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A Compilation of Research Papers on Contemporary Issues in Commerce Management and Economics

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EDITORIAL

Dear Readers,

In the last few months India has witnessed a political and business upheaval. Parliamentary proceedings were stalled during the entire winter session and the Radia tapes not only severely hit the business houses but also damaged, to some extent the credibility of the media. This was the scenario in which we edited this issue of Cosmos!

It is an accepted fact that standards of corporate governance have steadily increased in various corporate houses in the last two decades. Corporates in India have realized that good corporate governance pays. However the corruption at the government level has increased, and how!! Scam after scam is being unearthed. The credibility of one and all politicians apart from a very few is being questioned. It is common knowledge that the stakes in business are enormous, and individual ministers, do utilize their power to sanction contracts, issue clearances and make their roll of money. The source of big ticket corruption today is without doubt business and industry.

Thus, this issue of Cosmos contains articles related to sustainable governance, Micro Finance, Banking Services and Organic Farming, amongst others. This issue also includes a dissertation of Master of Philosophy degree by one of our own professors on the topic "A STUDY OF INVESTMENT IN MUTUAL FUND BY RETAIL INVESTORS IN PUNE CITY".

I would also like to place on record my heartfelt thanks to the contributors of the articles and the editorial board for its efficient working. I hope you enjoy reading this issue of Cosmos, as much as we enjoyed putting it together for you!

Dr. Shaila Bootwala

Managing Editor

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CUSTOMER PERCEPTION TOWARDS BETTER BANKING SERVICE IN INDIA-AN EMPIRICAL STUDY

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Keywords: Banking Services, Customer Relationship Management,

INTRODUCTION

Liberalization, privatization and globalization have ushered in the era of customer relationship management in banks. The process of globalization and our move towards global standards changed the perception of customer's service in banking, and it endeavored to serve the customer better, resulting in innovative banking services and products'. Banks are looking for more and more interaction with customers to build customer relationship banking. However, to deliver an improved and in depth understanding of customers wants and needs, fully integrated customer management system, is required along with complete transparency. In the emerging market scenario for survival and growth, it is critical for a bank to align its vision, mission, goals and objectives with customer satisfaction.

The term 'marketing' is not only specific to the corporate industrial sector. It is also very much relevant to the service industries, such as banking, transport, insurance etc. The concept of 'bank marketing' is extensively used in the developed countries. But in a country like India, 'bank marketing' is of recent origin. It has gained significance in India these days because of the growth of industry, money market, increase in the services provided by banks and acute competition amongst them. The following are the aspects of bank marketing :

- Product i.e. the services provided by the banks.
- Price i.e. the rate of interest and charges for different services provided by them to customers and also the rate of interest paid by them on different kinds of deposits.
- Promotion i.e. methods adopted by banks to promote their business.
- Place i.e. identifying the place or segments where banking services need to be provided.

Thus, the four P's of the marketing mix, which are applied to the corporate industrial world, are very much relevant to the banking industry. Of the different aspects of bank marketing mentioned above, the first two i.e. the products and price, are regulated by the Reserve Bank of India. Thus, in order to promote their business, the banks have to rely on the other two aspects i.e. promotion and distribution of their services. While performing these functions of marketing, banks have to

focus their attention on their customers, who are the focus of bank marketing. Hence customer satisfaction becomes the central theme in bank marketing, which is in accordance with the modern concept of marketing.

Customer service in banks means, satisfying the needs of customers at the right time and in the right manner. Accuracy, reliability, high service speed, security and enquiry facility are some aspects of efficient customer service. Excellence in managing customer relationship is the future of any business or everybody's business. Customer focusing is not to be viewed as just a business strategy but should become a corporate mission (*Shankar, A.G. 2004, p.5*). Once good service is extended to a customer, a loyal customer will work as an Ambassador to the bank and facilitate growth of business (*Bhaskar, P.V., 2004, p.9*). For delivering quality service, it is imperative to have customer orientation as a culture in the bank. The customer orientation builds long term relationships resulting in customer satisfaction and cash flows to the banks.

The customer experience with the banking and financial institution has been, of late of two types, viz customer inconvenience and customer irritation and these are in brief, defined as under

Customer Inconvenience: - The customer during course of transactions, monetary or non monetary may experience several types of inconveniences like delay in completion of transaction, disposal of correspondence and responses from the bankers. This causes inconvenience to the customer and they try to find out a better alternative and this causes loss of customer loyalty. To avoid such type of experiences, the bankers and financial institutions should ensure that there is no avoidable delay and if for any valid reasons, the delay is inevitable, the customer should be advised of the same. It is a common experience that if the customer is taken into confidence, he will always bear with the bank and may not lodge any complaint. Thus empathizing with the customer eliminates the complaints.

Customer Irritation: - At times there are instances when the bankers especially credit card organizations make frequent calls over mobiles or telephones, telling people that there are some schemes for their benefits without enquiring the profile of the person on whom they are calling. They also go on telling their things uninterruptedly without caring about the sentiments of the customers and this goes on repeatedly. This not only cause inconvenience to the customer, but also irritation in them and they start avoiding such calls. Thus, customer irritation causes customer inconvenience and loss of loyalty to banks and other financial institutions.

II

REVIEW OF LITERATURE

A number of studies has been conducted regarding the services to customers and their awareness. We have reviewed some of them.

Bhaskar, P.V.A. (2004) analyzes that once good service is extended to a customer, a loyal customer will work as an ambassador to the bank and facilitate growth of business. Customer service is the base for business expansion because of the stiff competition prevalent in the banking industry. The survival of banking business is dependent on customer service. To conclude, the banking industry is vibrant and active in India, due to technological revolution. Banks have to utilize this opportunity to become more and more strong organizations providing essential service.

Goyal, S. and Thakur, K.S. (2007-08) concludes that public sector banks will have no monopoly and licenses were granted to new public sector banks and foreign banks. Public sector banks

realizing that government was no longer there to reduce them started devising various strategies for survival and growth. In this study the researcher has taken 3 public and private sector banks. This study is based on primary data as well as secondary data. The secondary data was collected from technical books, articles, previous studies, committee reports, IBI bulletins, RBI bulletins, staff training, college of the SBI, and statically data relating to banks. The primary data related to attitude of customers towards banking services was collected with the help of questionnaire. This study concluded that the challenge for public sector banks as well as private sector banks will be in the area of people, technology and competition. They must continuously invent new products and service in the light of envisaged changes.

Hasanbanu, S. (2004) analyzes that the rural customers don't have any idea as to how much time is required for any type of banking services. The rural customers are not aware for what purpose the loans are available and how they can be availed. Customers don't know the complete rules, regulations and procedures of the banks and the bankers preserve these for themselves and don't take an interest in educating the customers.

Jain, A.K. and Jain, P. (2006) analyzed that the Indian banking industry has undergone radical changes due to liberalization and globalization measures undertaken since 1991. There has been a great surge in retail banking. The study based on responses received from 200 customers of HDFC Bank, ICICI Bank and some other private and nationalized banks in Varanasi city was undertaken to identify the various types and services offered by banks, the level of satisfaction about different types of services, expectations about these services and the level of segmentation gap among the services offered.

Kamakodi, N. (2007) examines how computerization has influenced the banking habits and preference of Indian customers and which factors influence these preferences. Changing of residence, salary account and non-availability of technology based services were given as the three main reasons for changing the bank.

Lal, R.C. (2007) concludes that the main challenge ahead in the new millennium in the banking and financial sector are changing economic and banking environment, global competition, capital structure, transparency in reporting accounts, employee productivity, risk management, market discipline, sound human resource management, training and development.

Mishra, J.K. and Jain, M. (2006-07) studied various dimensions of customer satisfaction in nationalized and private sector banks. The study concludes that satisfaction of the customers is an invaluable asset for the modern organizations, providing an unmatched competitive edge; it helps in building long term relationship as well as brand equity. The best approach to customer retention is to deliver high level of customer satisfaction that result in strong customer loyalty. Two-stage factor analysis was computed to arrive at the dimensions of customer satisfaction. The study analyzed ten factors and five dimensions of customer satisfaction for nationalized and private sector banks respectively.

Singh, S.B. (2006) discusses customer management in banks. Customer management aims at targeting and segmenting the customer base with a view to gain customer insight and provide

value added products and services. Technology has enabled the banks to reach the customers in any part of the world at any time with customized products, thereby moving towards the concept of customer delight. Customer management must strive to deliver positive experience to each customer. Content, this may be functional, emotional or situational for long term customers and business management in the banks.

Singh, S. (2004) analyzed his paper that the level of customers services and satisfaction is determined by branch location and design, variety of services, rates and charges, systems and procedures, delegation and decentralization, mechanization and computerization, competitive efficiency, complaint redressal and very importantly staff skills, attitude and responses. A sample of 100 customers, depositors is taken and responses are collected through a pre-tested structured questionnaire, analyzed and presented in the forms of table.

Swarup, K.S. (2004) gives more stress in his paper to delivering quality service, it is imperative to have customer orientations as a culture in the bank. Customer orientations build long term relationship resulting in customer satisfaction and cash flows to the banks.

Uppal, R.K. and Kaur, R. (2007) studied customer awareness of various e-channels used by banks and suggests some measures for making e-banking services more effective which could contribute to transformation of Indian banks. The paper concluded that most of the customers of e-banks are satisfied from the different e-channels and their services but the major obstacle in their way to accept e-channels is the lack of awareness about these e-channels and especially their operational part. The paper suggests some measures to make e-banking services more effective in the future which will be responsible for the transformation of Indian banks.

III

OBJECTIVES, RESEARCH METHODOLOGY AND DATABASE

Objectives

- To study and analyze the customer satisfaction in Indian banks.
- To suggest the measures to improve customer services in banks.

Hypothesis

There is no difference among the perceptions of bank customers of public sector banks, Indian private sector banks & foreign banks with regard to the customer satisfaction.

Database

Survey conducted in Amritsar (Punjab), January, 2009.

Research Methodology

Public sector banks, Old private sector banks, New private sector banks & Foreign banks operating in Punjab form the universe of the study. The present study covers bank branches for those bank groups working in the Amritsar district. Almost, all the major banks have branches in this holy district.

As it was felt that it would be useful to attempt a comparative study among the perception of bank customer of public sector banks, Indian private sector banks & foreign banks; One Public, One Private & One Foreign bank, having the largest network of branches in the district were identified. The survey of 1200 customers of all bank groups have been contacted at random for collecting the data required for the study. The required data were collected from the respondents through well structured and pre-tested questionnaire. χ^2 test is used to know the significant/insignificant difference in the opinion of bank customers.

III

Results and Discussion

Socio-Economic Background of the Respondents

The socio-economic background of the respondents affects their perception to a large extent. The results in table 1 reveals that out of 1200 respondents, the maximum average has been in age group of 25-35 years i.e. 39.67 per cent and the least average belongs of occupation of industrialist and agriculture i.e. 1.33 per cent.

Table 1
Socio-Economic Background of the Respondents

Bank Groups	No. of Responses		Age Groups	No. of Responses		Occupation	No. of Responses		Education	No. of Responses	
	No.	%		No.	%		No.	%		No.	%
G-I	400	33.33	Below 25	296	24.67	Service	380	31.67	Matriculate	116	9.67
G-II	400	33.33	25-35	476	39.67	Business	304	25.33	Graduate	408	34.00
G-III	400	33.33	36-45	220	18.33	Professional	272	22.67	Post Grad.	444	37.00
			46-55	168	14.00	Industrialist	16	1.33	Professional	232	19.33
			Above 55	40	3.33	Agriculture	16	1.33			
						Others	212	17.67			
Overall	1200	100		1200	100		1200	100		1200	100

Source: Survey Results

Satisfaction from CRM: Response to your Queries

Table 2 reveals the satisfaction level for customer relation management from response to customer's queries. Regarding these services overall 44.67 percent customers are satisfied and 35.33 percent customers are highly satisfied and on the other hand 6.67 percent customers are dissatisfied. Chi-square test shows the differences in the responses of all the groups are statistically

significant. Bank group wise overall a comparison of the WAS of the different factors is greater than 1 for this factor in all the groups and it reveals satisfaction of the customers.

Table 2
Satisfaction from CRM: Response to your Queries

Group	H.DS		DS		UD		S		HS		WAS	Chi^
	N	%	N	%	N	%	N	%	N	%		
Bank Groups												
G-1			28	7.00	32	8.00	176	44.00	164	41.00	1.19	95.75 **
G-2			20	5.00	40	10.00	240	60.00	100	25.00	1.05	
G-3			32	8.00	88	22.00	120	30.00	160	40.00	1.02	
Age Groups												
Below 25			16	5.41	36	12.16	108	36.49	136	45.95	1.23	63.53 **
25-35			32	6.72	64	13.45	216	45.38	164	34.45	1.08	
36-45			16	7.27	28	12.73	84	38.18	92	41.82	1.15	
46-55			12	7.14	28	16.67	108	64.29	20	11.90	0.81	
Above 55			4	10.00	4	10.00	20	50.00	12	30.00	1.00	
Occupation												
Service			24	6.32	52	13.68	172	45.26	132	34.74	1.08	60.23 **
Business			12	3.95	40	13.16	144	47.37	108	35.53	1.14	
Professional			8	2.94	44	16.18	128	47.06	92	33.82	1.12	
Industrialist							12	75.00	4	25.00	1.25	
Agriculture			4	25.00	4	25.00	4	25.00	4	25.00	0.50	
Others			32	15.09	20	9.43	76	35.85	84	39.62	1.00	
Educational												
Matriculate			4	3.45	24	20.69	44	37.93	44	37.93	1.10	63.16 **
Graduate			12	2.94	48	11.76	204	50.00	144	35.29	1.18	
Post Grad.			60	13.51	52	11.71	184	41.44	148	33.33	0.95	
Professional			4	1.72	36	15.52	104	44.83	88	37.93	1.19	
Overall			80	6.67	160	13.33	536	44.67	424	35.33	1.09	

Source: Survey Results

Satisfaction from CRM: Response to your Queries

Table 2 reveals the satisfaction level for customer relation management from response to customer's queries. Regarding these services overall 44.67 percent customers are satisfied and 35.33 percent customers are highly satisfied and on the other hand 6.67 percent customers are dissatisfied. Chi-square test shows the differences in the responses of all the groups are statistically significant. Bank group wise overall a comparison of the WAS of the different factors is greater than 1 for this factor in all the groups and it reveals satisfaction of the customers.

Table 2
Satisfaction from CRM: Response to your Queries

Group	H.DS		DS		UD		S		HS		WAS	Chi^
	N	%	N	%	N	%	N	%	N	%		
Bank Groups												
G-1			28	7.00	32	8.00	176	44.00	164	41.00	1.19	95.75
G-2			20	5.00	40	10.00	240	60.00	100	25.00	1.05	**
G-3			32	8.00	88	22.00	120	30.00	160	40.00	1.02	
Age Groups												
Below 25			16	5.41	36	12.16	108	36.49	136	45.95	1.23	
25-35			32	6.72	64	13.45	216	45.38	164	34.45	1.08	63.53
36-45			16	7.27	28	12.73	84	38.18	92	41.82	1.15	**
46-55			12	7.14	28	16.67	108	64.29	20	11.90	0.81	
Above 55			4	10.00	4	10.00	20	50.00	12	30.00	1.00	
Occupation												
Service			24	6.32	52	13.68	172	45.26	132	34.74	1.08	
Business			12	3.95	40	13.16	144	47.37	108	35.53	1.14	
Professional			8	2.94	44	16.18	128	47.06	92	33.82	1.12	60.23
Industrialist							12	75.00	4	25.00	1.25	**
Agriculture			4	25.00	4	25.00	4	25.00	4	25.00	0.50	
Others			32	15.09	20	9.43	76	35.85	84	39.62	1.00	
Educational												
Matriculate			4	3.45	24	20.69	44	37.93	44	37.93	1.10	
Graduate			12	2.94	48	11.76	204	50.00	144	35.29	1.18	63.16
Post Grad.			60	13.51	52	11.71	184	41.44	148	33.33	0.95	**
Professional			4	1.72	36	15.52	104	44.83	88	37.93	1.19	
Overall			80	6.67	160	13.33	536	44.67	424	35.33	1.09	

Source: Same as Table 1

Note:

- H.DS= Highly Dissatisfied, DS= Dissatisfied, UD= Undecided, S=Satisfied, HS=Highly Satisfied
- * = Insignificant, ** = Significant

Satisfaction from CRM: Employee behaviour

Table 3 reveals the satisfaction level for customer relation management from employee's behaviour. Regarding this service overall 64.33 percent customers are satisfied. The maximum average of satisfied customers has been in G-I i.e. 70 per cent and overall only 0.67 per cent customers are highly dissatisfied from employee's behaviour. Chi-square test shows that the differences in the responses of the respondents of all the groups and sub groups are statistically significant. Overall a comparison of the WAS of the different factors is less than 1 for employee's behavior in all the groups and it reveals dissatisfaction of the customers.

Table 3
Satisfaction from CRM: Employee's behaviour

Group	H.DS		DS		UD		S		HS		WAS	Chi^
	N	%	N	%	N	%	N	%	N	%		
Bank Groups												
G-1	4	1.00	32	8.00	36	9.00	280	70.00	48	12.00	0.84	25.90**
G-2	4	1.00	36	9.00	28	7.00	236	59.00	96	24.00	0.96	
G-3			32	8.00	28	7.00	256	64.00	84	21.00	0.98	
Age Groups												
Below 25	8	2.70	32	10.81	16	5.41	192	64.86	48	16.22	0.81	66.02**
25-35			44	9.24	36	7.56	296	62.18	100	21.01	0.95	
36-45			12	5.45	28	12.53	136	61.82	44	20.00	0.96	
46-55			8	4.76	12	7.14	128	76.19	20	11.90	0.95	
Above 55			4	10.00			20	50.00	16	40.00	1.20	
Occupation												61.47**
Service			44	11.58	32	8.42	220	57.89	84	22.11	0.91	
Business	4	1.32	12	3.95	28	9.21	212	69.74	48	15.79	0.95	
Professional			16	5.88	12	4.41	184	67.65	60	22.06	1.06	
Industrialist					4	25.00	12	75.00			0.75	
Agriculture			4	25.00			8	50.00	4	25.00	0.75	
Others	4	1.89	24	11.32	16	7.55	136	64.15	32	15.09	0.79	
Educational												59.05**
Matriculate			20	17.24	12	10.34	56	48.28	28	24.14	0.79	
Graduate	8	1.96	12	2.94	28	6.86	284	69.61	76	18.63	1.00	
Post Grad.			52	11.71	36	8.11	272	61.26	84	18.92	0.87	
Professional			16	6.90	16	6.90	160	68.97	40	17.24	0.97	
Overall	8	0.67	100	8.33	92	7.67	772	64.33	228	19.00	0.93	

Source: Same as Table 1

Satisfaction from CRM: Gearing up Grievances

Table 4 reveals the satisfaction level for customer relation management from gearing up grievances. Regarding this service overall only 36.67 percent customers are satisfied and 15.67 per cent customers are dissatisfied. The maximum average of dissatisfied customers belongs to education of post graduate i.e. 25.23 per cent. Chi-square test shows that the differences in the responses of the respondents of all the groups and sub groups are statistically significant. Overall a comparison of the WAS of the different factors is less than 1 for gearing up grievance in all the groups and it reveals dissatisfaction of the customers.

