



# COSMOS

BI ANNUAL

JULY 2011

ISBN No. : 978-81-907408-9-0

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

<b>ARTICLES</b>		<b>Page No.</b>
1	A Study of recognition & reward practices adopted in present day scenario	1
2	An Empirical study on market segmentation approach: A special reference to Allahabad region	12
3	An Evaluation of Rural Marketing System in India	30
4	An Analytical Study On Green Recruiting: A Concept On The Rise In Today's Globalized Era	40
5	Job Holders' attitudes towards credit card in Bangladesh : A Study of some selected credit card providers in Bangladesh	50
6	An exploratory intrinsic study of financial aspects and causative factors of Attrition Phenomena operative in Pune City with special reference to I.T. Sector and Automobile Industries (F.Y. 2009-2011)	64
7	Strengthening Women Entrepreneurship in Bangladesh : The Case of Bain Textile	78
8	E. Products of Banking Business in India	88
9	Financial Feasibility of Milk Production in Wardha Taluka	98
10	Investor's Perceptions Regarding Mutual Fund Investments in India (A Study of Visakhapatnam city)	105
11	Sociological Roadblocks of women entrepreneurship : A Diagnostic study	114
12	The Supply chain process of Square Company of Bangladesh : An Analysis	122
13	Strategic Management of Tourism Sector in Bangladesh to raise Gross Domestic Product: An analysis	138
14	Re-thinking ICTs in Classroom Learning - A Pilot Study	161
15	The Application of 'Just-in-Time' (JIT) Approach to Improve the Management Efficiency of Chittagong Port: Some Observations	168
16	Time for Change; time to accept Social Media as a part of the learning process	180
<b>ABSTRACT OF M. Phil DISSERTATION</b>		
17	Impact of Information Technology (IT) on Banking Sector in India with special reference to Co-operative Banks in Pune City	184

Published by  
M.C.E. Society's  
Abeda Inamdar Senior. College of Arts, Science & Commerce,  
Azam Campus, Camp, Pune - 411001.

### **Chief Editor**

Dr. E.M. Khan, Principal  
Abeda Inamdar Senior College  
Pune

### **Managing Editor**

Dr. Shaila Bootwala  
Vice Principal and HOD Marketing  
Abeda Inamdar Senior College, Pune

### **Editorial Board**

1. Prof. I.V. Trivedi, Vice Chancellor,  
ML Sukhadia University, Udaipur, Rajasthan.
2. Dr. Ravindar Vinayak, Dean Faculty of Management  
Rohtak University , Haryana
3. Dr Nikhil Zaveri  
Director, SGM College of Commerce & Mgmt., Vallabh Vidyanagar  
(Gujarat) – 388120
4. Prof. H. Venkateshwarlu  
Principal, University College of Commerce and Business Management  
Osmania University, Hyderabad
5. Dr. Sanjay Kaptan.  
Head, Department of Commerce and Research Centre, University of Pune
6. Dr. P.N. Harikumar, Reader, Post Graduate Department of Commerce,  
K.G. College, Pampady, Kottayam, Kerala
7. Prof. R. Ganesan  
Director, Allana Institute of Management Sciences and Research, Pune
8. Dr. M.D. Lawrence  
Principal, Marathwada Mitra Mandal College of Commerce, Pune
9. Dr. M.G. Mulla  
HOD, Costing Abeda Inamdar College, Pune

---

Original Research papers for publication in COSMOS should be Emailed  
to [aiscgseminars@gmail.com](mailto:aiscgseminars@gmail.com)

---

ISBN No. : 978-81- 907408-9-0

## EDITORIAL

Dear Readers,

All around us the world is changing. In the last two years we have witnessed sky rocketing inflation and corruption. An era of change has been brought about in the way business and politics are working. The right to information act has brought about a transparency that no one is prepared for. This period has been witness to social revolution being led by Anna Hazare and a great response to the same by the ordinary man, less in person and more on the World Wide Web. This period has also seen a rise in the green consciousness in the people. We are seeing the rich and the famous fall and land in no other place but jail! Hence the focal word of our world today is change.

It is research that leads to theories which propagate and bring about a change. This issue of cosmos is full of research on various topics ranging from adoption of social networking sites for the purpose of education to green recruiting. We also have some articles that have applied various management techniques to specific places and reported the results of the same. This issue carries some research papers bases on empirical studies too.

It is with extreme pleasure that I present to you this issue of Cosmos and wish you a happy reading.

Dr. Shaila Bootwala  
Managing Editor

## CONTENTS

	ARTICLES	Page No
1	A Study of recognition & reward practices adopted in present day scenario	1
2	An Empirical study on market segmentation approach: A special reference to Allahabad region	12
3	An Evaluation of Rural Marketing System in India	30
4	An Analytical Study On Green Recruiting: A Concept On The Rise In Today's Globalized Era	40
5	Job Holders' attitudes towards credit card in Bangladesh : A Study of some selected credit card providers in Bangladesh	50
6	An exploratory intrinsic study of financial aspects and causative factors of Attrition Phenomena operative in Pune City with special reference to I.T. Sector and Automobile Industries (F.Y. 2009-2011)	64
7	Strengthening Women Entrepreneurship in Bangladesh : The Case of Bain Textile	78
8	E. Products of Banking Business in India	88
9	Financial Feasibility of Milk Production in Wardha Taluka	98
10	Investor's Perceptions Regarding Mutual Fund Investments in India (A Study of Visakhapatnam city)	105
11	Sociological Roadblocks of women entrepreneurship : A Diagnostic study	114
12	The Supply chain process of Square Company of Bangladesh : An Analysis	122
13	Strategic Management of Tourism Sector in Bangladesh to raise Gross Domestic Product: An analysis	138
14	Re-thinking ICTs in Classroom Learning - A Pilot Study	161
15	The Application of 'Just-in-Time' (JIT) Approach to Improve the Management Efficiency of Chittagong Port: Some Observations	168
16	Time for Change; time to accept Social Media as a part of the learning process	180
<b>ABSTRACT OF M. Phil DISSERTATION</b>		
17	Impact of Information Technology (IT) on Banking Sector in India with special reference to Co-operative Banks in Pune City	184

ISBN No. : 978-81-907408-9-0

## A STUDY ON RECOGNITION & REWARD PRACTICES ADOPTED IN PRESENT DAY SCENARIO

**Dr.P.Paramashivaiah**

PROFESSOR,

P.G. Dept.of Commerce and Management,

Govt.R.C.College of Commerce & MGT,

Bengalooru-01, Karnataka, INDIA.

E-Mail: - [paramashivaiah@gmail.com](mailto:paramashivaiah@gmail.com)

### **Introduction:**

An Employee who is highly satisfied with the job content is always highly productive and contributes in a better way to organization's success. To make an employee highly satisfied it is a must that his contribution to the organization's success should always be recognized, appreciated & rewarded proportionately.

Employee's recognition is limited in most organizations. Employees complain about the lack of recognition regularly. The managers ask "why should I recognize / thank him / her, he / she is doing his / her job". And life at work is busy, busy and busy. These factors combine to create work places that fail to provide recognition & reward for employees.

**There are two things that people want more than money and sex,  
i.e.-recognition and praise. - Mary Kay Ash**

**It is up to us to give ourselves recognition. If we wait for it to come from others,  
we feel resentful when it doesn't, and when it does we may well reject it. --  
Spencer Tracy.**

**Recognition:** Employee recognition is a communication tool that reinforces and rewards the most important outcomes people create for your business. When you recognize people effectively, you reinforce with your chosen means of recognition, the actions and behaviors you most want to see people repeat. An effective employee recognition system is simple, immediate and powerfully reinforcing.

When you consider Employee recognition processes, you need to develop recognition i.e. equally powerful for both the organization and the employees.

**Rewards:** An Incentive / a Reward is anything that attracts a worker's attention and stimulates him / her to work.

A reward system is a plan or program which motivates individual or group performance. A reward system is related with wage payment plans which tie wages directly or indirectly to standards of productivity or to the profitability of the organization or to both criteria. The rewards may include monetary & non – Monetary rewards.

The reward doesn't include a) wage and salary payments and merit pay, b) Over time payments, pay for holiday work or differential according to shifts – i.e. all payments which could be considered incentives to perform work at undesirable times, and c) premium pay for performing danger tasks.

### **Back ground of the study:**

Many large organizations today spend an excessive amount of money trying to make their employees more productive. However investing money in the productivity of your employees is useless if the leaders do not understand how to recognize and reward those who are under them. In addition to the money, most people love receiving large amounts of praise & recognition for their accomplishments. A good leader will make his followers feel important. They will seek to create environments where their followers are rewarded for their hard work and success is not new. While the concept of rewards & recognition is not new, it is an indispensable tool for leaders who want to succeed.

To be a great leader, you will need to inspire your followers. They should understand the leader's principles and goals, and should be willing to follow them. The leader should build a strong bond with his / her followers and the best leaders are those who will inspire their followers to do more than they thought they are capable of. When you are a good leader, those that will follow you will be capable of achieving virtually anything. However this will not happen if you do not make them feel valuable. It should be easy to see that monetary rewards are not enough. Many large organizations spend millions of dollars each year to make their employees more productive, and many of these companies have high employment turnover rates.

The reason for this study, is that, it is not enough to simply throw money at a problem in order to solve it. There is something more tangible that must be done. The first thing that a good leader will want to do is pay attention to those that follow him. The leader will want to start by doing something as simple as greeting your employees when they come to work. Ask them how they feel; while this may sound like common sense, it is a good way to begin building a strong relationship, as it shows that you care about the wellbeing of those beneath you.

It is always important to listen to what your followers have to say. Even if you are a talented leader, it is important to remember that you are not omnipotent. Your followers may have thoughts and opinions that can be valuable for your organization

and beliefs. A failure to listen to employees is one of the primary reasons why many businesses fail. If you fail to communicate, you will fail to succeed. A leader can't lead if they don't have someone to follow them. Listen to your followers and give them your full attention. It is also important for you to use positive language when speaking to those that follow you. Thank them for work they have done, and make it clear that you couldn't have succeeded without their help.

When you speak to them in a language like this it conveys a message to them that they are valuable. They will feel important, and will want to work hard to help you succeed. They will understand that your success is connecting to their own success. But it isn't just enough to tell them how much you appreciate their work. You will want to show it. How do you do this? One way you can accomplish this is by writing it down. Giving a 'Thank You', card to your employee will make them feel valued. It is also important to make sure you fulfill any promises you make.

### **Review of Literature:**

Recognition is a communication tool that reinforces and rewards the most important outcomes people create for your business. When management recognize people effectively, you reinforce with your chosen means of recognition, the action and behavior you most want to see people repeat. An effective employee recognition system is simple immediate and powerfully reinforcing.

In a client employee satisfaction survey, the question about whether a company cared about the welfare and happiness of its employees drew divergent views. Some people agreed; others disagreed. So the culture and communication team put out a second survey asking what would make the employees feel as if the company cared about them.

Everyone agrees that in this economic environment, all employers should examine how much they spend on recognition events for their employees. Especially publicly-traded companies owned by their shareholders and institutions that received investments from U.S. taxpayers through the U.S. Treasury's Capital purchase program.

The problem is, many media stories on this subject have been deliberately misleading. These one-sided stories lead you to believe every employee recognition event is a junket, a boondoggle, a waste, or that it's for highly-paid executives. Nonsense! Because of the misperceptions these stories have created, Wells Fargo has decided to cancel all its major annual recognition events for its team members for the rest of this year.

So who gets hurt when this happens? The Wells Fargo team members across America who are most deserving of recognition and gratitude. Tellers, Personal bankers, Phone bankers, financial advisors, Mortgage salespeople and processors,

Operations clerks, Technology specialists, Credit analysts. All of those who make it possible for Well Fargo's customers to save, invest, own homes, and build businesses that create jobs—team members who enabled the organization to make more than a half trillion dollars in new loan commitments and mortgage originations in the last year and a half. These team members work long hours to support their families and to make sure the company gives its customers the very best service it possibly can.

Annually, for the past 20 years, the company has recognized its top team members from various businesses at several special four-day events, like the one that was planned for the terrific mortgage team that helped the company originate \$230 billion in mortgages in the last year. For many, it's the only time in their lives that they're publicly recognized and thanked for a job well done. This recognizes energizes them. It inspires them and their team members to want to create an even better experience for our customers. Another annual event – which our top performers in community banking had looked forward to—was to have been held in May. But not this year. Who loses besides our team members? The workers who depend on our businesses. The hospitality industry, Hotel housekeepers, Restaurant servers, the airlines.

LuAnn Johnson who works in Human Resources at the Schaller Anderson Mercy Care Plan says, "We celebrate Treat Tuesday, every Tuesday between Thanksgiving and Christmas. We match up departments or people who don't normally work together as a unit and assign a day to provide gooey, healthy or scrumptious treats for the other groups. It's a great mixer, an opportunity to show off our culinary skills and a morale builder-to say nothing of the sugar high."

Bring in bagels, doughnuts or another treat for staff and coworkers. Offerings such as cookies or cupcakes, that you've baked personally, are a huge hit. (Have you tried baking cupcakes in ice cream cones? People love them.) Another hit? Bring chocolate or anything.

### **Rationale of the Research:**

It is true from the research that Recognition & Rewards were the least considered area of interest by most of the present day organizations which does affect the morale of the employees to a greater extent in a negative manner. So it should be considered as a key area of concern to be addressed by modern day organizations, in order to be more competitive in retaining key personnel and also attracting a good pool of human resources. Organization that meet employee expectations keep them motivated to do better.



### **Objectives of the study:**

1. To study present Recognition & Reward practices adopted in modern day Organizations.
2. To measure the gap between employee expectations regarding the present practices & Employee perception of the present system of Recognition & Reward.
3. To suggest measures to bridge the gap between Employer expectations & employee perceptions regarding the present system of Recognition & Reward.
4. To suggest innovative strategies to overcome the dearth of Recognition & Reward practices adopted in the present scenario

### **Methodology of Research:**

Most of the data collected is through Secondary data & observational research. The Collected data is analyzed to arrive at a conclusion regarding the present scenario. Further an informal discussion with friends & colleagues in different sectors related to practices adopted in their respective organizations was made.

### **Limitations of the study:**

Due to limitation of time the entire secondary data could not be analyzed. Complete reliance on secondary data could be also one of the limitations of the study

### **Data Analysis & Interpretation:**

People who feel appreciated are more positive about themselves and their ability to contribute. People with positive self-esteem are potentially your best employees. These beliefs about employee recognition are common among employers even if not commonly carried out.

Employee recognition is scarce because of a combination of several factors. People don't know how to provide employee recognition effectively, so they have bad experiences when they do. They assume that one size fits all when they provide employee recognition. Finally, employers think too narrowly about what people will find rewarding and recognizing. These guidelines and ideas will help you effectively walk the slippery path of employee recognition and avoid potential problems when you recognize people in your work place.

Decide what you want to achieve through your employee recognition efforts. Many organizations use a scatter approach to employee recognition. They put a lot of employee recognition out there and hope that some efforts will stick and create the

results they want. Or, they recognize so infrequently that employee recognition becomes a downer for the many when the infrequent few are recognized.

Instead, create goals and action plans for employee recognition. You want to recognize the action, behaviors, approaches, and accomplishments that you want to foster and reinforce in your organization. Establish employee recognition opportunities that emphasize and reinforce these sought-after qualities and behaviors. If you need to increase attendance in your organization, hand out a three-part form, during your Monday morning staff meeting. The written note thanks employees who have perfect attendance that week. The employee keeps one part; save the second in the personnel file; place the third in a monthly drawing for gift certificates.

Fairness, clarity, and consistency are important in employee recognition. People need to see that each person who makes the same or a similar contribution has an equal likelihood of receiving recognition for her efforts. For regularly provided employee recognition, organizations need to establish criteria of what makes a person eligible for the employee recognition. Anyone who meets the criteria is then recognized.

As an additional example, it is important to recognize all people who contributed to the success equally. A CEO, I know, perpetually announced employee recognition for major projects at the company holiday celebration. Without fail, he missed the names of several people who contributed to the success of the project. With the opportunity for public employee recognition past, employees invariably felt slighted by the post-banquet thanks-no matter how sincere.

More than fifty percent of the employee respondents felt that praise & attention from their superior would make them feel, as if the company cared about them and their well-being. i.e. employees want to know that they have done a good job – and that the superior noticed that. Employees want to be thanked and appreciated. The leader excels at creating opportunities to provide rewards, recognition and thanks to his / her staff. A leader creates a work environment in which people feel important & appreciated.

### **Findings & observations:**

You need to establish criteria for what performance or contribution constitutes rewardable behavior or actions.

- All employees must be eligible for the recognition.
- The recognition must supply the employer and employee with specific information about what behaviors or actions are being rewarded and recognized.

- Anyone who then performs at the performance of the actions as possible, so the recognition reinforces behavior the employer wants to encourage.
- You don't want to design a process in which managers "select" the people to receive recognition. This type of process will be viewed forever as "favoritism" or talked about as "it's your turn to get recognized this month." This is why processes that single out an individual, such as "Employee of the Month," are rarely effective.

Informal recognition, as simple sometimes as saying 'thank you' and 'please', should be on every employee's mind every day. Supervisors and coworkers, especially, have the opportunity to praise and encourage best efforts daily. These tips will help you successfully provide more formal recognition that is valued, valuable, and motivational.

- Determine what behaviors your work place wants to recognize. In a client company, a team decided to recognize team work, going the extra mile, and years of service.
- Identify and communicate the criteria by which the proposed recipients will be judged or assessed, so people are clear about what they need to do to qualify for recognition.
- Announce and communicate the recognition and the criteria that you have established for the awards.
- Design and communicate the process by which employees will be selected for recognition so that all employees clearly understand the selection process.
- Allow time for people to qualify for the recognition.
- Every entry that qualifies for the recognition should receive the recognition.
- If financial constraints are an issue, either present recognition amounts you can afford. Or, announce all eligible employees, publicly praise them for their contribution, and then, place all names in a drawing to select the lucky winner.

Magnify the value of the recognition by these methods: name the employees publicly, place employee names in the newsletter, send out a company-wide email announcement, and so on.

### **Suggestions:**

The superior can reinforce the recognition in the following ways:

- Write out the recognition what the employee did, why it is important and how the actions served the organization.
- Write a personal note to the employee perhaps duly signed by the concerned authority, photocopy the note and file it in an employees file.

- Accompany the verbal recognition with a gift. Engraved plaques, merchandise that carries the company logo, even certificates of appreciation reinforce the employee recognition.
- Everyone likes cash or the equivalent in gift cards, gift certificates and cheques. If you use a consumable form of employee recognition, accompany the cash with a note or letter. When the money has been spent, you want the employee to remember the recognition.

Present the recognition publicly, at an employee meeting, even if the employee is uncomfortable with publicity, it is important for the other employees to know that employees are receiving recognition.

### **The Most Important Management Secrets**

Your expectations of people and their expectations of themselves are the key factors in how well people perform at work. Known as the Pygmalion Effect and the Galatea Effect, respectively, the power of expectations cannot be overestimated. These are the fundamental principles you can apply to performance expectations and performance improvement at work.

### **Make Retirement Memorable**

Retirement is a big deal. Retirement marks the start of another chapter in an employee's life. Retirement marks the end of a career, or the start of a new one. Retirement is a life event that changes every day that the retiring employee experiences. And, retirement changes relationships, customary patterns, and coworker's interactions.

### **Celebrate Annual Holidays for Motivation and Team Building**

Traditions are important in companies just as they are in families. And, nothing is more important than the annual traditions work places establish, around the celebration of a seasonal holiday. A holiday celebration builds a positive morale which results in increased employee motivation. Motivation contributes to team building and productivity. Productive teams are responsible for your success.

### **Help people Thrive at Work: Employee Motivation**

How to recruit, retain, reward, and motivate staff currently tops your interest list. Doing these well is the most important strategic role of a manager or business owner.

### **How to Gift the Boss or a Special Co-worker**

It's an age-old dilemma and it comes up every year. What do you do for that valued boss or co-worker on a special occasion? Gift – giving opportunities are endless- and endlessly challenging. Help is here. These gifts are appreciated and cherished.

### **Inspirational Quotes for Business: Motivation**

Looking for an inspirational quote or a business quotation for your newsletter, business presentation, bulletin board or inspirational posters? These motivation quotes are useful to help motivation and inspiration. These quotes about employee motivation will help you create success in business, success in management and success in life.

### **Laughing Your Way to Organizational Health**

Workplace wellness is a serious issue. With stress-related-illness and burnout becoming household words, you are increasingly looking for ways to keep your workforce happy, healthy and productive. David Granirer's humor insights tell you how to make your workplace, a place to work, as well as, enjoy doing the same.

### **Managing Millennial's**

The millennial's joining your workforce now, was born between 1980 and 2000. Unlike the Gen-Xers and the Boomers, the Millennial's have developed work characteristics and tendencies from doting parents, structured lives, and contact with diverse people.

### **Motivation Job Interview Questions**

There are certain job interview questions about motivation which enable you to assess what motivates the candidate you are interviewing.

### **Promote Self-Discipline**

You can create a work environment in which people choose to practice self-discipline and thus, minimize the need for supervisory disciplinary action, etc.

### **Tips for Minimizing Workplace Negativity**

Minimize workplace negativity by not allowing it to get started in the first place. Use these tips from Susan Heath field, the HR Site Guide, to keep negativity from gaining a foothold in your organization.

### **Key Ways to Retain your Great Employees:**

Key employee retention, is critical to the long term health and success of your business. Managers readily agree that their role is key in retaining your best employees to ensure business success. If managers can cite this fact so well, why do many behave in ways that so frequently encourage great employees to quit their job? Here are ten more tips for employee retention.

### ***Use Affirmations as Passwords***

What do you type over on a daily basis, if you use your computer to access email or the web? Your password, of course. If you're a road warrior, you use this access code more frequently. Why not make the password user-friendly? Why not make the password an affirmation?

### **Use Training and Development to Motivate Staff**

Want to keep your staff motivated about learning new concepts? The quality and variety of the training you provide is key for motivation. The structure of your training programs brings 'em back for more. Learn more.

### ***What motivates you at Work?***

Every person is motivated by something. Whether this motivation comes from people and activities you love like family, hobbies, feasting, volunteering, or work, you experience motivation. Work motivation depends on your work environment, your personal needs from work, and whether the interaction of these needs with your work environment supports the accomplishment of your goals.

### **How do you Celebrate Holidays in Your Workplace?**

Many workplaces celebrate annual holidays. Over time, as you celebrate annual holidays in your workplace, you form traditions and give employees fodder for stories about their workplace. These stories and the photos from the annual events help form the company culture, the environment you provide for people at work. Employees like to celebrate holidays in the workplace.

### **What Contributes to or Destroys Employee Motivation?**

Employee motivation describes an employee's intrinsic enthusiasm about and drives to accomplish work. Every employee is motivated about something in his or her life. Enabling employee motivation in pursuit of work accomplishments is the combination of fulfilling the employee's needs and expectations and workplace factors that enable employee motivation or not.

#### ***Top Picks: posters That Reinforce and Sustain your culture.***

Your culture is a result of the values, experiences, and behaviors shared by your employees. You can see your culture live in your language, symbols, stories, and work practices. Emphasize the values and culture you desire with motivational prints.

#### ***Index to Articles about Motivation, Retention, Coaching, and Training.***

Looking for information about any aspect of human resources, motivation, coaching, training or education for your business or organization? You've found the right resource. Here are all the resources you'll need to effectively start, manage and develop your human resources department and all aspects of your business. Find information motivation, coaching, training or education.

### **A few ideas about how to praise and thank coworkers and employees? Here are a few ways to show your appreciation to employees and coworkers.**

- Praise something your coworkers have done well. Identify the specific actions that you found admirable.
- Say "thank you." Show your appreciation for their hard work and contributions. And, don't forget to say "please" often as well. Social niceties do belong at work. A more gracious, polite workplace is appreciated by all.
- Ask your coworkers about their family, their hobby, their weekend or a special event they attended. Your genuine interest-as opposed to being nosey-causes people to feel valued and cared about.
- Offer staff members flexible scheduling for the holidays, if feasible. If work coverage is critical, post a calendar so people can balance their time off with that of their coworkers.
- Know your coworker's interests well enough to present a small gift occasionally. An appreciated gift, and the gesture of providing it, will light up your coworker's day.

- If you can afford to, give staff money. End of the year bonuses, attendance bonuses, quarterly bonuses and gift certificates say “thank you” quite nicely. Tech Smith staff receive a percentage of their annual salary for their end of year bonus.
- Almost everyone appreciates food. Take coworkers or staff to lunch for a birthday, a special occasion or for no reason at all. Let your quest pick the restaurant.
- Create a fun tradition for a seasonal holiday. Recellular employees draw names for their Secret Santa gift exchange. Alison Doyle, *Abort’s Guide to Job Searching*, also works in Career Services at Skidmore College where they do a “gift grab” at their holiday party.

Last but not least, provide opportunity. People want chances for training and cross-training. They want to participate on a special committee where their talents are noticed. They like to attend professional association meetings and represent your organization at civic and philanthropic events.

#### **CONCLUSION:**

This is hereby we may conclude that the employees doesn’t feel motivated just with monetary rewards but also with Non – Monetary recognition like appreciation, praise and acknowledging the contributions of employees with key decision makers as well as at public gatherings or at key company meetings in the presence of the employee to boost up the morale of the employee and also to retain them in the long run with suitable position to make use of their talent and skills in a better way and not to lose out them to competitors. When the employees are recognized & rewarded suitably they feel motivated to contribute in a better way and be loyal to the firm and see their success in the firm’s success.

#### **BIBLIOGRAPHY:**

1. Mamoria C.B. “*Personnel Management*”, Himalaya Publications, New Delhi, Edition 2002, 2007
2. Kakoli sen, “*The Indian Journal of Industrial Relations*”, Vol. 44, No.1 July 2008 (Page 14 – 23)
3. Swaminathan P.S, Rajkumar S. “*Management & Labor studies*”, Vol 35, No.1, Feb 2010
4. Kevin Aguanno. , “101 ways to reward team members for \$20 (or less!)”

- Web Links:*
1. [www.google.com](http://www.google.com)
  2. [www.wikipedia.org](http://www.wikipedia.org)
  3. [www.raiderpublishing.com](http://www.raiderpublishing.com)
  4. [www.port.ac.uk/humanresources](http://www.port.ac.uk/humanresources)
  5. [www.skills2lead.com](http://www.skills2lead.com)
  6. [www.exforsys.com](http://www.exforsys.com)

# AN EMPIRICAL STUDY ON MARKET SEGMENTATION APPROACH:

A special reference to Allahabad region.

---

**Dr Pradeep Saxena,,**

Department of Commerce, I.S.D.C., Allahabad

pradeep\_4commerce@yahoo.com

**Devendra Prasad Pathak,**

Department of Management, S.I.E.T., Allahabad

depathak@gmail.com

## **1 Introduction**

Market segmentation is a vital step in the marketing process and is a process of dividing the total market into relatively homogeneous groups with similar product needs or service interests, based upon such factors as geographic, demographic, socio-economic and psychographic characteristics (Boote, 1981; Gunter and Furnham, 1992; Bécherel, 1999; Swarbrooke and Horner, 1999; Dolnicar, 2004). Segmentation is a tool that groups' people by their distinct needs, to determine types of consumers that will be most receptive to a particular product or marketing message. These groups form a consumer model. To develop models, marketers classify a consumer according to a certain set of criterion that typically start from psychographic variables of the individual and includes demographic and geographic variables too.

### **1.1 Meaning and significance of lifestyle segmentation**

Psychographic segmentation is one of the important ways to segment markets. Most frequently, it is based on an integrative set of variables that define various lifestyles. More sophisticated consumer models also include psychographic and behavioural variables like attitudes, lifestyle, values, ideology, risk aversion, and decision-making patterns. Though the overall idea of lifestyle-based segmentation was developed decades ago, it remains very important, since life realities are constantly changing and lifestyles themselves also experience modifications.

While the traditional geographical and demographical bases (sex, age, income etc.) provide the marketer with accessibility to customer segments, the psychological variables i.e. personality profiles and lifestyle profiles provide additional information about these and enhance the understanding of the behaviour of present and potential target markets (Gunter and Furnham, 1992: 26). Psychological profiles are therefore often used as a supplement to geographic and demographics when these do not provide a sufficient view of the customer behaviour.

Psychographic segmentation therefore divides people according to their attitudes, values, lifestyles, interests and opinions (Pickton and Broderick, 2005: 377).



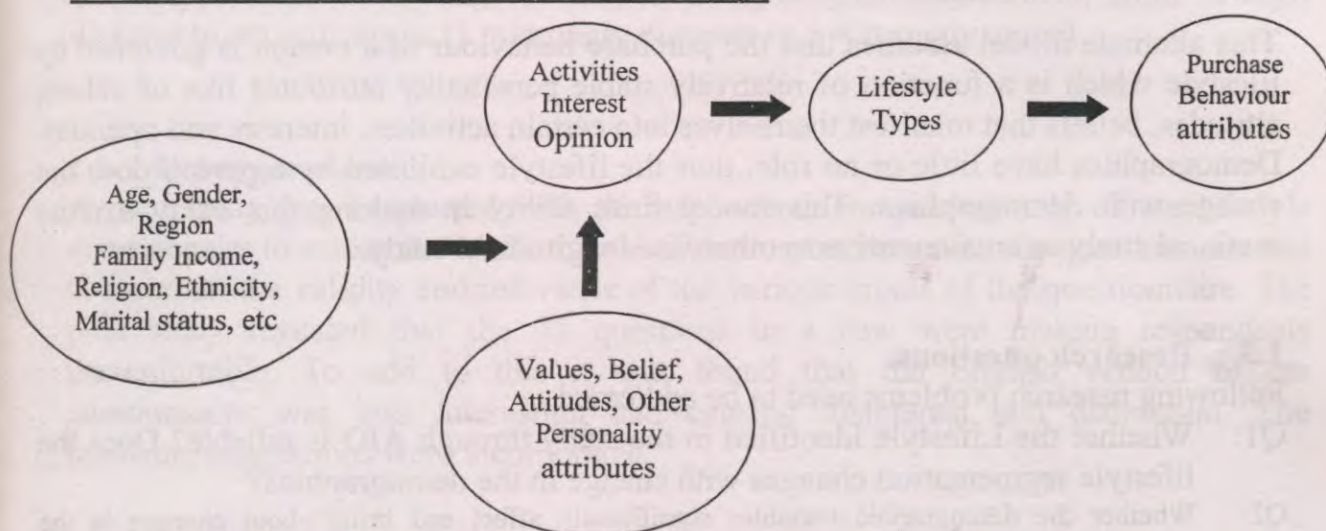
Benefits of psychographic segmentation for marketers include:

- Provide a fresh perspective by "getting into the heads" of your customers.
- Create richly textured consumer profiles or personas of psychological traits, attitudes, behaviors, lifestyles, and demographics.
- Increase communication effectiveness by knowing your target's distinct communication styles, content preferences, and media-channel use.
- Innovate new products and services for specific consumer targets.

## 1.2 The broad objectives of the study

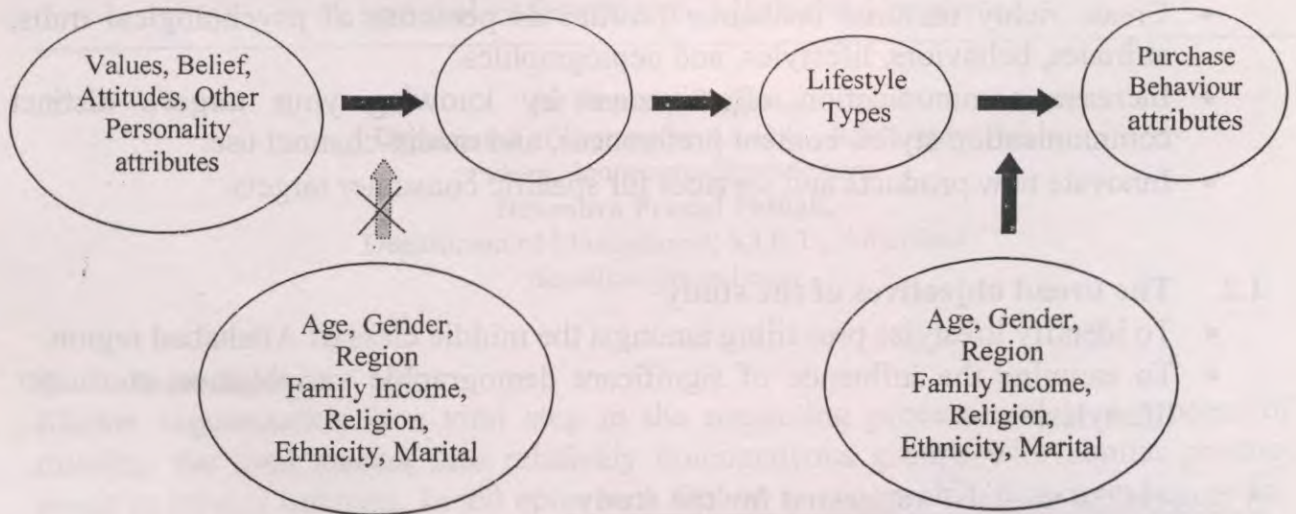
- To identify lifestyles prevailing amongst the middle class of Allahabad region.
- To examine the influence of significant demographic variables on consumer lifestyles.

### A theoretical model-1 suggested for the study:



This model assumes that the individuals are a makeup of a collective function of relatively stable personality attributes like of values, attitudes, beliefs together with demographics that exhibit certain activities, interests and opinions, leading to the resultant grouping of people that can be collectively summarized as their lifestyle. These lifestyles later manifest themselves into idiosyncratic purchase behaviour, characteristic of that lifestyle. The demographics act as an exogenous variable which alters the activities, interest and opinion of an individual. In other words the activities, interest and opinions are the outcomes of the individual's inner environment (personality types) and interaction with the external environment (demographics). The values, belief, attitude, and other personality types are however beyond the scope of this study.

### A theoretical model-2 suggested for the study:



This alternate model assumes that the purchase behaviour of a person is governed by lifestyle which is a function of relatively stable personality attributes like of values, attitudes, beliefs that manifest themselves into certain activities, interests and opinions. Demographics have little or no role, thus the lifestyle exhibited by a person does not change with demographics. This model finds utility in making this study a cross sectional study as an alternative to otherwise longitudinal study.

### **1.3 Research questions:**

Following research problems need to be addressed

- Q1: Whether the Lifestyle identified in the study through AIO is reliable? Does the lifestyle segmentation changes with change in the demographics?
- Q2: Whether the demographic variables significantly affect and bring about changes in the lifestyle of the respondents?

## **2 Research Methodology**

This study used a self-report questionnaire to obtain information from people residing in and around Allahabad city, Pratapgarh, Bhadohi, Kaushambi. The author had the advantage of authority over 2100 students of Shambhunath Institute of Engineering and Technology, Allahabad. These students many of whom belong to the above mentioned area and to the family of the targeted income group were presented the Questionnaire to get them filled through their parents or close relatives provided in the required database. The questionnaire had 3 parts, the first part comprised of questions on Lifestyle assessment by means of Activity, Interest and opinions. The second part had questions on usual demographic variables and the third part had questions on the mobile handset's purchase attributes adapted from previous studies. The purchase

attributes comprised of, firstly, Functional utility items like Camera, Wifi / Bluetooth, a variety of Software Applications, Memory Support and Mobile- Battery Backup, secondly Hedonic appeal like Looks/Prestige Appeal, Games and Brand Image and thirdly economic variables like Price.

## **2.1 Activity, Interest and Opinion based questionnaire for assessment of lifestyle**

A set of 72 lifestyle items adapted from the activities/attitudes, interests and opinions (AIO) statements, partly from previous studies and partly derived through focused group interviews conducted by the author were used in this study. These statements were designed and applied to elicit information about AIOs specifically related to leisure time, social and purchase related activities and some other general behaviour predispositions in a social setup. The 72 AIO based lifestyle items utilized a 5 point Likert type scale measuring the degree of agreement/disagreement, from strongly disagree to strongly agree (1 = strongly disagree to 5 = strongly agree).

## **2.2 Other measures**

A pilot study was conducted with 56 respondents comprising only of the lifestyle questionnaire to assess the comfort level of the respondents with the questionnaire and to ascertain the validity and relevance of the various inputs of the questionnaire. The pilot study revealed that the 72 questions in a row were making respondents uncomfortable. To add to this it was found that the English version of the questionnaire was less interesting and causing disinterest and distraction. The following suggestions were incorporated.

## **2.3 Trimming the questionnaire**

Using the initial data from pilot studies, the 72 items dealing with AIO lifestyle statements were subjected to correlation analysis so as to remove some redundant information. This was done to identify the variables, which were highly correlated to each other and could be safely removed from the analysis. Further a factor analysis was applied using principal components analysis with orthogonal rotation (varimax) to reduce a large number of variables to a smaller set of underlying factors. Following the deletion of some variables due to cross loading or poor fit to the factor solution, a total of 27 items of the lifestyle variables that had a 0.5 or higher loading on only one factor were retained.

