educator
FIMT Journal

About the Journal

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 current issue of its Bi-annual Educator –the FIMT Journal, 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. Nangalla Bhardwaj
(Chairman)

From The Editorial Board

It gives me immense pleasure to bring to you the educator 2015. 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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Liquidity Risk Management in Islamic and Conventional Banks in Sri Lanka: A Comparative Study

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Abstract : Liquidity risk problem in conventional banks is defined as the risk of being unable either to meet the obligations of the depositors or to fund increases in assets as they fall due without incurring unacceptable costs or losses. Evidence from empirical research suggests that there are several variables that influence the relationship between determinants of liquidity risk and liquidity risk management. Banks are suggested to diversify their funding sources or increase the contingent liquidity sources. Further, in their daily operations, banks need to provide and maintain liquidity to resolve the regular and irregular demand for liquidity from depositors. Further propose three techniques to mitigate the regular demand for liquidity.

INTRODUCTION

The banking sector is considered to be an important source of financing for most businesses in any economy. At present a lot of countries around the world currently having dual banking system, as interest free banks are functioning parallel to conventional banks. Today the most familiar region of risk with Islamic and conventional banks is liquidity risk. Liquidity risk is the outcome from the disparity involving the maturities of the two sides of the balance sheet (Akhtar, Ali, and Sadaqat, 2011). Banks are motivated by various reasons to hold a certain amount of liquid balances. Liquidity refers to the ability of the bank to meet up deposit withdrawals, maturing loan request and liabilities without setback. Banks defend its customers aligned with troubles of liquidity by captivating in financial liabilities that can be drained on demand, on the add side of the balance sheet and offering dedicated lending services (Ahmed, and Naqvi, 2011).

Liquidity risk problem in conventional banks is defined as the risk of being unable either to meet the obligations of the depositors or to fund increases in assets as they fall due without incurring unacceptable costs or losses. The liquidity problem also arises because of the depositors deciding to redeem their deposits but the bank has not enough cash in hand. In reality, banks find imbalances in the asset and liability side on the regular basis and must need to manage that accurately else they would face solvency risks. In order to understand the liquidity risk of the Islamic banks, we first need to understand the underlying principles of the Islamic Banking (Ariffin, 2012).

In case of Islamic banking is relatively new. The liquidity risk management is the important to management for the Islamic banks as well as the conventional banks in order to be solvent. Principally, any effort by Islamic banks to construct a sound liquidity management should be arranged across the real business transaction. Because the Islamic banks deal in the real assets for so it deals in within the business cycles, cooperation among the business partners and good conduct of the stakeholders. This is the core stone of all the Islamic banking operations. So, Islamic banks are more exposed to the liquidity

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risk there is disharmony between business partners or an obvious decline of business condition (Ismal and Rifki, 2010). As Islamic banks are operating on the trust basis according to the "Shari'ah" values and principles, which infuse the industry from the inside, treat the bank management, shareholders and stakeholders as trusted business partners. This ultimately form a system of cooperation among the business partner, cooperation, symmetric information and balance in the allocation of funds on both the asset and liability sides.

Prominent feature is about the Profit Loss Sharing (PLS) which directs sharing of risks among all the business participants thereby reducing the liquidity risks. But the Islamic banking operations associated with the real business transactions, they are more exposed to various kinds of business and market risks such as price fluctuation risk, asset losses risk, amortization and economic downturn risk. These risks may affect the performance of the Islamic banks and causes a mismatch between the assets and liability (Iqbal, 2012). With this background, it is obvious that there are differences in between the liquidity risk management of Islamic and Conventional banks. Further, there are a number of researches had been done in many countries such as Malaysia, Pakistan and Bahrain. But there is no such research done in Sri Lankan Context. Therefore, In order to fill this research gap, this research is aimed to investigate on the liquidity risk management of Islamic and Conventional banks of Sri Lanka.

LITERATURE REVIEW

To estimate loss rates and scheming quality of portfolio, a simple statistical tool by means of risk index was developed for risk measurement (Smith, "Measuring Risk on Consumer Instalemnt Credit", 1964). Modigliani and Pogue (1974) presented two measure of risk; relative measure denoted by beta and measure of total risk denoted by standard deviation. Relying on monthly rate of return between 1945 to 1970 they established beta measure to be more significant for securities' pricing and predictable for great portfolios. Doherty (1975) presented a model based on loss probabilities to show how the scope and level of interdependence connecting unusual ways of treating risk rely on the composition of quality in risk management.

Ratti (1980) found that dissimilarities in environment can cause positive (negative) income affect that show the way to fewer (extra) risk taking by banks. Kim and Santomero (1988) found capital ratios fruitless mean to limit bank's insolvency risk. Deakins and Hussain (1994) argued that method of risk estimation has very important inferences for banker and business relationships and highlighted on investing both in time and resources through risk assessment process. Metwally (1997) found that while financing loans interest-free banks depend deeply on their equity, face extra complexity, and inclined to be fairly additional conservative in utilizing their loan able resources than conventional banks.Clementi (2001) presented an outline of the tendency in consolidation of the market, prior to reviewing present suggestions on new Basel Accord and on the bank's capital adequacy. The study highlighted the returning difficulty of liquidity and then presented some examination of fresh developments, predominantly in risk transfer method. The study stressed that modernism must be handled with some care, and found risk management as significant goal of financial system.

Ghannadian and Goswami (2004) observed the performance of an Islamic banks and how Islamic banking scheme can offer liquidity and support in the process of money creation from side to side contribution transactions accounts and found that in all developing economies investing funds on basis of profits and losses is an attractive choice for the banks. Gabbi (2004) emphasized about the reliance of risks on organization's place in the market. The study explained that liquidity risk can be controlled in the course of practices that are severely connected to the scale and scope of financial measures, seeing as large banks are capable both to manage additional market information and to influence monetary policy functions. Zheng (2006) found that short-term yield spreads are dominated by liquidity risk. Franck and Krausz (2007) found that securities market matter more in supporting bank for likely liquidity deficiency while studying the function of stock exchange as a similar function of and lender of last resort. Many dealers assert that extra liquid markets are superior to fewer liquid markets (Mainelli, 2008) and found uniqueness of liquid markets are flexibility deepness and tightness.

Zheng and Shen (2008) stated that in the

presence of liquidity risk more realistic loss can be estimated by liquidity adjusted conditional value at risk which provides a better measure for risk. And also suggested efficient Monte Carlo method: which applies to portfolio of securities or single securities, and finds approximate conditional value at risk and risk at value of all percentiles from the loss distribution with in single set of samples. Anas and Mounira (2008) suggests that Islamic banks should strengthen their risk management practices such as, to enhance secondary market they need price transparency and liquidity. Moreover, they can trade Sukuks and Financial Takaful (insurance) as a medium of risk-hedging. Hassan (2009) argues that three types of risks are being faced by Islamic banks in Brunei Darussalam such as, credit risk, foreign-exchange risk and operating risk, and they are managing those risks very efficiently with the help of risk management practices, which includes risk identification (RI) and risk assessment and analysis (RAA). Dinger (2009) proposed that in emerging economies, due to the existence of transnational banks aggregate liquidity shortage risk has been reduced, as in normal circumstances they are holding low liquidity assets but in crises they holds higher liquid assets as compared to single market banks.

Vaihekoskia (2009) investigated that in the period of systematic liquidity risk (illiquidity) of those stocks which provides high rate of return were negatively related to the price of liquidity risk. Therefore, systematic liquidity risk is not priced as an asset-specific risk but as market-wide systematic risk as it is enough to occupy all liquidity related risks. Uddin (2009) identified that there exists the negative relationship between liquidity and stock return, as stock become more illiquid the liquidity risk increases more than the relative rate, also indicate that return is not affected by the fluctuations in the relative stock liquidity. Ismal (2010) indicate that with respect to liquidity management, the Islamic banks in Indonesia are evaluating themselves on the basis of three factors such as, banks liquidity management policy, liability side and asset side, and they stands in the index of "good grade. Ismal (2010) suggested that Islamic banks should improve their policies to balance liability and asset, communicate their operations and principles to public to deepen their understanding towards Islamic banks and restructure management of liquidity on asset and liability side in order to improve and strengthen their liquidity management.

Sawada (2010) investigated that in the times of crises, due to the liquidity shock persuaded by the depositors, banks increase their cash holdings by selling their securities in the financial market, not by liquidating their loans. As they adjust their portfolio dynamically through selling and buying their securities in financial market. Ojo (2010) emphasized on the significance of risks all the way through a position to the vital role engaged by capital adequacy. On the basis of Accord principles the study observed that beside substantial development, a lot work is yet to be done specifically relative to liquidity risk.

PROBLEM STATEMENT

The risk summary of Islamic banks is more or less parallel to the conventional (interest-based) banks. On the other hand, the risk faced by Islamic banks is categorized in two dimensions. The first dimensions of practice which are alike to conventional structures, and not in disagreement with the Islamic finance principles, and the second dimension of practices which are new-fangled or tailored and are believed to congregate the Islamic law and principles. One such scenario is the termination of the *"Murabahah"* agreement that boosts the possibility for liquidity troubles (Anas and Mounira, 2008). Discovering, gauging, managing and scrutinizing a variety of risk contacts is the major fundamentals of risk management process. This argument proved from some researches of Pakistan and some researches Bangladesh also proved that even Liquidity Risk is hazardous for the both Islamic and Conventional banks, and Islamic Bank's Liquidity Risk Management practice differs from the Conventional Bank's Liquidity Risk Management. Some researches of Malaysia and Bahrain also proved facts in this context. But there isn't any effort to prove and to conduct any researches in this context in Sri Lanka. On this basis, this research is aimed to investigate the following problem statement; **"Whether the Islamic banking risk differs from the conventional bank risk".**

RESEARCH QUESTIONS

The following two research questions are developed to investigate the above problem statement.

1. Does Islamic bank's liquidity risk management practice differ from the conventional bank's liquidity risk management practice?

2. What are the relationships between the determinants of liquidity risk and liquidity risk management practice?

OBJECTIVES OF THE STUDY

The objectives of this study are:

1. To compare the liquidity risk management of Islamic and conventional banks in Sri Lanka.
2. To identify the relationship and impact of the Size of the Financial Institution (SFI), Networking Capital (NWC), Return on Equity (ROE), Capital Adequacy Ratio (CAR) and Return on Asset (ROA) on the liquidity risk management of both Islamic and conventional banks in Sri Lanka.

METHODOLOGY

Conceptual Framework

The conceptual framework (Figure: 1) illustrates the link between the determinants of liquidity risk and liquidity risk management of banks and operationalization of the variables. Evidence from empirical research suggests that there are several variables that influence the relationship between determinants of liquidity risk and liquidity risk management. Determinants of liquidity risk management (LRM) include the Size of Financial Institution (SFI), Net Working Capital (NWC), Return on Equity (ROE), Capital Adequacy Ratio (CAR) and Return on Assets (ROA) based on the above variables the following conceptual framework.

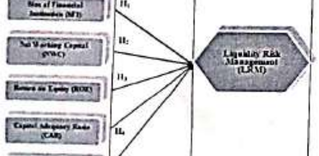


Figure 1: Conceptual Framework for the Research

Hypothesis Development

The following null hypotheses (H_0) and alternative hypotheses (H_a) had been constructed for this study. They are:

- H_{01}: There is no relationship between the Size of Financial Institution and Liquidity Risk Management.
- H_{a1}: There is a relationship between the Size of Financial Institution and Liquidity Risk Management.
- H_{02}: There is no relationship between Net Working Capital and Liquidity Risk Management.
- H_{a2}: There is a relationship between Net Working Capital and Liquidity Risk Management.
- H_{03}: There is no relationship between Return on Equity and Liquidity Risk Management.
- H_{a3}: There is a relationship between Return on Equity and Liquidity Risk Management.
- H_{04}: There is no relationship between Capital Adequacy Ratio and Liquidity Risk Management.
- H_{a4}: There is a relationship between Capital Adequacy Ratio and Liquidity Risk Management.
- H_{05}: There is no relationship between Return on Assets and Liquidity Risk Management.
- H_{a5}: There is a relationship between Return on Assets and Liquidity Risk Management.

METHODS OF ANALYSIS

To investigate the relationships between the determinants of liquidity risk and liquidity risk management in Sri Lanka, this study employed methodologies adopted in prior research in this area. Most studies which investigate these relationships have used a positivist research paradigm of a deduction method and quantitative techniques to analyze the data that is collected from secondary sources. In order to examine the extent to which the liquidity management practices are different in between Islamic and conventional banks in Sri Lanka, a comparative analysis was conducted. Analysis was conducted using SPSS 20 software package. Ratio analysis was used to compare the different liquidity management practice of Islamic and conventional banks. Correlation analysis was conducted to find out if there is an association between the

determinants of liquidity risk and liquidity risk management practices. Data were collected from secondary source from annual reports of the selected banks. The sample consists of 3 banks; of which one is Islamic and two are conventional banks. Data was collected from the bank's annual reports over the period 2008 - 2011.

RESULTS AND DISCUSSION

Size of Financial Institution - SFI

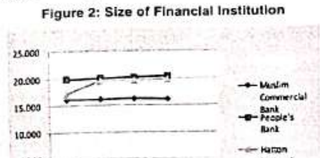
SFI is measured by taking the logarithm of total assets. SFI of Islamic Bank is less than SFI of Conventional Banks. Result of SFI is shown in the table and figure below:

Table 1: Size of Financial Institution

Year	Muslim Commercial Bank	People's Bank	Hatton National Bank
2008	16.075	19.801	17.055
2009	16.140	19.981	19.451
2010	16.230	20.121	19.565
2011	16.108	20.312	19.751

Sources: Survey data

Figure 2: Size of Financial Institution



Sources:Survey data

The size of the conventional banks is more than Islamic banks. This is because that, Islamic banks are the new entrants in the banking industry of Sri Lanka. The SFI value of Islamic bank is 16.075 in 2008, the SFI value is lower. While SFI value of both state and private conventional banks are more than 19, SFI value of Islamic Bank is less than 19. This indicates the differential values Liquidity Risk Management practices of both Islamic and Conventional banks. However, Islamic bank is showing slightly increase of size year by year from 2008 to 2011.

NET WORKING CAPITAL - NWC

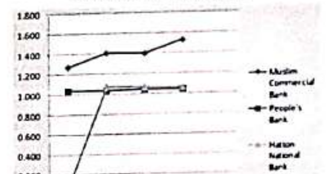
Net Working Capital Ratio is used in various other financial formulas that deal with cash flows. Net Working Capital Ratio indicates whether a bank has enough short term assets to cover its short term debt and also gives investors an idea of the bank's underlying operational efficiency. Net Working Capital result is shown in table and figure below:

Table 2: Net Working Capital

Year	Muslim Commercial Bank	People's Bank	Hatton National Bank
2008	1.270	1.033	0.076
2009	1.406	1.035	1.075
2010	1.398	1.038	1.065
2011	1.527	1.042	1.062

Sources: Survey data

Figure 3: Net Working Capital



Sources:Survey data

From 2008 to 2011 Net Working Capital of the Islamic bank is more than Conventional banks. This indicates ability of Islamic Banks to cover their short term financial needs. Net Working Capital increases continuously in 2008 and in 2009. But in 2010 it decrease by 0.008. While NWC Ratios of Islamic Bank is more than 1.2, NWC Ratios of Conventional banks are lower for selected period. This indicates the differential Liquidity Risk Management practices of both Islamic and Conventional banks. However Islamic bank is showing higher Net Working Capital from 2008 to 2011.

RETURN ON EQUITY

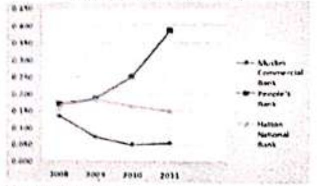
The return on equity is measured as the ratio of net income to total equity. The high ratios indicate the better return to the investments of the shareholders. Result of ROE is shown in table and fig.

Table 3: Return on Equity

Year	Muslim Commercial Bank	People's Bank	Hatton National Bank
2008	0.135	0.170	0.156
2009	0.072	0.187	0.182
2010	0.050	0.250	0.164
2011	0.055	0.383	0.150

Sources: Survey data

Figure 4: Return on Equity



Sources: Survey data

Return on Equity of Conventional banks is more than Islamic bank. It shows the better return to the investments of the shareholders of conventional banks. Return on Equity of Islamic bank decrease from the year 2008 to 2010. But in 2011 it increased by 0.005. The ROE Ratio of Islamic bank is 0.135 in 2008 but in 2011, it was 0.050. In case of Convention bank, Return on Equity of state bank increases trends year by year. As the same time, Return on Equity of Private bank is decreasing from 2009. While ROE Ratio of Conventional banks are higher (0.383), ROE Ratio of Islamic Bank is lower (0.055). This ROE result indicates that the differential Liquidity Risk Management practices of both Islamic and Conventional banks. However, Islamic bank is showing decrease trend of ROE year by year from 2008 to 2011.

CAPITAL ADEQUACY RATIO

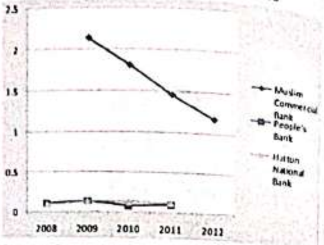
Capital Adequacy Ratio is a measure of a bank's capital. It is expressed as a percentage of a bank's risk weighted credit exposures. This ratio is used to protect depositors and promote the stability and efficiency of financial systems around the world. CAR result is shown in table and figure below:

Table 4: Capital Adequacy Ratio

Year	Muslim Commercial Bank	People's Bank	Hatton National Bank
2008	2.139	0.105	0.090
2009	1.810	0.134	0.132
2010	1.456	0.077	0.126
2011	1.171	0.095	0.116

Sources: Survey data

Figure 5: Capital Adequacy Ratio



Sources: Survey data

Capital Adequacy of Islamic bank is more than Conventional banks. Even though, Capital adequacy Ratio of Islamic bank decrease trends from the year 2008 to 2011 from 2.139 to 1.171. The CAR of Islamic bank is 2.139 in 2008, 1.180 in 2009, 1.456 in 2010 and 1.171 in 2011. In case of Convention banks, Capital Adequacy Ratio of state bank and private are nearby same. While CAR of Islamic Bank is more than 1, CAR of both state and private conventional banks are lower than 1. This indicates the differential Liquidity Risk Management practices of both Islamic and Conventional banks.

RETURN ON ASSETS

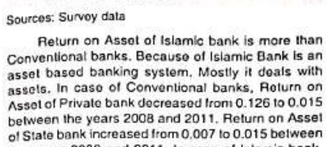
The return on assets is calculated as net profit of the banks to total assets. The return on assets ratio indicates how much the banks are generating profit through efficient employment of its resources. ROA result is shown in table and figure below:

Table 5: Return on Assets

Year	Muslim Commercial Bank	People's Bank	Hatton National Bank
2008	0.029	0.007	0.126
2009	0.021	0.007	0.016
2010	0.014	0.010	0.014
2011	0.019	0.015	0.015

Sources: Survey data

Figure 6: Return on Asset



Sources: Survey data

Return on Asset of Islamic bank is more than Conventional banks. Because of Islamic Bank is an asset based banking system. Mostly it deals with assets. In case of Conventional banks, Return on Asset of Private bank decreased from 0.126 to 0.015 between the years 2008 and 2011. Return on Asset of State bank increased from 0.007 to 0.015 between the years 2008 and 2011. In case of Islamic bank, Return on Asset decreased from 2008 to 2010 from 0.020 to 0.014. In 2011 it increased by 0.005. Even if it decreased Return on Asset of Islamic bank is higher than Return on Asset of Conventional Banks.

LIQUIDITY RISK MANAGEMENT

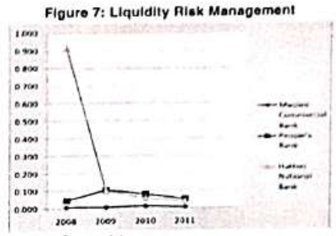
The Liquidity Risk Management of the Islamic and conventional banks is measured using the cash and cash equivalent to total assets. The high value of the ratio shows the better liquidity position. LRM result is shown in table and figure below:

Table 6: Liquidity Risk Management

Year	Muslim Commercial Bank	People's Bank	Hatton National Bank
2008	0.007	0.045	0.913
2009	0.006	0.105	0.097
2010	0.012	0.080	0.057
2011	0.007	0.053	0.039

Sources: Survey data

Figure 7: Liquidity Risk Management



Sources: Survey data

Liquidity Risk Management is better in Conventional banks than Islamic Bank. In case of Conventional banks, Liquidity Risk Management of Private bank decreased from 0.913 to 0.097 between the years 2008 and 2009. In order it decreased as 0.057 in 2010 and 0.39 in 2011. Risk Management of State bank increased from 0.045 to 0.105 between the years 2008 and 2009. But from 2009 to 2011, it decreased from 0.105 to 0.053. In case of Islamic bank, Liquidity Risk Management is lower than Conventional Bank. While Liquidity Risk Management of Conventional bank is more than 0.03, Liquidity Risk Management of Islamic bank is lower than 0.02. This position indicates that the Liquidity Risk Management practice of Conventional bank differ from Liquidity Risk Management practice of Islamic Bank.

RESULT OF CORRELATION ANALYSIS

Correlation analysis expose that most of the variables are negatively correlated. This means the relationship between the variables is negative. The results of the two main Variables (Liquidity Risk Management and Determinants of Liquidity Risk) Correlation analysis and hypothesis testing are as follows; The above table:7 shows relationship between dependent (LRM) and independent (SFI, NWC, ROE, CAR and ROA) variables of Islamic bank in overall correlation of coefficient table.

It simply describes that there is positive relationship between LRM and SFI and there is no significant between those two variables. There is negative relationship between LRM and NWC and there is no significant between those two variables.

Table 7: Correlation of Coefficient of Islamic Bank

		LRM	SFI	NWC	ROE	CAR	ROA
LRM	Pearson Correlation	1	.844	-.020	-.421	-.323	-.671
	Sig. (2-tailed)		.156	.980	.579	.677	.329
	N	4	4	4	4	4	4
SFI	Pearson Correlation	.844	1	.200	-.701	-.403	-.872
	Sig. (2-tailed)	.156		.800	.299	.597	.128
	N	4	4	4	4	4	4
NWC	Pearson Correlation	-.020	.200	1	-.836	-.928	-.651
	Sig. (2-tailed)	.980	.800		.164	.072	.349
	N	4	4	4	4	4	4
ROE	Pearson Correlation	-.421	-.701	-.836	1	.877	.953*
	Sig. (2-tailed)	.579	.299	.164		.123	.047
	N	4	4	4	4	4	4
CAR	Pearson Correlation	-.323	-.403	-.928	.877	1	.790
	Sig. (2-tailed)	.677	.597	.072	.123		.210
	N	4	4	4	4	4	4
ROA	Pearson Correlation	-.671	-.872	-.651	.953*	.790	1
	Sig. (2-tailed)	.329	.128	.349	.047	.210	
	N	4	4	4	4	4	4

There is positive relationship between LRM and ROE and there is no significant between those two

Table 8: Correlation of Coefficient of Conventional Banks

		LRM	SFI	NWC	ROE	CAR	ROA
LRM	Pearson Correlation	1	-.960**	-.996**	-.257	-.348	.991**
	Sig. (2-tailed)		.000	.000	.539	.401	.000
	N	8	8	8	8	8	8
SFI	Pearson Correlation	-.960**	1	.951**	.457	.183	-.965**
	Sig. (2-tailed)	.000		.000	.255	.664	.000
	N	8	8	8	8	8	8
NWC	Pearson Correlation	-.996**	.951**	1	.238	.394	-.992**
	Sig. (2-tailed)	.000	.000		.570	.334	.000
	N	8	8	8	8	8	8
ROE	Pearson Correlation	-.257	.457	.238	1	-.428	-.237
	Sig. (2-tailed)	.539	.255	.570		.290	.573
	N	8	8	8	8	8	8
CAR	Pearson Correlation	-.348	.183	.394	-.428	1	-.360
	Sig. (2-tailed)	.401	.664	.334	.290		.380
	N	8	8	8	8	8	8
ROA	Pearson Correlation	.991**	-.965**	-.992**	-.237	-.360	1
	Sig. (2-tailed)	.000	.000	.000	.573	.380	
	N	8	8	8	8	8	8

variables. And furthermore, it can be describe that there is negative relationship between LRM and CAR and there is no significant between those two variables. And also there is negative relationship between LRM and ROA and there is no significant between those two variables.

The given table : 8 shows relationship between dependent (LRM) and independent (SFI, NWC, ROE, CAR and ROA) variables of Conventional Banks in overall correlation of coefficient table.

It simply describes that there is strongly negative relationship between LRM and SFI and there is significant between those two variables at 1% significant level. There is strongly negative relationship between LRM and NWC and there is significant between those two variables. There is negative relationship between LRM and ROE and there is no significant between those two variables. And furthermore, it describes that there is negative relationship between LRM and CAR and there is no significant between those two variables. And also there is strongly positive relationship between LRM and ROA and there is significant between those two variables at 1% significant level.

Table 9: Correlation analysis

Variables	Banks	Hypothesis	r & P Value	Results
Size of Financial Institution	Islamic Bank	H_1: There is Relationship H_0: No Relationship	r = 0.844 P = 0.156	H_1 is Rejected H_0 is Accepted
	Conventional Bank	H_1: There is Relationship H_0: No Relationship	r = -0.960 P = 0.000	H_1 is Accepted H_0 is Rejected
Networking Capital	Islamic Bank	H_1: There is Relationship H_0: No Relationship	r = -0.020 P = 0.980	H_1 is Rejected H_0 is Accepted
	Conventional Bank	H_1: There is Relationship H_0: No Relationship	r = -0.990 P = 0.000	H_1 is Accepted H_0 is Rejected
Return on Equity	Islamic Bank	H_1: There is Relationship H_0: No Relationship	r = -0.421 P = 0.579	H_1 is Rejected H_0 is Accepted
	Conventional Bank	H_1: There is Relationship H_0: No Relationship	r = -0.257 P = 0.539	H_1 is Rejected H_0 is Accepted
Capital Adequacy Ratio	Islamic Bank	H_1: There is Relationship H_0: No Relationship	r = -0.323 P = 0.677	H_1 is Rejected H_0 is Accepted
	Conventional Bank	H_1: There is Relationship H_0: No Relationship	r = -0.348 P = 0.401	H_1 is Rejected H_0 is Accepted
Return on Asset	Islamic Bank	H_1: There is Relationship H_0: No Relationship	r = -0.671 P = 0.329	H_1 is Rejected H_0 is Accepted
	Conventional Bank	H_1: There is Relationship H_0: No Relationship	r = 0.991 P = 0.000	H_1 is Accepted H_0 is Rejected

CONCLUSION AND RECOMMENDATIONS

This study examines the liquidity risk management by taking comparative study between Islamic and Conventional Banks in Sri Lanka. The study found that the relationship of Size of Financial Institution with Liquidity Risk Management is positive and not significant in Islamic bank and negative and significant in Conventional banks. The relationship of Networking Capital with Liquidity Risk Management is negative and not significant in Islamic Bank and negative and significant in Conventional banks. The relationship of Return on Equity with Liquidity Risk Management is negative and not significant both in Islamic and Conventional banks. The relationship of Capital Adequacy Ratio with Liquidity Risk Management is negative and not significant both in Islamic and Conventional banks. The relationship of Return on Asset with Liquidity Risk Management is negative and not significant in Islamic Bank and positive and significant in Conventional banks.

Based on the analyses the researcher has recommended the following recommendations as suggestions to the consideration of the readers. The study also comes out with the following recommendations:

Banks are suggested to diversify their funding sources or increase the contingent liquidity sources. Further, in their daily operations, banks need to provide and maintain liquidity to resolve the regular and irregular demand for liquidity from depositors. Further propose three techniques to mitigate the regular demand for liquidity. The first one is to invest more funds in liquid loans and/or keep more cash in hand. The second one is to diversify sources of funding from various depositors. The final one is to use the central bank as the last resort to provide emergency liquidity to fulfill the regular demand for liquidity from depositors. To manage the predictable irregular demand for liquidity, banks should have an estimate of the short-term demand for liquidity based on their past experiences. Specifically, in estimating, assumptions are made that the predictable irregular demand for liquidity has seasonal, cyclical, and trend factors. Therefore, unless there is an error condition, it should be possible to identify the predictable irregular demand for liquidity. In order to increase the accuracy of their estimation, the banks should find out from their clients details on the schedule of their intended deposit withdrawals. Some of the systematic Liquidity Risk can be reduced through the use of risk mitigation and transmission techniques. Three generic risk-mitigation strategies:

a. Eliminate or avoid risks by simple business practices;
b. Transfer risks to other participants
c. Actively manage risks at the bank level (acceptance of risk).

For the growth of Islamic financial industry, bankers, regulators, and *"shari'ah"* scholars understand the inherent Liquidity Risks arising in these institutions and take appropriate policies to cater to those needs. Develop Liquidity Risk management instruments and procedures that are compatible with *"shari'ah"*. Increase bank's cost of funding. It consequently decreases bank's profitability. Liquidity management is difficult in Islamic banks due to the lack or limitation of practical instruments and the small number of participants on the money market. Because most of the conventional liquidity tools are not according to *"Shari'ah"*, Islamic banks sustain higher liquidity ratios compared to Conventional banks. It is important for the standard setters and the bank regulators to work together to improve the risk disclosures, including liquidity risk. It is hoped also that by having adequate disclosure in the annual reports, particularly risk information, future banking crises could be avoided. Islamic banks in Sri Lanka must strengthen its awareness campaign to its depositors especially in its bid to improve its liquidity risk management. Furthermore, it must maintain their practice of equity based financing as it was found praiseworthy by their clients. The Islamic bank management should adopt adequate internal controls over banks' liquidity risk management process which should be a part of the overall system of internal control to avoid liquidity problems in the future. One of the common techniques used in banking theory to improve the performance of asset and liability is called the Gap Analysis. This technique aid the output of the assets side and the liability side over a certain period of time. It suggests that banks maintain a higher return on the asset side than the liability side. On the practical level, asset liability committee (ALCO) arranges the strategies to implement the liquidity management policies in cooperation with the Business Risk Management

Committee, the Operational Risk Management Committee, and the Financial Risk Management Committee. Particularly ALCO:

a) Manages and monitors the daily liquidity position and collaterals on the asset and liability sides.

b) Perceive any liquidity imbalance.

c) Determines strategies to mitigate liquidity imbalance and

d) Maintains good relationships with external parties to cooperatively manage and foresee liquidity pressures.

For the expected irregular demand for liquidity, the most recommended technique is to estimate accurately the short-term demand for liquidity. For the unpredictable irregular demand for liquidity, the techniques are:

a) Having a Contingency Funding Plan,

b) Combining cash flow matching and liquid assets.

c) Prudently allocating the assets.

It facilitates the academician, scholars and bankers to have a picture about banking developments in managing liquidity risk as the journey offers the study of conventional banking to Islamic banking to improve their consideration for liquidity risk management.

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Developing a Compelling Brand Positioning through Advertising in Rural Sector

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Abstract : Brand positioning refers to the specific, intended meaning of the brand in the mind of targeted customers. A brand positioned by relating it to competitive offerings and to customers' goals and lives. Brand positioning is a communication function that includes analysis and planning on how that brand is positioned in the market, which target public the brand is targeted at, and maintaining a desired reputation of the brand. Developing a good relationship with target publics is essential for brand management. The rural products used to move through the channel of local market, central, jobbing market or secondary market and ultimately to either consumers or industrial users In this paper the research activity has been undertaken to measure the worth of the specific elements of developing a compelling brand positioning through advertising in rural sector in India.

Keywords: Alternative, Behavioural effects, Rural Buyers, Brand recognition, Positioning

INTRODUCTION

Brand positioning is to the specific, intended meaning of the brand in the mind of targeted customers. A brand positioned by relating it to competitive offerings and to customers' goals and lives. Brand is a network of associations. Brands are a ubiquitous part of modern markets. Brands are one of the most universal aspects of markets. Every organization, whether it competes in consumer markets, has a brand-an identity, a name, a reputation. Goldman Sachs, Caterpillar, Bloomberg, and McKinesy & Company are all focused on business-to-business markets and have brands that are recognized by their customers, just as Under Armour, Coca-cola, and Mercedes-Benz, Tata, Bata, Parle, LG, Samsung, Sony, Godrej etc. are known to their consumers. More generally, oxygen, electricity, water, financial advice, and even weather forecasts are distinguished by brands. Even people are brands, for good and bad. Think Tiger Woods. It would be difficult to find a person who is not touched by a brand. Advertising is one of the very few service industries which is growing at zenith rate to bring prosperity and progress to the teeming millions of countries where people run after jobs. To fully assess advertising success requires deployment of several tools, not the least of which is reasoned judgment by the marketing team. A typical advertising campaign last between 4 weeks and 3 months. Those with continuous formats run advertising uniformly throughout the year. Campaigns with pulsating formats feature advertisements throughout the year with a spurt of additional advertising during major seasons, such as Christmas. A discontinuous format includes periods when there are no advertisements and others when advertising is heavily used. Diet and exercise programs tend to focus on the New Year and the start of summer. Assessments of all these campaigns center on attitudinal effects and behavioral effects on consumer brand preference in rural sector. Attitudinal effects are measured using surveys and interviews via various media. Focus groups assist in evaluating messages prior to and after being released. Attitudes to be evaluated include recall of the ad, recognition of the brand, attitudes or feelings, brand positioning, perceptions of loyalty, and brand equity or parity.