Table 4
Satisfaction from CRM: Gearing up Grievances

Group	H.DS		DS		UD		S		HS		WAS	Chi^
	N	%	N	%	N	%	N	%	N	%		
Bank Groups												
G-1	4	1.00	92	23.00	104	26.00	128	32.00	72	18.00	0.43	118.32**
G-2			68	17.00	72	18.00	196	49.00	64	16.00	0.64	
G-3	12	3.00	28	7.00	172	43.00	116	29.00	72	18.00	0.52	
Age Groups												
Below 25	8	2.70	32	10.81	72	24.32	100	33.78	84	28.38	0.74	120.17**
25-35			112	23.53	124	26.05	176	36.97	64	13.45	0.40	
36-45	4	1.82	32	14.55	84	38.18	72	32.73	28	12.73	0.40	
46-55	4	2.38	8	4.76	64	38.10	76	45.24	16	9.52	0.55	
Above 55			4	10.00	4	10.00	16	40.00	16	40.00	1.10	
Occupation												
Service	8	2.11	44	11.58	132	34.74	112	29.47	84	22.11	0.58	100.19**
Business	8	2.63	68	22.37	60	19.74	108	35.53	60	19.74	0.47	
Professional			40	14.71	72	26.47	136	50.00	24	8.82	0.53	
Industrialist			4	25.00	4	25.00	4	25.00	4	25.00	0.50	
Agriculture			4	25.00	12	75.00					0.25	
Others			28	13.21	68	32.08	80	37.74	36	16.98	0.58	
Educational												
Matriculate			4	3.45	20	17.24	52	44.83	40	34.48	1.10	143.06**
Graduate			60	14.71	112	27.45	164	40.20	72	17.65	0.61	
Post Grad.	4	0.90	112	25.23	116	26.13	140	31.53	72	16.22	0.37	
Professional	12	5.17	12	5.17	100	43.10	84	36.21	24	10.34	0.41	
Overall	16	1.33	188	15.67	348	29.00	440	36.67	208	17.33	0.53	

Source: Same as Table 1

Satisfaction from CRM: Customer Education and counseling

Table 5 reveals the satisfaction level for customer relation management from customer education and counseling. Regarding this service the maximum average of highly satisfied belongs to occupation from agriculture i.e. 25 per cent and on the other hand the maximum average of highly dissatisfied belongs to age group of 25-35 i.e. 8.40 per cent. Chi-square test shows that the differences in the responses of the respondents of all the groups and sub groups are statistically significant. Overall a comparison of the WAS of the different factors is less than 1 for this factor in all the groups and it reveals dissatisfaction of the customers.

Table 5
Satisfaction from CRM: Customer Education and Counseling

Group	H.DS		DS		UD		S		HS		WAS	Chi [^]
	N	%	N	%	N	%	N	%	N	%		
Bank Groups												
G-1	28	7.00	136	34.00	76	19.00	116	29.00	44	11.00	0.03	56.72**
G-2	16	4.00	140	35.00	56	14.00	148	37.00	40	10.00	0.14	
G-3	16	4.00	140	35.00	124	31.00	76	19.00	44	11.00	0.02	
Age Groups												
Below 25	4	1.35	84	28.38	68	22.97	96	32.47	44	14.86	0.31	91.82**
25-35	40	8.40	208	43.50	72	15.13	116	24.37	40	8.40	0.19	
36-45	8	3.64	72	32.73	48	21.82	64	29.09	28	12.73	0.15	
46-55	4	2.38	44	26.19	60	35.71	52	30.95	8	4.76	0.10	
Above 55	4	10.00	8	20.00	8	20.00	12	30.00	8	20.00	0.30	
Occupation												
Service	12	3.16	93	24.21	100	26.32	116	30.53	60	15.79	0.32	107.43**
Business	20	6.58	144	47.37	44	14.47	68	22.37	28	9.21	0.20	
Professional	16	5.88	84	30.88	48	17.65	100	36.76	24	8.82	0.12	
Industrialist	4	25.00	4	25.00	8	50.00					0.75	
Agriculture		00	4	25.00	4	25.00	4	25.00	4	25.00	0.50	
Others	8	3.77	88	41.51	52	24.53	52	24.53	12	5.66	0.13	
Educational												
Matriculate	4	3.45	24	20.69	16	13.79	48	41.38	24	20.69	0.55	64.46**
Graduate	24	5.88	136	33.33	76	18.63	136	33.33	36	8.82	0.06	
Post Grad.	20	4.50	184	41.44	88	19.82	104	23.42	48	10.81	0.05	
Professional	12	5.17	72	31.03	76	32.74	52	22.41	20	8.62	0.02	
Overall	60	5.00	416	34.67	256	21.33	340	28.33	128	10.67	0.05	

Source: Same as Table 1

Satisfaction from Reliability

The banks should provide reliability to the customers. Table 6 reveals the satisfaction level for these services. Regarding this service the mostly all the groups and sub groups customer have shown satisfactory level. Overall 52.67 per cent customers are satisfied from reliability. The maximum average of satisfaction has been age group of 46-55 years i.e. 71.43 per cent. There is only 1.00 per cent customers are dissatisfied. Chi-square test shows that the differences in the responses of the respondents of all the groups and sub groups are statistically significant. A comparison of the WAS of the different factors is greater than 1 for reliability in all the groups.

Table 6
Satisfaction from Reliability

Group	H.DS		DS		UD		S		HS		WAS	Chi^
	N	%	N	%	N	%	N	%	N	%		
Bank Groups												
G-1			12	3.00	12	3.00	196	49.00	180	45.00	1.36	63.02**
G-2							232	58.00	168	42.00	1.42	
G-3	12	3.00			8	2.00	204	51.00	176	44.00	1.33	
Age Groups												
Below 25	12	4.05	4	1.35	4	1.35	128	43.24	148	50.00	1.34	78.13**
25-35			8	1.68	8	1.68	252	52.94	208	43.70	1.39	
36-45					4	1.82	108	49.09	108	49.09	1.47	
46-55					4	2.38	120	71.43	44	26.19	1.24	
Above 55							24	60.00	16	40.00	1.40	
Occupation												
Service	12	3.16			12	3.16	184	48.42	172	45.26	1.33	70.51**
Business			4	1.32	4	1.32	148	48.68	148	48.68	1.45	
Professional			8	2.94	4	1.47	160	58.82	100	36.76	1.29	
Industrialist							8	50.00	8	50.00	1.50	
Agriculture							4	25.00	12	75.00	1.75	
Others							128	60.38	84	39.62	1.40	
Educational												
Matriculate	12	10.34					52	44.83	52	44.83	1.14	131.62**
Graduate			4	0.98	12	2.94	212	51.96	180	44.12	1.39	
Post Grad.			8	1.80	8	1.80	232	52.25	196	44.14	1.39	
Professional							136	58.62	96	41.38	1.41	
Overall	12	1.00	12	1.00	20	1.67	632	52.67	524	43.67	1.37	

Source: Same as Table 1

Satisfaction from Accuracy

The banks should also provide accuracy to the customers. Table 7 reveals the satisfaction level for these services. Overall 52.67 percent customers are satisfied from accuracy factor. The maximum average of satisfaction belongs to occupation from industrialist i.e. 75 per cent and only 2 percent customers are dissatisfied from accuracy. Chi-square test shows that the differences in the responses of the respondents of all the groups and sub groups are statistically significant. A comparison of the WAS of the different factors is greater than 1 for accuracy in all the groups.

Table 7
Satisfaction from Accuracy

Group	H.DS		DS		UD		S		HS		WAS	Chi [^]
	N	%	N	%	N	%	N	%	N	%		
Bank Groups												
G-1			8	2.00	32	8.00	236	59.00	124	31.00	1.19	28.99**
G-2			8	2.00	28	7.00	212	53.00	152	38.00	1.27	
G-3	4	1.00	8	2.00	20	5.00	184	46.00	184	46.00	1.34	
Age Groups												
Below 25			4	1.35	40	13.51	148	50.00	104	35.14	1.19	67.59**
25-35	4	0.84	12	2.52	24	5.04	248	52.10	188	39.50	1.27	
36-45					4	1.82	108	49.09	108	49.09	1.47	
46-55			8	4.76	8	4.76	104	61.90	48	28.57	1.14	
Above 55					4	10.00	24	60.00	12	30.00	1.20	
Occupation												
Service			8	2.11	28	7.37	180	47.37	164	43.16	1.32	59.44**
Business	4	1.32	8	2.63	32	10.53	164	53.95	96	31.58	1.12	
Professional			4	1.47			148	54.41	120	44.12	1.41	
Industrialist							12	75.00	4	25.00	1.25	
Agriculture							8	50.00	8	50.00	1.50	
Others			4	1.89	20	9.43	120	56.60	68	32.08	1.19	
Educational												
Matriculate			12	2.94	24	20.69	48	41.38	44	37.93	1.17	63.96**
Graduate	4	0.98	8	1.80	24	5.88	224	54.90	144	35.29	1.21	
Post Grad.			4	1.72	12	2.70	240	54.05	184	41.44	1.35	
Professional					20	8.62	120	51.72	88	37.93	1.26	
Overall	4	0.33	24	2.00	80	6.67	632	52.67	460	38.33	1.27	

Source: Same as Table 1

Satisfaction from Security

The banks should also provide security service to the customers. Table 8 reveals the satisfaction level for security. Regarding this service overall 54.33 percent customers are satisfied from security factor and only 1.00 percent customers are highly dissatisfied. Chi-square test shows that the differences in the responses of the respondents of all the groups and sub groups are statistically significant. Overall a comparison of the WAS of the different factors is less than 1 for accuracy in all the groups and it reveals dissatisfaction of the customers.

Table 8
Satisfaction from Security

Group	H.DS		DS		UD		S		HS		WAS	Chi^
	N	%	N	%	N	%	N	%	N	%		
Bank Groups												
G-1	12	3.00	44	11.00	48	12.00	240	60.00	56	14.00	0.71	103.05**
G-2			24	6.00	48	12.00	224	56.00	104	26.00	1.02	
G-3			24	6.00	24	6.00	188	47.00	164	41.00	1.23	
Age Groups												
Below 25			20	6.76	44	14.86	132	44.59	100	33.78	1.05	70.48**
25-35	8	1.68	40	8.40	56	11.76	264	55.46	108	22.69	0.89	
36-45			28	12.73	8	3.64	132	60.00	52	23.64	0.95	
46-55	4	2.38	4	2.38	12	7.14	100	59.52	48	28.57	1.10	
Above 55							24	60.00	16	40.00	1.40	
Occupation												
Service	8	2.11	24	6.32	28	7.37	208	54.74	112	29.57	1.03	55.21**
Business	4	1.32	32	10.53	40	13.16	156	51.32	72	23.68	0.86	
Professional			24	8.82	28	10.29	128	47.06	92	33.82	1.06	
Industrialist							12	75.00	4	25.00	1.25	
Agriculture							8	50.00	8	50.00	1.50	
Others			12	5.66	24	11.32	140	66.04	36	16.98	0.94	
Educational												
Matriculate			20	17.24	8	6.90	52	44.83	36	31.03	0.90	46.80**
Graduate	4	0.98	34	5.88	52	12.75	200	49.02	128	31.37	1.04	
Post Grad.	8	1.80	36	8.11	40	9.01	268	60.36	92	20.72	0.90	
Professional			12	5.17	20	8.62	132	56.90	68	29.31	1.10	
Overall	12	1.00	92	7.67	120	10.00	652	54.33	324	27.00	0.99	

Source: Same as Table 1

Satisfaction from Transparency

Table 9 reveals the satisfaction level for transparency services. Regarding this service overall 44.33 percent customers are satisfied and 25 percent customers are highly satisfied from transparency factor and 13.67 percent customers are dissatisfied. The maximum average of dissatisfaction customers has been occupation from industrialist and agriculture i.e. 25.00 per cent. Chi-square test shows that the differences in the responses of the respondents of all the groups and sub groups are statistically significant. Overall a comparison of the WAS of the different factors is less than 1 for accuracy in all the groups and it reveals dissatisfaction of the customers.

Table 9
Satisfaction from Transparency

Group	H.DS		DS		UD		S		HS		WAS	Chi^
	N	%	N	%	N	%	N	%	N	%		
Bank Groups												
G-1	16	4.00	56	14.00	48	12.00	188	47.00	92	23.00	0.71	52.84**
G-2	24	6.00	36	9.00	72	18.00	200	50.00	68	17.00	0.63	
G-3	28	7.00	44	11.00	44	11.00	144	36.00	140	35.00	0.81	
Age Groups												
Below 25	16	5.41	20	6.76	52	17.57	120	40.54	88	29.73	0.82	63.34**
25-35	28	5.88	60	12.61	52	10.92	212	44.54	124	26.05	0.72	
36-45	20	9.09	40	18.18	32	14.55	76	34.55	52	23.64	0.45	
46-55	4	2.38	12	7.14	24	14.29	104	61.90	24	14.29	0.79	
Above 55			4	10.00	4	10.00	20	50.00	12	30.00	1.00	
Occupation												
Service	36	9.47	48	17.89	68	17.89	124	32.63	104	27.37	0.56	68.26**
Business	12	3.95	32	10.53	32	10.53	144	47.37	84	27.63	0.84	
Professional	16	5.88	28	8.82	24	8.82	148	54.41	56	20.59	0.74	
Industrialist			4	25.00	4	25.00	4	25.00	4	25.00	0.50	
Agriculture			4	25.00	4	25.00	4	25.00	4	25.00	0.50	
Others	4	1.89	20	15.09	32	15.09	108	50.94	48	22.64	0.83	
Educational												
Matriculate	12	10.34	8	6.90	8	6.90	36	31.03	52	44.83	0.93	104.42**
Graduate	16	3.92	12	16.67	68	16.67	216	52.94	96	23.53	0.89	
Post Grad.	24	5.41	68	11.71	52	11.71	188	42.34	112	25.23	0.67	
Professional	16	6.90	48	15.52	36	15.52	92	39.66	40	17.24	0.40	
Overall	68	5.67	136	13.67	164	13.67	532	44.33	300	25.00	0.72	

Source: Same as Table 1

Rank the Statement for Improving the Services

On the basis of the responses regarding statement to improve the services of customer's majority of the respondents ranked first to incentives/Perks. Similarly, timely salary, rewards and job security is considered better. They are ranked second, third and forth respectively. The least average of non-discrimination and direct communication i.e. 11th and 12th and ranked respectively.

Table 10
Rank the Statement for Improving the Services

Item	Average Rank	Average Score	Total Score	Overall Ranking
▪ Incentives/ Perks	4.53	66.39	10160	1
▪ Rewards	5.30	59.97	9236	3
▪ Timely Salary	5.03	62.25	9564	2
▪ Solution of Problems	6.49	50.06	7808	6
▪ Participation in Mgt.	7.11	44.89	7064	9
▪ Effective Work Environment	6.17	52.75	8196	5
▪ Updating knowledge	7.10	45.03	7084	8
▪ Direct Communication	8.07	36.94	5920	11
▪ Employee-Employer Relations	7.15	44.56	7016	10
	6.74	47.97	7508	7
▪ Promotions	5.96	54.50	8448	4
▪ Job-Security	8.32	34.83	5616	12
▪ Non-Discrimination				

Source: Same as Table 1

Rank the Statement for Improving Performance

On the basis of the responses regarding the statement for improving performance majority of the respondents ranked first to adopting IT. Similarly, more importance to customers, globalization of banks and training and development factors are considered better. They are ranked second, third and forth respectively. But unfortunately advertisements and reducing priority sector advances is not preferred by the bank customer.

Table 11
Rank the Statement for Improving Performance

Item	Average Rank	Average Score	Total Score	Overall Ranking
▪ Adopting IT	3.77	72.72	110.72	1
▪ Changing recruitment policies	6.19	52.61	8176	5
▪ Training and Development	5.67	56.92	8796	4
▪ More importance to customer	5.44	58.83	9072	2
▪ Merger and acquisitions	6.96	46.19	7252	8
▪ Globalization of banks	5.56	57.86	8932	3
▪ Extending fee based income	7.67	40.22	6392	10
▪ Reducing prior. Sect. advances	8.51	33.28	5392	12
▪ Better environment	6.51	49.89	7920	6
▪ Making competitive policies	6.61	49.08	7668	7
▪ Advertisement	8.02	37.33	5976	11
▪ Polite behavior	7.02	45.64	7172	9

Source: Same as Table 1

Rank the Suggestions to Improve Services

On the basis of the responses regarding suggestions to improve the services of customer's bank majority of the respondents ranked first to more training programmes. That is the reason that they want to develop training programmes in their banks. Similarly, personal contact programmes, information/demo at counter and staff training is considered better. They are ranked second, third and forth respectively. But unfortunately, personalized/door step service, Demo fare on e-channels and guide facility is not preferred by the bank customers.

Table 12
Rank the Suggestions to Improve Services

Item	Average Rank	Average Score	Total Score	Overall Ranking
▪ More training progs	3.93	65.70	8484	1
▪ Demo-fares on e- channels	6.15	43.47	5816	9
▪ Information /demo. at counter	5.21	52.90	6948	3
▪ Personal contact progs	4.81	56.87	7424	2
▪ Customer education and couns.	5.46	50.37	6644	5
▪ Personalized /door step service	6.12	43.77	5852	8
▪ Staff training	5.26	52.37	6884	4
▪ Simplification of rules	5.60	49.00	6484	6
▪ Guide facility	6.30	41.97	5636	10
▪ Transparency	6.10	43.97	5876	7

Source: Same as Table 1

Rank the Reasons to Shift E-Banks

On the basis of the responses regarding reasons to shift e-banks majority of the respondents ranked first to provide smoother and free flow of information. Similarly, speed up delivery time, help to reduce errors and help to make financial transaction easier to manage is ranked second, third and forth respectively. Checking frauds, immediate response and make work easier are considered good. They are ranked fifth, sixth and seventh respectively. But unfortunately, improved personal efficiency, better quality products/services and innovative products/services are not preferred by the bank customers.

Table 13
Rank the Statement Reason to Shift to E-Banks

Item	Average Rank	Average Score	Total Score	Overall Ranking
▪ Smooth and free flow of info.	4.84	66.64	10996	1
▪ Speedy delivery time	5.33	62.82	10400	2
▪ Fin. Transaction more easy	6.41	54.51	9104	4
▪ Reduced errors	6.17	56.38	9396	3
▪ Checking frauds	6.51	53.74	8984	5
▪ Customized solutions	7.28	47.82	8060	9
▪ Immediate responses	6.74	51.97	8708	6
▪ Timely and accurate solutions	7.24	48.18	8116	8
▪ Improved personal efficiency	7.55	45.79	7744	10
▪ Make work easier	6.97	50.23	8436	7
▪ Services at reasonable rate	8.53	38.21	6560	12
▪ Better quality products/serv.	8.47	38.72	6640	11
▪ Innovative product/serv.	8.77	36.36	6276	13

STARTEGIES

- *Understanding the onion of customer experience and its implications* An onion has layers and as you peel off one, the one lying underneath appears. The same applies to customer experience. Our experience shows that there are multiple layers to customer experience with a bank. The banks deliver customer delight through managing lower order satisfaction as well as higher order loyalty. The failure to do so usually results in sub optimal customer delight.
- *Appreciating that internal or external process audits are not substitutes for active customer feedback* Most banks usually carry out internal process audits or time and motion studies to gauge the accuracy and reliability of service delivery. Few banks also use external mystery customer technique. It is critical to understand that these initiative simply benchmark delivery against intentions. Even if the delivery is as per intention, there could be a problem with delivering customer delight. So banks should use a judicious mix of process audits and voice of customer (VOC) studies such as customer satisfaction/loyalty studies to deliver customer delight.
- *Establishing the link between superior customer experience and a tangible business outcome such as customer retention or customers share of wallet* Earlier we talked about different customer experiences characterized by customer satisfaction and loyalty. It is widely accepted now that there is weaker link between customer satisfaction and business

outcomes such as retention or share of wallet. At the same time customer loyalty is highly correlated with business outcome. Our experience shows that loyal customers tend to stay with the bank, use more of its products and services and also act as strong advocates to their friends and colleagues. Customer satisfaction is one of the many factors influencing customer loyalty, but only a healthy mix of all components of customer loyalty goes towards changing business outcomes.