#### **2.4 Adapting the questionnaire to Hindi language**

Two Hindi-English bilinguals translated the questionnaire into Hindi individually. These two Hindi versions were then compared to identify differences in the translation and modified for unification. Help of online translator software like Google were also taken. Back translation into English was carried out by another bilingual person to ensure the accuracy of the translation. Some modifications were made based on a comparison between the original English version of the questionnaire and the back-translated version of the questionnaire. Finally, a research instrument administrated in the Hindi language was used for this study. A preliminary version of the questionnaire was pilot tested to detect errors or cultural idiosyncrasies. A convenience sample of Hindi and English version were used to pre-test the instrument and some minor modifications were made prior to the final data collection.

#### **2.5 Validity Issues**

To maintain the face validity of the questionnaire, it was finally decided to be in Hindi only so that the respondents from various regions of Allahabad comprehend it at the same level as the English version, which was discarded.

The content validity of the study was traced to its congruence to the similar Cronbach alpha coefficients in 4 different regions of Allahabad during the pilot study.

A Reliability analysis was then performed to test internal consistency of each factor obtained from factor analysis. Each of the nine factors which were found showed a Cronbach alpha of 0.5 or above thus strengthening the reliability of the constructs. **Table 3.2.3** presents the results of the reliability statistics.

#### **2.6 Data collection procedure**

An off-site survey using self-administered questionnaires was adopted as a method of data collection. Students were explained the utility of the study, and instructions were given on how to fill the questionnaire in the class and they were asked to get the questionnaire filled through their parents. The help of class teachers were sought to maintain a high rate of return and discipline. Later the appropriate set of data, matching the requirement was sieved out to incorporate into the study while discarding others.

Small, but significant amount of data was also collected through on-site survey from each area under Allahabad region through a non probabilistic sampling method. The required number of households was selected based on Judgemental Sampling (or) Purposive Sampling by using some common criteria like middle class, gender, occupational status and their attitude to incorporate for this study. This was done to incorporate the probable impact of demographic factors in the study.

Once the questionnaire was completed the researcher collected the material and codified and verified it with a serial number so as to conveniently place it in the electronic database.

## 2.7 Data collection

A total of twelve hundred and thirty questionnaires were collected from both the sources. However, due to incomplete responses on some questionnaires, nine hundred and sixty-four questionnaires were accepted to be used for data analysis.

## 2.8 Hypothesis

H<sub>0</sub>1: Various AIO based lifestyle groups are similar on demographic profiles or Lifestyle segmentation does not significantly change with change in the demographics.

H<sub>a</sub>1: Various AIO based lifestyle groups have dissimilar demographic profiles or Lifestyle segmentation does significantly change with change in the demographics.

## 3. Data analysis

First, Factor analysis was used to identify a set of underlying dimensions for common lifestyle behaviours. Second, the resulting factor scores were then used to identify clusters of respondents with similar patterns of behaviour. Third, various hypothesis tests were used to determine if any differences were evident between the various lifestyle clusters.

Using the aggregated data, 27 items dealing with lifestyle statements were subjected to factor analysis using principal components analysis with orthogonal rotation (varimax) to reduce a large number of variables to a smaller set of underlying factors. The final factor solution comprised of nine factors with an Eigen value exceeding 1, and explained 65.08 % of the total variance. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy was conducted to ensure the adequateness for factor analysis. The Kaiser-Meyer-Olkin Measure for the data was 0.696, which suggested this data to be suitable for factor analysis as it exceeded the recommended value of 0.6 (Kaiser, 1974; Coakes and Steed, 1999). The Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance ( $p = 0.000$ ), supporting the factorability of the correlation matrix. Each of the nine factors showed a Cronbach alpha of approx 0.5 or above. **Table 3.2.1** and **Table 3.2.2** present the results of the factor analysis including items, factor loadings, Eigen values, and Cronbach's alpha. These were labeled as Fun loving, Complex, Carefree, Family Oriented, Progressive, Social, Unorthodox, Thinkers and Planned. **Table 3.2.2**

In order to segment respondents into groups, a cluster analysis was applied based on lifestyle factor scores that could then be used for comparative purposes in later analysis. The use of factor scores derived from factor analysis is widely used as input for cluster analysis (Singh, 1990). Two step cluster analysis was used to identify the appropriate number of clusters used between-group linkages method with Squared Euclidean Distance. The best number of clusters was determined by examining a series of solutions using the auto clustering tool of SPSS. Thus, nine hundred and sixty- four respondents were divided into four segments, which were labeled 1,2,3,4. **Table 3.3.1 and Table B in appendix.** The data analysis was later followed with analysis of variance, **Table 3.4.1.** Test of Homogeneity of Variances was conducted to check the applicability of ANOVA which failed therefore Kruskal Wallis test was employed to study the similarity of demographic profiles in various AIO based lifestyle groups. **Table 3.4.3**

### 3.1 The descriptive statistics

**Table 3.1.1 (Basic Statistics)**

	Age	Gender	Region	Annual Family Income	Education Qualification	Job Status	Religion	Ethnicity	Marital Status
N Valid	964	964	964	964	964	964	964	964	964
Mean	1.52	1.18	1.83	1.73	1.86	2.37	1.50	3.39	1.48
Median	1.00	1.00	1.00	1.00	2.00	2.00	1.00	4.00	1.00
Std. Deviation	.715	.388	1.109	1.029	.638	1.101	.837	.981	.500
Variance	.512	.151	1.230	1.058	.407	1.212	.701	.963	.250
Std. Error of Kurtosis	.157	.157	.157	.157	.157	.157	.157	.157	.157

### 3.2 Factor Analysis

**Table 3.2.1 (KMO and Bartlett's Test)**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.696
Bartlett's Test of Sphericity	Approx. Chi-Square
	8186.191
	df
	351
	Sig.
	.000

**Table 3.2.2 (Total Variance Explained)**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.265	15.796	15.796	4.265	15.796	15.796	2.509	9.292	9.292
2	2.474	9.162	24.957	2.474	9.162	24.957	2.031	7.521	16.813
3	2.227	8.250	33.207	2.227	8.250	33.207	2.029	7.516	24.329
4	1.914	7.089	40.296	1.914	7.089	40.296	1.986	7.357	31.687
5	1.695	6.278	46.575	1.695	6.278	46.575	1.967	7.286	38.973
6	1.422	5.268	51.843	1.422	5.268	51.843	1.925	7.129	46.102
7	1.379	5.109	56.952	1.379	5.109	56.952	1.858	6.881	52.983
8	1.136	4.209	61.160	1.136	4.209	61.160	1.679	6.217	59.200
9	1.059	3.922	65.083	1.059	3.922	65.083	1.588	5.883	65.083

Extraction Method: Principal Component Analysis.

Rest of the rows truncated as eigenvalue was less than 1

**Table 3.2.3 (Factor Loadings and cross loadings)**

Questions	Q15	Q1	Q14	Q20	Q27	Q26	Q4	Q19	
	I like excitement and adventure in life.	I regularly do yoga or exercise.	It's important to keep in touch with close relatives separated by long distance.	It matters me how others feel about me.	Women are dependent and need men's protection.	Life is complex, money does not come easy.	I often succumb to impulse buying (unplanned buying).	Emergence of Big bazaar, PVR, McDonald, lifestyle stores, branded restaurants etc has only added to customer's unnecessary spending.	
1	0.868	0.642	0.615	-0.06	-0.042	0.044	0.025	0.171	
2	-0.19	0.103	-0.03	0.802	0.571	0.556	-0.03	-0.05	
3	-0.09	0.139	0.069	-0.12	0.03	0.076	0.836	0.66	
4	0.227	0.015	-0.07	0.309	-0.2	-0.06	0.005	0.361	
5	0.055	0.304	-0.02	-0.06	0.132	-0.07	-0.03	-0.15	
6	0.211	-0.06	-0.17	-0.13	-0.06	0.354	0.138	0.044	
7	0.055	0.134	-0.04	-0.01	0.254	-0.04	0.162	-0.26	
8	0.086	-0.17	0.163	-0.05	0.124	0	0.002	0.135	
9	-0.02	0.24	-0.03	-0.16	-0.19	0.176	-0.02	-0.07	
<b>Factors</b>			Fun loving			Complex		Carefree	
<b>Factor loading</b>			2.509			2.031		2.029	
<b>Eigen value</b>			4.265			2.474		2.227	
<b>Explained variance (%)</b>			9.292			7.521		7.516	
<b>Cronbach's alpha</b>			7.68			7.02		6.825	

Q7	Q13	Q25	Q9	Q21	Q6	Q17	Q23	Q16	Q3	Q5
I am disciplined when it comes to saving money.	At leisure I prefer retiring to bed or indoor activity than outdoor activity	I relish, consuming Pan/ Pan Masala.	I vote in the elections.	I am liberal and unorthodox.	I often engage myself in social service.	Keeping a big social circle is important for me.	While considering others, I feel myself very fortunate in my life.	I prefer investing money in risky and high return portfolios.	I often negotiate prices and search varieties while purchasing.	Our family usually takes dinner together.
0.514	0.374	0.312	0.091	-0.148	0.2	-0.011	0.033	0.016	0.106	-0.005
0.106	0.134	-0.01	0.285	-0.12	0.075	-0.03	0.143	-0.24	-0.03	0.044
-0.09	0.102	-0.36	0.103	0.024	0.344	0.039	-0.13	-0.01	0.251	0.03
0.158	0.123	0.196	0.02	0.078	0.012	0.09	0.15	0.073	0.521	0.834
-0.01	0.013	-0.01	0.171	-0.03	-0.37	0.064	0.616	0.705	0.26	0.097
0.117	0.178	0.129	-0.13	-0.03	0.503	0.795	-0.1	0.276	0.408	0.011
0.23	-0.01	0.57	0.651	0.681	0.062	-0.06	-0.01	0.172	0.097	0.114
0.148	0.717	0.285	0.213	-0.36	-0.13	0.143	-0.03	-0.06	-0.24	0.054
0.561	-0.03	0.094	0.182	-0.18	0.249	0.055	0.158	-0.18	0.056	0.173
Planned	Thinkers	Unorthodox			Social		Progressive		Family Oriented	
1.588	1.679	1.858			1.925		1.967		1.986	
0.059	1.136	1.379			1.422		1.695		1.914	
0.883	6.217	6.881			7.129		7.286		7.357	
5.7	5.705	6.098			6.145		6.216		6.63	

### 3.2.1 Findings

The factor analysis with significant factor loadings and almost 6 on cronbach alpha values establishes the reliability of the AIO scale.

### 3.3 Cluster analysis

Cluster analysis is a tool which aims at sorting different objects into smaller number of heterogeneous groups. There are no completely satisfactory methods that can be used for determining the number of population clusters for any type of cluster analysis (Everitt 1979; Hartigan, J. A. 1985; Bock 1985). Here the data is categorical and large, therefore both K-Means cluster analysis (limited to scale variables) and hierarchical Cluster analysis (useful for less than few hundred cases) is not used instead the Two-



Step Cluster Analysis procedure is used. The two-step cluster analysis is suitable for such a large data, that can be used for finding natural groupings of cases or variables and works well with categorical and continuous variables. The table here shows the frequency distribution of 4 clusters.

**Table 3.3.1 (Cluster Distribution)**

	N	% of Combined	% of Total
Cluster 1	352	36.5%	36.5%
Cluster 2	231	24.0%	24.0%
Cluster 3	216	22.4%	22.4%
Cluster 4	165	17.1%	17.1%
Combined	964	100.0%	100.0%
Total	964		100.0%

### 3.3.1 Findings

The cluster analysis is exploratory in nature and it does not primarily aim at concluding any observation rather it creates groupings of similar objects for further analysis. The auto clustering tool of SPSS was used to find the most suitable number of clusters which came to be 4 with change in the ratio of distance measuring 1.242, the highest in the solution series. Appendix **Table B**

## 3.4 Analysis of Variance

**Table 3.4.1 (Test of Homogeneity of Variances)**

	Levene Statistic	df1	df2	Sig.
Age	20.277	3	960	.000
Gender	163.956	3	960	.000
Region	50.957	3	960	.000
Annual Family Income	14.798	3	960	.000
Education Qualification	47.460	3	960	.000
Job Status	36.251	3	960	.000
Religion	27.813	3	960	.000
Ethnicity	6.548	3	960	.000
Marital Status	6.213	3	960	.000

To established that the samples follow normal distribution essential prerequisite for anova  
Though the variable type is ordinal yet the data is large enough to follow normal distribution.

**Table 3.4.2 (ANOVA)**

		Sum of Squares	df	Mean Square	F	Sig.
Age	Between Groups	4.498	3	1.499	2.949	.032
	Within Groups	488.087	960	.508		
	Total	492.585	963			
Gender	Between Groups	11.829	3	3.943	28.396	.000
	Within Groups	133.304	960	.139		
	Total	145.133	963			
Region	Between Groups	102.788	3	34.263	30.400	.000
	Within Groups	1081.971	960	1.127		
	Total	1184.758	963			
Annual Family Income	Between Groups	52.644	3	17.548	17.434	.000
	Within Groups	966.306	960	1.007		
	Total	1018.950	963			
Education Qualification	Between Groups	20.355	3	6.785	18.535	.000
	Within Groups	351.432	960	.366		
	Total	371.787	963			
Job Status	Between Groups	57.732	3	19.244	16.648	.000
	Within Groups	1109.736	960	1.156		
	Total	1167.469	963			
Religion	Between Groups	15.972	3	5.324	7.756	.000
	Within Groups	659.012	960	.686		
	Total	674.983	963			
Ethnicity	Between Groups	16.724	3	5.575	5.876	.001
	Within Groups	910.839	960	.949		
	Total	927.563	963			
Marital Status	Between Groups	6.894	3	2.298	9.439	.000
	Within Groups	233.692	960	.243		
	Total	240.585	963			

**Table 3.4.3 (Kruskal Wallis Test)**

	Age	Gender	Region	Annual Family Income	Education Qualification	Job Status	Religion	Ethnicity	Marital Status
Chi-Square	8.501	78.489	88.932	64.506	60.907	43.574	14.527	39.206	27.593
df	3	3	3	3	3	3	3	3	3
Asymp. Sig.	.004	.000	.000	.000	.000	.000	.002	.000	.000

Grouping Variable: TwoStep AIO Clusters

### 3.4.1 Findings

The low p value (0.000) of Levene statistic rejects the essential pre-condition for applicability of ANOVA, a null hypothesis that the group variances are equal. When the groups are of equal or near equal size ANOVA is robust to this violation. Therefore the ANOVA statistics could be misleading here. The ANOVA test is replaced with a non-parametric test called the Kruskal Wallis test.

The Kruskal-Wallis test is a non-parametric alternative to one-way (between-groups) ANOVA. It is used to compare three or more samples, and it tests the null hypothesis that the different samples in comparison were drawn from the same distribution or from distributions with the same median. Thus, the interpretation of the Kruskal-Wallis test is basically similar to that of the parametric one-way ANOVA, except that it is based on ranks rather than means.

Kruskal Wallis test statistics U' follows the chi square distribution with total number of samples-1 degrees of freedom. The test show that the p value is less than .05 in most of the cases, thus negating the null hypothesis that all the four lifestyle groups show similar demographic profile.

The test statistics rejects the null hypothesis that

Ho1: Various AIO based lifestyle groups are similar on demographic profiles or Lifestyle segmentation does not significantly change with change in the demographics.

And establishes the alternate hypothesis

Ha1: Various AIO based lifestyle groups have dissimilar demographic profiles or Lifestyle segmentation does significantly change with change in the demographics.

## 3.5 Discriminant Analysis

### 3.5.1 Discriminant Analysis 1 (grouping variable used is lifestyle segmentation)

**Table 3.5.1.1 (Eigenvalues)**

Function	Eigenvalue	% of Variance	Cumulative %	Canonical Correlation
1	1.615a	60.6	60.6	.786
2	.655a	24.6	85.1	.629
3	.397a	14.9	100.0	.533

a. First 3 canonical discriminant functions were used in the analysis.

**Table 3.5.1.2 (Wilks' Lambda)**

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1 through 3	.165	1720.847	27	.000
2 through 3	.433	801.471	16	.000
3	.716	319.581	7	.000

**Table 3.5.1.3 (Structure Matrix)**

	Function		
	1	2	3
Mobile- Battery Backup	-.544*	.360	-.196
Brand Image	-.250*	.075	.155
Games	-.095	.709*	-.388
Memory Support	-.109	.620*	-.316
Camera	.063	.549*	-.280
Wifi / Bluetooth	-.154	.460*	.036
Looks/Prestige Appeal	-.098	.406*	.088
Price	-.219	.476	.566*
Variety of Software Applications	.205	.033	.331*

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions

Variables ordered by absolute size of correlation within function.

\*. Largest absolute correlation between each variable and any discriminant function

**Table 3.5.1.4 (Classification Results<sup>a</sup>)**

TwoStep Cluster Number			Predicted Group Membership				Total
			1	2	3	4	
Original	Count	1	253	43	48	8	352
		2	9	202	4	16	231
		3	16	7	158	35	216
		4	19	0	0	146	165
%		1	71.9	12.2	13.6	2.3	100.0
		2	3.9	87.4	1.7	6.9	100.0
		3	7.4	3.2	73.1	16.2	100.0
		4	11.5	.0	.0	88.5	100.0

a. 78.7% of original grouped cases correctly classified.

### 3.5.2 Discriminant Analysis 2 (grouping variable used is Demographic segmentation)

**Table 3.5.2.1 (Eigenvalues)**

Function	Eigenvalue	% of Variance	Cumulative %	Canonical Correlation
1	.137a	100.0	100.0	.347

a. First canonical Discriminant function was used in the analysis.

**Table 3.5.2.2 (Wilks' Lambda)**

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1	.880	122.681	9	.000

**Table 3.5.2.3 (Structure Matrix)**

	Function
	1
Mobile- Battery Backup	.675
Camera	.579
Wifi / Bluetooth	.511
Games	.448
Memory Support	.249
Looks/Prestige Appeal	.246
Price	.143
Variety of Software Applications	.075
Brand Image	-.016

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions

Variables ordered by absolute size of correlation within function.

**Table 3.5.2.4 (Classification Results<sup>a</sup>)**

TwoStep Cluster Number			Predicted Group Membership		Total
			1	2	
Original	Count	1	352	128	480
		2	217	267	484
	%	1	73.3	26.7	100.0
		2	44.8	55.2	100.0

a. 64.2% of original grouped cases correctly classified.

### 3.5.3 Findings

The Discriminant analysis establishes, the fact that the market segmentation approach based on lifestyle is much superior to the segmentation approach based on demographics alone. In the former case the Discriminant analysis produced a 78.7% discrimination among the group members which is superior to the 64.2% discrimination in the later case. If one compares the engine values, wilks' lambda and canonical correlation values from both the cases it can be accessed that the 3 functions found in the lifestyle segmentation base has higher engine values as compared to the lower single function engine value 0.137 found in the later case based on demographic segmentation which suggests poor discrimination capability in the second case. A similar assessment can be done with higher canonical correlation and lower wilks'

lambda values in the first case based on lifestyle segmentation and lower 0.347 canonical correlation and higher 0.88 wilks' lambda values.

#### 4. Conclusion

The research findings are in consonance with the proposed model of study. Empirically it is evident that the activities, interest and opinions of the individual together with demographic variables is useful in identifying reliable customer segmentation in the Allahabad region. The demographic variables alone could not explain, well, the different purchase related behaviour as compared to the Lifestyle based variables.

#### References

- Andreasen, Alan R. (1967), "Leisure, Mobility, and LifeStyle Patterns," in Changing 'Marketing Systems, ed. Reed Moyer, Chicago, IL: American Marketing Association, 55-62.
- Ansbacher, Heinz L. (1967), "Life Style: A Historical and Systematic Review," *Journal of Individual Psychology*, 23, 191-212.
- Axelrod, Joel N. (1968), "Attitude Measurements that Predict Purchases," *Journal of Advertising Research*, vol. 8, #1 (March), 3-17.
- Bell, Wendell (1958), "Social Choice, Life Style, and Suburban Residence," in *The Suburban Community*, ed. William M. Dobriner, New York: G. P. Putnam's Sons, 225-242.
- Berkman, Harold W. and Christopher C. Gilson (1978), *Consumer Behavior: Concepts and Strategies*, Encino, CA: Dickenson Publishing Co.
- Bernay, Elayn K. (1971), "Life Style Analysis as a Basis for Media Selection," in *Attitude Research Reaches New Heights*, eds. Charles W. King and Douglas J. Tigert, Chicago, IL: American Marketing Association, 189-195.
- Deutscher, I. (1966), "Words and Needs: Social Science and Social Policy," *Social Problems*, vol. 13. #3(Winter), 235-256.
- Dichter, Ernest (1964), *Handbook of Consumer Motivations*, New York: McGraw-Hill.
- Dorny, Lester R. (1971), "Observations on Psychographics," in *Attitude Research Reaches New Heights*, eds. Charles W. King and Douglas i. Tigert, Chicago, IL: American Marketing Association, 200-201.
- Engel, James F., Martin R. Warshaw, and Thomas C. Kinnear (1979), *Promotional Strategy*, Homewood, IL: Irwin.

## Appendix

List of Tables:

**Table 3.1.2 (Age)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	15-30	582	60.4	60.4	60.4
	30-45	268	27.8	27.8	88.2
	45-60	108	11.2	11.2	99.4
	Above 60	6	.6	.6	100.0
	Total	964	100.0	100.0	

**Table 3.1.3 (Gender)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	786	81.5	81.5	81.5
	Female	178	18.5	18.5	100.0
	Total	964	100.0	100.0	

**Table 3.1.4 (Region)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Allahabad	569	59.0	59.0	59.0
	Pratapgarh	111	11.5	11.5	70.5
	Bhadohi	164	17.0	17.0	87.6
	Kaushambi	120	12.4	12.4	100.0
	Total	964	100.0	100.0	

**Table 3.1.5 (Annual Family Income)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.5-2.5 Lakh	570	59.1	59.1	59.1
	2.5-3.5 Lakh	185	19.2	19.2	78.3
	3.5-4.5 Lakh	106	11.0	11.0	89.3
	4.5-5.5 Lakh	103	10.7	10.7	100.0
	Total	964	100.0	100.0	

**Table 3.1.6 (Education Qualification)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Intermediate or below	268	27.8	27.8	27.8
	Graduate	571	59.2	59.2	87.0
	Post Graduate or above	125	12.8	12.8	100.0
	Total	964	100.0	100.0	

**Table 3.1.7 (Job Status)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Self Employed	269	27.9	27.9	27.9
	Private Service	277	28.7	28.7	56.6
	Government Service	215	22.3	22.3	78.9
	Dependent, Not Working	203	21.1	21.1	100.0
	Total	964	100.0	100.0	

**Table 3.1.8 (Religion)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Hindu	660	68.5	68.5	68.5
	Muslim	173	17.9	17.9	86.4
	Christian	88	9.1	9.1	95.5
	Others	43	4.5	4.5	100.0
	Total	964	100.0	100.0	

**Table 3.1.9 (Ethnicity)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bengali	90	9.3	9.3	9.3
	Punjabi	79	8.2	8.2	17.5
	Bojpuri	159	16.5	16.5	34.0
	Allahabadi/ Awadhi	636	66.0	66.0	100.0
	Total	964	100.0	100.0	

**Table 3.1.10 (Marital Status)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unmarried	502	52.1	52.1	52.1
	Married	462	47.9	47.9	100.0
	Total	964	100.0	100.0	



Table B (Auto-Clustering)

Number of Clusters	Schwarz's Bayesian Criterion (BIC)	BIC Change a	Ratio of Changes b	Ratio of Distance Measures c
1	74493.886			
2	70523.466	-3970.419	1.000	1.177
3	67261.943	-3261.523	.821	1.152
4	<u>64529.708</u>	<u>-2732.236</u>	<u>.688</u>	<u>1.242</u>
5	62475.198	-2054.509	.517	1.041
6	60530.181	-1945.017	.490	1.052
7	58718.873	-1811.308	.456	1.083
8	57102.844	-1616.029	.407	1.037
9	55571.598	-1531.246	.386	1.115
10	54275.321	-1296.277	.326	1.054
11	53084.204	-1191.117	.300	1.072
12	52023.086	-1061.118	.267	1.078
13	51092.388	-930.698	.234	1.017
14	50189.058	-903.329	.228	1.058
15	49376.189	-812.870	.205	1.052

a. The changes are from the previous number of clusters in the table.

b. The ratios of changes are relative to the change for the two cluster solution.

c. The ratios of distance measures are based on the current number of clusters against the previous number of clusters.

# "AN EVALUATION OF RURAL MARKETING SYSTEM IN INDIA"

(With special reference to Allahabad Region)

**Dr. Anand Kumar,**

Associate Professor, Department of Business Administration,  
S.I.E.T., Jhalwa, Allahabad, INDIA.

## 1. Introduction

A Hindi poet, Sumitra Nandan Pant, has rightly said, "*Bharat Mata Gram Vasini*", which means mother India lives in her villages. According to the 2001 census, India's population was 1028 million, of which, an average 72 percent lived in villages. There are states like U.P., M.P., Rajasthan, Kerala, Bihar and Orissa where the rural population varies from 80 to 90 percent. The spread of population in cities and towns is to the extent of 28 percent and of the remaining 72 percent is found in villages. As for the age-wise distribution of rural population, an average 65 percent is made up of adults, 29 percent children and teenagers and 6 percent of old persons above the age 60 years. Literacy rate is 58.7 percent as compared to the overall 64.8 percent for all over India. 38 percent of the total national income is generated in the rural sector. Agriculture and wages account for 50 percent and 17 percent respectively, of the rural income, indicating that the prosperity of the rural population depends on the progress and prosperity of agriculture.

### 1.1 Objective of the Research

The main objectives of the study are:

- To study the rural marketing system in India to ensure prompt distribution of goods & services in Indian villages.
- To measure the problems of rural marketing system in India.

### 1.2 Hypothesis

The major hypothesis to be tested in the present study is

$H_0$ ="Rural marketing system is working properly in India"

$H_1$ ="Rural marketing system is not working properly in India"

### 1.3 Methods of Data Collection

Primary data is used for the purpose of the research. Primary data are those gathered at first hand, through questionnaire and interviews. After establishing the reliability and validity of the interview data, coding and tabulation was done before proceeding for analysis.

## **2. SAMPLING**

### **2.1 Mode of Survey**

The mode of survey will be personal interview with the respondents during the filling up of questionnaires.

### **2.2 Questionnaire**

Maximum information was collected through a questionnaire which was filled up by the rural consumers in the Allahabad Region; the steps involved were:

- (i) Checking of the questionnaire; (ii) Filing of the questionnaire;
- (iii) Coding;
- (iv) Presenting the responses of consumers.

### **2.3 Sample Unit and Place of Study**

This study is basically an opinion survey of the rural consumer for understanding the role of rural institutions in the rural market. The survey has been broadly conducted in the villages of the Allahabad region.

### **2.4 Sample Size & Methods of Sampling**

The sample size covers 1% to 5% of the total no. of villages in the Allahabad region. I have taken only 1.766% of total no. of villages in the Allahabad region which comes to 125 villages out of 7079 villages. In the non random sampling technique, I opt for the convenience sampling technique, for selecting villages in the Allahabad region. i.e. 53 villages from Allahabad district, 17 villages from Fatehpur district, 21 villages from Kausambi district and 34 villages from Pratapgarh district.

No. of total respondent is 1000. (It is also my sample size) I select 8 respondents from each village through convenience sampling technique and some restrictions were fixed, that is (1) I have selected only those respondents who are involved in marketing activities in rural areas, (Marketing activities means only purchasing any commodities from markets or others or any agency or government)

(2) I have selected all respondents through convenience sampling technique and without using quota sampling techniques (like sex group, age group, income group, qualification group etc.)

(3) I have selected those respondents who normally represent consumer patterns.

(4) I haven't selected any person who is involved in selling or distributing commodities in rural areas.

(5) I have selected both types of villages, such as, pitch road connected and which do not connect through pitch road (only mud road).

All these restriction are followed and questionnaires were filled up by rural consumers.

Table No. 1.1

**Demography of Rural and Urban Population in India**

Particular	INDIA		UTTAR PRADESH		ALLAHABAD REGION	
	Figure	%	Figure	%	Figure	%
1) Number of villages	6,38,596	100	1,07,452	16.83	7,079	1.11
2) Population						
Rural	74,24,90,639	72.2	13,16,58,339	79.2	95,87,942	85.1
Urban	28,61,19,689	27.8	3,45,39,582	20.8	16,80,875	14.9
<b>Total</b>	<b>1,02,86,10,328</b>	<b>100</b>	<b>16,61,97,921</b>	<b>100</b>	<b>1,12,68.817</b>	<b>100</b>

(Source: Census of India, 2001)

**2.5 Tools and Techniques for Data Analysis and interpretation**

The appropriate analysis and interpretation of the data collected through the primary and the secondary sources will be done with the help of absolute frequency distribution and relative frequency distribution and bar diagram. Statistical tests such as correlation, probable error and chi-square ( $\chi^2$ ) test will be used for the interpretation of data.

**3. STRUCTURE OF RURAL MARKETING SYSTEM**

To understand the structure of Rural marketing System there is a need to know about the structure first. The term structure refers to something that has organization and dimension-shape, size and design; and which is evolved for the purpose of performing a function. A function modifies the structure and the nature of the existing structure limits the performance of functions.

The structure of Rural Marketing System is divided into two parts i.e. regulated and unregulated. The Regulated market consists of Mandi Parishad, PDS, Public Sector organizations (such as FCI, CCI, JCI, and Commodity Boards), Co-operative organizations, NGOs, PRIs and the unregulated market is divided further into two parts i.e. organized Retailers (Private) and unorganized Retailers. Now further unorganized Retailers are divided into Rural Retailers and Haat & Melas.

**Structure of Rural Marketing System**Haats & Melas  
PRIsHaats & Melas  
PRIs

#### 4. Data Analysis and interpretation

**Table 5.17 Complaints of Rural Consumers against Different Marketing Agencies**

(Frequency distribution on the Basis of %age)

Reasons (Complaints)	(a) Lack of Availability of Different Brand of Goods & Services	(b) Unethical Practices	(c) Inconvenient Time	(d) Shop has closed during working hour	(e) Inconvenient Distance from residence	(f) Unsatisfactory Behaviour of Shopkeeper	(g) Delay in Product Delivery
<b>(I) Unorganized Retailers</b> (Source: Table No. 5.12.(B))*	27.8	19.9	1.7	0	4.1	10.3	1.4
<b>(II) Organized Retailers</b> (Source: Table No. 5.13(B))*	8.0	5.7	3.3	0	97.9	26.2	2.7
<b>(III) Mandi Parishad</b> (Source: Table No. 5.14 (B))*	91.0	94.0	13.1	1.2	67.0	88.0	9.2
<b>(IV) Fair Price Shop (FPS)</b> (Source: Table No. 5.15 (B))*	99.6	96.6	82.7	82.5	9.2	92.9	48.9
<b>(V) Cooperative Organisation (Shop)</b> (Source: Table No. 5.16 (B))*	95.9	18.6	33.1	13.0	65.0	39.0	16.1

\*Attached separately in the Annexure

#### Chi-square ( $\chi^2$ ) - test

First of all we set up the null hypothesis that the two attributes under consideration are independent, i.e., the 'rural marketing system is working properly'. It means problems of rural consumers and marketing agencies are independent i.e. there is no relation between problems & agencies. According to null hypothesis rural marketing agencies are working properly without any problem.

We also set up an alternative hypothesis that the two attributes under consideration are not independent, i.e. "rural marketing system is not working properly". It means problems of rural consumers are dependent on marketing agencies. So, marketing agencies are not working properly in rural areas. Work of marketing agencies is prompt distribution of goods and services in rural areas. If they are providing such services, they are working properly and if they are not providing such

services (distribution of goods & services in rural areas in a proper manner), they are not working properly and improvement is needed.

$H_0$  = Rural marketing system is working properly. When  $H_0$  is rejected,

$H_1$  = Rural marketing system is not working properly.

$\chi^2$ -test (Chi-square test)

(source : TableNo.5.17)

$H_0 = f_o = f_e$  = Rural Marketing system is working properly.

$H_1 = f_o \neq f_e$  Rural Marketing System is not working properly.

Calculation of  $\chi^2$  in Contingency Table

Problem Agency	(a)	(b)	(c)	(d)	(e)	(f)	(g)	Total
(I)	27.8	19.9	1.7	0	4.1	10.3	1.4	65.2
(II)	8.0	5.7	3.3	0	97.9	26.2	2.7	143.8
(III)	91.0	94.0	13.1	1.2	67.0	88.0	9.2	363.5
(IV)	99.6	96.2	82.7	83.5	9.2	92.9	48.9	513.0
(V)	95.9	18.6	33.1	13.0	65.0	39.0	16.1	280.7
Total	322.3	234.4	133.9	97.7	243.2	256.4	78.3	1366.2 (N)

(Source: Table No. 5.17)

Degree of freedom (d.f.) = (c-1) (r-1) = (7-1) (5-1) = 24

Level of Significance (L.O.S.) ( $\nu$ ) = 5% = L.O.S = 0.5

$\chi^2$  Tabulated value at level of significant 5% and 24 d.f. is 36.415. Now we compare to  $\chi^2$  tabulated value with  $\chi^2$  calculated value. So for calculated value of  $\chi^2$ , we find out **Expected frequency through formula.**

$$\chi^2 = \sum \left\{ \frac{(f_o - f_e)}{f_e} \text{ or } \frac{(O - E)}{E} \right\}$$

$f_o$  or O = Observed frequencies

$f_e$  or E = Expected frequencies

$\chi^2$  Calculated value = 572.72

**Result:** Since the calculated value of  $\chi^2$ , viz., 572.72 is much greater than the tabulated value of  $\chi^2$  at 5% level of significance & 24 d.f. (36.415), the value of  $\chi^2$  is highly significant and null hypothesis is rejected, thus the data provides us many evidences against the null hypothesis which is rejected. Hence we may conclude that the problems of rural consumers are dependent on rural marketing agencies and alternative hypothesis may be accepted, which is, rural marketing system is not working properly.

On the basis of the above discussion, we conclude that rural marketing system is not working properly, so improvement is needed.

## **Conclusion:**

Rural marketing has to be taken as an essential aspect of the wider problem of rural development in general, and industrialization of rural economy in particular. It is marred by many problems and these could be cured by evolving a well-knit strategy. This is important, as the rural market serves as: (i) the first contact point for rural residents, (ii) the means of distributing local products and exchanging rural surplus, (iii) the source for buying daily necessities as well as farm supplies, and equipment, and (iv) a place for political, social and cultural contacts.

If the key areas of the rural marketing system are duly detected, and the challenges faced with a suitable strategy, we shall be able to develop a rural marketing system which will build a society, in which every person will have the opportunity to live, develop, and extend his capabilities to the best, in which, the older people can still continue to live with dignity, in which, the caliber and potential of the youth are recognized and every segment of society can contribute equally.

The challenges are many, but strategies to overcome them successfully have to be worked out. Some Key points are as follows:

1. Appropriate information on the likely price, and transport and other market facilities is basic to their rational design.

2. Good quality data is the key to developing a sound information base. It must be relevant, reliable, complete, consistent, and timely.

3. Good quality data by itself does not guarantee that it will result in a sound economic analysis to transform the data into appropriate policy information.

4. The study has indicated that opportunities to make money by becoming better informed, exist.

5. Collection of reliable production and marketing statistics of crops like sunflower, soya bean, important fruits, and vegetables and other minor crops, for which data are not available at present, is necessary.

6. Finally, there is a need for analytical work to evaluate the rural marketing information system.

## **References**

- v Gupta, S.L., : Rural Marketing-Text and Cases, Wisdom Publications, Delhi, Ist Edition, 2004.
- v Kohli, S.L, and Resutra N.K, : Rural Marketing (Jammu University Syllabus), Kalyani Publishers, Noida, 1998.
- v Sham Bhat, K., : Indian Economy Under Globalisation Process, Serial Publications, New Delhi, Ist Published (2003).
- v Gopal, Raj,: Rural Marketing: Development, Policy, Planning and Practice, Rawat Publications, Jaipur & New Delhi 2003.

Vv v Acharya, S.S., : State of the Indian Farmer: A Millennium Study, Agricultural Marketing, Academic Foundation, New Delhi, Published in association with Department of Agriculture and Co-operation, Ministry of Agriculture, Govt. of India, New Delhi, 1st Published 2004.

v Krishnamacharyulu, C.S.G., and Ramakrishnan, Lalitha : Rural Marketing Text and Cases, Pearson Education/Singapore Pvt. Ltd., Indian Branch Delhi, India, 2nd Print 2003

v Badi, R.V. and Badi, N.V.,: Rural Marketing, Himalaya Publishing House, Gurgaon, Mumbai, 1st Ed., 2004

#### Websites

v <http://www.google.com>

v <http://www.censusindia.gov.co.in>

v <http://www.msn.com>

v <http://www.mandiparishad.com>

#### **\*Annexure (Table 5.12 to 5.16)**

In this data we found the satisfaction status of rural consumers (Respondents) against different marketing agencies such as Unorganized Retailers, Organized Retailers, Mandi Parishad, Fair Price Shop (FPS), and Co-operative Organizations.