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LITERATURE REVIEW

To conduct the study on the influence of advertising on consumer brand preference in rural sector, research has taken the various literature for detail study. Although some earlier literature reported positive attitudes toward advertising, most of the more recent researcher have found that consumers generally have negative attitudes towards ads. The public's perception of advertising has been in the eyes of advertising research for more than half a century (Shavitt et al., 1998; Alwitt and Prabhaker, 1992). Over time perception of advertising has changed and research shows that the opinion on advertising is mixed. The relationship between advertising and the consumer can e stated as complex and ambivalent. Consumer attitudes were considered to have three elements which are cognitive, affective and behavioral (Homer, 2006). To better understand the attitudes of consumers towards advertising, marketers need to consider their beliefs and feelings about advertising as well as the way they behave towards it (Wellbacher, 2003). While most people agreed that advertising is informative, they still do not trust advertising. They feel that advertising contributes to the cost of products that they purchase and believe that they obtain better value from products which are not advertised (Shavitt et al. 1998). Consumers believe that products do not perform as shown in advertising and much of the advertising is more manipulative than informative.

OBJECTIVE OF THE STUDY

Objectives of the study are following:

1. To study the brand positioning among the rural buyers towards advertisement of various products and services.
2. To recommend the policies regarding brand positioning which may be adopted by the advertisers to enhance awareness among the rural buyers towards products and services.

Methodology of the Study

The present study is the mixture of exploratory, descriptive, pure and empirical in nature. To expand the understanding of advertising effectiveness educational dilemma, to gather background information on the topic, to refine the research questions regarding brand. positioning

Hypothesis of the Study

H1: There is no significant difference among the rural buyers regarding brand positioning towards listening, reading and viewing habits towards the advertisements of all kinds of products due to age of rural buyers.

H2: There is no significant difference among the rural buyers regarding brand positioning towards listening, reading and viewing habits towards the advertisements of all kinds of products due to education level of rural buyers.

Analysis and Interpretation

To avoid self-interview and to validate the field results, 10 percent of the respondents were interviewed by the Researcher.

Table 1: Age wise Rural Consumers Listen, Read and See the Advertisement

Nature of Response		Age (Years) 10-20	20-30	30-40	40-50	50 and Above	Total	Chi-square (df=4)	Asymp. Sig. (2-sided)
Listen	N	243	242	186	185	105	961	3.961	.42
	% within listen	25.3	25.3	19.4	19.3	10.8	100.0		
	% of Total	24.3	24.2	18.6	18.5	10.5	96.1		
Do not listen	N	6	9	10	7	7	39		
	% within do not listen	15.4	23.1	25.6	17.9	17.9	100.0		
	% of Total	.6	.9	1.0	.7	.7	3.9		
Read	N	243	241	182	173	82	921	71.715	.000*
	% within read	26.4	26.2	19.8	18.8	8.9	100.0		
	% of Total	24.3	24.1	18.2	17.3	8.2	92.1		
Do not read	N	6	10	14	19	30	79		
	% within do not read	7.6	12.7	17.7	24.1	38.0	100.0		
	% of Total	.6	1.0	1.4	1.9	3.0	7.9		
See	N	249	250	183	174	87	950	104.327	.000*
	% within see	26.2	26.3	20.0	18.3	9.2	100.0		
	% of Total	24.9	25.0	18.0	17.4	8.7	95.0		
Do not see	N	0	1	6	18	25	50		
	% within do not see	0	2.0	12.0	36.0	50.0	100.0		
	% of Total	0	.1	.6	1.8	2.5	5.0		
All of them	N	243	241	181	170	81	916	74.549	.000*
	% within all of them	26.5	26.3	19.8	18.6	8.8	100.0		
	% of Total	24.3	24.1	18.1	17.0	8.1	91.6		
Not all of them	N	6	10	15	22	31	84		
	% within all of them	7.1	11.9	17.9	26.2	36.9	100.0		
	% of Total	.6	1.0	1.5	2.2	3.1	8.4		

Note: * significant at .01 level.

Source: Survey Data

Table 2. Education-Wise Rural Consumers Listen, Read and See the Advertisements Regarding Brand Positioning

Nature of Response		Education: Illiterate	Below Matric	Matric	Hr.Sec	Graduation	Post Graduation	Any other	Total	Chi-square (df=6)	Asymp. Sig. (2-sided)
Listen	N	[illegible]	[illegible]	[illegible]	171	123	[illegible]	[illegible]	[illegible]	[illegible]	.000*
	% within listen	6.1	20.7	[illegible]	17.8	12.8	4.3	3.0	100.0		
	% of Total	5.8	19.9	33.8	17.1	12.3	4.1	2.8	[illegible]		
Do not listen	N	11	15	6	1	1	2	3	39		
	% within do not listen	28.2	38.5	15.4	2.6	2.6	5.1	7.7	100.0		
	% of Total	1.1	1.5	.6	.1	.1	.2	.3	3.9		
Read	N	[illegible]	[illegible]	340	171	123	[illegible]	[illegible]	[illegible]	[illegible]	.000*
	% within read	2.1	[illegible]	[illegible]	[illegible]	13.4	4.5	3.1	100.0		
	% of Total	1.9	[illegible]	34.0	17.1	12.3	4.1	[illegible]	[illegible]		
Do not read	N	[illegible]	[illegible]	[illegible]	1	1	[illegible]	[illegible]	[illegible]		
	% within do not read	[illegible]	[illegible]	[illegible]	1.3	1.3	[illegible]	[illegible]	100.0		
	% of Total	[illegible]	[illegible]	[illegible]	.1	.1	[illegible]	[illegible]	7.9		
See	N	[illegible]	[illegible]	[illegible]	172	124	[illegible]	[illegible]	[illegible]	[illegible]	.000*
	% within see	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	100.0		

Note: * significant at .01 level.

Source: Survey Data

Results

The most common advertisements are offered by manufactures or sellers to rural consumers have been elaborated by the descriptions. Table 1 depicts the one-fourth rural consumers, who are teenagers (10 to 20 years old) listen, read and see the advertisements of any kind of products or services. Hence, it may be concluded that most of the rural consumers listen, read and see the advertisements of different type (s) of the product (s).

Table 2 stated that education became main factor to prone the mindset of customers towards listening, reading and viewing the advertisement of any kind of productStatistically, the asymptotic significance (2-tailed) p-value at .01 significance level, df = 6 concludes that there is significant difference among the rural consumers towards viewing the advertisements, education-wise. In total, it may be concluded that education plays vital role for observing the advertisement of any kind of product in rural India H_2.

CONCLUSION

Education plays a vital role for observing the advertisement of any kind of product in rural India. Listening, reading and viewing habits prevail in male category on higher side in comparison to female respondents. Understanding the formation process of creation and managing traits allows brand managers on one hand to adapt their brand communication strategy on the image they want to project for the consumers, and on the other hand, help them better differentiate their brands relatively to competition. Bachelor rural consumers are less prone to observe the advertisements in comparison to married rural people. Students followed by housewives and employees of public sector listen, read and see advertisement of products, whereas, businessman, employee of private sector, framers, etc. are less in number than those who listen, read and see the advertisement of all kinds of products. Rural consumers of district Varanasi, followed by Chandauli and Mirzapur are very much prone to listen, read and see the advertisement of products. Today's brand marketers are facing cut-throat competition in the domestic market. Rising competition on the domestic front forces a company to go for a corporate brand makeover. But a mere change in logo will not serve the purpose; it requires an overall corporate identity makeover to represent a fundamental shift in the way the companies operate.

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A Comparative Study of Non-Performing Assets of Banks: An Indian Experience

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Abstract : Banking sector reforms initiated in 1991 provided measures to build a healthier, unwavering and efficient banking system in India. The upliftment in asset quality and decline in non-performing Assets (NPA) were the primary objective. Non-performing Asset (NPA) is an essential ingredient in analysis of financial health of banks and even today, it is a subject of great concern for all banks. In this respect, the current paper intends to evaluate the trend in quantum of nonperforming assets in banks of India. In the present study, banks are categorised into four categories viz. scheduled commercial banks, public sector banks, new private sector banks and old private sector banks. For the intention of studying NPA amongst these bank groups, NPA is gauged through four indicators i.e. Gross NPA as% of gross advances, gross NPA as% of total assets, Net NPA as% of net advances and net NPA as% of total assets. The time period of the study is 2001 to 2013. Data is analysed using trend line analysis. The results conclude that NPA percentage were very high in 2002 which has shown a downturn over the sample years.

Keywords: Non-performing assets, gross non-performing assets, net non performing assets, public sector banks, private sector banks, scheduled commercial banks.

INTRODUCTION

Role of banks is imperative in the growth and development of a country and banks act as reservoirs of resources necessary for the economic development of any country across the globe. The same is true and applicable for the Indian banking sector. Generally, the performance of banks is directly and positively linked to the performance of an economy and therefore there profitability is subject to major threat from the performance of various components of economy. If the economy goes into the problem or move toward downward trajectory, the loans granted by banks to different business and segments are likely to be converted into non performing loans i.e. failure of repayment of loan and hence risk of Non Performing Assets (NPAs) starts looming over the balance sheets of banks. A high level of NPA indicates a voluminous number of credit defaults which have bearing on the profitability and net-worth of banks besides eroding the value of the asset. The growth of NPA requires necessity of provisions, which leads to reduction of the overall profits and shareholders' value. Indeed, the financial sector reforms initiated in 1991 have commendably changed the visage of the Indian banking Industry where upliftment in asset quality and decline in non-performing Assets (NPA) was the primary objective.

However, even today, the intensity of NPA is very high in all groups of banks although a decline over the years has been observed. Thus, NPA management is a matter of concern for banks of all categories and thus, the purpose of current paper is to see the trend in the level of NPAs across different categories of banks.

The remainder of the paper is organised as follows: review of literature is done in the next section.

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It is followed by objectives of the study. After this research design of the study is discussed followed by a discussion on analysis and results.

LITERATURE REVIEW

Non Performing Assets are a serious drain on the effeciency and effectiveness of banks as banks cannot reserve income on such accounts. Various studies have been done over last few years concentrating on various dimensions of Non performing assets such as their concept, relationship with various economic parameters, comparative assessment of NPAs between public sector banks and private sector banks and also seeing the pattern or trend of NPAs in banks over time. On comparing NPA of Indian Banks with International banks, **Deolalkar, G.H. (1998)** stated that the increased focus on NPA particularly after 1991 influenced the risk-taking behavior of banks. The problem of the NPA is handled differently by different countries depending on the economic system under which the bank operates. The author stated that banks in India holds higher levels of NPA than international banks. The observations of **Gopalakrishnan, T.V. (2004)** presented the sternness of NPA on bank's endurance and development. Focus was on assessing the performance of Indian banking industry, especially the public sector banks (PSBs) during 1993-2001. In a descriptive study on NPA in PSB, **Reddy. B.K., et al (2006)** analyzed trends in NPAs of PSB, its sectoral composition, asset quality diagnosis and the scenario of NPAs at the bank level. The analysis highlighted the gross and net NPA has reduced from 1993-94 to 2003-04. **Karunakar., et al (2008)** in a descriptive study on NPA in Indian context observed that the level of NPA depends on how various risks are managed in the business. The study presented the NPA trends of PSBs from 1992-93 to 2005-06. Proper credit assessment and risk management mechanism were considered as the only solution of the problem of increasing NPAs in banks. In another descriptive research, **Pathak (2009)** focused on the role of asset quality in financial strength of banks. The study enumerated the list of banks whose NPA is more than their net worth which posed a significant question on the competence of credit risk management. **Faizanuddin, Md and Mishra R.K. (2011)** examined the dimensional approach of NPA in the banking system in India with special focus on SBI, Patna Circle, Bihar. Findings and Inferences based on analysis recommended key changes in the recovery policy, project financing norms, legal aspects and supervision of NPA accounts. The findings of the earlier studies have been indicative of the declining trend in level of NPAs in Indian banking industry but the studies have not given due weightage to grouping of the banks. Thus, current study, in an advent to study trend analysis of banks, has divided the banks into 4 categories and has taken a decade long period.

Conceptual framework of NPA

According to RBI, an asset becomes a NPA when it fails to produce income for the bank. In other words, NPA refers to a situation of an obligation of debt where the borrower fails to pay any prior accepted principal and interest repayments to the lender for a long tenure.

Gross NPA and Net NPA

The NPAs figure are normally given in terms of Gross NPA and Net NPA. It is necessary to understand the difference between them before proceeding further in this area. Gross NPA is the amount which has been lent by the bank and remaining outstanding regardless of any interest recorded and debited. In contrast to this , Net NPA is achieved when interest debited to borrowal account and not recovered or recognized as income. According to guidelines issued by RBI, every bank is required to make "provision" for NPAs. For example, if a bank has lended Rs. 100 and it estimates that it can recover Rs. 98 out of this then there is need to create "provision" for the other Rs. 2 which the bank expect to become "bad assets" . As a result of this when a default would occur, it would not surprise the user of financial statements and the bank as well. Therefore, NPAs are measured in two ways – gross and net. Gross NPAs is simply the total assets lended by banks and cannot be recovered. Net NPAs are gross NPAs less provisioning. For example, if a bank expect that in a particular financial year Rs. 2 out of Rs. 100 will not be recovered and it manages to collect Rs. 98, then its Net NPA is zero because it has already "provisioned" for the Rs. 2 of assets which went bad. In case, the provisioning has been done for Rs 2 out of Rs. 100 and the bank manage to collect only Rs. 97, then "Net NPA" is Re. 1. Therefore , in simple terms, Gross NPAs is an

advance which is considered irrecoverable, for bank has not made provisions, and which is still held in banks books of account. In order to obtain, net NPAs from gross NPAs , the following deductions are to be made :

- Interest due but not received: i.e. balances in interest suspense account.
- Claims received from credit guarantors and kept in suspense accounts pending final settlement.
- Part payment received and kept in suspensions; and
- Total provisions held.

Likewise, gross advances consists of bills purchased and discounted, cash credits, overdrafts and loans and term loans, whereas net advance is calculated by netting out bills discounted, DICGC claims etc., from gross advances. According to some experts, *Gross NPA is a better indicator than net NPAs because the former does not incorporate the endogenous provisioning process. This is because banks make provisioning for NPAs according to their capacities.Net NPAs does not present a true picture of NPAs so they will have to be supplemented by gross NPAs figures.*

OBJECTIVES OF THE STUDY

The objective of the current study is to explicate the trend in the movement of NPA over time across different types of banks which are categorised into four broad categories viz. Scheduled commercial banks, public sector banks, old private sector banks and new private sector banks. This objective is obtained by drawing a trend line for different types of banks for various NPA measures. With respect to this objective, the following are the research issues:

i. What is the trend for NPA measured by Gross NPA as % of gross advances for four categories of banks.
ii. What is the trend for NPA measured by Gross NPA as % of total assets for four categories of banks.
iii. What is the trend for NPA measured by Net NPA as % of net advances for four categories of banks.
iv. What is the trend for NPA measured by Net NPA as % of total assets for four categories of banks.

Measurement of NPA and Bank Categorisation

For the purpose of carrying out trend analysis of NPAs in banks over time, an attempt has been made to measure NPA from different perspectives and also to study it for different nature of banks separately. Thus, in the current study, NPA has been measured through 4 indicators viz. Gross NPA as percentage of gross advances, gross NPA as percentage of total assets, net NPA as percentage of net advances and net NPA as percentage of total assets. Banks are sub-divided into four groups viz. scheduled commercial banks, public sector banks, new private sector banks and old private sector banks.

Research methodology

The current study makes an attempt to identify the trend of NPAs in different categories of banks over time for which necessary research design has been developed and discussed in this section. The study uses secondary sources for data collection. Annual data was obtained for a period of 12 years starting from 2002 to 2013 for 4 categories of banks and for four indicators of NPAs respectively. Thus, for the current study, sample size of the data is 48 observations across a period of 12 years.

Model

In the current study, data is obtained for a period of 12 years for 4 categories of banks and 4 NPA indicators. To identify trend, a trend line analysis has been adopted for each of the four NPA indicator separately.

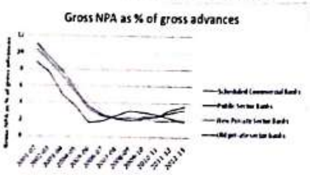
Analysis and results

The current study sought to examine the trend between NPA of four categories of banks. For this purpose banks are divided into scheduled commercial banks, public sector banks, new private sector banks and old private sector banks. NPA is measured by 4 indicators viz. Gross NPA as percentage of gross advances, gross NPA as percentage of total assets, net NPA as percentage of net advances and net NPA as percentage of total assets. This section presents the research analysis of the secondary data collected for the sample period of 12 years starting from 2002 to 2013 of sample Indian banks. A trend line analysis is conducted to examine the level of NPAs in banks over time. The results are presented for each NPA indicator separately.

I. Trend analysis for NPA Indicator - Gross NPA as % of gross advances

Graph No. 1 depicts the trend line showing the trend for Gross NPA as % of gross advances over a period of 12 years starting from 2001 to 2012 for all four groups of banks viz. scheduled commercial banks, public sector banks, new private sector banks and old private sector banks.

Graph No.1 : Trend line analysis for Gross NPA as % of gross advances

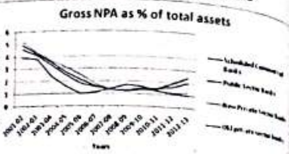


From Graph No. 1, it can be observed that over a period of 12 years, Gross NPA as % of gross advances has shown a declining trend from 2001 to 2006-07 for all the groups of banks and after that it has gradually increased at a very lesser rate. In the year 2012-13, Public sector banks and scheduled commercial banks have relatively higher value where-as other two categories of banks have lower NPA.

II. Trend analysis for NPA Indicator - Gross NPA as % of total assets

Graph No. 2 shows the trend line depicting the trend for Gross NPA as % of total assets over a period of 12 years starting from 2001 to 2012 for all four groups of banks viz. scheduled commercial banks, public sector banks, new private sector banks and old private sector banks.

Graph No.2 : Trend line analysis for Gross NPA as % of total assets

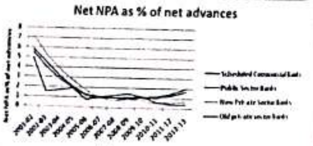


From Graph No. 2, it can be observed that over a period of 12 years, Gross NPA as % of total assets has shown a declining trend from 2001 to 2006-07 for all the groups of banks and after that it has gradually increased for two categories of banks viz. scheduled commercial banks and public sector banks. For other two categories of banks i.e. new private sector banks and old private sector banks it has declined very gradually. In the year 2012-13, public sector banks and scheduled commercial banks are showing again an increasing trend with public sector banks having higher percentage of NPA. New private sector banks and old private sector banks are showing a declining trend even in 2012-13 with latter being declining faster.

III. Trend analysis for NPA indicator - Net NPA as % of net advances

Graph No. 3 depicts the trend for Net NPA as % of net advances over a period of 12 years starting from 2001 to 2012 for all four groups of banks viz. scheduled commercial banks, public sector banks, new private sector banks and old private sector banks.

Graph No.3 : Trend line analysis for Net NPA as % of net advances

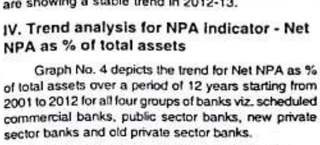


From Graph No. 3, it can be observed that over a period of 12 years, Net NPA as % of net advances has shown a declining trend from 2001 to 2006-07 for all the groups of banks excepting old private sector banks and after that it has gradually increased for two categories of banks viz. scheduled commercial banks and public sector banks and new private sector banks is more or less stable. Old private sector banks depict a very unstable scenario with ups and downs across the span of 12 years and finally in the year 2012-13 it manages to be the one having lowest NPA. In the year 2012-13, public sector banks and scheduled commercial banks are showing again an increasing trend with public sector banks having higher percentage of NPA. New private sector banks are showing a stable trend in 2012-13.

IV. Trend analysis for NPA Indicator - Net NPA as % of total assets

Graph No. 4 depicts the trend for Net NPA as % of total assets over a period of 12 years starting from 2001 to 2012 for all four groups of banks viz. scheduled commercial banks, public sector banks, new private sector banks and old private sector banks.

Graph No.4 : Trend line analysis for Net NPA as % of total assets



From the above graph, it can be observed that over a period of 12 years, Net NPA as % of total assets has shown a declining trend from 2001 to 2007 for all the groups of banks excepting old private sector banks and after that it has gradually increased for two categories of banks viz. scheduled commercial banks and public sector banks and new private sector banks is more or less stable. Old private sector banks depict a very unstable scenario with ups and downs across the span of 12 years and finally in the year 2012-13 it manages to be the one having lowest NPA. In the year 2012-13, public sector banks and scheduled commercial banks are showing again an increasing trend with public sector banks having higher percentage of NPA. New private sector banks are showing a stable trend in 2012-13.

Contribution of the study

In the current study, an attempt has been made to examine the trend between NPA of four categories of banks. Few appealing observations are made from the analysis of the current study. Firstly, in all the four groups of banks, Gross NPA as % of gross advances has been highest both in the beginning and end of the sample period. Secondly, in all the four groups of banks, Net NPA as % of total assets has been highest both in the beginning and end of the sample period. Finally, all the four groups of banks had very high NPA percentages in 2002 which has declined over the sample years.

CONCLUSION AND SCOPE FOR FURTHER RESEARCH

The current study is concluded with mentioning of a few areas not covered in this paper and thus an opportunity for further research. Firstly, in the current study, the thrust was only to identify the trend of NPA over time and impact of NPA on performance has not been looked upon. Further researches may capture this aspect of NPA. Secondly, in the current study, trend analysis is carried out only in Indian banking industry, thus in further researches a comparative analysis of Indian banks viz.-a- viz. international banks may be carried out. Finally, time period taken in the current study can be increased by further researches so as to capture a larger trend picture.

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Impact of Television Advertising on Children and their Subsequent Influence on Family Decision Making: A 15-Year Review of the Research

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Preety Wadhwa

Abstract : To review the research literature published within the past 15 years regarding the impact of Television advertising on children and subsequent influence on family decision making. Databases like Emerald, Science Direct, JSTOR, EBSCO and ProQuest were researched. This helped in carrying out literature review to understand the subject area of the present study and identify research gaps to be addressed in the present study. Some gaps were observed in terms of following factors, which require attention: The importance of family structure, sex-role orientation, type of family i.e nuclear vs. joint family households; parents' work status (single working or both parents working), number of siblings and birth order, family communication pattern, stage of decision making in the family decision-making process. A lot of research work has been done on individual factors but no comprehensive framework has as such been formulated, which explores the link between various factors affecting child consumers' response to Television advertising.

Key Words: Television, Advertising, Children, family decision making.

INTRODUCTION

International studies show that children under 12 years of age watch a great deal of television. Huston and Wright (1994, p.1.) in their Report by the Center for Research on the 'Influences of Television on Children' have indicated that children spend more time watching television than in any other activity except sleep (as cited by Dotson and Hyatt, 2000). Six to eleven year olds do the largest amount of their viewing (33%) during prime time (7:30 p.m. – 11 p.m.), followed by the late afternoon and early evening hours. Even children under six years do approximately 24% of their viewing during prime time (Adler, et al. 1980). TV viewing has even replaced dining table conversations. Working parents, nuclear or single parent families and latch key kids often lead to children who spend more time in front of television sets than conversing with their parents (Bhattacharyya and Kohli, 2007, April 8 10). The consequence is that with greater exposure to television, there is increased exposure to advertisements too. Infact, television is potentially more influential than peers and parents (Huston et al. (1989) as they are more exposed to television than any other stimuli (Schramm, Lyle, and Parker, 1961).

Parents who are anxiously and emotionally involved in child rearing 'tend to be most concerned about other socialization agents' and have the most negative attitudes about mass media/advertising (Carlson and Grossbart 1988, p.86). Steinberg in his recent contribution to the published book 'Kinderculture: The Corporate Construction of Childhood' strongly asserts the fact that censoring mass media will not protect children from the new found cultural bombardment, the only solution to that lies in healthy and open parent child communication (Sherley and Dr. Kincheloe, 1997). Previous research related to children and media exposure indicates that children's response to advertising on radio and print media (magazines) is similar to television commercials (Soldow, 1983). However, they spend more time watching television than listening to radio or reading magazines. Kline (1993) believes that the television often considered as a weaker socialization agent must be reconsidered looking at the huge impact of the medium and the growing number of hours a child watches television (as cited by Dotson and Hyatt, 2000). The influence of this mass medium stems from mainly two main aspects programming and advertising. They in turn, often lead to pester power, as programming may exert direct or indirect influence on consumer learning when children aspire for the possessions same as their television characters or animated characters have. Also, advertising directly upgrades their aspiration levels. The present study reviews the past literature on 'Influence of children on family decision making'

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Influence of children in family decision making

In the recent years, children have been recognized as a formidable segment affecting the family decision making process and hence have received increasing attention from the marketers, advertisers, retailers, academicians, consumer educators, public policy makers and of course the students of socialization and consumer behaviour.

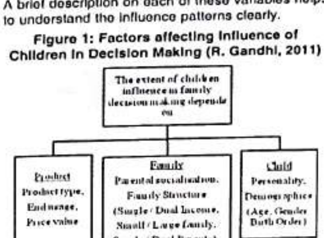
'Pester Power' or 'Kidfluence' or the 'Nag' Factor is the direct or indirect influence kids have over family household purchases (Soni and Upadhyaya, 2007). As noted by Rossister (1979), the influence or involvement construct really has two meanings : Children's influence can result from active efforts of the child to influence purchase decisions and also passive effect (Wells, 1968) borne by parents' consideration of the child's unstated preferences/needs (as cited by E. Belch , A. Belch, and Ceresino, 1985).

Research on the influence of children in family purchase decision making dates back to the 1960s when Beroy and Pollay (1968) conducted a study on the child's role as influence in cereal purchase decisions. Many research studies since then furthered the research on the degree to which parents yield in to children's influence attempts. Some researchers have expressed concern over the fact that studies on family decision making hover over husband-wife interaction giving less importance to children (Ward and Wackman, 1972).

Factors affecting children's influence in decision making

McNeal (1999) portrays children as the major influencers in most family decisions. However, the extent to which children affect the purchasing decision is determined by the following factors - mainly being Product, Family and the Child's Characteristics. Figure 1 broadly categorizes the determinant variables for the child's influence in family purchases. A brief description on each of these variables helps to understand the influence patterns clearly.

Figure 1: Factors affecting Influence of Children in Decision Making (R. Gandhi, 2011)



PRODUCT

Many researchers have concluded that the level of child influence is product-specific (Moschis, Moore, and Stephens 1977). However, product related characteristics like the product type, end usage and the price value moderate their influence level.

Product type: Past studies include evidences of children's nagging for various children products like toys, restaurant visits, games, soup, ketchups, facial tissues, CDs, cassettes, etc. More influence is shown on the decision related to family holidays compared to the minimal influence they have on the choice of grocery items (Foxman, Tansuhaj, and Ekstrom, 1989). Product knowledge and product importance are expected to affect the extent of child's influence (Belch, Belch, & Ceresino, 1985; Foxman et al. 1989). Table 2.4 shows how the teens (segmented by age group and their gender) spend their money on various products of their choice.

End usage: Ward and Wackman (1972) showed through their studies that parents are more likely to yield to children's influence attempts when the purchase is for a product to be used by the child. The same is also confirmed by Bocker (1986), Foxman and Tansuhaj (1988) and Tinson and Nancarrow (2005) wherein they showed that children have more influence for children related products than those related to the family.

Table 1 : Personal Spending of Children

	Males	Females
Going Out		
8-10 years old	16 %	22%
11-14 years old	57%	71%
Tapes and CDs		
8-10 years old	53 %	49%
11-14 years old	45%	60%
Computer and Video Games		
8-10 years old	53%	15%
11-14 years old	40%	26%
Clothes		
8-10 years old	14 %	44%
11-14 years old	33%	57%
Toys and Games		
8-10 years old	67 %	50%
11-14 years old	29%	26%
Toiletries and Cosmetics		
8-10 years old	2%	14%
11-14 years old	23%	53%

(Source : BMRB's UK Youth TGI. Adapted from Lindstrom and Seybold, 2004, *Brandchild*, p.53)

Table 2: Product classification based on Price Value and End Usage, R. Gandhi (2011)

Products' Price Value	End Usage of the Product	
	For the child	For the family
High	Bicycle, Clothes, Play-Station	Holidays, Computers, Television, Car
Low	Stationery, Ice-creams, Chocolates, Toys, Games, CDs/Cassettes	Toothpaste, Soaps, Ketchup, Cereals, Shampoo, Movie, Restaurants

Price value: Past studies have reported highlevels of yielding (about 70% of the time) for inexpensive products like snacks, cereals though there might be some gate keeping by the mothers with respect to a few acceptable brands (Ahuja, Capella, and Taylor,1998; Robertson, 1979).

Based on the End usage and Price value of the product, an apriority categorization of products is possible as shown in Table 2.Research on "influence of product type on the impact of television ads' can be summarised in the following table:

Table 3 Summary of Research related to the Product

Product Variables	Findings	Author
Product Value	Parents consider the opinion of children in products that are less expensive and are for their own use	Foxman et al. (1989)
	Reported that parents indulged in considerable gate keeping for children's products. They exhibited strict control over the kinds of products that children can or cannot buy	Chan and McNeal (2003)
	Children tend to rely on pre-established preferences based more often on premium incentives offered on a purchase than the nutritional features of a cereal at the time of influencing cereal purchases	Atkin (1978)
Product Type	Children have been reported to wield a lot of influence in purchase decisions for children products such as 1) Snacks 2) Toys 3) Children's Wear 4) Cereals	1) Ahuja and Stinson, (1993) 2) Burns and Harrison, 1985; Jensen, 1986; Williams and Veeck, 1998 3) Converse and Crawford, 1949; Foxman and Tansuhaj, 1988; Holden and Anthonies, 1997; Van Syckle, 1951 4) Belch et al., 1985; Berey and Pollay, 1968
	Children have been observed to influence decisions for family products also, such as 1) holidays/vacations 2) movies 3) eating at particular restaurants or even decision making for the family to eat out	1) Ahuja and Stinson, 1993; Belch et al., 1985; Dunn, 1959; Holden and Anthonies, 1997; Jenkins, 1979 2) Darley and Lim, 1986 3) Filiatrault and Ritchie, 1980; Williams and Veeck, 1998
	The role children play in purchase of children and family products together	Foxman and Tansuhaj, 1988; Gowers et al., 2002; Hall et al., 1995

Family variables

Past studies in this area indicate that the extent of influence that the child has on the family is largely dependent on the family variables including family socialization, size of the family (small and large, nuclear or joint) and the structure of the family (single income or dual income, single parent family or dual parent family) and social class.

Parental socialization: Parental socialization is a major factor moderating the influence the child has on parents. If the parents are authoritarian, they are less likely to be influenced by their children (Cowell, 2001). In a study on the purchase behavior of a mother for a child's preferred packaged cereals, it was seen that the influence was moderated by the child's assertiveness and the mother's child-centeredness. However, in the study by Berey and Pollay (1968) contrary to the previously hypothesized correlation pattern, it was observed that although the association between child-centeredness and the purchase was significant at the 0.05 level, Spearman rank correlation was negative ($r = -.27$). This could be attributed to the child-centered mother's tendency to favour healthy food more rather than that demanded by the child. Wells (1965) reports that when other family members have no special brand preferences (as cited by Moschis & Mitchell, 1986) and when the mother regards all brands as more or less the same, the preferences expressed by children are apt to determine what the whole family consumes.