- *Bridging the gap between top management and vision and actual implementation* Banks should invest in adequate training and resources incentives for key staff and follow a goal led action plan in their quest to operationalize the banks vision.
- *Providing different strokes for different folks within the bank:-* Banks should set up a system of interlocking all relevant goals & trains and provide incentives to employees to deliver customer delight in their domains.
- *Making Effective uses of internal customer profile/ history data* Banks should make use of extensive customer information not just for selling and fraud detection, but also to gather customer insights.
- *Keeping front line staff engaged and motivated* Service delivery has high correlation with the motivational levels of banks front line staff. Banks should look at managing employee equity as the key component towards service delivery.
- *Identifying Customer segments and customizing products/services* No two customers are the same. Many times banks tend to treat them alike when it comes to products or service delivery. Some customers can be extremely savvy when it comes to technology, some could be extremely shy. Some customers prefer detailed investment analysis other do not. So banks should be able to customize their products/service offers to target specific customer segments.

IMPLICATIONS

A highly satisfied customer is a very valuable asset for banks. On the basis of some aspects, this paper gives more emphasis on the new strategies to enhance customer satisfaction in banks.

LIMITATIONS

The present study is only concerned with Punjab State and small sample of 1200 bank customers of only three bank branches of public sector, Indian private and foreign banks. It is only due to the shortage of time and funds.

FUTURE AREA OF INTENSIVE RESEARCH

- Service quality, customer satisfaction and bank performance.
- Service quality in rural branches.
- New methods and strategies for customer delight.
- Occupation-wise customer satisfaction from banking services.

CONCLUSION

In the emerging competitive environment and IT era, with little or no distinction in the product offerings, it is the speed of rendering service that sets apart one bank from another. Prompt service is equated with quality service. Customer is the kingpin around whom all the activities of the banks revolve. His needs are to be satisfied through improved customer service. Improvement in customer service can be brought about by regulatory measures, customer service orientation which needs to be customer friendly but not detrimental to the interest of the organization. A bit of behavioral inputs are needed for attitudinal re-orientation of the staff. It will not be fallacious to construe that a satisfied customer acts as a catalyst in business development. Thus, excellence in business development can be easily achieved through customer delight.

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“MICRO-FINANCE : AN EMERGING HORIZON FOR RURAL DEVELOPMENT”

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Introduction

The role of Micro-finance as the most suitable and feasible alternative in accomplishing the goals of growth and poverty alleviation is now well recognized.

Modern Micro-Finance Movement was born in Bangladesh in the year 1970 as a response to the prevailing poverty conditions among its vast rural population. The world has realized that poor are bankable and poor women are the most trustworthy in providing financial services. The Bangladesh Grameen Bank founded by Prof. Dr. Muhammad Yunus in 1983 is responsible for popularizing the concept of Micro-Finance. Grameen means “rural “ or “village” in Bangla language . These Grameen Banks provide loans to the poor who do not have any thing to put up for collateral. Grameen Banks are the largest rural finance institutions in Bangladesh, providing services in 72833 villages which is 86% of all villages in Bangladesh.

The rural India is real India, therefore, rural development is pre-requisite for economic development of our country. Micro-Financing is a new method to meet the credit requirement in the rural areas. The need of Micro-Finance in India has arisen due to failure of formal banking system in meeting the credit needs of millions of rural people. Almost 70% of rural poor do not even have a bank account and have no access to credit from a formal source. The poor are denied access to institutional credit because of their inherited problems, lack of collateral security leaves them credit starved and hampers their economic progress.

Micro-Finance : Significance

Micro-Finance is not charity. It is the way to extend the same rights and services to low-income households that are available to every one else. It is recognition that poor people are solution, not the problem” – Kofi Annan , Secretary General, United Nations in 2004

Micro-Finance is a programme that provided credit for self employment and other financial and business services including [savings and technical assistance] to very poor persons.

“Micro-Finance deals with credit of small amount to poor that have no collateral to offer, but have potential to start off a successful venture with a small loan. The loan amount is utilized for starting a small enterprise by a group of people, who have come together for the

purpose of serving their common interest through self-help and mutual help. Micro-Credit has been defined as loans not exceeding Rs. 50 000/- [1,50000/ in case of housing] .

Thus, Micro-Finance is mainly meant to promote self-employment of the poor or informal sector of the communities.

The Important features of Micro-Finance are -

- i).Loans under Micro-Finance Programme are very small .
- ii). Micro-Finance targets the rural and urban persons, specially women
- iii) Credit under Micro-Finance follows thrift i.e. Mobilize savings and lend the same.
- .iv) Shorter repayment period
- v) Liberal procedure for processing and delivery of credit.
- vi) No collateral security required for loans.
- vii) Need based loan disbursements and prompt repayment.
- viii)The major target groups include Landless agricultural laborers, Marginal farmers, Village artisans and Petty traders.
- ix)The activities taken up under the micro finance scheme include Hosiery, Brass items, candles, can items, carpets, chappals, chilli powder, coir items, doll making dairy farm, agarbathi items, Food Masala powders,,Khadi and leather goods, papads, pickles, wooden furniture etc.

Social Banking In India

Before nationalization of Commercial Banks the lions share of Bank credit was towards industry and commerce. Indian economy is predominantly an agro-based economy where 75% of population still relies on agriculture as their means of livelihood. But this picture changed with the realization by RBI, that the poor are credit worthy and possess lot of potential and entrepreneurship skills..

To ameliorate the economic condition of poverty stricken rural masses, Reserve Bank of India (RBI) adopted pragmatic economic policies after nationalization of 14 commercial Banks on 19th July 1969 and 6 more Banks on 15th April 1980. Social Banking has enhanced qualitative dimension of Bank credit. RBI has introduced different schemes like Kisan Credit Card, establishment of RRB, (Regional Rural Bank) NABARD and establishment of co-operative societies to promote micro Finance to the weaker section of the society.

The National Bank for Agriculture and Rural Development (NABARD) established in 1982 as a Development Bank to provide refinance for agriculture credit and assist rural development and to encourage micro enterprises.

Kisan credit cards (KCC) were introduced in 1998-99. Under KCC, short term as well as working capital credit is provided for repayment within 12 months and Term Loan within maximum period of 5 years. KCC scheme has increased the flow of credit to the agricultural sector and reduced the cost of credit delivery.

Rural credit co-operative plays a vital role in rural credit delivery system. On an average 42% of rural credit is provided by the co-operative sector. A number of co-operative banks have

been established to cater to the needs of rural masses. The Primary Agriculture Credit Societies account for 30% of micro credit. They have a vast network of retail outlets.

The small Industries Development Bank of India (SIDBI) has started its micro credit institution in 1994 with the objective of encouraging, reaching out financial services to poor through informal sector institutions.

Private Banks like ICICI, ABN AMRO and CITI Groups have also taken initiative towards inclusion of Micro finance in their portfolio. Bank of India one of the largest public sector banks, has 2734 branches of which more than 60% of the branches are located in small & rural centers. The Bank has specially designed products, for Micro and Small entrepreneurs. The focus of the bank is diverted from classes (Industry & Commerce) to masses (Rural people) through Micro Finance..

There are around 94000 co-operative outlets, 14000 branches of Regional Rural Banks and 33000 suburban branches of the commercial banks (Rajashri Ghosh 2005)

In April 1999, R.B.I. set up a Micro credit special cell. This demonstrates RBI's increased interest in the Micro Finance Sector. RBI has continuously watched the progress of Micro Finance.

Important Micro-Finance Institutions (MFIs) In India.

In India, many MFI's are successfully operating in different states and have been instrumental in changing the life of rural people. Following important MFI's are as follows :-

i) Maxwealth Trust -

A Micro Finance Institution, promoted by the Institute of Chartered Finance Analysis (ICFA). It is the latest entrant in the area of Micro Finance operating in the urban slum of Hyderabad and Secunderabad in Andhra Pradesh. The trust has extended micro credit of Rs. 2.50 crores to about 3500 women beneficiaries residing in the slum of Hyderabad and Secunderabad.

ii) SEWA (Self Employed Woman's Association) Ahmedabad.

SEWA is a Non Government Organisation that targets self employed women workers in the informal sector. Its goal is to ensure full employment and self-reliance for its members. Full employment includes work and income security i.e. health, childcare, shelter, insurance and food security. SEWA's mission is to provide comprehensive support services that can help women escape from the vicious cycle of poverty. SEWA now reaches more than 530000 women in Gujrat alone ensuring their livelihood through self employment.

iii) B- School for Rural Women (BSRW).

Access to Financial services alone is not enough for poor people to transform their economic activities into profitable economic enterprises. Access the market, proper information, technical and vocational training are also equally important.

With the objective to impart training in technical, financial and marketing skill to the rural women without any formal education, Mann Deshi group in collaboration with HSBC Bank, has launched a new programme Business school for rural women in 2006. It is a unique B-School that offers professional training to poor people without any educational degree.

BSRW initiated its operation in the rural areas of Mann Taluka in Satara District of Maharashtra. The school is also planning to launch 'B-School on wheels' to reach out to remote villages and to expand its coverage. These B-Schools include the course content on Goat rearing, Tailoring, Bag making, Screen printing etc.

Micro-Finance - Issues

Micro Finance is a powerful tool for alleviating poverty. While encouraging financial assistance, due weightage is given to equipping the poor with necessary skills to become efficient money managers and successful entrepreneurs so as to avoid more and more people falling into debt traps. Some of the major issue relating to Micro Finance are as under -

i) Rate of Interest -

The interest rates charged by Micro Finance Institutions are much lower than the rates charged by the money lenders.. However there is a lot of debate on the rate of interest charged by the MFI's which are much higher than the priority sector lending rates of the commercial banks.

ii) Illiteracy

Another issue is of wide spread illiteracy among rural masses and lack of knowledge about banking operations. Almost 10% of the rural poor don't have bank account, This has resulted in informal sectors still playing an important role in the rural credit market, money lenders are successful in continuing their unfair trade practices.

Conclusion.

When the country is experiencing faster growth in its Gross Domestic Product [GDP] a major concern is the balanced growth, to bridge the gap between rich and poor. For this micro finance is essential.

Micro finance remains a powerful tool for development. It may not be a panacea, but it has brought a sea change in the lives of many. Only spreading the outreach of micro finance will bring down the cost of capital and strengthen the bonding between micro finance and the formal financial system. However, for sustainable development of the poor and rural economy, focus must be on development of the rural infrastructure.

For strengthening of micro finance separate enactment will facilitate its growth. Banks and Government will be able to take proper efforts for its growth and make micro finance movement a success. A recent report by the United Nations Population Fund on state of world population 2007 says, by 2030, 41 % of world population will be urban. Micro Finance In this situation will hence need to gear up to the needs of increasing numbers of urban poor.

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STRATEGIES FOR POSITIONING BRANDED JEWELLERY IN INDIAN MARKET – A STUDY

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Introduction

In the late 1990s, the Indian jewellery market witnessed a shift in consumer perceptions of jewellery. Instead of being regarded as only an investment option, jewellery was being prized for its aesthetic appeal. In other words, the focus seemed to have shifted from content to design. Trendy, affordable and lightweight jewellery soon gained familiarity. Branded jewellery also gained acceptance forcing traditional jewellers to go in for branding. Given the opportunities the branded jewellery market offered; the number of gold retailers in the country increased sharply. Branded players such as Tanishq, Oysterbay, Gili and Carbon opened outlets in various parts of the country. Traditional jewellers also began to bring out lightweight jewellery, and some of them even launched their own in-house brands. However, the share of branded jewellery in the total jewellery market was still small (about Rs. 10 billion of the Rs. 400 billion per annum jewellery market in 2002), though growing at a pace of 20 to 30 percent annually.

The branded jewellery segment occupied only a small share of the total jewellery market because of the mindset of the average Indian buyer who still regarded jewellery as an investment. Moreover, consumers trusted only their family jewellers when buying jewellery. Consequently, the branded jewellery players tried to change the mindset of the people and woo customers with attractive designs at affordable prices.

Gold Jewellery Market in India

Before the liberalization of the Indian economy in 1991, only the Minerals and Metals Trading Corporation of India (MMTC) and the State Bank of India (SBI) were allowed to import gold. The abolition of the Gold Control Act in 1992, allowed large export houses to import gold freely.

Exporters in export processing zones were allowed to sell 10 percent of their produce in the domestic market. In 1993, gold and diamond mining were opened up for private investors and

foreign investors were allowed to own half the equity in mining ventures. In 1997, overseas banks and bullion suppliers were also allowed to import gold into India. These measures led to the entry of foreign players like DeBeers, Tiffany and Cartiers into the Indian market.

In the 1990s, the number of retail jewellery outlets in India increased greatly due to the abolition of the Gold Control Act. This led to a highly fragmented and unorganized jewellery market with an estimated 100,000 workshops supplying over 350,000 retailers, mostly family-owned, single shop operations. In 2001, India had the highest demand for gold in the world; 855 tons were consumed a year, 95% of which was used for jewellery. The bulk of the jewellery purchased in India was designed in the traditional Indian style.

Jewellery was fabricated mainly in 18, 22 and 24-carat gold. (Refer Table I for carat calculation) As Hallmarking was not very common in India, under-caratage was prevalent. According to a survey done by the Bureau of Indian Standards (BIS), most gold jewellery advertised in India as 22-carat was of a lesser quality. Over 80% of the jewelers sold gold jewellery ranging from 13.5 carats to 18 carats as 22-carat gold jewellery.

TABLE I
KARAT CALCULATION

24 Carat	100 percent pure gold
22 Carat	91.66 percent pure gold
20 Carat	83.33 percent pure gold
18 Carat	75 percent pure gold
2 Carat	8.33 percent pure gold
1 Carat	4.166 percent pure gold

Source: ICFAI Center for Management Research

The late 1990s saw a number of branded jewellery players entering the Indian market. Titan sold gold jewellery under the brand name Tanishq, while Gitanjali Jewels, a Mumbai-based jewellery exporter, sold 18-carat gold jewellery under the brand name Gili. Gitanjali Jewels also started selling 24-carat gold jewellery in association with a Thai company, Pranda. Su-Raj (India) Ltd. launched its collection of diamond and 22 -carat gold jewellery in 1997.

The Mumbai-based group, Beautiful, which marketed the Tiffany range of products in India, launched its own range of studded 18-carat jewellery, Dagina. Cartiers entered India in 1997 in a franchise agreement with Ravissant. Other players who entered the Indian branded gold jewellery market during the 1990s and 2000-01 included Intergold Gem Ltd., Oyzterbay, Carbon and Tribhovandas Bhimji Zaveri (TBZ).

Gili: In 1994, Gili Jewellery was established as a distinct brand by Gitanjali Jewels, soon after the abolition of the Gold Control Act by the Indian government. Gili offered a wide range of 18-carat plain gold and diamond-studded jewellery, designed for the contemporary Indian woman. The designs combined both the Indian and western styles and motifs. With sales of Rs.0.14 billion for the year 2000-01, Gili had a 0.03 percent share of the 400 billion jewellery market in India and a 1.4 percent share of the branded jewellery market.

Tanishq: In 1984, Questar Investments Limited (a Tata group company) and the Tamil Nadu Industrial Development Corporation Limited (TIDCO) jointly promoted Titan Watches Limited (Titan). Initially involved in the watches and clocks business, Titan later ventured into the jewellery businesses. In 1995, Titan changed its name from 'Titan Watches Ltd.' to 'Titan Industries Ltd.' in order to change its image from that of a watch manufacturer to that of a fashion accessories manufacturer. In the same year, it also started its jewellery division under the Tanishq brand. Among the branded jewellery players in the Indian market, Tanishq is considered to be a trendsetter. When it was launched in 1995, Tanishq began with 18-carat jewellery. Realizing that such jewellery did not sell well in the domestic market, the 18-carat jewellery range was expanded to include 22 and 24-carat ornaments as well. When Tanishq was launched, it sold most of its products through multibrand stores. In 1998, Tanishq decided to set up its own chain of retail showrooms to create a distinctive brand image.

By 2002, Tanishq retailed its jewellery through 53 exclusive stores across 41 cities. To meet increasing demand, Tanishq planned to open 70 stores by the end of 2003 and offer a range of 'wearable' products with prices starting at Rs. 400. With sales of Rs. 2.66 billion in 2000-01, Tanishq had a 0.66 percent share of the total jewellery market and a 27 percent share of the branded jewellery market (Refer Table II).

Carbon: In early 1991, the Bangalore based Peakok Jewellery Pvt. Ltd., (Peakok) was incorporated and Mahesh Rao (Rao) was appointed director. Peakok realized that the Indian consumer's relationship with gold jewellery would grow beyond an investment need towards a lifestyle and personality statement. In 1996, within the Peakok fold a new brand of 18-carat gold-based jewellery called Carbon was launched.

In 2000-01, with sales of Rs. 0.14 billion, carbon had a 0.03 percent share of the jewellery market and a 1.4 percent share of the branded jewellery market. The company expected Carbon sales to touch Rs. 1.5 billion by 2005-06 and exports to start by 2008. The brand was available at 40 outlets in 16 cities in 2002 and would be made available in 23 cities by 2005.

Oyterbay: Oyterbay was founded by Vasant Nangia and his team in July 2000. It began operations in March 2001. By November 2002, the company had 41 outlets across the country. Oyterbay seeks to build a national brand in the jewellery industry in India and aspires to be the

largest branded jewellery company in the country with a chain of 100 stores and several hundred-distribution points by 2004. With sales of Rs. 0.17 billion in 2000-01, Oyzterbay had a 0.04 percent share of the Rs.400 billion jewellery market and a 1.7 percent share of the branded jewellery market.

Trendsmith: Mumbai-based Tribhovandas Bhimji Zaveri (TBZ), which had been in the jewellery business since 1864, saw tremendous scope in the branded segment and opened its new concept store 'Trendsmith' in Mumbai in December 2001. Encouraged by the response towards its first store the Zaveris planned to take Trendsmith (India) Pvt. Ltd. all over the nation by opening as many as 50 stores by 2006. Trendsmith offered eight lines of exclusive designer jewellery from well-known export jewellery manufacturers and designers from Mumbai and Delhi.

TABLE II
BRANDED GOLD JEWELLERY MARKET (MAJOR PLAYERS)

Brand	Market share (2000-01) in %)
Tanishq	27.0
Oyzterbay	1.7
Gili	1.4
Carbon	1.4

Source: ICFAI Centre for Management Research.