**Table No. 5.12 (A)**

#### **Satisfaction Status of Rural Consumers against Unorganized Retailers**

Opinion	No. of Consumers	In % age
Yes	418	41.8
No	454	45.4
Not Responded	128	12.8
<b>Total</b>	<b>1000</b>	<b>100</b>

As the above table shows 45.4% rural consumers are totally satisfied and have no complaint against Unorganized Retailers whereas 41.8% of rural consumers have complaint against unorganized retailers and 12.8% of rural consumers have not responded to this question.

**Table No. 5.12 (B)**

#### **Complaints of Rural Consumers against Unorganized Retailers**

Reasons (complaints)	No. of Rural Consumers	In % age
(a) Lack of availability of different brands of goods & service.	116	27.8
(b) Unethical & Unsocial Practices	83	19.9
(c) Inconvenient time	7	1.7
(d) Shop has closed during working hour	0	0
(e) Inconvenient distance from residence	17	4.1
(f) Unsatisfactory behaviour of shopkeeper	43	10.3
(g) Delay in products delivery	6	1.4

In the table given above, complaints of rural consumers have been registered. The data are based on overall 418 respondents out of 1000, who are not satisfied with unorganized retailers in the table no. 5.12 (A).

As the table no. 5.12 (B) shown, 27.8% of consumers have complaint regarding lack of availability of different brands of goods & services, 19.9% of rural consumers have complaint regarding unethical and unsocial practices, 1.7% of rural consumers have complaint regarding 'Inconvenient time', 100% of rural consumers have no complaint regarding 'shop has closed during working hour', 4.1% of rural consumers have complaint regarding 'Inconvenient distance from residence', 10.3% of rural consumers have complaints regarding 'Unsatisfactory behaviour of shopkeeper', and 1.3% of rural consumers have complaint regarding 'Delay in product delivery'.



In a nut-shell, it can be said that mainly two problems are faced by rural consumer which are (i) lack of the availability of different brand of goods & services and (ii) unethical practices (like black marketing) & unsocial practices (like adulteration of commodities).

**Table No. 5.13 (A)**  
**Satisfaction Status of Rural Consumers against Organised Retailers**

Opinion	No. of consumers	In % age
Yes	336	33.6
No	491	49.1
Not responded	173	17.3
<b>Total</b>	<b>1000</b>	<b>100</b>

As shown in the above table, 49.1% of rural consumers are totally satisfied and have no complaint against organized retailers whereas 33.6% of rural consumers have complaints against organized retailers and 17.3% of rural consumers have not responded to this question.

**Table No. 5.13 (B)**  
**Complaints of Rural Consumers against Organized Retailers**

Reasons (complaints)	No. of Rural consumers	In % age
(a) Lack of availability of different brands of goods & service.	27	8.0
(b) Unethical & Unsocial Practices	19	5.7
(c) Inconvenient time	11	3.3
(d) Shop has closed during working hour	0	0
(e) Inconvenient distance from residence	329	97.9
(f) Unsatisfactory behaviour of shopkeeper	88	26.2
(g) Delay in products delivery	9	2.7

In the table given above, complaints of rural consumers have been registered. The data based on overall 336 respondents out of 1000, who are not satisfied with organized retailers in the table no. 5.13 (A).

As the table no. 5.13 (B) shows, 8% of rural consumers face the problem of lack of availability of different brands of goods & services, 5.7% of consumers face the problem of 'unethical & unsocial practices', 3.3% of consumers face the problem of inconvenient time, 100% of rural consumers have not any problem regarding shop has closed during working hour', 97.9% of rural consumers face the problem of 'inconvenient distance from residence' 26.2% of consumers face the problem of 'unsatisfactory behaviour of shopkeeper and only 2.7% of rural consumers face the problem of 'delay in product delivery'.

In brief it can be told that mainly tow problems are faced by rural consumers which are (i) inconvenient distance from residence and (ii) unsatisfactory behaviour of shopkeeper.

**Table No. 5.14 (A)**  
**Satisfaction Status of Rural Consumers against Mandi Parishad.**

Opinion	No. of rural consumers	In % age
Yes	601	60.1
No	63	6.3
Not responded	316	31.6
<b>Total</b>	<b>1000</b>	<b>100</b>

As the above table shows 60.1% of rural consumers have complaints against Mandi Parishad whereas 6.3% of rural consumers are totally satisfied and have no complaints and 12.8% of rural consumers have not responded to this question.

**Table No. 5.14(B)****Complaints of Rural Consumers against Mandi Parishad**

Reasons (complaints)	No. of Rural consumers	In % age
(a) Lack of availability of different brands of goods & service.	547	91.0
(b) Unethical & Unsocial Practices	565	94.0
(c) Inconvenient time	79	13.1
(d) Shop has closed during working hour	7	1.2
(e) Inconvenient distance from residence	403	67.0
(f) Unsatisfactory behaviour of shopkeeper	529	88.0
(g) Delay in products delivery	55	9.2

In the table given above, complaints of rural consumers have been registered. The data are based on overall 601 respondents out of 1000 sample size, who are not satisfied with Mandi parishad in the table no. 5.14(A).

As the table no. 5.14(B) shows, 91% of consumers have complaint regarding 'lack of availability of different brands of goods & services', 94% of rural consumers have complaint regarding unethical & unsocial practices', 13.1% of rural consumers have complaint regarding 'inconvenient time', 1.2% of rural consumer have complaint regarding 'shop has closed during working hour', 67% of rural consumer, have complaint regarding 'inconvenient distance from residence', 88% of consumers have complaint regarding 'unsatisfactory behaviour of shopkeeper and 9.2% of rural consumers have complaint regarding 'delay in product delivery'.

In a nut-shell, it can be said that mostly all problems except inconvenient time, shop closed during working hour and delay in product delivery, has been faced by rural consumers.

**Table No. 5.15 (A)****Satisfaction Status of Rural Consumers against Fair Price Shop (FPS)**

Opinion	No. of consumers	In % age
Yes	796	79.6
No	167	16.7
Not responded	37	3.7
<b>Total</b>	<b>1000</b>	<b>100</b>

As shown in the above table, 79.6% of rural consumers have complaint against FPS whereas 16.7% of consumers are totally satisfied and have no complaints and 3.7% of rural consumers have not responded to this question.

Table No. 5.15(B)

**Complaints of Rural Consumers against Fair Price Shop (FPS)**

Reasons (complaints)	No. of Rural consumers	In % age
(a) Lack of availability of different brands of goods & service.	793	99.6
(b) Unethical & Unsocial Practices	766	96.2
(c) Inconvenient time	658	82.7
(d) Shop has closed during working hour	665	83.5
(e) Inconvenient distance from residence	73	9.2
(f) Unsatisfactory behaviour of shopkeeper	740	92.9
(g) Delay in products delivery	389	48.9

In the table given above, complaints of rural consumers have been registered. The data are based on overall 796 respondents out of 1000, who are not satisfied with FPSs in the table no. 5.15 (A).

As the table no. 5.15 (B) shows, 99.6% of rural consumers face the problem of 'lack of availability of different brands of goods & services', 96.2% of consumers face the problem of unethical & unsocial practices', 82.7% of rural consumers face the problem of 'inconvenient time', 83.5% of consumer face the problem of 'shop has closed during working hour', 9.3% of consumers face the problem of inconvenient distance from residence', 92.9% of rural consumers face the problem of 'unsatisfactory behaviors of shopkeeper' and 48.9% of rural consumers face the problem 'delay in product delivery'.

In brief, it can be told that mostly all problems except inconvenient distance from residence and delay in product delivery have been faced by rural consumers.

Table No. 5.16 (A)

**Satisfaction Status of Rural Consumers against Co-operative Organizations**

Opinion	No. of consumers	In % age
Yes	835	83.5
No	34	3.4
Not responded	131	13.1
<b>Total</b>	<b>1000</b>	<b>100</b>

As the above table shows, 83.5% of rural consumers have complaint against co-operative shop whereas 3.4% of rural consumers are totally satisfied and have no complaints and 13.1% of rural consumers have not responded to this question.

Table No. 5.16 (B)

**Complaints of Rural Consumers against Co-operative Organizations**

Reasons (complaints)	No. of Rural consumers	In % age
(a) Lack of availability of different brands of goods & service.	801	95.9
(b) Unethical & Unsocial Practices	155	18.6
(c) Inconvenient time	276	33.1
(d) Shop has closed during working hour	109	13.0
(e) Inconvenient distance from residence	543	65.0
(f) Unsatisfactory behaviour of shopkeeper	326	39.0
(g) Delay in products delivery	134	16.1

In the table given above, complaints of rural consumers have registered. The data are based on overall 835 respondents out of 1000, who are not satisfied with co-operative shop in the table no.5.16 (A).

As the table no. 5.16 (B) shows, 95.9 of rural consumers have complaint regarding 'lack of availability of different brands of goods & services', 18.6% of consumer have complaint regarding 'unethical and unsocial practices', 33.1% of consumers have complaint regarding 'inconvenient time' 13% of consumer have complaint regarding 'shop has closed during working hour', 65% of consumers have complaint regarding 'inconvenient distance from residence', 39% of consumers have complaint regarding 'unsatisfactory behaviour of shopkeeper' and 16.1% of rural consumes have complaint regarding 'delay in product delivery'. In a nut-shell, it can be told that mostly all problems have been faced by rural consumers except unethical & unsocial practices; shop has closed during working hour and delay in product delivery.

# AN ANALYTICAL STUDY ON GREEN RECRUITING: A CONCEPT ON THE RISE IN TODAY'S GLOBALIZED ERA

Mrs. Moon N. Paiithannkar, Mrs. Nandini M. Deshpande,

Prof. Vaishali S. Sheth

Sinhgad College Of Arts & Commerce, Narhe, Pune.

## **Introduction:**

Anyone familiar with sales knows that you need to appeal to things that are on the "top of the mind" to your target audience. The same holds true for recruiting. Like it or not, environmental issues are on almost everyone's mind, so if your firm has a competitive advantage in this area (or it can develop one quickly), it's incumbent on both individual recruiters and recruiting managers to integrate that message into your recruiting processes and your employment brand. This is especially true if you don't pay at the top of scale, if you are in a crummy location, or if you're not a well-known company.

As the heads of many countries descended on Copenhagen to attend the climate change summit, saner voices plugging for issues like environmental sustainability, reducing carbon footprints, and going green have assumed increased stridency and are becoming chillingly shriller. For their part, chieftains of the corporate sector have been making a lot of noise about environment conservation. In all this sound and fury, there seems to be a silver lining. Companies are increasingly using environment-friendly practices to maximize their recruitment leverage. **A new concept, called Green Recruitment, is emerging in a slow but steady manner.**

**Green recruiting is a chance to differentiate yourself in a recruiting marketplace where standing out from the crowd is already extremely difficult. Incidentally, not only does green recruiting improve your chances of attracting and selling candidates, it's also your chance as a recruiter to do your part to improve the environment by showing senior management the dollar impact it has on recruiting, retention, and product sales.**

You would have to have your head stuck in the sand, to not be aware of the intense interest that the environment holds in today's political and social debates. While candidates of all generations have begun evaluating potential employers based on their "greenness," few in recruiting have leveraged this hot topic in recruitment communications and activities. For some unaccountable reason, recruiting managers and leaders almost universally fails to implement a process that regularly discovers "job switch" decision criteria used by the best and brightest, and this latest oversight is nothing more than history repeating itself once again.

Because so many recruiting leaders fail to do their research, the vast majority of employers underestimate how important a company's degree of "greenness" is to potential hires. It is now becoming important for firms capable of touting their role as good environmental citizens to formally manage perception around environmental issues through employment branding activities. **In addition, individual recruiters need to make the firm's environmental stance, a critical element of recruiting strategy now.**

#### **Objectives of the Study :**

1. To study green recruiting as a business strategy.
2. To know the benefits of green recruiting for sustainable development.

#### **Hypotheses:**

1. **Ho** - The college graduates are fully aware regarding environment friendly companies.

#### **Statement of the problem:**

The profile of a fresh graduate ready to enter the job market- young, enthusiastic, eager to grab opportunities, confident, friendly, and a high sense of awareness of the most serious and current issues, political, social and environmental. The most pressing and common issue is of course environmental. The youth of today are especially aware of this issue. Not to be left behind companies have started declaring their environment friendly credentials and give publicity to their "Go Green" campaigns and pro- environment practices especially during their hiring process.

#### **Importance Of Practicing Green Recruiting:**

The tipping point for environmental consciousness varies around the world, but for many Americans it was the 1989 Exxon Valdez oil spill. On one day, an iconic American company had its reputation slaughtered. Sales were affected; employee pride was affected, as was their ability to recruit on college campuses around the world. For years, Exxon and their energy industry peers had to wage an environmental branding war in recruiting. But that was then, and this is now.

The new thrust of green recruiting is proactive and focuses on making "greenness" a major element of your employment brand. Some of the reasons why green recruiting is becoming more essential include:

- **Gen Y demands it:** This generation has learnt about the importance of the environment and recycling in classes since elementary school. They filter both product purchasing and job selection choices with their green mindset.

- **College grades demand it:** Al Gore is a hero on most campuses. Students, while they are on campus, demand that every aspect of their campus life leave a minimal “environmental footprint.” In the San Francisco State University, even the most conservative of all schools, the College of Business is developing “sustainability” majorly to satisfy the student demands for integrating business and environment. It has become so important that even starting salaries take a back seat behind “greenness” when students evaluate potential employers.
- **Many job candidates care about it:** Although no one has yet quantified the impact that being environmentally friendly has on recruits, if you ask candidates whether working for an environmentally friendly company is important to them, a vast majority will respond with an affirmative.
- **Global candidates can be passionate about it:** Some countries around the world are extremely passionate about the environment (Germany, Australia, and Finland to name a few). As a result, if you expect to recruit the best from around the world, you must be prepared to meet a growing set of eco- expectations as an employer.

#### **Action Steps to Implement Green Recruiting:**

1. **Identify candidate decision criteria:** If you can’t show that a large number of quality applicants consider a firm’s environmental record as one of their primary criteria for selecting a job, you’ll never get senior management to buy into a major green recruiting effort. Start by holding focus groups at industry conferences to identify what “green” factors would be important to individuals seeking a new job. Next, ask candidates during interviews and on the websites to list their decision criteria. During orientation, ask those who accepted the job what criteria they used to make the decision. Finally, contact those who rejected your offers three to six months down the line to identify positives and negatives. Use this information to modify your recruiting processes and focus.
2. **Benchmark:** Search the web, benchmark with college recruiters, and work with recruiting consultants to identify the best practices of other firms. Use this competitive analysis to gauge your success and to plan your future Actions.
3. **Your websites:** Make sure that both “what you do” and the results of those efforts are prominent on your corporate career websites. Include your recycling statistics, as well as whether you are carbon neutral, limit greenhouse gases, or win environmental awards. If your company policies allow, link your corporate jobs site on major (but primarily nonpolitical) environmental websites.

- 4. Be talked about:** If you have a strong environmental record, it's important to get "written up" in business, professional, and industry publications as well as in newspapers and on TV. **Work with the PR department to identify which of your practices are most likely to be appealing to the media and designate an individual to be available for interviews.**
- 5. Recruitment advertising:** advertise in magazines that candidates who are sensitive to the environment are likely to read. Highlight a few "**eye catching**" facts and any environmental awards you might have won in your recruitment ads.
- 6. Job descriptions:** Make sure that, where ever possible, job descriptions for high-volume hiring positions include responsibilities for minimizing negative environmental impacts. This is critical because if they don't see being environmentally friendly integrated into "every job" at the company, they might see your "green recruiting" as merely a PR effort.
- 7. Interviews:** Provide managers with "green" fact sheets to use during interviews. If you are really aggressive, provide candidates with a side – by – side comparison showing how your firm's environmental record is superior to other firms they might be considering.
- 8. Sourcing:** One of the best ways to strengthen your environmental image is to hire lots of environmentally friendly employees who can spread your "green" story through word –of – mouth. Also, recruit at environmental events and use subscription lists from green publications or email and direct mail recruiting.
- 9. Employer referrals:** Having your employees spreading the word will help both recruiting and product sales. If you have the resources, proactively seek out employees who are highly visible in environmental circles and ask them specifically to talk up your firm, to seek out candidates, and to provide you with names.
- 10. Awards:** Winning awards for excellence is always a major element of building an employment brand, so obviously winning "environmental" awards should be a major element of your strategy.
- 11. Advisory group:** Ask the advice of six to eight environmentally friendly employees, measuring the quality of the message you're sending and how to reach and convince more applicants of your strong "green" record.
- 12. Products:** Obviously, applicants want to know that the products they are helping to produce are environmentally friendly. This means putting pressure on product

advertising and marketing to include the fact that your products are eco-friendly in your product ads and packaging. In some industries, how you treat vendors and outsourced work can be important ( i.e., Starbucks, Nike).

**13. Value statements:** Make sure that your corporate goals, values, and even corporate business objectives include environmental elements.

**14. Annual report:** Because some applicants take the time to read your annual report, make sure it includes sections that highlight your environmental record and the fact that you recruit environmentally friendly employees. If your firm uses bio- diesel fuel, pays fair market value to suppliers, is energy – efficient, or if it buys “carbon offsets,” highlight these selling points.

**15. Employee benefits:** Consider adding holistic health options, paid time to volunteer for environmental causes, matching donations to green causes, and support for alternative transportation options to your benefit package.

**16. Reward criteria:** Include this factor in the performance appraisal system for all employees. Obviously, use it as a hiring criterion, but also use it as a critical element in promotions, bonuses, and pay increases.

**17. Develop metrics and rewards:** Because whatever you measure improves and whenever you add rewards to the equation the behavior improves even faster, your green recruiting effort must have metrics and rewards tied to it. Some of the metrics you want to include are the percentage of candidates aware of your strong environmental record, the number who rejected offers because of a poor record, and the percentage of new hires who say your environmental record was one of their top-five reasons for accepting the offer. Hold post exit interviews with your top performers to identify whether environmental factors contributed to their exit.

### **Environmental Sustainability Goes Wide:**

Green recruiting is increasingly acquiring a seductive buzz amongst corporations. There has been a sharp increase of companies that are joining the green recruiting bandwagon. Companies like Honda, S.C. Johnson, Goldman Sachs, Starbucks, Patagonia, Timberland, and GE have successfully used their environmentally friendly policies to sell their products and gain media exposure.

However, until recently, few firms have made a concerted effort to leverage the company's environmental stance as a critical point in recruiting pitches. Firms like Google, Timberland, and even old- school General Electric have led the way by undertaking major efforts, to make, being environmentally friendly, a critical



element of their employment brand. Google, the world's only "recruiting machine," leads the way not just in its environmental practices but also in publicizing their environmental record and approach. Like many emerging green companies, Google has hired a Director who coordinates corporate environmental efforts in an attempt to match their corporate business strategy with their environmental efforts.

Some sample programs at Google that support environmental issues include:

- **\$5,000 subsidies for employees buying hybrid cars (Timberland offers \$3,000)**
- **Company dining facilities that serve organic sustainable foods.**
- **Charitable contributions to organizations that fight global warming.**
- **On- site farmers markets.**
- **On- site composting of food waste.**
- **Use of green fuels and solar power.**
- **Fully subsidized employee bus pools for commuting employees.**

While some companies adopt the grassroots approach to going green, others start at the top and work down. General Electric is one of a small handful of companies that have an environmental effort driven by their Chief Executive Officer, Jeff Immelt. If you watch television or read national magazines, you might recall seeing one of hundreds of ecomagination advertisements. GE has spent millions in recent years to "Green Wash" their image. The ecomagination campaign is one of the boldest approaches to capture intangible value, by touting environmental efforts in play, by any global company.

Day in and day out, they are capturing that value by selling more products to environmentally conscious consumers and tapping candidate pools that once would have written them off as the destroyers of the environment, using the Hudson and Housatonic Rivers as living examples.

Today the employers are thinking about green big time. In recent times, a growing number of big companies are brandishing their environmental records to, not only, the enlightened general public, but also, to the potential hires. **Moreover, today's young graduates are powering this recruitment shift. Today's young job seekers are savvy, street smart, confidently- poised, energy- driven and wear the social, environmental and political issues up their sleeves. It is not a rarity to see Young Turks look in the eye of the employer and question, "where did you get that exquisitely carved wooden door installed in the entrance?", while the employer may be gasping for his/her breath.** Young applicants have no second thoughts speaking their mind and without any hesitation ask, "what have you done to protect and converse the environment?" It is a fallacy to think that only young graduates raise such disconcerting questions to the interviewer. Professionals

in their mid- career are strong votaries of good environmental practices and may religiously look for a job that fulfills a greater sense of purpose. They may always strive hard to check upon the environmental track record of the company before they look for a position in the company. There is no argument that the demand for sustainable practices is increasing.

- **80% of current employees want to work for a “good company” (one that has a good reputation for environmental responsibility) and this percentage is expected to grow to 90% in the next 10 years. (Corporate Environmental Behavior and the Impact on Brand Values- Tandberg, 2007.)**
- **77% of recent MBA graduates would forego some income to work for a firm with a credible sustainability strategy. (Stanford Graduate School Study, 2007).**
- **Companies that use sustainable business practices are approximately 3% more profitable than those that don't. (Empirical analysis 2007- Innovest Strategic Advisors.)**

According to a survey conducted in the U.S in 2006, **78 percent of more than 150 MNCs described corporate citizenship, including good environmental practices, an extremely significant aspect in their recruiting and retention campaigns.**

And employees too responded in tandem. In response to another survey more than a quarter said that they would prefer to work for an environmentally friendly company. This so – called “green recruiting” has emerged only in recent years, highlighting how pressing and significant environmental issues have become in recent times. The high sense of awareness, both, among employees and employers has triggered this trend.

Thus, companies that do not give consideration to being green, or just provide “green washing” lip service may be passed over by potential candidates who don't wish to be associated with that kind of an organization. So the companies must integrate into the environment, not vice versa to be successful in the ability to attract, retain and repel.

#### **Methodology of the study:**

This study concerns college graduates in society so the researchers have collected the data both from primary and secondary sources.

**The primary data** is collected with the help of field investigations i.e. through **structured questionnaire** to find out the awareness of college graduates. In this

study, the questionnaire method of data collection is best suited due to its application in collection of data on a large scale. The questionnaire was framed by giving more attention to the main aspects as the general form, questions sequence, easy wording of questionnaire and formulation of questions.

**The secondary data** was collected through

- Magazines
- Journals
- Research articles
- Websites

#### **Sampling Techniques:**

One questionnaire each with a majority of the questions being of the close –ended type was distributed to 70 respondents. Follow up calls were made and after 15 days **only 50 respondents responded.**

#### **Sample Area:**

Pune City was covered for the collection of data.

#### **Sample Size:**

The respondents were fresh pass outs.

#### **Structure of Questionnaire:**

One structured questionnaire was designed to examine the level of awareness, their expectations from the various organizations, their suggestions, etc. **In this questionnaire 10 questions were framed.**

#### **Data Analysis Tools:**

Questionnaire was analyzed by using the **simple percentage method.**

#### **Findings & Discussions:**

##### **Total Respondents: 50 students.**

- In this study there were 35 males & 15 females.
- The respondents were from three age groups :
  - a) From 21- 25 years where there were 32 Respondents.
  - b) From 25-30 years where there were 9 Respondents.
  - c) From 30 – 45 years where there were 9 Respondents.

1. From the study undertaken 43 (86%) respondents are aware about green recruiting whereas only 7 (14%) respondents are not aware.
2. From the survey undertaken 31 (62%) respondents got the most interesting information regarding green recruiting from Television advertisement, 5 (10%) respondents from newspaper advertisement, 4 (8%) respondents from magazines, 2 (4%) respondents from radio, whereas 8(16%) respondents from the internet.
3. From the study undertaken 36 (72%) respondents found green recruiting campaigns convincing whereas 14( 28%) respondents do not.
4. From the study about 43 (86%) respondents believe that green recruiting advertisements by celebrities have the highest recall rate. It can be safely concluded that celebrities from different fields, can contribute significantly in creating awareness.
5. From the study undertaken 39 (78%) respondents remember while applying in various organizations whereas 11(22%) respondents do not remember.
6. From the study undertaken 30(60%) respondents were affected by creative advertisements, 7(14%) respondents by the standard of environment, 5(10%) respondents by salary, & 4(8%) respondents by both environment and salary.
7. From the study undertaken 44(88%) respondents believe in green recruiting whereas 6(12%) respondents do not believe.
8. From the study undertaken 32 (64%) respondents feel that it is not difficult for the recruiters to attract the attention of young people.
9. The suggestions given by the respondents was, that the companies should blow their greenness trumpet in the Annual report, put more efforts in creating good, interesting, as well as, informative recruitment advertising. The frequency of issuing these advertisements should be increased to cover the entire group. Latest technology like internet, fax should be used to create awareness especially amongst youngsters.

**Thus through these findings the hypothesis framed in this study is that there is Awareness regarding Green recruiting in society, so the hypothesis has been rejected.**

## Conclusion :

It's good to be green – that's what a lot of companies are finding, as they integrate environmentalism and sustainability into their corporate culture. This program will explore how employers can ensure their sustainability practices and employment brand are in line with their organizational culture and core values.

Thus environmental issues are green in everyone's mind. If the company is to have a decisive edge in this realm, it is necessary for its HR managers to dovetail environment – friendly messages with the firm's recruitment process and employer brand. **Green recruiting provides the company with an opportunity to stand out from the rest of the pack in an otherwise crowded recruiting landscape. HR managers can win brownie points by taking to green recruiting. At one level, it can utilize its greenness to ensnare top- notch talent. At another level, it is a perfect opportunity for head hunters to contribute their mite towards preserving the environment.** They can also point out to the top management that espousal of environmental causes can have an impact on the bottom line, product sales and recruitment.

**Green recruiting is here to stay, irrespective of whether talks at climate change summit to be held in Copenhagen flounder or move forward.**

## References :

1. <http://www.careerxroads.com/new/updates/0209.asp>.
2. [http://www.qualigence.com?yaffe/newsletter/articles/tt/tt\\_121707.html](http://www.qualigence.com?yaffe/newsletter/articles/tt/tt_121707.html)  
Employment brand goes green  
<http://jobingfoundation.org/2009/07/10/employment-brand-goes-green/>
3. <http://www.taleo.com/news/Get-Green-with-Taleo-and-eRecruiting.php>

## **JOBHOLDERS' ATTITUDES TOWARDS CREDIT CARD IN BANGLADESH - A STUDY ON SOME SELECTED CREDIT CARD PROVIDERS IN BANGLADESH.**

**\*Md. Zahidul Alam**, Assistant Professor in Marketing, NUB

**\*\*Jannatul Mawa Nupur**, Senior Lecturer in Marketing, NUB

### **Introduction:**

The term measuring consumer attitude is used to identify what types of feelings have been created on specific branded credit card providers. Attitudes are learned predisposition to have in a consistently, favorable or unfavorable way, with respect to a given object. Attitudes are not overt behaviors but rather are covert or unobservable internal reactions (Kim 2002). As a result of rapid globalization, advances in communication technologies and digitalization, the standard of living is developing day-by-day in Bangladesh. The infrastructure facilities are changing gradually.

So, now people are becoming fashion-oriented. They want to cope with the changing global economy. Although most of the people are illiterate and have no dealings with the Bank, the banking services in our country are becoming more sophisticated and modern. Most of the private banks offer credit card services along with banking services. In recent times, credit card portfolios have been very profitable for banks, largely due to the booming economy of the late nineties. It is in its initial stage in our country.

The credit card is the successor of a variety of merchant credit schemes. It was first used in the 1920s, in the United States, specifically to sell fuel to a growing number of automobile owners. It has been widely regarded, that rampant use of credit cards contributed greatly to the great depression, in the United States, that began in the late 1920s. In 1938, several companies started to accept each other's cards. The concept of using a card for purchasing was invented in 1887 by Edward Bellamy and described in his utopian novel 'Looking Backward'. Bellamy uses the explicit term "Credit Card" eleven times in his novel.

Ralph Schneider and Frank X. McNamara invented the concept of paying merchants using a card in 1950 in order to consolidate multiple cards. The Diners club produced the first "general purpose" charge card, which is similar but required the entire bill to be paid with each statement; it was followed shortly thereafter by the American Express. The Western Union had begun issuing charge cards to its frequent customers in 1914.

### **Conceptual Framework:**

A credit card allows consumers to purchase products or services without cash and to pay for them at a later date. To qualify for this type of credit, the consumer must open an account with a bank or company, which sponsors a card. They then receive a line of credit with a specified dollar amount. They can use the card to make purchases from participating merchants until they reach this credit limit. Every month the sponsor provides a bill, which tallies the card activity during the previous 30 days. Depending on the terms of the card, the customer may pay interest charges on the amount that they do not pay for on a monthly basis.

The growth of credit card use in the United States, since 1970 has been dramatic. In "Credit Cards: Use and Consumer Attitudes," an article published in the September 2000 issue, of the *Federal Reserve Bulletin*, author Thomas Durkin reports thirty years of credit card statistics based on the Survey of Consumer Finances, a household survey conducted every three years by the Federal Reserve Board. In 1970, 16 percent of households held at least one bank credit card; by 1998, 68 percent of households did so.

The card issuers have focused on their customers along with the following segments of society:

- Customers of Bank, both borrowers and depositors including scheme depositors;
- Executives and Officers of Banks, Financial institutions, Insurance Companies;
- Directors and Executives of Export oriented garments industries;
- Professional-Doctors, Engineers, Accountants etc;
- Employees of Foreign and Multinational Companies;
- University and College Teachers;
- Employees of Mobile Telephone Service Provider;
- High officials of Corporate body or Government organizations;
- Businessmen in the society;
- Officers from the rank of Asstt. Secretary to above in all Ministries;
- Members of Chambers of Commerce and Industries and other Business Associations;
- Senior level Defense Officers;
- High officials of renowned NGOs, International Voluntary Organization i.e. UNICEF, UNFPA & UNDP.

Today, most of the private banks provide credit card services in Bangladesh. The standard chartered Bank was the pioneer of the credit card in Bangladesh. Standard

Chartered Bank (SCB) issues both VISA and MasterCard Credit Cards, the two renowned Credit Card brands. Its product range includes:

#### **Local Card**

- Visa Silver Credit Card
- Visa Mini Card
- MasterCard Silver Credit Card
- MasterCard Gold Credit Card
- MasterCard Platinum Credit Card
- MasterCard Cricket Card

#### **International Card**

- Visa Silver Credit Card
- Visa Gold

**Literature reviews:** There are many articles regarding credit cards across the world. Yi-Wen Chien, Sharon A. Devaney: (2001) in their research, pointed the effects of credit card attitude and socio-economic factors on credit card and installment debt. But he did not point out attitudes towards credit card.

Jon Touah, M Sriganesh (2001), pointed out, real time fraud detection and presented a new and innovative approach in understanding spending patterns to decipher potential fraud cases. It makes use of self-organization maps to decipher, filter and analyze customer behavior for detection of fraud.

LC Thomas (1992) pointed out that major changes have occurred in the U.K. in the distribution of costs associated with credit-card operations, including the introduction of annual fees to cardholders, the lowering of merchant service charges, and the increasing proportion of cardholders paying off their monthly balances completely.

Chakravorti and Emmons (2001), show that the bankers hold a negative attitude towards the use of a credit card. They also pointed out that the profession of the person seems to play a very important role with their behavior towards a credit card.

Credit cards, including store cards and bankcards, serve two distinct functions for consumers; a means of payment and a source of credit (Ausubel 1991; Chakravorti 1997, 2000; Chakravorti and Emmons 2001; Slocumand and Matthews 1970).

Consumer usage behavior and the benefits sought from a product or service are one of the best predictors to explain consumer purchase behavior (Peter and Olson: 1999).



Alam Md. Zahedul (2009) focused on the present status, problems and prospects of credit card marketing in Bangladesh. But he did not focus on, what are the perceptions of consumers towards credit cards in Bangladesh.

Ausubel (1991) suggests that consumers may not even consider the interest rate when making purchases because they do not intend to borrow for an extended period when they make purchases. However, they may change their minds when the bill arrives.

Henry, Weber, and Yarbrough, writing in this Journal, reported that many college students are living on the verge of a financial crisis. The purpose of this study was to further consider this assertion by examining college students' credit card use behavior and attitudes.

College students' use of credit cards has recently received increased visibility throughout the media (Hayhoe, 2002).

From the previous work of credit cards, I found that there are some articles, which focused on most relevant terms. Some of the articles have been conceptual or anecdotal in nature while others have presented the empirical studies. Some studies are not appropriate in measuring attitudes towards credit cards. Some study focused on measuring students' attitudes towards credit cards but they did not focus on jobholders. There are a few articles, which have a clear conception in measuring attitudes towards credit cards in Bangladesh. So, we have decided to study measuring attitudes towards credit cards in Bangladesh.

### **Justification of the Study**

Credit card concepts are at an initial stage in our country. There are no sufficient papers or publications regarding credit card marketing in Bangladesh. Some people show negative attitudes toward credit cards like insurance policies. It is very difficult for the card issuers to promote potential customers to use a credit card. Although credit card provides some facilities for the customers, they are not interested in becoming cardholders. The ATM booth and POS terminals are not available in our country. Recently, the card issuers faced a lot of competition in the market place. The market size of the credit card is small. So, I have taken a decision to write upon the credit cards in Bangladesh. In this study, I have tried to show the attitude of Jobholders towards credit card in our country, which will be very helpful for potential card issuers. On the other hand, this paper will also benefit the existing card issuers. I have also provided some recommendations and suggestions, which will be helpful for the card issuers and also presented the attitudes of the people towards a credit card.

## **Objectives of the study**

Specifically, the study has been conducted with the following objectives:-

- i) To know the Jobholder's attitude towards credit card services in Bangladesh.
- ii) To identify the problems faced by jobholders in using a credit card.
- iii) To recommend some suggestions to alleviate the problems based on research findings.

## **Hypothesis:**

H1: Perceived service quality is associated with more favorable attitude towards a credit card.

H2: The lower the interest rate is, the attitudes of consumers towards the credit card are positive.

H3: Availability of ATM and POS terminals is associated with favorable attitudes towards Credit Cards.

H4: The lower the annual charge the higher the favorable attitude towards a credit card.

## **Methodology**

This study is exploratory in nature. Two pre-tests are conducted to identify the necessary stimuli for this study. The first pre-test is conducted to obtain a preferable Bank name for the credit card. The selected Bank name for credit card usage are Standard Chartered Bank limited, HSBC Bank limited, Dutch Bangla Bank limited, Eastern Bank limited and Brac Bank limited.

### **1, 2,3,(Reasons for developing questionnaires)**

The purpose of the second pre-test is to obtain a list of salient attributes which are conspired by the Bangladeshi jobholders for using credit cards. The highest scored cues selected for the these five Banks of credit card by subjects are interest rate, annual charge, service quality, credit limit, For the purpose of the study, data was collected from both secondary and primary sources. But, maximum concentration was given on primary sources of data. All the primary data were collected from personal interview, administration of a questionnaire and formal interviews with key officials and staff of the card issuers and cardholders in Dhaka city, Rajshahi divisional city, and Chittagong divisional city and Sylhet city. The secondary data were collected from the official records, annual publication manuals, circulars and other official documents, website of the Bank, other sites of the Internet. The samples were selected randomly from the Dhaka city area, Rajshahi divisional city, Chittagong divisional city and Sylhet City area. Some scales such as Likert Scale and Fishbein Model are used to evaluate the attitude towards credit card.

### Research Period:

We have covered the given period 2007-2010 (Up to April). The period was very remarkable in the sense of increasing the use of credit card. The period 2010 (Up to April) was especially remarkable because of the installation of more ATM machines and POS terminals across the country.

### Selection of Sample Size

The selection of sample size will be made on the basis of only job holders who are using any of Visa, Mastercard, and American express card for the last three years regularly.. The total number of sample is 600.

The location of the sample to collect the data is given in a table:

**Data collection at a glance**

SL.	Categories of Respondents	Sample Size	Key Spots to Collect Data
1.	Jobholders	150	Dhaka city area
2.	Jobholders	150	Chittagong area
3.	Jobholders	150	Rajshahi city area
4.	Jobholders	150	Sylhet City area
-	Total number of respondents	600	-----

Mertin Fishbein's Multiattribute model is used for the study that the evaluation of salient beliefs causes overall attitude. It is expressed as  $A_0 = \sum b_i e_i$ .

Where,  $A_0$ =attitude towards object,  $e_i$ =the evaluation of attribute,  $b_i$ =strengths of the belief that the object has attribute,  $n$ =the number of the salient attributes.