Table 4: Summary of Research related to the family variables, R. Gandhi (2011)

Family Variables	Findings	Author
Parental style	If parents are authoritarian, they are less likely to be influenced by their children	Cowell (2001)
	Mothers who interact frequently with their children received significantly more purchase requests than mothers who interacted on a less frequent basis	[illegible] (1985)
Family Structure	The importance of children in single parent families is relatively more than dual parent families. This is due to added household responsibility and more independent purchasing habits	Ahuja, Capella, and Taylor, (1998) Darley and Lim (1986)
	Single-parent families are one of the fastest growing family types and seem to be less inclined to share decision-making within the family	Lee and Beatty (2002) and Lee and Collins (2000) as cited in Tinson and Nancarrow (2005)
	In large families, children are more likely to be involved in purchase decisions	Nelson (1979)
	With both parents working, children enjoy more purchasing power as parents can't spare much time explaining and hence fulfil their children's demands.	Verma and Kapoor (2004)
Family Income	Children in the middle class and higher income families have more influence in purchase decisions than children in the low income, low social class families	Atkin (1978), Moschis and Mitchell (1986), Nelson (1979)
	In contrast to the earlier finding, pestering happens more in the lower income families due to higher proportion of divorces.	[illegible] (1986) as cited by Bridges and Briesch (2006)
	Family income plays an important role in the choice of the various responses by parents to their children's purchase requests. With an increase in the family income, the chances of parents refusal tend to decrease	Verma and Kapoor (2004)
	One moderating factor likely to mediate the child's attitudinal and behavioural responses to television advertising is his income group and as such the level of expectancy of receiving what he sees advertised	Gorn and Goldberg (1977)
	Children who earn income are more influential in family purchases than those who don't	Foxman, Tansuhaj, and Ekstrom (1989), Moschis and Mitchell (1986)
Social class	Children in the higher socio-economic strata understand advertising intent better than children from the lower strata	[illegible] (2005)
	Middle-class families' greater consciousness of the normative standards of their class, and their subsequent greater desire to closely supervise their children's activities in an effort to socialize them into the class norms	Moore, and Stephens (1977)

Family structure: The number of working parents also plays an important role in the child's personhood status. With mothers working, more kids are becoming the "Latch- key kids". Guber and Berry (1993, p.16) in their survey report that about half of them regularly purchased food for the family or at least participated in family purchases (as cited by Cook, 2000).

Social Class and Family Income: There are mixed reviews on the relationship between social class/family income and its effect on children's purchase related influence. Table 4 shows the review of some of the important studies related to family variables.

Child related variables: Various child related characteristics – both psychographic and demographic are crucial in determining the overall influence that children have in family purchases.

Personality Characteristics: Drawing on the vast literature available on growing children power, Cook (2000) comments that children have been increasingly portrayed as 'individualized, autonomous consumers'. Martin Lindstrom and Patricia Seybold in their book 'Brand Child' (2006) have discussed various personality related issues of the kids through their global study. They reveal the growing power of children and peep into their lives to grant readers a closer look at the changing attitudes and beliefs that the present young generation is shaped by. The study considers tweenagers as all children spanning the pre-adolescent years through to the age of fourteen.

Some of the well-known characteristics and attitudinal shifts in the personality of the kids from the reading can be summarized as: (1) the awareness that the kids have makes them a 'NOW' generation as they impatiently want to attain all what they desire. (2) Brands have become an integral part of their self image. (3) They are old enough to have strong opinions about brands, can affect family purchases and are distinct enough to form a formidable segment for the marketers to target. (4) The kids today are as comfortable being online as being offline. Cyberspace is their new home.(5) This interactive generation also seeks instant gratification.(6) Since they have grown up in an environment thronged with multiple cues and information overload, they are comfortable with filtering processes to cope up with the building pressures without being enthralled.

Demographic Variables: A survey of the literature reveals contrasting views regarding the perceived homogeneity of children market. Some authors have reported that children can't be treated as a homogeneous mass and hence simple segmentation based on age and gender may not be advisable (Panwar and Agnihotri, 2006). Various studies at the national and international domains have tried to examine the relationship between the various demographic variables related to Pester power and Family Decision Making. However, the findings of the studies are not in harmony with each other as there exist bi-polar evidences for these examinations. In contrast, many past studies reveal that the demographic variables related to the child like age, gender, birth order, number of siblings etc also affect the pester power.

Age. Age becomes the most important variable in defining pester power as the very definition of children or the tweenagers encapsulates age based segmentation. In addition, Piaget's Child development theory which is the basic backbone of any research in child psychology gives an age-based classification of cognitive development. Age level is often used as a surrogate for stage of cognitive development (Miller and Busch, 1979). Also, behavioural variables, information processing abilities and persuasion strategies used by children are age-influenced. It is reported in several studies that older children have more sophisticated categorization abilities than younger children. While older children base classification on the use or the features/functions, younger ones just use visually salient features such as colour or size for category formation [Inhelder and Piaget (1964) as cited by John and Lakshmi-Ratan (1992) in their study].

Gender: Gender is one another personal variable which attains remarkable importance in the past studies related to Pester Power. The study of GRO (Gender Role Orientation) describes the extent to which children as well as adults display gender stereotypic behaviour or state a preference for a particular type of gender role and has its root in sociology. Though some researchers report of the gender differences in pestering as gradually fading, others like Lee and Beatty (2002) noted that the female children are slightly more successful in influencing parents than the male children. In support of this, it was also concluded by Panwar and Agnihotri (2006) that girls in India enjoyed more freedom in prioritizing their daily activities than the boys. Also, a major contribution in the GRO is by Tinson and

Table 5: Summary of literature on pester power related to demographic variables, R. Gandhi (2011)

Variables	Findings	Authors
Age	As the age of the child increases, her influential power in family decision making is strengthened.	Atkin (1978), Darley and Lim (1986), Jenkins (1979), Moschis and Mitchell (1986), Nelson (1978), Verma and Kapoor (2004)
	As children get older they make fewer purchase requests anticipating that the fewer requests they make, the more they are likely to be accepted by their parents.	Jenkins (1979), John and Lakshmi-Ratan (1992), Robertson and Rossiter (1974), Ward and Wackman (1972)
	The nature, frequency and success of requests may differ depending on the age of the child - i.e. there is a difference between smaller children and teenagers.	Bridges and Briesch (2006)
	Older children make more requests at home while the younger ones made when the latter were shopping with their mothers.	Isler, Popper, and Ward (1987), Verma and Kapoor (2004)
	Children at different stages of development react differently to various advertisements. Parents of children in the age group 12 -14 years resort to responses such as asking opinion, setting price and logical reasoning since they consider the latter as being more mature. Parents resort to setting price and product boundaries, rewarding negotiating with their 6-12 years old children. Also 6-12 years old children are more mature compared to 3-6 year old kids.	Verma and Kapoor (2004)
	The relationship between age and influence attempts approaches significance (r=-0.13) and is negative. But a positive correlation is obtained between age and parental yielding to purchase influence attempts. This shows that while parents may receive more requests from the young children, they are more likely to act on them as the child grows older.	Ward and Wackman (1972)
	After viewing an advertisement, younger children chose the new product more frequently than did older children, even though both age groups had similar affective reactions to the new item.	John and Lakshmi-Ratan (1992)
	Children below six years of age like a product due to its appealing advertisement, jingle, music, famous celebrities even without understanding its functional use. Parents yield in more to younger children's demand because the latter are not mature enough and often bulldoze them into buying. Another important reason found is that the younger children often demand for relatively inexpensive products than their older siblings.	Verma and Kapoor (2004)
	Children below six years of age like a product due to its appealing advertisement, jingle, music, famous celebrities even without understanding its functional use. Parents yield in more to younger children's demand because the latter are not mature enough and often bulldoze them into buying. Another important reason found is that the younger children often demand for relatively inexpensive products than their older siblings.	Verma and Kapoor (2004)
	Younger children watch Television for longer duration as compared to older children.	Panwar and Agnihotri (2006)
	Major changes occur in the representation of self-concepts between early childhood and adolescence.	Chaplin and John (2005)
	Children recognize brands at an early age, as young as 3 - 4 years of age, but by middle childhood (7-8 years), children can name multiple brands, and often request products by brand name.	Roedder (1999)
	There is age - related increase in independent shopping behaviour (alone or with friends) of children.	Moschis, Moore and Stephens (1977), Panwar and Agnihotri (2006)
Gender	Parents yield in more to the requests made by girls than those by the boys.	Atkin (1978), Moschis and Mitchell (1986), Lee and Beatty (2002)
	There is an observed differential in the spending patterns of male and female teens. Girls spend heavily on clothes and shoes, hair accessories and makeup. As against this, boys spend heavily on video games, toys and games, clothing.	Soni and Upadhyaya (2007)
	The gender of children does not have an impact on to parents' yielding or response to requests.	Verma and Kapoor (2004)
	Boys are found to be less likely than girls to communicate overtly with parents about consumption.	Moschis, Moore and Stephens (1977)
	It was found that an average female child watches less Television as compared to a male child of her age, may be due to her involvement in studies and household work.	Panwar and Agnihotri (2006)
Medium of instruction at school	No significant difference was found in the Television watching habits as well as Parental control over prioritizing child's routine activities for children between the vernacular and the English medium school children. Children from higher socioeconomic strata go to English medium schools and others prefer vernacular medium schools.	Panwar and Agnihotri (2006)
Number of	As the number of children increases, so does the degree of influence.	Bocker (1986), Darley and Lim (1986), Jenkins (1979)

Nancarrow (2005) who have studied children and parents using a variety of research methods like the interviews, questionnaires and observations. They report significant differences in the influence of boys and girls in family purchases. They give a broader framework for analyzing the influence in family decision making and include also the situational factors like the extent of access to media and retail outlets, presence and the absence of different members during the purchase decision making.

Medium of Instruction at School: In the accumulated research on demographics, it is interesting to refer to the study of Panwar and Agnihotri (2006) which states that Indian parents comparatively enjoy more control over children than their western counterparts for control of child's activity prioritization. This study reveals that lower socio economic strata send their children to vernacular medium instead of English medium schools, though, in terms of controls exercised over children, there is no significant difference between the two groups of parents.

Research on 'relationship of pester power and demographic variables' can be summarised in the table 5:

Children's Role in Various Decision Stages and Areas

Most researchers of consumer behavior have, in the past, focused primarily upon the purchaser and to a lesser extent on the decider. But with the changing dynamics in the market, children are now playing an important role in decision making. Children have often been important segment for most marketers not only because of the direct purchases they make for the products of use to them but also because they often control and influence what the household buys for the family usage. Children are often consulted for their choices on the product to be purchased, brand related decisions, point of purchase and the retail outlet preferred, product variant and the model, etc.

Earlier studies posit that young children often get carried away by the advertising appeals and believe what they are shown, while quite often older children logically scan through the various sources of information like the magazines, newspapers, internet and also consult their peers to get additional cues on improving their purchase decisions. Children above eight years of age also play the buyer's role for less expensive items like ice creams, soft drinks, bathing soaps etc as these are quite often independently purchased by them. However, nowadays, they are also seen more as information gatherers and influencers for big ticket items like a majority of personal products, consumables, durables and even automobiles.

Furthering support to these views are the different studies which take account of various decision stages and decision areas.

Decision Stages

As mentioned by Philip Kotler (1997), the buying decision process is characterized by the five stages like the Problem recognition, Information search, Evaluation of Alternatives, Purchase decision and Post purchase behaviour. It is interesting to know that children depending on the involvement with the product have some role to play almost in all the decision stages. Children have different influence levels during different stages of family decision making (E.Belch, A. Belch, and Ceresino, 1985). Various studies (Szybillo and Sosanie, 1977; Nelson 1978, Belch et al. 1985) on family decision making show that children exert the highest influence during problem recognition and search stages and the least influence in the product choice (as cited by Williams and Burns, 2000).

Decision Areas

Children influence varies according to the decision areas (e.g. where and when to go, the make, model, and the brand to buy). Findings of the study by Belch, Belch and Ceresino (1985) showed the strongest influence over aesthetic considerations for the style, colour, make and the weakest for allocation decisions such as where to purchase, when to purchase, and how much to spend. The least was related to 'how much to spend' or the financial decision. Research on 'influence of children in family purchase decision making', can be summarised in the table 6.

Table 6: Summary of Research on Influence of Children in Family Purchase Decision Making

Variables	Findings	Authors
Decision stages	Showed that 'Children tend to have the strongest influence at the problem recognition stage of the decision processes	Beatty & Talpade, (1994), Belch et al. (1985), Swinyard & Sim, (1987)
	Concluded that the influence of children declines significantly with the choice stage	Belch et al., 1985, Filiatrault & Ritchie, (1980), Hempel, (1974), Nelson, (1978), Shoham & Dalakas, (2003), Swinyard & Sim, (1987), Szybillo & Sosanie, (1977)
	Children have lower influence in later stages of the decision process. One reason for children's lower influence relative to their parents' in later stages of the decision process may be that children lack the experience necessary to make informed decisions for instrumental activities. Another reason could be that parents have greater financial investments in most durable purchases. So parents will exert power where it counts – in the actual decision	Beatty & Talpade, 1994
	Children's degree of influence on purchase decisions is also affected by the stage of the decision process	Belch et al., 1985
Decision areas	Children's influence is limited in the sub-decisions of 1. Where to purchase 2. Where to gather information 3. How much to spend	1. Belch et al., 1985, Jenkins, 1979, Foxman et al., 1989 2. Darley & Lim, 1986 3. Belch et al., 1985, Darley & Lim, 1986, Jenkins, 1979, Nelson, 1978, Szybillo & Sosanie, 1977
	Parents prefer to do the more instrumental activities for themselves, roles that involve doing the tasks that affect the final buying decision, such as the timing of a purchase, location of a purchase, or determining the amount spent. On the other hand, parents allow children to have increasing influence on the more expressive sub-decisions, e.g. product attributes such as color, model and brand choice	Belch et al., 1985, Darley & Lim, 1986, Jenkins, 1979, Kenkel, 1961, Nelson, 1978, Szybillo & Sosanie, 1977

CONCLUSIONS

The paper reviews Literature on consumer behaviour of parents, Children and the role that children play in family decision making. The conclusions that have been generated by the numerous studies reviewed above are presented below.

Children of all ages have a considerable degree of exposure to advertising. They are not merely exposed to advertising targeted at them but also to advertising targeted at adults. Although television, radio and print media feature advertising to children, research has primarily focused on television advertising.

Communication process effects, such as attention, comprehension, retention, and information processing have been examined predominantly within the framework of Piaget's theory of cognitive development, and have therefore been concerned mainly with age-related effects. Television commercials receive less attention than programs. Attention appears to decline with the age of the child. Younger children's attention to commercials is more likely to be determined by perceptual and affective factors while older children's attention is more likely to be determined by conceptual factors. Attention is also a function of other personal and stimulus factors.

Preschool-aged children are capable of distinguishing commercials from programs. However, they use superficial perceptual and affective aspects to make this distinction. It is not clear at what age children develop a conceptual understanding of commercials, although this understanding increases with the age of the child. Separators which distinguish between commercials and programs do not seem to be effective, although they appear to have no dysfunctional effects.

Young children (preschool-age) are not able to discern the intent of commercials. While studies using

verbal responses have generally supported this finding, some studies using nonverbal responses have yielded conflicting results. The use of disclaimers is common in children's advertising. However, many of these disclaimers are not understood by young children and are therefore ineffective. Children's ability to discriminate among human, animated, and puppet characters increases with age. The basis for this understanding is somewhat unclear.

Parental education, family interaction, and peer integration generally aid children's understanding of commercials. Attitudes toward advertising in general get less positive with the age of the child. Older children are more cynical about advertising. While younger children exhibit attitudinal defences toward advertising, older children rely on cognitive defences, i.e., their understanding of commercials. Children of well-educated parents have stronger attitudinal and cognitive defences toward advertising.

Advertising has a moderate impact on children's attitudes towards the advertised product. Multiple but varied exposures are required to influence children's preferences and choice behaviours. This is especially true of new products, about which children have little knowledge. There is no definitive evidence for the harmful or dysfunctional effects of premium advertising or host-selling in relation to children's attitudes towards advertised products. The content of commercials does impact on children's preferences and choices as revealed by studies in the area of food advertising to children. Decreasing the commercials for non-nutritional products (sweets, snacks, etc.) and increasing public service announcements relating to nutrition are likely to be beneficial for children.

Children, even younger ones, are capable of making choices consistent with their attitudes. However, when children's abilities are taxed by several similar alternatives requiring detailed processing, they might make choices inconsistent with their attitudes. Advertising encourages children to request products from their parents. For a variety of reasons, children's requests decline as age increases. Request levels also depend on the product category advertised. While parental control of children's viewing habits curbs requests, an increase in parent-child interaction tends to facilitate these requests. Parental yielding to children's requests is generally high. Parental yielding is likely to increase with the age of the child although some studies have yielded conflicting findings. Parental yielding depends on the product advertised. Parents with higher education and a better understanding of advertising claims are less likely to yield to children's requests.

Television advertising often leads to parent-child conflicts and feelings of disappointment in the child. While most children take parental denial of their requests in stride, older children are more likely to be disappointed and argue with parents. There is no strong evidence that such conflicts and disappointments have long-term harmful effects on society.

Research Gaps Identified

In India, the literature on family decision making is scant and researchers have only partially investigated the role of children along with other members in family purchase decision making. Family structures are undergoing a metamorphosis and the Indian society is also witnessing an increase in the number of single parent and dual career families. Though an impressive body of research exists in this field in the West, these parameters also merit investigation in different cultural settings. Studies specific to Indian marketing environment are necessary, as pointed by Webster (2000). "India is an interesting culture in which to explore the antecedents of marital power because its social and intellectual grains operate in ways vastly different from those the West, takes for granted. For instance, unlike western culture, where the nuclear and neo local families are both the ideological and factual norm, the joint family has been and continues to be an important element of Indian culture" (p. 1037).

A lot of research work has been done on individual factors but no comprehensive framework has as such been formulated, which explores the link between various factors affecting child consumers' response to Television advertising.

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Market Index – Not a Barometer for Determining Sectoral Indices Returns in the Short Term Period

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Abstract : The stock markets have always been attractive destination for traders and investors anticipating significant returns over small period of time. However, the character of the markets keeps on changing from time to time and the job of traders becomes challenging at all levels. This research paper unveils the significant sectoral index movements even when the market index remain in the narrow range. The study would assist the short term traders and market participants in repositioning them instead of getting misled by the market index movement.

Keywords : Nifty Index, Sectoral Index, Kolmogorov-Smirnov Test, Levene's Test, One-way ANOVA test, Multiple comparison, Mean Plot.

INTRODUCTION

The trading mechanism in stock market has undergone phenomenal change over last few years. Despite of significant movement in the market on upside, very few market participants were able to make gain through their trades. A trader often find himself in inexplicable situation when he sees that market have gained by 10 % whereas his portfolio has ended up with negative returns. This is due to the fact that most of investors and traders uses market index as a benchmark for deciding the point of entry in the market and point of exit from the market. Infact , this basis provide incorrect input for their decision making and therefore they end up with a loss on their trades. It is essential for them to identify a specific sectoral index and initiate long position or short position, as the case may be, according to movement of that index vis-à-vis market index as these sectoral index exhibit widely different movement than the market index.

Objective(s) of the study

The study focuses on the movement of market index (NIFTY) over a period one and a half month alongwith different sectoral indices to test the following hypotheses

Hypothesis

Null hypothesis (H_0): There is no significant difference between return offered by market index and sectoral indices.

Alternative hypothesis (H_a): There is significant difference between return offered by market index and sectoral indices.

Research Methodology

In order to test the above hypotheses, the closing values of the following indexes for the period 01 July, 2015 to 18 August, 2015 has been taken for the study.

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a) CNX- Nifty

b) CNX-Bank index

c) CNX- Metal index

d) CNX- IT index

The above period has been taken for the study because of following reasons :

a) The closing value of CNX- Nifty as on July

Table1: Daily Return on Indices under study (Period 1July, 2015 to 18 August,2015)

Date	Return on Nifty	Return on Bank Index	Return on Metal Index	Return on IT Index
1-Jul-15				
2-Jul-15	-0.096414903	0.02126	-0.6394	-0.235
3-Jul-15	0.473658658	0.77533	-1.3783	0.1019
6-Jul-15	0.439015192	0.50989	-0.593	0.09778
7-Jul-15	-0.133182354	-0.1416	0.13748	-0.5866
8-Jul-15	-1.730029515	-1.7839	-4.0347	-1.0952
9-Jul-15	-0.412528922	0.24071	-0.3254	-1.752
10-Jul-15	0.384220543	1.14054	0.93298	-0.2812
13-Jul-15	1.185328716	0.92816	0.43121	1.85771
14-Jul-15	-0.065605551	-0.5999	0.72169	0.40913
15-Jul-15	0.824452041	0.19196	0.1814	0.96343
16-Jul-15	0.998408926	1.86968	0.36667	0.37084
17-Jul-15	0.020910659	-0.3827	-0.4307	0.69338
20-Jul-15	-0.074333467	-0.3247	-0.5934	-0.02
21-Jul-15	-0.860120068	-1.6251	-1.1232	3.44814
22-Jul-15	1.219891083	1.46127	0.9194	-0.1004
23-Jul-15	-0.506167835	-0.6948	-0.4452	-0.7304
24-Jul-15	-0.794547021	-1.2147	-1.305	-0.818
27-Jul-15	-1.804046916	-2.2687	-2.2216	-0.8871
28-Jul-15	-0.287047004	0.38297	-0.5086	-0.4946
29-Jul-15	0.456399184	0.22207	0.22932	1.45451
30-Jul-15	0.558205623	0.63853	-0.1072	-0.6639
31-Jul-15	1.318601724	1.56965	1.57227	1.75171
3-Aug-15	0.119538021	0.98693	-0.9067	-1.1018
4-Aug-15	-0.300096769	0.30611	2.76626	-0.4435
5-Aug-15	0.599396494	-0.2322	-0.0554	1.77346
6-Aug-15	0.241598049	0.53253	-0.5585	-0.0129
7-Aug-15	-0.280020725	-0.7136	-1.0421	-0.1674
10-Aug-15	-0.455362772	-0.0982	-1.039	-0.1996
11-Aug-15	-0.741883269	-1.3674	-3.5264	1.18586
12-Aug-	-1.334144771	-2.9927	-4.3161	2.52452

1, 2015 and August 18, 2015 was 8453 and 8466 respectively which implies that during this one and half month period, market index exhibited very insignificant movement of 13 points or 0.15 %.

b) The period chosen is absolutely fit for the study since number of major events occurred during the period:

i) Parliament session was scheduled during this period and major announcement relating to GST bill, Land acquisition bill, etc. were being anticipated by market participants.

ii) Devaluation of Chinese currency, Yuan, took place during this period resulting major movement in Global indices.

iii) Foreign currency markets witnessed sharp movement resulting in weakening of rupee against dollar.

iv) RBI credit policy meet was also scheduled during this period and announcement of changes (reduction) in interest rate was being anticipated alongwith other announcement from RBI towards development of banking sector in India and strengthening of financial inclusion.

The period was considered very appropriate for this study because market index which happens to be one of the variable of study remain in the narrow range and has almost same starting and closing values with very insignificant difference. The daily return of all these indices are given table 1.

In order to analyze statistical differences among returns offered by various indices during the period under study, one - way ANOVA test has been conducted using SPSS after ensuring compliance of normality and homogeneity of data. Subsequently, post adhoc analysis has been conducted to examine the multiple comparison of one index with the remaining indices under study to draw meaningful interpretations and mean plot has been drawn to display the differences in return of indices.

Data Analysis

For running ANOVA, data should satisfy two assumptions. Thus, first before doing ANOVA analyses, following assumptions are checked:

1. **Assumption of normality** - Normality of the distribution is checked using K-S test in SPSS. The result is presented in table 2:

One-Sample Kolmogorov-Smirnov Test

		Return
N		136
Normal Parameters[a,b]	Mean	-.0655402
	Std. Deviation	1.23037498
Most Extreme Differences	Absolute	.085
	Positive	.049
	Negative	-.085
Kolmogorov-Smirnov Z		.996
Asymp. Sig. (2-tailed)		.275

Table 2: Test of Normality using Kolmogorov-Smirnov Test (SPSS output)

The Null Hypothesis for the Kolmogorov-Smirnov Test for Normality states that the sample data are normally distributed. The hypothesis is rejected only if the maximum difference between the expected and actual CDF of any of the data points exceed the Critical Value for the given n and á . In this case , the critical value of KS factor at 5% level of significance is (1.36/Sqrt (sample size)) = 0.1166. As observed from the above table, the most extreme differences (.049 and 0.085) do not exceed the critical value therefore the hypothesis that the sample data are normally distributed is accepted.

ii. **Homogeneity of variances :** Second assumption for ANOVA analysis is to test for homogeniety of variances. This assumption is tested using Levene's test for homogeneity of variances. The result are given below in table 3.

Levene's test for homogeneity of variances

Test of Homogeneity of Variances

RETURN

Levene Statistic	df1	df2	Sig.
2.151	3	132	.044

Table 3: Test of Homogeneity of variances using Levene's test (SPSS Output)

From the above table it is observed that as p-value (0.044) is less than .05(5% level of significance), therefore homogeneity of variances assumption is also satisfied.

After having ensured compliance of normality and homogeneity of data under study, one-way ANOVA test was conducted on SPSS 20.0 (a statistical software). The output obtained from the same is reproduced below in table 4:

Results of ANOVA analysis

RETURN

	Sum of Squares	Df	Mean Square	F	Sig
Between Groups	11.914	3	3.971	2.724	.047
Within Groups	192.452	132	1.458		
Total	204.366	135			

Table 4: Result of One way Anova test (SPSS Output)

From the above table, it can be observed that there is a statistically significant difference in daily return of indices(market as well as sectoral) at 5% level of significance as p-value of the output is 0.047(less than 0.05). Thus null hypothesis is rejected which implies there is significant difference among the returns generated by market indices and sectoral indices. Therefore, one cannot assume market index as proxy for the all the indices /sectors in the economy and market in the short run.

Post hoc analysis

The results of ANOVA analysis only tell whether there is difference in the daily returns of various indices or not. Since there is no specific hypothesis that a return of particular index has effect on return of other indexes, therefore post adhoc analysis has been calculated using SPSS to analyse the comparison of differences in return generated by various indices.

Results of post-hoc analysis are presented in the table 5:

From the above output, one can observe thatthe return on Metal index and IT index was found to be significantly different at 5% level of significance. The same fact can be observed from the mean plot (figure 1)generated by the software, shown in figure 1:

From the above mean plot graph, it can be observed that the difference in return is maximum in case of metal index and IT index.

Table 5: Post Adhoc Analysis using Multiple Comparison

Multiple Comparisons

Dependent Variable: RETURN
Tukey HSD

(I) TYPE	(J) TYPE	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
NIFTY	BANK INDEX	-.03035215	.29285292	1.000	-.7923729	.7319686
	METAL INDEX	.56143521	.29285292	.225	-.2005856	1.3234560
	IT INDEX	-.23658832	.29285292	.851	-.9986091	.5254324
BANK INDEX	NIFTY	.03035215	.29285292	1.000	-.7319686	.7923729
	METAL INDEX	.59178735	.29285292	.186	-.1702334	1.3538081
	IT INDEX	-.20623618	.29285292	.895	-.9682569	.5557946
METAL INDEX	NIFTY	-.56143521	.29285292	.225	-1.3234560	.2005856
	BANK INDEX	-.59178735	.29285292	.186	-1.3538081	.1702334
	IT INDEX	-.79802353	.29285292	.036	-1.5600443	-.0360329
IT INDEX	NIFTY	.23658832	.29285292	.851	-.5254324	.9986091
	BANK INDEX	.20623618	.29285292	.895	-.5557946	.9682569
	METAL INDEX	.79802353	.29285292	.036	.0360329	1.5600443

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

Mean plot

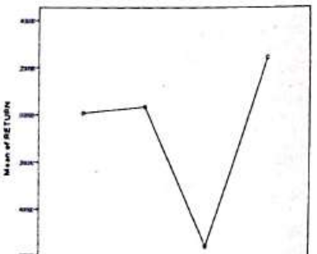

Figure 1: Mean Plot

CONCLUSION

The study conducted for the period July 1, 2015 to August 18, 2015 (Short term period) mainly focuses on the movement of market index in determining return on other index /sector. The study clearly indicates that during the short term period, the market index may mislead the traders and should not be used as a basis of exiting or entering stocks of a particular sector. The sectoral movement have their own trajectory and the traders should exclusively concentrate on the same. It has been proved from the above study that despite of so many newsflows, the market index remain in the narrow range and ended with insignificant net change but other sectoral indexes displayed significant changes in the same period. Thus, it is concluded that so long market index remain in a small range, hefty returns can only be made by tracking and investing in a particular sector.

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Study The Factors affecting Training Effectiveness and Its Managerial Implications

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Abstract: The aim of this study is to examine the factors affecting training effectiveness and its implications. To examine the study a literature review has been done on different aspects of training. The findings of this study suggest many factors which affects training effectiveness like motivation, attitude, emotional intelligence, support from management and peers, training style and environment, open-mindedness of trainer, job related factors, self-efficacy and basic ability etc. The paper also reveals models of training effectiveness measurement as well as the implication of a training programme. The importance of training effectiveness is also discussed in the paper which is revealed through literature review.

Keywords: Training, Training Effectiveness, Motivation, Emotional Intelligence, Attitude.

INTRODUCTION

In this era of intense global competition and fast change, organizations of all shapes and size are more concerned to make the best use of Human Resource capital. Training has increased its importance in today's environment where jobs are complex and change. There for to have the best use of Human resource, training must be provide to the employees.

Measuring the impact of training on workplace performance and its contribution to organizational results is a matter of great concern for management in all types of organizations. As a result of growing economic pressures, business leaders are becoming more cost conscious and they are more sensitive about the return on training investment. In the current economic downturn, such pressures have further increased. Human resource managers and training professionals have to justify training expenses by providing some evidence about the positive impact of training dollars upon business results. Consequently, the issue of measuring training effectiveness has gained lot of importance over the last few years. During the past four decades workplace learning and development professionals have done lot of work in the area of evaluating training effectiveness. Kirkpatrick (1976) did some pioneering work in this field and introduced the well known "four level evaluation model", which is still widely used in training industry. Later, some other experts also made contribution in this direction and made modification in the existing models.

The present study found out many factors which affects training effectiveness in both ways positively and negatively. It also describes the models of measuring training effectiveness explained by many researchers and thus the study will help the managers in measuring the training effectiveness in their organizations. It will also help in solving training problems and implementing training programmes successfully. The study also highlights the value of training and development in organizational improvement and summarizes previous investigations in order to enlighten the researchers to the state of current research and find out the gap between existing researches. So as a whole the study gives emphasis on factors affecting training effectiveness and how training can be made more effective for which the authors collected reviews on training effectiveness, its implication and its importance on the basis of which the research have been endeavored.

Training is an integral part of Human resource development. In the present scenario training

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increasingly viewed as a mean of fostering the growth of the individual employee as well as of the organization also. Training is a process of learning a sequence of programmed behavior. Training is the application of gained knowledge and experience. It gives people an awareness of rules and procedure to guide their behavior. According to Flippo (1971) "training is an act of increasing the knowledge and skill of an employee for doing a particular job". Similarly Beach (1980) viewed that "training is an organized procedure by which people learn knowledge and/or skills for a definite purpose". In fact it is the training that bridges the gap between job requirement and employee present specifications. A training programme is not complete until you have evaluated methods and results. A key to obtaining consistent success with training programs is to have a systematic approach to measurement and evaluation. Recognition of the training methods and measurement techniques are crucial for the organization's training success (Kalemci, 2005)".

The degree to which the training attains the desired objectives or immediately expected results, which was presumed earlier from the training called "Training Effectiveness". The best way to determine that training has been effective is to fully understand the reason why the training has been conducted. The reason to conduct and implement training is a key factor in determining that a training course or programme will be effective in achieving desired outcomes. If the training purpose was not clearly defined before the training, it could not lead to training at as it is planned. Defining a valid need for training is the foundation upon which an organization can determine training effectiveness. Training is expensive if does not serve the purpose for which it is given. The training must be able to increase the capabilities of employee and as well as the organization also. If the training is not successful in making employee and organization more capable then it will be loss of money and loss of reputation of organization. Training motivation of employees represents an important factor in improving the effectiveness of training outcomes (Tai, 2006).

