investors and the reconciliation of conflicts of interest between various corporate claimholders. In this survey they review the theoretical and empirical research on the main mechanisms of corporate control, discuss the main legal and regulatory institutions in different countries, and examine the comparative corporate governance literature. A fundamental dilemma of corporate governance emerges from this overview: large shareholder intervention needs to be regulated to guarantee better small investor protection; but this may increase managerial discretion and scope for abuse.

A significant amount of research has been done on corporate governance practices in the Indian context. **Mukherjee(2002)** argues that India has been moving closer to taking on an Anglo-American (Anglo-Saxon) form of corporate governance. But the author questions the usefulness of the Anglo-American model. She answers this question through an assessment of the "development impact" of the new model as pointed out by measures such as growth, employment and respect for shareholder rights. The results suggest that the Anglo-American model is not very effective in meeting the objectives of the social system in India.

The study by **Mohanty(2003)** suggests that companies with good corporate governance measures are easily able to borrow money from financial institutions as compared to companies with poor corporate governance measures. Moreover, there is evidence that mutual funds have invested money in companies with a good corporate governance track record as compared to companies with a poor CG track record. By making use of a simultaneous equation approach, this study wraps up by saying that this positive relationship is a result of the mutual funds (development financial institutions) investing (lent money) in companies with good governance records and also because their investments have helped to enhance the financial performance of such companies. Irrespective of the

business goal considered, effective governance guarantees that the administration (managers and the board) are responsible for achieving it. The job of successful corporate governance is of immense significance to society as a whole. In the first place it promotes efficient use of scarce resources both within the organization and the larger economy. Secondly, it makes the resources flow to those sectors or entities where there are efficient production of goods and services and the return is adequate enough to satisfy the demands of stakeholders. Thirdly, it provides a broad mechanism for choosing the best managers to administer the scarce resources. Fourthly, it helps the managers to constantly focus on enhancing the company performance, ensuring that they are sacked when they don't succeed in doing so. Fifthly, it puts pressure on the corporation to abide by the law as well as achieve what the society expects from it. And last but not least, it assists the supervisors in regulating the entire economic sector without partiality and nepotism.

Bebcuk, Lucian A., Cohen, Alma and Ferrell, Allen(2004) investigate which provisions, among a set of twenty-four governance provisions followed by the Investor Responsibility Research Center (IRRC), are correlated with firm value and stockholder returns. Based on this analysis, they put forward an entrenchment index based on six provisions - four constitutional provisions that prevent a majority of shareholders from having their way (staggered boards, limits to shareholder bylaw amendments, supermajority requirements for mergers, and supermajority requirements for charter amendments), and two takeover readiness provisions that boards put in place to be ready for a hostile takeover (poison pills and golden parachutes). They find that increases in the level of this index are monotonically associated with economically significant reductions in firm valuation, as measured by Tobin's Q which present suggestive evidence that the entrenching provisions cause lower firm valuation. They also found that firms with higher levels of the entrenchment index were associated with large negative abnormal returns during the 1990-2003 period. Moreover, examining all sub-periods of two or more years within this period, they find that a strategy of buying low entrenchment firms and selling short high entrenchment firms out-performs the market in most such periods and does not under-

perform the market even in a single sub-period. Finally, they find that the provisions in their entrenchment index fully drive the correlation, identified by prior work, that the IRRC provisions in the aggregate have with reduced firm value and lower stock returns during the 1990s and they do not find any evidence that the other eighteen IRRC provisions were negatively correlated with either firm value or stock returns during the 1990-2003 period.

Brown, Lawrence D. and Caylor, Marcus L. (2004) analyzed broad measure of corporate governance, Gov-Score, based on a new dataset provided by Institutional Shareholder Services. Gov-Score is a composite measure of 51 factors encompassing eight corporate governance categories: audit, board of directors, charter/bylaws, director education, executive and director compensation, ownership, progressive practices, and state of incorporation. They relate Gov-Score to operating performance, valuation, and shareholder payout for 2,327 firms, and find that better-governed firms are relatively more profitable, more valuable, and pay out more cash to their shareholders. They also examine which of the eight categories underlying Gov-Score are most highly associated with firm performance and show that good governance, as measured using executive and director compensation, is most highly associated with good performance. In contrast, they show that good governance as measured using charter/bylaws is most highly associated with bad performance and also examine which of the 51 factors underlying Gov-Score are most highly associated with firm performance. Some factors representing good governance that are associated with good performance have seldom been examined before (e.g., governance committee meets annually, independence of nominating committee). In contrast, some factors representing bad performance have often been examined before (e.g., consulting fees less than audit fees paid to auditors, absence of a staggered board, absence of a poison pill). Gompers, Ishii and Metrick (2003) created G-Index, an oft-used summary measure of corporate governance. G-Index is based on 24 governance factors provided by Investor Responsibility Research Center. These factors are concentrated mostly in one ISS category, charter/bylaws, which they show is less highly associated

with good performance than are any of the other seven categories they examine. They document that Gov-Score is better linked to firm performance than is G-Index.

Rajesh Chakrabarti (2005) said that the problem of corporate in India is different from that of the Anglo-Saxon environment. In India, the problem is the exploitation of minority shareholders by the dominant shareholders, whereas in the Anglo-Saxon environment, it is exploitation of shareholders by the managers. The author argues that in the Indian context, the capital market is more capable of disciplining the majority shareholders than the regulators. The regulator can just facilitate the market to ensure corporate governance. It cannot enforce corporate governance effectively, since it involves micro-management.

Kamal, Yousuf, Pervin, Tahura and Alam Samsul (December 1, 2007) Like other developing economies, the banking sector becomes the dominant financial intermediary in the financial system of Bangladesh due to underdeveloped capital markets, limited availability of financial instruments and lack of confidence on financial system. Given the bank's intermediary role in providing stability to the financial system, Bangladesh as well as many emerging economies has implemented policies to develop and restructure the banking sector. An important feature of these policies was to design guidelines for 'best practices' known as, 'corporate governance of banks'. The unique feature of banking industry which deals with the money of the depositors conveys the inevitability to implement corporate governance in this sector. This paper in early part deals with the concept and evolution of corporate governance in this sector and argued the importance of a broader view of corporate governance, which encapsulates both shareholders and depositors. The penultimate section examines the corporate governance of banks in Bangladesh in the context of ongoing banking reforms. The final section provides a set of measures for both micro and macro level to strengthen corporate governance in this sector.

Biswas, Pallab Kumar and Bhuiyan, Md. Hamid Ullah (2008) this paper is an attempt to give a short description of the theoretical literature focusing on different conceptual models of corporate governance and empirical studies relating to whether good corporate governance leads to better firm performance. Majority of the literature has been found

to focus on the relationship between shareholders, directors, and management. The findings of these empirical studies are mixed and as a result, it is often difficult for users to draw any firm conclusion on the relationship. On the other hand, studies undertaken considering the overall corporate governance mostly provide evidence of significant relationship between corporate governance and firm performance. However, whether better corporate governance causes higher firm performance still remains a valid research question for reasons like ambiguity regarding the direction of causality.

Balasubramanian, Bala N., Black, Bernard S. and Khanna, Vikramaditya S (July 2, 2008) provide an overview of Indian corporate governance practices, based primarily on responses to a 2006 survey of 370 Indian public companies. Compliance with legal norms is reasonably high in most areas, but not complete. They identify areas where Indian corporate governance is relatively strong and weak, and areas where regulation might usefully be either relaxed or strengthened. On the whole, Indian corporate governance rules appear appropriate for larger companies, but could use some strengthening in the area of related party transactions, and some relaxation for smaller companies. Executive compensation is low by U.S. standards and is not currently a problem area.