### Findings and Discussions:

Demographic findings of the study:

A total number of 600 jobholders were the sample size in the study. Among them, 55% were 35-39 years, 18% were 25-29 years old and the rest were more than 45 years old, where 63% were married and 37% were unmarried. 45% jobholders were from 3-4 family members and 22% were 1-2 family members and the rest were more than 04 family members. 35% jobholders' credit limit is 31000-40000 tk, 25% has 10000-20000 and others have more than 40000, 36% works in multinational companies, 24% are senior defense officers, 10% were top level executive in garments industry, others are bankers, officers from secretary, teachers. The study has considered jobholders over the country giant respondents ( 57%) live in Dhaka especially 22% in Dhanmondi, 16% in Gulshan, 7% in motijheel and farmgate and 5% in Mirpur, Chittagong 17%, Rajshahi-5%, Khulna 8%, Sylhet 13%. Their monthly salary was 42% are paid 31000-40000, 28%, 41000-50000, 16%, 21000-30000, and expenditures was limited.

67% works in MNCs, 23% in NGOs, 15% in government offices.

Result of jobholder consideration based on Intrinsic and extrinsic attributes for using credit card of various providers.

Consideration for using credit card

Attributes	Responses								Ranks
	Extremely good (+3)	Moderately good (+2)	Slightly good (+1)	Neither good or bad(0)	Slightly bad (-1)	Moderately bad(-2)	Extremely bad (-3)	Weighted Average	
Annual charge--	250	200	100	25	25	0	0	2.04	2
Service quality	300	200	100	0	0	0	0	2.33	1
Availability of ATM machines and POS terminals	200	250	50	50	25	25	0	1.79	3
Interest rate	250	150	100	25	25	25	25	1.66	4
Credit limit	150	200	150	50	25	25	0	1.54	5

Note: weighted average is calculated given weight -3 for extremely bad to +3 for extremely good.

Weighted average= Column times row divided by total number of respondents.

Table-01 reveals that all the respondents consider five attributes which offer on consumer mind for using credit card of various providers. Service quality has got the highest importance, weighted average being 2.33 for the attribute. The next important attributes are i) availability of ATM machine 1.79 ii) credit limit (weighted average being 1.54) iii) annual charge (weighted average being 204) and interest rate (weighted average being 1.66); hence it is of no importance to the respondents while considering by Jobholders for using credit cards.

Attitudes of consumer's towards credit card based on Fishbein's Multiattributes Attitude Model:

Consumers' overall evaluations and strength of Belief for different credit card provided by Bank based on different attributes.

Attributes	SCB			HSBC		Dutch Bangla		EBL	Brac Bank		
	Ei	bi	eibi	bi	Eibi	bi	eibi	bi	eibi	Bi	eibi
Annual charge	2.04	.966	1.970	1.03	2.101	.816	1.664	.816	1.665	.816	1.664
Service quality	2.33	1.830	4.264	1.55	3.612	.750	1.747	.541	1.261	.708	1.649
Available of ATM machines and pos terminals	1.79	.650	1.164	.200	.358	1.916	3.429	.416	.745	.500	.895
Interest rate	1.66	.958	1.590	1.33	2.207	.900	1.494	1.416	2.351	1.066	1.769
Credit limit	1.54	.916	1.411	.850	1.309	.633	.974	1.208	1.860	1.25	1.925
Ao			10.39		9.587		9.311		7.882		7.904

The beliefs associated with belief evaluation (ei) that reflects how favorably consumers perceive their attributes. It is clear from the table that attitude of consumers towards different credit card providers on the basis of Fishbein's Multiattributes Attitude (Ao) model are; Ao for standard chartered Bank limited=10.399, Ao for HSBC are 9.587, Ao for Dutch Bangla Bank limited=9.311, Ao for EBL is 7.882, Ao for Brac Bank limited is 7.904. Findings are that among the selected five credit card providers Standard chartered bank is viewed top most favorable position because it is received total (eibi) 10.399 on all desired attributes. HSBC has the next position among the brands by samples, like these Dutch bangla bank limited, EBL and Brac Bank limited place the position third to five respectively based on overall attitude towards service providers. From the Fishbein model, it can explain overall position of consumers' attitude towards the individual service providers based on the basis of different attributes.

#### Reasons of consumers' positive attitude towards credit card providers in Bangladesh.

Sl. no	Reasons	Number of respondents	% of respondents
1	It is providers' money	150	25
2	To stay safe from carrying cash money	100	17
3	Pay only what you spend	200	33
4	Availability of ATM machine and POS terminals	150	25

Under this study, 25% respondents showed their positive attitude towards the credit card only for that the money is from bank. The other reasons for which the respondents showed their positive attitude towards the credit card are to stay safe from carrying cash money, pay only what you spend and the availability of ATM machines and POS terminals as opined by 17%, 33% and 25% respondents respectively.

#### Result of hypothesis testing procedures:

Table: Consumers' opinion and result from hypothesis testing

Independent variables	Standard deviation	Z-value testing (calculated)	Significant level
Service quality	1.30	1.02	0.05%
Annual charge	0.35	1.12	.005%
Availability of POS terminal	0.92	1.30	0.05%
Interest rate	0.83	1.22	0.05%

The independent variables as hypothesized are listed in table(?) (see appendix). The first variable is the service quality (H1) followed by the annual charge (H2),

availability of POS terminal (H3), and Interest rate ( H4). Table contains the result of the parameter estimation procedure.

H1 predicts that .....Table (?) shows that the better service quality perception is influenced to form favorable attitude of consumers toward credit card. The calculated value of Z (1.02) is less than the table value of Z at 5%. (96%) level of significance. So, the hypothesis holds true that means H1 is supported.

H2 predicts that annual charge has positive influence on consumers' attitude formation. The result indicates a positive relationship between annual service charge and favorable attitude of consumers. Table (?) shows that the calculated value of Z (1.12) is less than the table value of Z at 5% (+\_1.96) level of significance. So, the hypothesis holds true that means, H2 is also supported.

H3 predicts that availability of POS terminal has a positive influence on the consumers' attitude formation. The result indicates a positive relationship between availability of POS terminal and favorable attitudes of consumers for different credit cards. Table(?) shows that calculated value Z (0.92) is less than the table value Z at 5% (+\_1.96) level of significance. So the hypothesis holds true that means. H3 is accepted.

H4 predicts that interest rate has positive influence on the consumers' attitude formation. The result indicates a positive relationship between interest rate and favorable attitude of consumers' support of different brands. Table-4 shows that the calculated value Z(0.83) is less than the table value of Z at 5% (+\_1.96) level of significance. So, the hypothesis holds true that means H4 is accepted.

#### **Factors affecting the marketing efficiency:**

The following factors affect the marketing efficiency of the credit card in Bangladesh:

- Geographical factors affect the marketing efficiency of the credit card in Bangladesh, because most of the people live in remote areas. The infrastructure facilities are not appropriate for establishing the ATM machines and POS terminal in remote areas;
- Some individuals are opposed to the concept of credit card usages;
- Some people have negative attitudes towards the credit card in our country;
- The spending pattern of the people in Bangladesh also affects the marketing efficiency of the credit card. The buying power is also low. They are not habituated with credit cards;
- Most of the people are illiterate; they do not know how to use credit cards;
- The ATM and POS terminals are not available in Bangladesh;
- Most of the people are afraid of taking the credit card because they think that it is complex and difficult;
- Most peoples are religious minded, they do not want to take a loan from the Commercial Bank;
- Lack of online facilities also affects the marketing efficiency of the credit card; and

- The requirements for applying for credit cards are very high and complex in Bangladesh.

### **Problems:**

The requirement for application for a credit card is very complex and very difficult to follow. But in Bangladesh, most of the people are poor. They live from hand to mouth. They are not interested in credit card or they do not know how to use the credit card and what the facilities of credit card are. The annual charge and interest rate are higher than any other countries in the world. The major problems of credit card marketing are as follows:

- Most of the people are not aware of the credit card facilities;
- The infrastructures facilities are not appropriate for credit card marketing;
- Only a few shopping complex use the POS terminal;
- The standard of living does not match with standard of credit card.;
- The installation costs of ATM booth are high in Bangladesh;
- Most of the shopkeepers are not interested to collect the money by using the credit card;
- The perception about the credit card is negative, as like in, Insurance Company in Bangladesh;
- Most of the people think that credit card is a kind of hassle;
- The total numbers of ATM booth in Bangladesh are approximately 400, which are not sufficient for the regular card users;
- Most of the officials of the various banks said that most of the people of Bangladesh do not know about the facilities of credit card; and
- There are varieties of credit card, so most of the users do not know about the functions of these credit cards.

### **The Future for Credit Card Marketing in Bangladesh**

From the above discussions, we came to know that there is a bright future for the credit card marketing in Bangladesh. Most of the companies are at the initial stage of credit card marketing in Bangladesh. If the card issuers provide the ATM and POS terminals available in Bangladesh, then the demand for credit card will increase. Most of the people do not know about credit cards. But in developed countries, a credit card is very common and people use this card very properly and utilize the facilities of the credit card. If the card issuers provide information about the credit card to the consumer, then the usages of the credit card will increase day by day. Technological advances also increase the demand for credit card services properly. Now Dutch Bangla Bank installed 250 ATM Booth in Bangladesh and has made an agreement with other Banks for using ATM machines. The total size of the credit card market is increasing day by day. If the card issuers properly provide the facilities and convince the

consumer in using the credit card, then there will be a bright future for credit cards. Since most of the consumers are at the latent stage in case of credit cards, the companies have to take steps to convert the consumers into the awareness stage. By 2009, Brac Bank will expand their branches in every sub-division in Bangladesh and every branch they will provide a credit card system.

### **Recommendations**

Following are a few tips and suggestions about credit cards for the card users:

- Credit cards are just like a loan-you have to pay what you owe - so try and not overcharge more than you can afford to pay;
- Keep track of how much you spend on your credit card. Remember that incidental and impulse purchases add up fast;
- Save your credit card receipts. Compare them with your monthly bill. Promptly report problems to the company that issued the card;
- Never lend your credit cards to anyone;
- Owing more than you can repay can damage your credit rating. That can make it hard to finance a car, rent an apartment, get insurance or even get a job;
- Pay your credit card bill on time, and in full when possible. If you don't, you'll have to pay finance charges on the unpaid balance-and it takes forever to get caught up if you just pay the minimum; and
- There are many advantages of having a credit card such as being able to purchase items online and make hotel and car reservations. The way you handle your purchases should be taken seriously.

The suggestions and recommendations for card issuers:

- The card issuers should reduce the interest rate as soon as possible;
- The card issuers should make available ATM booth and POS terminal in Bangladesh;
- The Bank should provide proper information to customer regarding the credit card;
- The requirements for being a cardholder should be simple and easy;
- The Card issuers should install POS terminals available at the shopping mall;
- The card issuers should devote in promotion activities;
- The card issuers, first should survey the market and identify the customers' needs, wants and interests and then accordingly design the card's facilities;
- The Bank should provide proper instructions on how to use the credit card properly and efficiently; and
- The card issuers should increase other facilities of the credit card.



### Concluding Remarks:

Actually credit card is at the initial stage in Bangladesh. Most of the people in Bangladesh are not familiar with the culture of using credit card. Few people use the credit card only for prestige and status. Actually credit card is status-related items. If the companies establish ATM booths and POS terminals sufficiently and make it easy and simple for the customers to use these instruments, then the users of credit cards will increase day by day in the country. The companies have to rethink their philosophies, concepts and process regarding the credit card marketing in Bangladesh. They have to cope with the culture of the people of Bangladesh. If all these suggestions and recommendations are accepted and implemented by the policy makers and the credit card issuers, it is expected that the credit card sector would increase to a large extent.

### Appendix

Attributes	Bi for Standard Chartered Bank limited							Average perception
	Extremely Likely (+3)	Moderately likely (+2)	Slightly likely (+1)	Neither likely or unlikely (0)	Slightly Unlikely (-1)	Moderately Unlikely (-2)	Extremely Unlikely (-3)	
Annual charge	150	150	100	50	50	80	20	.966
Service quality	250	150	100	50	50	0	0	1.830
Available of ATM machines and pos terminals	100	120	150	80	50	50	50	.650
Interest rate	100	150	150	100	50	25	25	.958
Credit limit	100	150	150	80	60	40	20	.916

Attributes	Bi for HSBC							Average perception
	Extremely Likely (+3)	Moderately likely (+2)	Slightly likely (+1)	Neither likely or unlikely (0)	Slightly Unlikely (-1)	Moderately Unlikely (-2)	Extremely Unlikely (-3)	
Annual charge	120	120	160	50	50	50	50	1.03
Service quality	200	200	50	80	20	50	0	1.55
Available of ATM machines and poster	50	120	80	150	100	50	50	.20

Interest rate	150	150	100	100	50	50	0	1.33
Credit limit	150	100	80	150	40	60	20	.85

Attributes	Bi for Dutch Bangla Bank limited							Average perception
	Extremely Likely (+3)	Moderately likely (+2)	Slightly likely (+1)	Neither likely or unlikely (0)	Slightly Unlikely (-1)	Moderately Unlikely (-2)	Extremely Unlikely (-3)	
Annual charge	150	120	120	50	50	60	50	.816
Service quality	100	100	150	100	100	50	0	.750
Available of ATM machines and POS terminals	300	100	100	50	50	0	0	1.916
Interest rate	150	100	100	120	50	80	0	.900
Credit limit	150	100	80	150	120	50	50	.633

Attributes	Bi for Eastern Bank							Average perception
	Extremely Likely (+3)	Moderately likely (+2)	Slightly likely (+1)	Neither likely or unlikely (0)	Slightly Unlikely (-1)	Moderately Unlikely (-2)	Extremely Unlikely (-3)	
Annual charge	150	120	120	50	50	60	50	.816
Service quality	50	150	100	150	100	25	25	.541
Available of ATM machines and pos terminals	100	100	50	150	100	100	0	.416
Interest rate	150	150	150	100	50	0	0	1.416
Credit limit	150	100	150	150	25	25	0	1.208

Attributes	Bi for Brac Bank							Average perception
	Extremely Likely (+3)	Moderately likely (+2)	Slightly likely (+1)	Neither likely or unlikely (0)	Slightly Unlikely (-1)	Moderately Unlikely (-2)	Extremely Unlikely (-3)	
Annual charge	150	120	120	50	50	60	50	.816
Service	150	50	100	150	100	25	25	.708

quality								
Available of ATM machines and pos terminals	50	100	150	150	100	50	0	.500
Interest rate	100	150	150	120	50	30	0	1.066
Credit limit	150	100	150	150	50	0	0	1.25

### References:

Anwar G M Javed, "Purchasing Power Parity: Testing in Asia-Pacific Countries and Comparing with Major Markets" The Journal of Business Studies, Volume xxvi No: 2, December, 2005.

Durkin, Thomas A. "Credit Cards: Use and Consumer Attitudes, 1970-2000." Federal Reserve Bulletin 86, no. 9 (Sept. 2000): 623-634.

Evans, David S., and Richard Schmalensee. *Paying with Plastic: The Digital Revolution in Buying and Borrowing*. Cambridge, Mass.: MIT Press, 1999.

Mandell, Lewis. *The Credit Card Industry: A History*. Boston: Twayne Publishers, 1990.

Manning, Robert D. *Credit Card Nation: The Consequences of America's Addiction to Credit*. New York: Basic Books, 2000.

Nilson Report. Home page at <http://www.nilsonreport.com>.

Spofford, Gavin, and Robert H. Grant. *A History of Bank Credit Cards*. Washington, D.C.: Federal Home Loan Bank Board, 1975.

Rafique, Abdur, December, 1996. *The challenges of TVE for Human Resource Development-Policy Planning Strategy*, Bangladesh Technical Education Board, Dhaka.

History of Credit card. Home page at <http://www.creditcard.com>.

Rahman Dr. Mizanur and Alam Ahmed Fakhrul, "Students' Attitudes Towards Advertising in Bangladesh." Dhaka University Journal of Business Studies, Vol. 18(2), 1997, PP-159-170.

Alam, Md. Zahedul, "Credit Card Marketing at Rajshahi Metropolitan City in Bangladesh: Present status, Problems and Prospects." Journal of Institute of Business Studies, University of Rajshahi, volume, 2009, PP-(---).

Chien Yi-Wen, . Devaney Sharon A, 2001, "the effects of credit attitude and socioeconomic factors on credit card and installment debt" Journal of consumer affairs, Vol. 35

Thomas LC, 1992, "Dividing credit-card costs fairly" IMA J Management Math, Vol. 4, January, pp. 125-138.

**AN EXPLORATORY INTRINSIC STUDY OF FINANCIAL ASPECTS AND  
CAUSATIVE FACTORS OF ATTRITION PHENOMENA OPERATIVE IN PUNE  
CITY WITH SPECIAL REFERENCE TO I.T. SECTOR AND AUTOMOBILE  
INDUSTRIES (FOR F.Y. 2009-2011)**

**1. Dhananjay Gajanan Pingale**  
(B.Com, MPM)  
**Visiting Faculty Member-Management,**  
PES's College of BBA & BCA  
Opp. Gabriel Company, Kuruli,  
Chakan, Taluka- Khed (PUNE)

**2. Dr. Mukund Dongare,**  
M.Com, ICWA (Int.), Ph. D  
**READER-** Dep. of commerce,  
Babuarao Gholap College of Arts,  
Commerce & Science,  
Sangavi, Pune-27

**Introduction**

The primary aim of this paper is to fulfil one of the requirements of Ph. D. research norms, prescribed by the UGC, as author of this paper is pursuing doctoral research on the same topic having broad and indepth analysis of attrition phenomena. It will further be used as a parameter for the hypothesis of the doctoral research carried by the author of this paper. This research paper gives us a clear idea about the attrition; focusing on the causative factors.

Primarily, the meaning of attrition, given in various dictionaries is the constant reduction in resources which cannot be avoided. Hence attrition is not just the head count and turnover of the personnel of a specific industry but it is the decay in human resources of the industry. Hence in this research, it is proposed to take the review of industries (I.T. and Automobile) with regard to the attrition phenomena and with predefined aims and objectives which is discussed in the pages that follow.

The primary data and opinions are collected through interviews on telephone and by personal visits to companies.

The paper is presented with the appropriate discussion on the keywords appeared above in section-II and prior to this, aims and objectives, research methodology also have been presented in Section-I.

**Section-I**

**Aims and Objectives of the Study**

To fulfilling the Ph.D. norms, is one of the objectives of this paper. To take an overview on the attrition phenomena is the second aim of this research paper.

Current assessment of the attrition phenomena, at the industry level is another basic aim put forward to the researcher followed by the causative exploration of the attrition phenomena.

### **Scope and limitations of the study**

Pune's economy is rapidly growing, these days, and this is only because of the emerging IT sector and well established, Automobile manufacturing industries. However, these two sectors are facing problems due to attrition; hence the scope of this study is, companies operating in metropolitan township of Pune of both sectors. In this connection eighteen companies have been selected as a sample because these are the major players in Pune's economy. The companies have been selected through the industrial directory, internet sources and the BSE list.

Because of financial closing in all companies and the busy schedule of the respondents it was not possible to collect filled questionnaires; hence the primary data was collected through telephonic communication and other means of communication.

### **Research methodology of the study**

This paper is based on primary data as well as secondary data. Primary data has been obtained by discussion with the concerned industrial personnel. The secondary data has been obtained through reference books and websites. The discussions held in interviews, were based on pre-structured questions which concern the aims and objectives of the study.

### **Hypothesis of the Study**

The attrition rate increases due to, attractive financial packages, better prospects and career opportunities and working environment for work life imbalance on the part of the personnel.

## **Section - II**

In the title of research, primarily four keywords appeared. Consequently, belonging to these keywords, section-II remarks are divided into four parts. Therefore, the first part gives brief theoretical and practical aspects of Attrition Phenomena, further the second part and third part presents the Financial aspects and Causative factors of Attrition Phenomena respectively, followed by Part four namely, brief details of the IT and Automobile industry and of Pune City.

### **Part I – Attrition Phenomena**

Attrition is the refined concept of labour turnover, widely used by industries in the current business era. Theoretically, the concept labour turnover is being expressed in monetary form. It is also referred to as the overall turnover of labour cost in detail.

Also the practical use of the term labour turnover has being adopted by many Personnel Managers in their reports.

As compared to labour turnover, Attrition is a newer concept mostly utilized by HR managers. In a simplistic fashion Attrition may be defined as a reduction in the number of employees through retirement, resignation or death, at the very outset. The dictionary defined Attrition as a constant reduction in the strength of resources. This reduction can be expressed as a proportion to the total strength of employees for a specific time, and it can be called as the Rate of Attrition.



Attrition seems to be very simple, but when we go in depth of this problem, it is peculiarly hampering the growth of industries to a considerable extent. As the attrition rate goes up, the cost of replacing highly skilled employees will also increase and it devours a high proportion of profit, being earned by the industries, hence, it is necessary to look after the financial aspects and root causes of this phenomenon, namely attrition.

In IT sector, according to the survey conducted by BES and Data Quest, attrition rates of some companies are presented below.

Rank	Company	Attrition rate (FY 06)	Rank	Company	Attrition rate (FY 06)
1	Sierra Atlantic	29%	10	NIIT Technologies	15%
2	Kanbay	25%	11	Cybage	15%
3	Accel Frontline	20%	12	Wipro	13%
4	Sasken	19%	13	Hexaware	13%
5	Nucleus	18%	14	Computer Sciences Corp	12%
6	Geometric	18%	15	Infosys	10%
7	Flextronics	18%	16	TCS	9%
8	HCL Infosys	16%	17	Interra	9%
9	Induslogic	16%	18	RMSI	8%
10	NIIT Technologies	15%	19	Cadence	8%
<b>Average Rate of Attrition is 15%</b>					

\*BES Survey 2006 Source: DQ-IDC

## **Part II – Financial aspects of Attrition Phenomena**

Attrition does not mean cost always. If poor performers leave the job then it would be a healthy attrition and organization can bear this attrition. The problem arises when a high performer leaves the organization. For replacing these well performing employees, the organization has to attract new employees by giving higher emoluments. It is one of the cause of increasing the cost of the company due to an increasing attrition rate.

This cost can be spelt as below-

One of the best methods for calculating the cost of turnover takes into account, expenses involved in replacing an employee leaving an organization. These expenses are:

### **(i) Recruitment cost:**

(a) The cost to the business when hiring new employees includes the following six factors plus 10 percent for incidentals such as background search. (b) Time spent on sourcing replacement. (c) Time spent on recruitment and selection. (d) Travel expenses, if any. (e) Re-location costs, if any. (f) Training / ramp-up time. (g) Background / reference screening.

### **(ii) Training and development cost:**

To estimate the cost of training and developing new employees, cost of new hires must be taken into consideration. This will mean direct and indirect costs, and can be largely classified under the following heads: a) Training material, b) Technology, d) Employee benefits, e) Trainers' time.

### **(iii) Administration cost:**

They include: a) Set up communication systems, b) Add employees to the HR system, c) Set up new hires' at the workplace, d) Set up ID-cards, access cards, etc.

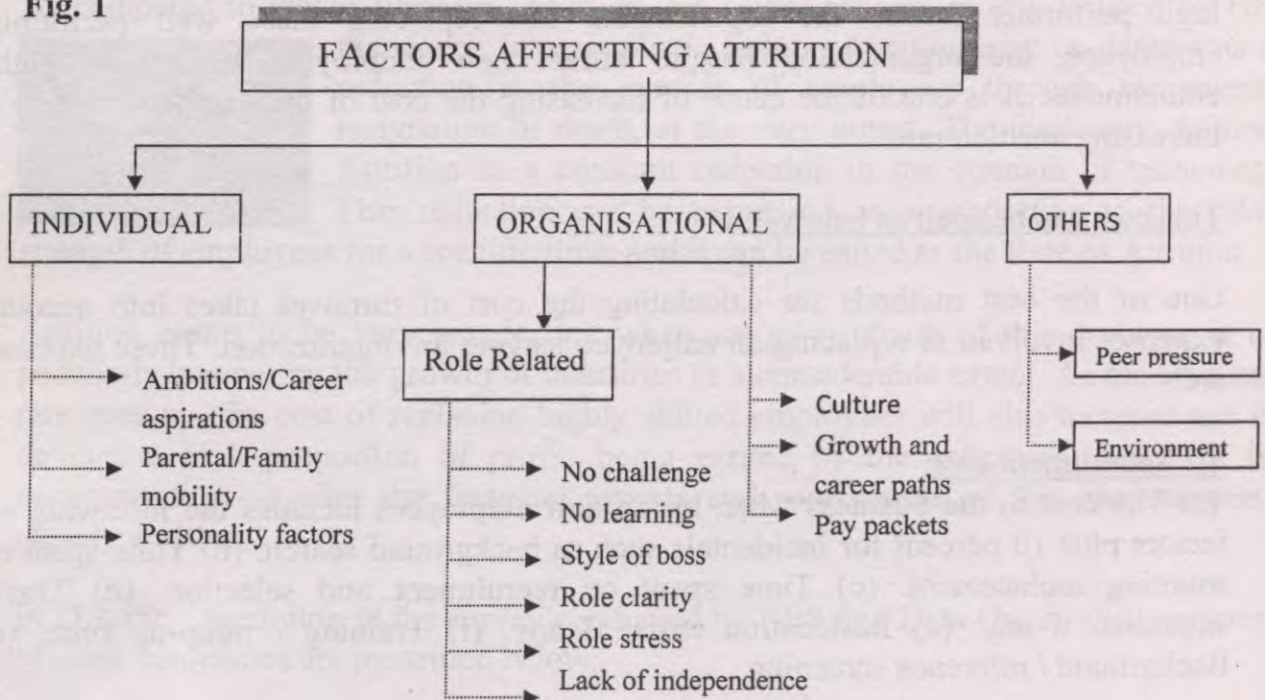
It must always be appreciated that the turnover is a phenomena which would always occur and in this context one should appreciate that turnover always happens: companies who believe in zero attrition rates only fool themselves. This happens because employees keep on moving due to reasons like marriage or further education. Nothing can stop these employees from moving on. So, rather than achieving zero attrition companies could focus on identifying whom they want to keep so that they have a healthy attrition rate. In this context, some stray observations should be noted.

## **Part III – Causative aspects of Attrition Phenomena**

Attrition may occur due to various factors; it is a natural incidence and cannot be avoided. So, the causes of attrition may be different within industry to industry,

company to company, also it has different reasons for an individual to individual. Moreover, the factors causing attrition may differ in chronology. For the sake of conceptual clarity all these factors may be grouped as below-

Fig. 1



**Ambitions or Career Aspirations:** There are various aspirations such as economic aspirations, professional aspirations, family aspirations and all kinds of aspirations and ambitions that affect a person's desire to move. It is rare not to have such career aspirations. In the past, organizations grew at a pace and with stability and individuals mostly saw their career in the current organization and stuck to the same. Now a day's either organizations don't grow at the pace at which the individual career aspirations grow or other organizations grow at a pace that matches the individual causing individuals to move.

**Comparisons and Equity Considerations:** Comparisons with peers or classmates from the same college, batch, age group, organization, first job, city, etc. there are numerous dimensions on which similarities can be picked up and compared. Individuals today are flooded with such comparisons.

**Parental and family mobility;** Sometimes the desire to be with closed ones also pushes the person to move. Although we have largely moved away from the joint family concept, there are still strong affiliations and affections. Need for being close with the family, spouse, children, parents etc. at different stages of one's life to fulfil different types of affiliation needs, prompt a few people to leave their jobs and move from one city to another.



**Personality factors:** Some people have a high need for variety. They get bored and fatigued easily. They need to change their job or what they are doing at periodic intervals. Otherwise they are restless and create morale problems with others working with them. They waste others time discussing organizational politics and polluting the atmosphere. Some people are constantly searching and seeking. They are highly ambitious and restless. They are highly achievement driven and want to achieve new heights in the shortest time. Some may have a different motivation or value profile which may not match with the current job or the company and hence the decision to leave.

**Job related factors:** Job related factors that cause the decision to leave are many, these include the following:

1. Inability to use ones' competencies
2. Lack of challenge
3. Boss and his styles
4. Lack of scope for growth in terms of position, salary, status and other factors
5. Role clarity
6. Job Stress or role stress or role stagnation
7. Lack of independence or freedom and autonomy
8. Lack of learning opportunities
9. Lack of excitement and innovation, novelty etc. in the job

These factors may be intrinsic and job related or extrinsic and job related or job chemistry related. Intrinsic factors are the factors related to the characteristic of the job. These are in plenty in BPOs where the work conditions (night work, work at odd hours, the nature of clients to deal with, etc) pose difficulties.

Extrinsic factors are factors like role clarity, independence and autonomy, bad boss, wrong chemistry of the team, work conditions that can be changed easily, lack of respect shown to the individuals, etc. A large number of extrinsic factors can be controlled.

**Economic Factors:** This deal with the aspirations in relation to salary and perks, housing, quality of living, need for savings etc.

In addition to these there could be many other factors that affect decisions:

- Mobility of partner
- Fatigue
- Family reasons like having to look after old parents
- Closeness to kith and kin, ROI in education

The factors can be classified as following:

1. Individual related factors
2. Role or job related factors
3. Organization related factors
4. Professional factors
5. Societal factors including Peer pressure factors and socio-economic environment related factors

These factors, mentioned above, are observed in different circumstances, and have to be studied in depth and case by case.

#### **Part IV – Pune City with reference to brief introduction of IT and Automobile sector**

It is a fact that Pune is a rapidly growing and developing industrial hub, and is expected to be the seventh Metro city of India. The backbone of this development is primarily a well established automobile industry and a rapidly developing Information Technology sector. The availability of natural resources such as water and electricity is also a major contributor in this development; moreover quality education providing institutes have been shouldered with a supply factor of professionals to support this developing industrial profile.

From the economic point of view, according to ASSOCHAM report on the “The 7<sup>th</sup> emerging metro city of India” Pune is the 7<sup>th</sup> emerging metro city. Pune’s per capita Gross domestic Product (GDP) is about Rs. 46,000 which is 50 per cent higher than the country’s per capita income<sup>1</sup>. Also Pune has the least income disparity between its rich and poor says the Environmental Status Report for 2005-06 released by the Pune Municipal Corporation. It is also important to note that the city’s economy largely lay upon the IT boom and the automobile industry.

#### **Profile of I.T. Sector of Pune City**

Just for the sake of familiarity with the topic it is necessary to look after some details of the rapidly growing IT sector of Pune city. There are joint efforts put forward by the PMC, PCMC and MIDC to urge the IT sector in Pune. First an IT Park has been set up in 2003, by the MIDC, and now more than 109 IT companies have made their offices in and around Pune city. Moreover, near about, 100 companies are in the process of setting up base here. India’s top 10 IT players are found here in Pune which are enlisted further.

---

<sup>1</sup> Source- Article published on Express News Service on Thu, Oct 30 2008. 12:56 PM on <http://www.livemint.com/2008/10/30125639/Pune-to-become-7th-metro-city.html>

### Information Technology Sector – Top Players

Sr. No.	Companies	Sr. No.	Companies
1	TCS	6	Satyam
2	Infosys	7	HCL
3	WIPRO	8	Patni
4	HP	9	Polaris
5	IBM	10	Cisco

But all this is hampered by a very peculiar phenomenon known as Attrition; hence some facts about attrition are discussed here.

Rank	Company	Attrition rate (FY 06)
1	Sierra Atlantic	29%
2	Kanbay	25%
3	Accel Frontline	20%
4	Sasken	19%
5	Nucleus	18%
6	Geometric	18%
7	Flextronics	18%
8	HCL Infosys	16%
9	Induslogic	16%
10	NIIT Technologies	15%
11	Cybage	15%
12	Wipro	13%
13	Hexaware	13%
14	Computer Sciences Corp	12%
15	Infosys	10%
16	TCS	9%
17	Interra	9%
18	RMSI	8%
19	Cadence	8%
20	Aztecsoft	6%
	<b>Average Rate of Attrition</b>	<b>15%</b>

\*BES Survey 2006 Source: DQ-IDC

#### Future Estimates of an IT Sector at the national level:

- Annual revenues estimated for the industry is US\$87 billion
- Software and services will contribute over 7.5 of the overall GDP growth of India.
- Information Technology exports will constitute 35% of total exports of India

- There will be 2.2 million jobs in the Information Technology sector.
- Information Technology industry will attract an FDI of US\$ 4-5 billion.
- Market capitalization of information Technology shares will be approximately US\$225 billion.

### **Profile of the Automobile Industry of Pune City**

The metropolitan township of Pune city is considered in both the PMC and PCMC area and the I.T. parks and MIDC's following in and around these corporation areas. Briefly, in and around Pune city 15 major global players<sup>2</sup> of automobile manufacturing companies and supporting industries, are found, which have global presence in this sector. Such as TATA Motors, Bajaj Auto, Force Motors, Mercedes Benz, Bharat Forge, Kriposkar Oil Engines etc. are the some of them having major players in the Pune automobile industry.

Pune has encouraged the establishment of an industrial centre for the automobile industry. Pune is the home town of the world's largest two wheeler companies. Apart from this the manufacturing plant of India's largest car manufacturer Tata Motors is located in Pimpri, the suburb of Pune. Apart from these the manufacturing units of Kinetic Engineering and Force Motors Ltd (earlier known as Bajaj Tempo) are also located here.

The world's second largest forging company (Bharat Forge Ltd) is located here. Cummins Engines Co. Ltd has established its Research & Technology India unit in Pune along with its manufacturing plant. Other Engineering companies having their manufacturing unit in Pune are Alfa Laval, Sandvik Asia, Thyssen Krupp (formerly Backau Wolf), KSB Pumps, Finolex, Greaves India, Forbes Marshall, etc

After this brief introduction of Pune city we go ahead to Section-III.

### **Section-III**

#### **Analysis of the data – Both IT and Automobile Sector**

It is observed during the study that attrition rates have been found the same in both industries to a certain extent. The average attrition is around 15% to 25% for the year 2009-10 in both industries.

Some highlights which occurred during attrition have been presented here. Operating margins of **Infosys Technologies** declined by 2.36% in the June quarter as compared with the March quarter. **Tata Consultancy Services (TCS)** and **HCL Technologies** saw their operating margins falling by 0.7% and 1.1%, respectively. This slide is not

---

<sup>2</sup> Source: <http://aparanjape.wordpress.com/2010/03/14/pune-a-global-automotive-leader/>  
Amit Paranjape's Blog

an aberration. The companies' EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization) has been on a decline for the past four quarters.

On the **attrition** front, a report by **Motilal Oswal**, a financial services firm, said that **Wipro** leads the pack with 23% attrition, followed by Infosys (15.8%), HCL Tech (15.7%), and TCS (13.1%) in the June quarter. The figures have been increasing for all these companies for the past few quarters.

"Attrition at all levels is impacting bottom lines - be it senior, mid or junior levels. Companies invest significantly in training entry-level employees. That cost must also be factored in," said **E Balaji**, CEO of **Ma Foi Randstad India**." Also that attrition is likely to stay elevated in the near term after earlier-than-expected turnaround in demand evoked a knee-jerk hiring from IT companies. The challenge of a stir up is higher at mid and senior-level positions.

In Tata Motors the attrition rate stands at 11%. This is calculated for the managerial level personnel. The company doesn't pay attention to the going of temporary employees. Hence attrition among them is neglected to some extent, and this is the fact for most of the Automobile biggies. This also incurs cost but is accepted by the companies in the automobile industry.

As far as the causative aspect of attrition is concerned, a hypothesis is accepted in this study. Because it is observed by the respondents (Executives / Managers of HR) that most of the employees leave their current jobs because another company in the industry is paying a higher salary package to them. Moreover, observations have been made that, Work and family life balance is hampered in most of the IT companies and it will be the second major reason for leaving a job. Each company has been trying to give its best to the employees, and it is true in the both sectors, how ever the concrete truth is that even this attrition has also been increasing. Other factors elaborated in fig. 1 are also observed but they are found on a minimum scale, namely parental or personal mobility, culture of the company etc.

### **Inferences and Recommendations, Summary and Conclusions**

This part of the research paper has been presented in two sub-parts. Part 'A' presents inferences and recommendations and Part 'B' elaborates the summary and conclusions.

#### **Sub-Part 'A'- Inferences and Recommendations**

Rate of attrition is found equal to some extent, but in voice based BPOs this rate of attrition is found very high and it is up to 45% in various companies. At this stage it may be inferred from data that the impact of this attrition on the organization and ultimately on the company's profitability is different in both the sectors.

It is not possible for the management to deceive this rate to zero per cent. Because definition of attrition clearly states that this is a natural phenomenon, because one of the causes found in attrition is the death of an employee and or super annuity and cannot be avoided. Hence, for this, it is recommended that managers of the HR departments have to classify their employees in such a manner that it will be clear whom to retain in the organization. This process may be called as "*Attrition Analysis*"<sup>3</sup> and the techniques of *Statistical Control* along with *ABC analysis* (especially used in Quality and Inventory) can be used here. It may give us the upper and lower limit of a healthy attrition rate and what rate of Attrition that Company will bear to the given financial position.