All measures are devised to assess the difference between pre and post-training. There are no absolute measures. The measures compare the effect of training interventions with some other comparable data. Hence, the organization must obtain pre-training data or some benchmark on the same dimensions as expected from training interventions. According to Dayal (2001) the prime consideration is that the trainer has to be clear about two things, (i) that the objectives of training are specific, i.e. the outcome expected and (ii) that the training material and the methodology are capable of achieving the stated results. Measuring Training Effectiveness system can be applied to any training programme in industry. Training effectiveness usually is determined by assessing some combination of the criteria presented in Kirkpatrick's (1967) hierarchical model of training outcomes. This hierarchy is composed of four levels of training outcomes: (a) trainees' reactions to the programme content and training process (reaction); (b) knowledge or skill acquisition (learning); (c) behavior change (behavior); and (d) improvements in tangible individual or organizational outcomes such as turn- over, accidents, or productivity (results).

REVIEW OF LITERATURE

Models of Training Effectiveness :Measuring training effectiveness is a tough task. It brings out the outcome of a training programme. Lots of work has been done on training effectiveness but Kirkpatrick (1976) being the pioneer who explained the four level method of training evaluation. Level-1 is reactions criteria, and it evaluates trainees' affective and attitudinal reactions to a training programme. It assesses the responses of trainees' attitude about a specific training programme. Level-2 is learning criteria, which evaluates the extent to which trainees have learned the training material and acquired knowledge from a training programme. It brings outs the outcome of a training programme that what does it affects on trainees. Level-3 is behavior criteria, and it evaluates the extent to which trainees have applied the training on the in terms of their behavior and/or performance following a training programme. Level-4 is results criteria, which evaluates the extent to which the training programme has enhanced department or organizational-level outcomes such as sales or profits. Fourth level is about how a training programme improved organizational effectiveness. Noe (1986) summarized the Kirkpatrick's model along with the model of training motivation. As trainees will be more motivated to perform well in training if they

perceive that (1) high effort will lead to high performance in training, (2) high performance in training will lead to high job performance, and (3) high job performance is instrumental in obtaining desired outcomes and avoiding undesirable outcomes. Noe's model is basically all about the motivation because motivation itself an immense factor which affects the performance as well as training outcome. In the same order Swanson & Sleezer (1987) explained three steps of measuring training effectiveness; the first is effectiveness evaluation plan, the second tools for measuring training effectiveness, and finally the evaluation report. Shepherd (1999) explained criteria for measuring the success of training which encompasses direct cost, indirect cost, efficiency, performance to schedule, reactions, learning, behavior change, and performance change. On the other hand Zaciewski (2001) examined that employee' individual characteristics such as motivation, attitude, and basic ability, which affect a training programme and its potential success in hospital industry. The work environment is also a major factor for making successful training programme. Whereas Burke & Baldwin (1999) dwelled upon the transfer of training and viewed that it could be enhanced by using real-world organizational problems. Case study method or live problem or project assignment could be used to enhance the transfer of training. Dahiya & Jha (2011) discussed about the steps in the training programme development, are planning, programme implementation, and programme evaluation and follow-up. According to them a training programme is not complete until and unless methods and results have been evaluated.

FACTORS AFFECTING TRAINING EFFECTIVENESS

Above reviews were about how to measure training effectiveness now we will discuss the literature which will explore the factors affecting training effectiveness. In the real world, there are many factors that influence the effectiveness of training and development in an organization. One similar factor i.e. the human resource policy of training and development has been identified by Haywood (1992). He mentioned that too many training programmes place emphasis on ease and the purpose behind the design of programs namely learning, skill development and behavioral change, has defeat the original purpose and goals of training are lost. Everything is affected by its surrounding weather directly or indirectly and similarly training effectiveness is also affected by many factors. Birdi (2005) found that poor managerial support or an unfavorable departmental climate could limit the impact of creativity training with regard to influencing idea implementation. Unfavorable environment affects the training effectiveness. According to him training will be affected negatively if there is less support from department or there is unfavorable condition for training. Fischer & Ronald (2011) stated that open-mindedness is also a significant moderator of training effectiveness. It has been found that training become more successful if the participants and trainer work with open-mindedness. Driskell (2011) concluded in his study that type of training implemented, training content and trainee expertise also affect the training outcomes. Success of a training programme always depends on how the training was given, what was the content and who was the trainer. Haslinda & Mahyuddin (2009) found that lack of support from top management and peers, employees' individual attitudes, job-related factors and also the deficiencies in training practice are the main factors which affect the effectiveness of training. If there will be less support from top management and peers, job is not going well or somehow there is problem in job and absence of training practice then there is less chance of effective training programme.

Beigi & Shirmohammadi (2011) found that emotional training have significant impact on service quality. It means there is a relationship between behavior and learning, and service industry can be benefitted by emotional training because service industry is basically related to marketing and verbal communication. Saks & Haccoun (2007) discussed that psychological states of trainees especially motivation, self-efficacy, perceived control and the realities of the organizational context affects the training outcomes. Tai (2006) also concluded about general self-efficacy that it partially arbitrated the relationship between training framing and training motivation and consequently influenced training outcomes. On the other hand Black & Mendenhall (1990) explained that cross-cultural skill development, adjustment and performance are three primary dependent variables of cross culture training effectiveness.

TRAINING MOTIVATION

As we have discussed the factors which affects the training outcomes. In these factors motivation is the main factor which affects most to training effectiveness. There are many studies which have been conducted on training motivation. Like Steers & Porter (1975) found that motivation is the strength that influences enthusiasm about the programme, a stimulus that directs participants to learn and attempt to master the content of the programme and a force that influences the use of newly acquired knowledge in a training situation. Same thing was concluded by Tabassi, et al. (2012) about the relationship between training and motivation that training and motivation can sustain or increase employees' current productivity. Motivation can influence the willingness of an employee to follow the training programme, to exert more energy toward the programme and to transfer what they learn onto the job. Bumpass (1990) also stated that employees' attitude and motivation are one of the factors that might influence the effectiveness of training and development. If the employees are fully motivated towards training programme they way pay full attention and there will be more chances for success of training programme. Tracey, et al. (1995) in their study found that motivation, attitude, and basic ability affect a training programme's potential success. On the other hand Colquitt, et al. (2000) explained that the locus of control, conscientiousness, anxiety, age, cognitive ability, self-efficacy, valence, job involvement as the predicators of training motivation. Sahinidis & Bouris (2008) found that there is strong relationship between employee perceived training effectiveness and motivation, job satisfaction and commitment. Tsai & Tai (2003) also discussed about motivation that employees had more training motivation when they were appointed to attend training programme by management than when they made their choice freely. It shows that employee's motivation about training programme related to their attitude that they seem more motivated when they allotted to join a training programme.

TRANSFER OF TRAINING

Transfer of training is the main part in training effectiveness programme. It is found that transfer of training generally refers to the use of trained knowledge and skills back on the job. Baldwin & Magjuka (1988) mentioned that for transfer to occur "learned behavior must be generalized to the job context and maintained over a period of time on the job". Meanwhile, Saks & Haccoun (2007) views training transfer is the generalization of knowledge and skills learned in training on the job and the maintenance of acquired knowledge and skills over time. According to the transfer of training framework by Saks & Haccoun (2007), the transfer of training activities could be segregated into three phases which is before, during, and after training to facilitate and improve the transfer of training. The trainer should conduct follow-up or booster sessions following a training program.

IMPORTANCE OF TRAINING EFFECTIVENESS

Quesada, et al. (2011) examined that Emotional Intelligence training of the leaders is a key aspect to the success of the companies. It was found that leaders are the success pillar of a company and their training is most important thing which should be taken care. Leaders must be emotionally strong to take right decision on right time. Kalemci (2005) explained about the importance of training that training and developing human capital is tremendously important in the effective management and maintenance of a skilled workforce. Training is one of the ways of improving organization's effectiveness. In order to implement right training methods, organization should be aware of the training methods and their effectiveness.

Robotham (1995) found that trainers must have awareness and understanding of individual's style to achieve desired outcomes of training. The study shows the role of trainer's awareness in making flourish a training programme. Rama & Vaishnavi (2012) identified that to increase or maximize the effectiveness of training programme, an organization needs to use ongoing assessments to establish

learning outcomes and link those outcomes to a performance plan. There should be running assessment of a training programme to get the best of it. Mat, et al. (2011) also found that training is effective in increase in the knowledge, skills and attitudes aspect of the students themselves after an industrial training programme. The study by Mool (2010) on teacher education and effectiveness indicated that the participants' perception of the effectiveness of teacher training programme is very much dependent on research-based practices. Aguinis & Kraiger (2009) reviewed on the benefits of training and development for individuals and teams, organizations, and society. Jayawarna, et al. (2007) examined that management development activities have positive impact on performance of manufacturing SMEs. Chen, et al. (2004) studied the relationship between training and job behavior and found that training may help employees to reduce their anxiety or frustration, come up with new work demands and develop their skill. Santos (2003) suggested that determining training effectiveness is a complex process but training had many benefits. For most individuals, training increased confidence and self-efficacy, it improved competencies and skills and people recognized that they had been invested in. As above review literature discussed many aspects of training effectiveness. The main discussions are given below:

1. Measuring training effectiveness models :
   - i. Krikpatrick's four level model of measuring training effectiveness
   - ii. Noe's model of training motivation of measuring training effectiveness
   - iii. Swanson & Sleezer's three step model of measuring training effectiveness
2. Factors affecting training motivation
   - i. Motivation
   - ii. Emotional intelligence
   - iii. Managerial and peer group support
   - iv. Employees individual attitude and job related factors
   - v. Open mindedness of trainer and trainees
   - vi. Psychological stage of trainee
   - vii. Type of training implementation, content and expertise
   - viii. Self efficacy, perceived control and basic ability
3. Effect of training and development
   - i. Increase in knowledge and confidence
   - ii. Reduce anxiety
   - iii. Come up with new demands
   - iv. Development in skill, attitude and behavior
4. How to achieve training effectiveness
   - i. Awareness of training methods and models
   - ii. Emotional intelligence
   - iii. Awareness of individual learning style
   - iv. Taken care of factors affecting training effectiveness

MANAGERIAL IMPLICATIONS

Every study has started to keep this thing in mind that it will have some social implication or it will help in improving the social and organizational conditions. Some more objectives also relates with the study like to help the researchers and to find the area which is not in the eyes of researchers till now. Same as this paper also has its implications. It reports the findings of different research papers on training effectiveness, measuring training effectiveness models, training effectiveness factors; its importance and how it could be achieved. The study covered many aspects of training effectiveness like what are the main factors which affects it so that managers would be able to frame the training programme accordingly the paper also represents the models of measuring training effectiveness that helps the trainers to measure its effectiveness. The paper not only motivates the trainers but trainees also as it discussed how training is important for individual and organizational development. Most significant thing about training is that if trainers have good knowledge, experience, confidence and the ability to motivate trainees then it brings out great result which helps in development of individual as well as the organizational. So for successful training result there must be positive motivation, some time training found more successful in bringing the best result through leaders as they were found more emotional intelligent. As a whole the understanding and implementation of the paper contents in letter and spirit, it will provide multifaceted benefits to the individuals, organisations and society as whole in the following manner:

- Individuals i.e. trainers and trainees will be benefited as due to increased clarity of training contents and improved training delivery the training effectiveness will be much more which will motivate both parties and learning will be long lasting.
- When trainers and trainees work together with positive and motivated bent of mind it will improve organisational health and quality of products with much less wastage of the resources leading to increased profitability.
- The society will get superior products at much lower costs. The improved and effective working style of the employees will in turn provide healthy and pollution free environment to the society.

Training is essential to the growth and economic welfare of a nation. This need for training encompasses all levels of industry, for a national level where a country's wellbeing is improved by training and it can happen only when training is implemented successfully. A training programme can be fruitful only when it is effective. It is already discussed the factors which affects the training effectiveness and the models of measuring training effectiveness and also the methods how to implement successful training. But still some issues have been left which needs more work like finding the new ways to remove the factors and what could be the more effective manners of successful training implementation. The paper of requisite value in making informed choices and decisions in the design, implementation, and evaluation of organizational training programs and will try to find out the new and effective ways of training and increase the importance of training and development with their future development. Though issue under reference has been researched widely yet studies can be conducted in the area and following are some of themes which can be researched:

- Influence of motivation on training effectiveness.
- Impact of behavior and attitude on organizational training effectiveness.
- Roll of emotional intelligence in learning and decision making.
- Learning styles and training effectiveness.
- Effectiveness of different training models in enhancing training effectives.
- Effect of organisational support system on training effectiveness.

CONCLUSION

The paper provides an insight of training and development and training effectiveness. The study has collected different observations and analysis about training, its importance and methods of training. The paper is basically above the factors affecting training effectiveness and how the training effectiveness can be measured. To make training more effective organizations requires to look at how the training and development system is associated with the strategy of the organization and at what is being done to check out that all training programme are effective. The study revealed many factors that affect training effectiveness but three factors i.e. motivation, attitude and emotional intelligence emerged to be stronger and more responsible in making training effective, These three factors were found dominant on other factors while a training programme is going on. Managers should first motivate employees to learn new abilities and skills. Next, to ensure better training effectiveness, managers should support employee efforts to practice such skills at the workplace. Trainees' attitude decides that what would be learning ratio from training programme and emotionally intelligent leaders always found successful in inspiring the workers.

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Study of Performance of Public Sector Banks Post Liberalization in India

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Abstract : Before the liberalization, the lack of competition of global standards, low technological use in operations, over staffing, high Non Performing Assets (NPAs) and low levels of motivation had manacled the performance of the PSBs. However, the banking sector reforms have provided the necessary platform for the PSBs to operate on the basis of operational flexibility and functional autonomy, thereby enhancing efficiency, productivity and profitability. The reforms also brought about structural changes in the financial sector and thrived in easing external constraints on its operations, i.e. reduction in CRR and SLR reserves, capital adequacy norms, restructuring and recapitulating banks and enhancing the competitive element in the market through the entry of new banks. Indian banks have played a significant role in the development of Indian economy by inculcating the habit of saving in Indians and by lending finance to Indian industry. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheet relative to other banks.

INTRODUCTION

A rising economy requires investment to prolong its growth process. Such investments can be promptly and efficiently commenced if investors have way in to well expand financial markets. Historically, banks have played the role of mediators matching savers with investors. However, the contemporary world of business has need of a much more complicated level of intermediation. It is no longer adequate to have an efficient means of allocating savers funds to investors, individual also needs financial markets to allocate risks and reallocate capital from inefficient to more efficient projects. Banks are one of many players within a financial set up which has banks, insurance companies, pension funds, venture capital funds, and the stock and commodity exchanges. Together they perform the various types of intermediation necessary in a global development.

Commercial banks are the key player of all economic activities. They are considered as the backbone of economics and finance of a nation and the indicator of its economic prospective. Commercial banking system in India encompasses scheduled and non-scheduled commercial banks. The scheduled commercial banks are further classified as public sector and private sector banks. The public sector banks consists of the State Bank of India and it five Associates Banks, 14 major commercial banks nationalised on 19th July 1969 and 6 major commercial banks nationalised on 15th April 1980 (under this category New bank of India was merged in 1993 with Punjab National bank) and Regional Rural Banks. Thus there are 26 public sector banks in India.Private Sector Banks comprise old private sector banks numbering 13 and new generation private sector banks numbering 7. The total number of foreign banks operating in India was 40 as on March 2012. As PSBs still own around 90 percent of the assets of the banking system, they continue to play an important role in responding to the changes in the economic environment but their performance

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is very significant even after liberalization. There are so many issues, challenges and threats like survival in competition, consumer approach, technology, merger and acquisition that are facing for their survival in the age of globalization.

Banks in India were under the power of a few trusts before their nationalization. In 1969 after the post-nationalization and subsequently in 1980's after the second phase of nationalization banks have expanded phenomenally and have projected into new areas. After the introduction of liberalization in the 90's and the entry of private players banks experienced a unique change in the levels of competition. However at the same time many banks in the public sector are still doing well and contributing significantly to the exchequer and maintained immunity against global factors. This is because of their strengths like clear balance sheets and accountability and the fact that they were in the core sectors. The present study focuses on the performance of PSBs in the era of liberalization, globalization and privatization.

Descriptive research design is used to achieve the objective of the research study. The study focuses on the detailed and in-depth analysis of the performance of PSBs with respect to profitability, efficiency and qualitative aspects.

RESEARCH METHODOLOGY

The research study is focused on analyzing the performance of Public Sector Banks in post reform era. The Public Sector Banks consist of SBI and its associates and other nationalized banks. Primary data is collected in the study. In the research study the primary data is collected with the help of the self-designed questionnaire from the 70 banking officials, selected on the basis of random sampling.

REVIEW OF LITERATURE

Subhash C. Ray (2011) concludes in his study that introduction of prudential norms endorses the financial inclusion which improve the operational efficiency by setting an environment of competition between public, Private and foreign banks.

D. Bansal (2010) studied that the productivity and profitability of PSBs after liberalization has not improved as such. In future they can regain their lost positions as future has big ground for the competition for all the banks.

Santosh Kumar Das (2010) concludes that there is no important change in cost efficiency of PSBs after liberalization. Study also concludes that private sector banks are more competitive in efficiency level comparatively to PSBs. PSBs have to be more cost efficient.

S. Kumar, R. Gulati (2009), the empirical results reveals that high efficiency does not stand for high effectiveness in the Indian PSB industry. A positive and strong correlation between effectiveness and performance measures has been noted. Further, on the efficiency front, State bank of Travancore appears as an ideal benchmark, while State bank of Bikaner and Jaipur, and State bank of Mysore emerges as ideal benchmarks on effectiveness front. The practical implication of the research findings is that in their drive to improve performance, Indian PSBs should pay more attention to their income-generating capabilities relative to their ability to produce traditional output such as advances and investments.

Sunil Kumar/ Rachita Gulati, Punjab school of Economics, (2008) studies that only seven of the 27 banks are found to be efficient and thus, defined the efficient frontier; and technical efficient sores range from .632 to 1, with an average of 0.885. Thus Indian Public sector banks, on an average, waste the inputs to the tune of 11.5 percent. Andhra Bank has been observed to be the most efficient bank followed closely by corporation Bank. Further, the banks affiliated with SBI group turned out be more efficient than the nationalized banks. The regression result incisively indicates that the exposure to off-balance sheet activities, staff productivity, market share and size are the major determinants of the technical efficiency.

Analysis

Banking sector reforms, introduced in the early 1990s in a gradual and sequenced manner, were directed at the removal of various deficiencies from which the system was suffering. The basic objective of reform was to make the system more stable and efficient so that it could contribute in accelerating the growth process. Banking sector reforms have supported the transition of the Indian economy to a higher growth path, while significantly improving the stability of the financial system. In the post reform era, PSBs occupy the pivotal position in the country. Banking sector reforms have created a high competitive and dynamic environment for PSBs in the wake of globalization and cut throat competition. The major problems which PSBs are facing today are the problem of pressure on profitability, low productivity, high NPAs, multiple union activities, challenges of competition from new banks, problem of managing dual ownership, unfriendly consumerism, pressure on welfare motivation, bureaucratic interference, etc.

The performance of the PSBs after the liberalization has witnessed a greater improvement in quantitative terms of branches, staff, assets and deposits. The present study is an attempt to have an idea of performance of public sector banks after liberalization with the help of primary data, in qualitative terms, using percentage method. The study is related to all public sector banks.

Performance in the perception of Banking Officials

In the research study the primary data is collected with the help of the self-designed questionnaire from the banking officials. The analysis on the primary data is given in subsequent sections. The officials were asked to rate their perceptions with respect to various qualitative as well as quantitative aspects of the banking performance. As shown in table 1 there are seventy respondents selected in the study out of which forty are males and rest of the 30 are females. The effort is done in order to get the responses from both the genders.

Table 1 Gender wise distribution of the respondent

Gender	Number of respondent	Percentage
Male	40	57.1 %
Female	30	42.9 %

It is assumed that the public sector banks perform well in the last decade. The respondents were asked to rate their perceptions about overall performance of public sector banks in post reform

era. The responses of the banking officials are shown in table 2. The result indicate that about 42.9 percent of bank managers are agree with the statement the performance has been improved after reforms. 18.6 percent bank manager is not agreeing with this and 21.4 percent do not form any opinion. In the study it is observed that majority of the officials agree with the significant performance of public sector banks however some of the officials are found to be disagree. In their opinion public sector banks are still far behind the private sector banks.

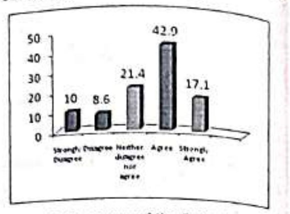


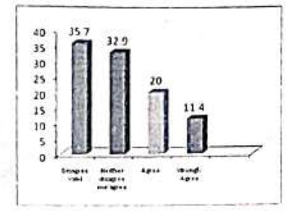
Table2: Performance of the PSBs has been improved after reform era.

Response	Frequency	Percentage
Strongly Disagree	7	10.0 %
Disagree	6	8.6 %
Neither disagree nor agree	15	21.4 %
Agree	30	42.9 %
Strongly Agree	12	17.1 %

Opinion of the bank officials regarding the technology in PSBs is summarised in table 3. 35.7 percent of the bank manager are disagree with the statement. They assume that technological development do not occur in the PSBs and 31.4 percent officials take opinion that technology has been improved in PSBs. It is assumed that technological devlopment has been increased the business of the PSBs with RTGS, Internet banking and mobile banking. 32.9 percent donot hold any opinion regarding this.

Table 3 : Technology of the PSBs is improving in this competitive era.

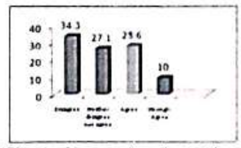
Response	Frequency	Percentage
Disagree	25	35.7 %
Neither disagree nor agree	23	32.9 %
Agree	14	20 %
Strongly Agree	8	11.4 %



Customer is God in today's era. Their satisfaction is important for the development of any business. It is also important in banking sector. The table and figure4 reveals that 34.3 percent bank manager disagreed with the statement. According to them PSBs are still not able to satisfy customer's needs. 38.6 percent ban manager are agree with the statement that PSBs are able to satisfy the consumers' need with innovative products. 27.1 percent do not hold any opinion about this.

Table 4 : PSBs are able to satisy the customer' needs and customer satisfaction is increasing

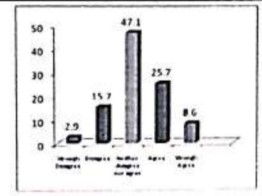
Response	Frequency	Percentage
Disagree	24	34.3 %
Neither disagree nor agree	19	27.1 %
Agree	20	28.6 %
Strongly Agree	7	10 %



PSBs should research on the vast knowledge they have about the consumer, create specific products for specific segments, and differentiates according to consumer potential and its expectations rather than serving all customers with universal products. The table and figure 5 reveals that 47.1 percent of the bank officials neither disagree nor agree with the statement that they have suitable market strategies to expand the volume of the business. However 34.3 percent bank officials have the opinion that they have different strategies and innovative products for different customers to satisfy their need. Only 18.6 percent bank officials are disagreed with the statement.

Table 5: The PSBs have invented suitable market strategies to expand the volume of business level

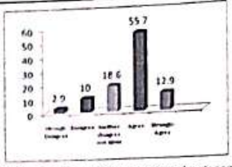
Response	Frequency	Percentage
Strongly Disagree	2	2.9 %
Disagree	11	15.7 %
Neither disagree nor agree	33	47.1 %
Agree	18	25.7 %
Strongly Agree	6	8.6 %



In the modern economy the means of providing services to the customers should be very fast so that there should not be any hurdle in the quantity and the quality of the business. The table and figure 6 shows that 55.7 percent bank officials are strongly agreed with the statement. According to them PSBs are consumer friendly. Thay always try to focus on the needs of the consumers. But 12.9 percent officials are disagreed with these opinion. According to them they are not capable to satisfy the consumer's needs in this competitive world. Private and foreign sector banks have fastest and efficent means of providing the services.

Table 6: Banks have explored out the fastest and efficient means of providing services

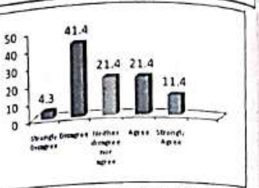
Response	Frequency	Percentage
Strongly Disagree	2	2.9 %
Disagree	7	10 %
Neither disagree nor agree	13	18.6 %
Agree	39	55.7 %
Strongly Agree	9	12.9 %



PSBs are in need of operational autonomy in their development. On the other hand, foreign and private sector banks the full autonomy in day-to day operations and that is why their performance ld significantly better than the PSBs. The table and figure 7.7 reveals that 21.4 percent of the officials do not hold any opinion. 41.4 percent manager agreed that they cannot operate independently as private and foreign sector banks can. Total 32.8 percent officials are agreed with the statement that they can take the decision freely as the private and foreign sector banks have.

Table 7 :PSBs have functional freedom and autonomy in their development like private and foreign sector banks have.

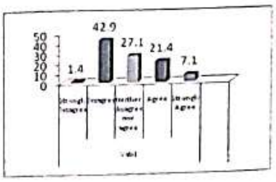
Response	Frequency	Percentage
Strongly Disagree	3	4.3 %
Disagree	29	41.4%
Neither disagree nor agree	15	21.4%
Agree	15	21.4%
Strongly Agree	8	11.4%



RBI should provide full flexibility in their day to day operations and in the area like free mergers and acquisitions allowing the opening of rural branches and fix quota on private sector etc. Table and figure 8 demonstrates that total 28.5 percent officials are agreed with the statement. They have the flexibility in their day to day operations. They are not under the government and RBI influence for their daily operations. However 42.9 percent thought that they operate under the guidelines of the government of India and RBI. 27.1 percent are in dilemma. They are neither agreed nor disagreed with the statement.

Table8: PSBs have flexibility in their day to day operations.

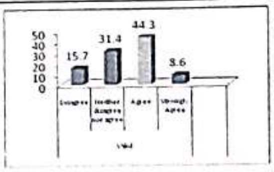
Response	Frequency	Percentage
Strongly Disagree	1	1.4 %
Disagree	30	42.9%
Neither disagree nor agree	19	27.1%
Agree	15	21.4%
Strongly Agree	5	7.1%



Fierce competition pressure on the PSBs is the consequence of the globalization and integration of the financial market. Their survival has become very tough. It is very important to count their presence on global map. The table and figure 9 shows that 44.3 percent officials thought that PSBs have global presence with the large branches in foreign countries and PSBs have made their image by creating an outward look. 31.4 percent do not hold any opinion and only 15.7 percent are disagreed that they do not have global presence. According to them they are not able to sustain their immunity in this cut throat competition.

Table9 :PSBs are attaining a global presence in this competitive era.

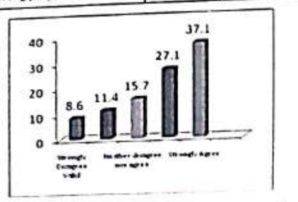
Response	Frequency	Percentage
Disagree	11	15.7%
Neither disagree nor agree	22	31.4%
Agree	31	44.3%
Strongly Agree	6	8.6%



PSBs have vast network of branches, having huge customer base, they are not able to extract any knowledge from that. They can build ultimate strategies to retain their customers. The table and figure 10 shows that percentage of strongly agreed officials is 37.1. They are providing good services to the customers and that's why customer have more faith in PSBs. Total 20 percent are not agree with the statement that they are unable to retain the customers. Only 15.7 percent officials do not have any opinion.

Table 10 : PSBs are providing various products and services to customers to retain them.

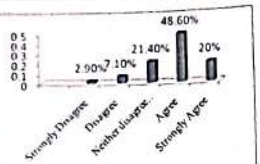
Response	Frequency	Percentage
Strongly Disagree	6	8.6 %
Disagree	8	11.4%
Neither disagree nor agree	11	15.7%
Agree	19	27.1%
Strongly Agree	26	37.1%



Private and foreign sector banks are putting aggressive and technology savvy competition to the PSBs in the form of innovative products and services such as round the clock services, net banking, and free home services to open a bank account and to withdraw or deposit money by cheque means home banking and high interest rates on deposits. Table and figure 11 reveals that 48.6 percent manager are agreed with the statement that private and foreign sector banks have innovative and global tested products for their customers. They have hi-tech methods which attract the customer more. Only 12 percent managers are not agreed with them. According to them they are not less than any another bank. Competition is there but they are ready for this. 21.4 percent do not hold any opinion.

Table 11: Private and foreign sector banks are creating more competition with latest technology and innovative global tested products.

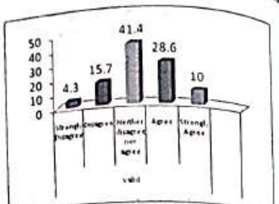
Response	Frequency	Percentage
Strongly Disagree	2	2.9 %
Disagree	5	7.1%
Neither disagree nor agree	15	21.4%
Agree	34	48.6%
Strongly Agree	14	20%



In india there is a large number of population which is below the poverty line, do not have any bank account. There are many rural branches of PSBs and private sector banks, still thaey can not open their account in the banks. Table and figure 12 shows that percentage of agreed officials is more than the disagreed officials. PSBs provide better services like other private and foreign sector banks to include more population. To attract more customer they provide competitive rate of interest on their deposits. Many government programmes of employment generatiing are linked with the banks, so they are eager to open their account in their bank. However 41.4 percent officials are neither disagree nor agree with the statement.

Table 12: PSBs are included unbanked population (BPL families) by providing better services.

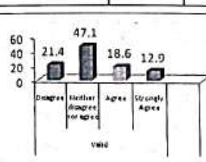
Response	Frequency	Percentage
Strongly Disagree	3	4.3 %
Disagree	11	15.7%
Neither disagree nor agree	29	41.4%
Agree	20	28.6%
Strongly Agree	7	10%



Mobile banking is enjoying a rapid growth. Mobile banking is different from internet banking and ATMs in many ways. Indian living should be educated more about the mobile banking. The table and figure13 shows that 47.1 percent officials are neither agree nor disagree with the statement. Total 31.5 percent officials are agreed that mobile banking helps them in effective customer realationship management practices by getting the valuable data about the customers through mobile banking. The complete system become very much disciplined and healthy. only 21.4 percent officials are not agreed with the statement. According to them it is a biggest challenge for banks that mobile banking education become a part of the promotional camapaign.

Table 13: Mobile banking is enjoying a rapid growth comparitively to internet banking and ATMs in many ways.

Response	Frequency	Percentage
Disagree	15	21.4%
Neither disagree nor agree	33	44.1%
Agree	13	18.6%
Strongly Agree	9	12.9%

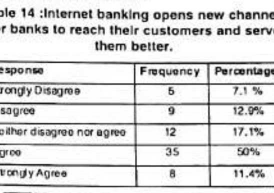


Online banking has changed the face of the

entire banking system. It opens a new channel for banks to reach their customers and serve them better. The table and figure 14 shows that 50 percent officials are agreed with the statement that Internet banking have so many advantages. Irrespective of time and place, customer can access his account manage all accounts from one secure site and using account aggregation stock extracts an portfolio management programmes for effective management of assets. 12.9 percent are disagreeing and 7.1 percent are strongly disagreeing with the statement. Security trust and privacy issues are some of the challenges that internet banking has. Only 17.1 percent do not make their mind for this statement.

Table 14 :Internet banking opens new channels for banks to reach their customers and serve them better.

Response	Frequency	Percentage
Strongly Disagree	5	7.1 %
Disagree	9	12.9%
Neither disagree nor agree	12	17.1%
Agree	35	50%
Strongly Agree	8	11.4%



It is the beauracratic set up within the banks whereby it takes months together to get the loan sanctioned. Being government controled, these banks are politically led. Political agenda tops at the cost of bank's profitability and stability. The table and figure 15 reveals that 34.3 percent officials are strongly agreed with the statament that they can not make decision freely. They have to obey the instruction given by the their higher officials. 22.9 percent officials do not hold any opinion. Total 20 percent officials are not agreed with the statement. According to them they can take the decision independently. They do not face any beuraecratic controlon their day to day work.

Table 15 :Being government owned banks; PSBs are controlled by the bureaucrats to take many decisions.

Response	Frequency	Percentage
Strongly Disagree	5	7.1 %
Disagree	9	12.9%
Neither disagree nor agree	16	22.9%
Agree	16	22.9%
Strongly Agree	24	34.3%

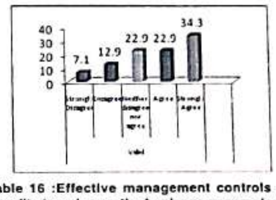
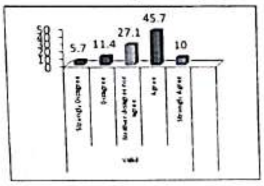


Table 16 :Effective management controls are benefits to enhance the business per employee.