They also examine whether there is a cross-sectional relationship between measures of governance and measures of firm performance and find evidence of a positive relationship for an overall governance index and for an index covering shareholder rights. They find an overall association, which is stronger for more profitable firms and firms with stronger growth opportunities. A sub index for shareholder rights is individually significant, but sub-indices for board structure (board independence and committee structure), disclosure, board procedure, and related party transactions are not significant. The non-results for board structure contrast to other recent studies, and suggest that India's legal requirements are sufficiently strict so that over compliance does not produce valuation gains.

Afsharipour, Afra, (July 14, 2010) This Article examines India's initial corporate governance reform efforts as well as reforms adopted in the aftermath of the Satyam scandal. An evaluation of India's

corporate governance reforms demonstrates that although extensive reforms have been instituted, there remain significant lapses in implementation and enforcement. Moreover, many of the reforms that have been adopted fail to address fundamental areas of concern such as the relationship between controlling and minority shareholders, the role of promoters, the limited activism of shareholders, including institutional investors, and issues with director independence. This Article expresses concerns that these challenges may prevail because they have been shaped by unique political and social forces. These forces include the traditional closed ownership structures of Indian firms, an ineffective institutional framework to support enforcement efforts, weaknesses in investor access to the courts, and political pressures related to government ownership of certain industries.

Vrajlal K. Sapovadia and Kandarp V. Patel (2010) Governance is system and process of organized entities, whether private or public, whether for profit or not. Governance relates with defining objectives, powers, duties, obligations & disabilities of various stakeholders. Corporates are for profit and they get fund from shareholders. Governments are generally for Sovereign functions and citizen elects the leaders. Therefore their governance differs substantially.

Fan, Steve Z. and Yu, Linda Q (August 2011) They develop an index to capture the deviation of a firm's governance structure from the common practice of its home country and show that the Corporate Governance Deviation (CGD) index can distinguish firms that are indifferent under the conventional Equal Weighted Sum (EWS) index. They document a strong impact of the CGD index on firm valuation and provide robust evidence that the EWS index is more appropriate for the US firms, while the CGD index works better in civil law countries. Their results indicate that a global metric is inadequate to gauge the quality of governance across the world.

Hopt, Klaus J. (August 29, 2011) Corporate governance of banks differs considerably from general corporate governance. For banks the scope of corporate governance goes beyond the shareholders (equity governance) to include debt holders (debt governance). From the perspective of bank supervision debt governance is the primary

perform the market even in a single sub-period. Finally, they find that the provisions in their entrenchment index fully drive the correlation, identified by prior work, that the IRRC provisions in the aggregate have with reduced firm value and lower stock returns during the 1990s and they do not find any evidence that the other eighteen IRRC provisions were negatively correlated with either firm value or stock returns during the 1990-2003 period.

Brown, Lawrence D. and Caylor, Marcus L. (2004) analyzed broad measure of corporate governance, Gov-Score, based on a new dataset provided by Institutional Shareholder Services. Gov-Score is a composite measure of 51 factors encompassing eight corporate governance categories: audit, board of directors, charter/bylaws, director education, executive and director compensation, ownership, progressive practices, and state of incorporation. They relate Gov-Score to operating performance, valuation, and shareholder payout for 2,327 firms, and find that better-governed firms are relatively more profitable, more valuable, and pay out more cash to their shareholders. They also examine which of the eight categories underlying Gov-Score are most highly associated with firm performance and show that good governance, as measured using executive and director compensation, is most highly associated with good performance. In contrast, they show that good governance as measured using charter/bylaws is most highly associated with bad performance and also examine which of the 51 factors underlying Gov-Score are most highly associated with firm performance. Some factors representing good performance that are associated with good performance have seldom been examined before (e.g., governance committee meets annually, independence of nominating committee). In contrast, some factors representing good governance that are associated with bad performance have often been examined before (e.g., consulting fees less than audit fees paid to auditors, absence of a staggered board, absence of a poison pill). Gompers, Ishii and Metrick (2003) created G-Index, an oft-used summary measure of corporate governance. G-Index is based on 24 governance factors provided by Investor Responsibility Research Center. These factors are concentrated mostly in one ISS category, charter/bylaws, which they show is less highly associated

with good performance than are any of the other seven categories they examine. They document that Gov-Score is better linked to firm performance than is G-Index.

Rajesh Chakrabarti (2005) said that the problem of corporate in India is different from that of the Anglo-Saxon environment. In India, the problem is the exploitation of minority shareholders by the dominant shareholders, whereas in the Anglo-Saxon environment, it is exploitation of shareholders by the managers. The author argues that in the Indian context, the capital market is more capable of disciplining the majority shareholders than the regulators. The regulator can just facilitate the market to ensure corporate governance. It cannot enforce corporate governance effectively, since it involves micro-management.

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governance concern. Equity governance and debt governance face partly parallel and partly divergent interests of management, shareholders, debt holders, and supervisors. Failures in the corporate governance of banks contributed to the financial crisis. Corporate law reforms are less suited for bank governance, strengthening supervisory law requirements is more promising. Prominent proposals include clearer separation of the management and control function, possibly by a two-tier board as in Switzerland and Belgium, establishment of a separate risk committee of the board or an independent chief risk officer, dealing with the problem of complex or opaque bank structure; and group-wide corporate governance in single entities as well as in the bank group. Appropriate supervisory law requirements are needed for bank-internal procedures, specifically for risk management, internal control and compliance, and internal and external auditing. Supervisory fit and proper tests for the board, the management and major shareholders of banks are useful. Qualification and experience of bank board members is at least as important as independence. But the severe requirements of bank regulation and bank supervision must not spill over to the corporate governance of the firm.

Sanan, Neeti and Yadav, Sangeeta (April, 2011) Corporate governance reforms assume critical significance for developing economies like India, which is moving towards a more transparent and accountable system of economic governance. Though India has initiated serious efforts towards overhauling the corporate governance mechanisms through comprehensive corporate governance laws and regulations, their enforcement remains inadequate. Earlier studies indicate that disclosure practices of Indian companies do not go beyond the mandatory requirements, thus creating an urgent need for corporate governance reforms. The main objective of this study is to evaluate the impact of corporate governance reforms brought out by Securities and Exchange Board of India (SEBI), Clause 49 of the Listing Agreement (2006), on the level of financial disclosures of the Indian firms. The current research has been carried out with 30 Indian listed companies which form part of Bombay Stock Exchange (BSE) index for the pre-reform period (2001-02 to 2004-05) and post-reform period (2005-06 to 2008-09). A Corporate Governance Transparency and Disclosure Score (CGS) has been

constructed for the sample companies based on the attributes drawn from the Standard and Poor's (S&P) Transparency and Disclosure Survey (2008). The study indicates that despite impressive corporate governance reforms, there is only a moderate level of financial disclosures by the Indian firms. It emphasizes a need for improved enforcement of legal and regulatory structures to enhance financial reporting quality.

Heremans, Dirk and Bosquet, Katrien (April 28, 2011) In tribute to the lifetime achievements of Dr. Thomas S. Ulen, this Article addresses the topic of the future of law and finance within the broader context of the future of law and economics. After highlighting some of the differences between the U.S. and European approaches to law and finance, it focuses on specific law and finance issues that were involved in the financial crisis (including the regulation of financial institutions) and draws some tentative lessons for the future development of new research paradigms in law and finance. Finally, this Article advocates a more risk-based approach of corporate governance for banks as well as the need for specific corporate governance models. Far from having a declining impact on legal reforms and scholarship, the impact of law and finance is on the rise.