Gold Jewellery Becomes Fashion Accessory

Till the early 1990s, the average Indian bought jewellery for investment rather than for adornment. Jewellery made of 18-karat gold was not favored as it was considered a poor investment. Confidence in the local jeweler was the hallmark of the gold jewellery trade in India. A jeweler or goldsmith in a local area had a fixed and loyal clientele. The buyer had implicit faith in his jeweller. Additionally, the local jeweller catered to the local taste for traditional jewellery.

However, since the late 1990s, there was a shift in consumer tastes: women were increasingly opting for fashionable and lightweight jewellery instead of traditional chunky jewellery. There was a rise in demand for lightweight jewellery, especially from consumers in the 16 to 25 age group, who regarded jewellery as an accessory and not an investment. The new millennium witnessed a definite change in consumer preferences. According to Samrat Zaveri, CEO of Trendsmith, "Research shows that the Indian jewellery sector is in the transition phase with consumers' desire for possession of jewellery for its aesthetic appeal and not as a form of investment."

In October 2002, 'Trendsmith' conducted a survey to understand the shifting needs, motivations and aspirations of consumers in the jewellery market, and to identify new trends and opportunities. The research study arrived at the following conclusions:

- The Indian market was witnessing an accelerated shift from viewing jewellery as an investment to regarding it as aesthetically appealing ornaments. The focus had shifted from content to design.
- The younger generation was looking at trendy, contemporary jewellery and clearly avoiding heavy, traditional gold jewellery.
- The consumer wanted a wider selection at a single convenient location and expected an international shopping experience.
- The Indian consumer was willing to experiment with new designs.

In the late 1990's and early 2000's, with the increase in the number of designers from design schools such as the National Institute of Fashion Technology (NIFT), a wide range of new designs became available. In addition, the growing number of manufacturers needed a retailing platform with global and national reach. All these led to the proliferation of branded jewellery players.

Strategies Tanishq In the late 1990s, players in the branded gold jewellery market formulated strategies for wooing customers. According to Jacob Kurian (Kurian), Chief Operating Officer of Tanishq, the challenges were many. As the jewellery market was highly fragmented, lacked branding, and allowed many unethical practices to flourish, Tanishq worked hard on a two-pronged brand-building strategy: cultivate trust by educating customers about the unethical practices in the business and change the perception of jewellery as a high-priced purchase. Said Kurian, "We are changing the attitudes of customers from blind trust to informed trust." To increase its market share, Tanishq formulated a strategy for luring people away from traditional neighborhood jewellers. Tanishq's strategy was to create differentiation and build trust. According to Kurian, the first part of the strategy was "to provide a point of differentiation in a highly commoditized category - which is the whole point of branding." The second part of the strategy was to project Tanishq as an unimpeachable mark of trust. According to Kurian, "If differentiation plays the role of primary attraction, trust takes care of lifelong loyalty."

One way to create differentiation was through design. The emphasis had to be on design because local jewellers could offer to design any pattern according to the customer's specifications. For a national brand a generic design concept with regional variations had to be evolved.

For this, Tanishq set up a seven member in-house design team and also outsourced designs from freelance designers. The designers travelled the length and breadth of the country to get feedback on Tanishq's designs and learn about customer preferences. On the basis of this feedback, each showroom could select the designs it would carry.

To stay ahead of competition from local jewellers, Tanishq decided to focus on quality control. In 1999, it introduced caratmeters which showed the purity of gold. In fact, Tanishq's USP was the purity of its gold. Accordingly, the company's ad campaigns emphasised the purity aspect of all Tanishq ornaments. In November 2002, Tanishq introduced a new collection of jewellery called 'Lightweights.' The collection featured neckwear, earrings, bangles, rings and chains in 22 karat gold with prices starting at Rs 1,100.

It also launched Lightweight Diamonds, with prices starting at Rs 3,000. Tanishq focused not only on urban markets, but small town markets as well. Real estate was less expensive in the small towns than in large urban centres. Besides, competition from stores in small towns was less stiff than competition from the large jewellery stores in the metropolitan cities. According to Kurian, the best returns on investment came from small towns.

Carbon

Carbon's focus had always been to move jewellery from the vault to the dressing table and bring the selling of jewellery out of heavily guarded jewellery stores. This was achieved by persuading a few lifestyle stores to add branded jewellery to their vast array of products. Besides selling from lifestyle stores, Carbon also sold its products as gift items over the internet.

Like Tanishq, Carbon laid emphasis on design. Most of its designs were contributed by students at the National Institute of Fashion Technology (NIFT) through the diploma programme which the company sponsored. In addition, Peakok's team of six designers, (headed by Rajeswari Iyer, an alumnus of a German design school who had worked in the U.K., Germany and India) turned out around 180 to 200 styles in a year, with 75 designs per style.

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ORGANIC FARMING AND ITS PENETRATION IN INDIA

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Introduction

Some companies in India and other parts of the developing world have benefited from emerging Niche markets for "ORGAINC AGRICULTURAL" products in developed country markets. Several NGOs such as LEISA (Low external input sustainable agriculture) have provided funding and other types of assistance, including assistance for pilot projects. The scope of such programs however has been relatively limited. In addition, it is not clear to what extent such projects have been successful in the long run and to what extent "organic agricultural" products will continue to be exported once donor support is discontinued. Therefore, the overall economic, social and environmental effects have so far been limited. The ground reality in India, and in several other developing countries however is that 60-80% of its agriculture still uses very little chemicals and could easily be converted to organic agriculture. However market premiums are relatively limited and organic food continues to operate in niche market areas. Recent analysis nevertheless appears to indicate that niche markets for "organic agricultural" products continue to hold promise for developing country producers. According to an ITC market review while their market share on an average is no more than 2% in most developed countries, the rate of growth is close to 25-30% for such products in most developing countries. The challenge is now to:

- a) mainstream production and trading opportunities to ensure that a larger number of producers in developing countries, can take advantage of such markets; and
- (b) To ensure that production and exports can be maintained and expanded in the long run, Independent of continued donor support. Export opportunities exists both in niche markets where organic food labels are required for product certification and differentiation, and in mainstream markets, where self-certification under particular corporate brands increasingly influences green consumerism. An important example in this context is the marketing of organic Darjeeling tea by STARBUCKS in the United States of America.

Based on current experience, one promising way of achieving these objectives is by promoting partnerships between developing country producers, their clients, retailers, environment and development organizations and Government agencies in developed countries. Particular

Emphasis should be placed on international business partnerships along the supply chain. The emphasis of developing country governments on organic agriculture originates from two basic concerns :

- (i) use of hybrids, excessive irrigation and chemicals have now started lowering agricultural yield, in other words diminishing returns have started accruing. This implies that in order to make agriculture economically viable it is necessary to revert to organic farming
- (ii) From an environmental point of view, the excessive use of chemicals is proving to be extremely harmful. In addition, while a large proportion of agriculture does not use chemicals, it is necessary to upgrade non-chemical agriculture to organic agriculture and use modern and well known methods of organic and bio-dynamic cultivation to increase agricultural yield. However, one of the major bottlenecks in converting to organic agriculture for producers has been the lack of assured markets and market premiums.

The next section on the basis of an ITC survey examines the issue of markets and premiums, global suppliers and markets for organic products. The organic market in most countries is still relatively small and characterized by niche markets. However, there are indications that this is changing with the development of the industry and greater targeting of main stream distribution channels reaching potentially larger markets. A particular problem with assessing the extent and potential of the organic sector is the lack of data. Much of the information available is the result of piecemeal studies which makes it difficult to do cross-section or time series comparisons. The analysis below should be seen in this context. The organic sector is, on an average, under half a percent of the total agricultural sector in most of the countries, the exceptions being Germany and Austria which have between two and three per cent of their agricultural area under organic production.

1. In 1992 the world market for organic produce was estimated to be US\$3 to 4 billion per year, with the European market estimated to account for half of this.
- 2 However, according to some estimates that the worldwide market potential for organic produce is likely to be in excess of US\$12 billion by the year 2000.
- 3It may be pertinent to mention here that total Indian exports of plantation and agricultural products in 1998-99 was almost US\$ 5 billion, of which plantation export was almost US\$ 1 billion, cereals US\$ 1.5 billion and spices, nuts and seeds US\$ 0.9 billion. Price premiums for organic products range from 10 to 100 per cent although 20 per cent seems more typical. However, these can disappear when supply increases especially in those countries with policies to encourage organic farming. At the same time, liberalization of international trade in agriculture, in particular the elimination of export subsidies and reduction of domestic support could shift the comparative advantage to countries like India. There are 30 countries in Africa, 30 in Asia, 20 in Central America and the Caribbean, and 10 in South America, 5 in Australia and the Pacific region, among the developing countries who supply organic products to the global markets.

Organic agriculture in India

Organic agriculture is not a new concept to India. At the beginning of the 19th century, Sir Albert Howard, one of the most important pioneers of organic farming, worked in India for many years, studying soil-plant interactions and developing composting methods. In doing so, he capitalized substantially on India's highly sophisticated traditional agricultural systems, which had long applied many of the principles of organic farming.

Though the introduction of Green Revolution agriculture technology in 1960s reached the main production areas of the country, there were still certain areas (mountain areas) and communities (especially certain tribes) that did not adopt the use of agro-chemicals. Therefore, some areas can be classified as 'Organic by default', though their significance and extent has been rather overemphasized in recent statements made by some government officials and NGO representatives.

Significance of organic agriculture for Indian farmers

1. To increase the efficiency and sustainability of production: - Organic farming can help to reduce production costs and to increase or stabilize yields on marginal soils. This is especially relevant for smallholders in marginal areas where Green Revolution agriculture has led to a depletion of soil fertility and to high debts because of increase in input costs.

2. To increase product value: - In areas where farmers have access to established organic markets within the country, product can achieve a higher price compared to the conventional market. Especially in the trend of decreasing prices for agricultural products, this can be an important way to stabilize or even increase incomes.

Ideally, both aspects mentioned above are combined. The focus of this study, however, is on certified organic products that, because of their organic quality, can be sold with a price premium in the domestic and export markets.

"Organic commodity market is a rapidly growing area of the food & beverage sector worldwide. From an insignificant niche market as recently as the mid 1990s, organic commodities have leapt into the mainstream. Organic foods are selling five times faster than traditional foods at the market. Organic agriculture offers trade opportunities for farmers in developing and developed countries.

Organic versus conventional agriculture

Organic food is experiencing high levels of growth on a worldwide scale as consumer awareness of and demand for organic food increases. Food scares have given rise to greater consumer demand for products that are produced in a natural environment *i.e.* free from pesticides, chemicals and genetic modification. Consumers are now more conscious of what they eat and how it will affect the environment and this influences their product choices.

Conventional agricultural methods are also coming under increasing scrutiny for being over-intensive and highly-dependent on inputs. However, the Irish organic market has been slow to develop, with a limited uptake in organic production from farmers. The 2-year conversion period,

together with significant costs associated with converting, has turned many farmers off from switching to organic production.

Organic agriculture is one among the broad spectrum of production methods that are supportive of the environment. Organic production systems are based on specific standards precisely formulated for food production and aim at achieving agro ecosystems, which are socially and ecologically sustainable. It is based on minimizing the use of external inputs through use of on-farm resources efficiently compared to industrial agriculture. Thus the use of synthetic fertilizers Agrochemicals such as fertilizers and pesticides with adoption of nutrient-responsive, high-yielding varieties of crops have boosted the production output per hectare in most cases. However, this increase in production has slowed down and in some cases there are indications of decline in productivity and production. Moreover, the success of industrial agriculture and the green revolution in recent decades has often masked significant externalities, affecting natural resources and human health as well as agriculture itself

1. Environmental and health problems associated with agriculture have been increasingly well documented, but it is only recently that the scale of the costs has attracted the attention of planners and scientists. The external costs of agriculture in the UK have been estimated as 1.1–3.9 billion pounds per annum
2. As the external costs of farming are not internalized in the price of food, tax payers (or more likely the future generations) will have to pay the bill that is getting better every day

In recent years, there is a lot of debate between the proponents of organic farming and a section of the community who questioned the scientific validity and feasibility of organic farming

7. The most often debated issues on organic agriculture fall under the following six categories:

1. Can organic farming produce enough food for everybody?
2. Is it possible to meet the nutrient requirements of crops entirely from organic sources?
3. Are there any significant environmental benefits of organic farming?
4. Is the food produced by organic farming superior in quality?
5. Is organic agriculture economically feasible?
6. Is it possible to manage pests and diseases in organic farming?

Status, Issues, and Prospects

There has been plenty of policy emphasis on organic farming and trade in the recent years in India at various levels as the country is believed to be well placed in this regard. Organic produce is being seen as a natural choice by consumers, and consequently by producers, in both international and domestic markets due to the problems in the supply chain of conventional or

mainstream agro produce. The growing health concerns and increasing non-tariff barriers like Sanitary and Phyto Sanitary (SPS) measures in the international market (Naik, 2001), coupled with non-viability of modern farming on a small scale, are some of the factors behind the move from chemical based to organic production and consumption systems. The 10th five year plan emphasizes promotion of and encouragement to organic farming with the use of organic waste, Integrated Pest Management (IPM) and Integrated Nutrient Management (INM) (GOI, 2003). Even the 9th five year plan had emphasized the promotion of organic produce in plantation crops, spices and condiments with the use of organic and bio inputs for protection of environment and promotion of sustainable agriculture (GOI, 2001). There are many state and private agencies involved in promotion of organic farming in India. These include various ministries and departments of the government at the central and the state levels, universities and research centres, Non-Government Organisations (NGOs) like AME, and OFAI, producer organizations like VDAI, TOFA,. In the process, it brings to farmers the best of organic processes and water management techniques, thereby educating and empowering farmers. A CGG is a group of growers who grow their produce in close proximity to each other, and whose farming practices are uniform on the whole, and organized under the same management and marketing system viz., a non-governmental-organisation/self-help group/registered association. The CGG volunteers should be familiar with cultivation area information i.e. general location and demand.

Environmental benefits of organic agriculture

The impact of organic agriculture on natural resources favours interactions within the agro-ecosystem that is vital for both agricultural production and nature conservation. Ecological services derived include soil forming and conditioning, soil stabilization, waste recycling, carbon sequestration, nutrient cycling, predation, pollination and habitats. The environmental costs of conventional agriculture are substantial, and the evidence for significant environmental impact via conversion to organic agriculture is overwhelming. A review of over 300 published reports 41 showed that out of 18 environmental impact indicators (floral diversity, faunal diversity, habitat diversity, landscape, soil organic matter, soil biological activity, soil structure, soil erosion, nitrate leaching, pesticide residues, CO₂, N₂O, CH₄, NH₃, nutrient use, water use and energy use), organic farming systems performed significantly better in 12 and performed worse in none. There is also high consumer human health costs to conventional agriculture, particularly in the use of pesticides.

Safety and quality of organically produced food

There is a growing demand for organic foods driven primarily by the consumer's perceptions of the quality and safety of these foods and to the positive environmental impact of organic agriculture practices. The 'organic' label is not a health claim, it is a process claim. It has been demonstrated that organically produced foods have lower levels of pesticides and veterinary drug residues and

in many cases lower nitrate contents. No clear trends have, however, been established in terms of organic quality differences between organically and conventionally grown foods

Organic agriculture: Its relevance to Indian farming

Only 30% of India's total cultivable area is covered with fertilizers where irrigation facilities are available and in the remaining 70% of arable land, which is mainly rain-fed, negligible amount of fertilizers are being used. Farmer's in these areas often use organic manure as a source of nutrients that are readily available either in their own farm or in their locality. The northeastern region of India provides considerable opportunity for organic farming due to least utilization of chemical inputs. It is estimated that 18 million hectare of such land is available in the NE, which can be exploited for organic production. With the sizable acreage under naturally organic/default organic cultivation, India has tremendous potential to grow crops organically and emerge as a major supplier of organic products in the world's organic market. The report of the Task Force on Organic Farming appointed by the Government of India also observed that in vast areas of the country, where limited amount of chemicals is used and have low productivity, could be exploited as potential areas for organic agriculture. Arresting the decline of soil, organic matter is the most potent weapon in fighting against unabated soil degradation sustainability of agriculture in tropical regions of India, particularly application of organic manure is the only option to improve the soil organic carbon for sustenance of soil quality and future agricultural productivity. It is estimated that around 700 mt of agricultural waste is available in the country every year, but most of it is not properly used. This implies a theoretical availability of 5 tones of organic manure/hectare of arable land/year, which is equivalent to about 100 kg NPK/ha/yr. However, in reality, only a fraction of this is available for actual field application. Various projections place the tapable potential at around 30% of the total availability. There are several alternatives for supply of soil nutrients from organic sources like vermicompost, biofertilizers, etc. Technologies have been developed to produce large quantities of nutrient-rich manure/compost. There are specific biofertilizers for cereals, millets, pulses and oilseeds that offer a great scope to further reduce the gap between nutrient demand and supply. There is no doubt that organic agriculture is in many ways a preferable pattern for developing agriculture, especially in countries like India.

Conclusions

The interest in organic agriculture in developing countries is growing because it requires less financial input and places more reliance on the natural and human resources available.

Studies to date seem to indicate that organic agriculture offers comparative advantage in areas with less rainfall and relatively low natural and soil fertility levels. Labour realizes a good return and this is important where paid labour is almost non-existent. Organic agriculture does not need

costly investments in irrigation, energy and external inputs, but rather organic agricultural policies have the potential to improve local food security, especially in marginal areas.

Possibly, the greatest impact of organic agriculture is on the mindset of people. It uses traditional and indigenous farming knowledge, while introducing selected modern technologies to manage and enhance diversity, to incorporate biological principles and resources into farming systems, and to ecologically intensify agricultural production. Instead of being an obstacle to progress, traditions may become an integral part of it. By adopting organic agriculture, farmers are challenged to take on new knowledge and perspectives, and to innovate. This leads to an increased engagement in farming which can trigger greater opportunities for rural employment and economic development. Thus through greater emphasis on use of local resources and self-reliance, conversion to organic agriculture definitely contributes to the empowerment of farmers and local communities.

The following conclusions can be drawn on important Issues regarding organic farming:

- (1) Large-scale conversion to organic agriculture would result in food shortage with the present state of knowledge and technology, as the yield reductions of organic systems relative to conventional agriculture average 10–15%, especially in intensive farming systems. However, in traditional rain-fed agriculture, organic farming has the potential to increase the yield, since 70% of total cultivable land falls in this category. Mere 5–10% increase in farm production would definitely help achieve the targeted growth rate of 4–5% in agricultural production in the Tenth Plan period.
- (2) Organic manure is an alternative renewable source of nutrient supply. A large gap exists between the available potential and utilization of organic wastes. However, it is not possible to meet the nutrient requirements of crops entirely from organic sources, if 100% cultivable land is converted to organic farming.
- (3) Organic farming systems can deliver agronomic and environmental benefits both through structural changes and tactical management of farming systems. The benefits of organic farming are relevant both to developed nations (environmental protection, biodiversity enhancement, reduced energy use and CO₂ emission) and to developing countries like India (sustainable resource use, increased crop yields without over-reliance on costly external inputs, environment and biodiversity protection).
- (4) Organic foods are proved superior in terms of health and safety, but there is no scientific evidence to prove their superiority in terms of taste and nutrition, as most of the studies are often inconclusive.
- (5) Combination of lower input costs and favorable price premiums can offset reduced yields and make organic farms equally and often more profitable than conventional farms. However, studies that did not include organic price premiums have given mixed results on profitability. Thus it is the premium price on the organic food which decides the economic feasibility of organic farming, at least at the current rate of development in inorganic agriculture.