Response	Frequency	Percentage
Strongly Disagree	4	5.7 %
Disagree	8	11.4%
Neither disagree nor agree	19	27.1%
Agree	32	45.7%
Strongly Agree	7	10%

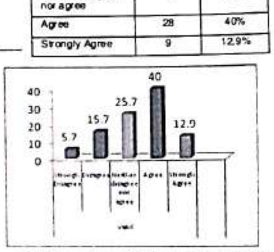


The table and figure 16 shows that 45.7 percent officials are agreed with the statement that effective management control increase the productivity and business per employee. 27.1 percent are neither agree nor disagree with the statement. Only 17.1 percent officials are not agreed with this statement. According to them employees if do their work independently then their performance will increase.

The table and figure 17 shows that 12.9 percent officials are strongly agreed and 40 percent manager are agreed with the statement that if the management attitude is favorable and conducive the productivity of the employees will increase. 15.7 percent are disagreed and 5.7 percent are strongly disagreed with the statement that management attitude do not play any important role to enhance the productivity of the employees. Productivity of the employees depends upon their personal performance.

Table 17: Favorable management attitude play an important role to increase the productivity of the employees of PSBs

Response	Frequency	Percentage
Strongly Disagree	4	5.7 %
Disagree	11	15.7%
Neither disagree nor agree	18	25.7%
Agree	28	40%
Strongly Agree	9	12.9%



The table and figure 18 shows that 48.6 percent managers are not agreed with the statement. Future development plan can not enhance the productivity of the banks. 25.7 percent manager are not agreed about this statement. Total 24.3 percent manager are agreed that future development plans improve the performance and the productivity of the bank.

Table 18: Future performance development plan can improve the performance of your bank.

Response	Frequency	Percentage
Strongly Disagree	1	1.4 %
Disagree	34	48.6%
Neither disagree nor agree	18	25.7%
Agree	14	20%
Strongly Agree	3	4.3%

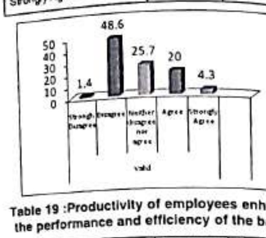
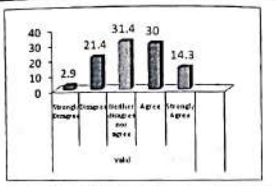


Table 19 :Productivity of employees enhances the performance and efficiency of the banks.

Response	Frequency	Percentage
Strongly Disagree	2	2.9 %
Disagree	15	21.4%
Neither disagree nor agree	22	31.4%
Agree	21	30%
Strongly Agree	10	14.3%



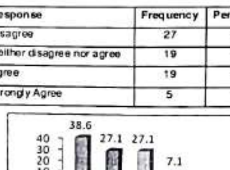
The table and figure 19 shows that total 34.3

percent officials are agreed with the statement that productivity of the employee increase the efficiency of the banks. PSBs have more manpower with their high skills. Total 24.3 percent officials are disagreed with the statement. PSBs are confronting the problem of low productivity. It is due to huge surplus manpower, poor work culture and absence of employees' obligations to the organization. 31.4 percent of them do not hold any opinion.

The table and figure 20 demonstrates that 27.1 percent officials are agreed that they have more skilled labour. They transform the raw labour into skilled labour and ultimately the efficiency of the banks will increase. 7.1 percent also hold the strong feeling of this statement. 38.6 percent officials do not agree with this statement. They opinioned that they have large unskilled staff. 27.1 percent do not hold any opinion.

Table 20: PSBs have more skilled manpower comparatively to private and foreign sector banks.

Response	Frequency	Percentage
Disagree	27	38.6%
Neither disagree nor agree	19	27.1%
Agree	19	27.1%
Strongly Agree	5	7.1%



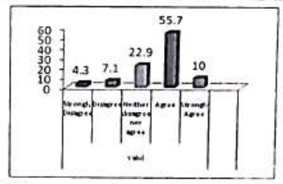
Timely training and development programmes enhance the productivity of the employee as well as update them regarding the changing enviornment. The table and figuer 21 reveals that 38.6 percent officials do not hold any opinion about the training and development of the employees which ultemately incraese the productivity of the PSBs. Same percenetage of the officials hold the opinion that training and development programmes enhance the productivity of the banks and by this employees can make themself update. 22.8 percent disagree with the statement.

Table 21 :Timely training and development programmes of the employees update them as well as increase the productivity of the PSBs.

Response	Frequency	Percentage
Strongly Disagree	1	1.4 %
Disagree	15	21.4%
Neither disagree nor agree	27	38.6%
Agree	20	28.6%
Strongly Agree	7	10%

Table 22: Goodwill of the Bank attracts and retains more customers.

Response	Frequency	Percentage
Strongly Disagree	3	4.3%
Disagree	5	7.1%
Neither disagree nor agree	16	22.9%
Agree	39	55.7%
Strongly Agree	7	10%



PSBs presents various products and services to customers compared to those banks which are providing almost the similar products and services. It is the goodwill of the bank that distinguish a bank from the other. The table and figure22 reveals that 55.7 percent officials are agreed with the statement that good-will of the bank attract more customers. Customers do not leave any bank once they become the customers of one bank. 22.9 percent officials do not make any opinion. Total 11.4 percent officials do not agree with this statement.

7.2 (a) Overall Performance

After the introduction of the liberalization in 90's and the entry of the new players, PSBs are experiencing a unique change in the level of competition. Some PSBs are facing many problems and some other have maintained their immunity against the global factors. In the research study, the banking officials were asked to rate the different aspects of performance. The mean score of different parameters is calculated as shown in the table 23 given below with S.D. and distribution parameters.

Table 23: PERFORMANCE

VARIBLESS	MEAN	S.D.	SKEWNESS	KURTOSIS
PERFROMANCE	3.48	1.17	-0.76	-0.14

(b) Perfromance w.r.t. Customer Satisfaction

In the economy banks provides the services to the customers most of the services provided by the banks different financial services to their customers. The services includes opening of the saving, current and term deposits. In the service sector the satisfaction of customer plays a very important role in the defining the performance of the banks. Still in current scenario where competition is very tough, the private as well as foreign banks are continuously providing better services to their customers. So the satisfaction level of the customers w.r.t. to services provided by PSBs is more important. In the research study the banking officials were asked to rate the different aspects of performance. The mean score of different parameters is calculated as shown in the table 24 given below with S.D. and distribution parameters.

Table24: performance w.r.t. customer satisfaction

VARIBLESS	MEAN	S.D.	SKEWNESS	KURTOSIS
CUSTOMER SATISFACTION	3.14	1.01	0.311	[illegible]
MARKET STRATEGIES	3.21	0.915	0.023	[illegible]
INCREASE IN SERVICE	3.63	[illegible]	-0.92	[illegible]
GOODWILL OF THE BANK	3.6	0.923	-1.04	[illegible]
RETENTION OF CUSTOMERS	3.72	1.3	-0.76	[illegible]
INCLUSION OF UNBANKED POPULATION	3.24	0.984	-0.136	[illegible]

The result indicates that the highest mean score is found in case of parameters retention of customers and increase in the services. The banking officials are agree with the fact that in the post reform era the number of services offered by the bank increases a lot. And because of better services provided by the banks they are able to retain their customers. It is also found that goodwill of the PSBs is also good. However, according to their perception the PSBs are weak at providing the level of satisfaction and in designing market strategies. The reason of this observation is because of lack of professionalism in the employees working with the PSBs.

(c) Performance w.r.t. Bank's Employee

Career planning and appraisal system is playing a very important role to gain competitive advantages. Every bank is using human resource to gain it which is beneficial for both employee and employer in the long run. The PSBs have a rich heritage of the several decades, but still the banks are suffering from loss of skill and knowledge in form of retirement of senior officials. In this study the banking officials were asked to rate the different aspects of the efficiency of the bank's employees. The mean score of different parameters is calculated as shown in the table 25 given below along with S.D. and distribution parameters.

Table 25 : Performance w.r.t. bank's employee

VARIBLESS	MEAN	S.D.	SKEWNESS	KURTOSIS
TRAINING AND DEV	3.24	0.954	0.106	-0.574
PRODUCTIVITY	3.3	1.050	-0.061	-0.757
OPERATIONAL FLEX	2.9	0.994	0.509	-0.684
FUCTIONAL AUTO	2.94	1.12	0.427	-0.911
SKILLED MANPOWE	3.02	0.977	0.421	-1.012

The result indicates that the highest mean score is found in case of parameter training and development programmes for the employees and increase in the productivity. The banking officials are agreeing with the fact that in the after liberalization business per employee and profit per employee has been increased. This is possible due to the training and development programme provided to them which ultimately enhance their productivity. Skilled manpower also plays a very important role in enhancing the efficiency of the employee and the banks. As PSBs are government led banks they have lack of operational flexibility and functional autonomy. They have to depend upon the decisions of the GOI and RBI.

(a) Performance w.r.t. Management

The role of the management in a bank is tosupport competitive decision making by collecting processing and communicating information that helps management plan, control and evaluate banking business processes and strategy. Good management involves a responsibility to manage a wide variety of critical information. Employees need to be more fully engaged in making strategic decision and in planning and organize more of their own work. After the liberalization all employees can share in management and show leadership. The mean score of different parameters is calculated as shown in the table 26 given below along with S.D. and distribution parameters.

Table 26: Performance w.r.t. Management

VARIBLESS	MEAN	S.D	SKEWNESS	KURTOSIS
FUTURE DEVELOP	2.77	0.935	0.097	-0.493
FAVOURABLE MGMT	3.38	1.08	-0.476	-0.404
EFFECTIVE MGMT	3.42	1.01	-0.698	0.125
BEUREARCRATIC	3.64	1.27	-0.546	-0.774
COMPETITION	3.75	0.954	-0.827	0.706
GLOBAL PRESENCE	3.45	0.862	-0.212	-0.647

The result indicates that the highest mean score is found in case of parameters competition and bureaucratic control. After liberalization with the entry of private and foreign sector banks competition has emerged at a new level. Bureaucratic control has somehow affected the performance adversely. Effective management control and favorable management control have a very little impact on the performance of the PSBs.

(a) Performance w.r.t. Technology

PSBs should use innovative technology to facilitate financial inclusion of the unbanked population through biometric techniques and mobile banking network. This customer experience and modified offering are increasingly becoming key to bank's profitability in this study, the banking officials were asked to rate the different aspects of technology. The mean score of different parameters is calculated as shown in the table 27 given below along with S.D. and distribution parameters.

Table 27: performance w.r.t. technology

VARIBLESS	MEAN	S.D	SKEWNESS	KURTOSIS
TECHNOLOGY	3.07	1.01	0.545	-0.812
MOBILE BANKING	3.22	0.935	0.507	0.287
INTERNET BANKING	3.44	1.09	-0.762	-0.18

The result indicates that the highest mean score is found in case of parameter internet banking and mobile banking. The banking officials were agreeing with the fact that after liberalization the use of online banking is increasing. It is very easy to manage all the accounts from one secure site irrespective of time and place. However in hi-tech technology front PSBs are still far behind the other private and foreign banks. The reason behind this is that private and foreign sector banks have global tested services.

CONCLUSION

Banking is proxy of economic growth of the country. Its role in developing country like India cannot be underestimated. The success of the five year plans, among other things, depends upon the smooth and satisfactorily performance of the role of the banks. It is service oriented business which requires high level of professional and employee skills with International existence.

The Indian banking sector came from a long way from being business organization to a highly proactive and dynamic unit. Before liberalization, the Indian banking structure was under the control of trusts, and branch size and locations were given more importance. Presently, the Indian banking sector is experiencing the intense changes where liberalized business environment has affected the business of banking sector by way by competition, rising customer expectations, low spread ratio and increasing disintermediation. PSBs dominates the Indian banking sector by assessing 80 percent of all assets, however their share is declining. The inefficiencies arise when the market become open for competition for private and foreign sector banks. New challenges for the PSBs are to retain their share. The new private and foreign sector banks are successful in enhancing their positions.

PSBs have wide distribution of network all over the country. But the strength of PSBs become a matter of concern when compare to hi-tech branch and foreign sector banks. It is difficult for the PSBs to upgrade them on the technology front. Now PSBs are adopting the modern technology to improve customer service and designing market strategies to increase sales opportunities. They have also under taking cost reduction programmes. These banks also have large staff size. In this competitive era, there has been main focus on the profitability, although other social objectives continue to be important. Many PSBs have shown a significant improvement in their profit performance. Generally new private sector banks and foreign banks are performing better than the PSBs. So it is essential in this competitive era to convert the challenges in to opportunities.

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Business Model Evolution and Trade Policy Implication (Study of IT Industry)

Syeedun Nisa

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Abstract : Business models of companies have evolved over a period of time. A business model is dynamic and is prone to changes due to changes in the external and internal environment in which business is conducted. One of the important factors that compel companies to restructure their business model is trade policy. Trade policy is a collection of rules and regulations which pertain to trade. The purpose of trade policy is to help nations to run their trade more smoothly, by setting clear standards and goals which can be understood by potential trading partners. Governments, indeed, have a key role to play in establishing the infrastructure or framework of a country, be it in the fields of intellectual property protection, the protection of privacy, competition policy, trade and investments, or labor market regulations. All these areas are important considerations for the evolution of business model of a company. Companies most often structure their business model as per the trade policy guidelines. Here, we looked at various government policies over the time that influenced the companies to restructure their business model. The research paper discusses the journey of business models of the three IT companies since their inception and role of government policies in changing the business structure. (Refer Table 1 for profile of the select companies)

Key words: Business Model, Policy implication, trade policies, sustainable development.

INTRODUCTION

When discussing the role of policy with regard to the Sustainable Business Models, it becomes obvious, through the relevant literature, that it plays a significant role in supporting and enhancing green innovation, green growth and the development of a green economy (Bisgaard et al., 2012; Henriksen et al., 2012:A; FORA, 2009; OECD, 2009; OECD, 2011:A, B). This paper will attempt to provide evidence for this claim, by presenting the function of policy and policy makers in sustainable business, as well as shaping the generic Business Model. (Refer figure 1 for policy and legislative initiatives in India regarding sustainability business practices).

The Function of Policy and Policy Makers in 'Sustainable' Business

'Sustainable development' means development that meets the needs of the present without compromising the ability of the future generations to meet their own needs. (Agarwal, 2005).

The OECD (2009) explicitly states, "*Like general innovation, eco-innovation needs government interventions that set the right framework conditions and provide enough support for successful research and business development*" (pp. 182). It is only through such support that green growthcan be achieved and SBM frameworks can be further developed, as "*innovation benefits from having stable and predictable policy signals*" (OECD, 2011). (Bisgaard et al., 2012)

More specifically, policy makers must be in a position to assess whether new sustainable innovations are to be left to the market or whether policies are needed to support them, and in that case, what these policies should look like. The reason for policy creation and intervention with the emerging

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innovations can be due to market failure in the case of a commercialization, which in turn can lead to under-investments in eco-innovation, green growth and development of SBM. (Bisgaard et al., 2012; A. FORA, 2009; OECD; Henriksen et al., 2012 B). However, policy makers are not to interfere with the methods used by firms to reach their green targets. Instead, they are there to set goals and allocate resources that can be used by organizations in their pursuit of green transition. More than this, constant monitoring and evaluation of any implemented policies to assure their effectiveness and efficiency, while gaining benefits from further developments, might additionally be used. (Bisgaard et al., 2012; OECD, 2011:B)

In an increasingly globalised society, the challenge becomes even greater for policy makers, as national policies can rarely stand alone, but instead will have to intertwine with policies in other nations and regions, and implement regulations that are as widespread as possible. (Bisgaard et al., 2012; Henriksen et al., 2012:A; OECD, 2011:B).

POLICY ENVIRONMENT – INFORMATION TECHNOLOGY

The Government of India visualized the importance of electronics and information technology (IT) and its critical role in the economic growth of the country, and as a result, established the Department of Electronics (DOE) in June, 1970 and the Electronics Commission in February, 1991. The objectives of the Department were to review the field of electronics with regards to research, development and industrial operations, to formulate policy in the field of electronics and IT and to direct implementation of all measures, both promotional and regulatory, to attain self-reliance.

In 1975, the Government of India strategically decided to take effective steps for the development of information systems and utilization of information resources, and also for introducing computer-based decision support system in government ministries and departments to facilitate planning and programme implementation to further the growth of economic and social development (Informatics-led development). In view of its relevance for all round socio-economic growth, and also to get benefit of the emerging digital economy, the Central Government has created a new Ministry of Information Technology (MIT) in 1999 by merging the DOE, National Informatics Centre (NIC) and Electronics and Software Export Promotion Council.

The 1970s saw the Policies of self-reliance and promotion of an indigenous IT Industry in India. The idea that import of technology could accelerate national development in the field of electronics and computer, had gained support in the Policies/ Statements of the Central Government announced between 1978 to1984. Many State/Central Electronics Corporations were established in 1970s and 1980s to develop electronics industry in the states. Various policy announcements like the Import Policy (1983), Computer Policy (1984), Electronic Policy (1985), and Software Policy (1986) laid the foundations for the liberalized growth of IT industry in the country. It was recognized that IT would become strategically as important to the Indian economy as oil. IT investment in Government Sector has been negligible up to 1990s. The Vittal Committee (1997) constituted by the Department of Administrative Reforms recommended 2-3% of the budget outlay for IT applications in Government Departments.

The National Conference on Informatics for Sustainable Agricultural Development (ISDA) 1995 recommended 3-6% of IT applications in the agricultural sector. National Task Force on InformationTechnology and Software Development (1998) of the Central Government has suggested a plan of action to make India IT super power in the World.

WIPRO

About Wipro

Wipro Ltd., the flagship company of the Azim H Premji group was incorporated in the year 1945. The company started off originally as a manufacturer of vegetable ghee/vanaspati, refined edible oils etc. Gradually the company has diversified into various other businesses. Today Wipro provides comprehensive IT solutions and services, including systems integration, Information Systems outsourcing, package implementation, software application development and maintenance, and research and development services to corporations globally.

In the Indian market, Wipro is a leader in

providing IT solutions and services for the corporate segment in India offering system integration, network integration, software solutions and IT services. Wipro also has profitable presence in niche market segments of consumer products and lighting. In the Asia Pacific and Middle East markets, Wipro provides IT solutions and services for global corporations. Wipro's ADSs are listed on the New York Stock Exchange, and its equity shares are listed in India on the Stock Exchange - Mumbai, and the National Stock Exchange, among others. Wipro is the leading strategic IT partner for companies across India, the Middle East and Asia-Pacific - offering integrated IT solutions.

Different divisions of the company

Wipro Technologies - Wipro Technologies is the global IT services business division of Wipro Limited. With over 20 offices around the world, Wipro Technologies is the No.1 provider of integrated business, technology and process solutions on a global delivery platform.

Wipro Infotech- Wipro Infotech is the leading strategic IT partner for companies across India, the Middle East and Asia-Pacific - offering integrated IT solutions. We plan, deploy, sustain and maintain your IT lifecycle through our total outsourcing, consulting services, business solutions and professional services.

Wipro Consumer Care and Lighting- Wipro Consumer Care and Lighting, a business unit of Wipro Limited, has a profitable presence in the branded retail market of toilet soaps, hair care soaps, baby care products and lighting products. It is also a leader in institutional lighting in specified segments like software, pharma and retail.

Wipro Infrastructure Engineering - Wipro Infrastructure Engineering was Wipro Limited's first diversification in 1975, which addressed the hydraulic equipment requirements of mobile original equipment manufacturers in India. Over the past 25 years, the Wipro Infrastructure Engineering business unit has become a leader in the Hydraulic Cylinders and Truck Tipping Systems markets in India, and intends growing its business to serve the global manufacturing requirements of Hydraulic Cylinders and Truck Tippers.

Wipro GE Medical Systems - Wipro GE Medical Systems is a joint venture between Wipro and General Electric Company. As a part of GE Medical Systems South Asia, it caters to customer and patient needs with a commitment to uncompromising quality. Wipro GE is Indias largest exporter of medical systems, with unmatched distribution and service reach in South Asia. Wipro GE pioneered the manufacture of Ultrasound and Computed Tomography systems in India and is a supplier for all GE Medical Systems products and services in South Asia.

Phase	Period	Business model	Corporate Strategy	Policy framework	Sustainability attributes
Phase 1	1945 – 70	Establishment of Wipro and focus on FMCG Sector	Concentration strategy – vertical as well as horizontal	Govt. policy conducive for Indian businesses	Demand driven model, local capital
Phase 2	1970 – 90	Diversification into technology domain	Greenfield venture	IBM left Indian IT sector	Demand driven model, local capital
Phase 3	1990 – 00	Business expansion	Expansion strategy	Liberalization of Indian Economy	Demand driven model, local capital
Phase 4	2000 onwards	Factory Model	Large-scale outsourced management servicing multiple geographical or business divisions	Information Technology Act, 2000 (and subsequent amendments)	Demand driven model, local capital, Sustainability reporting, Stakeholders concern

Table 2: Wipro's Business Model Evolution with policy changes

Evolution of Wipro Buisness Model

Phase 1: Establishment of Wipro and focus on FMCG Sector

When Wipro ltd had been taken over by Mr. Azim Premji, he analyzed the economic environment and found the opportunities for the expansion and diversification in various industries. Even when it was under his father's administration he took that into a consumer market segment, where he had seen an opportunity to tap the consumer goods market, which was a main concern of government to cater to the needs of domestic demands first. The next opportunity seen by them was the boom of infrastructure industry in mid – 1970's. The growth of country has its one of the bases as infrastructure development which should be in both private and government sectors. They foresee it in a better way and decided to enter in to a market where they could achieve the top level, which was engineering and manufacturing of hydraulic and pneumatic cylinders. This provides solutions by hydraulic and pneumatic cylinders, truck tipping systems for the trucks and heavy industry machines and for army tanks and vehicles.

The sustainability components present during this phase were – Demand driven and Local capital. Since Wipro is a private company, therefore, it is involved in lot of research and development and introduction of innovative products in market. At the same time, it is also involved in local sustainability initiatives like community development, environment protection, shareholders engagement etc. Wipro also keeps local shareholders. Two of its major shareholders are LIC of India and Land T Infrastructure pvt. Ltd.

Phase 2: Diversification into technology domain

At that time Indian economy was state-controlled and the state remained hostile to the soft-ware industry through the 1970s. Import tariffs were high and software was not considered as a separate industry, so that exporters were considered as ineligible for bank loans. In 1977, after IBM left Indian IT sector, Wipro entered into the market. It started developing its own computers. Within a couple of years, Wipro Ltd. started selling finished products. It licensed technology from Sentinel Computers in U.S. Wipro is also the manufacturer of India's first mini computers.

Government policy towards IT Sector changed in 1984. The Government has played a vital role in the development of the India Software Industry. In 1986, the Indian government announced a new software policy which was designed to serve as a catalyst for the software industry. This was followed in 1988 with the World Market Policy and the establishment of the Software Technology Parks of India (STP) scheme. Package of reduced import tariffs on hardware and software (reduced to 60%). Government started giving Package of reduced import tariffs on hardware and software. This recognition of software exports as a "de-licensed industry" makes it eligible for bank finance. This encouraged our Indian domestic players like Infosys, Wipro and TCS to concentrate in software industry very actively. The trend of growth rate of Indias economy demonstrates an upward trend. During the period of 1960 to 1980 the economy saw a growth rate of 3.5% due to the roles of major industries in India GDP. In the years from1980 to 1990 the growth rate showed a marked improvement of 5.4%.

The sustainability attributes remains same in this phase, which are, demand driven model and local capital.

Phase 3: Business Expansion

When the liberalization took place, India's Information technology had a huge advantage over it. Then onwards the boom started and the big players like Wipro started being stable enough to survive in the industry. Liberalization gave them the opportunity to go global and to get their investment to expand their businesses in various sub sectors like BPO and KPO and consulting. Those companies were already into the industry, quickly utilized the opportunity, others were struggling to come up.

The sustainability attributes remains same in this phase also, which are, demand driven model and local capital.

Phase 4: Factory Model

The start of 21st century till 2008 the economic conditions were really good for this industry. The time line shows the consistent innovativeness of Wipro ltd throughout its journey. Wipro ltd was very quick to react for governmental or legal environmental

changes. Those immediate responses helped it to build and grow its businesses to extreme level in several industries, in which they achieved and continuing in top players list.

One of the prime examples of Wipro's success in thought leadership was the rollout of the Factory Model. The 'Factory Model' had evolved from Wipro's Innovation council and was called so because of its resemblance to the manufacturing assembly line where efficiencies and quality improvements are driven through standardization of processes. It was based on the principles of the Toyota production system and "lean" manufacturing. Wipro's Factory Model brought together the governance, architectural expertise, and delivery capability and aimed to accelerate development and management within a large corporate application development environment by using principles of componentization, much like assembly in a factory. The Factory Model was most suitable when Wipro undertook program management and large-scale outsourced management of application development, especially where Wipro serviced multiple geographical or business divisions of the same client. It was founded on a common demand management process, centralized architecture and engineering services, core processes of software development driven through enterprise-wide standards, and a framework of a shared development, testing and deployment environment.

The sustainability attributes during this phase were demand driven model, local capital, sustainability reporting and stakeholders concern. Wipro started sustainability reporting from 2007 and since then every year it comes up with the sustainability report. Wipro is also top 100 BSE/NSE listed company and therefore, it is made compulsory recently in 2013 by the SEBI to produce sustainability report. In its sustainability report itself Wipro has shown how the company is environmentally, economically and socially responsible and is giving due concern to its shareholders and other stakeholders.

INFOSYS

About Infosys

Infosys was started in Pune, India, in 1981 by Narayana Murthy, along with seven software professionals who were earlier working for Patni Computers. The total capital that the founders put together was just 10,000 Indian Rupees. From the beginning, the company relied on foreign projects. In 1983, Infosys developed its first onsite project in Databasics Corporation, US. Infosys, initially provided onsite service to its global clients. This being an expensive proposition, the company decided to complete projects at its Indian offshore development centers and then implement them at the clients' places. This was also a challenge as there was no service provider at the clients' locations, causing a deterrent to the progress of projects. Besides, miscommunication added to the delay of project completion. To serve its clients effectively and in time, Infosys decided to open proximity centers close to the clients' locations. In the late 1990s, due to stiff competition from IBM, Wipro and TCS, Infosys decided to adopt the Global Delivery Model (GDM).

Infosys found that IBM, Accenture, TCS and Wipro had also adapted GDM. Industry observers felt that GDM was a standardized IT model but had no competitive advantage. To combat competition and to differentiate itself from other Global IT giants, Infosys started working on GDM 2.0 and called it the "Collaborative Distributed Delivery Model" (CDDM).

To implement the new GDM, Infosys had to set up more offshore development centers around the globe. To succeed in its efforts Infosys decided to acquire companies around the globe. According to Mr Murthy (CEO, Infosys), the term 'offshore' somehow assumes that the work is entirely done in India. Infosys's vision is**sourcing capital from where it is cheapest, sourcing talent from where it is best available, producing where it is most cost effective and selling where the markets are.**

While the GDM makes use of talent and infrastructure-including on-shore, near-shore and off-shore locations in various parts of the world, the collaborative model involve distribution of various aspects of a project based on the competencies of each center, thereby improving and speeding the delivery process.

Phase 1: Onsite Delivery Model

In the 1980's the company was established by N. R. Narayana Murthy and six engineers in Pune, India with initial capital of US $ 250. The socialist

Phase	Period	Business model	Corporate Strategy	Policy framework	Sustainability attributes
Phase 1	1980 – 90	Onsite delivery model	Horizontal growth	Self-reliant macroeconomic development policy with heavy emphasis on import substitution	Demand driven model, local capital, shareholders concern
Phase 2	1990 – 00	Global Delivery Model	Growth (concentric) - Vertical as well as horizontal	Liberalization of Indian Economy	Demand driven model, local capital, shareholders concern
Phase 3	2000 onwards	Collaborative Distributed Delivery Model	Growth (concentric) – vertical as well as horizontal	New economic policy, Information Technology Act, 2000 (and subsequent amendments)	Demand driven model, local capital, shareholders concern, sustainability reporting, stakeholders concern

Table 3: Infosys business model evolution with policy changes

Evolution of Infosys Business Model

economy prevailed at that time; the country was not opened for private investment. However, there were preparations for opening up of economy. NRNarayan Murthyac knowledges that several private ban ksre fused tol und the setting up of Infosys, anditwas the Public Sector financial institution that came forward and gave these edcapital. The example shows the critical role of government supporting enerating localent repreneursin the initial stages of ahigh technology industry.

With these as the humble beginnings, the Indian IT industry witnessed the Indian Government policies becoming more favorable inlate 1980s, representative industry associations getting formed (one of which eventually became NASSCOM) and the IT training and education level gradually becoming strong enough for creatingafull-fledged industry.

In 1983, Infosys developed its first onsite project in Databasics Corporation, US. Infosys sent a team of engineers to the client's place to develop the required software for the project; the hardware was provided by the client. Till the completion of the project, these professionals worked in interaction with Databasics and after completion, supported the company in the maintenance of the developed projects as and when required.

The sustainability attributes during this phase were demand driven model, local capital and shareholders concern. Since Infosys is a private company it gives prime importance to market forces. Thus market demand decides what is to be produced and in what quantity it is to be produced. Infosys, being and Indian company, keeps local shareholders and invests in local sustainability activities.

Phase 2: Introduction of Global Delivery Model

In the early 1990's India's rapid deregulation and the rise of internet opened the door for global delivery model. During the 1990's with revenue growing rapidly, Infosys could easily have focused on preservation. But the Murthy was intent on challenging the biggest companies in the IT sector

industry, including IBM and Accenture. Policy reforms in 1991 allowed foreign investments which enabled significant growth and development in IT industry. From just programming and documentation work, India started implementation, R&D, out sourcing and diversified itself to hidden depths of IT industry in order to become a global hub for software and IT enabled services. The Infosys most demanding clients were frustrated by having to work simultaneously with multiple services firms, each lacking full accountability.The company believed Clients would hire just one firm that could deliver end-to-end IT services. The hypothetical company would provide a management consulting team that would redesign operations and write specifications for new IT systems. That same company would then develop, test, install and maintain the new hardware and software.This implied a dramatical industry transformation. If multiple clients move towards end-to-end services, former partners would become rivals. The industry would have room for only handful of large players. Infosys intended to be one among them and to use its mastery over Global Delivery Model to outperform rivals. By selectively forgetting the past and focusing on future, Infosys was able to grow 25 fold. In 2000, it touches revenues of USS 200 million.

The global delivery model combines onsite, offsite onshore and offshore resources. Its objective is to distribute and manage engagements and resources across multiple global locations, thereby allowing the service provider to better respond to client requirements from around the globe. The sustainability attributes in this phase were same as previous phase (phase II) – demand driven, local capital and shareholders concern.

Phase 3: Collaborative Distributed delivery model

Infosys has continuously focused on the Global Delivery Model in order to update and include all the upcoming changes in the IT industry that are successful for any organization for its long term growth and stability. In the process, Infosys has played close attention to – strategy making, accountability and organization design. The Information Technology Act, 2000 by Indian government acts as a frame work to address legal issues and security concerns related to computer crimes and IT protection and thus helped the companies like Infosys to consolidate their Business. The global delivery model till early 2000 meant delivering the work out of India for client location. The model is now evolving to include other low cost locations across the world.To combat competition and to differentiate itself from other Global IT giants, Infosys started working on GDM 2.0 and called it the "Collaborative Distributed Delivery Model" (CDDM). To implement the new GDM, Infosys had to set up more offshore development centers around the globe. To succeed in its efforts Infosys decided to acquire companies around the globe.

The sustainability attributes during this phase were demand driven model, local capital, shareholders concern, sustainability reporting and stakeholders concern. Infosys started sustainability reporting from 2006-07 and since then it has produced six sustainability reports. Infosys is also top 100 BSE/NSE listed company and therefore, it is made compulsory recently in 2013 by the SEBI to produce sustainability report. In its sustainability report itself Infosys has shown how the company is environmentally, economically and socially responsible and is giving due concern to its shareholders and other stakeholders.

IBM

About IBM

IBM commenced business in India in the 1930s and set up manufacturing there in 1951. The business operated successfully until the mid-1970s. During 60's and 70's, Indiawas motivated to try to developself-sufficiency in computers and electronics largely by national security concerns related to border conflicts with China and Pakistan. The government created an ElectronicsCommittee which devised a strategy for achieving self-sufficiency in electronics within ten years by "leapfrogging" ahead to absorb the most advanced products and technologies available. The goal was eventually to achieve indigenization of technology, whereby India would move away from dependence on foreign technology and produce its own. This approach not only respondedto the perceived security risks, but also fit the ideologyof self-sufficiency which drove much of India's post-independence political and economic agenda.