Schmid, Markus M., Sabato, Gabriele and Aebi, Vincent, (October 11, 2011) The recent financial crisis has raised several questions with respect to the corporate governance of financial institutions. This paper investigates whether risk management-related corporate governance mechanisms, such as for example the presence of a chief risk officer (CRO) in a bank's executive board and whether the CRO reports to the CEO or directly to the board of directors, are associated with a better bank performance during the financial crisis of 2007/2008. They measure bank performance by buy-and-hold returns and ROE and control for standard corporate governance variables such as CEO ownership, board size, and board independence. Most importantly, their results indicate that banks, in which the CRO directly reports to the board of directors and not to the CEO (or other corporate entities), exhibit significantly higher (i.e., less negative) stock returns and ROE during the crisis. In contrast, standard corporate governance variables are mostly insignificantly or even negatively related to the banks' performance during the crisis.

Aguilera, Ruth V. and Desender, Kurt A. (January 2012) This paper discusses the role that indices of corporate governance have had in comparative corporate governance research. To do so, they begin with a short discussion of what corporate governance is and its main debates. Then, they review the main indices highlighting their strengths and limitations as well as describing some of the findings that emanate from them.

MurugesanSelvam, JohnRaja, Arumugan Suresh Kumar The impact of banks' organization structure on performance and corporate governance practices has been discussed for a number of years, mainly in developed countries such as UK and US. This paper chooses to address above-mentioned issue in Indian context. It investigates two category of banks namely government banks and private banks. This paper adopts the Tobin's Q, and Return on Capital Employed (ROCE) as bank performance indicators. The following board governance variables are used such as Board Committees, Board Directors, CEO as a chairman, Board meetings, and Women Executive and Executive-Director ratio. Multiple regression analysis results show that board governance variables like board committees, board directors and women director are statistically significant to performance for banks where government has considerable stake. In addition, government banks are older and also have better market valuation than private banks.

Christina James-Overheu, Julie Cotter This paper investigates whether the quality of a firm's corporate governance practices and its sustainability disclosures are inversely related to its assessed default risk. It is expected that high reported standards of corporate governance will reduce the assessment of a company's default risk by lenders, underwriters and ratings agencies, and therefore reduce the cost of debt for such companies. A corporate governance index based on annual report disclosures was developed to rate each company's corporate governance quality. Derivation of this index was centered on corporate governance indicators suggested by prior research and best practice; particularly the Australian Stock Exchange "Principles of Good Corporate Governance and Best Practice Recommendations". It is similarly expected that the voluntary disclosure of sustainability information (Corporate Social Reporting or CSR) will enhance a

firm's management reputation. The assessment of default risk is captured by a firm's individual credit rating supplied by Standard and Poor's, their results indicate that neither annual report disclosures about corporate governance practices nor sustainability disclosures are significantly related to assessed default risk when firm size is controlled.

3. CRITICAL ANALYSIS OF LITERATURE

After studying the literature on corporate governance some concrete meanings came out which would be studied thoroughly in the subsequent research. Since it is impossible for these owners to directly manage or even supervise these corporates, they appoint their representatives as Board of Directors. The Board appoints the top management, who in turn appoint other managers and employees. As put out succinctly by the Kumar Mangalam Committee: "The pivotal role in any system of corporate governance is performed by the Board of Directors. It is accountable to the stakeholders and directs and controls the management. It stewards the company, sets its strategic aim and financial goals and oversees their implementation, puts in place adequate internal controls and periodically reports the activities and progress of the company in a transparent manner to the stakeholders". With the rapid pace of financial innovation and globalization, the face of banking is undergoing a sea change. Banking business is becoming more complex and diversified. In the changed scenario, it is essential that the Boards of banks are fully geared to govern the banks well. The objective of governance in banks should first be protection of depositors' interest and then be to optimize the shareholder's interests. While doing so, the foremost responsibilities should be to ensure fair and transparent dealing without giving a chance of mis-governance. The governance issues in banks cannot be understood independently. The regulatory framework has significant implications for the corporate governance of banks. There is a growing realization that the corporate governance arrangements of banks are significantly different in comparison to firms in other sectors. The corporate governance of banks is a complex issue. It has been observed that the legal and regulatory framework, in which banks operate, makes the governance mechanism of hostile takeovers ineffective as a

method of corporate governance. Thus, governance issues in banks have to be discussed in an environment where a bank's management has a considerably reduced threat perception from the market for corporate control.

4. CONCLUSION

The review of literature under taken by us for our research work proved very helpful especially the work done by Murugesan Selvam, John Raja, Arumugan Suresh Kumar, where we have taken the work further by analyzing the impact of Corporate Disclosure factors on Tobin Q and ROCE and also as studied by Christina James-Overheu, Julie Cotter, this research investigates whether the quality of a firm's corporate governance practices and its disclosures are related to its profitability by preparing Corporate Governance Index.

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Exchange Rate, Its Volatility and India-us Trade Pattern

Rajkumar

Abstract: This study examines the impact of exchange rate and their volatility on the trade flow in India. The economic theories about impact of exchange rate on trade centres around J curve and Marshall Lerner conditions. I will use bounds test approach to cointegration to investigate the relationship between variables and the equations for trade between India and USA are modelled as a conditional ARDL-error correction model. My research's result indicates the importance of exchange rate in long run as well as short run for both export and import. The volatility have significant impact on import as well in on export in short run but it has little role in long run. Our analysis does not confirm the existence of J curve in the short run.

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1. INTRODUCTION

The relationship between currencies and trade has been the object of a wide policy debate in recent time. The recent IMF working paper concludes that "on the question of the effect of exchange rate volatility on trade, the considerable array of theoretical and empirical literature remains somewhat ambiguous" (Auboin M and Ruta M, 2011). Despite this lack of consensus, the present economic situation seems to justify revisiting the question of the impacts of exchange rates and their volatility on trade flows. The aim of this paper is to analyse the effect of exchange rate, its volatility on trade pattern of India with USA.

The economic theories about impact of currency depreciation on trade centres around the J curve effect and Marshall Lerner condition. The J-curve phenomenon states that following a depreciation of the national currency, a deterioration of the trade balance is then followed by an improvement. At the moment of depreciation, there is a price effect due to higher prices of imported goods. Since there are some delays in transactions which have been ordered several months before, the value of imports increases in the short term. Later, when traders have had some

time to change their input strategy, they integrate their loss in competitiveness vis-à-vis goods produced abroad. This provokes a quantity effect: the volume of imports is adjusted downward while local production is probably increased to satisfy demand. In this way, adjustment of quantities traded are slower to adjust than are changes in relative prices. It is expected that the final effect in the longer term is a net improvement in the trade balance. This phenomenon is named the J-curve. The Marshall-Lerner condition states that, for a currency depreciation to have a positive impact in trade balance, the sum of price elasticity of exports and imports in absolute value must be greater than one.

2. LITERATURE REVIEW

One simple but relatively well known example of how exchange rates affect trading firms is provided in a seminal paper by Clark (1973), who describes the hypothetical case of a firm, producing under perfectly competitive conditions a single product containing no imported input, entirely for export markets. The firm is paid only in foreign currency, hence the proceeds of its exports in domestic currency depend on the (unpredictable) level of the exchange rate. In the model, the firm is assumed to be small and to have limited access to currency

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One simple but relatively well known example of how exchange rates affect trading firms is provided in a seminal paper by Clark (1973), who describes the hypothetical case of a firm, producing under perfectly competitive conditions a single product containing no imported input, entirely for export markets. The firm is paid only in foreign currency, hence the proceeds of its exports in domestic currency depend on the (unpredictable) level of the exchange rate. In the model, the firm is assumed to be small and to have limited access to currency

hedging. In addition, because of the high cost of adjusting its levels of production to other factors than demand, it is also assumed that its output will not change in reaction to favourable or unfavourable changes in the profitability of its exports deriving from exchange rate shifts. Uncertainty about future exchange rates directly translates into uncertainty about future receipts in domestic currency. Thus the firm in question must determine a level of export that incorporates this uncertainty. If one considers that the firm maximizes its profit and has a risk aversion higher than zero, a prime condition for this firm to produce is that its marginal revenue exceeds its marginal cost to compensate for the exchange risk it bears. Hence, in this situation, in which the firm's variability of profits depends only on the exchange rate, greater volatility of that exchange rate - with no change necessarily in its average level - results in a reduction of output and exports, reflecting reduced exposure to exchange rate risk. In other words, this basic model, later refined by Hooper and Kohlhaugen (1978), establishes a rather negative relationship between exchange rate volatility and international trade (Auboin M and Ruta M, 2011).