Retention practices can be adopted as the case may be. Findings say that in I.T. industry attrition happens due to better salary packages from other companies, and for this, the offering company sacrifices their operating cost and profit ultimately, but this practice is increasing expectations from newly joined employees and is slowly converting into job stress and fertilizes to increase attrition.

This practice is essential in the current situation, and the industry calls it talent acquisition, but the industry should lay emphasis on practices to lower down stress levels, and for this stress management courses can be offered. Also the work environment must be a friendly and social one. Family tours can be arranged for the employees. Induction trainings should be well managed, not just emphasizing on the orientation of the job or introduction of the company but expectations of the company, future career opportunities should also be communicated. Again, objectives of the organization and career goals of an individual should be correlated. In the Automobile industry, managerial level attrition is found high and the industry is serious about it. So programmes like MDP and practices like Knowledge management, HR data bank can be adopted to rescue one from attrition. Retention practices are also helpful in this manner.

### **Sub-Part 'B'- Summary and Conclusions**

Constant reduction in human resources can be said as attrition. This happens in all industries and sectors on a different scale. Also the method of calculating its rate is different, from industry to industry, and variations are found in sectors and individual companies, too. This attrition has a dynamic effect on the overall position and competitive fitness of a company as it grabs the profitability of the concerned company. As the scope of study, it is being observed, in the current scenario of business of the IT and Automobile Parts, causes for attrition are, better emoluments offered and work life imbalance of individuals. The concept of Talent Acquisition is

---

<sup>3</sup> Further research paper is being planned solely on this concept

sure to witness a 'Wage' war among industries. This fact cannot be avoided. This is one of the reason for a wage hike in the I.T. industry.

**Case-I:** K. Aswathappa has pointed in his book *Human Resource Management* that Wipro (IT based company) has adopted a different policy towards their employees that when an employee resign in Wipro, then the HR executives of Wipro help these employees to find jobs with the assurance that whenever those employees want to come back they will be accepted with the same pleasure.

As I belong to the automobile industry, both the causes are found here but in different proportions. Managerial attrition is the major issue here and for coping with this situation the supply side of the personnel should be considered because developing personnel is a time consuming process and has numerous barriers to it. Lastly attrition could happen after developing the personnel, as well, and it is a fact that in both the industries that developed and experienced employees leave

the company to a greater extent. Some employees join the company only with the attitude of learning.

One thing discussed with the Government labour officer is being presented here. He raised a point that when a company dismisses an employee he goes to the judicial system to complain but when employees leave the company, then there is no common foot path to the tribunal. Company bears this cost solely. But when this happens in a large scale then it is a problem of attrition.

For handling this issue of attrition it is finally concluded that constant research, study should be done at the company level and also at the macro level. Remedies can differ from place to place, time to time and individual to individual also. Retention practices adopted should be demand driven, that means practices adopted should be the concluded after opinion survey and analysis of suggestions given by employees. In this era of business today, only HR approach is not sufficient towards attrition management but employees should be treated as stakeholders of the company, as is shown by practice of Wipro Ltd, in given case no. I.

## Section-IV

### References and Relevant Bibliography

1. K Aswathappa, *Human Resource Management: Text and Cases, 6/e*, New Delhi, Tata McGraw Hill Publishing Co., 2010
2. Carvel, Fred, J., *Human Relations in Business, Macmillan & Co., New York, 1970*
3. Ms. Kavita and other; *IT contribution to key areas of Indian Economy*, MBA Deptt. RIMT-IET, Mandi Gobindgarh (Article)
4. Dr. Konana & Balasubramanian; *India as a Knowledge Economy: Aspirations versus Reality*, McCombs School of Business, the University of Texas at Austin, 2001 (Article)
5. Dr. Laxman Kumar Tripathi, *Human Resource Management Practices: A critical study with special reference to Information Technology Industry in India*, Ph.D. Thesis submitted to The University of Pune, Oct. 2003
6. Saxena R.C., *Labour Problems & Social Welfare*, Jai Prakashnath & Co., Meerut, 1963
7. T. Srinivas Rao, *Attrition Rate – The Role of HR Department*, Feb, 4, 2009, <http://www.coolavenues.com/know/hr/srinivas-attrition-2.php>
8. \_\_\_\_\_, *High attrition hits IT company's bottom lines*, an article, The Times of India, on Aug, 26, 2010,
9. \_\_\_\_\_, *Attrition in Service Sector*, News, The Economics Times, Oct, 29, 2010
10. \_\_\_\_\_, *Pune to Become 7<sup>th</sup> Metro City*, Article published on Express News Service on Thu, Oct 30 2008. 12:56 PM  
<http://www.livemint.com/2008/10/30125639/Pune-to-become-7th-metro-city.html>
11. Saikat Neogi, *Forward March*, An Article, The Financial Express, Nov, 23, 2010
12. S. Ronendra Sinh, *Forward March*, An Article, The Financial Express, Nov, 23, 2010
13. C.R. Kothari, *Research Methodology*, Delhi: New Age International Publishers, 2007
14. *BES Survey 2006*
15. *Annual Reports of Companies, Published on The Economics Times*  
<http://economictimes.indiatimes.com>
16. <http://www.bpoindia.org>
17. Official website of Collector of Pune
18. Official website of PMC, Pune
19. Official website of PCMC, Pune



**Table I - IT Sector Companies and Manufacturing Sector Companies (Represented by Global Automobile leader) Operative in and around of Pune City and Listed in Bombay Stock Exchange (Up to Dec. 2010)**

Sr. No.	BSE Code	Sector	Name of The Company	List Category	Issued Market Share Capital (Rs. In Crore) (09-10)
1	2	3	4	5	6
1	532977	Automobile	Bajaj Auto Limited	Sensex	144.70
2	500480	Automobile	Cummins India Ltd.	BSE-200	39.60
3	500540	Automobile	Premier Ltd.	BSE-Small Caps	30.40
4	500243	Automobile	Kirloskar Oil Engines	BSE-Small Caps	29.10
5	500033	Automobile	Force Motors Limited.	BSE-Small Caps	13.20
6	507685	Information Technology	Wipro Ltd.	Sensex	293.60
7	500209	Information Technology	Infosys Technologies Ltd.	Sensex	286.90
8	532540	Information Technology	Tata Consultancy Services Limited	Sensex	195.70
9	532755	Information Technology	Tech Mahindra Ltd.	BSE-200	122.30
10	533179	Information Technology	Persistent Systems Ltd.	BSE-500 / Mid-caps	40.00
11	532517	Information Technology	Patni Computer Systems Ltd.	BSE-200	25.80
12	504067	Information Technology	Zensar Technologies Ltd.	BSE-Small Caps	21.60
13	532400	Information Technology	KPIT Cummins Infosystems Ltd.	BSE-Small Caps	15.70
14	532312	Information Technology	Geometric Ltd.	BSE-Small Caps	12.40
15	532221	Information Technology	Sonata Software Ltd.	BSE-Small Caps	10.50
16	500570	Transport Equipments	Tata Motors Ltd.	Sensex	570.60
17	500520	Transport Equipments	Mahindra & Mahindra Ltd.	BSE-500	289.20
18	500493	Transport Equipments	Bharat Forge Ltd.	BSE-500	44.50

## STRENGTHENING WOMEN ENTREPRENEURSHIP IN BANGLADESH : THE CASE OF BAIN TEXTILE

**Tripoli Daring,**

General Secretary, Center for Breakthrough Thinking in Bangladesh and Manager,  
Finance, Dimensions Limited (New Zealand), Bangladesh Office.

### **Background of the study and Introduction:**

Rationale of the study of a woman entrepreneur is to encourage women of this country to become economically active by creating jobs for themselves and for others in their community. Being a tribal person myself, I have chosen a tribal woman as my case study.

There are many communities and ethnic groups in our country who are abandoning their ancestral way of life, along with the skill and culture that went with it, in an effort to integrate themselves with the larger Bangladeshi society. Muhammad Mahboob Ali (2009) argued that Women entrepreneurship is not really wide spread. They must be encouraged to get assistance from banks so that small business enterprises can be developed. This study will show that not only, is it a good idea to hold on to some old tradition, it can be very profitable too. The study has chosen one woman entrepreneur, to observe how she established herself in the society.

The time was the 1960s, when people in the hill tracts could not imagine starting a business -- and, especially for a woman, it was absolutely unthinkable. During such adverse circumstances, an indigenous woman came forward to show how lifestyle can be improved through business. She is Manjulika Chakma - the first tribal woman entrepreneur in the country. Born in 1943 in Rangamati, Manjulika took bold initiatives to develop traditional looms in her area and establish the first business concern, of tribal handloom products.

Manjulika Chakma was born in 1943, and she is today both an Entrepreneur and a Teacher. She established a handicraft industry called the Bain Textiles in the Rangamati district of Bangladesh. She is also the President of the Women Sohingsota Protirodh Committee, Rangamati, the Assistant President of Bangladesh National Crafol Council and the Member, Management Committee of Rangamati Chamber of Commerce & industry. She is the recipient of the Best Teacher Award of Rangamati District, Best Women Entrepreneur Award of The Daily Star and The Outstanding Women in the Business Award, 2003 given by DHL.

### **Objectives of the Study:**

There are two objectives of this study, the first objective is to record the experience of a successful woman entrepreneur of Bangladesh. The second objective is to study how a woman could start a business which not only brought financial solvency to her family, but also provided encouragement to others in her community to turn an ancient tribal skill into a viable business enterprise.

Through this study I hope to encourage other sections of our society that have skills that can be successfully commercialized, as was done by Manjulika Chakma, to bring economic prosperity to themselves. This will also popularize old and often neglected Bangladeshi skills and products both within and outside the country.

### **Data Collection:**

I have collected the data, initially through a secondary source, from a search on the internet, to identify a suitable candidate. My search resulted in identifying the case of Manjulika Chakma, a woman entrepreneur who has been successfully doing business for many years now and was the recipient of many national awards. After having identified my candidate, I collected the data from the primary source, I searched for people who knew her and then contacted her. Ms. Manjulika Chakma spends much of her time in Bandarnban, a remote town in Bangladesh and while traveling, I set up an appointment to meet her, and then interviewed her at her Dhaka residence. Time period of the data collection is October 2009 to November 2009.

### **Personal Profile of a Women Entrepreneur:**

Traditionally, agriculture had been the main occupation of the people of the hill tracts region, dominated by indigenous people. The art of weaving is taught to women, as a part of regular household chores. In her childhood, Manjulika learnt weaving from her mother Panchalata Khisha. Their family owned looms, locally called as 'komor tant'. They used to produce traditional handloom products since the 1950s.

Manjulika said that during the 1950s and early 60s many indigenous women in the hill districts used to produce clothes for their own use only. They never thought about starting any commercial venture. So it was a real challenge for her to take such an initiative.

Manjulika joined Shah Boys High School as a teacher in 1961. Around that time, she thought of doing something for her fellow weavers. She purchased two traditional

looms in 1965, and started applying new weaving techniques while continuing her teaching profession.

Thus, her journey as an entrepreneur began with a capital of only Tk. 500.00. It was a very difficult task, but she overcame all hurdles through sheer hard work and dedication.

### **Inadequate Capital:**

The biggest hurdle she faced was her inadequate capital. Frequently she had to stop production because of inadequate capital and raw material. Marketing was another problem she faced at the initial stages as there were very few buyers in Rangamati at that time. People outside the hill tracts hardly knew about the products produced by the indigenous people. But she didn't lose heart.

In 1965, she started selling her products by opening a very small showroom at her own residence. Over time, she succeeded in attracting buyers and received much appreciation. Soon the sale of her handloom products became a profitable business and this encouraged her to concentrate on her business full time.

She had started her business only with Tk. 500.00. It was a very small amount and it was not easy to set up her business with such limited capital. However, she worked hard to setup her business and said her husband, and especially her mother who was not an educated woman, encouraged her to do this business.

Today although she is an established businessperson, the material prices are now increasing day by day and she is also facing a lot of competition from others who have followed her into this business. Some are copying her products and also her samples and are therefore selling cheaper than her as they do not have to develop new ideas and designs. So, she is not getting as much profit these days as she used to during the time when there was no competition. However, she is happy with her present state of business and is now in a strong position as she has many showrooms and sales centers and is also getting orders for her products locally and from Dhaka.

She said "earlier on I needed to borrow money from others but now if I inform any organisation for loan, they are ready to write me a cheque". However, due to increase in material and labour cost, she is not getting enough profit but renowned organisations are buying from her and are pleased with her and that is her greatest achievement, she says.

### **Showrooms:**

Eventually, Manjulika's Bain Textile became a popular name in the handloom industry. Presently, Bain Textile has three showrooms in Rangamati and one in Cox's Bazaar. Besides, her products, including various clothing and household items, are sold in selected outlets in Dhaka; these outlets include well known stores like Aarong, Prabartana, Karika, Aranya and Kumudini.

At present Bain Textiles has expanded their showrooms to Khagrachori and to a sales centre in her residence in Dhaka. She is also supplying her products to Kay Kraft, Nagordola, Source, Ghora Baira etc. They are very pleased with her designs and product quality. Many companies are communicating with them and asking for her products and materials. She is planning to open a showroom in Dhaka like the other organizations. Because Dhaka is the main city in Bangladesh, there is a possibility of making profit by selling her products here.

### **Products:**

Products have been developed and diversified at Bain Textile considering the tastes and demands of buyers at home and abroad. The company has a long range of products such as tribal dress (pinon, khadi), shawls, bed covers, shalwar kameezes, shirts, punjabis, T-shirts, frocks, sleeping gowns, skirt-tops, side bags, purses, sofa covers, napkins and towels. Currently she is making window curtains and many organisations are placing orders, so her products are in great demand now a day. She said people are trying to make block print and also trying to modify it, I am following my typical design and own thinking. "People from Sirajganj, Baburhat, Norsingdi and other districts are following my products and earning more profit than me, as they are cheaper than me, but there is a difference between their product quality and mine."

### **Present Income and employees:**

Bain Textile earned Tk 4 lakh in 2000 and Tk 6 lakh in 2001 from exports. Around 80 weavers, experts and helpers are engaged in her handloom business, apart from more than 100 indigenous women in four villages who produce handloom products for sale. With separate weaving, dyeing, design and tailoring units and exclusive showrooms, Bain Textile has emerged as a complete business house. Manjulika still plays a key role in supervising the whole production process right from procuring raw materials like yarn and

chemicals for dyeing, preparing them for use and controlling the quality. She is a master in preparing vegetable dyes. It's a secret of her success in making her products popular.

Last year she earned 8 – 10 lacs from Bain Textile. She is planning to earn from sales, locally as well as globally. Near about 250 women are working in Bain Textile. 150 employees are working in the Industry and 100 employees are working in Rangamati town. These employees are very poor and she is providing them with employment. These employees are a great part of her business and they are encoring her to become an Entrepreneur.

### **Bank Loan:**

In the early days of her business Manjulika had fund constraints but banks could not do much for her as it was very difficult for them to provide loan to a person without collateral. Manjulika did not have any assets to keep as mortgage against bank loans. Two local banks came up with proposals to give her loans but she could not make a deal with them.

Manjulika says a lot of changes have taken place in the techniques of producing handloom products but they have not lost their basic characteristics. Traditional tribal looms have been transformed into modern ones but the products are still attractive because of their unique colour and design that demonstrate the rich heritage of the indigenous community.

A bank is important for an Entrepreneur. Though banks provide loans for a business, bank interest on loans is high. In one sense the bank is robbing money from the people. The present market condition is highly competitive and therefore even if the business does not prosper initially the bank installments do not stop. "I heard that banks are starting an SME bank loan system but it is also not started yet." Moreover it is easier for a Dhaka based entrepreneur to get a loan, not for the likes of me who are basically working in rural areas and small towns." In Rangamati area there are all old banks such as Sonali, Janata, Agrani etc. where there is no online banking system, like other foreign banks.

The overall picture is painful for women, having to battle to gain basic services needed to run a business. "Women have to suffer for trade license, tax, insurance and most importantly with loan disbursement," said Mrs. Manjulika Chakma. Indeed borrowing loan from banks can be virtually impossible. For an entrepreneur, banks allow only Tk. 50,000.00 loan and the interest rate is as high as 18 percent. Last year the Bangladesh Bank set up a Tk 95 crore fund to provide cheap credit to the country's women

entrepreneurs. However by February only one women entrepreneur had actually applied for a loan. "Banks should disburse collateral free loan to women entrepreneurs to increase economic growth".

#### **Attraction for buyers:**

At a time when local and global markets are flooded with fabrics manufactured in modern and high-tech plants, tribal handloom with ethnic designs is still popular with a different taste and appeal. Manjulika played a leading role in popularising these indigenous designs amongst both local and foreign buyers.

Manjulika's bold initiative created new entrepreneurs also. Her tireless efforts encouraged others to start businesses of handloom products in the hill districts. Over the years, about 20 to 25 such handloom enterprises have been set up and showrooms opened where several thousand indigenous women are working.

At present buyers are attracted to her products as they are unique. She plans and designs them on her own and therefore her products are in great demand, such as clothes, bedcovers, curtain covers, bags sarees, and sofa covers etc. which are very attractive and exceptional. Her cloth material is of superior quality. Therefore many local buyers give her orders and she supplies her product to renowned organisations likes, Kay Craft, Source, Protibeshi, Aarong, Nagardola etc.

#### **Creating employment:**

Thus, she has contributed towards employment generation for women, in the previously almost unknown field, of tribal traditional handlooms. Bain Textile has helped the indigenous people take part in economic activities and improve their lifestyle. Manjulika's work has also created a market for ethnic handloom products and brought them into the world of fashion. Her future plans include establishment of another unit equipped with power looms to increase production volume.

Manjulika's struggles have not come to an end although she is now a successful woman entrepreneur. She has been able to turn her very small initiative into a reputed business concern. But she could not yet open an outlet of her own in Dhaka due to the lack of capital.

She said "I have created lots of employment for our people and many people are encouraged to set up businesses like me. Therefore I am also getting

inspiration to run my business. As the material cost is high and I need to buy the material either in Dhaka or Chittagong, it takes a lot of time to travel and is also costly. Besides, the labour cost has also increased. Sometimes I feel like I should stop this business but then I think about my employees who are leading their life with the earnings from my Bain Textile. I am always thinking of ways to increase my showrooms so that more people will get an opportunity to work in my Bain Textile. Therefore I am stressing on teaching ladies very carefully. Employees, who are new to this field, have to be disciplined so that they can learn. If they learn from me, they will get a chance to work in other organisations that are doing similar business like me. At this moment about 250 people are working from villages and towns in my Bain Textile. Personally I am very happy as I could create employment for our ladies."

#### **Return of her continuous work:**

Manjulika won Shilu Abed Award in 2001 and Best Successful Woman Entrepreneur Award in 2002 in recognition of her outstanding contribution in the field of business and craftsmanship.

#### **Has she got any support from the educated society?**

In answer to this she said "yes", she is getting encouragement from many NGOs, Government locally and other organisations. They are showering her with praises and invitations, so it is indeed a great honour for her. The people of Khagrachory honoured her with the Aranyo 10 Award. "People are inviting me to attend their seminars, symposiums; I think this is a great honour which I am getting from our educated society".

#### **Foreign Direct Investment:**

She said that she does not have any foreign direct investment. Moreover she is not collecting any fund from any foreign country. "But yes, if I get a big order from any organisation, I borrow money from my relatives or family and bank. I return the money whenever, I finish my work order. From the beginning I needed to borrow money in this way as I did not have sufficient capital".

#### **What kinds of initiatives the government could take, for an entrepreneur like you?**

"I am very grateful to the Bangladesh Government that they awarded me in many ways as an entrepreneur. One Japanese organisation is arranging a



seminar in Japan and the Government is sending me as a representative for it. The theme of this programme is "One District One Product" in Bangladesh. In Bangladesh every district is famous for some item and therefore the Japanese organisation is arranging this programme".

### **Has any Non-Resident Bangladeshi helped you as an Entrepreneur?**

In this regard she said that she does not have any support from any NRB as an entrepreneur. But whenever, she goes abroad, many Bangladeshis are buying her products and ordering from her. Normally she is making items suitable for the middle class people.

### **How can we increase women entrepreneurs?**

She said, "If the government arranges more SME banking and easy loans, the number of the new entrepreneurs will increase and they will invest their knowledge for the development of the Bangladeshi economy. If entrepreneurs could export their products abroad through the bank it would be profitable for the business indeed and new entrepreneurs will increase. Moreover if other banks or the Bangladesh Bank provides them with low interest rates instead of 18% interest they could work more and could extend their business. Banks should disburse collateral free loans to women entrepreneurs to increase economic growth." Also local bank systems are not smooth and easy like the foreign banks.

### **Are you facing problems to compete with the Bengali people?**

"Yes, it is true that I am making products in our way but some business people are copying my products and making similar goods. Though they are following the designs like mine they cannot do it well because my style and my designs are always changing and I am trying to change my products styles every time. Sirajganj, Norsingdi and Baburhat business people are copying my products and selling it cheaper than me, as their quality is lower than mine; however there are people who are buying from them. But those who are really well known and reputed organisation like Aarong, Aranya, Nagarodola, Source, Probortana etc are buying from me. I am proud to serve them".

### **Global Participation:**

She participated in the International Industrial Fair in Kolkata in 2003 and 2004 and Chiang Mai Trade Fair in Thailand this year. She is going to participate in the Australian Trade Fair which is beginning on April 6. By

taking part in these shows, Manjulika wants to popularise Bain Textile products abroad and increase export earning. She always feels that participating in a fair abroad is a good way of learning and also improving the quality of products.

She also participated in the Canadian and Australian Trade Fairs in 2005, Germany, Frankfurt in 2006, Agartola, India in 2007. She was also a delegate at the World Buddhists Conference at Thailand on 1999.

### **Discussions and Conclusions:**

Manjulika Chakma has shown that if you have courage and determination, you can succeed, whatever be the odds. She is an indigenous woman who dared to follow her dream of becoming an entrepreneur in this society. At a time when most women were satisfied staying at home and doing house work, she transformed a family occupation into a large business.

Manjulika inspired both indigenous and Bengali women to become economically independent. She has trained many women who themselves have become entrepreneurs like her. She is gracious enough to welcome them in business and is not afraid of competition as she has confidence in the quality and uniqueness of her products.

As a member of the indigenous community myself, I feel proud that Manjulika has succeeded where many others have not dared to venture. Her experience has shown that sustained effort is bound to bring success. It also shows that the government must encourage women entrepreneurs by making it easier for them to access banks. Most women have ideas and entrepreneurship qualities but they do not have the necessary collateral that our banks require to give in terms of loans. If the government can remove this hurdle, then many more Manjulikas will emerge in our society.

**Note: i) Taka=Bangladesh Currency**

## Reference:

1. **www.women** entrepreneurship in Bangladesh
2. Daily Star, 2004 The Bangladesh Business Award year 2003
3. Narir Shofolota o Songran: Shoto Nari Netrir Bhabna, (Success and Struggle for Women: Hundred Leading Women's Views, Edited by Md. Rafiqul Islam
4. Interview on Monday, March 31, 2008
5. Planning & Entrepreneurial Venture Blended e-learning & Entrepreneurship. Presented by Tina Sterling & Will Thalheiner, , KAUFFMAN Foundation
6. United Arab Emirates by Dr. Mervey J. Morris
7. Entrepreneurship and Firm Formation across Countries, Finance and Private Sector Research, September 2007, **Leora Klapper**
8. Young Entrepreneurs-Seizing Opportunities and New Directions
9. Melodie Stewart and Kim Doherty. Dr. Deborah Hurst
10. Multi level entrepreneurship in the creative industries, New Zealand's screen production industry by Anne de Bruin
11. Muhammd Mahboob Ali, "Bangladesh "Chapter, *Handbook of Research on Asian Entrepreneurship*, editors: Léo-Paul Dana, Mary Han, Vanessa Ratten Isabell M. Welpel , Edward Elgar Publishing Limited, UK ,September, 2009.

## **E. PRODUCTS OF BANKING BUSINESS IN INDIA**

**\*DR. P.N.HARIKUMAR,**  
**ASSOCIATE PROFESSOR, POST-GRADUATE DEPARTMENT OF**  
**COMMERCE AND TOURISM, CATHOLICATE COLLEGE,**  
**PATHANAMTHITTA, KERALA.**

**\*\* DR. D.SUSHA,**  
**ASSOCIATE PROFESSOR, CATHOLICATE COLLEGE,**  
**PATHANAMTHITTA, KERALA.**

### **INTRODUCTION**

The absorption of technology in the Indian Banking Scenario has witnessed a gradual but steady transgression in the last two decades. In the branch banking segment, the transformation from Ledger Posting Machines (LPM) to Advanced Ledger Posting Machines (ALPMs) and Local Area Networks (LAN) to contemporary Wide Area Network (WAN), centralised core banking solution (CBS) and extensive automatic teller machine (ATM) network opened up rewarding avenues for the Banks to explore. Needless to mention, the directives of the Central Vigilance Commission to achieve cent per cent computerization before 31<sup>st</sup> December 2004 also hastened up the computerization drive in Indian Banks.

Electronic Banking or E-banking is a web-based service that enables a bank's customer to access their accounts. It allows the customers to log on to the banks' web site with the help of a bank issued identification and a personal identification number. The banking system verifies the user and provides access to the requested service. The range of products and services offered by each bank differs widely in their content. Though most banks offer E-banking as a value added service, E-Banking has also led to the emergence of a new type of bank called virtual bank which operate through the internet and does not exist physically. The most significant benefit of E-banking is ready accessibility of bank accounts at all times. The inconvenience of visiting and waiting at the banks is also eliminated, which results in, enhanced customer satisfaction, reduced customer attrition and increased customer base. From the banker's side E-banking considerably reduces transaction costs for banks.

The nature of branch banking also underwent remarkable transformation as the days progressed. Gone are the days when the customers used to flock to the branches of the Banks to transact their business. With the advent of time, a segment of techno-savvy customers also emerged who preferred to bank at their own convenience, round the clock, with out actually venturing into a branch premises. This demographic change has also been instrumental to a large extent in the Banks

building, the capabilities for Any Time, Any Where, banking by implementing state of art projects like CBS, WAN, internet banking, Tele-Banking and ATM networks.

### **ATM- A CONVENIENT BANKING**

The origin of ATMs can be traced back to June 1967, when Barclays Bank installed the first cash dispenser manufactured by Burroughs in the UK. The rare commenced when just forty-eight hours later, National Westminster Bank commissioned a machine manufactured by Chubb. Since then, there have been rapid developments both in ATM hardware and software.

### **The First Generation ATM**

The first generation ATM basically dispensed cash and offered very limited banking functions. In the next two years, ATMs were installed in several European countries, Japan and the United states, and the first ATM Network was created in Switzerland. In 1972, Lloyd's bank in the UK installed the first ATM connected on line with their banking system. By the mid-1970's, ATMs with a range of transactional services were developed.

### **The Second Generation ATM**

The next phase (late 1970's to early 1980's) saw the use of microcomputer technology in ATMs, which resulted in a number of technical improvements and significant reduction in cost. Consequently, the development and usage of ATM's picked up substantially.

### **Third-Generation ATMs**

In the mid-1980's modular ATMs were developed, on account of which banks could configure ATMs to suit their specific requirements. Moreover, these new features permitted up-gradation of ATM's as and when, new technology emerged.

### **Fourth-Generation ATMs**

In this phase, the ATMs graduated to systems based on PCs, and OS/2. This enabled ATMs to take full advantage of developments in PC hardware, like improved processing power, larger memory and high performance-high capacity disk drivers. Consequently, ATMs could support a wide range of services. During this period, deployment of ATMs gained momentum and banks in advanced countries necessarily provided ATMs to their customers, both on side and offside. Along side, Cash Dispensers (CDs), which did not provide cash deposit facilities, ATMs were deployed in large numbers at every conceivable convenience points.

### **Fifth-Generation ATMs**

The fifth generation marks a quantum jump in ATM technology with the manufacture of open-web enabled ATMs. These ATMs contain many significant improvements in design and architecture. These ATMs support delivery of a wide range of bank products and services. It has also become possible to integrate the ATM channel with other retail banking delivery channels. Globally, the top six players in terms of ATM installed base were USA, Canada, Japan, Brazil, South Korea, and China. However, in terms of ATMs per million population, South Korea with 1649 ATMs per million ranks number one followed by USA and Japan with 1297 and 1292 respectively. ATMs in India Hongkong and Shanghai Banking Corporation installed the first ATM in India, in 1987, at Kolkata. Indian Bank was the first public sector bank to install an ATM in India. These were all standalone ATMs. In February 1997, the Indian Bank Association promoted a network of ATMs in Mumbai called SWADHAN providing facility of cash withdrawal at ATMs of any of the member banks. This was the first major attempt in India to provide networked ATM services. Swadhan was implemented first in Mumbai. However it had its limitations.

The advent of new generation private sector banks in India gave a fillip to the creation of ATM networks as these banks relied more on ATMs as the delivery channel instead of branch banking, which was the forte of the traditional Indian Banks- both in the public sector and the private sector. In response to the aggressive use of technology by the new generation banks and to meet the expectation of customers, the traditional Indian banks also resorted to the creation of technology driven delivery channels, including the ATM channel.

#### **• E-PURSE**

In India the demand for banknotes and coins is very high due to high dependence on cash transactions. There is always a demand supply gap as well as pressure on the Central Bank of the Country to issue and circulate bank notes in good condition. The successful implementation of E-Purse on a wider geographical scale will certainly help in preserving resources in terms of manpower, money and time through cost savings from printing and minting of smaller denomination notes and coins.

The E-Purse also facilitates comparatively a convenient mode of carrying money from one place to another. Further, E-purse transactions for utility payments, telephone services, shopping malls, transport services, hospital or educational institutions, parking or tolls, local taxes/ charges, etc. will remove hassles emanating from cash handling. These would also result in an increase in operational efficiency of

the financial and banking sector as a whole and will also act as a conduit of extension of banking and other services in smaller cities and rural areas.

## **Types of E-purse**

### **1. Single-Purpose E-Purse Card**

The single-purpose card is designed to function for only one type of transaction, e.g., public transport, telephone services, educational institutions, hospitals or any specific utility service. The card generally comes with a magnetic chip, which stores the information about the amount loaded or funded. This type of card is generally issued and accepted by a specific entity and for an intended purpose. These cards are generally of smaller denominations or value and hence do not pose any major risk to the Central Bank, customer or the financial system as a whole.

### **2. Closed or Limited Purpose E-Card**

The scope of the 'Closed E-Purse' is limited in nature as it is not treated like money and hence cannot be used everywhere. A select number of vendors or service providers only accept the E-Purse. The closed E-Purses have one issuer or type of value and are generally used in a small number of already selected or identified points of sale (POS) locations. Most closed E-Purse schemes are issued by credit institutions and are generally lightly regulated.

### **3. Open or Multi-purpose E-Purse Card**

The scope of the 'Open E-Purse' is wider. The value stored in this purse may be equated to currency as it can be used for a wide range of transactions. Open e-purse may perform a variety of functions in association with multiple vendors, like credit card, debit card, smart card, etc. many retailers and other service providers may, therefore, join in the E-Purse scheme. Open E-Purses due to its importance in the financial sector and monetary policy are therefore regulated by the central bank.

## **Salient Features**

E-Purse stores pre-paid monetary value in the form of electronic money and is used to purchase or pay for goods or services in particular smart card schemes. Value can be loaded into E-Purses either by paying cash or by earning points, depending on the scheme. E-Purse can be loaded by bank transfers, Banks' ATMs, cash coin dispensers, etc., by which the value of the inserted cash is transferred into the inserted smart card.

## **E-Purse Advantages**

- Convenient mode of carrying money

- Used for utility bills, telephone services, shopping malls, transport services, hospitals, Educational institutions, Toll, parking or even local tax/charges payment.
- Preservation of resources in terms of manpower, money, time, less printing, and minting of notes and coins respectively.
- An option for a country with limited retail banking infrastructure.

### **CHEQUE TRUNCATION SYSTEM**

- The banking scenario in the country in the post-liberalization and deregulated environment has witnessed sweeping changes. One of the hallmark features of this transformation has been the immense competition that has pervaded the sector. In the present-day competitive regime, 'Time' is of essence and in this era of rapid technological obsolescence, 'An opportunity lost today is an opportunity lost for ever'. These days, Banks have been vying not only to expand their clientele base but to retain the existing customer base as well. The offerings have become much more customer-centric and customer specific than ever before. There has also been an increasing need for providing products and delivery channels offering 'Any time or Anywhere Banking' facility. The advent of the Internet has also brought the world much closer and with it, the need to keep abreast of international standards has also been growing. To put it in a nutshell, today's customers do not appreciate being limited by geographical and time factors for putting through their banking transactions. The introduction of technology, no doubt, is absolutely essential for the overall progress in the banking sector. Technology introduction by itself will have certain effects on the processes. Appropriate technology in the right place shall smoothen the process of financial intermediation, develop an efficient payment system, improve customer service, handle larger volumes, and generate efficient MIS, etc.
- The absorption of technology in the Indian Banking scenario has witnessed a gradual but steady transgression in the last two decades. In the branch banking segment, the transformation from the Ledger Posting Machine (LPMs), Advanced Ledger Posting Machine (ALPMs) and Local Area Networks (LANs) to the contemporary Wide Area Network (WAN), Centralized Core Banking Solution (CBS) and extensive Automated Teller Machine (ATM) networks opened up rewarding avenues for the Banks to explore. Needless to mention, the directives of the Central Vigilance Commission to achieve cent percentage computerization before 31st December 2004, also has hastened up the computerization drive in Indian



Banks. The introduction of MICR (Magnetic Ink Character Recognition) Technology, a couple of decades back, replaced the manual cheque clearing system.

Payment systems and payment services play a key role in the efficient functioning of the financial system within a country. The payment system needs to ensure that financial transactions are settled in a timely manner and complimented with reliability and security, which is vital to the maintenance of market confidence and to the safe and sound functioning of financial markets. Even though there are various cashless payment instruments in the country, cash still exists as the most popular retail payment due to convenience in settling small value transactions and ready acceptance of the legal tender for payment of any amount in any part of the country. Cheques are mainly used for retail payments. More than 90 per cent of the total value of cashless retail payments is done through cheques. This statistical fact alone highlights the importance of cheque-based transactions in the national payment system. To reduce the time taken in the clearing and settlement of cheques, to avoid physical transportation of cheques, and to enhance the reliability and the security of the retail payment system, cheque truncation or imaging technology is introduced in consonance with the amended Negotiable Instruments Act 1881, IT Act 2000 and Bankers Book Evidence Act 1891.

#### **Weaknesses of the Existing Process**

- Speed of Clearing is a function of speed at which the paper travels to the destination branch
- Physical handling of paper at multiple points
- Associated Frauds in the presentation and the return-clearing kite flying operations etc.
- Reconciliation issues – clearing differences, monitoring and control is an administrative cost and clearing differences accounts are a fraud prone area

High Operational and Maintenance Costs for the banks- staff, courier, encoding, passing, signature verification and security of the physical instruments to be warehoused after payment.

Cheque Truncation System (CTS) is an image-based cheque clearing system, which replaces the physical cheque flow by electronic information flow throughout the clearing cycle. This process eliminates the actual cheque movement involved in clearing and thus reduces the delay associated with the movement of cheques. This in turn increases the efficiency, reduces the operational cost and expedites the clearing process. CTS provides benefits across the board by providing the financial industry with a means for shorter clearing cycles and a centralized image archival system. Banks experience cost savings in the handling, transportation and storage of physical

cheques. CTS also increases operational efficiency by giving the bank staff easy access to real-time information on the cheque status.

### **REAL TIME GROSS SETTLEMENT SYSTEM (RTGS)**

Real Time Gross Settlement System (RTGS) is the ultimate in the payment and settlement architecture in any country primarily for online, real time inter-bank payment and settlement of large value funds. In other words, this is an electronic payment processing environment where payment instructions are processed on a continuous or real time basis and settled on gross / individual transaction basis without netting the debits against credits. The RTGS payment system is also one in which payment instructions between banks are processed, settled individually and continuously throughout the day as per the timings fixed from time to time. (Between 9.00 am and 3.00 daily and 9.00 am and 12.30 p.m. on Saturdays, as of now). The RTGS works on all days except Sundays and National holidays across the states. The current payment system involves settlement of payments on a "settlement day" and interest is invariably computed to accrue on a daily basis. Even in the wholesale markets for foreign exchange and money markets contracts, 'spot' transactions mean two-business days. Settlement for clearing cheques, presented to the clearing houses, takes place on a netting basis at a particular time, either the same day or on the next day. These conventions made sense, when book-keeping was done manually. This system gives rise to risks such as credit risk, liquidity risk, legal risk, operational risk and systemic risk. A systemic risk is the risk that the inability of one of the participants to meet its obligations, or a disruption in the system itself, could result in the inability of other system participants or of financial institutions in other parts of the financial system to meet their obligation, as they become due. Such a failure could cause widespread liquidity or credit problems and as a result threaten the stability of the system or of financial markets. The above apply to payment systems, which would trigger or transmit systemic disruptions in the financial area on account of the size or nature of individual payments, which they handle because of the aggregate value of the payments processed.