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SOLID WASTE MANAGEMENT- A STUDY ON THE EFFECTIVENESS OF MUNICIPALITIES IN KERALA.

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MEANING AND DEFINITION OF SOLID WASTE

Waste can be considered as substance or objects which are disposed of or intended to be disposed of or are required to be disposed of. Very often, waste is defined as unwanted materials, leftovers from any human or animal habitation. Waste is also defined as superfluous and has no further user value to its owner. A conference of European Statisticians discussed the conceptual issues concerning the overall definition of waste; ie. what can be considered definitely waste or a potential new material or commodity. According to them, it is difficult to identify exactly the borderline between waste (residuals for further recycling) and non-waste residuals for further processing/recycling. This issue can be applied in general to all waste streams.

The classification or identification of 'what is or what is not waste' largely depends on technological innovations achieved and applied. Waste/non-waste borderline therefore varies from country to country and may be fixed at different stages of the production and consumption process. Waste is viewed as a discarded material which has no consumer value to the person abandoning it. It may be in a solid, liquid or gaseous form. A crude meaning of solid waste is, any solid material in the wrong place, suggesting the material is of no use to the owner, hence discarded. For example, a packaging cardboard carton will be of no use to the owner, but that waste carton may be a raw material for a paper mill.

Solid waste consists of both solid and liquid waste but not waste water. Solid waste is the term usually used to describe non-liquid waste materials arising from domestic, trade, commercial, agricultural and industrial activities and from public services. Urban solid waste is defined as the material for which the primary generator or user abandoning the material within the urban area requires no compensation upon abandonment.

It consists of any refuse, sludge from waste water treatment plant, water supply treatment plant or air pollution control facility or other discarded materials including solid, small amount of liquid, semi-solid or contain gaseous materials resulting from industrial, commercial, mining, and agricultural operation, and from community activities.

Solid waste arising from industrial and mining activities is collected and disposed of according to the rules and regulations stipulated by a country. But till recently, waste generated due to community activities as a result of urbanization and population growth, changing pattern of dwelling and lifestyle of the people has not come under specific rules and regulations. This has resulted in tremendous environmental problems. Municipal or urban solid waste production continues to grow both in per capita and overall terms. The management of urban solid waste is now vested mainly with Urban Local Bodies in India, and many countries are making or attempting to make suitable rules and regulations for the adequate management of urban solid waste and tackle the problem of pooling financial resources for solid waste management.

CLASSIFICATION OF SOLID WASTE

These wastes may have reuse values in some other places, but these are of no value to the possessor who wishes to dispose them. The knowledge about sources of solid wastes along with the information of the composition and rate of generation will help in the process of design and operation of the functional elements associated with the disposal and management of solid wastes. Therefore it is important to define various types of solid waste that are generated from various sources.

REFUSE

This is all putrescible and non-putrescible waste except body wastes. It includes all types of rubbish and garbage.

RUBBISH

It contains mostly dry, non-putrescible material, such as glass, rubber, metal cans and slowly decomposable or combustible material, such as paper, textiles or wood objects. Actually, only about 10 per cent of refuse is garbage, most of it is rubbish.

GARBAGE

This refers to that portion of the refuse, which is putrescible component of solid waste. These are produced during cooking and storage of meat, fruits and vegetables. Garbage is broadly classified into four. They are organic waste, toxic waste, recyclable waste and soiled waste. The organic wastes include kitchen waste, vegetable waste, flowers, leaves, fruits. Toxic waste are old machines, paints, chemicals, bulbs, spray cans, fertilizer and pesticides containers, batteries, shoe polish etc. Recyclable wastes are paper, glass, metals and plastics. Soiled wastes are hospital waste, such as soiled with blood and other body fluids.

BULKY WASTES

These include household wastes, which cannot be accommodated in the normal storage containers and need a special collection mechanism. These include household appliances such

as refrigerators, washing machine, furniture, vehicle parts, tyres, trees, wood branches etc.

STREET WASTES

This includes wastes collected from streets, walkways, parks, playgrounds, which include paper, cardboard, plastics, leaves and other vegetable matter in large quantities.

DEAD ANIMALS

These include dead animals those die naturally or accidentally killed on the road. This category does not include carcasses and animal parts from slaughter houses, which may be regarded as commercial or industrial components. Many times as in India the large animals if died and are not lifted on right time then they may pose a threat to public health through attracting flies and produce bad odor and create an unhygienic scene.

HAZARDOUS WASTES

Hazardous wastes are those produced in the industries, institutes, hospitals and laboratories. These are dangerous to the living organisms immediately or in the long run to the environment in which they are disposed. The hazard may be due to their physical, chemical, biological and radioactive characteristics like ignitibility, corrosivity, reactivity and toxicity. In some cases various chemicals and their mixtures act as hazardous wastes. Those may be pesticides, solvents, acids and bases. Certain hazardous wastes may cause explosions in the incinerators and fires at the landfill sites. Other hazardous waste includes pathological wastes from hospitals and radioactive wastes, which require special handling. A good management practice should ensure that hazardous wastes are stored, collected, transported and disposed separately after suitable treatment.

SEWAGE SLUDGE

The sewage treatment plants produce huge amounts of sludge during primary and secondary phase of treatment; these are sticky, rich in pathogens and require proper treatment. These are both inorganic and organic. The bulk of dewatered and digested sludge can be used as organic fertilizer or it may be burnt to produce energy.

COMPOSITION OF MUNICIPAL SOLID WASTE

Solid waste in Indian cities consists mainly of three types of components:

1. Recyclables such as plastic, paper, glass, metal, leather, rubber etc.
2. Compostable or combustible material such as kitchen waste, vegetable and fruit waste, dry grass, mutton and fish waste, dry leaves etc.
3. Inert matter or material such as construction, demolition, road dust, ash etc.

SOURCES OF WASTE GENERATION

Major sources of waste generations are: 1) residential premises 2) commercial and business establishments 3) street sweepings 4) institutional premises, viz. schools, Colleges, hotels, restaurants, hostels, hospitals, religious places, vegetables, fruits, fish and meat markets, community and marriage halls and cinema theatres 5) trade waste 6) stable waste and 7) construction and demolition material. Details of sources of generation of municipal solid waste and characteristics of types of waste are shown in the table below:

1) Domestic waste	Household waste-kitchen, house cleaning, old papers, packaging, bottles, crockery waste, furnishing materials, garden trimmings etc.
1) Commercial waste	Waste generated at business premises, shops, offices, markets, departmental stores, organic, inorganic, chemically reactive and hazardous waste.
2) Institutional waste	Schools, colleges, hospitals, large hotels and restaurants, markets selling vegetables, fruits, fish etc.
3) Street sweeping	Unconcerned throwing, littering made by pedestrians, traffic, vehicular traffic, stray animals, road side tree leaves, rubbish from drain cleanings, debris etc.
4) Industrial/trade waste	Manufacturing and material processing trade generated waste
5) Debris or construction rejects	Frequent digging of roads by various utilities comprising earth, brick stones, wooden logs etc.
6) Waste-offal, dead animals etc.	Offal waste generated from slaughter houses, food, packing institutions and cold storage premises

Types of waste	Waste components
1) Old newspapers	Newspapers, comics, magazines
2) Paper and cardboard	Wrapping paper, paper bags, paper towels, writing paper, cigarette packages, books, corrugated paper boxes etc.
3) Food waste	Vegetables, fruit discards and peelings, egg shells, spoiled food and bread, meat and fish bones etc.
4) Plastic	Plastic bags, plastic containers, toys, styro foam etc.
5) Textiles	Clothes, rags, carpets, hats and other fabrics
6) Rubber and leather	Rubber tyres, leather shoes, handbags etc.
7) Petroleum products	Oil, grease etc.
8) Yard wastes	Grass clippings, flowers, plants, leaves etc.
9) Wood	Lumber, plywood boxes, furniture, toys, tree branches etc.
10) Aluminium cans	Cans and other aluminium containers
11) Metals	Wire, auto parts, iron, steel etc.
12) Glass	Bottles, jars, broken glass etc.
13) Inert material	Rocks, stones, tiles, ceramics, bricks, sand, dirt, ashes, cinder etc.
14) Hazardous wastes	Batteries, chemicals, pesticides etc.

STATEMENT OF THE PROBLEM

Solid waste management is a civic problem and it has to evolve optimally and continuously to serve the future generation. Solid wastes if unchecked cannot only be a health hazard but will impart multi-dimensional threats, which include serious detrimental, environmental, social and economic impacts. Solid waste management in developing countries is a complex issue as the types of waste generated vary widely because of the varying localities with diverse populations. The boundaries of the analysis of the waste problem are difficult to define.

A complete and environmentally sound solid waste management requires effective contribution from all those who are involved in this problem. Everyone is part of the solid waste generation problem and everyone shall also be part of the solution to its proper management. It means solution depends upon collective human action and efforts. Accumulation of wastes pollutes the environment and creates a lot of problems to human health. The huge heap of waste pollutes the air which in turn leads to many diseases. Careless dumping of waste from factories to various

rivers contaminates waste, which again affect the health of people.

Careless handling of wastes thus contaminates air and water causing serious threat to the healthy living of people. In this context it is considered appropriate to conduct a study on the problems of existing methods of waste management of municipalities in Kerala and to gather suggestions from the general public regarding the waste management practices. The problem is stated as '**SOLID WASTE MANAGEMENT-A STUDY ON THE EFFECTIVENESS OF MUNICIPALITIES IN KERALA**'.

OBJECTIVES

- To analyze the awareness of the public regarding solid waste management.
- To find out whether solid waste is a serious problem in the municipality.
- To analyze the reasons for reluctance against adoption of new techniques by the municipality.

METHODOLOGY

Both primary and secondary data were used for the purpose of the study. Primary data was collected from the various establishments like Household, Hotel, Slump, Shops and Street vendors of Kottayam municipality by using a pre-structured interview schedule. Kottayam municipality in Kerala is selected for the study due to the fact that this municipality is characterized and represented as the green municipality in Kerala. Judgement sampling method was applied for the selection of sample respondents. Secondary data was obtained from various publications, internet, study reports of various persons, journals, published and unpublished thesis etc.

HYPOTHESES

1. *There is no association between the nature of establishment and the source of information about the management of solid waste.*
2. *The type of disposal of liquid waste is independent of the nature of establishment.*
3. *The time schedule of the waste taken by the municipality is independent of the nature of establishment where the solid waste accumulates.*
4. *There is no association between the quantity of waste taken by the municipality and the nature of establishment.*

5. *There is no variation in the opinion of the members of the establishment in municipality about the performance of the staff in managing and disposing the waste.*

DATA COLLECTION AND ANALYSIS

Data was collected by using pre-structured interview schedule. 100 respondents from various establishments of Kottayam municipality were selected by using Judgement sampling method. Various tools were used for both presentation and analysis of data. The important statistical techniques used for the analysis of data are Chi-square test, one way ANOVA and computer software such as MS-Excel and SPSS.

ANALYSIS & DISCUSSION

TABLE-1 SOURCE OF INFORMATION ABOUT SOLID WASTE MANAGEMENT

Nature of Establishment of respondents Source of information	Electronic & Print Media	Municipal Employees	Health workers/ Professionals	Relatives	Co-workers/ Friends	Total
Household	30 (61.2)	2 (4.1)	10 (20.4)	3 (6.1)	4 (8.2)	49
Hotel	4 (40)	2 (20)	3 (30)	1 (10)		10
Slump	1 (8.3)	2 (16.7)	7 (58.3)	1 (8.3)	1 (8.3)	12
Shop	8 (47.1)	1 (5.9)	4 (23.5)	2 (11.8)	2 (11.8)	17
Street vendor	—	1 (8.3)	9 (75)	—	2 (16.7)	12
Total	43 (43)	8 (8)	33 (33)	7 (7)	9 (9)	100

Pearson Chi-square; value 31.417; DF 16; sig 0.012

Source: Survey data

Note: Figures in brackets shows the percentage to total in respective rows

As per Table 3.5 it is evident that 43 per cent of the respondents got information about proper solid waste management through electronic and print media, where as only 8 per cent got information through municipality employees. In slump area, 58.3 per cent respondents got source of information through health workers. It shows that in slump area health workers perform well. It is also observed that source of information about solid waste management and the nature of establishments of respondents were closely related as the value of the Chi-square is significant at 5 per cent level of significance.

TABLE-2 DISPOSAL OF LIQUID WASTE

Nature of Establishment of respondents Disposal of liquid waste	Disposed into closed	Disposed into an open pit	Used for plants	Thrown into barren lands	Total
Household	29 (59.2)	3 (6.1)	17 (34.7)	—	49 (100)
Hotel	10 (100)	—	—	—	10 (100)
Slump	4 (33.3)	2 (16.7)	6 (50)	—	12 (100)
Shop	12 (70.6)	1 (5.9)	2 (11.8)	2 (11.8)	17 (100)
Street vendor	3 (25)	4 (33.3)	—	5 (41.7)	12 (100)
Total	58 (58)	10 (10)	25 (25)	7 (7)	100 (100)

Pearson Chi-square; value 53.778; DF 12; sig 0.000

Source: Survey data

Note: Figures in brackets shows the percentage to total in respective rows

Table 3.6 indicates that, 58 per cent of the respondents dispose their liquid waste into closed pit, where as 7 per cent throw it into barren lands. 100 per cent of the hotel owners dispose liquid waste into closed pits. In household 34.7 per cent used liquid waste for plants. It is also observed that disposal of liquid waste and the nature of establishments are closely related as the value of the Chi-square is significant at 5 per cent level of significance.

Nature of Establishment Time schedule	Daily	Once in a week	Once in two weeks	Once in a month	Total
Household	4 (8.2)	39 (79.6)	6 (12.2)	—	49 (100)
Hotel	7 (70)	2 (20)	1 (10)	—	10 (100)
Slump	1 (8.3)	1 (8.3)	8 (66.7)	2 (16.7)	12 (100)
Shop	11 (64.7)	5 (29.4)	1 (5.9)	—	17 (100)
Street vendor	1 (8.3)	1 (8.3)	5 (41.7)	5 (41.7)	12 (100)
Total	24 (24)	48 (48)	21 (21)	7 (7)	100 (100)

Pearson Chi-square; value 95.137; DF 12; sig 0.000

Source: Survey data

Note: Figures in brackets shows the percentage to total in respective rows

As per Table 3.13 it is evident that, 48 per cent of the respondents are of the opinion that municipality collects wastes once in a week and 7 per cent says that waste is collected once in a month. 70 per cent hotel owners and 64.7 shop owners say that municipality collects waste daily. In slump area, 66.7 per cent respondents say that waste is collected once in two weeks by the municipality. It is also observed that there is close relationship between time schedule of waste taken by the municipality and the nature of establishments, as the value of the Chi-square is significant at 5 per cent level of significance.

TABLE-4 QUANTITY OF WASTE COLLECTED BY MUNICIPALITY

Nature of Establishment Quantity of waste	0-5kg	6-10 kg	11-15 kg	Above 15 kg	Total
Household	5 (10.2)	36 (73.5)	8 (16.3)	—	49 (100)
Hotel	—	4 (40)	6 (60)	—	10 (100)
Slump	1 (8.3)	4 (33.3)	7 (58.3)	—	12 (100)
Shop	2 (11.8)	11 (64.7)	3 (17.6)	1 (5.9)	17 (100)
Street vendor	—	3 (25)	9 (75)	—	12 (100)
Total	8 (8)	58 (58)	33 (33)	1 (1)	100 (100)

Pearson Chi-square; value 29.766; DF 12; sig 0.003

Source: Survey data

Note: Figures in brackets shows the percentage to total in respective rows

As per Table 3.16 it is observed that, 58 per cent of the respondents is of the opinion that municipality collects 6-10 kilograms of waste at a time. Only 1 per cent is of the opinion that the municipality collects wastes above 15 kilograms. 73.5 per cent respondents in household is of the opinion that municipality collect 6-10 kilogram of waste at a time. 75 per cent of the street vendors is of the opinion that municipality collect 11-15 kilogram of waste at a time. It is also observed that there is close relationship between quantity of waste collected by the municipality and the nature of establishments, as the value of the Chi-square is significant at 5 per cent level of significance.

Opinion about the performance of the staff of municipality in managing solid waste
MEAN TABLE

TYPE/NATURE OF THE ESTABLISHMENT OF RESPONDENTS	DISCRIPTIVE STATISTICS	VALUE
HOUSEHOLD	Mean	1.76
	N	49
	SD	0.434
HOTEL	Mean	1.50
	N	10
	SD	0.527
SLUMP	Mean	1.75
	N	12
	SD	0.452
SHOP	Mean	1.65
	N	17
	SD	0.493
STREET VENDOR	Mean	1.50
	N	12
	SD	0.522
TOTAL	Mean	1.68
	N	100
	SD	0.469

ANOVA

		Sum of squares	df	Mean square	F	Sig
Opinion about performance of the staff in managing solid waste	Between Groups	1.066	4	.267	1.224	.306
	Within Groups	20.694	95	.218		
	Total	21.760	99			

As per Mean Table, it is observed that, the mean score of the response of the selected stakeholder or municipality about the satisfaction or the performance of the municipality staff with regard to the management of waste, Hotel Owners and Street Vendors are not satisfied as the mean score of the response is very low compared to that of others. However the value of F is statistically not significant at 5 per cent level of significance. (Value of $F = 1.224$ with $P = 0.306$)

TESTING OF HYPOTHESES

1. *There is no association between the nature of establishment and the source of information about the management of solid waste.*

This hypothesis was also tested with the Chi-square and it was found that the value of the Chi-square is significant at 5 per cent level of significance. (Value of Chi-square = 31.417 with $P = 0.012$). Hence, it may be concluded with the rejection of the null hypothesis that there is significant relationship between nature of establishment of the respondent and the source of information they used to manage the solid waste.

2. *The type of disposal of liquid waste is independent of the nature of establishment.*

This hypothesis was tested with the Chi-square and it was found that the value of the Chi-square is significant at 5 per cent level of significance. (Value of Chi-square = 53.778 with $P = 0.000$). So, this hypothesis may be rejected with the conclusion that disposal of the liquid waste is dependent on the nature of establishment and their convenience.

3. *The time schedule of the waste taken by the municipality is independent of the nature of establishment where the solid waste accumulates.*

This hypothesis was tested with the Chi-square and it was observed that the value of the Chi-square is significant at 5 per cent level of significance. (Value of Chi-square = 95.137 with $P = 0.000$). So, this null hypothesis may be rejected and also inferred that the municipality fixed a time schedule to take waste from each establishment.

4. *There is no association between the quantity of waste taken by the municipality and the nature of establishment.*

This hypothesis was tested with the Chi-square and the value of the Chi-square indicated that there is significant dependence between the quantity of waste taken by the municipality and the nature of establishment, as the value of the Chi-square is significant at 5 per cent

level of significance. (Value of Chi-square =29.766 with $P=0.003$). So, this hypothesis may be rejected.