The view that an increase in exchange rate volatility will have adverse effects on the volume of international trade is relatively widespread in studies conducted throughout the 1970s and 1980s (in addition to Clark, Hooper and Kohlhaugen, see also, *inter alia*, Baron (1976), Cushman (1983), Gros (1987)). In this respect, the OECD has in particular studied the trade impact of changes in exchange rates for the world's three largest economies, namely the United States, the euro-zone and China (Huchet-Bourdon, M. and J. Korinek (2011)). They found that on aggregate, short-run exchange rate movements impact trade but that "their effect is difficult to interpret; in some cases, the impact is positive, in others the impact is negative. Details of the study show that the value of trade between the United States and China would be more affected by currency changes than that of the US-euro area or the euro area-China.

As in most other macroeconomic studies (Afzal 2001, IMF 2011), the main driver of trade flows was found to be income/demand levels, i.e. domestic income/demand for imports and foreign income/demand in the case of exports.

3. METHODOLOGY¹

From a macroeconomic point of view, exchange changes can have strong effects on the economy, as they may affect the structure of output and investment, lead to inefficient allocation of domestic absorption and external trade, influence labour market and prices, and alter external accounts. Hence, exchange and rate shifts affect international trade both in direct and indirect ways. The indirect links are hard to isolate macro-economically, complex to describe, and empirically hard to test, as they have second, third or fourth round effects. This is why exchange rates are often treated in models as external (exogenous) variables. In order to model the impact of exchange rates and their volatility on imports and exports in the three geographical areas, an autoregressive distributed lag (ARDL) model has been constructed with cointegration.

We will use Pesaran et al. (2001)'s technique, the auto-regressive distributed lag (ARDL) or the bounds test approach to cointegration to investigate the relationship between variables. The tests for long run relationship between variables are based on standard F-Test. The tests for long run relationship between variables are based on standard F-tests. There is no need for pre-unit-root testing. This is one of the main advantages of the bounds testing approach which makes it relatively more relevant for our topic because the volatility measure could be stationary whereas other variables could be non-stationary (Bahmani-Oskooee and Mitra (2008)). Besides, this technique generally provides unbiased estimates of the long run model and valid t-statistics even when some of the regressors are endogenous (Harris and Sollis (2003)). Inder (1993) and Pesaran and Pesaran (1997) have shown that the inclusion of the dynamics may help correct the endogeneity bias. Finally, the advantage of this approach is that it allows the distinction between short and long run effects.

The equations of imports and exports between India and USA are modelled as a conditional ARDL error correction model.

$$\Delta \ln X_t = \sum_{i=1}^p \alpha_i \Delta \ln X_{t-i} + \sum_{j=1}^q \beta_j \Delta \ln Y_{t-j} + \sum_{k=1}^r \gamma_k \Delta \ln ER_{t-k} + \sum_{l=1}^s \delta_l \Delta \ln Y_{t-l} + \mu$$

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$$- \alpha_1 \ln X_{t-1} - \alpha_2 \ln Y_{t-1} + \alpha_3 \ln ER_{t-1} + \alpha_4 \ln Y_{t-1} + \mu \quad (1)$$

$$\Delta \ln Y_t = \sum_{i=1}^p \alpha_i \Delta \ln Y_{t-i} + \sum_{j=1}^q \beta_j \Delta \ln X_{t-j} + \sum_{k=1}^r \gamma_k \Delta \ln ER_{t-k} + \sum_{l=1}^s \delta_l \Delta \ln Y_{t-l} + \mu$$

$$+ \beta_1 \ln X_{t-1} + \beta_2 \ln Y_{t-1} + \beta_3 \ln ER_{t-1} + \beta_4 \ln Y_{t-1} + \mu \quad (2)$$

Mt= Import at time t, Xt=Export at time t, Volt=Volatility measures of Exchange rate,

ERt=Exchange rate at time t, Yt=domestic income, Y*= partner income level, μ = error term

These equations include a linear combination of the lagged level of all variables (second line of each equation), commonly referred to as an error-correction term. These specifications provide estimates of both short-run and long-run effects. The short-run effects are inferred from the estimates of $\alpha_1, \dots, \alpha_k$ or β_1, \dots, β_k and the long-run effects by $\alpha_1, \dots, \alpha_4$ or β_1, \dots, β_4 respectively.

We first estimate by the OLS method ARDL model for all lag with a maximum of 4 lags. We choose the optimum number of lag of dependent variable on the basis of Akaike's information criterion (AIC) and Schwart Bayesian criterion (SBC), then we use both t-test and Adjusted R2 to eliminate variable one by one (using general to simple approach).

With the optimal lags, the presence of cointegration is then tested through an OLS estimation by restricting all estimated coefficients of lagged level variables equal to zero ($\alpha_1 = \alpha_2 = \alpha_3 = \alpha_4 = 0$ or $\beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$). The null hypothesis of non cointegration is tested against the alternative by the mean of an F-test with an asymptotic non-standard distribution. If the computed F-statistic lies above the upper level of the band, the null is rejected, indicating cointegration. If the computed F-statistic lies below the lower level band, the null cannot be rejected, supporting the absence of cointegration. If the statistics fall within the band, inference would be inconclusive. This is called a bounds testing procedure since the two sets of critical values provide critical value bounds for all possibilities of the regressors into purely I(0), I(1) or mutually cointegrated.

In a second step, after confirmation of the existence of a long run relationship between the variables in the model, the long run and short run models can be derived. Estimates of $\alpha_1, \dots, \alpha_4$ or β_1, \dots, β_4 are then used to form an error-correction term ECM1.

Finally, we run diagnostic tests. We test for stability of short-run and long-run coefficient estimates by applying the CUSUM and CUSUMQ tests proposed by Brown et al. (1975) to the residuals of the error-correction models.

Measurement of Volatility

There are several measurements of exchange rate volatility in literature, but the three of the most common measures of exchange rate volatility are the first order difference measure (FD), standard deviation of the growth rates of exchange rate (SD) and the coefficient of variation measure (CV). We will use first order difference (FD) measure of volatility. The first order difference (FD) measure consider the difference between the current logarithm value of exchange rate and previous. It is defined as

$$FD_t = (\ln FD_t - \ln FD_{t-1}) - \ln(\text{mean of FD})$$

5. RESULTS

Econometric model results reveal a significant long term impact of the exchange rate on export and import but in case of export sign of exchange rate is opposite. It may be due to fact that export sector uses the import items in the production process, so as exchange rate increases (i.e. depreciation) the cost of production will increase or it may also indicates some omitted variable from our model. Many factors determine to what extent exchange rates impact trade: price elasticities at the product level, income elasticities, product homogeneity and ease of changing suppliers, price transmission mechanisms, etc. This multitude of factors suggests that exchange rates are part of a bigger picture of determinants of trade flows (Huchet-Bourdon, M. and J. Korinek (2011)). The estimates from our model are given in following table.