#### **Unique Features of RTGS**

- Throughout India the settlement is effected at Mumbai.
- The payments are settled transaction by transaction.
- The settlement of funds is final and irrevocable and the settlement is done in real time, i.e., the same fund can be used for further purpose immediately.
- High value and retail payments can be made through this system.
- It uses digital signatures encryption for safe and secure transmission.
- It provides intra-day liquidity to the member banks for funds flow.

## **MOBILE BANKING**

Mobile banking is a system of providing service to a customer to carry out banking transactions on the Mobile Phone through a cellular service provider. It is a service of banks to make available, the facility of Banking, where ever the customer is and whenever he needs it. We can rather call this facility as, 'Anywhere and Any moment' banking, but it is restricted to only information about his account and not cash services. Mobile banking got momentum, since the last 5 years due to the improvement in operation of service providers like Airtel/Essar/Spice/ Global Mobile Bank etc.

### **How Mobile Banking Functions?**

Mobile banking will enable customers to carry out the banking functions on his mobile phone. The cellular service providers are Spice, Global Mobile bank and Airtel/Esser. The customers using this service have to avail the banking service as per steps given below. Mobile banking operates through short messages. Customer has to therefore configure SMS. The customer has to activate Mobile Messaging service in the mobile phone. This activity is onetime and the cellular service provider will do this at the request of the user. In order to send a transaction, the customer has to key in the key words for the required transaction in the Mobile Phone and send it to the cellular service provider; preferably the customer should use upper cases while punching the words. A text message of the transaction will appear on the mobile within seconds as a reply. The mobile phone will keep in a few seconds, after transmitting the message. Then the information will appear on the mobile phone.

## **CONCLUSION**

ATMs have come to occupy a key component of retail channel strategy adopted by the banks worldwide. As a set of service, channel banks have delivered exceptional customer convenience deploying ATMs. In the Indian situation, the public sector banks are implementing their technology, blue print, by networking their branches. Their customers have started experiencing the transition from being a branch customer to becoming a customer of the bank, thanks to core banking solutions, which are under implementation. Internet and mobile technology are well positioned to supplement the ATM strategy to provide lasting customer convenience. Indian banks have already incorporated this in their strategic roadmap and are driving their retail focus to achieve exemplary growth at business levels.

The bank customers would get their cheques realized faster as T+0 local-clearing and T+1 inter-city clearing is possible in Cheque Truncation System (CTS). As straight-through processing and automated payment processing are enabled by CTS, faster realization is accompanied by a reduction in costs for the customers and the banks. It is also possible for banks to offer innovative products and services based

on CTS. The banks have the additional advantage of reduced reconciliation and clearing frauds. This system allows a financial institution to truncate cheques at the "point of capture" by providing the capabilities of presenting cheques to the "paying bank", and the process returns cheques electronically. More importantly, this would result in minimizing bottlenecks and delays due to couriers of cheques. From the Customer's point of view, the new system will reduce the time lag between cheque presentation and realization.

In a nutshell, to meet emerging challenges, the banks have undertaken a series of changes in their organizational structures, functions and practices. The banking system is the backbone of the economy and Information Technology is the backbone of banking activities. Technology, which was playing a supportive role in banking, has now come to the forefront with the ever-increasing challenges and requirements. The linkage between banks and information technology will be apparent as we integrate with the international market and the changes will be substantial. Concerted efforts and performance by all the banks is essential for receiving benefits through the latest technology. By using the latest digital technology, the RTGS is typically considered by corporates for making time-critical, high-value payments. Banks in the last 2 years have made the RTGS very affordable to customers as a replacement for Telegraphic Transfers, Drafts and issue of high-value Cheques. The RTGS solution provides a separate transaction type, which can be used to transmit the customer information along with the payment message to the beneficiary's bank in a structured format. This system gives rise to risks such as credit risk, liquidity risk, legal risk, operational risk and systemic risk. The RTGS is a payment system in which processing and settlement takes place in real time, i.e., continuously. This system operates in real time, in which, inter-bank payments are processed and settled continuously. It provides immediate finality of transactions, which also facilitates transfer of funds between two branches of the same or different banks within a couple of hours.

In the present day banking, total automation of banking operations is an imperative need for all banks to attract more customers, provide efficient service, and survive in the competition, apart from the profit motive, which is the primary objective of business. In order to achieve the goals of business, various channels of communication to customers have to be developed through technology. Mobile banking is one of the best alternative channels available to customers for quick, correct and efficient service at anytime and anywhere.

## REFERENCES

1. Swapan K Bakshi, (2005) Bankers leading the Development: Are you ready?, Indian Banker, pp.54-55.
2. Baskar Ananda, P.V, (2005) Trends towards Universal Banking with Strategic Alliances: Indian Banker, pp.104-105.
3. Seminar reports on 'Major Developments in Banking and Finance during 2004', UGC Sponsored National Seminar conducted by Government College, Thiruvananthapuram,.
4. Sinivasan, V.K, 2005 'Reorienting Banking sector', The Asian economic review, Vol.47, No.2 August,2005, pp54-55.
5. Bhole, L.M, (2005) Financial Institutions- Growth and Innovations, Tata McGraw hill Publishing Co; Ltd., NewDelhi, pp.90-95.
6. Avasthi, GPM., (2001) 'Information Technology in Banking; Challenges for Regulators', PRANJAN, Vol.29, No.4, , pp.3-17.
7. Ganesh, S., (2001) 'Frauds in a Computerised environment' IBA bulletin, Vol.22.No.12, December, pp.19-25.
8. Goiporia, MN., (2007)'Emerging Banking Challenges', The Journal of the Indian Institute of Bankers, July-September pp.125-128.
9. Malhotra, P. and Singh, B., (2007) 'New Revolution in the Indian Banking Industry; Internet Banking', Punjab Journal of business Studies, VOL.1, No.1 (April-September), pp.75-86.
10. Mohan R, (2008)'Transforming Indian Banking: In search of Better Tomorrow', IBA Bulletin, Vol.25, No.3, pp.175-180.

## FINANCIAL FEASIBILITY OF MILK PRODUCTION IN WARDHA TALUKA

Dr. A.K. Mansuri  
Prof. Atul Firke  
Prof. Humera Quazi  
G.S.College of Commerce, Wardha

### **Introduction:-**

India is the fast growing developing economy of the world and the second most densely populated nation where agriculture is the main occupation of the people from centuries. Agriculture forms the backbone of the Indian economic structure. Despite concerted industrialization in the last six decades, agriculture still occupies a place of pride. It provides employment to around 65% of the total workforce in the country. Being the prime occupation of the rural population, agriculture suffers with the problem of traditional system of cultivation, dependence on monsoon, electricity crisis, problem of debts and others. This situation gives birth to the cyclical and seasonal unemployment of the rural masses. To curb the situation of unemployment, it becomes necessary to shift the landless farmers and agricultural labourers to some secondary and tertiary sectors. Animal husbandry and Dairy development are being used as poverty eradication measures i.e. to provide additional employment and increase family income of the rural poor.

Livestock provides regular employment to about 11 million in principle and 9.8 million in subsidiary status. Export earning from livestock related products were Rs. 8200 Crores in 2002-03. The share of livestock amounts to agriculture is 25% and 6.8% of the GDP. Milk alone contributes Rs. 150 billion to the GNP. Only from milk group the value of output was Rs. 144386 crores in 2006-07. Thus livestock plays an important role in the Indian economy and in the socio economic development of the country. The dairy business i.e. milk production and processing has much potential to generate employment and revenue.

In the dairy sector, India has witnessed a revolution in milk production in the form of 'Operation Flood'. Operation flood was a rural development programme started by India's National Dairy Development Board (N.D.D.B.) in 1970. "Operation Flood" was one of the largest of its kind, which made India the largest producer of milk in the year 2007-08.

### Milk Production in India

Year	Production (Million Tonnes)	Per capita availability (gm/d)
1991-92	55.7	178
1992-93	58.0	182
1993-94	60.6	187
1994-95	63.8	194
1995-96	66.2	197
1996-97	69.1	202
1997-98	72.1	207
1998-99	75.4	213
1999-2000	80.6	220
2001-02	84.4	225
2002-03	86.2	230
2003-04	92.5	233
2007-05	97.1	241
2005-06	100.9	246
2006-07	104.8	252
2007-08	106.2	254
2008-09	1089.5	258

Source: Department of Animal Husbandry, Dairy and Fisheries.  
Ministry of Agriculture.

The above table shows the consistency in the increase of milk production and per capita availability of milk.

#### Significance of the Study:-

The above scenario is highlighting that the milk production is a profitable subsidiary venture for the rural population, if the middlemen are dropped from the actual line of distribution.

In the Vidarbha region, where farmers' suicide is common, they do not get the proper price for the agricultural output, agriculture depends on rain, and farmers are heavily debt ridden and poor. If the farmers shift towards dairy business as a supplementary occupation to agriculture, extra income would be generated and it would reduce their dependence on agriculture. Hence the farmers of this region should adopt milk production.

Can it reduce their indebtedness?

If milk production is a profitable business then what is the reason the local farmers do not adopt it in a full fledged way? Can dairy income help the farmers to reduce the cost of agricultural product? What is the actual reality of milk business in Wardha? Today's fundamental need is to draw the people's attention towards these burning issues. Hence the researchers have chosen this subject for study.

### **Objectives of the Study:-**

The present research work is to evaluate the financial feasibility of milk production in Wardha Taluka. Apart from the above basic idea, the research is also based on other sub-objectives which are as follows.

- (1) To find out the cost of per litre milk production.
- (2) To determine the cash profit and economic profit per litre of milk production.
- (3) To evaluate the problems which are confronted by farmers who are engaged in dairy business.
- (4) To study the existing system of buying and selling of milk by various milk agencies.
- (5) And to suggest the measures for enhancing the milk output and income level of the marginal and other farmers.

### **Hypothesis:-**

Hypotheses are the assumptions which provide guidelines to the researcher to move in a proper direction. In this research work, the following assumptions are taken into account for further movement.

- (1) Milk production is not financially feasible.
- (2) Milk of cows is more costly as compared to buffalo's milk.

### **Research Methodology:-**

The study fundamentally comprises of the primary data collected from the different villages of Wardha Taluka. An interview schedule was prepared for collecting the Primary Data from the 50 respondents (40 farmers, 5 distributors and 5 govt. Officials) of Sirasgaon, Salod, Sawangi Meghe, Kurzadi, Asagaon, Jamthat, Nagapur, Karanji Bhoge, Sukadi, Yelakedi, Umri, and Nagthana village of Wardha Taluka. Secondary data has been collected from books and internet.

### **Limitations of Study:-**

In the present study the researchers have faced constraint of time and place. The present research was undertaken during the 3 month period i.e. between October 2010 to December 2010. As far as place is concerned the samples are collected around the villages of Wardha city. The study is based on the information provided by the farmers who are producing milk as a subsidiary occupation along with



traditional farming, so there may be differences on the study and actual situations of others areas of the state of Maharashtra and other parts of the country.

#### **Data Analysis and Interpretation:-**

- As per the record of 2003-04 the population of bovines in Wardha district was :  
Cows: Indigenous 38361 Crossbred 10856 and Buffaloes 49586
- In and around Wardha, the livestock are indigenous and crossbred. Predominantly indigenous (Desi) cows are used as milk producing animals. In some areas crossbred Jersey, Houston, Tharpa and Kathiwad are found for dairy purpose.
- The Green, dry and concentrates type of fodder is fed to the animals. Average quantity of fodder fed per day is :

Cows :

Green 2.8 Kg.

Dry 4.6 Kg.

Concentrate 0.2 Kg.

(Figures vary animal to animal)

Buffalo :

Green 3.55 Kg.

Dry 4.98 Kg.

Concentrate 0.73 Kg.

(Figures vary animal to animal)

- The milk production is less in the summer as compared to winter and rainy season due to less availability of fodder. As per the survey, the average milk production of both cows and buffaloes is 6.25 (litre per day). Though the different breeds give different yield which is shown as under:-

**Cows :**

Indigenous 3 to 5 (litre per day)

Crossbred

Jersey  8 to 15 (litre per day)

Houston

Tharpa  6 to 8 (litre per day)

Kathiwad

### Buffaloes

Gavrani	4 to 6 (litre per day)
Murra	5 to 8 (litre per day)

- On an average the consumption of the milk was around (258 gm/day) (National figure) in the year 2008-09. The average cost of milk was Rs. 12.52 (per lit.)
- The different brands available in Wardha for the supply of the milk are
  - Gorus Bhandar (loose milk)
  - Arey packaged
  - Mahanand packaged
  - Dinshaws packaged
  - Haldiram packaged
  - Loose Milk
- Following table here shows the purchase price of cows and buffaloes milk.

Milk purchasing agency	Price per litre	
	Cows Milk	Buffalo
Gorus Bhandar	18-20	-
Dinshaws / Haldiram	12-24	18
Arey	10-12	-
Mahatma Dudh Yojna	13-14	18
Local rate in Village	12-14	20

- A single cow can be purchased in Wardha for:

Indigenous	Rs. 10,000 to 15,000
Crossbred	Rs. 15,000 to 25,000

- Estimated medical expenses per animal vary from Rs. 300 to 500 in a month.
- Gorus Bhandar is the biggest institutional buyer of cow milk in Wardha Taluka. It provides medical and financial facilities to farmers.

## Conclusion & Suggestions:

### Conclusion:-

Due to the perishable nature of milk, longer distances is avoided. To a certain extent, through the pasteurization process, the shelf life of milk is enhanced. After fulfilling the requirement of the city, it is sent to Nagpur, Chandrapur and other parts of Vidharbha. The milk yield of indigenous cows is low which is in a range of 3 to 5 litres. The crossbred animals give more productivity in between 8 to 20 litres. In a dairy business, buffalo is the preferred animal because of the high price of its milk which is around Rs. 18. In buffalo milk 30% solid contents are more as compare to cow's milk.

Traditional and old methods are adopted for the maintenance and upkeep of animals. Because of these old techniques the milk is adulterated and contaminated. Cow's milk is sold to Gorus Bhandar at Rs. 20 while the other organized buyers purchase it at a rate of 13 to 14. On the other hand buffalo's milk gives good returns i.e. in between 18 to 20 rupees per litre.

The purchasing price per animal varies. Indigenous cows are available for Rs. 15000, while the crossbred like Jurcy, Tharpa, Kathiwad are above Rs. 15000. For buying the milk, animal and to promote the dairy business, the Government provides around 50% subsidy to farmers.

In the case of the Government milk plant i.e. Arey, a channel works for collecting the milk from different farmers. The small societies collect milk from the farmers and from the societies to co-operative society and then to the Government processing plant. The price is usually 10 to 12 depending upon the fat contents in the milk. On a daily average around 2200(lpd), is dispatched to Nagpur from Wardha. Gorus Bhandar directly collects the milk from farmers from its 15 collecting centres and the same milk without processing is distributed in Wardha city through 9 distribution centres. 6500 to 7000 litres of milk is the daily distribution of milk in Wardha city and around 10,000 to 12,000 litres is the daily collection which is further processed for sweets, Mawa etc. Mahanand also collects the milk from different villages through its collecting wagon. The price range is 12-14. Other private players like Dinshaws and Haldiram do not have their processing plants in Wardha. They collect the milk from the farmers and dispatch it to Nagpur. The price range is 13-14.

**Suggestion:-**

- As the average cost of milk is 12.52 and the selling price is in between the range of 12 to 18. On an average, the farmer gets Rs. 0 to 6 as profit (the average cost of cows and buffaloes milk is the same). The marginal producers with fewer yields are in a weak bargaining position. They do not get good returns. So a fixed price should prevail in the market. At the same time the middleman also exploit the farmers. The middlemen should be dropped from the actual line of collecting channels.
- The yield of indigenous cows and buffaloes is less. But the crossbreds give the highest productivity. For enhancing the production, as well as, income of the farmer, crossbreds should be used. Artificial insemination techniques, embryo transfers like more scientific techniques should be adopted to increase the yield of the animal.
- Buffalo milk is sold at a higher rate i.e. Rs. 18. It enhances income, so the farmers should be motivated to maintain buffaloes which will increase the income level of the farmers.
- To increase the profitability in the business, as far as possible, the chain or a middleman should be reduced. This will benefit the milk producers in the form of higher profits.
- It is a profitable business for the investors, to invest in dairy, if the processing plant is located at Wardha.
- The Government agency purchases the milk from the farmers, in between 10-12 Rs while the cost of the milk is 12.52. Due to less price provided by the Government agency, the farmers are diverted towards the private players. It is advisable for the Government that they should increase the price of milk.

**References:**

- Mishra and Puri ,(2003) Indian Economy ,5<sup>th</sup> Edition,Himalya Publishers,India
- Mishra and Puri, Development Issues of Indian Economy 5<sup>th</sup> Edition,Himalya Publishers,India
- Mishra S.N (1995) "India's Livestock Economy: A Perspective on Research " Indian Journal of Agricultural Economics Vol 50
- Government of India (2206) Basic Animal Husbandary Statistics, Ministry of Agriculture.

**Websites:**

[www.scribd.com](http://www.scribd.com), [www.ncap.res](http://www.ncap.res), [www.iimk.ac.in](http://www.iimk.ac.in), [www.nddb.org](http://www.nddb.org)

# INVESTOR'S PERCEPTIONS REGARDING MUTUAL FUND INVESTMENTS IN INDIA (A Study of Visakhapatnam city)

---

A.K. Mohideen,  
Associate Professor  
Visaka Engineering College, Visakhapatnam

## Introduction

Mutual funds are fast emerging as an important investment vehicle, in the modern world and the concept is fast catching up in India. Mutual funds are the instruments, which act as a link between the investing public and the companies and are considered more secure as compared to direct investment in equity. The mutual funds market would gain popularity in our country and their investments in mutual funds would lead to ensuring a fair share of return to them.

Mutual fund in itself is deemed to be an institutional entity that encompasses the commonly derived and/or schematically accumulated financial goals of the community of investors. The money collected from a plethora of sources is invested by the Fund managers in various types of securities depending on their duly specified objectives. A mutual fund, therefore in its rudimentary conceptualization, is a collection of stocks and/or bonds, wherein an investor holds a share, which represents a part of the fund holding thereof. A proportionate sharing of income earned through such investment and capital appreciation, witnessed by the schemes is duly carried out. It must however be mentioned, that their proportional sharing by the unit holders is governed by the number of units owned by an investment option available for a common man as it provided an opportunity to invest in a diversified, yet professionally managed portfolio at a competitive (relatively low) cost.

## Investment Criteria

Many people simply don't have enough money to invest in a broad array of individual stocks, bonds and other assets; much less the time and energy to research and monitor them, for these investor's mutual funds may represent the most sensible option. Investment experts recommend in growth investment such as stocks and stock funds for long-term goals where, we won't need to sell our investment for 5 years or more. For short-term, where we might sell our investment in 1 year or less, recommend fixed income funds and other liquid investments. So, finding and funding the right investment has become quite a challenge.

The buying intent of a mutual fund product by a small investor, can be due to multiple reasons depending upon customers' risk return trade off. Due to the reduction in bank interest rates and high degree of volatility of the Indian stock market, investor are looking for an alternative for their small time investments which will provide them a higher return and also safety to their investments.

The reform process has sent signals to a wave of changes in savings and investment behavior, adding a new dimension to the growth of the financial sector. The Indian financial system in general and the mutual fund industry in particular, continue to take turn around from the early 1990s. During this period mutual funds have pooled in huge investments of the corporate sector. The investment habit of the small investor particularly has undergone a sea change. An increasing number of players from the public as well as private sectors have entered into the market with innovative schemes to cater to the requirements of the investors in India and abroad. For all investors, particularly the small investors, mutual funds have provided a better alternative to obtain benefits of expertise-based equity investment to all types of investors.

### **MF industry in India**

The Mutual funds started in India in a small way with the UTI Act creating what was effectively a small savings division within the RBI. Over a period of 25 years, public sector banks and financial institutions were allowed to float mutual funds and their success emboldened the Government to allow the private sector to foray into this area. The initial years of the industry also saw the emerging years of the Indian equity market, when a number of mistakes were made and hence the mutual fund schemes, which invested in lesser-known stocks and at a very high risk level, became loss leaders for retail investors. From those days, till today, the retail investor for whom the mutual fund is actually intended, has not yet returned to the industry in a big way.

The Indian Mutual fund industry is as old as four decades but its growth and awareness has reached the present level only since the last five years. It is the most suitable investment for the common man who invests his savings at regular intervals. It is an investment tool where the return on investments is high as compared with some other investments available in the market. It is a mature, well-developed and regulated investment vehicle. However like any other investment, Mutual funds also carry a certain degree of risk. An investor therefore has to take care of his/her risk taking ability, tax issues, investment period etc. SEBI as a regulator issued the first set of regulations, governing the transparency operations and disclosures standard of the mutual fund industry in 1993. They were revised in 1996. Though the industry has been operational for so long, it still suffers from shortcomings like lack of systematic evaluation of investor's requirements, designing products to suit their specific needs,

lack of depth in the market, lack of proper process and lack of better services. Consolidation of this industry has gained momentum today. The industry has also realized that managing the investor's money is risky and that it has to be very cautious in its operations.

### **Investors' perceptions**

Mutual fund investment has always been playing a crucial role among the general public and investors who would like to improve their financial status. The people who invest their money in various forms of investment, generate ideas and views out of their day-to-day observations and their experience. Keeping this in view, a survey was conducted for 120 employees who have made such investments. In the light of the above, the respondents' opinions were enquired and the perceptions of the employees has been analyzed and interpreted with the help of a few questions framed in the questionnaire.

To invest their money out of the total respondents (120) 37% are shown the interest in various schemes of the Insurance sector. 35% are interested in Fixed Deposits of the Banking sector and the rest of them are interested in investing in mutual funds (Table-1). The reason is perhaps the market fluctuations cannot be expected and the public is also future oriented. It is observed from the Table-2 the majority of the sample respondents (49) expressed that the basis for investing in mutual funds is 'Advise of friends/relatives' followed by 'Own expertise/intuitional', 'Media and Magazine help' (17%). On the other hand the respondents whose income level is 1-2 lakhs are more in number to invest in mutual funds (Table-3)

Savings for the future, expecting fair returns and avoiding income tax appears to be some of the objectives of the respondents in investing in mutual funds, but very few respondents i.e. 24% (Table-4) expressed that these investments are tax-free. It is also understood that from the Table -5 only 29% of the respondents are interested in returns while as 45% are concerned about the safety of their investment followed by liquidity option (31%). As time frame is also one of the major criteria to invest in mutual funds, from the selected sample 46 respondents opined that, 3-5 years is the ideal time frame (Table-6).

Respondents' opinions on performance of mutual funds and the future performance are enquired into on the three points scale viz., excellent, good and average. About 90 percent of the respondents expressed mixed opinions and rated that the performance of mutual fund is excellent and good. At the same time a majority of the respondents viewed that its future performance depends on the stock market trend as it depends on market fluctuations and is followed by the abilities of fund managers and on interest rates. (Table 7 and 8). It is also interesting to note that 48% of the respondents are willing to take moderate risk, on the other hand 52% are confining to either high risk or low risk because of their financial status/limitations and most of the

respondents are viewing to get more returns by investing in diversified funds and in different schemes. Similarly about 40 percent (Table-10) of sample respondents, are aware of Blue Chip funds, followed by Prima funds (27%), Tax based & Flexi Cap (13% each) and pension plans (7%).

### **Innovative Practices on MF**

Like other mutual funds, a socially responsible fund raised money to make its purchases which is known as its underlying investment by selling shares in the fund. Most of the investors look at the fees, past performance and investment objectives when selecting mutual fund for their portfolios, some also want to know about the actions and attitudes of the companies that are the fund's underlying investments.

Socially responsible investing sometimes generates continuous debate. Some people consider the label judgmental – suggesting that all other types of investing are “Socially irresponsible”. Others say that the term is used so broadly to encompass so many points of view, that it is meaningless. And still others claim that stressing behavior rather than the bottom line is not a sound financial strategy, but those that support socially responsible investing are committed to it.

### **Conclusions**

Mutual fund is a trust that pools the savings of a number of investors who share a common financial goal. UTI was the first mutual fund set up in India in the year 1963, at the initiative, of the Government of India and Reserve Bank. The SEBI formulates policies and regulates the mutual funds. In 1993, the main objective was to identify the awareness and risk tolerance factor for the investors in mutual funds offered by various public and private sector financial institutions.

As wealth generation is driven by strong economic and market capitalization growth, there is a rapid growth in the MF industry. But the private sector has grown at 47% as against a negative growth of 29% for the public sector. The reason is, perhaps, they launch various innovative schemes to capture market trends and opportunities. In the year 1998, almost 83 percent, of market share of mutual funds was with the UTI, but at present (2007) Reliance and ICICI Prudential are occupying the first two places in mutual fund positions in India covering 26 percent of the total market followed by UTI (Table-11)

After analyzing the perception of the sample respondents, it is inferred that the majority of the respondents are interested to invest in insurance companies and banks whereas some people are interested to invest in mutual funds because the market fluctuations cannot be expected and most of them are future oriented and take care of



safety measures. It is concluded that investment in mutual funds will be preferred and suitable to many young, middle aged persons and also retired people who have genuine desire to invest in mutual funds and expect more returns. 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 mutual funds.

**Annexure:**

**Table-1**

**Investment Criteria/Preference adopted by the Investors**

<b>Criteria</b>	<b><i>No. of Respondents</i></b>	<b>%</b>
Insurance	44	37
Bank FDs	42	35
Mutual funds	34	28
Others (if any)	--	
	<b>120</b>	<b>100</b>

**Table-2**

**Respondents Opinions on Basis of investment**

<b>Criteria</b>	<b><i>No. of Respondents</i></b>	<b>%</b>
Own expertise/ Intuitional	20	17
Advise of friends/relatives	49	41
Media help/ Magazine	18	15
Fund experts/ Agencies	20	17
Others	13	10
	<b>120</b>	<b>100</b>

**Table-3**  
**Income levels of Respondents**

<b>Income level</b>	<b>No. of Respondents</b>	<b>%</b>
1 - 2 lakhs	55	46
2 - 3 lakhs	25	21
3 - 5 lakhs	22	18
> 5 lakhs	18	15
Total	120	100

**Table- 4**  
**Opinions on Objectives of Investment**

<b>Objective</b>	<b>No. of Respondents</b>	<b>%</b>
Savings for future	43	36
Returns	48	40
Income tax	29	24
Total	120	100

**Table- 5**  
**Criteria for Making Investment Options**

<b>Criteria</b>	<b>No. of Respondents</b>	<b>%</b>
Return size	35	29
Safety	54	45
Liquidity	31	26
Total	120	100

Table- 6

## Timeframe of investment preferences

<i>Awareness</i>	<i>No. of Respondents</i>	<i>%</i>
< 1 year	19	16
2 - 3 years	26	22
3 - 5 years	46	38
> 5 years	29	24
Total	120	100

Table- 7

## Respondents Opinions Performance of MF

	<i>No. of Respondents</i>	<i>%</i>
Excellent	74	62
Good	34	28
Average	12	10
Total	120	100

Table- 8

## Respondents Opinion on Future Performance

	<i>No. of Respondents</i>	<i>%</i>
Stock Market	59	49
Fund Manager	33	28
Interest Rates	28	23
Total	120	100

Table-9

## Opinions on willingness to take risk in MF

	<i>No. of Respondents</i>	<i>%</i>
High	35	29
Moderate	58	48
Low	27	23
Total	120	100

Table -10

## Respondents awareness on Mutual Funds

<i>Type of Funds</i>	<i>No. of Respondents</i>	<i>%</i>
Blue Chip	48	40
Tax based	15	13
Prima Fund	32	27
Flexi cap	16	13
Pension Plan	9	7
Total	120	100

Table -11

## Mutual Funds Players in India

<i>Type MF player</i>	<i>Mkt Share %</i>	<i>Rank</i>
Reliance	13.85	1
ICICI Pru	12.00	2
UTI	10.07	3
HDFC	8.93	4
Templeton	7.04	5
Birla	5.28	6
SBI	5.20	7
Stan Chart	3.97	8
Kotak	3.86	9
Tata	3.57	10
HSBC	3.37	11
DSP ML	3.36	12
Principia	2.71	13
LIC	2.56	14
Sundaram	2.26	15
Total	100.00	

## References:

- Faisal Ahmed and Maneesh Kumar Ahuja*, "Decision function and the Decisional Matrix for Mutual Fund Investments", Review of Professional Mgt, NDIM, Vol. 4. Issue 2 July-Dec, 2006, p27.
- Ferson, Wayne E and Warther, Vincent A*, "Evaluating Fund Performance in a Dynamic Market", Financial Analyst Journal, 52(6), pp20-28
- Ferson, Wayne E and Warther, Scadt, Rudi W*, "Measuring Fund Strategy and Performance in Changing Economic Conditions", Journal of Finance, 51(2), pp425-61
- Grinblatt, Mark S and Titman, Sheridan* "Mutual Fund Performance: An Analysis of Quarterly Portfolio Holdings", Journal of Business, 62(3), pp 393-416
- Nalini Prava Tripathy*, "Mutual Fund in India: A Financial Service in Capital market", Finance India, Vol. X., No.1, March 1996, pp85-91.
- Rajeswari. T. S and Rama Moorthy VE*, "Conceptual Awareness and Performance Perception of Mutual Funds Among Potential Retail Investors-A Prognostic Approach", The Indian Journal of Commerce, Vol. 54. No.4 Oct-Dec 2001, pp 35-47
- Rohit Sarkar*, Special consultant, Planning Commission Report of Planning Commission - Vision 2020 for India on the Financial Sector.pp1-22.
- SEBI & RBI - Annual Reports
- [www.amfi.com](http://www.amfi.com)

## SOCIOLOGICAL ROADBLOCKS OF WOMEN ENTREPRENEURS: A DIAGNOSTIC STUDY

Prof. G.L.Narayanappa,

M.Com, MBA, Ph.D,PDF(ICSSR)

Dean - School of Commerce &  
Management

Dravidian University

Kuppam.

drgl9@yahoo.com

Dr R Padmaja

Asst Professor

Institute of Public Enterprise

Osmania University Campus

Hyderabad - 500007

rpadmaja@ipeindia.org

---

### *Introduction*

The present day corporate sector proves that there is no gender discrimination for entrepreneurs. Women entrepreneurs are more vehemently carrying out entrepreneurial activities than men. This scenario indicates the equality of gender in a developed economy. Women entrepreneurs are perennially becoming the driving force of many economies, the world over. Once, the main tasks of women were to bear and rear children and carrying out rest of the household assignments within the four walls of the house<sup>1</sup>. This was the age-old concept. In the present day context of (L.P.G) liberalization, privatization and globalization, the role of women has become versatile. The various factors like, cultural expression, tasks and mobility, modern education, health and size of the family, political awareness and cut-throat competition prevailing in the society have compelled women to mould their careers to suit the present day society. Hence enormous changes in the role of women have taken place in recent days. The changing role of women depends upon the various parameters such as a cultural environment, economic and social augmenting process and the impact of information technology, as well as, latest developments in living and working conditions of women in the society.<sup>2</sup>

## STATUS OF WOMEN ENTREPRENEURS IN THE CONTEMPORARY CORPORATE SECTOR:

It is assessed that women entrepreneurs presently consist of about 10% of the total number of entrepreneurs in India, with the percentage growing every year. If the prevailing trends continue, it is likely that in another five years, women will comprise more than 20% of the entrepreneurial force. With corporates eager to associate and work with women, and profit organizations keen to help them get going, there has rarely been a better time for women with ambition and industry to set up their own entrepreneurial activity.

Although men and women may be motivated by multiple objectives and expectations, women entrepreneurs are just as competent, if not better, than their male counterparts.

Women are more likely than men to admit when they are not aware of something and ask for help. They are normal networkers and developers of interpersonal relations, forging powerful bonds and nurturing relationships with clients and employees alike. They are also more inclined to seek out mentors and develop supportive teams. In business this translates into building rapport with clients and providing great customer services. This perhaps is the reason why a majority of women tend to launch businesses that are client based or service-oriented.

Sometimes, however, a lack of training and prior experience can render women entrepreneurs susceptible to a number of pitfalls. The suggestions made in this paper are aimed at helping women entrepreneurs cross some of the typical pitfalls that may crop up on their path to success<sup>3</sup>.

### WOMEN ENTREPRENEURSHIP DEFINED:

The women entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. Women are expected to innovate, intimate or adopt an economic activity to be called women entrepreneurs. The Government of India has defined women entrepreneurs as "An enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women".

The Chittoor district of Andhra Pradesh has been chosen as a sample unit for the study:

There are about 38 women entrepreneurs prevailing in the head quarters of Chittoor district of Andhra Pradesh. These women entrepreneurs have established multiple

productive units in the district such as (i) Fruit pulp units; (ii) Match- Box Industries; (iii) Hatcheries; (iv) Jaggery units; (v) Plastic utensils; (vi) Plastic bags; (vii) Indolium vessels; (viii) Interior paints; (ix) Rolling and Polishing; (x) Printing and Dyeing; (xi) Dairy Units; (xii) Chips useful to computers; and (xiii) Plastic pipes and so on. Besides, the real life entrepreneur's problems that they confront, the greatest mental feeling, which pesters them, is that they are women and 'B' grade entrepreneurs when compared to men. Aggressive and domineering male stance is the order of the day. Therefore, women have a tendency to keep away from lucrative economic activities, which are apparently regarded as the prerogative of men. So-called pragmatic financial institutions and banks are also exhibiting bias against the entrepreneurial skills of women and not coming forward to lend the women entrepreneurs on par with men<sup>4</sup>.

The author makes an earnest attempt in this paper to present the various sociological roadblocks confronted by the women entrepreneurs in the present day corporate sector.

#### INDIAN WOMEN – HOGGING THE LIMELIGHT IN AN ENTREPRENEURIAL WORLD:

Across the country and across the globe, women are the worst sufferers. For decades together, at some places, time remains the same and at other places it goes through many transitions. It takes centuries for women's roles to unfold in varied forms, shapes and sizes and to move in versatile heights. There are certain places where women live in a bygone century, chained and shackled to the social structures and bowing to the wishes of others who carve a code of conduct in stone. Whereas there are other locales where women struggle to find freedom and space to define their roles in the new context with new occupations and forge a new path for their lives.

In the traditional days of society, a large part of the world was of the opinion that men alone can set up enterprises. Then there were women, who, keeping the economic conditions of the family in mind, took up income generating activities to meet the ever growing family expenditure. The men of these women were either not there, or, if they were there, would not or could not take the responsibility of the family.

The role of women in India has undergone dramatic and drastic changes from era to era, while within the eras themselves there have existed considerable contradictions. This in itself has fabricated problems, for contemporary women, in experiencing a continuity of their identity within the society. What a woman growing up in Indian society interjects is perhaps a collage and flues of attitudes, perceptions, roles and locations of her identity. It seems to be difficult to take a logical look at all this. To every fortune there is a misfortune and vice-versa. The interjected collage does not, therefore, make it easy for women to define their role and take leadership roles and to enunciate directions and goals for themselves.



Then came a time when the order of the world changed. A new form and new structure emerged. This took thousands of years and tears of women, who with courage moved the mountain of debris of beliefs and freed themselves from the chains and shackles of centuries. What was this change?

Starting entrepreneurial activity would create a little dilemma in many women who have the requisite potentialities for becoming one. However, to become affluent at once is the basic reason for women to start entrepreneurship. They had a deep-seated need for a sense of independence along with a desire to closet behind their husband's nameplate. Women with high education view entrepreneurship as an opportunity for earning prosperity. These women needed little outside support for venturing ahead as their circumstances forced them. On the other hand, women, coming from affluent sections had resources but wanted their husbands to decide the ways it should be utilized. Also the women of the upper crust of society were hesitant to put forth the idea of taking up a non-traditional role.

It is also found that compared to men, women were less concerned about making money and often choose business proprietorship as a result of career dissatisfaction. Secondly, women find entrepreneurship as a tool of meeting their career needs and childcare role. However, there are drastic differences in the way men and women-owned enterprises view their activities<sup>4</sup>.

Most women business owners in Indian organizations were either housewives or fresh graduates with no previous experience of running a business. These women business owners were in traditionally women-oriented business like garments, beauty care, and fashion designing, which either doesn't require any formalized training or is developed from a hobby or an interest into a business. The classic example will be of 'Herbal Queen Lady', Shehnaz Hussain, who started her herbal-based treatment from a relatively small scale. Infact, she started literally from her kitchen domain to the chain of beauty parlors spread out across the globe<sup>5</sup>.

Various schemes for encouraging entrepreneurship among women are doomed to fail or at best to succeed partially when taken up in isolation. This is because entrepreneurship by definition implies being in control of one's life and activities. It is precisely this independence that society has denied to women all along.