Themain vehicle chosen to gain access to advanced computer technologies was negotiation with multinationals, primarily IBM, which dominated the computer market in India (from1960-1972, IBM accounted for over 70%of all computers installed in India). From1966 to 1968, the Indian government tried to get IBM to share equity with local capital in its Indian operations. IBM said it would leave India before agreeing to equity sharing, and the government let the matter drop.

Inan attempt to satisfy the government's interest in developing domesticproduction,both IBMand British-owned ICL began to refurbish used computers in Indian plants and sell orlease them to Indian customers. IBM felt that India should evolve technologically from one level of sophistication to the next. However, a 1966 report by the government's ElectronicsCommitteestatedthat such step-by-step technological evolution should be avoided and that India should leap ahead to the latest technologies. But at this point, the government was unable to impose its will on IBM.

The government's inability to effectively regulate the MNCs was due partly to institutional weaknesses in the agencies assigned the task. In 1966, responsibility for implementing the Electronics Committee Report strategies had been given to the Department of Defense Supplies, with monitoring by a new agency, the Electronics Committee of India. However, the committee lacked support staff and had no authority to compel action by other agencies.

Negotiationswith IBM went on through 1976and 1977, but before they took place, two important developments occurred. In 1975, U.S.computer maker Burroughs entered into a joint venture with Tata Consultancy Services to export software and printers from SEEPZ. This meant the government had two MNCs (ICL and Burroughs) in the country on its own terms, which probably encouraged the government to take a hard line toward IBM.

Alsoin 1975, the Indian cabinet approved a proposal to set up the state-owned Computer MaintenanceCorporation (CMC) with alegal monopoly on the maintenance of all foreigncomputer systems in the country. Thisreduced the advantage IBM had with users as a result ofits superior service capabilities. Now users would have to depend on CMC no matter whose systemthey purchased.

With its bargaining position substantially enhanced, the government continued to demand the IBM dilute its equity to 40% for all Indian operations. IBM responded with a proposalto share equity in its non-computer operations, meet export goals, and fund an Indian science center and an electronics testing facility. The government refused. After two years of negotiations, IBM decided it couldnot back down on the equity issue and in 1978it quit India altogether but still continued to conduct business in India as an off-shore entity only, through a small Liaison Office.

India was liberalized in 1991, relaxing FDI norms. IBM re-entered the Indian shores in 1992 with a Tata joint-venture, named Tata Information Systems Ltd. Its business interest in India was still focused on product sales. In 1997, IBM Global Services was set up. India Research Lab was set up in the IIT Delhi campus in 1998. In 1999, IBM bought out Tata's stake in the company and IBM India became a fully owned subsidiary of IBM Corporation.

Phase 1: Onsite – Onshore Business Model

IBM commenced business in India in the 1930s and set up manufacturing there in 1951. The business operated successfully until the mid-1970s. IBM dominated the computer market in India, from 1950-1972, IBM accounted for over 70% of all computers installed in India. In 70's, the government demanded that IBM dilute its equity to 40% for all Indian operations. IBM responded with a proposalto share equity inits non-computer operations, meet export goals, and fund an Indian science center and an electronics testing facility. The government refused. After two years of negotiations, IBM decided it couldnot back down on the equity issue and in 1978it quit India.

The sustainability attribute during this phase was market driven model. Since sustainability issues had not gained momentum during that time private companies were more involved in making profit and market forces decides what and how of production.

Phase 2: Offshore Business Model (1970 – 85)

During 70's and early 80's, Government

Phase	Period	Business model	Corporate Strategy	Policy framework	Sustainability attributes
Phase 1	1930 – 70	Onsite – Onshore Business Model	Concentration strategy – vertical as well as horizontal	Govt. policy conducive for MNC's	Market driven model
Phase 2	1970 – 85	Offshore Business Model	Retrenchment – divestment	FERA required foreign companies to reduce their equity ownership to 26%.	Market driven model
Phase 3	1985 – 00	Hybrid Business Model	Joint venture – horizontal growth	Liberalization of Indian Economy	Market driven model, shareholders concern
Phase 4	2000 onwards	Global Delivery Model	Concentration strategy – vertical as well as horizontal	Information Technology Act, 2000 (and subsequent amendments)	Market driven model, shareholders concern,sustainability reporting, stakeholders concern.

Table 5: IBM's Business Model evolution with policy changes

Evolution of IBM's Component Business Model with respect to Government policy

emphasize on self-reliant macroeconomic development policy with heavy emphasis on import substitution. India was motivated to try to develop self-sufficiency in computers and electronics largely by national security concerns related to border conflicts with China and Pakistan. The government created an ElectronicsCommittee which devised a strategy for achieving self-sufficiency in electronics. The goal was eventually to achieve indigenization of technology, whereby India would move away from dependence on foreign technology and produce its own. Private or strategic partnership was not allowed at that time. IBM at that time, commenced business as an offshore entity through a small Liaison Office as India's Foreign Exchange Regulation Act (FERA) required foreign owned companies to reduce their equity ownership to (in IBM's case) 26%. Since IBM was working through offshore business model. The physical presence of the company in country was lacking. It was supplying the products and services according to the demand in market. Again, Market driven model was the only sustainability attribute during this phase.

Phase 3: Hybrid Business Model (1985 – 00)

In 1985, waves of economic reforms started and finally in 1991 Indian economy liberalized. Therefore, companies started operation by strategically partnering with other companies and focusing more on process optimization rather business unit optimization. In early 1990s the Finance Ministry made concerted attempts to consciously give thrust to software exports (Kumar and Joseph, 2005). Accordingly, following measures were initiated(a) removal of entry barriers against foreign companies(b) removal of restrictions on foreign technology transfers(c) participation of the private sector in policy making(d) provisions to finances oftwaredevelopment through equity and venture capital (e) measures to make available faster and cheaper data communication facilities and(f) reduction and rationalization of taxes, duties, tariffs.

IBM re-entered the Indian shores in 1992 with a Tata joint-venture, named Tata Information Systems Ltd. Its business interest in India was still focused on product sales. IBM followed Hybrid Model whereby it takes advantage of onsite and offshore services to deliver results to clients at reduced costs. In 1997, IBM Global Services was set up. India Research Lab was set up in the IIT Delhi campus in 1998.

The sustainability attributes during this phase were market driven model and shareholders concern. IBM entered India during this phase, therefore, the shareholders of the business were receiving due care and concern by the company.

Phase 4: Global Delivery Model (2000 onwards)

With more relaxation in norms and focus on expanding exports, the firms started networking their operation industry wide, focus shifted from process optimization to enterprise optimization. In 1999, IBM bought out Tata's stake in the company and IBM India became a fully owned subsidiary of IBM Corporation. IBM India has established itself as one of the leaders in the Indian IT Industry and continues to transform itself to align with global markets and geographies to grow this leadership position. With the globalization and removal of restrictions, IBM moved towards Global Delivery Model whereby it combines onsite, offsite onshore and offshore resources. The objective is to distribute and manage engagements and resources across multiple global locations, thereby allowing the service provider to better respond to client requirements from around the globe. If disaster strikes any of the vendor's locations, it can immediately shift work to other locations so that there is no interruption in business processes. Information Technology Act, 2000 and subsequent amendments has provided additional focus on Information Security, Cyber Terrorism and Data Protection. IBM expanded its footprint in India - and has a presence in over 200 cities and towns across the country - either directly or through its strong business partner network.

IBM started producing Sustainability report since 2002 which depicts its environment, social and economic responsibility. The important sustainability attributes during this phase are – market driven model, shareholders concern, stakeholders concern and sustainability reporting.

CONCLUSION

Although the story of the Indian IT Industry is a story of private initiative, Government policies have played important role in shaping the information technology sector. The industry has grown more than 30 percent annually throughout the last two decades.

Recognizing the growth potential of IT industry, the government in the 1980's took key policy actions to open up the sector. Further policy reforms enacted since late 1990's have facilitated development of telecommunications and other infrastructure required for offshore work. A policy change in 1998 that effectively ended a monopoly on Internet service provider (ISP) gateways, allowed India's private sector to offer needed bandwidth to the growing industry.

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China's Growth Story and Its Integration into World Economy: Lessons and Challenges

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Abstract : In recent years, China has developed as a foremost global economic power. China has become the world's largest economy, with the average yearly gross domestic product (GDP) growth of 10% till 2014. From 1979 when economic reforms began to 2014, itbecame the world's fastest-growing economyon a purchasing power parity basis.The rapid rise of China as a leading economic power within a span of about three decades is the greatest economic success stories in modern times. The expansion of the China's international trade has been an important aspect of China's rising prominence in the global economy. China's exports and imports have been growing at an average rate of 15 % each year since 1979, compared with a 7 % annual growth of world trade for the same period. The trade reforms and the opening of the economy have led to a significant surge in its foreign direct investment and its increased integration with the world economy. In 2014, Chinese economy grew at its slowest pace.China's economy has been affected by its manufacturing overcapacity, increasing levels of debt and a downturn in its property market. China's manufacturing sector contracted at a fast pace in more than any year in August 2015 as domestic and export demand dwindled, showing that that the world's second-largest economy may be slowing sharply and sending global financial markets into a nose -dive plunge. In this paper, an attempt has been made to discuss briefly China's historical growth performance,China's recent growth and integration with the global economy,the China's stock market and its impact on the economic growth and trade expansion of China. This Paper also gives an overview of some of the recent important aspects of China's stock market meltdown and some of the main policy challenges that lie ahead.

Key Words: People's Republic of China,Gross domestic product (GDP), Yuan, Shanghai Composite Index, State Owned Enterprises (SOEs).

INTRODUCTION

China is one of the leading and most complex economies in the world. China has seen economic cycles of both prosperity and decline. Since the introduction of economic reforms in 1978, China has become one of the world's fastest-growing major economies. China is the major story out of Asia in the terms of economic growth,which has grown at a fast pace in the last three decades. The People's Republic of China (PRC) was a Soviet style centrally planned economy from 1949 to 1978. China maintained the policies that had kept its economy poor, stationary, centrally-controlled, inefficient, and relatively secluded from the worldwide economy. After the initiation of economic reforms and opening up to foreign trade and investment (trade liberalization) implementing the free market reforms in 1979, and thereafter till 2011, the real GDP growth of China averaged about10 % per year. China has become the world's second largest economy in terms of nominal GDP, and the world's largest economy in terms of purchasing power parity according to the IMF. China has developed as a major global economic power. It is now the world's largest economy, manufacturer, exporter and importer, and the holder of foreign exchange reserves.It is the world's second-largest economy,as of 2014, by nominal total GDP and the largest economy by Purchasing Power Parity (PPP).

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OBJECTIVE OF THE STUDY

Through this paper, an attempt is made to look at China's achievements since the commencement of its economic reforms in 1979, the China's economic slowdown reflecting an important transformation in the Chinese economy,the prospects for China's growth in the coming decades seeing the recent China's Stock Market Turmoil and its after effects and the various challenges that lie ahead for China's future growth.

CHINA'S ECONOMIC GROWTH AND DEVOLOPMENT: AN OVERVIEW

China is currently the United States' second-largest trading partner, its third-largest export market, and its largest source of imports. Many U.S. companies have vast operations in China in order to sell their products in the booming Chinese market and to take the advantage of lower-cost labour for export-oriented manufacturing.Economic reforms and trade and investment liberalization have helped transform China being transformed into global trading power. It hasbecome the world's fastest-growing economy. Due to historical and political facts of China's developing economy, China's public sector accounts for majority share in the national economy with the growingand mushrooming private sector.

China is the World's Largest Manufacturer as per the United Nations. Manufacturing plays a significantly important role in the China's economy as compared to that of United States and Japan. Manufacturing is important to China's growth and development. On a gross value added basis, China surpassed Japan as the world's second biggest manufacturer in 2006 and then the United States in the year 2010. China's manufacturing value on a gross value added basis was 35.1% more than that of United States in 2013. In 2013, China's gross valued added manufacturing was equal to 28.9% of GDP, compared to 12.1% for the United States and 18.7% for Japan [3] China has by far outperformed the region of developing East Asia and Pacific in manufacture and export of the high-technology products. This is mainly apparent in computers, equipment, telecommunications, and electrical machinery, with their parts and components. In electrical machinery, more competition has come from the region's some newly industrialized economies, mainly the Republic of Korea, Taiwan, Singapore and, China.

A significant role for economic development in the of China's recent growth is in fact attributable to capital investment that has made the country more productive. In other words, new machinery, better technology, and more investment in infrastructure have helped to raise output and led to more development. Consumer markets of China is also the world's fastest growing market.It is the largest importer of goods and is a net importer of services products.With the huge capital investment, China has become a global hub for manufacturing in the world as well as the largest exporter of goods in the world.

China being the largest trading nation in the world plays animportant role in international trade. It has increasingly engaged itself in the trade organizations and treaties in the recent years. China became the member of the World Trade Organization in 2001. China also has free trade agreements with several nations, including China–Australia Free Trade Agreement, China–South Korea Free Trade Agreement, ASEAN–China Free Trade Area, Switzerland and Pakistan. China's exports grew by 16 % per year from 1979 to 2009. At the start of that period, China's exports represented a mere 0.8 % of global exports of goods and nonfactor services. Now China is the largest exporter of goods in the world, with 9.6 % of the global share and. Its high productivity, relatively good infrastructure and low labour costs have made it a leader in the manufacturing sector.China has over the last 5 years, contributed more than 30% of the world's economic growth.

During the East Asian financial crisis in 1998 and the global crisis in 2008, China's economic performance and growth has been outstanding in comparison to rest of the world. China tolerated these shocks and maintained growth in both these crises.The fast pace of growth in China has been a dynamic force for the recovery from global crisis in 2009. Chinese Government ImplementedapproxUSD 600Billion stimulus package to help the economy and it also loosened the monetary policies. This helped in increasing the bank lending and thus increasing the money availability. These steps helped China to negate the global fall in demand for Chinese products. However, the Chinese economy has slowed in recent years and a decrease in real GDPis being observed from 10.4% in 2010 to 7.4% in 2014. Its GDP growth rate is now projected around 6% over next 5 to 6 years.Periods of exceptionally rapid growth ultimately slow down as experiences from other various East Asian economies such as Japan, Korea, and Taiwan also suggest.From 2010, China's economic growth rate also started to slowdown amidst domestic credit troubles, weakening of the international demand for Chinese exports and the instability in the global economy.

RECENT ECONOMIC TURMOIL IN CHINA

Chinese stock market – the meltdown

China has two key stock markets Shanghai and Shenzhen. They rank second in the world in terms of market capitalization only behind NYSE. They are also amongst the top 10 in terms of number of listed companies. China's stock market has undergone a period of extreme volatility in the second quarter of 2015, resulting in wiping of trillions of dollars of the value of shares. Shanghai's benchmark index was nearly 38 % below where it was on June 12,2015.The turmoil in the Chinese stock market began with a first big fall on 12 June 2015. One third of the value of the blue chips (A- category shares) on the Shanghai Stock Exchange was eroded within one month of the event. The Shenzhen Stock Exchange, in which some

Shanghai Composite Index

of the big and middle-market stocks are traded, fell nearly 30%. It seems that the bubble of the China's stock market is bursting and the Chinese government has pressed the alarm button.

China's Shanghai Composite index rose by 150 % between June 2014 and June 2015. Just like all the asset bubbles, the fundamentals of the China's stock market were not backed by the price rise. Instead, the speculative mass of money was overflowing into the China's equity market and made it bleed. The earnings of Chinese listed companies did not rise substantially during last couple of year and thus there has not been any increase in their real value and the consensus among economists and market participants is that this is likely to continue. About three fourth volume of investment done in the U.S and Canada stock market is done by institutional investors, whereas, in China, the market is driven by retail investors who have become wealthy, relatively recently.One of the key reasons for the stock market rally was that a large number of these retail investors started investing in the stock market for the first time. There was a surge in the number of new trading accounts being opened and it is estimated that about 40 million fresh trading accounts were opened between June 2014 and June 2015. A large number of these retail investors bought stocks with borrowed money. The guidelines to invest money in stock market with the borrowed money were relaxed only during the last 5 years in China.Retail investors account for more than 75% of the investors. They are inexperienced, unsophisticated retailinvestors when compared to the investors in the western developed nations.This makes the markets more susceptible to human emotion since the investment is not done by professionals.To summarise, Chinese retail investors participated in the Chinese equity market by investing in stocks by borrowing money and without much professional knowledge. These retail investors started to invest in stock market as a way of making easy money treated the equities market like a gaming club. Once the equity markets started to fall, these investors received margin calls on their stocks and quite a large number of them were forced to sell off shares, increasing the impact of the downturn.

Following the downward fall in the stock prices in the months of June and July 2015In the China's stock market, the Chinese government began to panic. To control this turmoil, the authorities took numerous steps to push back up the fall. To impede

the slowdown and to tap the turmoil, following stimulus measures have been taken so far by the Government:

1. The central bank has provided more cash to the China Securities Finance Corporation, a state-run company which lends people money so that they can buy stocks.

2. It froze nearly half of all the share listings. That's more than 1,200 of 2,808 listed issues for a total market cap of roughly USD 2.2 trillion.

3. It temporarily barred initial public offerings (IPOs), so that the newly issued shares wouldn't compete for capital with those already on the market.

4. Companies' major shareholders — those with more than 5 % of a company's shares, as well as executives and board members — were banned from selling shares for six months.

5. The Chinese government has devalued or depreciated its currency yuan to tap the sharp decline in the growth of exports .The yearly rate of growth of exports fell to minus 8.3 % in July 2015 from 2.8 % in June 2015.

The above efforts worked for a few weeks; however they provided only a temporary relief.This turmoil in world's fastest growing economy may bring down the global growth rate and bring a lot of turbulence and instability in the global markets.The Chinese economy has less demand for manufactured goods, declining of the wholesale prices, lowering consumer prices, and the excess capacity in industry and real estate property market. The Chinese economy is really facing the trouble. Li Keqiang,Premier of the People's Republic of China said, "The downward pressure on China's economy is intensifying. Deep-seated problems in the country's economic development are becoming more obvious. The difficulties we are facing this year could be bigger than last year." He also noted some of the challenges: "The difficulties we are to encounter in the year ahead may be even more formidable than those of last year. China's economic growth model remains inefficient;our capacity for innovation is insufficient, overcapacity is a pronounced problem, and the foundation of agriculture is weak."

CHALLENGES THAT LIE AHEAD

China's economic growth slowdown is not somewhat unexpected.Some of the challenges that China is facing are how to reform its heavily fixed investment-driven way of economic growth, its over-reliance on exports for economic growth instead of consumer demand, government support for state-owned enterprises (SOEs), shadow banking system, widening gaps in income, growing levels of pollution in China. Premier Li Keqiang has emphasised on the reforms in the state-owned enterprises and to liberalize the financial system. Premier Li Keqiang said, "We will implement the 'Made in China 2025' strategy, seek innovation-driven development, apply smart technology, strengthen foundations, pursue green development, and redouble our efforts to upgrade China from a manufacturer of quantity to one of quality." But a narrowly focused stimulus measures may only lower the trade-off, but will be hard to implement them.The major economic challenges that could dampen the future growth of China and thatneeds to be addressed are as follows:

1. China's Partial Shift to a Free Market Economy

Despite China's three-decades of extensive economic reforms,China is a socialist-market economy. Till now the Communist Party of China has combined authoritarian politics with steady but limited economic reforms to produce the fastest GDP growth in its history. The nature of China's authoritarian political system, which depends heavily on rule by elite, gives those elites a lot of power.This indicates that the Chinese governmentin order to help grow the economy though allows the use of free market forces in a vast number of areas, but the government still plays a key role in the economic development of the country. The Chinese political system is full of political and economic elites who have a vested interest in keeping the status quo and not changing the economy.For example, China's energy sector which is dominated by three major oligopolies has used all their political links to block reforms needed to bring the competition in the field and thus fuel growth. China's State Owned Enterprises (SOEs)accounts for more than 50% of the non - agriculturalGDP.In addition, although the number of SOEs has declined sharply, they continueto dominate a number of sectors (such as petroleum and mining,telecommunications, utilities, transportation, and various industrial sectors).[8] SOEs are protected from competition and are the core sectors encouraged to invest in the overseas market ; and they dominate and control the listings on China's stock indexes. One study found that SOEs constituted 50% of the 500 largest manufacturing companies in China and 61% of the top 500 service sector enterprises. It is estimated that there were 154,000 SOEs as of 2008, and while these accounted for only 3.1% of all enterprises in China, they held 30% of the value of corporate assets in the manufacturing and services sectors. Of the 95 Chinese firms on the 2014 Fortune Global 500 list, 82 were identified as having government ownership of 50% or more.The World Bank estimates that more than one in four SOEs lose money

2. Chinese Banks are hesitant to lend to the priority sector:

The progress in the credit allocation to the Micro and small enterprises and households and various others priority sectors has been gradual.China's entrepreneurs have always been hushed by the risk-averse policies of many banks, whofavour to lend to state-owned enterprises than private andpossibly higher-growth enterprises. Stimulating the private-sector growth would be good for China in the long run rather than resorting to its export-driven growth. Thehigh technology and entrepreneurship should be the new drivers of the economy.

3. Shadow Banking in China:

The rapid development of China's Shadow banking since 2010 has also been a great concern. This concern is especially grave given China's very fast rate at which credit creation is happening since 2010 and the lack of transparency in the balance sheet of non-banking activity. The level of Shadow banking is at around 43 % of China's GDP. The unregulated shadow financing could create unwarranted credit growth, and the lack of transparency in their sources and uses of funds, which could create the risks much like the one that occurred in U.S. before 2008. Thus , slowing down the speed of non-bank credit growth, regulating and disciplining the usage of the inter-bank market for financing and making the structure of shadow assets

and liabilities more translucent have been some regulatory efforts needed.

4.China's Leverage is mounting high:

Debt is an essential tool for financing and supporting the economic growth. Since 2007, China has accumulated a huge corpus of debt. China's debt has multiplied and quadrupled since 2007, increased from $7 trillion in 2007 to $28 trillion by mid-2014. The Chinese government responded to the global recession by significantly increasing the borrowing and thereby investment in an endeavour to sustain its high growth rates. They succeeded in increasingthe growth, but only at the cost of a substantialescalation in the debt levels. As per the McKinsey Global Institute (MGI) report, Debt and (not much) deleveraging, examines the evolution of debt across 47 countries—22 developed and 25 developing—and, focuses on the debt of the "real economy", governments, nonfinancial corporations, and households. It finds that debt-to-GDP ratios have risen in all 22 advanced economies in the sample, by more than 50 percentage points in many cases.[10] Even after the lesson from the 2008 crisis, instead of reducing indebtedness and deleveraging, all big economies have increased level of borrowing as relative to GDP than they had in 2007. Since the Great Recession, global debt has risen by $57 trillion outpacing world GDP growth. This is going to pose new risks to financial strength and stability by undermining the global economic growth.Half of these loans are related directly or indirectly to China'sreal-estate market. The real challenge will be to restrict the future debt increases and reduce the risks of such a crisis without putting the stops on the economic growth.Further, the expected move to free up more funds for lending—by reducing the deposits banks must hold in reserve—is directly aimed at countering the effects of a weaker currency,.

5.Old Government driven Investment growth model not working:

For many years Chinese economy has been focusing on two things i.e. the cheap exports and the government-driven investment in infrastructure etc. But to become like a European-style country, this model is notworkable now. China needs to change

to a consumption-driven model of growth. It needs regular Chinese consumers to buy Chinese-made stuff and fuel the economy that way. The major structural reforms likefreeing up of the private industry and raising the wages and addressing the frictions in the labour and land market are necessary to make that happen are critical to maintaining long-run growth.And China still needs to do a lot more to really shift (or "rebalance") over to a consumption-driven economy. Therecent stock market crash has made it more difficult to achieve this.China's economic model has produced large internal imbalances, characterized by high savings and fixed investment and relatively low private consumption, which may no longer be sustainable.

6. The problem of Growing Pollution

China's economic growth model has overemphasized the growthof the heavy industries in China, which are energy-intensive and are highly polluting. The level of pollution in China remains a problem and continues to become worse which poses serious health risks to the country's population. The Chinese government is often disregarding its own environmental laws for promoting the speed of the rapid economic growth.

7. Slowing economic activity affecting wages in the urban labour market

The household income growth is showing signs of slowing in China. There is decline in the rates of income growth as compared to that of the starting of the decade incomes. The average disposable income in urban households grew at real annual rates above 8 % between 2010 and 2012, but at only 6.9 % in 2014. Similarly, real growth in the average net income in rural households went down from 12.1 %in 2011 to 9.4 % in 2014 .Real growth of the average income of migrant workers fell sharply from 16 % to 7.7 % between 2010/11 and 2014.[11] The Slower pace of the growth in the urban household incomes is because of the decelerated urban wages. Despite a lot of measures by the State Council to increase the employment rate and to give support to the mass entrepreneurship and newer innovation techniques, there is a challenge to create highly productive urban jobs.

8. Demographic Challenges

China's demographic policies, particularly of its one-child policy which was first implemented in 1979, is beginning to have a noteworthy impact on its economy. According to a McKinsey Global Institute study, China's fertility rate fell from about 5.8 births per woman in 1964 to 1.6 in 2012. This is now affecting the size of the Chinese workforce. The one-child policy has also resulted in a rapidly-aging society in China. According to the Brooking's Institute, China already has 180 million people aged over 60, and this could reach 240 million by 2020 and 360 million by 2030. The population share of people aged over 60 could reach 20% by 2020, and to 27% by 2030.[9] With its declining working population and the rising elderly population, the Chinese government will be facing the challenges to increase worker productivity and at the same time to increasethe spending on providing the health care services and elderly services.

9. Energy Intensive Economy

Another importantconcern relating to China's economic growth include its growing demand for energy and raw materials which has the made it the world's largest emitter of the greenhouse gasses. The Chinese economy has become highly energy-intensive. China became the world's largest consumer of energy in 2010.It relies on coal to source over 70% of the energy needs, and outdone the US to be the world's largest oil importer in 2013.

10. Other Concerns

China emerging as a major economic power has also raised serious concern amongsttheUS authorities. They claim that China is using the unfair trade practices like an undervaluedcurrency and the subsidies being given to domestic producers to overflowthe U.S. markets with lower cost goods. These practices are threatening American jobs and wages. Others concerns are that the failure to China to take action againstgrowing infringement and theft of the U.S. intellectual property rights in China which threatens toweaken the competitiveness of U.S. industries. Also, China's devaluation of Yuan is seen as an attempt to enhance the competitiveness of the exports. This devaluation is also seen as a step towards fulfilment of China's desire to internationalise the currency on par with the US dollar, euro, yen and pound sterling. The full convertibility would mean full opening up of China, and will mean an end to the tight government control of the economy and an end of its Communist Party's grip on the economy and putting China to full exposure of international winds.

CONCLUSION

China occupies a unique forte in the world's economy with its vast population and large physical size alone marking it as an influential global presence. China's current economic model has caused a number of negative economic and social outcomes, such as excessive reliance on fixed investment and exports for its economic growth, widespread inefficiencies that exist in many sectors due to government industrial policies, and increasing income inequality .It is advisable to look at the Chinese experience and draw some broad and learning for other developing countries.The China's current crisis could be summarised into the short term issue of whether it can stop current outflow of money from stock and real estate and relatively a longer term issue of decreasing the reliance on exports and increasing the domestic consumption. Many of China's economic problems and challenges stem from its ambition of making Yuan, an international reserve currency like US Dollar, which will require China to be a free market economy.The efforts to reduce the excess capacity in the heavy industry, reduce unproductive risk taking in the shadow banking sector,and hardening of the budget constraints on the local governments will to some extend help make investment efficient .There are strong projections that China's economic growth, development and trade expansion could be continued in the future. Alarge number of macroeconomic, structural and essential vulnerabilities need to be addressed for this potential to be fully comprehended. Given the size, nature of the problems and complex nature of the Chinese economy, many of these reforms and challenges are interconnected. Even with the China's three-decade history of extensive economic reforms, as per the economists, these projections are likely to happen only if China carries on to make major reforms in itseconomy. Failure to implement such reforms could endanger future growth.

The key challenge for China is to engineer asystematic, orderly and smooth transition toward a higher-productivity, sustainable and equitable economic growth through the economic reforms.

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Study of Governance in Government Hospitals – A Case of Delhi

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Abstract: The governance debate in government hospitals is discussion point of today because of the growing concerns in health care systems in India. It has brought the governance issue to the forefront of the agenda of policy makers and managers alike. This study examines the concept of governance in a hospital setting and questions the drivers of this phenomenon in both its internal and external environments. Using a sample of public hospitals in the Delhi, researcher has addressed the research questions like constituents of governance in a hospital, key drivers of hospital governance in its internal environment and external environment. It concluded that a number of elements constitute hospital governance. Almost the entire hospital management group indicate that while the governance emphasis in the past primarily focused on financial dimensions, in particular value for money and resource allocation issues, this is now changing. The findings of this study are also consistent with Eeckloo et al (2002) who found that the existing governance codes on the corporate world cannot be applied in a hospital setting without adjustment. Furthermore, while there appears to have been a significant improvement in goal alignment across hospital staff there is some confusion with respect to the principal agent relationship. Clinical governance practices are now deemed very important and it is likely they will be embraced particularly as the organisational changes of the health sector become more embedded. Governance in a hospital setting is deemed a complex process but is a very important phenomenon in the evolution of the Indian health system.

Key words: Governance, Government hospital, Delhi, Indian health system

INTRODUCTION

It has been a longstanding belief that governance is necessary to promote and ensure fairness, accountability and transparency within organisations.Governance in a hospital setting has added complexity as it concerns not only economic and financial dimensions, but also incorporates societal ones. (Eeckloo et al, 2002). In addition, the challenges facing hospitals in today's environment is forcing the contemplation of the meaning of 'good governance' and how it should be implemented.There has been much debate in Delhi in recent times over hospital expenditure, waiting lists, Accident & Emergency crises and capacity issues. This paper contributes to the debate by exploring the concept of governance in a hospital setting and questions what are the drivers of thisphenomenon in both its internal and external environment. Public hospitals were chosen for this study as they are the largest and most common type of hospital in and represent a unique setting that incorporates many different stakeholders but in a defined boundary setting. It aims to identify the elements that play a role in the governance of a hospital setting. It also incorporates the internal environment in which governance procedures operate, giving consideration to the accreditation process, clinical governance and Executive Management Teams (EMT's). In turn, the external environment in which hospitals operate is also included with reference to the reorganisation within the Indian health service, concerns over patient satisfaction and the role of the Health Service Executive.

This paper seeks to address the current shortfall in available academic literature on hospital governance in Delhi. Hospitals constitute a very

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significant part of the overall health care sector and they provide essential services to the public. In Delhi the health care sector accounted for approximately 10% of the budgetary expenditure in 2004 which increased to 15% including all kinds of government schemes. There are many different stakeholders in the setting including clinicians, patients and administrators as well as the Department of Health and health insurers. Consequently, it is an area in which the question of governance has been continually raised. It is in that context that it is hoped that this paper will be of benefit to a range of different parties including the parties outlined above, academics, and practitioners.

Literature Review

In order to understand the different concepts related to topic researcher has conducted a review of existing literature. So that a basic framework can be developed, this is classified in to different concepts:

Corporate Governance: Corporate governance is believed necessary to promote and ensure fairness, accountability and transparency within organisations. It is not a new phenomenon and has been in existence for as long as business and commerce have been conducted, albeit in less formalized fashion. In 1932 Berle and Means contributed the first research into this area, which resulted in the first generally accepted meaning of corporate governance (Kakabadse and Kakabadse, 2004). Since the research of Berle and Means (1932) numerous definitions of the concept have been put forward. The progression of these definitions has been closely linked to its staged evolution and has been tweaked to include the various perspectives that have emerged. The Cadbury Report (1992) puts forth one of the most straightforward definitions where by it refers to corporate governance as 'The system by which companies are directed and controlled'. However, as the concept of governance evolved and as an increasing number of participants became involved in the governance process the definition was broadened to include not just shareholders, but all stakeholders of the organisation, thereby embracing the perspectives of debt holders, employees and customers to name but a few (John and Senbet 1998:372). Similarly Julien and Rieger (2003) endorse the idea of encompassing the stakeholder perspective through their suggestion that corporate governance is: 'the system within an organisation that protects the interests of its diverse stakeholder groups. The best approaches recognize that stakeholders are more than shareholders and include customers, employees, suppliers, retirees, communities, lenders and other creditors'. Recent examples of such corporate scandals include Allied Indian Bank, Enron (US), Maxwell (UK), Parmalat (Italy), Vivendi (France) and WorldCom (US). These events have served to sharpen the focus on governance practices and in turn how they may be improved. They have also forced organisations to be more rigorous with respect to their own governance procedures. In turn these scandals have also encouraged regulators to become proactive rather than reactive when it comes to preventing their reoccurrence. The diverse debate and argument stimulated by these scandals has brought corporate governance to the fore of public attention where it has remained for the last number of years.