5. *There is no variation in the opinion of the members of the establishment in municipality about the performance of the staff in managing the waste.*

This hypothesis was tested with one way ANOVA and the value of F showed that there was variation in the response of the members of the establishment towards the performance of municipality staff in managing the solid waste. (Value of $F=1.224$ with $P=0.306$). So this hypothesis may be accepted. However, while considering the variations of the mean score of the response, it may be seen that Hotel owners and Street vendors were not satisfied with the performance of municipal staff.

FINDINGS

- 1) With regard to source of information about solid waste management, 43 per cent of the respondents got source of information through media. Only 8 per cent respondents got information through municipality employees. It shows influence of media on common people and reluctance of Kottayam municipality employees in giving information to the public.
- 2) Considering the disposal of liquid waste, 58 per cent of the respondents dispose liquid waste into closed pit and 7 per cent of the respondents thrown the waste into barren lands. It shows majority of respondents dispose liquid waste into closed pit.
- 3) Considering time schedule of waste taken by the Kottayam municipality, 48 per cent respondents mention that municipality collects waste once in a week and 7 per cent respondents mention that waste collection is carried on once in a month. In slump area 66.7 per cent respondents mention that waste is collected once in two weeks and 64.7 per cent shop owners and 70 per cent hotel owners mention that waste is collected daily. It shows that Kottayam municipality gives more importance to collection of waste in shop and hotel apart from other establishments.
- 4) Regarding quantity of waste collected by the Kottayam municipality, 58 per cent of the respondents mention that municipality collects 6-10 kilograms of waste at a time and 1 per cent respondents mention that municipality collects above 15 kilograms of waste at a time. It shows that Kottayam municipality collects 6-10 kilograms of waste at a time.

- 5) Considering components of waste taken by the Kottayam municipality, 79.6 per cent respondents of the household mention that waste consists of garbage and 60 per cent hotel owners mention that waste consists of food scraps. It shows that based on the nature of establishments components in waste may vary.
- 6) With regard to disposal of waste by Kottayam municipality, 79 per cent of the respondents are of the opinion that municipality dispose waste through dumping and burning and 2 per cent of the respondents mention that disposal is through dumping. It shows that Kottayam municipality disposes most of its waste through dumping and burning.
- 7) With regard to satisfaction with the duty of staffs in the municipal area, 68 per cent of the respondents mention that they are not satisfied with the duty of municipal staffs .32 per cent respondents is satisfied with the duty of staffs in the municipality. It shows that most of the respondents are dissatisfied with the duty of staffs in the Kottayam municipality.

CONCLUSION

- 1) Electronic and Print media provides adequate source of information about solid waste management. But in case of Street vendors, health workers perform well than electronic and print media. It is also found that municipality employees are reluctant in providing information to the public regarding solid waste management.
- 2) Normally the liquid waste is disposed into closed pit but in case of Household they use their liquid waste for planting trees. But in case of Street vendors they dispose the liquid wastes into barren lands.
- 3) Time schedule of waste collection by the municipality is not proper. For various establishments waste collection is carried on at different times by the municipality. It is also been noted that minimum quantity of waste is collected by the municipality at a time.
- 4) Waste in the municipality is mostly composed of harmful substances like iron pieces. But the Hotel waste consists of harmful substances like virus/bacteria infected things
- 5) Scientific methods are not used in the disposal of waste by the municipality. It is also been noted that municipality's reluctance against new technique is due to lack of skill for applying the latest technology.

- 6) Existing solid waste management practices of the municipality is not at all satisfactory. Performance of the municipality staffs is also not up to the marks.

SUGGESTIONS

1. Females in Household and Slump area should manage and dispose wastes effectively. Hotel owners, Shop owners and Street vendors shall give care in managing and disposing their waste. It will reduce the work load of municipality workers to a certain extent.
2. Municipality employees and Health workers should indulge actively in the management of solid waste and providing necessary information to the public. Effective coordination of various machineries of the municipality and local bodies leads to effective management of solid waste.
3. Adequate training should be provided to municipality staff regarding management of solid waste. Effective awareness campaign must be held to make the public to know about their responsibility in dealing with the waste generated by them. Medical Camps should be organized by the municipality to the public as and when epidemics are spreading widely in the municipal area.
4. Mass campaign for source segregation of solid waste should be introduced. Segregation at source is to be insisted in shops, hotels and markets wherever possible. Non-biodegradable waste may be send to the resource recovery units for effective disposal.
5. Separate dumping yard should be used for disposal of plastic materials. By using a shredder unit and incinerator plastic waste can be reduced to a large extent and the remaining of the processed waste should be used in bitumen for road tarring purposes.

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TRAINING EVALUATION IN INDIA

- A CASE STUDY

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Introduction:

Training is essential for Human Resource Development (HRD) in all organizations. Training helps the employees or human beings to increase their efficiency and effectiveness and enhances their knowledge at jobs. Training programs also helps to inculcate right attitude among the employees. Top management of all the organizations are spending large amounts on training programs. But there is a need to verify that the employees are improving work performance at all levels. The outcome of the human resource development programs, i.e. improved productivity, improved profits etc. is being reaped. For this, training evaluation is the need of the hour and an important process in establishing the credibility and value of training. It gives proper feedback to the top management and training department. Kailash¹ et al have rightly expressed that the HR department must determine the tangible and intangible benefits of training and this can be achieved with a proper training evaluation system.

Kirkpatrick² has introduced training evaluation techniques as reaction learning, behaviors' and results. It is essential to know the reaction of the trainees about the programs they attend. Learning covers the extent to which the contents are understood by the trainees. The behavior focuses and compares pre-and post-training behaviors and attitude of trainees. Results can be stated in terms of reduced turnover, reduced cost, improved efficiency, etc.

Hamblin³ has pointed out five levels of training evaluation viz, reaction, learning, job behavior organization and ultimate value. Trainees may give positive reactions but may fail to transfer the knowledge. And there is a need to establish a link among all these five levels. He goes beyond trainees job behavior and studies the effects of any behavioral changes. These evaluation approaches provide the balanced strategy to bridge the gap between evaluation theory and evaluation in an action setting.

Problems faced during training evaluation:

Perception about evaluation of training in Indian organizations is narrow. Sometimes objectives of evaluation are also misunderstood and the trainees do not give feedback seriously. Trainers are accused of making unsound evaluations and of being biased to ensure their programmer survival. Trainers evaluate only those areas which are easy to measure. Evaluation is very narrow and does not cover all aspects. Trainees are also afraid of giving correct feedback because of their position and other factors

Importance of training evaluation:

According to Denova ⁴, training evaluation is a must to find out its effectiveness. Evaluation is essential to understand whether the training objectives are achieved. Philips ⁵ opines that training evaluation helps to identity the strengths and weaknesses of HRD process and the future training programs. Birla ⁶ states that training evaluation improves the performance of the employees. It also raises the commitment and involvement of trainees in the organization. Lynton and Pareek ⁷ states that evaluation plays a major role in the training system which concentrates' on whether the resources in terms of money, time and effort spent on training have achieved the desired objectives or not.

Objectives of the study:

- 1) To understand the problems associated with training evaluation in Indian originations.
- 2) To assess the impact of training on the employees.
- 3) To suggest measures to improve the existing training evaluation system based on the findings.

Methodology and sample design:

The study is a micro study and has been confined to Gulbarga district only. The study is conducted in a leading organization. For all practical purposes the name of the organization is not disclosed. The primary data and other relevant information were collected from 100 respondents' i.e.50+50 (ranging form clerical and officer level.) The respondents were given a questionnaire. And the researcher has also conducted interviews in this regard. The responses were measured on both Likert's 3 point and 5-point rating scales. Researcher has used necessary statistical techniques to conduct the study.

Major empirical findings

1) Lack of appropriate training evaluation system

There is no appropriate training evaluation system followed by training department. Training evaluation is conducted with a few questions at the end of the program, like a routine task. As the feedback is collected at the end of the programme, trainees give the feedback in a hurry. The form /questionnaire contain only a few questions.

2) Learning Evaluation: - Trainees do not participate separately in the entry and exit level tests to assess participants learning. And training department is not serious in evaluating the tests.

3) Trainees' rating on training evaluation

TABLE-1

Trainees' Rating on training evaluation

Sr No	Training Evaluation variables	N	Frequency Distribution		
			poor	Average	Good
1	Usefulness and relevance of training contents	100	30	40	30
2	Training effectiveness	100	35	35	30
3	Trainers are effective	100	30	30	40
4	Facilities in training center	100	30	30	40
5	Training enriched knowledge	100	25	35	40

From table 1, it can be concluded that 70 percent of the respondents are not satisfied with the usefulness and relevance of the training content. The reason given is that it is theoretical only and not practical. The training effectiveness is not useful in doing jobs (70 percent). However, trainers are effective in their jobs (60 percent) 60 percent are not satisfied with the facilities in the training center. 60 percent of respondents said that training enriches their knowledge.

Overall, evaluation of training reveals that as a whole training is not very much enterprising.

1) Employees' Attitude towards training.

TABLE-2
Employees' attitude towards training

S No	Variables	N	Mean	S.D
1	Transfer of learning to job	100	3.22	1.04
2	Positive attitude towards juniors by senior	100	2.55	0.81
3	Training enriched competencies, skills, and knowledge	100	3.08	0.73
4	Improved good relations with others	100	3.49	1.04
5	Postings are made based on training.	100	2.63	0.87

Attitude means an application of value to specific situations. Job performance of an employee is related to his/her attitude towards organization, work, and colleagues. The study reveals the attitude of employees how far they are able to transfer learning from training to work/job. The responses of the variables are interpreted as.

- 1) Most negative Attitude, score 2: Negative Attitude, score3: Neutral attitude
score4: Positive attitude and score5: Most positive attitude. From table 2 it can be inferred that none of the variables in responses show positive attitude of employees towards training. But employees have perceived that training has enriched competencies skills and knowledge. Employees have almost shown positive attitude towards improved good relations with others.
5. Transfer of training to job

Table - 3
Transfer of training to job

Type of attitude	Frequency	Percent
Most positive attitude	12	12%
Positive attitude	32	32%
Neutral attitude	28	28%
Negative attitude	20	20%
Most negative attitude	08	08%
Total	100	100.00

Table 3 shows that a majority of the respondents i.e. 56% have shown a neutral to a negative attitude regarding transfer of training to job work. Trained employees have not been given an opportunity to exercise their skill, knowledge.

6. Employees' opinion about various training programs.

Table - 4

Employees' opinion about training programs.

Sr No	Training programmes	Rated as		
		Poor	Satisfactory	Good
1	Induction	40	20	40
2	Communication	35	40	25
3	Behavioral skill	40	35	25
4	H R skills	15	25	60
5	Computer knowledge	10	40	50

Employees are the best judges as far as understanding the usefulness of training programs. For this 5 different types of training programs have been chosen for the study. Table 4 reveals employees' opinion about the various programs. HR skills and computer knowledge programs have bagged a 'Good' rating 60 and 50 percent from the respondents. This study reveals that training programs are not practical and only theoretical. The respondents may also be of such nature who rate the programs negatively.

7) Rating of training methods by respondents.

TABLE-5

Rating of training methods by respondents

Methods of training	Rating as		
	Poor	Satisfactory	Good
Lecture	10	40	50
Satellite training	10	30	60
Games	50	35	15
Conference	50	30	20
Role play	40	40	20

Lecture and satellite training are the most commonly used methods of training. Games, conference and role plays are conducted based on the needs only. Responses of trainees towards various training methods are given in table 5. Majority of the respondents have expressed good and satisfactory ratings for training methods like lecture (good=50, satisfactory=40), Satellite training (good=60, satisfactory=30). Games, conference and role play methods have bagged poor ratings from respondents. Because the trainers and trainees are not well versed with these methods.

Suggestions

1. Trainers and training departments must receive regular feedback from trainees who have undergone a particular type of training.
2. Training evaluation should be done regularly. This should involve trainers, trainees and top management.
3. Facilities in the training centre should be improved in order to improve quality of training.
4. Transfer of training to job should be verified after training
5. Proper posting of employees should be done after training.
6. Training evaluation system should be transparent and could be outsourced to external consultants, researches, who are specialized in the area.

Conclusion

The organization could imbibe training evaluation depending upon the availability of resources. To improve training programs, evaluation of training is essential. Evaluation should not be biased or should not depend only on one technique. The purpose of evaluation should be not only to improve training programs but also should result in Human Resource Development. There is need to continuously check the pulse of the programmes and should introduce further refinements in the training programs so as to achieve improved results in future period of time.

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SUSTAINABLE DEVELOPMENT A KEY DRIVER OF GROWTH IN THE FUTURE : A STUDY OF VARIOUS PARTICIPATORY PRACTICES

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1. Introduction

Sustainable development, as defined by the Brundtland Commission (1987) is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. By definition, then, sustainable development is development that takes the impact on the environment into account and tries to minimize environmental damage.

Sustainable development is not a new idea. Many cultures over the course of human history have recognized the need for harmony between the environment, society and economy. What is new is an articulation of these ideas in the context of a global industrial and information society. In its broadest sense, the strategy for sustainable development aims to promote harmony among human beings and between humanity and nature

2 .Need of the study

- a) To study the relevance of sustainable development in India
- b) To analyse the participatory practices in sustainable development.

3. Importance:

The concepts of interrelatedness, of a shared planet, of global citizenship, and of ‘spaceship earth’ cannot be restricted to environmental issues alone. They apply equally to the shared and inter-linked responsibilities of environmental protection and human development. History has led to vast inequalities, leaving almost three-fourths of the world’s people living in less-developed countries and one-fifth below the poverty line. The long-term impact of past industrialization, exploitation and environmental damage cannot be wished away. It is only right that development in this new century be even more conscious of its long-term impact. The problems are complex and the choices difficult. Our common future can only be achieved with a better understanding of our common concerns and shared responsibilities.

4 .Relevance of sustainable development: An Overview of participatory practices

a) e-waste management

The government should support the recycler to reach a level of self. If rules need to be implemented what is needed is creating awareness and building existing facilities. government role should

end at the breakeven point and stretch no further. It could help management of e- waste through other pro active means such as concessional loans, duty free imports of machinery or private-public equity support. One big support that the government can extend is to give recyclers the inventory of e waste it has rather than auctioning and giving the same to kabadis. One fourth of the country's e- waste production is in government departments. This could well be given to recyclers and what remains to be seen is the intention of the government and the involved parties to aid e- waste management in the best possible manner.

b) Teach for India and sustainable education

The paramount importance of education in affecting social change is recognized. Mainstream education must now be realigned to promote awareness, attitudes, concerns and skills that will lead to sustainable development. Basic education which promotes functional literacy, livelihood skills, understanding of the immediate environment and values of responsible citizenship is a precondition for sustainable development. Such education must be available to every child as a fundamental right, without discrimination on the basis of economic class, geographical location or cultural identity. Adequate resources and support for education for sustainable development are essential. An understanding must be promoted among key decision makers of the potential of education to promote sustainability, reduce poverty, train people for sustainable livelihoods and catalyze necessary public support for sustainable development initiatives. Greater capacity needs to be built in science and technology through improved collaboration among research institutions, the private sector, NGOs and government. Collaborations and partnerships between and among scientists, government and all stakeholders, on scientific research and development and its widespread application need to be improved.

The objective behind teach for India is to bridge the achievement gap between students studying in an under-resourced school and those in better schools. The idea is to cover the educational inequity prevailing across India. The organisation will be hitting one city every year and is currently in Mumbai and Pune only. Teach for India has a mission that one day all children will attain an excellent education

As Stated by **Barun Mohanty, Michael and Susan Dell Foundation**

"The Indian adaptation of the proven Teach for America model of selecting the best graduates from leading Indian colleges, and training and mentoring them as they spend 2 years in government and poor private schools – where they impart fresh ideas within schools, help children measurably improve their learning levels and themselves become capable leaders – appeals to us." Teach for India is a unique educational program and is a special initiative where meritorious students teach under privileged students in government schools. This is something unique in India, where many students can't afford education because of adverse economic circumstances.

The Teach for India holds a special place in the Indian subcontinent. It is sad to reckon that government schools don't possess adequate infrastructure and trained staff to educate future generation of the largest democracy and this noble cause is supported by Times

Foundation, a noted organization.

This nationwide movement of Teach for India where outstanding college graduates and young professionals who will commit two-years to teach full-time in under resourced schools and who will become lifelong leaders working from within various sectors toward the pursuit of equity in education and movement believes that in order for the country to achieve educational equity for all children, we need a movement of leaders across sectors who are committed to and will work toward ensuring that every child in India receives an excellent and sustainable education .

The lack of education is the root of several major issues in India, and the right education for all our citizens has the potential to solve all these problems. If we educate India in the right way, our citizens will gain the necessary skills to survive in a competitive world. This would lead to better paying jobs and a higher standard of living, hence solving the crisis of poverty and education goes far beyond writing your name, or reading a book. It is truly about transforming the entire nation.

c) Social entrepreneurship and sustainable development

In this section the researcher has cited few examples of social entrepreneurship in India and has discussed the active role played by these entrepreneurs in sustainable development

Social entrepreneurs are reformers and revolutionaries, as described by Schumpeter, but with a social mission. They make fundamental changes in the way things are done in the social sector. Their visions are bold. They attack the underlying causes of problems, rather than simply treating symptoms. They often reduce needs rather than just meeting them. They seek to create systemic changes and sustainable improvements.

Engineering a rural change by a social entrepreneur: Mr.Mohnish Pabrais through his Dakshana foundation helps poor students crack the IIT-JEE. This charity is making an impact in the highly competitive arena of engineering entrance examinations in india. The Indian American investor and managing partner of Pabrai Investment funds along with his wife has set up daksha foundation, which is focussed on providing resources and support for poor students in rural and semi-urban government schools under the jawahar navodaya vidyalaya system to help them crack the IIT JEE and All India Engineering Entrance Examination. The model of this foundation is simple the it works with government run JNVs gifted students from these schools are funded with intensive coaching for the IIT-JEE examinations through various coaching service providers.

Gopi gopalakrishnan another social entrepreneur and project director of world health partners, a global venture with an objective of providing quality health care and family planning to millions of rural people living in under-developed nations of the world. His experience and expertise in health care are well recognised as he is on the global technical advisory board of IFC, an affiliate of the world bank and on an advisory group in the Indian governments National Rural health Mission and he is also a member of India's population commission.

The entrepreneur has successfully leveraged private sector resources to complement public sector necessities. He roped in social marketing companies and created a huge distribution network

for many cheap but quality healthcare products through Janani which provides low-cost but quality health care products to rural India. While working in various rural pockets of India, he argues that in states like Bihar there are high aspirations among the very poor a phenomenon which may ultimately energise the country.

India is a cultural package, notable for its antiquity, continuity, assimilation, diversity and refinement all wrapped in one unmistakable foil: survivability. Especially rural India has been exceptionally porous to the opportunities of the material world and has learnt to pursue them in the most ingenuous ways, should circumstances permit. In fact, entrepreneurship in the service of material gain is an irresistible Indian trait. The very poor of our villages have been deprived of this opportunity to practice it, but recent experience shows that given an opportunity they are as good as the rest. Keeping this in mind, Pradeep Lokhande dared to see a dream. A dream where rural India will be perceived like never before. A dream where rural India is given the opportunity to display their muscle and brain, and it is recognized. A dream to empower rural India which forms the backbone of the nation. On a larger canvas it was a dream to empower India.