¹ Auboin M and Ruta M, (2011)

educator

Table 1- Estimation of import ARDL-error correction model

Dependent Variable	$\Delta \ln M_t$			R2		
	Coefficient	SE	t-value	Adjusted R2	95% confidence interval	
				0.058	-0.02791	1.456235
$\Delta \ln M_{t-1}$	0.714162	0.333046	2.14	0.053	-0.00963	1.126977
$\Delta \ln M_{t-2}$	0.558671	0.255059	2.19	0.163	-0.8271	4.28631
$\Delta \ln Y_t$	1.729604	1.147483	1.51	0.258	-4.2501	1.275398
$\Delta \ln M_{t-3}$	-1.48735	1.239936	-1.2	0.134	-4.18892	0.648043
$\Delta \ln ER_t$	-1.77044	1.085427	-1.63	0.091	-0.33168	3.821527
$\Delta \ln FD_t$	1.744923	0.931991	1.87	0.075	-0.1692	2.963373
$\Delta \ln FD_{t-1}$	1.397068	0.702957	1.99	0.033	0.131386	2.453392
$\Delta \ln FD_{t-2}$	1.292389	0.521064	2.48	0.235	-0.32857	1.188831
$\Delta \ln FD_{t-3}$	0.430128	0.34051	1.26	0.003	-2.80798	-0.75522
$\ln M_{t-1}$	-1.7816	0.460645	-3.87	0.002	1.086803	3.704126
$\ln Y_{t-1}$	2.395465	0.587334	4.08	0.004	0.258418	1.047712
$\ln ER_{t-1}$	0.653065	0.17712	3.69	0.001	-5.26206	-1.92259
constant	-3.59233	0.749385	-4.79			
						8.5
F test (bound test)						0.36
Breusch-Godfrey LM test for autocorrelation						0.416
LM test for autoregressive conditional heteroskedasticity (ARCH)						Stable
Cusum and CusumQ test						

Volatility have significant impact on import in short run, but it has very little role in long run, the reason may that in the long run, people takes decision on the basis on expectation which includes short run adjustment. In the long run, the effect of income level

and exchange rate on import level is highly significant. The short run the effect of income level on import is not significant. M_{t-1} , $ERT-1$, $GDP t-1$ are cointegrated with change in import, as shown by bound test (the estimated F value for bound test lies above the upper band)

Table 2- Estimation of export ARDL-error correction model

Dependent Variable	$\Delta \ln X_t$			R2		
	coefficient	SE	t-value	Adjusted R2	95% confidence interval	
				0.13	-5.00822	0.710227
$\Delta \ln Y_{t-1}$ (USA)	-2.149	1.341445	-1.6	0.032	-1.57452	-0.0804
$\Delta \ln FD_t$	-0.82746	0.350492	-2.36	0.02	-1.58455	-0.16032
$\Delta \ln FD_{t-1}$	-0.87244	0.334099	-2.61	0.034	-1.32641	-0.05894
$\Delta \ln FD_{t-3}$	-0.69267	0.297328	-2.33	0.026	-0.62687	-0.04674
$\ln X_{t-1}$	-0.3368	0.136088	-2.47	0.011	0.442971	2.944673
$\ln Y_{t-1}$	1.693822	0.596855	2.89	0.035	-1.19385	-0.05097
$\ln ER_{t-1}$	-0.62241	0.268098	-2.32	0.009	-21.218	-3.53297
constant	-12.3755	4.148602	-2.98			
F test (bound test)						3.65
Breusch-Godfrey LM test for autocorrelation						0.259
LM test for autoregressive conditional heteroskedasticity (ARCH)						1.31
Cusum and cusumq test						Stable

In the long run, USA's income and exchange rate have significant impact on export. The Volatility's impact is significant in short run only, not in long run. X_{t-1} , $ERT-1$, $GDP t-1$ (USA) are cointegrated with change in export, as shown by bound test (the estimated F value for bound test lies above the upper band).

So it is clear from above both tables that short run effects of the exchange rate on trade are limited. This analysis does not confirm the existence of the J curve in the short run.

6. CONCLUSION

This analysis has examined the impact of exchange rates on bilateral trade between Indian and USA. Our analysis confirms much of the existing literature in that short run effects of the exchange rate on trade are limited. The long run effect of exchange rates on trade is found to be stronger.

The impacts of exchange rates on trade should be regarded in the context of continuing integration of supply chains. Exports generally include high import content and the impact of exchange rate

depreciation or appreciation on any finished product is therefore complex. If the exchange rate depreciation makes its exports of final products "cheaper", it makes imported components "more expensive" for domestic producers.

The volatility significantly affects both export and import in short run but its impact on both export & import is not significant in long run. The income level affect strongly to export and import in both short and long run.

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DATA SOURCE

- [http://www.indexmundi.com/india/gdp_per_capita_\(ppp\).html](http://www.indexmundi.com/india/gdp_per_capita_(ppp).html)
- International Monetary Fund, World Economic Outlook Database, April 2013
- <http://www.oanda.com/currency/average>
- <http://www.census.gov/foreign-trade/balance/c5330.html#2012>
- Handbook of Statistics on Indian Economy, Reserve bank of India. Available on <http://www.rbi.org.in/scripts/AnnualPublications.aspx?head=Handbook%20of%20Statistics%20on%20Indian%20Economy>

Budget 2013 – Amnesty Scheme in Service Tax

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Abstract : Service tax has always been regarded as a tax of the future and is emerging as one of the major source of revenue for the Government. At the Same time, the service tax law has been regarded as the most complicated law and generated huge litigation. Due to its complexity, there had been lots of confusion which led to non-payment of taxes as the service provider, most of the time having no clarity about the applicability of service tax on their activities. There was always an ambiguity over several matters and the tax payers use to find themselves incompetent to decide whether they fall under the ambit of service tax or not and hence, most of them did not deposit the tax on a bonafide belief that they are out of the ambit of service tax due to exemptions or otherwise. There have been instances where the government has come out with retrospective exemptions due to such confusions where the taxes were not being paid but the government felt that service tax was applicable on such activities. Therefore, for recovery of such taxes, Government in the year 2004 come out for the first time with amnesty scheme which provider waiver of penalties to increase better compliance. From the inception, service tax is marred with controversies and glaring issues of leviability, classification, etc. The scope of service tax is so vast that there has been lack of clarity on the applicability of the service tax, among the trade, departmental officer and also the consultants. This lack in clarity has left lot of assessee not being compliant although having no intention to evade the payment of service tax. Service tax liability under voluntary compliance attracts interest and penalty and added harassment of the departmental officers. The Hon'ble Finance Minister made a candid revelation in the Parliament while presenting the budget for the Financial Year 2013-14. He declared, "While there are nearly 17, 00,000 registered assessees under the service tax, only about 7, 00,000 file returns. Many have simply stopped filing returns. We cannot go after each of them. I have to motivate them to file returns and pay the tax dues. Hence, I propose to introduce a one-time scheme called 'Voluntary Compliance Encouragement Scheme' A defaulter may avail of the scheme on the condition that he files a truthful declaration of the service tax dues since first October 2007 and makes the payment in one or more installments before prescribe dates. In such a case, interest, penalty, and other consequences will be waived. I hope to entice a large number of assessees to return to the tax fold. I also hope to collect a reasonable sum of money." This paper aims to provide an insight about the said VCES and address some practical issues on the subject.

INTRODUCTION

Service tax is a new emerging law and there has been lack of clarity on the applicability of the service tax, among the trade, departmental officer and also among the consultants, this would have left lot of assessee not being compliant although has no intention to evade the payment of service tax. Voluntary compliance under the service tax comes with the interest and the penalty with an added harassment of some of the corrupt departmental

offices. Many service providers as well as service receivers have been fearful and not happy with the payment of interest and penalties on amounts not collected from the customer. In the backdrop of this astonishing admission that the Government not having resources to systematically enforce compliance in the phase of rampant and the large scale non-compliance, it has announced Service Tax Voluntary Compliance Encouragement Scheme, 2013 to encourage defaulting assessee to pay tax and file returns for last five years with immunity from

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interest and penalties. In the Finance Bill, 2013 a separate chapter (Chapter VI) is introduced to deal with the Voluntary Compliance Encouragement Scheme (VCES) and Ss.94 to 104 are proposed to be inserted to effectuate what is popularly known as "Amnesty Scheme".