In essence, corporate governance has increased in importance and has become one of the most topical issues in business research today. However, it is not a concept that applies to business alone. These institutions have not been without criticism with concerns overaccountability, transparency and controls coming to the fore in some situations. As such all now have to be seen endorsing and implementing effective governance procedures.

The Theories of Corporate Governance: Corporate governance has three key theoretical underpinnings namely agency theory, stewardship theory and stakeholder theory. Firstly, Watson and Head (2004) define the agency theory as 'A theoretical relationship that exists between the owners of a company and the managers as agents they employ to run the company on their behalf'. This theory came to prominence after the Industrial revolution as the size of organisations grew and resulted in separation between the ownership and control of wealth. Fundamental to this theory is the assumption that both principals and agents are rational actors (Albanese et al, 1997). However, this may not always be the case and it has long been recognised that there may be a possible divergence of motivational interests between the two parties. As per human nature both parties may seek to maximise

their own personal utility within the organisation and in turn their personal gain. It is from this arena that agency problems can and invariably do arise. Watson and Head (2004) identify the main issues that contribute to creating an agency problem. A divergence between ownership and control where the owner's do not manage the organisation can result in an agency problem, as there may be differing objectives. Davis et al (1997) states that it has been one of the prevailing paradigms of corporate governance to date. However, they also highlight that the agency theory has not been without criticism suggesting that there are many reasons why an agent may not deliver the results and performance desired by the principal(s). Gay (2002) argues that the stewardship theory may be best suited to smaller more entrepreneurial firms. In comparison it could be said that the agency theory is best suited to larger organisations with an extended ownership base. While essentially both theories address the same topic i.e. management issues, they consider very distinct realms within it. As such there is a need for both to be considered by organisations in order to get a full understanding of the impact of human behaviour on corporate governance.Warhurst (2004) considered the roles and responsibilities of business in today's society, which is characterised by a growing range of increasingly demanding stakeholders. She ponders what the future role of the organisations will be and in doing so provides some prime examples of companies that have achieved both success and failure with respect to the stakeholder theory. She provides significant evidence on DHL as a company that has got this concept right through a proactive stance. Frankenthal (2001) has argued that this is merely a public relations (PR) exercise that has resulted in no real embedment of the theory in the organisation.

In India corporate governance has been strongly influenced by the development of governance codes and the reforms there of in the UK. Numerous codes such as The Cadbury Report (1992), The Greenbury Report (1995) and the Higgs Report (2003) have been published. The development of these codes was initially reactive in nature and was fuelled by the unexpected failure of organisations. These failures shook investor confidence in the quality of financial reporting. Subsequently, the codes have been continuously revised and built upon in order to meet changing governance needs.

Governance in the Public Sector Hospitals

The public sectors of countries in the developed world are large both in terms of their size and the financial resources needed to maintain them as they encompass many areas including education, policing, transportation and the health and social services. To bear the burden of the governance spotlight, more and more public sector organisations worldwide are moving toward accepting the governance philosophies of the private sector such as accountability and transparency.However there are differences in governance between the public and private Hospitals. Apart from the obvious for profit, non-profit difference between the two, the most fundamental comes down to the philosophical elements that underpin any public service. Ezzamel and Willmott (1993) assert that a key element of the public sector is that services are provided for the public good, suggesting that the public sector would have a higher sense of purpose in what they do than the private sector. Another difference lies in the fact that people who use public services may not be 'willing customers' as may be the case with health care.

With respect to the health care dimensions of the public service, the capacity of a government to provide a good standard of health care is deemed one of the most important elements contributing to a country's standard of living. Hospitals are huge economic entities that consume significant expenditure and resources. This in conjunction with increasing concerns over value for money and the way that money is spent has resulted in the area of hospital governance receiving considerable attention and debate. Governance in a hospital setting concerns not only economic and financial dimensions, as there is a huge societal aspect associated with the provision of health care. In turn it could be argued that hospital governance takes a more institutional approach. As the concept of hospital governance has been broadened to include both financial and non-financial elements, Eeckloo et al (2002) argue that its purpose is to enable a more integrated approach of supporting and supervising all hospital activities including clinical performance. While the previous governance focus in this setting may have been primarily concerned with managing organisational structures, infrastructure, departments and the resourcing of facilities, the hospitals of today are focusing more on managing processes and supporting care activities.

Indeed, the concept of hospital governance is relatively new. It has stemmed from studies and initiatives in countries such as Canada and the US. It has in turn become a consideration in many European countries. However, defining governance in a hospital setting may not be as straightforward as it would appear. Many elements may come into play. Some may consider governance in purely financial terms while others believe that clinical governance should be the primary governance concern. However, governance in this setting is broader and incorporates many different stakeholders including patients, General Practitioners, community care groups etc. As such it is not straightforward. It is a rather complex issue due to the intricacies of the agency relationship, the demands of taxpayers and the inherent bureaucracy that some associate with the public sector. Another factor contributing to this complexity is the fact that governance in hospitals is not concerned with economics and finance alone as a huge element of the provision of health care is societal. In addition hospitals are not uniform, they vary in size, culture, remit and budgetary support all of which will have an effect on the governance system in place. Furthermore, culture may play a role. Prior to the reorganisation of the health service, local politicians played a role as they were represented on the Health Boards. Now however there are no longer people involved whom the local population has mandated.

Ezzamel and Willmott (1993) produced a paper in the United Kingdom (UK) on the public sector reform with respect governance and accountability. While the research is broad in the context of this study, it does provide specifics with respect to healthcare and the National Health Service (NHS). In the study they used the markets and hierarchies framework as a means of interpreting the reforms in the governance of public sector organisations over the decade up to 1993. This research argued that the introduction of market disciplines into the UK public sector has shifted the focus from 'Clan Control' of the hospital professionals to financial accountability. They also put forward that the key to improving governance practices lies in the development of communication and accountability between those who fund, obtain and supply public

services. They concluded that several reports published in the UK in the early to mid 1980's were influential in motivating reform. However, a limitation here would be that it may have limited application in this study given the differences between the Indian and UK health services.

Clinical Governance: When examining governance in a hospital setting, there are more elements to consider than merely the financial. Due to the nature of the setting and the service provided within it, the concept of clinical governance, which is inward focused, has emerged. The World Health Organisation (WHO) first used this term in 1983 as a means to summarise the main elements of the provision of quality health care. The concept evolved slowly and was only introduced on a formalised basis by some countries in the latter years of the 1990's. Clinical governance is regarded as a framework used to improve the quality of the health care service provided (VanuSom, 2004). Freedman (2002) highlighted that its introduction on a formalised basis means that hospitals now have to report on issues of quality whereas previously there had only been financial accountability.The concept of clinical governance tries to improve the quality of healthcare provided through integrating the financial, performance and clinical quality aspects of a hospital. It has also recognised the essential role of clinicians in delivering quality in this setting. It has been argued that the main aim of clinical governance is to accomplish continuous quality improvement in a health care setting and is designed to consolidate fragmented approaches to quality improvement (VanuSom, 2004).Consequently she defined the concept as 'A governance system for health care organisations that promotes an integrated approach towards management of inputs, structures and processes to improve...clinical quality'.

When WHO first gave consideration to the topic of clinical governance it highlighted four main dimensions of it including professional performance, resource allocation, risk management and patient satisfaction. However, subsequently many other elements have been incorporated as the concept has been rolled out into hospitals. Other elements include:

a. Patient involvement in service delivery.

b. Staffing and staff management.

c. Continuous professional development.

d. Clinical effectiveness.

e. Education and training.

f. Using available information.

g. Clear lines of accountability and responsibility for clinical care.

Even though extensive consideration has been given to the issue, no one recognised model of clinical governance is held up to be ideal. As a result, many hospitals may still face a situation of trial and error in their efforts to find a suitable clinical governance framework. It can be regarded as an issue still undergoing significant development (Lewis et al, 2002). On the whole, clinical governance can be viewed as a mechanism to facilitate multi disciplinary teams all working toward the same goal – the continuous improvement of the quality of care. It is hoped that these cooperative working practices will have a positive influence on both the behaviour of medical professionals and in turn the delivery of care (VanuSom, 2004). While consideration is given to the issue of clinical governance in this research, its main focus will remain on the corporate aspects of governance in a hospital setting.

The Indian context

While there has been little or no research conducted on governance in Indian hospitals, the publication of several reports in recent years have exerted a motivational influence over the Indian governance reform program with respect to health care settings. Several key drivers of the governance reform program in India include the desire for value for money and reassurances about the way that resources are utilised. The performance of the Indian health service has been criticised over the last number of years as despite an increase in spending. A lack of patient satisfaction has also served to drive the reform program forward. Incidents such as unresolved waiting lists, the closure of hospital wards, the apparent lack of nursing staff, lengthy waiting lists and Accident and Emergency crises due in no small part to a shortfall of hospital beds, have all become familiar headlines in the press. In addition to the those outlined above, other generic issues such as the changing demographic profile of the country, an increasingly educated population and the expected higher standards that have come with the country's affluence have also contributed to the strengthening voice calling for reform.

Price Waterhouse Coopers (PWC) (2004) conducted a survey on corporate governance and financial reporting in Indian hospitals.The main areas considered in the report included accountability and risk assessment, board of directors, financial reporting, and internal control practices. The key findings included the following: only 42% of the sample of hospital boards undertook an annual assessment of the effectiveness of their internal control systems, 46% of hospital boards did not have an audit committee, 74% did not have an internal audit function, the members of hospital boards were not given an induction program or relevant training when first appointed and nearly a third of the sample did not have specific arrangements in place for management reporting on risk and control matters. Despite these insights, it could be argued that the reports fail to capture the views of hospital managers on hospital governance.

RESEARCH QUESTIONS

The overall objective of this research was to assess the concept of governance in a hospital setting and what influences the processes and procedures of this phenomena. In particular, this study set out to answer the following questions in order to address the research objective outlined above.

- Constitutes of governance in hospital setting
- The key drivers of hospital governance in internal environment
- The key drivers of hospital governance in external environment

Data analysis

Following the analysis of data collected from the 50 interviews, it became apparent that a number of themes emerged. These themes were identified as the governance concept, what constitutes governance in a hospital setting, pertinent issues in the governance debate, the role of clinical governance. These themes interconnected with the research questions outlined and as such merged to form the basis of the discussions below:

- **Constitutesof Governance In Hospital**

Setting: In considering what constitutes governance in a hospital setting, two of the themes referred to above came to the fore – the governance concept and what constitutes governance in a hospital setting While all respondents replied that they were relatively familiar with the term corporate governance, differences emerged in the extent to which they were familiar with it. In addition, of those with exposure to the concept, the source from which it stemmed varied. Yet while half of the respondents claimed to be fully aware of the governance codes developed for the corporate world, the remainder appeared to have limited awareness. A further issue considered was the extent to which the codes developed for the corporate world can be used in a hospital setting. The findings of this study are consistent with the literature with the overwhelming majority of respondents feeling that only the principles of the codes are relevant. Eeckloo et al (2002) argued that the corporate codes cannot be in a hospital setting without adjustment. In turn it was argued by the three groups that the codes could act as a frame of reference that in turn can be *'tailored'* to suit a hospital setting. Accordingly it can be argued that care should be taken to consider all pertinent aspects of hospital governance and their implications when devising the 'tailored' governance codes. Eeckloo et al (2002) further argued that the past focus of hospital governance was primarily on managing organisational structure, the infrastructure, divisions and the resourcing of facilities. However, they further stated that its essence should now be in managing processes and supporting care activities. This perspective is also evidenced in the findings. Here the HSE respondents and hospital management in contrast to their nursing counterparts argued that the historical focus of hospital governance was very much on the financial. Nevertheless all three groups cited that hospital governance is now much broader and constitutes a combination of both financial and non-financial elements. The interpretation of the study's findings would appear to suggest that at present it is the agency theory rather than the stewardship theory of governance that is prominent in a hospital setting. In a hospital setting it would appear that power is institutional and the management philosophy is control orientated particularly with respect to resources. In addition, as evidenced by the findings one of the primary objectives has been cost control. However, the findings also evidence that the system is becoming more involvement orientated with an increased focus on performance enhancement, as such in time the stewardship theory may come to the fore.This was evidenced in the findings with respect to the accountability relationships. All three groups (with the exception of two respondents) described the relationship as *'problematic'*. They referred to its as *'confusing'*, *'unclear'* and not *'fully embedded'* which is made even more complex by issues such as the public private split in hospitals and the differences between statutory and non-statutory hospitals.

The key drivers of hospital governance in internal environment: In considering what constitutes governance in a hospital setting, three of the themes referred to above came to the fore – Executive Management Teams (EMT's) in individual hospitals, the role of clinical governance and integration.The respondents highlighted that extensive work has been completed in this area. While the majority acknowledged multi stakeholders to be involved, the groups referred to by over 60% of the respondents were primarily patients and community interest groups. The respondents cited that improved communications, an improved health system and the Clinical Directorate Model have all contributed to the process. Indeed they further state that the effective participation of medical staff in hospital management will become indispensable. Internal audit functions were found to be in place as part of the finance departments of most hospitals in the sample. A systematic approach to risk management was also adopted by all hospitals in the sample. While an in house risk management

program is in place in the majority of hospitals problems associated with it were highlighted. The hospital management group in particular argued that an all-encompassing program is needed as the concept incorporates so many differing areas such as financial risk, clinical risk, infection control, health and safety, maintenance systems.VanuSom (2004) argues that concept of clinical governance tries to improve the quality of healthcare provided through integrating the financial, performance and clinical quality aspects of a hospital. However, it was illustrated by the findings that the structures in place on the clinical side are *'not as formal'* as their corporate counterparts. It currently appears to be driven by the professions and as such there is very little structured clinical audit systems in place. Furthermore, clinical governance assumes a strong level of clinical participation in governance processes.

- **Thekey drivers of hospital governance in external environment**

Hospital governance can be very much influenced by what goes on external to the hospital setting. The three main groups of nursing, hospital management and the HSE believe that issues such as value for money, the reorganisation of the health service and patient satisfaction has served to drive the governance process forward. These, in association with the accreditation process would appear to have put governance on the agenda of the health service and hospitals in particular. Perceived differences in interests and priorities among internal and external parties have also served to drive governance, primarily through the media attention associated with it.

CONCLUSIONS

The overall objective of this research was to assess the concept of governance in a hospital setting and what influences its processes and procedures. Having given consideration to both the research objectives and questions, examined the existing literature and the primary research findings, some overall conclusions can be drawn.It can be concluded that there has been a shift in the focus of governance from a traditional focus on the private sector (in particular on large public companies). Greater consideration is now given to governance in the public sector. The health services, is one such example. In considering hospital governance, it was found that while the principles of the governance codes of the corporate world may apply, they cannot be translated into hospital settings without adjustment. In addition, it was established that while the historic focus of hospital governance appeared to be very much on the financial it is now much broader and constitutes both financial and non-financial elements. There also appears to be confusion over the principal agent relationship in a hospital setting with the accountability relationships stemming from it referred to as confusing and problematic.Finally, the structural changes of the health service over the last number of years have had a significant impact on the processes and procedures of the hospital governance phenomenon in Delhi. While approximately 60% of respondents believe that the structural changes have been match by appropriate governance changes, the remainder perceive it to be an evolving process. This study highlighted a belief that the structural changes impacted on hospital performance and that governance at the local level is affected as a result. In addition, not only did this process of change entail a lot of additional work and pressure for the parties involved, it also necessitated a change in organisational culture to some extent.

Limitations andSuggestions for Future Research

There are some limitations associated with this research. Firstly, the sample was limited to one region and was comprised of statutory public owned hospitals only. As such no consideration was given to either private hospitals or non-statutory (voluntary) hospitals. Furthermore, the hospitals in the sample are at different levels of the accreditation process and as such one could argue that they are on differing platforms. Finally, there was no patient participation in this study and despite efforts to secure clinician participation none were available to take part. There is wide scope for follow up research to be conducted. Given that both governance and health care delivery systems are in a state of constant evolution there is huge potential to consider any number of perspectives in a research project.The tentative conclusion of this paper is that while the past focus of hospital governance was very much on the financial it has now been broadened to include both financial and non-financial elements. With that comes the task of trying to refine the necessary practices and procedures in an effort to incorporate all that constitutes governance in a hospital setting. Whilst hospital governance is a complex issue there is widespread belief that it is a very important phenomena. As such much work has been completed on the issue to date but the Indian health service remains a system very much in transition.

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Information Technology and Its Role in Indian Banking Sector

Sneha Chaurasiya

Abstract : *With the globalization trends world over it is difficult for any nation big or small, developed or developing, to remain isolated from what is happening around. For a country like Nepal, which is one of the most promising emerging markets, such isolation is nearly possible. More particularly in the area of information technology, where Nepal has definitely an edge over its competitors, remaining away or uniformity of the world trends is untenable. Financial sector in general and banking industry in particular is the largest spender and beneficiary from information technology. This endeavors to relate the international trends in it with the Nepalese banking industry. An attempt has been made in this paper to examine various innovative instruments that have been introduced by banks in recent times. Information and communication technology (ICT) has become the heart of banking sector, while banking industry is the heart of every robust economy. If it collapses so will the economy. This is absolutely evident from current recession in European banks crises, and in turn. The effect of globalization, competition and innovation in the banking industry by its providers to offer their services makes essential the understanding of how various aspects of consumer behavior affect the innovation and respond to customer service delivery. Within this context this paper has considered a critical literature review of previous researchers with the objective to examine the impact of Information and Communication Technology on banks performance and customer service delivery.*

Keywords: *Banking Sector, Information Technology, Automated Systems and Processes, Online Banking and ICT.*

INTRODUCTION

Information technology architecture is an integrated framework for acquiring and evolving IT to achieving strategic goals. Information technology refers to the acquisition, processing, storage and dissemination of all types of information using computer technology and telecommunication systems. Technology includes matters concerned with the furtherance of computer science and technology and with the design, development, installation and implementation of information system and applications. Data, computer hardware and software, network, voice, satellite, network, multimedia and other telecommunication technologies are application development tools. It includes ancillary equipment, firmware, software and similar procedures, services etc. One of the most difficult challenges is turning this enormous pool of information into useful scientific insight and novel therapeutic products. Today's modern high throughput technologies are providing vast amounts of the sequences, expressions and functional data for genes and protein.

In the functioning of banks and delivery of banking services, technology has brought a complete paradigm. Gone are the days when every banking transaction required a visit to the bank branch. In recent times, most of the transactions can be done from the home and customers need not visit the branch for anything. Nowadays, information technology is no longer an enabler rather it has become a business driver. Day by day the internet, mobiles and communication technology is growing rapidly and it has added a different dimension to banking. The information technology available today is being leveraged in customer acquisitions, driving automation and process efficiency, delivering ease

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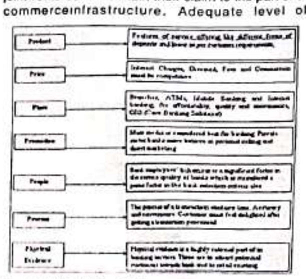
and efficiency to customers. Information Technology and the Communication Networking Systems haverevolutionized the functioning of banks and other financial institutions all over the world.Reserve bank of India has played an important role in implementation of informationtechnology in banking sector. Various researchers have also contributed in this regard. Inaddition to the work done by various scholars in the area of Information Technology andBanking organization, RBI had appointed various committees to work in this area.

The banks as well as customers have a serious concern about the security of Internetaccess to client account which is the biggest challenge. Banking through the Internet isincreasingly becoming necessary rather than innovative tool and with consumer demandbanks have to upgrade and constantly think of new innovative customized packages andservices to remain competitive **Anil Jadhav & RajniJadhav, 2004**. Implementation of SET, the standard for Secure Electronic Transaction on the Internet and its wide spreadadoption including security measures like encryption, digital authentication andverification of online identity increases the consumer's confidence. Consumers areincreasingly looking for services which they can access from a single entry point.Awareness of competition have motivated banks to move aggressively in seekingalliances and establishing joint ventures to maintain their claim to the part of e-commerceinfrastructure. Adequate level of



Source: Mittal (2008), p. 225.

infrastructure and human capacity building are requiredbefore adopting the global technology for local requirement. Lack of regulatoryframework, trust and privacy standards are also important challenges. Unless criticalmass is achieved for PC, Internet connection and Telephones, e-banking will continue toslow the pace in India. However the growing demand of IT professionals in pressurizingthe Government and bureaucracy in the country to support and develop new initiative forthe faster spread of e-banking in India.

The following diagram will be elaborated considering all marketing decisions taken in the banking industry. All of them are essential decisions and are concerned with essential ingredients of services marketing mix.

Dos et al. 1993 studied statistical correlation between IT spending and performancemeasures such as profitability or stock's value. It is found that there is an insignificantcorrelation between IT spending and profitability measures, implying thereby that ITspending is unproductive.

Brynjolfsson and Hitt1996, however, cautioned that these findings do not account forthe economic theory of equilibrium which implies that increased IT spending does notimply increased profitability. More recent firm level studies, however, point a morepositive picture of IT contributions towards productivity. These findings raise several questions about mis-measurement of output by not accounting for improved variety andquality and about whether IT benefits are seen at the firm level or at the industry level.Such issues have been discussed in detail by **Brynjolfsson 1993** and to a lesser extent by **Brynjolfsson and Hitt 1996**.

The study conducted by **Gotlieb, and Denny 1993**, is one of the studies that deals withthe impact of IT on banking productivity per se. Computerization is one of the factorswhich improves the efficiency of the banking transactions. They concluded that higherperformance levels have been achieved without corresponding increase in the number ofemployees. Also, it has been possible for Public Sector Banks and Old Private Banks toimprove their productivity and efficiency by using IT.

Emerging Trends in Banking Technology

- Financial Inclusion

- Mobile Banking
- Electronic Payments
- CRM Initiatives
- IT Implementation and Management
- IT for Internal Effectiveness
- Managing IT Risk
- IT for business innovation

I.T. In Banking

Today's Indian banking sector is in the midst of an IT revolution. Competitive and regulatory reasons has led to increasing importance of IT in automation Indian banking sector.

Waves In Banking Technology

As per the Reports of RBI, the first wave in banking technology began with the useof Advanced Ledger Posting Machines (ALPM) in the 1980s. The RBI advised all thebanks to go in for huge computerization at the branch level. There were two options:automate the front office or the back office. Many banks opted for automating the frontoffice in the first phase. Whereas banks like State Bank of India also concentrated on theback office automation at the branch level.The Second wave of development was in Total Branch Automation (TBA) which came inlate 1980s. This automated both the front-end and back-end operations within the samebranch. TBA comprised of total automation of a particular branch with its own database.In the third wave, the new private sector banks entered into the field of automation. These banks opted for different models of having a single centralized database instead of havingmultiple databases for all their branches. This was possible due to the availability of goodnetwork infrastructure. Earlier, banks were not confident of running the whole operationthrough a single data center. However, when a couple of private sector banks showed thatit can be done efficiently, other banks began to show interest and they also beganconsolidating their databases into a single database. The banks followed up on this moveby choosing suitable application software that would support centralized operations.

The fourth wave started with the evolution of the ATM delivery channel. This was thefirst stage of empowerment of the customer for his own transactions. The second stagewas the Suvidha experiment in Bangalore. This showed the power of technology and howthe reach can be increased amazingly at a great pace. Seeing these, all the banks startedrevamping their retail delivery channels. Their core focus became increasing the numberof customers they can service at a lower cost. The main channels for these were internetbanking and mobile banking. After this, came the alliances for payment through variousother gateways. The third important development happening now is the real-time grosssettlement system of the RBI. Once this was in place, transactions between banks could61be done through the settlement system, online, electronically thereby, ensuring fastercollection. The process of computerization had started from Back Office Application,after that Total Branch Automation and nowadays it is the period of implementation ofCore Banking Solutions (CBS).

A key trend in the last couple of years has been the focus on core banking systems. Withthe implementation of core banking systems across the banks, the usage level of IT forcustomer management has increased. ATM, internet banking and mobile banking have improved customer convenience byproviding anywhere any time banking services. The utility bill presenting and paymenthas helped customers to pay their bills online at the click of a button. Electronic clearingsystem and electronic funds transfer have facilitated faster funds movement andsettlement for the customers of different banks and different centers. The electronic datainterchange and cash management service facilities have enabled better fundsmanagement for the customer.

Core banking systems have enabled banks to launchnew products and services targeting specific customer segments after understanding theirbanking and investment requirements.Very few banks offered customers the ability to access their accounts and perform at leastsimple money transactions using internet banking. Advancements in information technology have made it possible for the banks to use the internet as a delivery channelfor banking services. Technological developments have introduced tremendous changesin the ability of financial and non-financial firms to efficiently collect, store, use and sellinformation about their customers.

Balasubramanya S.(2002) in his study analyzed that the automation in the banking sector has come a long way starting with the Rangarajan Committee report on thebanking sector reforms during the eighties, followed by reports of the NarasimhanCommittee in the nineties. With over 65,000 branches of the banks (public, private andthe cooperative sector) in the country, the author found that the percentage of branches62covered by automation was very low. Though many banks had claimed that more than70% business has been automated due to the enforcement of RBI guidelines, in reality itwas much lower, as many functions in each branch were still done manually or withpartial automation. Hence, there was a significant amount of automation work to beachieved in the banking sector.

Applications of IT in the Banking Sector

Rajshekhara K. S. (2004)described the adoption of IT in banking has undergoneseveral changes with the passage of time. Today IT has become an inseparable segment of banking organization. The application of information technology in the banking sector resulted in the development of different concepts of banking such as – E-banking, Internet Banking, Online Banking, Telephone Banking, Automated teller machine, universal banking and investment banking etc. Information technology has a lot of influence on banking transactions. It ensures quick service with low transaction cost to the customers. The real success of IT in the banking sector depends upon the customer's satisfaction. Therefore banks should organize and conduct customer awareness program in their service area. Security is an important issue in the context of E-banking. The development of technology for the identification of customers with different means of communication devices is a must for successful business and also to reduce frauds in banking. In this paper the author has studied customer related aspects only. This paper do not present any study related to the bank employees and their problems regarding bank computerization.

The study conducted by **VijMadhu (2003)**, presents the changing profile of Indianbanks with the help of a comparative study of three private sector banks in India namely ICICI bank, HDFC bank and IDBI bank. The comparative analysis of the three private sector banks shows that HDFC stands out as a clear winner with ICICI at number two. In the study the researcher concludes that the challenge for the future will be the synergetic use of internet, proper understanding, measuring of risk management as also nurturing and retaining the intellectual capital. The author suggested the following strategies that need to be focused on:

- Develop and innovate new products so as to widen customer base
- Strategic alliances
- Setting up of an effective software system for ALPM the way banks in most of the developed countries are using

Gulati V. P.listed the following possible applications that can be easily complimented by the Indian financial sector.

- Quick disposal of loan/investment proposal
- Forex information from branches to the office dealing with forex
- Fund information from clearing centers to the fund management office for optimal allocation of funds
- Inter-branch inter-bank reconciliation
- Fund transfer/payment messages (EFT/ EDI) (intra-bank and inter-bank)
- E-mail
- Organizational bulletin boards may contain the following: circulars, undesirableparties, hot list, bulletins, missing security items, confidential circulars on attempted frauds
- Organizational/customers database may include statutory returns, control returns, standardized returns, adhoc reports
- Banks-corporate customers' connectivity
- Management information systems: Borrower's profile; Branch profile; employee's analysis; products/services profile; business profile of branches
- Banks owned ATM/credit-debit card and other applications on the financialnetwork

IT planning is an ongoing effort intended to match the bank's technology capabilities with its changing strategic objectives. It is necessary for a bank to identify technology gaps and develop a plan that supports the bank's long/medium term-strategic goals in order to bridge the gaps. It is imperative for

banks to have a clearly defined technology planning process that is based on a well-founded technology action plan for the following reasons:

- Increasing competition, new products and changing distribution channels.
- Banks currently spend a huge amount of their budget annually on technology. Such investments will only continue to escalate.
- Effective technology management requires an underlying technology plan. Without it, scarce resources are likely to be wasted and opportunities missed.

Current status of internet banking is:

- Throughout the country, the Internet Banking is in the emerging stage of development
- In general, these Internet sites offer only the most basic services. 55% are so called 'entry level' sites, offering little more than company information and basic marketing materials. Only 8% offer 'advanced transactions' such as online funds transfer, transactions & cash management services.
- Foreign & Private banks are much advanced in terms of the number of sites & their level of development.

The advancements in computing and telecom have revolutionized the financial industry. Banks are developing alternativechannels of delivery like ATM, telebanking, remote access, internet banking etc., Some questions that need to be answered are , how can one trust these channels, our personal data and transactions which are driven by technology. Are they reliable and accurate? Is there a way out to independently validate the integrity of information? If we analyze, why the lack of trust exists, we realize that the primary issues center on the following aspects of information security:

- ***Authentication and identity of user:***The act of verifying the identity of a user. How to recognize the person dealing on the net? Can one be sure of his or her identity?
- ***Confidentiality:***How can one be sure that the information transmitted has notbeen intercepted or viewed by any other party in transit?
- ***Integrity:***How can one ensure that the information sent, received or stored has not been tampered with the modified at any time?
- ***Non-Repudiation:***What is the guarantee that a particular transaction or action took place? Would this hold the tests of court of law?

CONCLUSION

Above study shows that different researchers and experts in the fields of banking have discussed various aspects of the bank computerization like technology and Indian banking sector, channels of e-banking, technological revolution in banking sector, IT channels and customer service etc. It has been observed that without IT todays work is tough in banking sector. For the success in this competitive environment IT plays the vital role. It can also be extracted from the above study that almost everyone is connected to internet and because of the busy schedule, competitive environment, work pressure etc. people believe in doing from home rather visiting the bank's branches. Therefore, this study attempts helps to highlight the different roles of information technology in the banking sector.

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Relationship of Service Quality & Customer Satisfaction in Insurance Industry: A Literature Review

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Abstract : All the life insurance service provider in India offer similar kinds of services, but they could provide differences in terms of service quality. This paper analyzes past studies regarding service quality and customer satisfaction in the life insurance industry. The relationship between service quality and customer satisfaction and their effect is also explained in this paper. Improved service quality should be adopted to give maximum satisfaction to customer and this paper contributes knowledge and background for life insurance provider to apply these findings to better shape and focus their positions in the market and also to provide maximum satisfaction to customers.

Keywords: Service Quality, Customer Satisfaction, Insurance, Market, Services

INTRODUCTION

All customers in marketplace are involved with all kinds of services like in educational institutions, fitness centers, bank, retail and transportation, as well as in insurance in their everyday life. Customer service has increasingly played a critical role in banks' operations in today's highly competitive business environment.

Managing quality of services is difficult as compared to goods due to the heterogeneity, perish ability, intangibility & dimensions of services. All the players of banking industry are providing more or less same services to customers. Life insurance provider have to pay close attention to superior service provision because service quality does not impact only on the customer decision-making process, but also influences customer satisfaction, purchase retention, loyalty and business survival as shown in many studies.

OBJECTIVES

The objective of this paper is to review the literature regarding relationship between service quality and customer satisfaction and their effect in the life insurance industry, from various kinds of studies and sources. It will lead to understandings of aspects of service quality and customer satisfaction. The past studies examined are mainly about service quality, customer satisfaction and their relationship in life insurance service. This research will seek to close the gap in this field of study.

PROBLEM IDENTIFICATION

The major problems for this paper are to explore the body knowledge of service quality, customer satisfaction and their relationship in the life insurance industry.

SERVICE SECTOR IN INDIA

There was a time when it was believed in that industrial revolution was the only solution to social problems such as poverty and unemployment. Now, however, the services sector promises to fulfill the task. Services touch the lives of every person everyday be it in the field of food services, communication, leisure services or financial services,

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to name a few. Our welfare and the welfare of our economy are now based on services. Services lie at the very hub of economic activity in any society. No wonder that the services sector will be the biggest driver of new economic growth and profit earner in the new millennium for the world in general and India in particular. The services sector can best be characterized by its diversity.

Pattnaik and Chhatoi (2006) said that when a customer buys a service in the service market, he buys time, knowledge, skill or resources of someone else who is the provider or supplier of the service.