Encouraging entrepreneurship for women will require an even greater reversal of traditional attitudes than the mere creation of entrepreneurs for women would. This does not mean that we should wait for societal change to take place first. But it does imply that the programme should go beyond subsidies and credit allocation to attitudinal changes, group formation, training and other support services.

Training in entrepreneurial attitudes would be helpful at the high school level through well-designed courses which build confidence through behavioral games. This exercise would illustrate practical application of the academic knowledge being imparted regarding management of an enterprise.

To release women from the constraints on mobility that society imposes on them throughout their lives, high school girls should be compulsorily taught to cycle. There is proof that increased mobility contributes immensely to raising confidence levels. An additional measure that may increase mobility and confidence is to compulsorily train girls also in the methods and techniques of self defence<sup>6</sup>.

### **The objectives**

The specific objectives of the paper are:

- (i) To identify the various sociological roadblocks encountered by the women entrepreneurs in Chittoor district of Andhra Pradesh;
- (ii) To identify and analyze the various reasons for the sociological roadblocks of women entrepreneurs in Chittoor district; and
- (iii) To offer feasible ways and means to wipe out the sociological roadblocks
- (iv) Confront the women entrepreneurs in Chittoor district of Andhra Pradesh and to put the whole gamut of entrepreneurial activities of women on more viable, rational and modern lines.

### **Scope of the present paper**

The scope of this paper is confined to the study of sociological roadblocks of women entrepreneurs in Chittoor district head quarters of Andhra Pradesh only. Several women entrepreneurs dispersed in the entire district are excluded from the study in order to maintain some sort of uniformity and convenience.

### **Database**

The required data for the study was collected from primary sources only. The women entrepreneurs of various industries located in Chittoor formed a good base of information for this paper.

### **Sample Size**

There are only 38 women entrepreneurs in Chittoor town. A census sampling technique was followed and all the 38 women entrepreneurs were interviewed. A pre-

tested Questionnaire constructed for the purpose was administered to them in order to elicit first hand information from the respondents.

### **Profiles of Sample Respondents**

While 36.84% of the respondents are in the age group of 25-30 years, followed by 28.95% of the respondents in the age group of 31-35 years and 34.21% of the respondents in the age groups of 36-40 years, 39.47% of the respondents are graduates, 23.68% post graduates, and 36.85 of the respondents have professional qualifications like B.Tech and diploma in Education and diploma in Personnel Management and Industrial Relations. It is reported that almost all the women entrepreneurs covered in the study have undergone training in one area or the other related to their industry, as imparted by the District Industries Centre, Chittoor.

Women in Urban areas had to face not only resistance from men, but also from senior citizens, ingrained as they are with an attitude of inequality. The over bearing presence of elders restrain every young woman from venturing out. So one can assume how much a woman will have to put up with if she wishes to become economically independent. The study revealed that the following are the sociological roadblocks confronted by the women entrepreneurs under the study.

### **Ethical accountabilities and domestic obligations:**

An overwhelming majority of the women respondents, 84.29%, reported that their domestic obligations and ethical accountabilities were the greatest hurdles to their career as an entrepreneur. Women still do not find it either possible or desirable for their total involvement, in their entrepreneurial activities. Due to this constraint the innate management talent of women and their entrepreneurial skills has gone unrecognized and unaccounted, as it does not show profit or loss in monetary terms. However, unmarried women entrepreneurs may spend little more time with the concern of their enterprise.

### **Flimsy entrepreneurial training programmes designed for women**

Another integral constraint reported by a modest section of the respondents (57.80%) of women entrepreneurs) is inadequate business training, which is a major hurdle for them. It is also aptly glaring in financial areas of the entrepreneurs.

### **Meager Mobility**

Further, about 44.73% of the respondents have stated that their meager mobility from one market to another reputed market for business purposes is a severe lacuna for

their entrepreneurial progress. In the absence of good mobility from one place to another place these entrepreneurs cannot grab good market orders for their products. The various difficulties caused by the Government officials like licensing authorities, labour officers and tax personnel, is another miserable reason for halting the career of women entrepreneurs.<sup>5</sup>

### **No-Holds barred Competition**

Minorities of the respondents (31.57%) have stated that they are facing severe competition for their products from organized corporate industries and male entrepreneurs. Besides, they do not have any organizational set up to spend a lot of money for advertisement and publicity.

### **Scant attention towards women entrepreneurial programmes**

When compared to the neighbouring and other states, the various programmes to assist women entrepreneurs by the government are very scant. It is reported by a sizable segment (34.21%), that the other states are offering enormous concessions to women entrepreneurs like tax concessions and subsidies, whereas it is only paltry in their state.

### **Conclusions and Suggestions**

Despite multiple sociological roadblocks confronted by the women entrepreneurs, there is a growing awareness among women in the country about the profitability of entrepreneurship. We find more women in software companies and their number is growing day by day in the entrepreneurial scenario. There is also a change in the composition of the working force in the service sector.

Women entrepreneurs are now exposed to higher education and training, in a greater measure, and the parents of the female child should give parallel importance to the education of their daughter at par with their male child. This situation helps greatly, the prospective women entrepreneurs, to carry out all works that were once regarded as the prerogative of men. Such educated women will be very much more ambitious, enterprising and can acquire basic skills, competency and self-assurance.

A national level women entrepreneur's meet may also be organized in the area proposed to give the respondents good exposure to national level women entrepreneurs and women executives. This meet will enable the women entrepreneurs to avoid low mobility and to move from one market to another in order to grab favorable market orders. In addition, a package of incentives like offering more subsidies, supply of raw materials at highly concessional prices (for ex: 50% or more concession) and extension of timely financial assistance to these women entrepreneurs may result in carrying out things on modern, action packed and result-oriented lines.

## REFERENCES

1. Makar A.K. and Kalifa D.C : "Empowerment of women through participation in Rural Development", Icfair Journal of Entrepreneurship Development, Icfai University Press, Vol.5, No.2, 2008, p.23.
2. Dr. Narayanappa, G.L. & Dr. Padmaja, R: "Plight of women entrepreneurship: A study' , 8, M. JIMS, Jan-March 1999, Vol.NO.1, pp.9-10.
3. Bindu Sridhar : "Opportunities for women entrepreneurs" THE HINDU, 14-12-2005, Chennai.
4. Babu, T.D & Farah Suluiman; "A study on women entrepreneurial skills' Journal of contemporary Research in Management, Vol.No., July-Dec, 2007, p.60
5. Bharti Kollan and Indira J parikh: "A Reflection of the Indian women in entrepreneurial world", working paper presented at IIM-Ahmedabad.2005-08-07, pp 5-8
6. Renuka Viswanadhan : "Opportunities and challenges for women in business", documents and setting /administration/desktop/India/htm
7. Morgan Tandon : Women in Management – A developing presence, Routledge London, pp.109-110.

# THE SUPPLY CHAIN PROCESS OF SQUARE COMPANY OF BANGLADESH: AN ANALYSIS

Jamal Uddin ,

Senior Reporter, Daily Ittefaq and Adjunct Faculty,  
Atish Dipankar university of Science and Technology, Bangladesh.

## INTRODUCTION:

Supply chain management (SCM) is the oversight of materials, information, and finances as they move in a process from the supplier to manufacturer to wholesaler to retailer to consumer. Supply chain management involves coordinating and integrating these flows both within and among companies. It is said that the ultimate goal of any effective supply chain management system is to reduce inventory (with the assumption that products are available when needed). As a solution for successful supply chain management, sophisticated software systems with Web interfaces are competing with Web-based application service providers (ASP) who promise to provide part or all of the SCM services for companies who rent their service.

Supply chain management flows can be divided into three main flows:

- The product flow
- The information flow
- The finance flow

*SQUARE* today is a name in the Pharmaceutical world, as well as synonym of quality- be it toiletries, health products, textiles, Agro Vet products, information technology and few more. But in the year 1958, the company originally started with Pharmaceuticals. Now that small company of 1958, is a publicly listed diversified group of companies employing more than 12,000 people. The current yearly group turnover is more than 300 million USD. All these were possible due to Samson H Chowdhury's innovative ideas, tireless efforts, perseverance and dedication with self confidence which contributed to his successful achievements.

The product flow includes the movement of goods from a supplier to a customer, as well as any customer returns or service needs. The information flow involves transmitting orders and updating the status of delivery. The financial flow consists of credit terms, payment schedules, and consignment and title ownership arrangements.

There are two main types of SCM software: planning applications and execution applications. Planning applications use advanced algorithms to determine the best way

to fill an order. Execution applications track the physical status of goods, the management of materials, and financial information involving all parties.

Some SCM applications are based on open data models that support the sharing of data both inside and outside the enterprise (this is called the extended enterprise, and includes key suppliers, manufacturers, and end customers of a specific company). This shared data may reside in diverse database systems, or data warehouses, at several different sites and companies.

By sharing this data "upstream" (with a company's suppliers) and "downstream" (with a company's clients), SCM applications have the potential to improve the time-to-market of products, reduce costs, and allow all parties in the supply chain to better manage current resources and plan for future needs.

Increasing numbers of companies are turning to Web sites and Web-based applications as part of the SCM solution. A number of major Web sites offer E-Procurement marketplaces where manufacturers can trade and even make auction bids with suppliers.

Basic research question of the study is whether Square Company as a whole can manage the supply chain properly?

## **DEFINITION OF COMMUNICATION OR SHARING INFORMATION**

A modern communication system is first concerned with storing, processing and sometimes storing of information before its transmission. The actual transmission then follows, with further processing and the filtering of noise. (KENNEDY, 1998)

Communication must include both the transference and understanding of meaning. (ROBBINS, 2003).

Communication is the transmission of information and meaning from one individual group to another. (GUFFY, 2000).

Communication means encoding the idea or concept and getting the feedback of how the receiver is decoding the idea or concept. Therefore without feedback no communication will happen or exist. (HUSSAIN, 2005)

We said communication is "how we share any information with others".

So, we can define communication as a transfer of meaningful message to the receiver with the hope to receive a feedback.

## **AN Overview of SUPPLY CHAIN MANAGEMENT:**

Supply Chain Management, as a concept, has been widely accredited to a Booz Allen consultant named Keith Oliver who in 1982 defined the concept as follows: "Supply chain management (SCM) is the process of planning, implementing, and controlling the operations of the supply chain with the purpose to satisfy customer requirements as efficiently as possible. Supply chain management spans all movement and storage of raw materials, work-in-process inventory, and finished goods from point-of-origin to point-of-consumption".

This seems to be the earliest published definition and therefore places the concept of Supply Chain Management at approximately 26 years old. We can see that "Supply Chain" without the "Management" is referenced in the definition, so we know that the general idea of a supply flow through a business was recognized prior to Oliver's definition. What Oliver really captured was the conscious and deliberate control, integration, and management of business functions contributing to, and affecting that supply flow through the business, for the purpose of improving performance, costs, flexibility etc, and for the ultimate benefit of the end customer.

The concept has been defined in simpler terms since that time and is often captured with five words: Plan, Source, Make, Deliver, and Return.

Both of these definitions allude to a manufacturing origin but of course Supply Chain Management is as relevant to service, retail, distribution, and most other types of companies as it is to manufacturing.

The area of Supply Chain Management has enjoyed a meteoric rise, in significance, over the last twenty to thirty years as businesses have tried to establish advantage, and felt the pressure to keep up, in an increasingly homogeneous and competitive global business environment.

Japanese manufacturing companies brought great emphasis to the area of Supply Chain Management in the 1980's and early 1990's. Awareness of Supply Chain Management tools such as "Just in Time" and "Kan Ban" spread rapidly and became globally accepted best practices amongst volume manufacturing businesses. Western businesses raced to keep pace with a rapidly changing environment, dragging their supply bases, and sometimes employees behind them.

At the same time companies like SAP and Oracle were developing complex IT systems that would be essential for enabling large complex businesses to effectively integrate and manage the sub areas that combine to make complex supply chains.



Of course the elements of Supply Chain Management have always existed in business. What changed was the willingness of businesses to recognize the inter-relationship of the various sub areas, and to pursue the benefits generated through coordination and integration, both from a strategy / planning perspective and operationally.

The sub areas comprising a supply chain include:

- Forecasting/Planning
- Purchasing/Procurement
- Logistics
- Operations
- Inventory Management
- Transport
- Warehousing
- Distribution
- Customer Service

Today, Supply Chain Management is an accepted term in our business glossary. However, it is difficult to find a standard model of Supply Chain Management operating in the business community. We continue to see variations on the theme. Some business will refer to and manage their supply chains in a coordinated and all encompassing fashion, including all the sub areas defined above. Others will integrate some elements of the supply chain, for example purchasing and logistics and call this Supply Chain Management. Many will refer conceptually to Supply Chain Management, but only address it specifically at the general management level.

One area of confusion arises because Supply Chain Management is both a horizontal business function (i.e. managing the supply chain in a business), and a vertical industry sector (i.e. businesses involved in managing supply chains on behalf of their clients). A company like TDG operates as a supply chain services provider, within the vertical supply chain industry sector. But each of the clients serviced by TDG will employ supply chain staff within their business operating on a horizontal basis across their organization. The "supply chain industry" sector as the vertical function is largely restricted to transport and storage type operations, distributing products on behalf of clients. Whereas, the horizontal supply chain functional areas encompass the entire supply chain spectrum across a business. Supply Chain Management has matured from a compelling method of deriving competitive advantage, to a "ticket to ride". It is now a baseline expectation for any company wishing to compete in the 21st Century, and with that the professions and occupations comprising Supply Chain Management are now firmly entrenched in the armory of essential business executives.

The sub areas comprising Supply Chain Management are defined further below:

### **Forecasting / Planning**

All business needs to forecast and plan. To look forward and predict what will be required in terms of resources and materials in order to deliver their product or service to their customer in a timely manner. In this area we find activities such as demand planning, inventory planning, capacity planning etc

### **Purchasing / Procurement**

The commercial part of the supply chain is purchasing. Otherwise it's known as Buying or Procurement. This is where a business identifies suppliers to provide the products and services that it needs to acquire in order to create and deliver its own service or product. Costs and terms of business are negotiated and agreed and contracts created. Thereafter the suppliers' performance and future contractual arrangements will be managed in this area. This area of business is sometimes referred to as purchasing, sometimes, procurement, buying, sourcing, etc. However, all titles relate to the acquisition of materials and services.

The difference between purchasing and procurement is largely academic, whilst there is a theoretical difference between them; businesses use the titles interchangeably for the two variations of activity. You will, for example, find manufacturing companies with purchasing departments that are actually doing procurement roles, and you will find service based organizations with procurement departments but in fact doing purchasing roles. In its strictest definition purchasing is limited to the actual commercial transaction and no more, whilst procurement includes the wider elements of the acquisition, including logistics and performance management.

### **Logistics**

In its strictest definition logistics refers to the movement of goods or materials, whether inbound, through, or outbound. In some manufacturing businesses forecasting and planning will be found within a logistics department, in other businesses logistics will be exclusively managing the movement and transportation of goods and materials.

### **Operations**

Operations are a general management type activity ensuring that a business uses its resources effectively to meet its customers commitments. Usually referring to the conversion activity of the business, i.e. the point where the acquired resources and/or materials are converted into the product or service that the business is selling on to its customers.

## **Inventory Management**

Sometimes found within Logistics Management, or Demand Planning or Operations, Inventory Management typically takes responsibility for both the replenishment of physical stock, the levels of physical stock, and of course storage and issue of physical stock. Stock may be material and goods sourced from suppliers, work in progress, or finished goods awaiting sale/dispatch.

## **Transport**

Transport management can involve the control of a company owned fleet of vehicles, collecting, moving, or delivering materials and goods, or managing transport services sourced from a 3rd party transport provider.

## **Warehousing**

Like transport management, warehousing can involve the control of company warehouse space, or managing warehouse space sourced from 3rd party providers.

## **Distribution**

Distribution involves the physical distribution of the company's products to the sub-distributor or directly to the customer base. Typically this is a combined transport and warehousing operation, responsible for storing and delivering products to meet the customer's needs. Again this combined activity will often be placed with a 3rd party service provider who will control and implement the processes.

## **Customer Service**

Most people do not recognize customer service as a part of supply chain management, but it is in fact the final piece in the jigsaw. Having taken the business inputs, created and delivered a product or service, the final element is to check that the customers' expectations were achieved, and manage any actions necessary to meet your customer obligations and commitments.

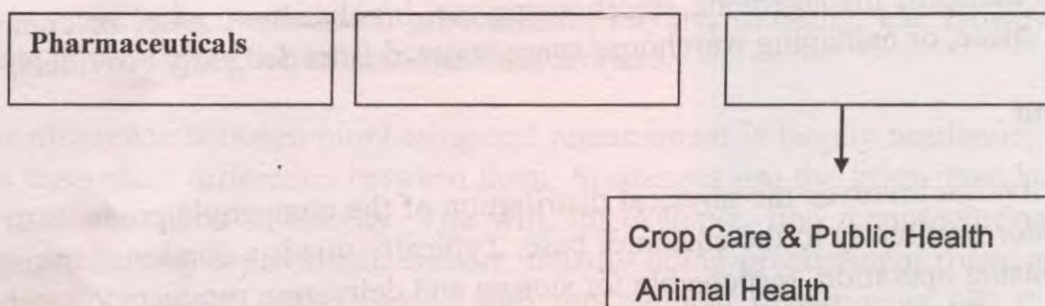
## **SUPPLY CHAIN MANAGEMENT SYSTEM in SQUARE:**

For any organization supply chain management communication process is very important. At present every company is trying to grab the latest supply chain management communication method to get the best benefit. Before going to discuss the supply chain management communication system of SQUARE I want to discuss a little about the company.

## An Overview of SQUARE:

The company was founded in 1958 by Samson H. Chowdhury, along with three of his friends as a private firm. It went public in 1991 and is currently listed on the **Dhaka Stock Exchange**. Square Pharmaceuticals Ltd., the flagship company, holds a strong **leadership position in the pharmaceutical industry of Bangladesh** since 1985 and it has been continuously in the 1st position among all national and multinational companies since 1985. Square Pharmaceuticals Ltd. is now on its way to becoming a high performance global player. The quality of SQUARE and environmental concerns are clearly stated through declared policies. In the year, 1992, it had only 80 million turnovers but in the year 2004 it was around 2400 million.

### SQUARE has 3 Strategic Business Unit:



### SQUARE has 4 subsidiaries:

SQUARE  
Formulations Ltd.

SQUARE Trading  
Ltd.

SQUARE  
Pharmaceuticals

SQUARE consumer  
goods LTD

Figure in thousand : BDT					
	2006-07	2005-06	2004-05	2003-04	2002-03
Turnover (Gross)	8,711,035	7,085,553	6,199,135	5,482,088	5,482,088
Value Added Tax	1,210,223	995,648	867,088	760,536	663,892
Turnover (Net)	7,500,811	6,089,905	5,332,047	4,721,552	4,065,851
Gross Profit	3,232,364	2,564,503	2,172,593	1,906,592	1,466,282
Net Profit before Tax	1,722,906	1,533,043	1,513,019	1,151,636	929,604
Net Profit after Tax	1,303,243	1,165,865	1,255,848	970,044	764,885
Shareholders Equity	7,333,258	6,402,015	5,568,790	4,590,142	3,851,098
Total Assets	10,486,940	9,298,987	7,907,933	6,021,497	5,164,320
Total Bank Borrowings	2,536,524	2,334,925	1,902,331	988,611	1,070,163
Total Current Assets	3,682,511	4,031,685	3,242,502	2,016,056	1,441,552
Total Current Liabilities	2,555,566	2,260,755	1,949,949	1,250,676	1,247,967
Current Ratio	1.44	1.78	1.66	1.62	1.16

## CORPORATE OPERATIONAL RESULT

Source: [www.SQUARE-bd.com](http://www.SQUARE-bd.com)

### Vision of SQUARE

To realize the mission SQUARE will:

1. Endeavour to attain a position of leadership in each category of its businesses.
2. Attain a high level of productivity in all its operations through effective and efficient use of resources, adoption of appropriate technology and alignment with our core competencies.
3. Develop its employees by encouraging empowerment and rewarding innovation.
4. Promote an environment for learning and personal growth of its employees.
5. Provide products and services of high and consistent quality, ensuring value for money to its customers.
6. Encourage and assist in the qualitative improvement of the services of its suppliers and distributors.
7. Establish harmonious relationship with the community and promote greater environmental responsibility within its sphere of influence.

## **Value of SQUARE**

1. Quality
2. Customer Focus
3. Fairness
4. Transparency
5. Continuous Improvement

### ***Mission of SQUARE***

SQUARE's mission is to enrich the quality of life of people through responsible application of knowledge, skills and technology. SQUARE is committed to the pursuit of excellence through world-class products, innovative processes and empowered employees to provide the highest level of satisfaction to its customers.

## **THE ROLE OF SUPPLY CHAIN MANAGEMENT & SHARING INFORMATION**

For any organization Supply chain management and sharing information is the mortar that holds organizations and the entire knowledge. Without sharing, information could not be processed or exchanged; words and data would remain isolated facts. So it is easily understandable that the success of SQUARE depends a lot on their supply chain management system. The present success of SQUARE is the result of their successful supply chain management system. With the help of a well organized SCM system SQUARE takes the satisfaction from their suppliers and also from the consumers. SQUARE can transmit properly what they are looking from the suppliers and marketers; SQUARE also makes a friendly environment with their sharing process. To tell about the role of sharing we can remember another example, when the Sara Lee Corporation wants to determine customer product satisfaction it conducts a survey. The survey is useless, however, until the data is analyzed and the results shared with management. Only when words and data are translated into meaningful knowledge and shared with decision-makers do they become valuable to the economy. So it is very clear that the role of sharing is very important for SQUARE. To supply the goods properly SQUARE uses its own logistics and transportation system.

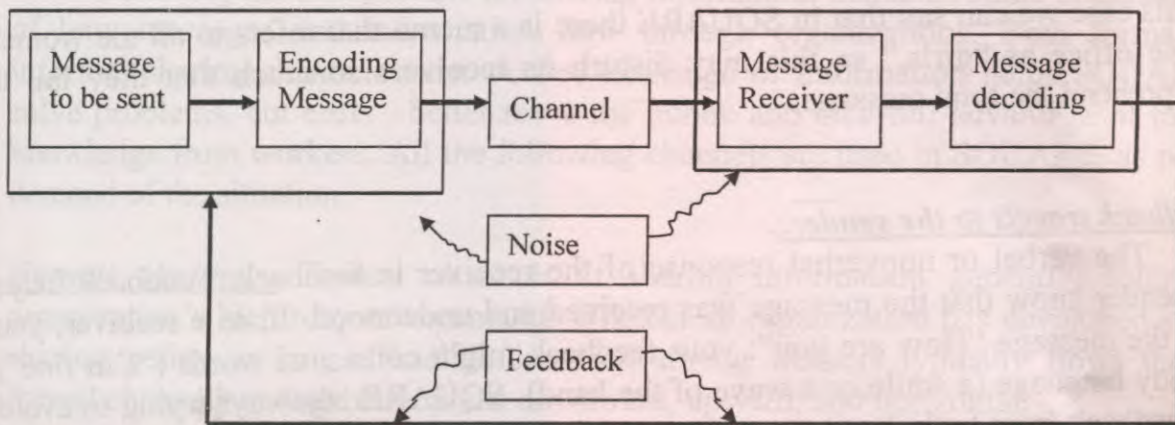
### **The Process of information sharing and its barriers in SQUARE**

Sharing is the transmission of information and meaning from one individual or group to another. Sharing information has its central objective -The transmission of meaning. The process of sharing information is successful only when the receiver understands an idea as the sender intended it. Both parties must agree not only on the information transmitted but also on the meaning of that information.

*Sending and Receiving Messages:* In the process of sharing information, SQUARE involves five steps:

**Sender has an idea:**

The sharing process of information in SQUARE begins, when the idea will be influenced by complex factors surrounding the sender: mood, frame of reference, background, culture, and the position or the dignity of the employees, as well as the context of the situation and many other factors. Usually SQUARE starts with Good morning, good evening. Sometimes SQUARE also uses Hi, Hello.



Source: [www.SQUARE-bd.com](http://www.SQUARE-bd.com)

Fig: The Communication Process

**Sender Encodes Idea in the Message:**

The next step in the information sharing process involves encoding, converting the idea into words or gestures that will convey meaning. A major problem in sharing any message verbally is that words have different meanings for different people. When misunderstandings result from missing meanings, it's called bypassing. In selecting proper symbols, senders must be alert to the receiver's sharing skills, attitudes, background, experiences and culture. How will the selected words affect the receiver? To solve such problems, SQUARE chooses appropriate words or symbols as the first step.

**Message travels through the channel:**

The medium over which the message is physically transmitted is the channel. Messages are delivered by computer, telephone, letter, memorandum, report, announcement, picture, spoken word, fax, or through some other channel in SQUARE. Because sharing channels deliver both verbal and nonverbal messages, senders must

choose the channel and shape the message carefully. SQUARE uses its annual report, for example, as a channel to deliver many messages to stockholders. The verbal message lies in the report's financial and organizational news. Nonverbal messages, though, are conveyed by their appearance, layout, and tone.

**Receiver decodes the message:**

The individual for whom the message is intended is the receiver. Translating the message from its symbol form into meaning involves decoding. This happens only when the receiver understands the meaning intended by the sender, that is, successfully decodes the message. Such success, however, is difficult to achieve because it is unlikely that two people share the same life experiences and also because many barriers can disrupt the process.

In this case we can say that in SQUARE there is a memo that refers to all the women in the office as "girls," so this may disturb its receivers so much that they fail to comprehend the total message.

**Feedback travels to the sender:**

The verbal or nonverbal response of the receiver is feedback. Feedback helps the sender know that the message was received and understood. If, as a receiver, you hear the message "How are you": your feedback might consist of words ("I'm fine") or body language (a smile or a wave of the hand). SQUARE is always trying to avoid the feedback from body language as in our culture it is not reasonable.

Function of information in the sector of Supply Chain Management in SQUARE:

*Functions:* On the job, one can share information internally and externally. Internally, SQUARE is exchanging ideas with superiors, coworkers, and subordinates. When these messages have to be written, SQUARE chooses emails or a printed memorandum. When SQUARE is sharing information externally with customers, suppliers, government, and the public, SQUARE will generally send letters on company stationery.

**Internal functions in SQUARE:**

1. Issue and classify procedures and policies
2. Inform management of progress
3. Persuade employees or management to make changes or improvements
4. Coordinate activities and provide assistance
5. Evaluate, compliment, reward, and discipline employees
6. Get to know individuals personally



### External functions in SQUARE:

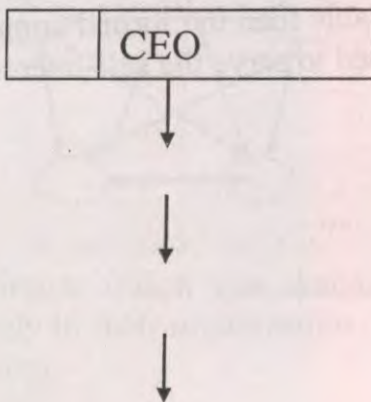
1. Answer inquiries about products of services
2. Persuade customers to buy products or services
3. Clarify supplier specifications and quality requirements
4. Issue credit and collect bills
5. Respond to regulatory agencies
6. Promote a positive image of the organization

### FLOW OF INFORMATION SHARING

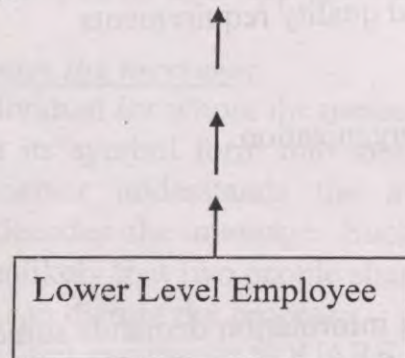
Selecting the best process for sharing information demands some understanding of how messages and information flow through organizations. Both formal and informal sharing channels exist. A free exchange of information helps SQUARE to solve problems, cut costs, better serve the public and take full advantage of today's knowledge from workers. All the following channels are used in SQUARE, as per the demand of the situation.

**Formal channels:** Formal channels of sharing information generally follow an organization's hierarchy of command. Whether an organization has developed such a sharing policy or not, official information among workers typically flows through formal channels in three directions: downward, upward, and horizontal.

1. **Downward Flow:** Information flowing down generally moves from decision – makers, including the CEO and managers, through the chain of command to employees. One problem in downward communication is distortion resulting from long lines of communication.



1. **Upward flow:** Information flowing upward provides feedback from employees to management. Ideally, the heaviest flow of information should be upward with information being fed steadily to decision-makers who can react and adjust quickly.



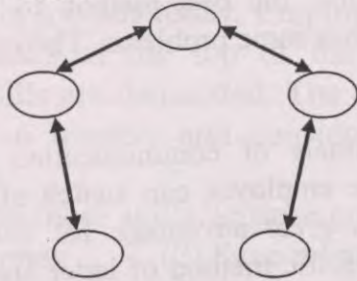
2. **Horizontal Flow:** Lateral channels transmit information horizontally among workers at the same level, such as between the training supervisor and maintenance supervisor. These channels enable individuals to coordinate tasks share information, solve problems, and resolve conflicts.
3. **Informal Channels:** Not all the information within an organization passes through formal channels; often, it travels in informal channels called the grapevine. These channels are based on social relationships in which individuals talk about work when they are having lunch, jogging, etc. Employees using the "Grapevine" also consider it valuable for two reasons:
  - a. Employees can get information without formally having to admit that they need it.
  - b. Employees can "think out loud" about problems, thus increasing their self-confidence and problem-solving ability.

The grapevine has three main characteristics:

*First*, management does not control it. *Second*, it is perceived by most employees as being more believable and reliable than the formal communiqués issued by top management and *third*, it is largely used to serve the self-interests of the people within it.

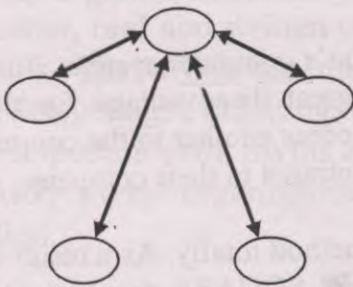
At present there is a change in the flow of sharing information. Now we can define the above three flows in a different way,

✦ Chain



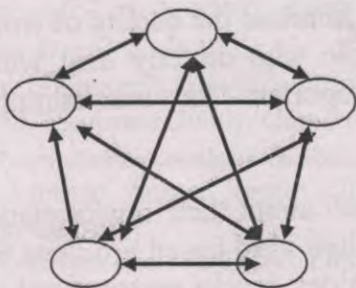
SQUARE is not following this method now.

✦ Wheel



SQUARE is not following this channel also.

✦ All Channel



SQUARE is trying to follow this channel though SQUARE cannot implement this channel completely in their organization. This is the best flow of sharing information for any organization.

## **Recommendation for the Supply Chain Management and communication system of SQUARE:**

Though SQUARE is trying to follow the best method to maintain supply chain management and communicate, SQUARE has some problems. The recommendations for the problems are as follows:

1. SQUARE follows all the channels of communication in their organization downwards and upwards and the employee can switch off any hierarchy in the immediate situation, which is a great advantage for communication. But the company does not follow any specific method of letter and memo writing. They follow a single method of writing a memo and letter, which may confuse the employees, and the external people who are related to the company's continuous operation (Suppliers, customer etc.), because a memo is written for the employees and letters are written for the external people like suppliers and customers. So, SQUARE should follow the traditional method of writing letters and memos.
2. SQUARE follows LAN in the organization's computer system. But they don't use the Intranet in the system, which is a great disadvantage for the organization because anybody from the company can access another to the company's restricted web site .So, SQUARE should introduce intranet in their company.
3. SQUARE cannot follow, the all channel method totally. As a result it is not getting 100% benefit of the all channel method .So; SQUARE should try to implement it as early as possible.
4. SQUARE has not yet introduced extranet facilities for the suppliers. As a result the suppliers cannot get enough information about the companies or organizations demand. So, SQUARE should introduce extranet in their company
5. SQUARE should give more attention to improve the quality of workers in the floor of Shopno, because, they are the people who directly deal with the people & suppliers, and this is very much important for maintaining supply chain management.
6. SQUARE also should be more concerned about their transportation system used for supply. Because, they usually bring their agro based products from rural areas. The roads are not up to the standard, besides, trucks and covered van they should also take care of transport which can be used on water. The refrigeration system is also important.

## CONCLUSION:

The request for excellent communication skills is probably the most frequently seen requirement in job ads today. Employers and employees, alike, consistently rank communication skills at the top of the job skills list. Even in technical fields, communication skills are demanded. The chief executives of corporations spend huge sums of money on trainers and consultants to improve employees' supply chain management skills.

Organizations value these skills because good organizations successfully

- (1) Make money
- (2) Save money.

Good communicators make money by performing well themselves and by motivating others to achieve. They are persuasive in promoting the organization's products, services, and reputation. Employees, too, appreciate the value of excellent communication skills. Such abilities enable them to complete their work efficiently and effectively – and to earn recognition and advancement. As an individual ascends the career ladder, oral and written communication skills become more important than technical skills. That's because managers spend most of the time communicating-supervising, delegating, evaluating, clarifying, and interacting. Even though writing on the job is an important skill, myths and misconceptions about it persist. So, I think, not only SQUARE every organization should emphasize on the proper method of communication.

## REFERENCE

1. KENNEDY, DAVIS. (1998) ELECTRONIC COMMUNICATION SYSTEMS. (2<sup>nd</sup> Edition). New Delhi: McGraw Hill Ltd.
2. ROBBINS. STEPHEN P. (2003) Organizational Behavior. (10<sup>th</sup> Edition). New Delhi: Pearson Educational International.
3. Guffy, Mary Ellen. (2000) Business Communication. (4<sup>th</sup> Edition). California : Wadsworth Publishing Company.
4. Dickson, Carolyn. (Fall 1997). A First Look at Communication Theory. Retrieved 18<sup>th</sup> July, 2005 on the World Wide Web:  
<http://www.bizjournals.com/pittsburgh/stories/1999/12/27/focus4.html>
5. Griffin, EM. (Summer 2000). Communication. Retrieved 21<sup>st</sup> July, 2005 on the World Wide Web <http://www.afirstlook.com/archive/talkabout.cfm?source=archther>
6. SQUARE Limited, Annual Report - 2004 page 3 –5.
7. [www.SQUARE-bd.com](http://www.SQUARE-bd.com)
8. Dickson, Carolyn. (Fall 1997). A First Look at Communication Theory. Retrieved 18<sup>th</sup> July, 2005 on the World Wide Web:  
<http://www.bizjournals.com/pittsburgh/stories/1999/12/27/focus4.html>
9. Griffin, EM. (Summer 2000). Communication. Retrieved 21<sup>st</sup> July, 2005 on the World Wide Web <http://www.afirstlook.com/archive/talkabout.cfm?source=archther>
10. SQUARE Limited, Annual Report - 2004 page 3 –5.
11. [www.SQUARE-bd.com](http://www.SQUARE-bd.com)

# STRATEGIC MANAGEMENT OF TOURISM SECTOR IN BANGLADESH TO RAISE GROSS DOMESTIC PRODUCT: AN ANALYSIS

By

**Muhammad Mahboob Ali,**

Professor, School of Business and Economics,

Atish Dipankar University of Science and Technology. Email :pipulbd@!gmail.com

**Rehana Parvin,**

Lecturer, Department of Business Administration, Presidency University.

e-mail : rehanaparvin23@gmail.com

## **Introduction:**

Tourism refers to travel for recreation, leisure, religious, medical, sports events or business purposes from one place to another place for maximum one year or less time period. This travel may be domestic or transnational. Tourism is one of the vital service industries and is generating huge revenues for the tourist country. Tourism has become one of the world's most important sources of employment. Initially it requires enormous investment in infrastructure but ultimately helps to improve the living conditions of the local people. It provides governments with substantial tax revenues. This also aids transfer of technologies from one place to another. Tourism related jobs and businesses are specially created in developing countries, helping to equalize economic opportunities and keeping rural residents from moving to overcrowded cities. This will in turn create a positive impact on the gross domestic product.

Bangladesh is a land of scenic beauty. The country needs proper strategic management to attract both domestic as well as foreign tourists. For local tourists, creation of habit to tour different areas of the country is one of the main components required to increase tourism. And for the foreign tourist environment, as well as, other related facilities and worthy places to visit are the required criteria. Government as well as private sector may come forward to create the base for tourism. In turn this will create employment generation for the country and add value in the gross domestic product. Though Govt. and private initiatives have been taking place, but still a lot is required to be done for developing the tourism sector. Foreign direct investment in the tourism sector is also required. Efficiency and effectiveness in the tourism sector is necessary to expand this sector for which strategic leadership, strategic policy formulation and strategic implementations are mandatory. This will ultimately help to raise gross domestic product.

Tourism sector of Bangladesh needs to be boosted through strategic management to raise gross domestic product of the country. As such, a linkage among vision, mission, goal and results is required. This will enhance tourism opportunity in

the country. Ultimately this will have a positive impact on raising gross domestic product through improving variables of macro economy of the country.