As declared by the TRU letter, the scheme can be availed by non-filers or stop-filers or the persons who have not made truthful declaration. This scheme is for all those assesseees who have neither paid the service tax, neither filed any returns nor have not been served any notice or order up to 31st January 2013. Importantly, even the case where there is inquiry already in progress is not covered under the said scheme. This scheme comes into force from the date of enactment of the Finance Bill. This means, to avail the benefit of the Amnesty scheme one has to wait till the Finance Bill, 2013 receives the Presidential assent.

Budget, 2013 has proposed an amnesty scheme under service tax law (Chapter VI of the Finance Act, 1994) by way of waiver of interest, penalty and immunity from prosecution to stop filers and non filers. Service tax Amnesty Scheme (known as 'Service Tax Voluntary Compliance Encouragement Scheme, 2013') has been introduced in Finance Bill, 2013. The scheme will be effective from date on which President assents Finance Bill, 2013 (expected to be in second week of May, 2013) up to 31-12-2013. The scheme is open only to those to whom any show cause notice or notice of audit or summons have not been issued prior to 1-3-2013. If they make declaration and pay at least 50% of service tax before 31-12-2013 and balance before 30-6-2014, they will get immunity from interest and penalty. This scheme is for all those assesseees who have neither paid the service tax, neither filed any returns nor have not been served any notice or order. The salient feature of this scheme is as under:

1. VCES scheme is applicable in respect of tax dues for the period 01.10.2007 to 31.12.2012. For the period from 01.01.2013, the regular provisions of the Act shall be applicable and no amnesty under this scheme would be provided.

2. The option of claiming amnesty under this scheme has to be exercised by the eligible assessee by filing a declaration to designated authority. Such declaration shall be filed on or before 31st December 2013. (Designated Authority and Prescribed form to be notified).

3. VCES scheme shall not be available to the following categories of the person:

- i. Any person to whom any notice or order has been issued before 01st March 2013.
- ii. Any person who has filed the returns disclosing his true liability and not discharged the service tax amount shown in the same.
- iii. Amount unpaid pertains to subsequent period of the same issue for which a notice is service or an order is passed for the previous period.

4. Designated authority will reject the declaration by any person if it is found that there was some enquiry or investigation pending as on 01.03.2013. Such investigation may be due to search of premises or by issuing summons or by calling for information/ documents or by an audit.

5. 50% of tax due has to be paid on or before 31st December 2013 and the balance of tax dues has to be paid by 30th June 2014 for availing the amnesty of interest and penalty. However if the balance amount is defaulted either in part or full then such person has the option of payment on or before 31st December 2014 for claiming the amnesty of penalty alone. Interest is payable from 1st July 2013 till the date of payment before 31st December 2014 for claiming the amnesty of penalty. In case there is default either in part or full even after 31st December 2014 then the amount so declared shall be received along with the interest.

6. The proceeding under this scheme is final and cannot be reopened by any forum. The amount so paid is non-refundable. However if the Commissioner has reasons to believe that the declaration made by a declarant under this Scheme was substantially false then he may serve Show Cause Notice within one year from the date of declaration.

COMMENTS

- The scheme at first glance appears to be very attractive as it exonerate a tax payer from the liability of interest and penalty and also give a long period for payment of tax dues. However it has certain inherent flaws which are likely to affect the success of the scheme.
- The scheme does not cover assesseees who have filed ST-3 returns for the applicable period and disclosed their true liability but not paid the tax dues either fully or partly.
- A person who has been issued summons or if any inquiry or investigation is initiated including

issue of notice for audit and the proceedings are pending as on 1st March, 2013 runs the risk of rejection by the authorities. The aim of the scheme is to attract such persons to be compliant by paying the dues. Any discretionary power to the authority for rejection has potentiality of breeding the corruption.

- Government is herein assuming that, assessee who has been issued notice for productions of accounts, etc. are guilty. Assessee, on whom, these proceedings have been initiated should also be encouraged to come forward to discharge service tax even if the department can easily find transactions on which service tax has been evaded.
- This is a discouragement clause to the assessee who comes forward voluntarily to pay tax under this scheme. The very fear that the Department can reject the declaration made and can initiate adjudication proceedings is enough to scare assessee for not opting this scheme.
- The powers granted to the Commissioner to treat the declaration as "substantially false", should be exercised with great care to avoid any subjectivity leading to harassment in the hands of Departmental Officers and potential corruption. It may also result the assessee to refrain from making a declaration for impending fresh proceedings including show cause notices for non-payment or short payment of tax dues.
- The time gap between the announcement of the scheme and actual applicability would also act as detrimental to the success of the scheme. A person may receive notice after 1st March, 2013 but before the scheme becomes applicable for the past dues. Such person would have otherwise taken benefit of the scheme by making appropriate declaration and accepting the tax dues. However because of non-applicability to such declaration a person to whom a notice is issued would find himself in lurch as the others who have been already issued notice for the same period can take benefit of the scheme.

DISCERNMENT TOWARDS THE HONEST ASSESSEE

The assessee who has truthfully disclosed his Service Tax liability in the return of service tax or a

person who has paid his true liability is bound to be perturbed by the scheme as he might have paid his liability with interest and at times with penalties in pursuance of some notice. However, now the Government has given lollipops to the non-compliant assesseees by giving him the benefit of payment in 2 parts in a period lasting more than a year (the scheme likely to be in force in May or June 2013 and the payment to be made up to June 2014) without interest and even thereafter till December 2014 with interest running from July 2014.

It is indeed eccentric that government is willing to pardon totally dishonest assessee who has not even filed returns and is not willing to be kind to "partly dishonest assessee" who have indeed filed returns but have not paid the taxes, fully or partly.

Against the FM's own undertaking to the Hon'ble Supreme Court

Let it be forgotten that in a public interest litigation petition, the same Finance Minister had given an undertaking to the Hon'ble Supreme Court that it would not bring in any another such scheme in future. It was also clearly expressed that no government in future would promulgate the law that allows this kind of voluntary declaration. Presently, the nomenclature of the Voluntary Disclosure Scheme is changed to Voluntary Compliance Encouragement Scheme under Service Tax. It is a moot point that whether just by changing the name, the undertaking given to the highest court of the land is effectively negated.

Author opinion on the Amnesty Scheme

No doubt the Government has tried to develop a scheme which would help in increasing its revenue from service tax by giving benefit in a big way to the service tax defaulters. Such be would definitely attract the people for depositing the service tax but at the same scheme has certain flaws which would deny in attaining its main objective. At the very outset, the scheme has missed out to answer that whether department can issues any show cause notice to the non-compilers after 1-3-13 or shall wait the watch till 31 December 2013, how many assesseees are opting for this scheme?

Further this scheme needs to provide the answer to the question that in a situation where

person is paying service tax under Voluntary Compliance Encouragement Scheme for a service, applicability of service tax on which is not clear, but somehow, after the declaration & payment of service tax any judicial pronouncement comes, wherein it is decided that service tax is not payable on such service, or any notification from Ministry comes having retrospective effect as to non taxability. Whether such an amount would be refunded to the declarant with or without interest? as under the proposed section 99, any amount paid in pursuance of a declaration such amount shall not be refundable under any circumstances. Hence, in that case, since the service tax itself was not liable to be recovered, retraining such an amount by the department will be ultra virus to the constitution. It appears that such scheme is not applicable to anyone facing an inquiry, investigation or audit has been conducted but no further communication has been received by the assessee. Are such assessee can opt for amnesty scheme. It is bit surprising that the scheme also contains clause where the central excise commissioner has the power to issue show cause notice, if he feels the declaration is substantially false. As such whenever the Amnesty Scheme is being launched in any fiscal law, the basic principle behind is to give assurance to the declarant that question will be asked and the declaration will be accepted as such then only a person can come forward for making the declaration. Where as under the present scheme it has been stated that declaration is liable to be rejected by the designated officers when inquiry or investigation is pending against the declarant.