Mr. Pradeep Lokhande is called a walking talking encyclopaedia of rural India or just a lover of Indian villages. No matter how you describe him, the fact remains that Pradeep Lokhande has personally visited over 4,000 villages in India, recorded their populations, markets, education systems, consumer habits, and can rattle off these figures just like that. That's creditable. But more so is the fact that he hasn't stopped at just travelling or documentation. He has used his travels to learn about the great digital divide between rural and urban India and is working towards taking computers to 28,000 village schools. Since November 2008, he has already installed 575 used computers, the first one being at the Mandardev village school in Maharashtra. All this under the aegis of "Rural Relations", a rural consumer relations organization that he runs in Pune. Its activities span 40,000 villages in Maharashtra, Gujarat, MP, Rajasthan, Uttaranchal, Chhattisgarh, Uttar Pradesh, Andhra Pradesh, Karnataka, Tamilnadu and giants like P&G and HLL have hired his services. It was during his market research and regular communication with the rural communities of students, teachers and parents that he began to understand the urgent need to eradicate computer illiteracy and inculcate a scientific temperament among rural children. He realized that a mere introduction to the computer - the epitome of a modern lifestyle - can do wonders for the confidence of these children. Recently, a CNN team was amazed to see a village girl performing advanced functions on a computer only six months after it had first filmed her sweating profusely while struggling to type her name. It is these moments of achievements that symbolize the next practice that Pradeep Lokhande has undertaken to empower the rural children with education and skill, which forms one of the key areas for national development also what falls under his purview of next practice is innovative techniques of developing skill among the rural masses and sustaining the development of rural India.

5. Conclusions

The paramount importance of education in effecting social change is recognized. Mainstream education must now be realigned to promote awareness, attitudes, concerns and skills that will lead to sustainable development. Basic education which promotes functional literacy, livelihood skills, understanding of the immediate environment and values of responsible citizenship is a precondition for sustainable development. Such education must be available to every child as a fundamental right, without discrimination on the basis of economic class, geographical location or cultural identity. Adequate resources and support for education for sustainable development are essential. An understanding must be promoted among key decision makers of the potential of education to promote sustainability, reduce poverty, train people for sustainable livelihoods and catalyze necessary public support for sustainable development initiatives.

Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps they often seem to be possessed by their ideas, committing their lives to changing the direction of their field. So social entrepreneurship can lay a very important role in making sustainable development a reality

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A STUDY OF INVESTMENT IN MUTUAL FUND BY RETAIL INVESTORS IN PUNE CITY

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Abstract of DISSERTATION OF MASTER OF PHILOSOPHY IN COMMERCE

INTRODUCTION

While everyone dreams of a luxurious life, very few fulfill them. A luxurious life is generally linked with wealth. So, the question most people would like to know is: How do I create wealth? Or how can I get rich? It's really not that difficult to create wealth. It's just a matter of systematic planning and disciplined approach. Once you have small amounts saved up, then you can start looking into ways to use that money to create more money. Money can multiply through investments in the stock market, real estate, commodities, etc. One avenue which invests in all is mutual funds. Therefore, one of the crucial ways, people can build their core capital is by investing in a mutual fund.

Once you have small amounts saved up, then you can start looking into ways to use that money to create more money. Money can multiply through investments in the stock market, real estate, commodities, etc. One avenue which invests in all is mutual funds. Therefore, one of the crucial ways, people can build their core capital is by investing in a mutual fund.

MUTUAL FUNDS: AN OVERVIEW

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is invested by the fund manager in different types of securities depending upon the objective of the scheme. These could range from shares to debentures to money market instruments. The income earned through these investments and the capital appreciations realized by the scheme are shared by its unit holders in proportion to the number of units owned by them (pro rata). Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost. Anybody with an investible surplus of as little as a few thousand rupees can invest in Mutual Funds. Each Mutual Fund scheme has a defined investment objective and strategy.

A mutual fund is the ideal investment vehicle for today's complex and modern financial scenario. Markets for equity shares, bonds and other fixed income instruments, real estate, derivatives and other assets have become mature and information driven. Price changes in these assets are driven by global events occurring in faraway places. A typical individual is unlikely to have the knowledge, skills, inclination and time to keep track of events, understand their implications

and act speedily. An individual also finds it difficult to keep track of ownership of his assets, investments, brokerage dues and bank transactions etc.

A mutual fund is the answer to all these situations. It appoints professionally qualified and experienced staff that manages each of these functions on a full time basis. The large pool of money collected in the fund allows it to hire such staff at a very low cost to each investor. In effect, the mutual fund vehicle exploits economies of scale in all three areas - research, investments and transaction processing. While the concept of individuals coming together to invest money collectively is not new, the mutual fund in its present form is a 20th century phenomenon. In fact, mutual funds gained popularity only after the Second World War. Globally, there are thousands of firms offering tens of thousands of mutual funds with different investment objectives. Today, mutual funds collectively manage almost as much as or more money as compared to banks.

A draft offer document is to be prepared at the time of launching the fund. Typically, it pre specifies the investment objectives of the fund, the risk associated, the costs involved in the process and the broad rules for entry into and exit from the fund and other areas of operation. In India, as in most countries, these sponsors need approval from a regulator, SEBI (Securities exchange Board of India) in our case. SEBI looks at track records of the sponsor and its financial strength in granting approval to the fund for commencing operations.

A sponsor then hires an asset management company to invest the funds according to the investment objective. It also hires another entity to be the custodian of the assets of the fund and perhaps a third one to handle registry work for the unit holders (subscribers) of the fund.

In the Indian context, the sponsors promote the Asset Management Company also, in which it holds a majority stake. In many cases a sponsor can hold a 100% stake in the Asset Management Company (AMC). E.g. Birla Global Finance is the sponsor of the Birla Sun Life Asset Management Company Ltd., which has floated different mutual funds schemes and also acts as an asset manager for the funds collected under the schemes.

FUTURE SCENARIO

The asset base will continue to grow at an annual rate of about 30 to 35 % over the next few years as investor's shift their assets from banks and other traditional avenues. Some of the older public and private sector players will either close shop or be taken over.

Out of ten public sector players five will sell out, close down or merge with stronger players in three to four years. In the private sector this trend has already started with two mergers and one takeover. Here too some of them will down their shutters in the near future to come.

But this does not mean there is no room for other players. The market will witness a flurry of new players entering the arena. There will be a large number of offers from various asset management companies in the time to come. Some big names like Fidelity, Principal, Old Mutual etc. are looking at Indian market seriously. One important reason for it is that most major players already have presence here and hence these big names would hardly like to get left behind.

The mutual fund industry is awaiting the introduction of derivatives in India as this would enable

it to hedge its risk and this in turn would be reflected in its Net Asset Value (NAV).

SEBI is working out the norms for enabling the existing mutual fund schemes to trade in derivatives. Importantly, many market players have called on the Regulator to initiate the process immediately, so that the mutual funds can implement the changes that are required to trade in Derivatives.

One Can Make Money from Mutual Fund in Three Ways

- Income is earned from dividends and interest on bonds. A fund pays out nearly all income it receives over the year to fund owners in the form of a distribution.
- If the fund sell securities that have increased in price, the fund have a capital gain most fund also pass on this gain to investor in a distribution.
- If fund holding increases in price but are not sold by the fund manager, the fund shares increase in price. One can sell then this mutual fund shares the profit.

Snapshot of Mutual Fund Schemes

MUTUAL FUND TYPE	OBJECTIVE	RISK	INVESTMENT PORTFOLIO	WHO SHOULD INVEST	INVESTMENT HORIZON
Money Market	Liquidity + Moderate Income + Reservation of Capital	Negligible	Treasury Bills, Certificate of Deposits, Commercial Papers, Call Money	Those who park their funds in current accounts or short-term bank deposits	2 days - 3 weeks
Short-term Funds (Floating - short-term)	Liquidity + Moderate Income	Little Interest Rate	Call Money, Commercial Papers, Treasury Bills, CDs, Short-term Government securities.	Those with surplus short-term funds	3 weeks - 3 months
Bond Funds (Floating - Long-term)	Regular Income	Credit Risk & Interest Rate Risk	Predominantly Debentures, Government securities, Corporate Bonds	Salaried & conservative investors	More than 9 - 12 months
Gilt Funds	Security & Income	Interest Rate Risk	Government securities	Salaried & conservative investors	12 months & more
Equity Funds	Long-term Capital Appreciation	High Risk	Stocks	Aggressive investors with long term out look.	3 years plus
Index Funds	To generate returns that are commensurate with returns of respective indices	NAV varies with index performance	Portfolio indices like BSE, NIFTY etc	Aggressive investors.	3 years plus
Balanced Funds	Growth & Regular Income	Capital Market Risk and Interest Rate Risk	Balanced ratio of equity and debt funds to ensure higher returns at lower risk	Moderate & Aggressive	2 years plus

A marketing plan for mutual fund services needs to stress the firm product customer relationship. Table 3.7 gives a broad outline of the elements that go towards making a marketing strategy (Sadak, 1993).

MARKETING PLAN FOR A MUTUAL FUND

1	Product Planning	Product line to be offered, quality, design, range of services, etc.
2	Branding	Selection of product name, brand policy (Individual family or corporate brand)
3	Pricing	Price of units, rates of incentives rates of commission of agents brokers
4	Distribution	Channel to be used for selling the product direct to the customers or through intermediaries like agents, brokers, etc.
5	Promotion	Promoting sales through advertisement, road shows, etc.
6	Servicing	After Sales service-directly by a mutual fund to customers or through intermediaries like registrars of the issue, etc.

1.3 FINANCIAL PLANNING AND HUMAN BEHAVIOUR

Financial planning is the process of identifying one's wealth accumulation and protection goals and developing a coordinated plan to help priorities one's future financial decision. Financial planning should be taken as seriously as a medical prescription, as it deals with ones financial health. It should be seen not just as a means of achieving financial security, but as making a vital contribution to one's overall happiness and peace of mind.

Financial planning can be manageable or overwhelming depending upon how one approaches it. Without guidance; it's hard to know what one needs and when one needs it. With right information, tools and timeline, the choices become much easier.

Infact too many people are investing in MUTUAL FUNDS. After all it's common knowledge that investing in mutual fund is {or at least should be} better than simply letting your cash waste in a saving account, but for most people that's where the understanding of funds end. It doesn't help that mutual fund sale people speak a strange language that, that sounding sort of English, is interspersed with jargon like NAV, load/no-load, etc.

Originally MUTUAL FUNDS were heralded as a way for the little guy to get a piece of a market. Instead of spending all the free time buried in the financial pages of ECONOMIC TIMES all one has to do is buy a mutual funds and be set on his way to financial freedom. But it's not that easy. MUTUAL FUNDS are in excellent idea in theory but in reality they haven't always delivered. Not all mutual funds are created equal, and investing in mutual fund isn't easy as throughing one's money at the first sales person who solicits business.

In financial markets, "expectations" of the investors play a vital role. They influence the price of the securities; the volume traded and determines quite a lot of things in actual practice. These 'expectations' of the investors are influenced by their "perception" and humans generally relate perception to action. The beliefs and actions of many investors are influenced by the dissonance

effect and endowment effect. *The tendency to adjust beliefs to justify past actions is a psychological phenomenon termed by Festinger (1957) as Cognitive Dissonance.*

We find ample proof for the wide prevalence of such a psychological state among Mutual Fund (MF) investors in India. For instance, UTI had a glorious past and had always been perceived as a safe, high yield investment vehicle with the added tax benefit. Many UTI account holders had justified their beliefs by staying invested in UTI schemes even after the 1999 bail out and many have still not lost faith in UTI, even after the July 2001 episode. "Endowment Effect" is explained by Thaler Kahneman and Knetsch (1992) as "*People are more likely to believe that something they own is better than something they do not own*". We have evidence for the influence of this effect also among Indian MF investors, for, how else can we explain the reason for the existence of many poor performing funds without investors staying invested with them?

However, in the financial literature, there are no models which explain the influence of these "perceptions" and "beliefs" on "Expectations" and "Decision Making". Because of our own inability to understand the sources of motivations and the basis of these expectations we tend to ignore it. No doubt, reality is so complex that trying to fit an individual investor's beliefs into a model is impossible. But, to a certain extent, we can borrow concepts from social psychology where behavioural patterns, rational or irrational, are developed and empirically tested. On the same lines, we can develop certain models to test the financial behaviour, to the extent of the availability of the explanatory variables.

Such models can help to understand the Why? and How? aspect of investor behaviour, which can have managerial implications for policy makers.

BACKGROUND AND NEED FOR THE STUDY:

It is widely believed that MF is a retail product designed to target small investors, salaried people and others who are intimidated by the stock market but, nevertheless, like to reap the benefits of stock market investing. At the retail level, investors are unique and are a highly heterogeneous group. Hence, designing a general product and expecting a good response will be futile, though

UTI could do this nearly for three decades (1964-1987) due to its monopoly in the industry. In the second phase of oligopolistic competition (1987-1992), the public sector banks and financial institutions entered the field, but with the then existing boom condition, it was a smooth sailing for the industry. Further, the globalisation and liberalization measures announced by the government led to a paradigm shift in the mind set of investors and the capital market environment became more unfriendly to retail investors. They had no other choice but to turn to MFs to reap the benefits of stock market investing. Hence, the need to be innovative in designing the product was not felt and investors had to choose from among the limited schemes offered. During the third phase (1992 hence) the industry was thrown open to the private sector and the stage got set for competition.

Currently there are 400 schemes (Source: Mutual Fund Year Book,) with varied objectives and AMC's compete against one another by launching new products or repositioning old ones. In the future, MF industry has to face competition not only from within the industry but also from other financial products that may provide many of the same economic functions as mutual funds but are not strictly MFs. For example, in US, one savings institution has patented a product that promises to deliver consumers a pay off indexed to college tuition costs, thus attempting to meet a common consumer requirement [Ellen Schultz (1992)]. This product is structured as a certificate of deposit but it could have been set up as a Mutual Fund. Such products will shortly appear in the Indian market also. All this, in aggregate, heightens the consumer confusion in his selection of the product. He is confused as to how to sift the grain from the chaff? Unless the MF schemes are tailored to his changing needs, and unless the AMC's understand the fund selection/switching behaviour of the investors, survival of funds will be difficult in future. With this background an attempt is made in this paper to study the factors influencing the fund/scheme selection behaviour of Retail Investors.

OBJECTIVES OF THE STUDY:

- To examine the growth of mutual fund companies in India.
- To study and analyse the schemes launched by the selective mutual fund companies.
- To study the investment habits and awareness of retail investors regarding investment in mutual fund schemes.
- To evaluate the future of investment in mutual fund by retail investors.

HYPOTHESIS:

With increase in income there is high level of awareness about investment in mutual fund schemes among investors. Retail investment in mutual fund is expected to grow in future.

ASSUMPTIONS OF THE STUDY

- It is assumed that the respondents involved in the study will give reliable and accurate information.
- It is assumed that the respondents covered in the study have a positive or negative attitude towards mutual fund and their various schemes, and their responses would be objective not subjective for the purpose of this study.

LIMITATIONS OF THE STUDY

- The study targets retail investors of Pune city in general and retail investors (salaried person) belonging to the Middle class of Pune city in Particular.
- Simple Random and judgment sampling techniques is due to time and financial constraints.

- This study has not been conducted over an extended period of time having both ups and downs of stock market conditions which a significant influence on investor's buying pattern and preferences.

RESEARCH METHODOLOGY

Research Methodology is a method followed to conduct the designed plan, structure and strategy of investigation conceived so as to find out the results.

In order to achieve objectives of the project data was collected from various sources.

PRIMARY DATA:

Primary data was collected from 100 respondents of Pune city selected according to the method mentioned above in 'Selection of Respondents'. Primary data was also collected through an interaction and discussion with various distributors Fund Managers, Stock Exchanges, Stockbroker and well-informed Investors etc. The researcher adopted the following techniques for collecting 'Primary Data'.

- Questionnaires;
- Interviews;
- Discussions; and
- Observation;

SECONDARY DATA:

Investors and Market Analysis depend on the timely and correct information for making investment decisions. In order to carry out this research the information is collected from the following sources.

The daily newspapers particularly financial papers like Economics Times, Financial Express, Business Line etc to contain all the national information; Besides Journals like Economic and Political Weekly, Business India, Business Today, Fortune India contain the material on economic developments. RBI's Annual Reports, from various books on "Consumer Behaviour". Magazines, Journals, earlier Research Publications and newspapers were also studied. Pamphlets and leaflets of various schemes as well as brochures of various mutual fund houses were also used.

Distribution Of Retail Mutual Fund Present Investors By Demographic Factors

Present Investor Particulars	Number of Respondents (Total =100)	Percentage (%)
Sex		
Male	52	52
Female	48	48
	100	100
Age		
Below 30	29	29
31-40	37	37
41-50	19	19
Above 50	15	15
	100	100
Occupation		
Professional	15	15
Salaried	50	50
Business	25	25
Retired	10	10
	100	100
Annual Income (in Rs.)		
Less than 1,00,000	15	15
1,00,001-2,00,000	30	30
2,00,001-3,00,000	30	30
Above 3,00,000	25	25
	100	100
Annual Savings (in Rs.)		
Less than 50,000	50	50
50,001-100,000	30	30
Above 1,00,000	20	20
	100	100

HYPOTHESIS TESTING :

From the analysis and interpretation of primary data it is clear that the income level of people has increased due to IT and BPO boom in the economy. with increase in the income the people are more bother about there taxes and to reduce tax the people are searching for various avenue and with the high level of awareness among the investors about mutual fund which are less risky as compare to shares and gives more return as compare to bank deposits and which are also tailor made so investors are attracted towards mutual fund investing .and it is expected that in future also the economy will booming and the jobs will give more and more money which will pressurized the individual to select a saving avenue which not only guarantee their capital investment and good return but also provide a tax rebate.

Hence the hypothesis of the study” With increase in income there is high level of awareness about investment in mutual fund schemes among investors. Retail investment in mutual fund is expected to grow in future”.

CONCLUSION:

MF is a retail product designed to target small investors, salaried people and others who are intimidated by the mysteries of stock market but, nevertheless, like to reap the benefits of stock market investing. At the retail level, investors are unique and are a highly heterogeneous group. Hence, their fund/scheme selection also widely differs. Investors demand inter-temporal wealth shifting as he or she progresses through the life cycle. This necessitates the Asset Management Companies (AMCs) to understand the fund/scheme selection/switching behaviour of the investors to design suitable products to meet the changing financial needs of the investors

Salaried person's savings are most often deposited in mutual funds; the theory behind this is that by pooling together a huge aggregation of individual savings and investing them, using the professional judgment of the fund manager, one spreads risk, takes advantage of volume buying and scientific data analysis, expertise and so on. Therefore it is seen as the ideal option for an individual who does not have the time, knowledge or experience to make a succession of judgments involving his hard-earned savings.

India beyond 2010 would become a major world market, and foreign funds would continue to flow along with the flow of foreign mutual funds and fund managers. This would lead to increased competition. Therefore, the domestic Indian funds need to think in terms of competitive edge. In the global marketplace no industry can afford to be struck by inertia. In order to increase India's share in the global savings, Indian mutual funds need to rapidly expand their overseas operations. In the final analysis it is the management which is crucial to success of any business operation. Indian mutual funds wanting to survive in the global market must develop a dynamic management style based on flexibility, adaptability and acceptability.