The Services Sector plays an important role in the development of the country. Studies have shown that the employment elasticity (to GDP Growth) in the services sector is higher than that in both the agriculture and manufacturing sectors; therefore, the growth of services sector helps in the generation of employment opportunities in the country. Pattnaik and Chhatoi, (2006) also said that the services sector by providing complementary services to industry and agriculture acts as a catalyst in the growth of the entire economy.

Services Sector emerged as the largest contributor to the country's GDP and grew faster than the agriculture and industrial sectors. In the year 1993-94, the agriculture sector had 26.5% share in the real GDP which was reduced to 20.5% in the year 2004-05. Similarly, the industrial sector had 22.1% share in real GDP in the year 1993-94 which was reduced to 21.9% in 2004-05. While in the case of the services sector, its share in the real GDP increased from 50.5% in the year 1993-94 to 57.6% in 2004-05. Trade, transportation, communication, financial services, software services including the Information Technology Enabled Services (ITES) and Business Process Outsourcing (BPO) which are the key movers of the services sector. The banking sector plays a significant role in the economic development of the country.

Pattnaik and Chhatoi (2006) also said that bank, by providing remittance facility with their vast branch network, help in the free flow of funds to different parts of the country, wherever there is a need for it, instead of allowing them to lie dormant in stagnant pools.

Overview of Insurance Industry in India

With largest number of life insurance policies in force in the world, Insurance happens to be a mega opportunity in India. It's a business growing at the rate of 15-20 per cent annually and presently is of the order of Rs 450 billion. Together with banking services, it adds about 7 per cent to the country's GDP. Gross premium collection is nearly 2 per cent of GDP and funds available with LIC for investments are 8 per cent of GDP.

Yet, nearly 80 per cent of Indian population is without life insurance cover while health insurance and non-life insurance continues to be below international standards. And this part of the population is also subject to weak social security and pension systems with hardly any old age income security. This it is an indicator that growth potential for the insurance sector is immense.

A well-developed and evolved insurance sector is needed for economic development as it provides long term funds for infrastructure development and at the same time strengthens the risk taking ability. It is estimated that over the next ten years India would require investments of the order of one trillion US dollar. The insurance sector, to some extent, can enable investments in infrastructure development to sustain economic growth of the country. Insurance is a federal subject in India. There are two legislations that govern the sector- The Insurance Act- 1938 and the IRDA Act- 1999.

In India, insurance is generally considered as a tax-saving device instead of its other implied long term financial benefits. Indian people are prone to investing in properties and gold followed by bank deposits. They selectively invest in shares also but the percentage is very small. Even to this day, Life Insurance Corporation of India dominates Indian insurance sector. With the entry of private sector players backed by foreign expertise, Indian insurance market has become more vibrant.

SERVICE QUALITY

From the marketer's perspective, service quality can be viewed as the level of service attributes needed to make the service acceptable and profitable in the market place, thus, satisfying the marketers' needs for profitability and economic success. On the other hand customers view, service quality as equivalent to the level of service attributes required to satisfy their own needs and requirements. In this respect, marketers try to define service quality in advance while customers make during and after use evaluations.

Lewis (1993) said that customers perceive service quality in a subjective (sometimes irrational and sentimental) way and in clearly human terms. Zeithaml et al.(1990), Zeithaml and Parasuraman (2004) had opinion that unlike products; the quality of services is evaluated by customers not only by the service outcome (core service) but also by the production and delivery process as well as by the "peripherals" related to the service .

As a result of the characteristics of services, the principles and practices of product quality control cannot be used for assessing service quality. Bilner and Hubert (1994), Grônroos,(1982, 1984), Lehtinen and Lehtinen (1982) and Lewis and Booms (1983) said that to assess the quality of services, and form an impression about the relative inferiority/ superiority of a service provider and its services, customers compare the level of the service delivered to them with their own personal expectations, shaped by past experience. Grônroos, (1982, 1984), Takeuchi and Quelch (1983); Parasuraman et al. (1985, 1988) named the result of this comparison is as Perceived Service Quality. However, Parasuraman et al. (1988) explained the perceived service quality as the customer's global attitude or judgement "related but not equivalent to satisfaction" of the overall excellence or superiority of a service. However Berry et al. (1988) tells that what counts in services is the conformance to the wishes of customers rather than to any predetermined set of specifications.

As Lewis and Booms (1983) put the service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis. This means that, in the final analysis, customers are the exclusive judges of service quality, no matter what the marketer thinks. Berry and Parasuraman (1991) said that if customers disagree with the marketer's perspective, then the service is problematic. Lewis (1993) explained that there is no other fact or reality about service quality but what customers perceive about a service.

Grönroos (1982, 1984), Parasuraman et al. (1985), Oliver (1980) gives the disconfirmation paradigm, which defines service quality as a result of the comparison between perceived and expected service performance. In this respect, researchers have generally adopted either the Nordic (European) model developed by Grönroos (1982, 1984), or the American model developed by Parasuraman et al. (1985, 1988).

Service Quality in Insurance

Although the insurance industry has been focused on quality and certain positive measures have been taken with regard to service quality, there is not enough publicized research on quality in insurance. In this respect the industry seems to be introvert. However, a number of studies conducted by academics have been publicized. Some of these studies will be briefly presented in this section.

Schlesinger and Graf von der Schulenburg (1991) suggest that the perceived service quality is a factor upon which the customer can distinguish between otherwise identical insurance products. There are other characteristics of insurance which also influence the customer's choice, such as the company's solvency, the category of bonus or adaptations in the annual premium, the claims settlement procedures, the ways of payment available etc.

Wells and Stafford (1995) employed SERVPERF to measure service quality perceptions using data from four insurance companies in Texas and compared these perceptions with the "complaint ratios" used by state regulators. The most important of their findings are:

1. Lower complaint ratios are significantly related to higher levels of perceived service quality, as measured by SERVPERF, and this implies that regulators perceive service quality accurately.
2. Customers tend to rate service quality higher if they are aware of their right to complain to the regulator. The awareness that a consumer advocate exists may reduce feelings of helplessness, dissatisfaction, or resentment that consumers might ordinarily have when dealing with a large insurance company.
3. A consumer's actual knowledge of insurance, as measured by how much specific insurance education the consumer has had, is negatively related with the consumer's perception of service quality. Perhaps consumers more educated in insurance are in a better position to judge service quality than those who have had no formal insurance education.

At a later stage, Wells and Stafford (1997) employed both SERVQUAL and SERVPERF to measure service quality and relate overall quality perceptions to formal insurance education. They reported that regardless of the scale employed, a statistically significant relation between insurance education and quality ratings was evident. Overall mean scores for the educated respondents were significantly lower than those for uneducated respondents, although there was no significant difference in expectations for the educated and uneducated groups. In summary, their results indicated that, all other things being equal, consumers with specific insurance education rated their insurers' overall service quality lower than consumers who had not been trained in insurance.

After an extensive research in the insurance industry, Leste and Wanderley (1997) reported the following conclusions:

1. The use of SERVQUAL gave satisfactory results.

2. There is a group of consumers, which takes the dimensions of a segment, who are particularly interested in the help and care that they receive from insurers and in the insurers' technical ability to provide information for the insurance products.

3. Customers usually do not possess sufficient information for the available products and terms of insurance policies.

4. Customers do not usually trust insurers and their agents and brokers.

5. A segment of customers are interested in the long-lasting relations that they can have with the insurers and agents and in the corporate image of their insurance company.

6. The insurance companies do not appear interested in improving and maintaining the various relations that support their operation.

7. According to customers the insurance companies are mainly interested in the time requirements of contracts and in short-term questions.

8. The insurance products are bought after external influences.

9. The gaps between the expected and actual results in quality improvement programs are due to the absence of a service-oriented culture in insurance companies that are not involved in the maintenance of satisfaction of their customers.

Stafford et al. (1998) used SERVQUAL with customers of four insurance companies who had been involved in car insurance claims to measure the dimensions of quality and the effect of these dimensions on overall quality perceptions as well as customer satisfaction which were used as dependent variables. Reliability was found to be the most critical parameter for both dependent variables. Assurance was significant for both variables while empathy was significant only for satisfaction. There was a negative relationship between tangibles and the two variables for one of the companies. They propose that the importance of reliability for both variables seems to strengthen the relationship between service quality and customer satisfaction and that reliability is so important for quality because it has duration. It is not possible to describe something or someone as reliable unless a relation with duration exists. On the other hand, one can immediately evaluate the remaining dimensions of quality that are related with the process of service delivery. It is, in short, possible for someone to be satisfied by the service that is received without being able to evaluate reliability. They finally conclude that, for car insurance, reliability is synonymous with quality and tangibles are not so important.

Westbrook and Peterson (1998) evaluated the effectiveness of SERVQUAL in a business to business selling environment, using data from a large insurance brokerage firm serving business accounts in North America. They examined the extent to which the SERVQUAL's quality dimensions are reliable in a business to business environment in comparison to the retailing environment. They suggest that the underlying quality dimensions in such an environment conform to a large extent with the ten dimensions originally proposed by Parasuraman et al. (1985). Professional customers evaluate the quality of services in the same way as retail customers.

Mehta et al. (2002), using customer data from the insurance industry of Singapore, recognized the following six dimensions of service quality:

Assurance, Personalized Financial Planning, and Relationship with Agent, Tangibles, Corporate Image and Competence. These dimensions include many of the initial SERVQUAL items. Their main conclusions are that there is increasing evidence that expectations guide the customers' assessment of the quality of services and managers cannot ignore this factor when deciding and designing quality programs in their companies.

Josep et al. (2003) used the performance-importance paradigm to measure the customers' assessment of the quality of services delivered to them by insurance agents. They identified five factors of quality in insurance, i.e. claims, personal relationships, products/ services, life insurance and agent/benefit. They found evidence that agents need to take measures to improve their customer perceived service quality as only claims and personal relations fall into the "keep up the good work" quadrant. On the other hand the amount of resources that they use to promote new products falls into the "possible overkill" quadrant, meaning that insurance agents may have to reconsider their promotional-advertising strategies.

Gayathri et al. (2005) used the SERVQUAL instrument to assess the levels of service quality and its dimensions among four leading insurers in India as well as the relationship of the average scores of individual dimensions with satisfaction of customers of the same insurers. As a result of their study the researchers identified that the service quality dimensions could be a basis for differentiation of the insurance players that could be developed into a Sustainable Competitive Advantage in the long run. They further conclude that non-price differentiation instruments have a better potential than price changes, because any reaction from the competitors to match non-price differentiation may require changes in the entire service strategy.

CUSTOMER SATISFACTION

Despite extensive research on customer satisfaction, its antecedents, and consequences, no consensual definition of customer satisfaction has been developed yet. Various definitions are either fundamentally or partially inconsistent with one another even when these definitions have overlapping components. In general, customer satisfaction is viewed as a response, based on evaluations, and expressed some time during the purchase-consumption process.

Churchill and Surprenant (1982) explain the customer satisfaction as a cognitive response while Westbrook and Reilly (1983) understand that customer satisfaction is comprised of both cognitive and affective dimensions.

Cadotte et al. (1987) explain the customer satisfaction as an emotional response while Peterson and Wilson (1992) had opinion that customer satisfaction lacks in definitional and methodological standardization.

Westbrook and Oliver(1991)) considered the customer satisfaction as a result of post-choice response, Fornell (1992) as a result of post-purchase ,Mano and Oliver (1993) as a result of post consumption, and Halstead et al.(1994) explain that customer satisfaction take shaped during consumption .

Vavra (1997) explain the customer satisfaction as the end state resulting from the consumption experience. The end state might be a positive perception of the reward sacrifices ratio or an emotional response to the consumption and use experience or resulting from the comparison of rewards and sacrifices against anticipated consequences from consuming and use of the product or service.

Customer Satisfaction in Insurance Industry

Life insurance providers offer services that are credence products with very few cues to signal quality. Gronroos (1984) suggested that consumers usually rely on extrinsic cues like brand image to ascertain and perceive service quality. This factor is especially true for a "pure" service such as insurance, which has minor tangible representations of its quality and is highly relational during most transactions. There is also a lack of price signal in the market due to specialized customer needs and difficulty in comparing prices; thus consumers cannot rely solely on price as an extrinsic cue to signal quality.

Crosby and Stephens (1987) & Johnston et al. (1984) explained that the outcomes of life insurance purchase are often delayed, and thus do not allow immediate post-purchase valuation. As such, the consequences of a purchase do not produce an immediate reaction towards overall satisfaction. said that this situation is more apparent as the future benefits of the "product" purchased are difficult to foresee and take a long time to "prove" its effects Infrequent purchase and "usage" of such credence products by consumers would mean an inability or difficulty in forming service expectations due to limited understanding of and familiarity with the service.

Richard and Allaway, (1993); Clow and Vorhies (1993); Crosby and Cowles (1986) found that insurance policy is almost always sold by an agent who, in 80% of the cases, is the customer's only contact. Sherden (1987) expressed that high quality service (defined as exceeding "customers' expectations") is rare in the life insurance industry but increasingly demanded by customers.

Slattery (1989) also said that the quality of the agent's service and his/her relationship with the customer, serves to either mitigate or aggravate the perceived risk in purchasing the life insurance product. Putting the customer first, and, exhibiting trust and integrity have found to be essential in selling insurance.

Pointek (1992) identified that customer want more responsive agents with better contact, personalized communications from the insurer, accurate transactions, and quickly solved problems.

Toran (1993) points out that pure service like insurance may, therefore, call up different expectations than that of services that include tangible products and quality should be at the core of what the insurance industry does.

Walker and Baker (2000) suggested those understanding consumers' expectations of life insurance agent's service is crucial as expectations serve as standards or reference points against which service performance is assessed. At the same time, Berry (1995) suggested that because of the amount of money that is typically invested in an insurance policy, customers seek long-term relationships with their insurance companies and respective agents in order to reduce risks and uncertainties.

SERVICE QUALITY AND CUSTOMER SATISFACTION

Although service quality and customer satisfaction are dominating the marketing literature, it is common to find no clear distinctions between the two constructs. Dabholkar (1993) suggests that service quality and customer satisfaction converge in time to represent the same thing: a kind of global attitude. Iacobucci et al. (1995) said that sometimes the terms "service quality" and "customer satisfaction" are used interchangeably both in industry and in academia. This confusion is largely a result of two factors (Figure 1.1). The first factor is the, somewhat exclusive, use of the disconfirmation paradigm to conceptualize both service quality and customer satisfaction as functions of expectations and performance perceptions. The second factor is that the two constructs have similar consequences.

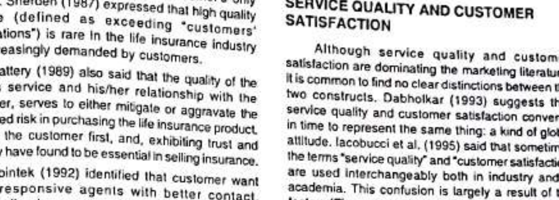

Figure 1.1 - Service Quality and Customer Satisfaction

Source: Iacobucci et al., 1995

Iacobucci et al. (1995) suggest that the difference between service quality and customer satisfaction may only reflect managerial versus customers' concerns, that is when service providers deliver high quality services, customers are satisfied or not depend upon experiencing these services. However, Shemwell et al. (1998) explain the position that service quality and customer satisfaction are conceptually distinct but closely related constructs prevails in the literature. Service quality researchers tend to consider service quality as a more long-term and general evaluation as opposed to satisfaction which is a transaction specific assessment. Based on these grounds Parasuraman et al. (1988) proposed that the instances of satisfaction over a time period lead to a perception of general service quality. This argument gained support from other researchers such as Bitner (1990), who developed a transaction appraisal model in services and empirically supported the effect of satisfaction on service quality, and Bolton and Drew (1991b) who suggested that satisfaction leads to service quality.

On the contrary, customer satisfaction researchers propose that perceived service quality is an antecedent of customer satisfaction. For example, Cronin and Taylor (1992) reported that, in their analysis for the causal relationships between satisfaction, service quality, and purchasing intentions, the coefficients of the path:

'Service quality" → 'satisfaction" → purchasing intentions' were all significant while the ones of the path:

'Satisfaction" → 'service quality" → 'purchasing intentions' were not.

Parasuraman et al. (1994) pointed out that conflicting arguments might result from the holistic focus of research on service quality contrary to satisfaction research which is mainly based on specific transactions. They proposed that service quality and customer satisfaction should be examined under both viewpoints. The prevailing general conclusion is that when the term service quality is used to refer to a global, long-term attitude about a service provider, then customer satisfaction is generally recognized as an antecedent of service quality. However, where the term is used to refer to something rather more specific (quality of the delivered service or quality of the service encounter, for example), then there seems to be a strong case for seeing quality as an antecedent of satisfaction

Kristiansen et al. (1999) propose that the relationship of perceived quality with customer satisfaction depends on product category and the process of satisfaction depends on price and other factors such as:

(a) The complexity of evaluation

(b) The objective quality of the product and

(c) How prestigious the product is with respect to the customer's social status?

These factors are included in the European Customer Satisfaction Index **ECSI** which links customer satisfaction with its determinants and its outcome, namely customer loyalty. In the ECSI model, perceived quality is divided in two components namely hardware, referring to the quality of the attributes of the product/service and human ware referring to the human contact.

Service Quality and Customer Satisfaction in Insurance Industry

Research has shown that the quality of services and the achievement of customer satisfaction and loyalty are fundamental for tho survival of insurers. Taylor (2001) concluded that the quality of after sales services, in particular, can lead to very positive results through customer loyalty, positive WOM, repetitive sales and cross-selling. However, many insurers appear unwilling to take the necessary actions to improve their image. This creates problems for them as the market is extremely competitive and continuously becomes more so.

Previous studies, notably those of Wells and Stafford (1995), the Quality Insurance Congress (QIC) and the Risk and Insurance Management Society (RIMS) (Friedman, 2001a, 2001b), and the Chartered Property Casualty Underwriters (CPCU) longitudinal studies (Cooper and Frank, 2006), have confirmed widespread customer dissatisfaction in the insurance industry, stemming from poor service design and delivery. Ignorance of customers' insurance needs (the inability to match customers perceptions with expectations), and inferior quality of services largely responsible for this. The American Customer Satisfaction Index shows that, between 1994 and 2002, the average customer satisfaction had gone down by 2.5% for life insurance and 6.1% for personal property insurance respectively.

Wells and Stafford (1995) said that in Greece, for example, 48% of consumers consider that the industry as a whole is characterized by lack of

professionalism. It is therefore not surprising that measurement of service quality has generated, and continues to generate, a lot of interest in the industry.

CONTRIBUTION OF KNOWLEDGE

This research provides information on effect of service quality on customer satisfaction as well as service quality improvements in life insurance industry. Hence, life insurance providers can apply knowledge and findings for their company to build or improve a competitive edge, increase customer satisfaction and maintain long-term profits.

CONCLUSION

Nowadays, life insurance companies are working in a dynamic business environment as they experience cut throat competition and changes in customer demand, and a decrease in profit margins. High quality service (defined as exceeding "customers' expectations") is rare in the life insurance industry but increasingly demanded by customers (Sherden 1987). Customer wants more responsive agents with better contact, personalized communications from the insurer, accurate transactions, and quickly solved problems (Pointek 1992). The quality of after sales services, in particular, also can lead to very positive results through customer loyalty, positive WOM, repetitive sales and cross-selling (Taylor 2001). Because of the amount of money that is typically invested in an insurance policy, customers seek long-term relationships with their insurance companies and respective agents in order to reduce risks and uncertainties (Berry, 1995).Many researchers found meaningful relationship between perceived service quality and customer satisfaction. They all suggest that life insurance provider should focus on service quality as an input to customer satisfaction for long-term benefits and business success.

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Article

Degradation of Indian Women's Image in Advertising A Case of Indian Television

Shweta

It is used like a proverb that media is the reflection of society. Media represents society is changing with the passage of time. It means media is also a transforming factor. Media has been a promotional tool or mechanism for selling products since the industrialization of the world. Commercial companies sell their products in the society with taking advantage of media advertising. Thus, the media is the source of product selling/promotion of the products to increase sale. We can say that with the development of marketing advertising has become crucial medium to sell any product. Advertisements are no longer stationary images or texts that just sell products. They are created and executed in such a manner that they appeal to their target audience in more than one ways. Advertising messages though brief, often have a powerful and persuasive influence in shaping the attitude and behavior of audiences. Advertisements integrate socio-cultural narratives and also shape them. Advertisements are convincing and motivating tools which can leave a deep impact on the minds of the viewers and play a major role in molding the culture and attitude of the people. Advertisement is a form of communication intended to convince viewers, readers or listeners to purchase or take some action upon products, ideals or services.

With the development of society media attracts attention of audience through its pleasing images and narratives. For it, advertisements use *female* to convey message to the audience with witty and carefully thought out camera angles set up. If we analyze product selling manner by the companies then we find that advertisements use female body as medium to persuade an audience to purchase products. In most of the advertisement women are used and they are gazed upon.

In Indian media culture, images of female bodies are everywhere. Women—and their body parts—sell everything from food, cars to toilet seats. Girls are shown as being endlessly preoccupied by their appearance and fascinated primarily by dolls and jewelry.

Over the last many decades, television and web commercials have evolved significantly in India. They have been used as a catalyst and they have been reflection of a society's aspirations. In their endeavor to sell, they have created images and metaphors which over time have assumed strong socio-cultural dimensions. The physical images have indeed been very overwhelming. These commercials have not only created the perfect images but also woven pressing narratives which make the desire to attain that perfection imperative. These images have somewhere got domesticated and appropriated over time. In fact these images have managed to build a framework of 'stereotypes' with respect to different constructs including gender, class, religion, sexuality, ethnicity among others. This paper will examine the gender stereotyping of women in the contemporary space of Indian television and web commercials.

Using women as catalyst for men's products

Today's women are doing well in various fields around the world like academic, politics, media, advertising, etc...but in 90's the role play by women in advertising has completely changed. Market economy runs with an extreme motive of profit; numerous attempts are being taken up to promote its business interest. Globalization has facilitated this process. There has been a socio-cultural change in society over the decades which are evident from the increasing number of women pursuing careers, changing family role structure, and unfavorable female attitudes toward traditional sex-role

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stereotypes. Advertisements contain a message of a specific life style of specific strata of society. Woman in India, are portrayed as traditional and stereotypical over the decades, there is a difference in product categories advertised by them.

In the advertisements women are predominantly employed to promote products and services. In every item they are utilized whether it requires their presence or not. Female models used in products not related to them like men's razors, men's wear, men's deodorant etc. Actually the reason is to influence men to buy their products. Women promote men product this imply a sexual relationship between the man who uses the product and the woman in the advertisement. Sexual women are used in advertisements to imply that the product will increase the user's demand to men. Here one thing we can evaluate that women are still used as a 'sexual thing' in this globalized world and India is also in the grip of this so-called culture whereas Indian state is divided into urban and non-urban societies that have not share a common culture.

If we analysis this thing the female body is utilized as a commodity or a product or a sex object. The female body is a catalyst to sell a men's product by exposing itself. Here, we can say that by the advertisements women are not getting honor or self-respect as they want in comparison to men (especially in the non-urban societies). It is also an exemplary of stereotype making in the society against the women and by the women. Whereas women estimated themselves value-free object in front of men dominated society and culture.

Doing gender in advertisement and the changing role of women

From the origin of media sexism towards women in advertising has always been an issue in the history of Indian society. Women have always been expected to fill specific gender roles as the cleaning, cooking, or child-bearing sex machine. Through the ages men have been considered to be financial providers, career-focused, assertive and independent or bread earner, whereas women have been shown as low-position workers, loving wives and mothers, responsible for raising children and doing housework. As a society we are still far away from equality in the media. Women are still being used as 'sex objects' and 'housewives' in advertisements which is just perpetuating the stereotypes. To some extent, today's society has most certainly evolved to where such discrimination is extremely discouraged and looked down upon. But media or advertisement companies are not bothers from this kind of societal attitude.

Oft-times, we watch the advertisement on *idiot box* (television) and internet where a woman washes clothes with Surf Excel, Tide detergent, Comfort fabric conditioner, Wheel detergent. Women cooks the food for her family members with Safola oil, it is shown that she cares her husband from the heart diseases. She cooks like Maggi Noodles, Pasta, Macroni for her children to mitigate the little appetite. She makes tea with famous brands like Red Label and Taza to refresh her husband mind. She cleans her home with Lizol, Dettol, Sanifresh, Harpik cleaner, Airweek and Odonil Room Freshener Sprays. If her husband has a cold or back pain she is caring with Iodex, Volini, Vicks Veporub, Moov cream. She nourishes her baby with Dettol soap, Mugly Ghutty 555, Johnson's baby oil, Vasaline lotion, Pampars, Huggies etc. She is making her boy-child muscular with a height booster by using Bournvita, Horliks, Complan and Pediasure, and she makes their children refresh with Tang or other kind of Juices or energy drinks like Boost. Advertisements that show wives worried over their husbands' health or children's' eating disorder is quite common. All Kellogg's breakfast and other cereal advertisements primarily have women models. Such advertisements show the woman within dominant ideology as someone, who bears the primary burden of responsibility of nurturing and caring for others. In short, mothers are shown as worthy objects.

Mother Dairy advertisement does nothing to glorify a name like *Mother* Dairy. On the contrary, it shows us that the Indian mother will blindly, deafly and dumbly listen when her *pati parmeshwar* throws a fit, and teaches her darling son early on that his place is in her *sari pallu*. *Is it indeed necessary to show the women weakness?* The fast food giant may not have lessons to give us on the virtues of eating healthy, but it's here to teach little boys as young as 10 that girls are very 'demanding'. Why? As in McDonald advertisement featuring a little boy and girl shows us, the former rejects the latter when she asks if she's his 'girlfriend' because all they say is '*mujhe yeh chahiye, mujhe woh chahiye*' ('I want this, I want that'). However, when she reassures him that all she wants is a burger, he agrees to the deal. What an exemplary way to etch ancient gender stereotypes early on in the minds of the new generation. I'm lovin' it.

On the contrary, the man represents his masculinity in the advertisement like he shows his muscle-power to show the strength of Birla, Ambooja, Ultratech Cement. Men save girls from street *goondas* with wearing branded underwear or Macho-man and Dollar undergarments. Liquor promoting advertisements show that after having liquor men live *Masti-Bhari jindagi* with girls and this kind of advertisements maintain hardcore perception and ideology that MEN WILL BE MEN. Men use the shaving cream to show his clean-face to impress a girl. Men impress the girl with whitening teeth and refreshing mouthwash. Deodorant advertisement whether it is of Axe, Fogg, or Set wet Zatak, they all have been made with shockingly explicit sexual suggestions where women/young girls with her seductive look would be responding to a semi-clad man. Some advertisements present women in poor light in an indirect manner, in a particular after-shave lotion commercial. Women are also used to sell many men's products including men's shaving cream or even men's undergarments.

In a recent advertisement for a strawberry flavoured condom, Sunny Leone, an Indo Canadian porn star, who has made her way through Bollywood Industry ever since she got into Big Boss, a highly popular Television show, has flung a glaring sexual look with loud erotic suggestions oozing out of her seductive style of licking strawberries. Needless to say, an advertisement of a condom and its promotion by none other but a porn star will not be adorned with feminine grace and ethics for T.V. viewers at large in India.

Out of multiple concerns of feminist critics, stereotyping of women is the one which perhaps bothers them the most. And, media in general and electronic media in particular is usually proven notorious for projecting women as stereotypical characters where they supposedly play an underrated role in the household ambience. Particularly, the world of advertisement betrays the ugliest form of sexism highlighting the essential discrimination between men and women.

Since the earlier times some stereotypes were bound with women like she will cook foods for her family, bear children and look after her children and her husband too, wash clothes of her family, and decorate her home. It was considered that she is physically or mentally weak in comparison to men. She is a glamorous doll and object of having sex. The good news now is that now a mother is more than just a mother, but also a friend to her children. The tone slightly shifted from a heavy-handed one to a more light-hearted approach. While the picture of the caring mother is structurally maintained, at the same time it is being re-presented with, beneath the essential selflessness, hints of playfulness, good-humour, and assertiveness. There are plenty of health drinks advertisements that portray women having an upper hand over her husband when it comes to family and health.

The changing role of women in Indian society is evident in every sphere of life. Some cases promote this change Like Vidya Balan as a brand ambassador of the rural development ministry promoting the sanitation campaign in India. It is very good initiation to spread awareness about sanitation and cleanliness in the country. Balan appears in this advertisement campaigns to propagate construction and use of toilets besides promoting habit of hand washing, personal hygiene and managing waste. A classic example was the advertisement for TVS Scooty, which shows two sisters in small town India, who are enjoying the freedom and independence that mobility brings them. Or the advertisement for ICICI Prudential Life Insurance where the wife urges her husband to get life insurance as it would secure their future as well as provide for their daughter's education.[17] Despite many positive changes, some stereotypes remain *as it is* with the status of women in society. Advertising is known to reflect societal norms and should be a torch bearer of change. But it seems that advertising has become the source of women degradation.

Societal behavior and women image

In the 21st century more or less women and men are suppose to be equal but the mentality of the society has not been changed in reference to *doing gender*. It is argued that re-colonization is the most significant social process in the postcolonial culture that constitutes urban, Indian society, and this undoubtedly shapes gender identity in different ways. The family is the ground on which the heterosexual

patriarchal ideal is nurtured and sustained. At the same time, the influence of peer group cultures on young women's and men's perceptions of their embodied selves and gender identity is significant.

Their perceptions of their identities are grounded in prevailing media images and clearly young women and men consciously create, devise, and formulate their own rules for conduct, appearance, and self-presentation within the complexity that is characteristic of a changing society. It appears that globalization and neo-liberal economy creates opportunities not for all women, but a certain section of women enjoy the fruits of open market economy. It is the exigency of the private companies and the new middle class that they consciously require an image of new Indian. Various methods are applied to construct this project; advertisement is one of them. Through this medium they find it easy to preach this discourse. Market economy has promised equitable distribution of resources and equal opportunity, but their operation tells the opposite story.

Besides this, women are also a part of maintaining stereotypes in the society. On the one side, Sushmita Sen, the first Indian woman to win the coveted Miss Universe title, was stated as reiterating the new post-feminist ideology when she said, 'The essence of a woman is motherhood and teaches a man to love and care' (*The Time of India*, 16 June, 1995) The woman remains the mainstay of her family; she is the one who rears and nurtures. One the other side, Women's love for clothes and jewelry are part of India's folklore. For instance, to sell the jewelry Kalyan Jeweler represents Aishwarya Rai as Queen Doll, where she is free to decorate herself. Most of the jewelers are using women celebrity to endorse their items but these advertisements do not represent the women image free from the stereotypes. An advertisement of a silk shop is titled 'The Ultimate Women's Paradise,' while a jewelry shop claims 'We capture the fires of passion that lie in the deep of a woman's heart.' Yet another sari shop heralds women to 'unravel the woman in you.' While for women to beautify is in their very essence, advertisements for men celebrate men's looks but do not invoke any 'natural' reasons for doing so.

CONCLUSION

In the postmodern era we can analysis the women's status has been changed in some ways. The new Indian women is here to stay and she will continue to evolve in her multidimensional role as a girl child, a prospective mother, a home-marker, a career women and also as one who just enhances the appeal of the advertisement. Her evolving roles and resulting needs will new business opportunities for marketers. With greater monetary independence, there has been considerable improvement in the way a woman is valued at home. These changes have also led to reduction in the '*commodity*' status of women and their portrayal as sex objects in advertisements particularly in Indian advertisement context. But it is also a fact that society is not fully been changed according to the women's choice. And society did not accept the women's independence in a complete manner especially in India. Some stereotypes are still implemented in the society. Women are also likely to be portrayed in 'dependency' roles in Indian advertisements. This might be attributable to the fact that although Indian society is changing, it is still a *patriarchal society* and dramatic changes (such as portraying women in nontraditional ways) may not be accepted as easily in Indian society as in western ones. Any change in role portrayals of women have to be done while being posited clearly within dominant ideology, not from without. Furthermore, as studies had found, Indian men and women, regardless of their educational level or career status, hold conservative perceptions of women's roles within the family. And as the presumption counts that society is the reflection of media and media is the reflection of society. It means that they are vice-versa assumption to deal with this kind of issue—gender stereotypes in advertisement industries except the social advertisements. Thus we can say that society partially depends on media to reform itself, so media should keep an advance thinking about women so that women may upgrade themselves in the society, and society may have proud of women. For this, advertisement industries can portray women as a career woman, bread earner, true partner of man, good advisor, safe guard, company holder, corporate woman, decision maker, policy maker, teacher, police woman, administrator, leader, and a perfect or super woman like a society governor Man.

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