Further the scheme needs to clarify that how the proceedings under the scheme will come to end? In other words, what is the procedure for putting an end to the proceedings of voluntary payment by the declarant?

In the overall view of the author, although the Government has tried to develop a scheme to help the tax evaders to come forward and deposit the tax without any penal actions, rather hiding behind the wall and worryingly waiting for the department to initiate their actions for not paying tax. But at the same time, the way the scheme has been drafted, there are still many confusions and questions which need to be answered due to which, the tax evaders would remain in dilemma whether to opt for scheme or not and hence would ultimately defeat the main purpose of the scheme.

CONCLUSION

From the inherent flaws of the scheme, the predicted success of the scheme becomes unlikely. Further the scheme envisages only 50% of the targeted payment in the ensuing financial year. In such a circumstance, it would be interesting to watch the actual collection against the budgeted target of 35,000 crore from the scheme.

For the purpose of success of the scheme it must be noted that, the tax payers in semi urban & rural areas are largely unaware of the service tax provisions. If this scheme could be made simpler than chances of opting this scheme could possibly rise. Refinement of this scheme is needed to take care of the drawbacks mentioned hereinabove and also wider publicity along with creating a conducive atmosphere to serve its purpose. The Government may still gain a lot since the future service tax collection from the defaulting assessee are assured, apart from what the Government can collect under this scheme.

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Role of ETL Processes in Human Computation Inter-Enterprise Data Sharing

Dr. Jyoti Tuteja

Abstract : Extraction, Transforming and Loading (ETL) is an important and complex process of data integration. In this paper, existing ontology-based ETL methods have been reviewed. Then there's analysis of why ontologies could be a better approach to ETL compared to other approaches such as folksonomies. Following this, inter-enterprise collaboration, a class of problem that requires improvements to the overall ETL process is described.

Index Terms—Expert finding, Extraction-transformation-loading, Knowledge management, Ontologies

I. INTRODUCTION

Extraction-Transformation-Loading (ETL) tools are used to extract data from source databases, cleaning and transforming it to a specified staging format, and loading the staged data into a data warehouse. While general tools to aid this process exist, ETL is still done ad-hoc in many companies.

To accelerate the creation of ETL processes, I have utilized upper ontologies to aid the transformation process. However, use of an upper ontology on an arbitrary data source is not a straightforward process. Because data representation is inherently a non-deterministic process, there are a virtually infinite number of ways to represent any given domain of data. As such, each ETL process must go through a discovery phase to create a mapping between a new data source and an established data warehouse. This is the most time-consuming aspect of ETL, and as such, is the area that we hope to improve.

There has been a lot of work on different methods to perform ETL services. These services deal not only with transformation, which is a significant part no doubt, but also integration of data from multiple sources. With the advent of the semantic web and the concept of ontologies, ETL processes

have evolved to provide for not only faster, but more effective techniques to achieve their targets. This paper surveys these new ETL services and tries to evaluate their effectiveness. The motive for doing this research is to estimate how ontology-based ETL processes provide benefits to other data-based services later on.

A. ETL as a Means towards Advancement

Our ability to innovate, collaborate and deliver more targeted consumer services (e.g. crime prevention, early intervention, and proactive home healthcare) in key areas like health care, computer games, law enforcement, government, and academics requires us to associate, analyze and make decisions using data from multiple sources. While our industry enterprise partners agree to the mutual benefits of quickly sharing this data for more dynamic improvement of services, they are severely handicapped by the lack of needed collaboration services.

To make it easier to create inter-enterprise collaboration, there must be a method to identify experts that have specific knowledge about data and data sources, as well as potential knowledge that could be extracted to aid decision-making. Any non-

routine need for knowledge requires the following collaboration protocol:

1. A party asks a complex question that requires information from many sources to answer.
2. Experts are found and connected to each other in order to refine the question into sub-problems, identify data sources, or identify the knowledge extraction steps necessary to determine the sub-problems.
3. Organizations (or individuals) that own the data enter into an agreement or understanding to collaborate, for instance, by sharing data or applying tools.
4. Solutions to past sub-problems are used to make future collaborations efficient.

II. RELATED WORK

Researchers have taken many different approaches to improve the ETL process. Most techniques revolve around either a model of the data or a model of the process itself. ETL process modeling is intended to make the mapping process of one data source to the standardized data warehouse structure easier by abstracting the mapping process in various ways. Vassiliadis and Simitsis use an abstraction around the idea of concepts [1] [2]. By generalizing models of data sources from a relational model to a conceptual model, they provide a logical mapping of generalized concepts to similar concepts found in a data warehouse. This eliminates problems that arise from data source structure, whether it is from a relational database, flat files, or any other representation. It follows that, if an automated process can form these concepts for mapping, the transformation task of ETL can be greatly improved.

Alternative approaches to modeling the ETL process have also been researched. UML activity diagrams can be used to model the ETL process, thus grounding the process in a common language, as discussed in [3]. The advantage of this approach is that the process modeling can be done by a wide variety of people, due to the penetration of UML.

A solid process modeling technique should be

able to be standardized around a set of procedures, thus automating the generation of the ETL process from a conceptual model. Muoz et al. attempt this in [4]. By utilizing model-driven architecture and formally defined Query, View, Transformation (QVT) transformations, the authors provide a means of doing automatic code generation for ETL processes.

While process modeling can provide a robust set of techniques to reduce the cognitive load of ETL process designers, there is a notable lack in attempts to evaluate the performance of these techniques. In [5], the authors propose a set of experiments to validate measures of the performance of their UML activity diagram technique. This shows significant utility in maintainability measures, such as the number of elements in the ETL process and the number of input and output flows in the ETL process. By showing the efficacy of these measures of maintainability, the authors open the door to discovery and validation of other measures, such as ease of construction and the ability to automate the process.

When discussing ETL processes, one must take into account the wealth of research in related fields. Schema mapping, a technique that is key to information integration, is a restatement of the ETL problem. Clio, a project that creates tools for information integration, uses techniques for generating queries that represent key concepts within a data source [6]. Using the mapping to the central concept, one can match the fields of a query from one data source to the fields of a query from a different data source. This technique has potential for expansion; by integrating it with the work in [1] and [2], the mapping could automatically be generated for an ETL concept to integrate the data into the data warehouse.

Work has also been done in the area of automatic ontology matching. Given our goal of utilizing ontologies to hasten the ETL process, work in automatic ontology matching is an important avenue for investigation. In [7], Mascardi et. al. evaluate the use of upper ontologies for automatic ontology matching. The authors evaluated their techniques using several upper ontologies, including SUMO-OWL, OpenCyc, and DOLCE. This work will be important to keep in mind as we develop our technique.

III. METHOD

A. Why Use Ontology-Based ETL

Ontologies have been used in a variety of biomedical applications, such as data integration. This approach to integration usually involves annotating multiple sources of data using some controlled vocabularies. This method has proven to be very successful. An excellent example would be the Gene Ontology which has been used efficiently to standardize genes and gene products using a controlled vocabulary. The efficacy of this method has led to several domain specific and ad-hoc ontologies. The Open Biomedical Ontologies (OBO) [8], which includes the Gene Ontology, is a consortium which tries to keep track of and coordinate these efforts.

The most interesting aspect is that the data that is stored using ontologies is very well structured. There are several tools, such as AmiGO for the Gene Ontology [9], which can perform data mining tasks very effectively. An obvious question is whether similar techniques would perform as well for domains other than biomedicine. Also, we must look at ETL using ontologies as a precursor to developing such data-based applications. This might be one of the biggest benefits provided by ontology-based ETL practices. The example of the Gene Ontology indicates that once the data is integrated in a structured manner along with its conformation to an accepted ontology, it can be used to provide a layer of services to users which would have been difficult to otherwise achieve.