The recent reforms and globalization process have offered tremendous opportunities to Indian mutual funds. While liberalization by itself does not produce any guarantee for growth, but institutionalization of liberalization through changes in managerial mindsets can definitely produce the desired results. In a global capital market environment, Indian mutual fund industry can emerge as one of the strongest players by absorbing investment technology and modified managerial practices in the regional context, while thinking and acting with a global vision.

The survey conducted during november2007-february2008, in Pune city, to capture investor behaviour pattern in selection of Mutual Funds, reveals the following conclusion.

- **Savings Objective of Individual Investors:** Savings Objective of the majority of Individual Investors is "to provide for tax reduction" followed by 'to provide for Retirement', thus throwing light on consciousness' of investors for tax reduction and on the nature of risk averse investors. AMC can attract a pool of investors by designing products for tax rebate and Risk-Averse investors.

- **Savings Instrument Preference among Individual Investors:** Asset preference pattern of investors provides an insight into the investment attitude of investors, which will influence the policy formation for garnering the individual savings. The study reveals that ' mutual fund,

bank and life insurance' are the most popular savings instrument among individual investors of Pune, as it is one of the few financial products, which enable an average salaried person to get reasonable and regular returns, along with safety of capital.

- **Current Attitude of Individual Investors towards the Following Financial Instruments, In the Indian Capital Market.** Every asset class has different characteristics. Stocks have the potential to provide high total returns with proportionate level of risk, while bonds may provide lower risks along with regular income. The attitude of every individual investor may be influenced by their investment goals, risk tolerance, time horizon, personal circumstances or performance aspect of the asset class. The Financial instruments i.e. Shares, mutual Funds, Bonds and debentures were rated on a 3point scale. Mutual Funds were rated as Highly Favourable by 40% and Favourable by 60% of the respondents and Shares were rated as ' Highly Favourable' by 27% and favorable 48% of the respondents and Bonds and debentures were rated by majority of respondents under ' not Favourable' category. It is inevitable that there is a wide opportunity for Mutual Funds rated at 60% to slip into the Highly 'Favourable' slot, as the MF sector is poised for growth. The MF industry has evolved in many aspects i.e. Product innovation, distribution reach, investor education or leveraging technology for enhancing service standards. As MF is an ideal vehicle for both Debt and Equity products, it has the potential to emerge as one of the major growth drivers of the market in future.

- **Mutual Fund Investment Preference in Future:** The study reveals that, there is a fair opportunity for MF investments in future as 63% of the respondents have voted towards 'Yes'. However, 10% have voted 'No' and 27% as 'Not Sure' as their preference in future MF investment. However, the 'No' and 'Not Sure' category should be matter of concern to the AMCs. There must be ample reasons for 37% (10 + 27; No and Not Sure category) of the investors to have posed a negative approach towards MFs. Firstly, AMCs should take steps and see that funds are not virtually at the mercy of institutional investors. MFs should not indulge in unethical practices and launch schemes that benefit institutional investors at the cost of retail investors. Also, the AMCs should try and tap the NRI market, as they can diversify from Bank Deposits to MFs. The main task at hand for the AMCs is to tackle investor sentiments with greater transparency and credibility in the functioning.

- **Mutual Fund Scheme Preference among Individual Investor:** Investors have a plethora of options ranging from Growth schemes to index schemes. Now-a days investors are not offered just plain vanilla schemes but an assorted basket to tune with their risk appetite. MF scheme preference for majority of investors is 'Growth, income and Tax saving scheme'. The preference for growth or any other scheme is also influenced by stock market conditions prevailing at the time of investment decision. The prevailing market conditions have prompted investors to look for growth schemes and income schemes and tax saving schemes has attracted salaried persons for their tax rebate. This further indicates the growing alertness of investors.

- **Scheme Preference by Operation among Individual Investors:** Analysis of scheme preference by nature of operation reveals the popularity of 'Open- Ended' scheme. In India majority

of schemes are Open- Ended as investors can buy or sell units at NAV related prices.. The preference to Open- Ended scheme has also given due importance to 'Liquidity'. On the other hand 25% and, only 9% of the respondents have voted for 'close ended and' Interval Schemes" respectively which shows lack of awareness with regard to feature of this schemes.

- **Preferential Feature in Mutual Funds among Individual Investors :** Mr. M. Damodaran, Chairman of UTI, has summed the psyche of a typical Indian Investor in three Words, Yield, Security and Liquidity. The study also shows the investors' need for 'Good Return' is highest among other features, followed by Safety, Liquidity, Tax Benefit, Capital Appreciation, Professional Management, and Diversification Benefits.

- **Preferable Route to Mutual Fund Investing Among Individual Investors:** Investors may use some sources to gain awareness regarding investing in Mutual Funds. The sources in the present study are confined to Reference groups, Newspapers – General & Business, Financial Magazines, Television, Brokers/ Agents, E-Mail and Stores Display. Findings of the study reveal that investors attach high priority to broker/agent and reference group followed by published information, thereby preferring Newspapers– General & Business and Financial Magazines. This throws light on the possibility that MF investors does not have much time to spend in reading analyzing and examining relevant information before taking any crucial decision.

- **Preferred Mode of Communication in Mutual Fund Investing Among Individual Investors:** The survey reveals that, 34% of the respondents of Pune city prefer to get routine or special information like NAV, dividend, bonus, change in asset mix etc. by personally visiting the office and 29% of respondents use Internet facility to know more about MFs. While 22% of the respondents have no preferences and 18% in the survey prefer to telephone the office. The results of the study show that most importance is given to personal visit to the office. This gives the message of catapulting improvement in Internet and telecommunication services in India. Now-a-days financial services are 'just a phone call away'. There is also possibility of more usage of automated services if made more 'user friendly'.

- **Preference of Mutual Fund Investing Over Equity Investing:** The emergence of an array of savings and investment options and the dramatic increase in the popularity of Mutual Funds, in the recent years in India, has opened up an entirely new area for value creation and management. A house-holder investor with few rupees left over after paying for housing and two-wheeler installments, is puzzled as to where he must park his funds safely, given the volatility of the market. The truth of the matter is that average Indian investor is a greenhorn when it comes to financial markets. The causes are many; lack of opportunity, lack of conceptual understanding and the influence of fixed income orientation in the Indian culture. The study too revealed that 68% of the small investors of Pune preferred to invest in MFs .The theory behind this is that, by pooling together a huge aggregation of individual savings and investing them, using the professional judgment of the fund manager, one spreads risk, takes advantage of volume buying and scientific data analysis, expertise and so on. This seems to be an ideal option for the individual who does not have the time, knowledge and expertise to make a succession of judgments

involving hard earned savings. On the other hand, there emerged another category of people, which evolved to only 6% according to the study, who do not want to be at the mercy of the broker-friend-advisor network. These reveal the high level of conceptual awareness among investors about mutual fund and equity. The study reveals yet another category of respondents, 'Do Not Know', which sums up to 26%. This category may include people who either have a low awareness level about MF industry or still do not completely believe that MFs can get the same return like that of Equity shares. This calls for an extensive and comprehensive education programme among the people.

- **Top-of-Mind-Recall of Mutual Funds/Schemes among Individual Investors:** Top-Of-Mind Recall throws light on the strength of brand identity, awareness, acceptability and preference. This calls for a high degree of brand equity and loyalty, which is the direct result of the promotion strategy of the AMCs and a good performance over a period of time. MFs are no more just financial instruments, rather a product or a service, which should be tailor-made to attract and retain investors. Top-Of-Mind Recall test of Mutual Funds was administered in the questionnaire, which was distributed to 100 respondents during november2007 – February 2008, in Pune. This study yielded superlative results where 20 registered MFs (not schemes) were recalled by the investors, reliance, HDFC, ICICI, UTI , SBI, DSP Mari lynch, fidelity, Franklin Templeton being most promptly remembered among the investors. It is baffling to know that out of 37 registered MFs, 20 MFs (not schemes) were recalled, in a few moments of time spent by the investor in filling up the questionnaire.

- **Factors Influencing Fund/Scheme Selection by Individual Investors:** A set of 21 statements, sub grouped into Fund related factors, Sponsor related factors and Investor service related factors, were used to assess the scheme selection behaviour of investors. Among the 09 fund related variables analysed 'all were considered as 'Highly Important'; and important by 80% to 95% of the respondents. Among the 6 Sponsor Qualities related variables analysed sponsor's past performance in terms of risk and return, sponsor has a well developed research & infrastructure and sponsor's expertise in managing money managing money' had rated as highly important and was closely followed by ' sponsor has a well develop agency and network' . Lastly among the analysis of the 6 statements formulated regarding 'Investor related services' all variables were considered as highly important and ' Important' except ' Fringe benefits' .

- **SIP: Most of the salaried person preferred systematic investment plan because it is convenient investment scheme, better way to diversify the portfolio and assurance of secured return. it is also suitable for the low income person as it helps a person to get into saving mood at regular basis and one can open a SIP with as little as Rs.500/- and the process is simple too. And investors also get the benefit of markets ups and downs.**

SUGGESTIONS

Studies similar to this, if conducted on a large scale at regular intervals by organizations like AMFI / SEBI will help to capture the changing perceptions and responses of these groups, and thus provide early warning signals to enable implementation of timely corrective measures. It is hoped that the survey findings of the study will have some useful managerial implications for the AMC's in their product designing, marketing and management of the fund. Results of the study may help in making cost effective strategic decisions and hence would be of interest to both existing and new MFs; Fund managers; and individual investors.

6.2 (a) Suggestions to Assets Management Company

- The survey reveals that the investors are basically influenced by the intrinsic qualities of the product followed by efficient fund management and general image of the fund/scheme in their selection of fund schemes. Hence, it is suggested that AMC's should design products consciously to meet the investors' needs and should be alert to capture the changing market moods and be innovative. Continuous product development and introduction of innovative products, is a must to attract and retain this market segment. Since insurance business has now become open, MFs can design products combining insurance and investment benefits to cater to the investor needs of safety and returns respectively. This will surely attract/retain low and moderate risk profile investors who often resist their desire to play directly in the capital market. (Note: Majority of the Indian middle income group population belong to this category). We have currently schemes like GIC MF and LIC MF which provide life and accident coverage. More such schemes can attract and expand this segment of investors.
- It is further revealed that the investors are influenced by the infrastructural facilities of the sponsor and the reputation enjoyed by the sponsor, in their selection of the schemes. Hence, AMC's should take steps to develop their infrastructural facilities. Bank sponsored MFs and Public Sector MFs enjoy their already built-in branch networks. AMC's should note that investment in the development of, agency network, research and, introduction of technology in money management, will capture a segment of investors. Further, establishing a brand name and building up reputation and carefully maintaining the reputation by prudent public money management on the Gandhian principle of Trusteeship will also attract one segment of investors. Huge fund mobilization by Public Sector sponsored funds in the early 90s was purely due to their image and reputation factor. In Morgan Stanley case, it was the sponsor's reputation which attracted a serpentine line of investors. But unfortunately, these funds failed to recognise that their brand name and reputation was influential in the selection of funds/schemes by investors. They ignored to further build and maintain their goodwill, which ultimately resulted in loss of investors to them and loss of investment to investors. Days ahead will reveal the loss of investor accounts

due to the July 2001 UTI scam.

- The falling interest rates and a reasonably good performance of many growth schemes during the turn of the century might have been the reason for the high preference of Growth Schemes during the period under study. Now the scale is in favour of Income Schemes. So, it is suggested that AMC's should react in time to the changing market moods by launching new products or repositioning old ones. Deviation from the stated investment objectives without authority should be dealt seriously by the regulatory bodies. Safety of capital subject to market risk, should be assured to the MF investor.
- Since the survey reveals priority to "Self decision in scheme selection. Information dissemination through all possible routes which will reach the investors should be tapped in a cost-effective manner by AMC's. Diagnostically looking, the fact that the investors prefer to make their own scheme selection decision, inspite of their lack of knowledge about the sophisticated market environment, reflects their reluctance to believe the available quality of service provided by the agents, financial consultants and investment advisers. These agencies and persons engaged in giving investment advice should gear up now to win the confidence of the investors. In the long run, it will help both the investors and the investment advisers, thus strengthening the link between the individual investors and the Mutual Funds.
- Inspite of having access to Internet, investors prefer "Personal Communication" mode to "Automated Service Mode". This necessitates establishment of more manually operated service centers throughout the length and breadth of the country.
- Since the investors need for liquidity is found to be high; the survey suggests that more of the new schemes opening for subscription be Open-ended.
- AMC's should continuously design suitable schemes to meet the quadruple needs of tax benefit, adequate returns, safety and liquidity in a balanced proportion and develop infrastructure to reach to the investors. They should also simplify the operational environment. AMC's should open more investor service branches or arrange with other banks to provide over-the-counter redemption facility across the country through their banking network.
- Mutual fund companies should segment their target customers and position their various products based on the target segment they propose to address. The target segment can be broadly divided into institutional segment and individual investor segment. The institutional segment consisted of treasury departments of Corporate, Trusts etc and suitable products such as Institutional Income schemes and Money Market schemes can be targeted at them. The individual investor can be in turn divided into various segments such as Young Families with small or no children, Middle-aged People saving for retirement and Retired People looking for steady income. Suitable products such as Growth and Balanced schemes for young families and Income schemes with sure and steady returns for retired people can be marketed. By proper segmentation and by targeting the right product to the right customer, Mutual Fund companies can hope to win the confidence of their customers and 'own' them for a lifetime.
- The mutual fund industry in India is constrained by law from offering full-fledged pension

plans on the lines of the 401 K plans, a popular MF product available in the United States. Funds like UTI and Kothari Pioneer are some of the mutual funds offering full-fledged Pension Plans with benefit under Section 88. While UTI offers Retirement Benefit Plan, Kothari Pioneer Mutual Fund offers KP Pension Plan. Retirement schemes similar to 401K plan will attract a large number of small investors who seek regular income after retirement. A large chunk of retail investors will turn to this product on government's approval, for, their financial needs of safety, return, and liquidity are reasonably met by this product.

- AMC/AMFI/SPONSORS should effectively convey the message that among the multitude of investment options available, MFs are better geared to offer the balanced mix of return, safety and liquidity to the investors. Negative perceptions about MFs require to be tackled through appropriate investor education measures. It is suggested that AMFI may set aside a percentage of membership fee that it collects from the AMCs and create fund for Investor Education Programmes. AMC/AMFI/SPONSORS should develop investor education literature specially tailored to suit the regional needs to create/increase the awareness level of the investors.
- Employers can influence the investment decision of the employees by providing financial education as a benefit to employees. Employers can be objective in hiring an independent financial advisor to conduct an education programme on long-term investment strategies. Employers have ready access to employees and the cost can be spread over many employees.
- Advisory services are becoming more critical to investors and independent financial advisors and planners are gaining ground. The US accreditation body for Financial Planners was set up in Delhi in the name of Association of Financial Planners (AFP) and soon professional Certified Financial Planners (CFPs) will be available to investors to assist them in their financial planning needs. Banks are planning to enter into advisory services in a big way. An entirely new distribution channel can be created consisting of professional advisors who will exert substantial influence on what products investors will buy.
- E-commerce is gradually showing signs of gaining acceptance and electronic sale of financial products is especially gaining volumes. There is a likelihood of the volumes reaching a significant size, thereby spawning a new distribution paradigm. Therefore AMCs should establish friendlier and easily accessible 'Automated Response Systems'. These systems should not only effectively convey information on products and services but also efficiently redress investor grievances.
- Funds should also induce technology that reduces the turnaround time for services like investments, redemptions and transfers and bring them on par with banks in turnaround time.

Suggestions for the Investors

- Mutual funds are subject to market risk. The first rule before investing is to read the Offer Document carefully before actually investing.
- Invest in your scheme after carefully deciding your investment objective and risk appetite. Don't invest just because someone is offering you a commission or because the name of the

scheme sounds good.

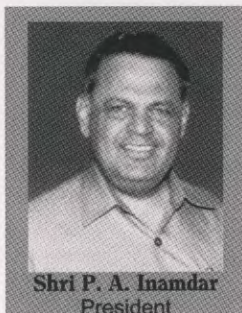
- Ask for a copy of the Offer Document before investing. Be sure to receive an account statement for the money you've invested.
- Past performance of a scheme does not indicate its future performance. Also, be aware that the NAV keeps changing everyday, but you must keep track of it nevertheless.
- Don't deal with a company/broker/agent that has not been registered with the Association of Mutual Funds in India (AMFI). Beware of dishonest dealers who will try to lure you by promising very high returns.
- Don't hesitate to approach the concerned people or authorities if you suspect a problem.
- Don't always follow the crowd. The most important rule is to diversify properly. You can't scatter your funds everywhere and expect stability.

Suggestions for Further Research

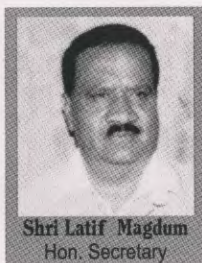
- The MF operational environment is becoming more competitive. Hence, the impact of emerging competition on investor behaviour/behavioural changes needs to be studied further.
- Developments in technology influence the behaviour of investors. Hence, the impact of technology on financial behaviour is another potential area for close study.
- Since the industry is still struggling to win the investors' confidence, an in-depth analysis into investor's expectations from MF products, its performance, management, service and other related areas could be done.
- Further research can be done to understand the reasons for growing popularity on one side and the struggle to win investors' confidence on the other side.

MAHARASHTRA COSMOPOLITAN EDUCATION SOCIETY, PUNE

Governing Board



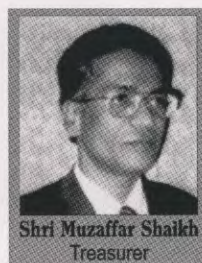
Shri P. A. Inamdar
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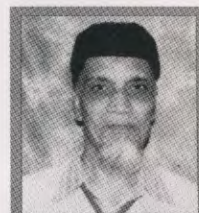
Shri Latif Magdum
Hon. Secretary



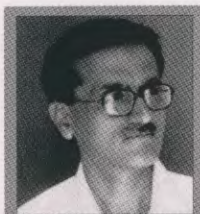
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Shri Irfan Jan Mohd. Shaikh
Joint Secretary



Shri S. A Inamdar
Member



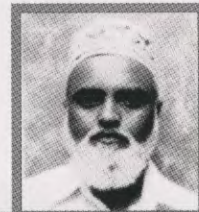
Shri Iqbal Mulani
Member



Shri Majeed Usman Dawood
Member



Shri Shaikh Abbas Ismail
Member



Shri Baig Abdul Haque
Member



Shri Isbaque Sharfuddin
Member



Haji Ahmed Abdul Kader Memon
Special Invitee

Some Institutions of Higher Education governed by M.C.E. Society, Pune.

1. M.A. Rangoonwala College of Dental Sciences and Research, Pune
2. Allana College of Pharmacy, Pune
3. Allana College of Architechure, Pune
4. Allana Institute of Management Sciences, Pune
5. PAI International Centre for Management Excellence, Pune
6. Allana Institute of Information Technology, Pune
7. M.A. Rangoonwala Institute of Hotel Management and Research, Pune
8. A.K.K. New Law Academy, Pune
9. H.G.M. Azam College of Education for Girls, Pune
10. Abeda Inamdar Senior College of Arts, Science and Commerce, Pune
11. Junior College of Education English Medium, Pune
12. Junior College of Education, Urdu Medium, Pune
13. Junior College of Education, Marathi Medium, Pune
14. School of Art, Pune
15. Abeda Inamdar Junior College Pune