In the rest of this section, we first compare ontologies with folksonomies. Secondly, we compare and analyze different types of ontologies. Finally, we analyze some representative ETL methods.

B. Ontologies vs Folksonomies

Ontologies, as shared understandings of concepts and the relationships between them, are usually developed by domain experts. During the development, knowledge engineering coordinate term usage and achieve agreement on a set of terminology. Ontologies are beneficial since they provide high consistency and accuracy. However, they introduce the issue of scaling. It is hard to ask for complete agreement on terminology with a large ontology. Another disadvantage is that ontologies lack

the ability to deal with polymorphism. For example, a term may have several different meanings and several different terms may refer to the same concepts.

Folksonomies are another approach that complements ontologies. Human computation and crowdsourcing are utilized to generate folksonomies. One example of a folksonomy is the social bookmarking service "Delicious", which consists of user-tagged bookmarks. Folksonomies provide a more flexible way to achieve large scale knowledge sharing, which is costly to accomplish using ontologies. However, high flexibility also makes folksonomies fail to achieve high consistency and accuracy. Considering accuracy is one of the focuses of ETL, ontologies are more appropriate than folksonomies to support ETL process.

C. Upper, Middle, and Lower Ontologies

As mentioned earlier, ontologies are costly when attempting full domain coverage due to scaling issues. Thus, we classify ontologies into three different types: upper ontologies, middle ontologies and lower ontologies. We believe a good use of this classification can help solve the issue of scale.

Upper ontologies are sharable understandings of concepts which are applicable across domains. Serving at a top level, upper ontologies are the first step for an ETL developer to consider. Starting from an upper ontology could improve

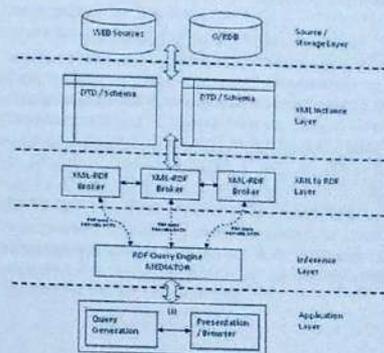


Fig. 1. A model of semantic integration.

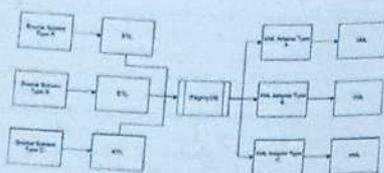


Fig. 2. A characterization of the Sypherlink ETL problem.

efficiency, since the developers don't have to start from scratch. Lower ontologies are specifications of particular domain. Mid-die ontologies serve as bridges connecting various upper and lower ontologies.

A good approach is to look through ontologies in a top-down fashion, from upper to middle to lower ontologies. This is top-down approach is based on the intuition that the focus of ETL processes is consistency instead of individual differences.

D. Ontology-based ETL Methods

Semantic web [7], or Web 3.0, has opened new avenues in cyberinfrastructures. It has allowed the web itself to be more "structured". Data extraction over the Internet has become a well-trod practice for many enterprises dealing in knowl-edge management. Data integration and, more specifically, "semantic" integration have become mainstream techniques for acquiring data.

The basis of OWL-based ETL is making use of the semantic metadata which is an integral part of Web 3.0. OWL- or RDF-based ETL is becoming very popular. One of the major reasons for this could be that OWL is now a recommended standard for representing ontologies according to the W3C. Since it is supported by XML it is very easy to integrate and use.

Figure 1 is a framework based on semantic integration.

IV. CASE STUDY

A. Sypherlink

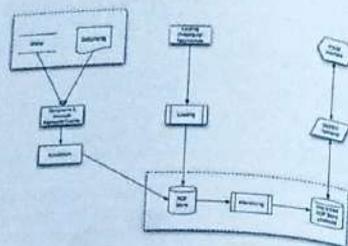


Fig. 3. A system overview for the project

stage takes only several weeks while the data moving stage takes months. A lean strategy is to focus on the data moving first, which would return high business value. We are still on the track of figuring out which technique would be optimal for this Sypherlink problem.

B. Biomedical and Healthcare Applications

The goal is multifold: build a semantically-anchored search engine that could seamlessly query across all of these resources and platforms; provide workflow support that will allow for the seamless integration and pipelining of the available resources and architectures; and both automated and semi-automated data retrieval with the help of ontologies. This project will provide insights on the effectiveness of this technique and help address the above issues.

The project uses the OWL/RDF framework to store the annotated resources. SPARQL, in conjunction with graph-based data mining techniques, is used to query the model and rank the obtained results. An overview of the system can be seen in Figure 3.

C. Utilizing ETL to Identify Points of Collaboration

To illustrate, many development experts used knowledge of multiple diverse data sources:

1. demographic information;
2. local fast food locations and size;
3. incidence of type II diabetes;
4. tax data;
5. lo-cation of grocery stores; and
6. connections with the local university policy makers and experts.

This investigation took considerable time and many meetings but eventually resulted in the formulation of a tax incentive to a specific fresh food cooperative to establish a new location in the under-served area. This type of collaboration between policy makers, entrepreneurs and researchers through the exchange of data and expertise from their respective enterprises for mutual value is the eventual goal of our proposed prototype system.

V. EVALUATION

Sypherlink, a software firm is dealing with the process that integrates different data sources based on NIEM ontology, as illustrated in Figure 2. The data mapping

The evaluation is to be done using three case studies from different domains. The first is the Sypherlink project which explores the application domain of e-governance and uses the National Information Exchange Model. The second is the initiative to develop a semanti-cally rooted search engine for health care researchers which makes use of ontologies from the Open Biological Ontology discussed above. Using these two studies we should be able to answer both the questions presented by ontology-based ETL. These are "Is there an improvement in the performance of the actual ETL process?" and "Will using ontologies to do ETL have a benefit subsequently in the form of data mining or data warehousing services?"

The third case study is the experience we noted in the collaboration with the City of Columbus to identify policies to improve the health of under-served diabetics. This case study revolved around the collaborative process of sharing data and expertise. Complexity, heterogeneity, noise, the sheer mass of data, a lack of the right knowledge, and the inherent difficulty of predicting changing behavior all combine to make data sharing unreliable. To facilitate this, we will develop collaboration protocols for data sharing that complement existing machine algorithms, such as ETL and query filters applied across structured and unstructured, semantically rich content, by incorporating collaborative recommendations for "human computation" by experts. These algorithms will be designed here to utilize the effective and efficient connection discovery that machines do well in order to leverage human problem-solving abilities for problems that machines cannot handle.

This work will seek answers to the following questions: How can we use computational algorithms to support col-laboration protocols that result in the connections between humans with appropriate expertise? Can human computation be leveraged to make the inferences needed to more effectively share data? How can we recommend, in a timely manner, person- to-person connections for collaboration with experts? What motivates organizations to collaborate and how can we engage individuals within those organization?

For this research we will initially use two data sets: one from the National Ocean Council and one from the Department of Energy. We will later scale this work to law enforcement with one of our industry partners.

The intended outcomes of this research include: 1) an analysis of the feasibility of a recommender algorithm for a data collaboration protocol; 2) a case study that will illustrate the recommender's effectiveness in sharing data, especially in contrast to existing tools and methods; 3) a demonstrable prototype to engage potential users; and 4) a framework for further research.

VI. CONCLUSION

It is a way to analyze different ontologies by grouping ontologies into a hierarchy of upper, middle and lower ontologies has been proposed. The demand for ETL and data integration especially from unstructured data sources like the web is already high and increasing at a steady pace. The objective of this research is to check if ontology-based ETL processes provide a novel and productive solution to this problem. The potential use of these methods to aid in expert finding for collaboration have also been discussed. This type of task is vital to increase inter-enterprise innovation.

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Submission Dates:

Submission of Research paper	: 15 Nov 2013
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