### **Literature Review:**

Dana (1999) observed that the experience of the Greek island of Ios presents a cautionary tale for those who would establish a sustainable tourism industry that does not overwhelm or unduly alter the local culture. A before-and-after field study of Ios found that tourism caused the local culture and economy to change from its traditional agricultural orientation to one of catering to visitors. The result was that most traditional occupations, such as growing olives for oil and raising cattle, were abandoned, with a concomitant deterioration of cultural institutions.

Alam(1998-2000) argued that there is tremendous prospects for SAARC countries to gain economically, socially, culturally and politically. The economic need is acute when one considers the economic underdevelopment of this region. Tourism can help in achieving economic gain very promptly without hampering environment, and ecology.

Ansari, Akter, Huq (2006) said that Tourism activities in the Island(St. Martin's Island) have both positive and negative impacts on the natural as well as social environment of the island.

Deegan and Moloney (2007) observed for Ireland west that strong correlation of the tourist aid economic growth and employment. In the context of overall macroeconomic activity there is good reason to believe that tourism can be a significant contributor to economic development in the years ahead if an appropriate emphasis and strategy is developed.

Lee (2007) mentioned that medical tourism is used to refer to travel activity that involves a medical procedure or activities that promote the wellbeing of the tourist. For example, the term 'healthcare' tourism has been used to cover travel and tourism that are related to medical procedures, health and wellbeing purposes.

Fayissa, Nsiah, Tadasse (2007) found that receipts from the tourism industry significantly contribute both to the current level of gross domestic product and the economic growth of Sub-Saharan African countries, as do investments in physical and human capital. Their finding implies that African economies can enhance their short-run economic growth by strategically strengthening their tourism industries.

Rotherham (2007) argued that religious tourism and the visiting of sacred sites offer experiences to meet both demands. They can cater for those demanding spiritual retreats or provide –a priest to accompany a group of pilgrim. They commented that religious tourism-including pilgrimage-is embedded within a complex of heritage tourism and mass tourism activities.

Ali and Mohsin (2008) observed that for Bangladesh- spots and cost of services have positive impact on the tourism sector. Authors suggested that tourism should be added as an important ingredient of economic development of the country for which

synergy may be applied between tourism marketing plan and its implementation process. Integrated marketing communications channel should be used to develop the tourism sector of the country

Yilmaz (2008) commented that one of the largest and fastest growing sectors of the global economy, tourism, consists of many small and medium size enterprises which try to be successful in an extremely competitive and rapidly changing business environment. To create competitive advantage in this environment, a small tourism enterprise has to choose a powerful strategy.

Baisakalova (2009) argued that tourism development is a win-win strategy as it leads to creating jobs, developing infrastructure, and improving sustainability of the country. Improving the business environment, eliminating barriers such as visa obtaining procedures, providing incentives for innovations and knowledge development can result in growth of the inbound and domestic tourism.

The New Nation (2009) reported that tourists' pressure may create a problem of biodiversity on St Martin.

**Henderson, Foo, Lim, Yip (2010)** examines the significance of the inaugural Singapore Formula One Grand Prix within a tourism context. The Singapore Grand Prix is an example of sports event tourism, a subset of events tourism, which now has an important role in development and marketing strategies. The use of sports events in tourism strategies is a comparatively recent trend in parts of Asia and in the case of Singapore, reveals some of the underlying factors and forces at work. Insights are afforded into impacts of major sport contests at such destinations and the obstacles to overcome in the pursuit of success.

### **Objectives of the Study:**

Objectives have been given below:

- To assess utilization of strategic management of the tourism sector of Bangladesh;
- To evaluate strategies, policies and implementation of the government and private sectors for developing the tourist sector of Bangladesh;
- To find out whether the tourism sector can contribute to raise the growth rate of the Gross Domestic Product ;
- To provide some policy implications to raise Gross Domestic Product through arranging strategic management of the tourism sector of Bangladesh.

### **Methodology of the study:**

The study is based on both primary and secondary sources of data. Secondary data has been collected from research reports, journals, newspapers, websites, and statistical reports of Bangladesh Parjatan Corporation etc. that are indicated in the references. Porter's five forces competitive model of the tourism sector will also be done. Moreover, one opinion poll was conducted to identify reason of tourism in



different parts of Bangladesh. Total number of tourist respondents are 500. Tourists are selected randomly, as well as, places of taking sample of opinion polls are also selected randomly. Out of these tourists 335 are domestic tourists and remaining 165 tourists are foreign tourists. Places of data collections are from Cox's Bazar, St. Martin, Sitakunda, Mahastangar, Paharpur, Shahid minar, National Monument, Apollo Hospital, Dhaka, Square Hospital Ltd. Bisha Ijtema, Sitakunda. In the opinion poll seven reasons are chosen to take survey. Time period of the opinion poll survey is from December 2009 to February 2010.

**Limitations of the study:**

Overall study is mainly prepared on the basis of secondary data sources. However, only one simple opinion poll survey is conducted to know the reasons for tourism. To collect data, huge amount of cost and manpower is required and also institutional support. Lack of institutional support cannot give researchers a wide range of scope for doing extensive research. Moreover, some internal information those of which are not publicly disclosed by different tourism related organizations cannot be collected.

**Present Situation:**

**Opinion Poll Survey:**

To know reasons for tourism among five hundred respondents, an opinion poll has been done. Out of these respondents three hundred and thirty five tourists are domestic while one hundred sixty five tourists are foreigners.

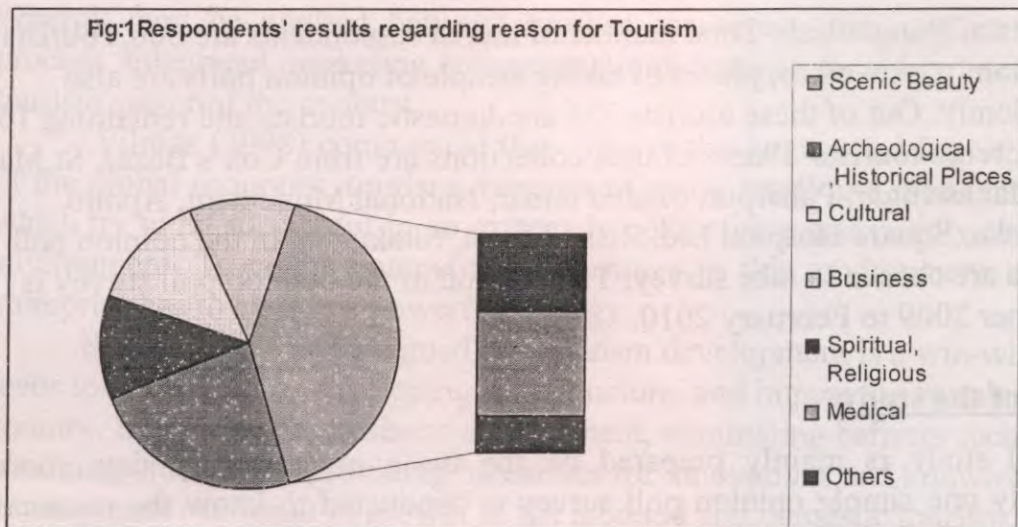
**Table: 1 Respondents' results regarding reason for Tourism (Both Domestic and Foreign)**

Sl. No.	Reasons for Tourism	Domestic Tourists	Foreign Tourists
1.	Scenic Beauty	77	35
2.	Archeological ,Historical Places	39	58
3.	Cultural	44	29
4.	Business	38	21
5.	Spiritual, Religious	49	17
6.	Medical	66	01
7.	Others	22	04

(Source: Opinion Poll Survey)

Now in Fig: 1, we have illustrated the findings.

Fig:1 Respondents' results regarding reason for Tourism



From the aforesaid findings, it is revealed that domestic tourists firstly choose to tour places which are famous for their scenic beauty. Second choice, according to them, is related to medical reasons, especially in good hospitals of Dhaka city. On the other hand, the foreign tourists choose to see archeological and historical places as a first causative reason while the second choice according to them is scenic beauty. Cultural reason is one of the important factors for touring. Business too has received some importance as a reason for tourism from the point of view of domestic and foreign tourists. Spiritual and religion factor has also some importance.

### Secondary Sources:

Bangladesh is going ahead in an effort to diversify its economy from traditional agrarian to manufacturing and service sector. Tourism attractions include archeological sites, historic mosques and monuments, resorts, beaches, picnic spots, forests, religious spots, world class health facilities, and wildlife. Bangladesh is a reverie country having attractive panoramic beauty since ancient time period. Ali (2008) depicted that various foreign tourists during ancient time period praised the country for its natural beauty and used to compare the country with a place of paradise.

This is the country which has the largest mangrove forest in the world ie. the Sundarbans, the beautiful hills in Rangamati, the exotic tea gardens in Sylhet, the wonderful sights and sounds surrounding the livelihood of the indigenous people in the Chittagong Hill Tracts and Bandarban, the centuries old mansions and villas belonging to the Maharajas of past civilizations, the brilliant natural scenery in Foy's Lake, and the longest natural beach in the whole planet in Cox's Bazaar. And this is just to name a few attractions. Bangladesh has tremendous potential for becoming a superb international tourist spot but, in reality, that is not exactly the case. The industrial policy of 1999 has included tourism as an industry and identified it as a 'Thrust Sector' considering its steady growth and sustainable development (source: [http://openlibrary.org/b/OL169263M/Industrial\\_policy\\_1999](http://openlibrary.org/b/OL169263M/Industrial_policy_1999)).

In the National Tourism Policy, 1992, of Bangladesh, tourism's contribution to poverty alleviation has been recognized. Due to the under-developed sector of tourism, Bangladesh is missing out on immense amount of revenue every year (Source: [www.bangladeshtourism.gov.bd/corporate\\_info\\_policy.php](http://www.bangladeshtourism.gov.bd/corporate_info_policy.php)). The industrial policy of 1999 has included tourism as a thrust sector. The government has also declared to develop Cox's Bazar, Sundarbans and Kuakata as a special tourist Zone. Actually tourism sector can be utilized to raise gross domestic product of the country. Over the years, the tourism sector, comparatively, in Bangladesh has not made enough progress. The reason is that lack of relevant infrastructure cannot support the development and nourishment of tourism in Bangladesh. But, compared to the past twenty years, today, funds are being invested for the development of tourism by the government and also by private sector players.

The private sector entrepreneurs have invested Crores of Taka for the expansion of enjoyment/theme parks/recreational places such as Foy's Lake, Replica of Tajmahal, Heritage Park, Water Kingdom, Fantasy Kingdom, Nandan Park, Shishu Park and Tourist centers / Resorts i.e. Jamuna Resort, Lawachara Forest & Resort, Panigram Resort, Nazimgarh Resort, Honeymoon Resorts, Utshab Picnic Spot & Resort, Padma Resort, Bay of Bengal Resort, Foy's Lake Resort etc. for both local and foreign visitors in the country. Foreign Exchange earnings from Tourism and other travels in the year 2008 is Tk. 6122.48 million, which is 16.28% more than that of the year 2007. In order to encourage private and foreign investment, some special incentives are also allowed by the government such as, tax exemption on royalties; tax exemption on the interest of foreign loans; tax exemption on capital gains from the transfer of shares by investing company; avoidance of double taxation in case of foreign investors on the basis of bilateral agreements; remittance of up to 50% of the salary of the foreigners employed in Bangladesh and the facilities for repatriation of their savings and retirement benefits and personal assets at the time of their return; facilities for repatriation of invested capital, profits and dividends; and guarantee against expropriation and nationalization of foreign private investment (as per Foreign Private Investment Promotion & protection Act 1980).

According to a report published in The New Nation (2010), it indicates that the country's private sector played a crucial role infusing thousands of crores of taka investment in the rapid growth of tourism during the last couple of years. The private sector investment poured in the tourism sector amid growing demand for travelling to tourists spots by the local and international tourists. Most of the funds went mainly to the development of hotels, motels, resorts, amusement parks and restaurants at popular tourist destinations of the country. Around 500 hotels, 40 resorts and 15 amusement parks were built at popular tourist destinations, including Dhaka, Cox's Bazar, Chittagong, Sylhet, Bogra and Khulna during the period and also created as many as 50,000 new jobs especially for youth. Most of the private sector entrepreneurs came up with investments during the last one and a half years encouraged by the government's bold steps including the enactment of a Bangladesh Parjatan Board Act

and promulgation of a special tourist zone ordinance. The flourishing tourism industry has taken a new turn of revolutionary change. The government is now investing in several projects to increase tourist facilities at different tourist destinations.

The report of New Nation (2010) also argued that the government should set up a one stop service centre to encourage investors in investing in the industry. As reported by the New Nation, Travel and Tourism Competition Report-2009 released by the World Economic Forum (WEF), Switzerland ranked 1st with 5.68 score in terms of tourism beautification out of a total of 136 countries. The ranking shows that Austria stood second with 5.46 score and Germany clinched third position. Besides, according to the report, India's position is 63 with 4.09 and Pakistan's 111 with 3.33 while Bangladesh's position is 129.

The Bangladesh Parjatan Corporation (BPC) statistics indicates that tourists from India accounted for around 30 per cent of the in-bound traffic, followed by UK, USA, China and Pakistan. Interestingly in 2005, amongst the SAARC countries, the in-bound tourists share for Bangladesh was the lowest at about 208,000 against 4.0 million for India and over 669,000 for Sri Lanka. Around 800,000 visitors went to Pakistan and over 400,000 to Nepal and the Maldives each. Bangladesh earned US\$ 78 million, against US\$287 million of the Maldives, US\$ 827 million of Pakistan followed by US\$ 729 million of Sri Lanka. Nepal earned US\$160 million, or more, double that of Bangladesh. India received the largest number of tourists from Bangladesh. Over 1.5 million tourists from Bangladesh visited India which constitutes over 82 per cent of the total out-bound tourists. UK, UAE, Saudi Arabia, USA and Thailand are the other top tourist destinations for Bangladeshis. A little less than 2.0 million Bangladeshis visited abroad, 23 percent of them for tourism and 14 per cent for business. Tourism for religious purposes accounted for over 3.0 per cent followed by education at 2.0 per cent and official visits at 0.5 per cent. For jobs, over 1.0 million persons went abroad. Of the total out-bound traffic, 21 per cent used surface transportation against 79 per cent who used air travel.

Quader (2010) commented that Bangladesh as an international destination has a mixed image. People from outside, have a negative perception of Bangladesh, from the news media, which is understandable. The country is depicted as a place where the population is living in poverty, where corruption is rampant and the area is prone to natural disasters. But, the new seven natural wonders search 2009 and charting as one of the top ten interesting destinations by new travel books have made the country attractive for tourism.

According to World Tourism Organization (2009) the conditions of the tourism market are starting to indicate stronger prospects for a recovery in 2010. These include macroeconomic upward revisions from the IMF together with preliminary international tourism figures until August of year 2010. (Source:[http://www.unwto.org/media/news/en/press\\_det.php?id=4862&idioma=E](http://www.unwto.org/media/news/en/press_det.php?id=4862&idioma=E)).

However, tourism has some negative sides. But from the point of view of a developing country these dangers should be minimized. ECPAT(End Child

Prostitution and Trafficking in Children for Sexual Purposes) works with the tourism and travel industry to raise awareness, support action and take practical measures against the sexual exploitation of children in tourism. Partnerships have been established with the hotel industry, tour operators and other members of the tourism sector for prevention of child sex tourism and technical support is provided to assist the industry, governmental and international agencies in this effort (Source: <http://www.mekongtourism.org/site/partners/socio-cultural/ecpat/>). **Tourism** may also create biodiversity and social imbalances.

Though Bangladesh is lagging behind in the health sector, but some private initiatives have created some world class hospitals and diagnostic centers. Middle class family members, who cannot go outside the country due to various reasons, normally tour Dhaka to get better treatment. Local patients of Bangladesh who normally tour outside the country for treatment purpose and have spent huge amount of foreign exchange which have been repatriated from the balance of payment position of the country, may prefer to take their treatment in Bangladesh.

The Bisha Ijtema, which is organized by the World Tabligh Council held each year in Bangladesh, is the second biggest annual gatherings of Islamic minded people after the pilgrimage to Mecca. This is also one of the sources of foreign exchange earnings. According to a news published in The Daily Star (Source: 22 January 2010) this year, an estimated 2 million Muslims are expected to attend, with more than 10,000 foreign Muslims already having arrived by Friday morning -- nearly the same number of pilgrims who go to Saudi Arabia to perform the annual haj pilgrimage. According to Bhakta, Khan, Chakraborty (2010) religious assembly is also a major source of tourism. They argued that if we can develop Tongi Ijtema spot them more muslims will be attracted to join in the Ijtema not only in the time of Ijtema but also at various other times of the year.

According to The Bangladesh Monitor (2010) the Bangladesh Protected Tourism Area and Special Tourism Zone Bill 2010 was passed in the National parliament on June 27, 2010. The bill was introduced with a proposal to declare such areas as tourism protected areas through gazette notifications. The bill proposed special tourism zones and control and run the areas under initiatives of the government or non-government and autonomous organisations, statutory bodies or individuals. According to the bill, a proposal has also been made for undertaking investment activities for constructing and developing special tourist centres under public-private partnership. The bill also proposed punishment for the violators of rules. The bill has been taken under consideration to build necessary infrastructure and create amusement and service-oriented facilities for setting up special tourist zones.

The contribution of Travel & Tourism to Gross Domestic Product in Bangladesh is expected to rise from 3.9% (BDT265.9bn or US\$3,786.4mn) in 2010 to 4.1% (BDT788.4bn or US\$8,781.7mn) by 2020

(Source: <http://www.viewsontourism.info/2010/wttc-on-bangladeshi-tourism-development-2010-2020/>).

Community involvement in the tourism activity is very satisfactory. The people of the tourism products area directly and indirectly are getting benefit out of the tourism activity. Many poor people- from rickshaw puller, day laborer, photographer to small and medium entrepreneurs find tourism as a stable source of income. Except these, implementation of the development projects has been planned phase wise by different prospective areas. Above all, emphasis has been given on the security of the tourists, accommodation facility, improvement of safe communication infrastructure in the country (by Road, Air & Sea), arrangement of clean and hygienic food & beverage, sight seeing tour, publication of brochures, handicrafts marketing. When implementations of the development projects are completed as per target, employment opportunity for men and women will be created. At the same time as a result of all commercial activities of these projects, positive impact would be in the socio-economic areas in particular.

Now we shall see some data below which are self explanatory:

**Table: 2** Worlds Top 10 Destinations and Tourism Earners -2007

Rank	Country	Arrival Millior	Rank	Country	Receipt Billion US\$
1	France	81.90	1	USA	96.70
2	Spain	59.20	2	Spain	57.80
3	USA	56.00	3	France	54.20
4	China	54.70	4	Italy	42.70
5	Italy	43.70	5	China	41.90
6	UK	30.70	6	UK	37.60
7	German	24.40	7	Germany	36.00
8	Ukrain	23.10	8	Australia	22.20
9	Turkey	20.27	9	Austria	18.90
10.	Mexico	21.40	10	Turkey	18.50

{Source: Bangladesh Parjatan Corporation (2008): Tourism Statistics of Bangladesh-2007}

**Table:3** World Tourist Arrivals and Receipts 2003-2007

Year	Arrivals Millions)	Change (Percentage)	Receipt (US\$ Billio	Change (Percentage)
2003	697	-	524	-
2004	761	9.18	633	20.80
2005	803	5.22	680	7.42
2006	847	5.48	742	9.12
2007	903	6.61	8.56	15.36

{Source: Bangladesh Parjatan Corporation (2008): Tourism Statistics of Bangladesh-2007}

Lancaster (2004) depicted that in 2003 an estimated 150,000 people traveled to India for treatment purposes and these numbers are growing by about 15 percent per year. This report further cites McKinsay Consulting's report that by 2012 the Indian

Treasury will earn US\$2.2 billion in revenue from medical tourism. The medical tourists are predominant from Africa, South Asia and Middle East. Bangladesh has gradually developing its health sector but to develop medical tourism the country has to do a lot of things.

Thomsen(2010) argued that although Bangladesh is still in the nascent stages of developing an international tourism industry, responsible hospitality industry could be one solution to the many social and environmental challenges that the country is currently facing.

According to World Travel & Tourism Council(2010), the Travel & Tourism Economy is forecast to grow by 4.4% per annum in real terms between 2010 and 2020, supporting over 300 million jobs by 2020 - i.e. 9.2% of all jobs and 9.6% of global GDP( Source: <http://www.hotelresource.com/trends-detail-sid-44436.html>).

### **Analysis of Porter's five force model:**

Porter's (1979) five force model for competitive analysis is done for Tourism sector of the country which is given below:

**Competitive rivalry between Supplier:** Both Govt. and private initiatives for developing entrepreneurial activities in the tourism sector should be utilized to provide better services to the tourists. Starting from natural beauty, historical places, good hospitals and health management system, visit of religious places, security, safety, accommodation, and easy transportation etc. should be arranged. Pricing of tour related product should be charged lower than neighbouring countries.

**Threat of new entrance:** In tourism industry of Bangladesh, the private and foreign investors are reluctant to invest in the tourism sector for the following reasons: The bureaucratic system, involving the approval from several ministries or their agencies; Difficult situation is prevailing in possessing appropriate land at reasonable prices; Low rate of returns on tourism investment particularly outside Dhaka may create hindrances. For the lack of advanced technology man made tourist spots cannot attract foreign tourists. To develop advanced technology the country needs huge amount of investment but due to instability in political/legal environment and image problem, foreigners do not feel encouraged in investing. Without attractive tourism facilities, tourists may change destination.

**Bargaining power of buyers:** Buyers of this industry are tourists. They should be well conversant about the facilities and get the products at low price but high quality. Information about the facilities should be available for the customers. Websites, Bangladesh Embassies, Non-resident Bangladeshis may help prospective foreign tourists in this aspect. In case of local tourists, tour operator should facilitate the process towards the prospective domestic tourists.

**Power of Suppliers:** Outgoing tourists from China are expected to exceed 100 million in the next three years. Indians will also be moving around as tourists. Bangladesh needs to attract them and improve relationship and communication system with China

and India which will be helpful for attracting tourists. Tourists from other countries should be attracted through providing better services at a cheap price. **Substitute products:** Arrangement for entertainment, transportation facilities, and travel places must have substitute products. For medical tourism different criteria of health related services and hospitals must be available. Depending on the product facilities, tourists may choose best alternatives otherwise they may switch to another country where they get better services.

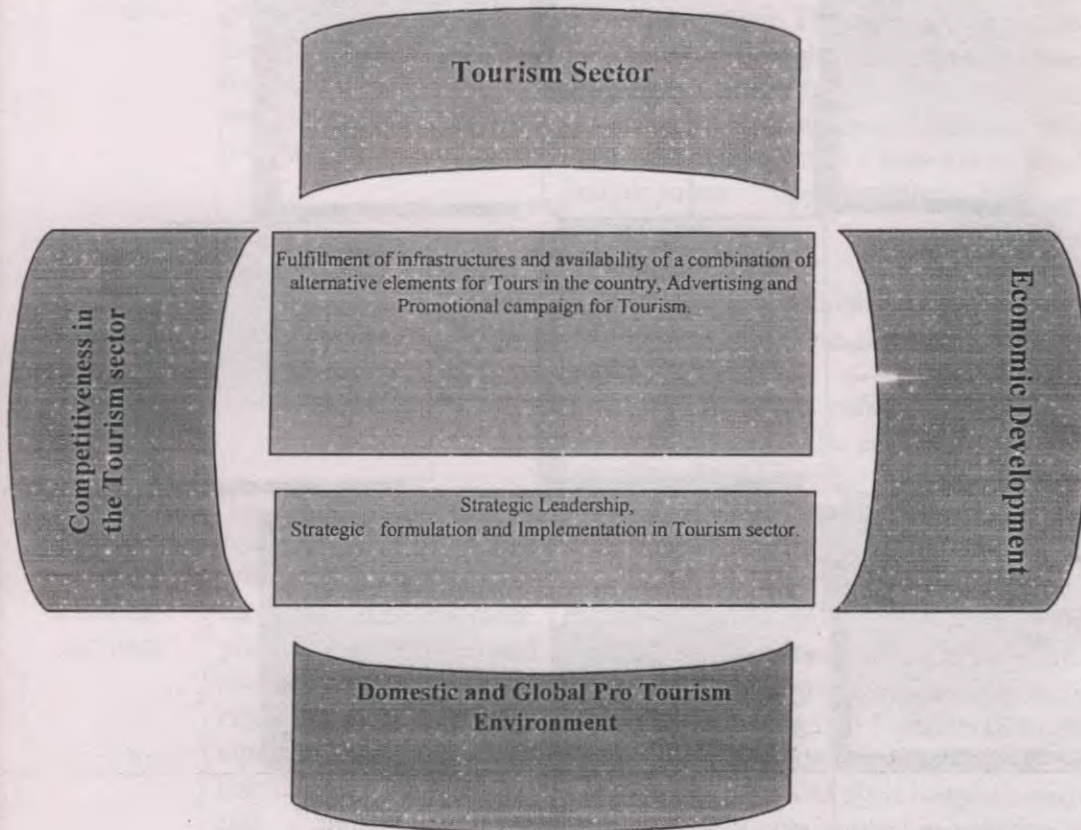
### **Applicability of promotional activities in the Tourism Sector:**

Many countries are now dependent on this sector for foreign currency earnings. The expansion of tourism throughout the world has increased competition among the tourist destinations, trying to attract more tourists by adopting appropriate marketing techniques and strategies. As an important element of marketing mix, promotion plays a vital role in tourism marketing like any product and service. Tourists want to know in advance about the attractions and the facilities of a particular destination. They also desire to know other related information of his/her visit to make the same safe, secure and enjoyable. As a result, dissemination of information on travel and tourism-related products and services are highly important. By using the different tools of promotion, marketers attempt to serve this purpose and try to influence the potential tourists' attitudes in favour of the sponsor's destination and develop interest to visit the same. Though promotion plays an important role in tourism marketing, the tourism marketing in Bangladesh is far behind from reaching this goal, which leads to incapacity to attract a significant number of tourists. This is mainly due to inadequate and ineffective promotional measures of the tourism sector of Bangladesh. Both the private and public tour operators of Bangladesh have resource constraints and cannot afford a sufficient budget for the promotional activities. As a result, they can not conduct promotional measures for the said industry by using international media which is essential for attracting foreign tourists. They only depend on the local media which is not sufficiently fruitful for an industry where the location of the target market is diversified and they are located at different parts of the world. In addition to that the low quality of promotional material, improper distribution of the material, the perceived negative image by the potential tourists due to a wrongful and negative reporting from the international media, adversely affects the tourism of Bangladesh. The research also revealed that the country has a positive trend in arrivals and earnings and it can be increased to a significant level if the country can undertake appropriate promotion measures by increasing the allocation for this purpose. The country also needs to employ creative people for this purpose and the quality of the promotional material also needs to be developed. The promotional activities should also be directed in correcting the present image towards Bangladesh as a tourist destination. By



ensuring these measures Bangladesh tourism industry can emerge as one of the major contributing sector of the national economy of Bangladesh.

When the tourism sector can be developed, it will have an impact on the Gross domestic Product, which in turn will develop the economy as a whole. A model to develop the Tourism sector and its consequences are shown in the Chart:1



**Chart:1 Multi-flow effect of Development of Tourism sector**  
(Source: Authors')

## 9.0 Integrated strategy for developing the tourism sector of Bangladesh

Following strategies may be pursued in Bangladesh.

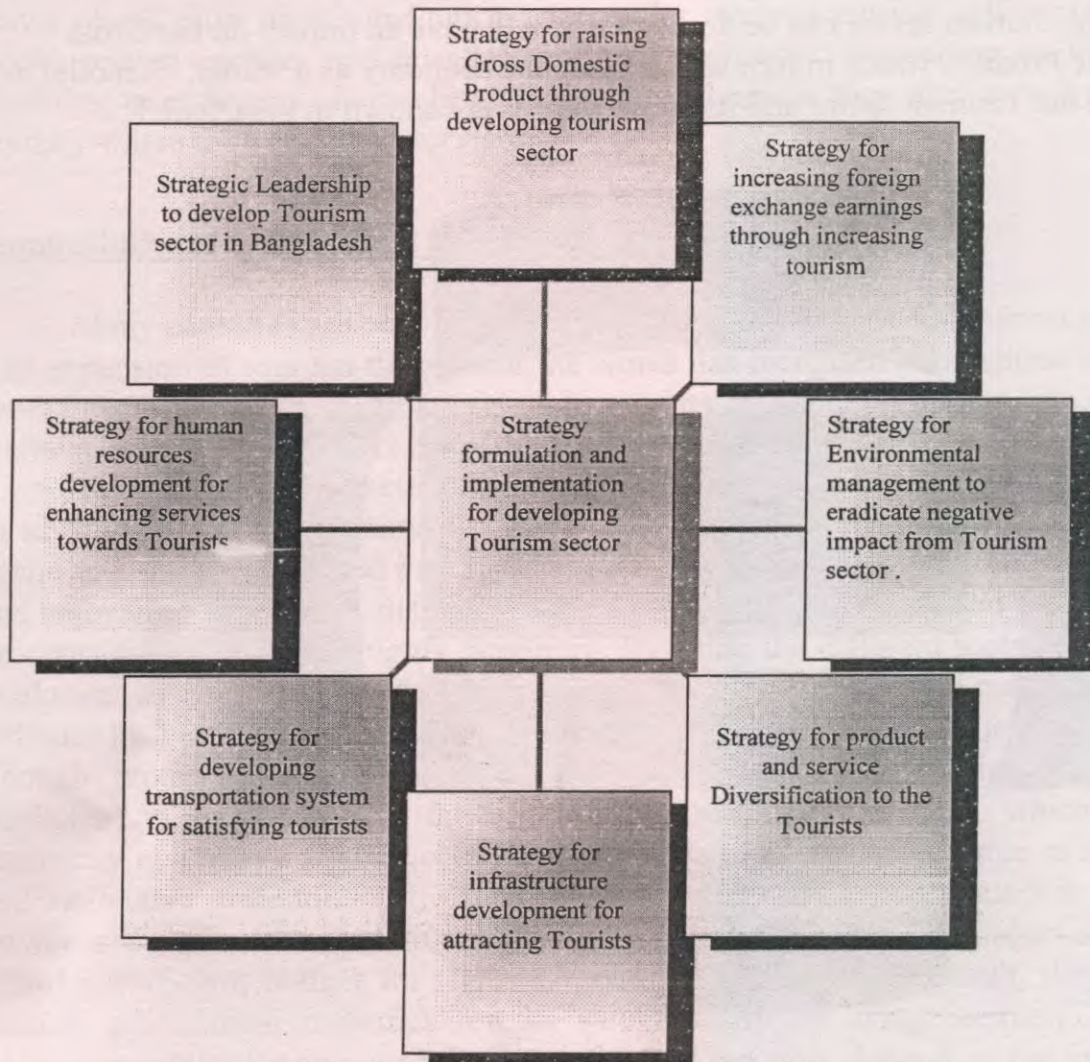


Chart-2 Complied by Authors'.

Without strategic leadership, an organization cannot be built. Both Govt. and private organizations need to readdress the issue and seriously consider developing strategic leadership. Quality leadership will develop the organization and drive out the inefficiency and ineffectiveness.

Below the study will discuss different strategy formulations and implementations in Table:4.

**Table:4 Strategy formulations and Implementations**

Types of Strategies	Strategy formulations	Strategy implementations
Strategy for raising Gross Domestic Product	To increase employment generation, redistribution income effects, increase of purchasing power to raise gross domestic product. Bangladeshi artistic handicrafts and monuments can be popularized.	The local people adjacent to the tourism products are reaping benefit of the tourism business. In Cox's Bazar, the world's longest sea beach, various number of tourism activities are taking place. The rate of unemployment is almost negative. The poor people may find tourism as their livelihood through producing and selling handicrafts, monuments etc. to the tourists. Small entrepreneurs should come with new ventures. Similarly people of the Kuakata can also enjoy positive benefits of tourism. They may get employment opportunities as well as business opportunities.
	Long term policy should be taken to develop health sector and to utilize religious tourism.	Investment for establishing International standard hospitals and preparing doctors, nurses, technologists are essentially required. Religious spots and gathering should be arranged .Safety and security should be provided for which law and order situation should be improved.
Strategy for increasing foreign exchange earnings	To raise interest in tourism activities and creating low-cost tourist facilities. Development, preservation and maintenance of tourism resources of the country. Opening a field of investment for private and foreign direct investment.	Many Tourist Information Centers are going to be established in various important points of the country especially at Airports and land ports. Different standard accommodations and various facilities are being established like: Construction of Parjatan Motels at Cox's Bazar, Kuakta, Bogra, Dinajpur, Rajshahi, Chittagong, Rangpur, Cittagong Hill Districts (Rangamati, Khagrachhari, Bandarban) and Teknaf, Heron point. Construction of world class hospitals and establishment of medical colleges under joint ventures or outer campus of high ranking Medical colleges of the developed countries and recruiting doctors, nurses and technologists by the initiatives of private sector is essential.
	Creating a favorable image of Bangladesh abroad.	As a part of publicity & marketing activities, two video films named 'Visit Bangladesh' and 'Discover Bangladesh' have been produced. Colorful Brochures and folders have been printed describing the tourism products/ places of attractions in Bangladesh. Aggressive marketing is needed not only within the country but also outside the country. The Bangladesh Embassy abroad should work as a publicity campaign to encourage foreigners to tour.
	Creating recreational facilities for foreign tourists.	Special entertainment arrangements may be allowed for the tourists in special areas. Only those who are tourists can enjoy these recreational facilities.

Strategy for environmental management	Conservation of eco-system in costal zones and islands and build up of eco-tourism in the area based on the natural bio-diversity for tourism	The world's largest mangrove forest has been designated only for eco-tourism activities. Bangladesh has formed a taskforce, which has determined five objectives for the development of tourism in Bangladesh. However, negative repercussion should be cautiously handled.
Strategy for product diversification	To attract local and foreign tourists through development and maintenance of products	Total tourism products are diversified with: Archaeological sites; eco-tourism products; Natural Products/Tourist Attractions; Religious products; Modern or Man made tourism products; Historical or other potential tourism attractions; Cultural Attractions; Medical products.
Strategy for infrastructural development	To develop the infrastructure at tourist sites BPC , NTO .Private and foreign initiatives and investment is also required.	BPC has been promoting and creating various tourist facilities across the country. It has created as many as 29 tourism units at different places of tourist attractions in Bangladesh in order to provide facilities to the tourists. BPC's vacant land is being leased out to private sector investors to create tourist facilities. Private sector and foreign direct investment is required to establish world class hospitals, preparing good environment, management of hospitals hiring doctors and nurses and others from not only Bangladesh but also from abroad. They can consider establishing outer campus of the high ranking and well reputed medical colleges of the developed nations. Bishwa Ijtema and other religious festivals can be more systematically arranged to attract both domestic and foreign tourists. As such religious places infrastructure should be developed with greater vision and mission.
Strategy for improving transportation system	To improve and develop easy and best way of traveling	Improvement in road communication should be connected north to south and east to west in cities without much trouble and hindrance. Bus services should be improved; Rail-way intercity train service has considerable network to cover the major cities with the capital city. However, services of the railway should be better; Railway line should be established up to Taknaf from Chittagong; Hill tract area should come under well connected Railway and air system. The inland waterway facilitates easy and cheaper sources of transportation and possesses a great potential for tourism development; The government should maintain international standards of airport in Chittagong, Sylhet, Syedpur and Cox's bazaar for easy movement of tourists. Private airlines should come forward to cover different tourist spots; Heron point should be well connected not by only sea transport but also air system.

<p>Strategy for Human resources development</p>	<p>Human Resource Development in the Tourism sector is necessary to develop quality tourism professionals and products.</p>	<p>Actually strategic leadership should be developed in all sorts of organizations related to tourism to enhance the tourist sector and obtain a source of income generation for the individual organization as well as the national level of the country.</p> <p>Bangladesh has created National Hotel and Tourism Training Institute through which it has been providing 2-year long diploma in Hotel Management as well as training on six disciplines (Front Office and secretarial operation; Travel agencies and tour operation; Food and Beverage production; Food and Beverage services; Housekeeping and Laundry Operation; Bakery and Pastry Production).</p> <p>University of Dhaka has established a Tourism and Hospitality dept. and provides BBA and MBA degree. Moreover, some private university has started this Tourism and Hospitality dept. Recently under private sector initiatives some good hospitals and diagnostics centers have been established. But these hospitals should be raised at least ten times. Moreover, the country needs highly qualified doctors, good nurses and technologists who can also be recruited from abroad. Especially nurses should be recruited from abroad unless the quality and behavioral attitude of the nurses of the country cannot be developed.</p>
---	---	--

Source: Compiled by Authors'

## 10 . Other major initiatives for tourism development

Following procedures may also be taken actively:

- i. Development of regional tourism, which will help to maximize the use of social, cultural, and traditional bondage of the people of neighboring countries. For achieving this objective Bangladesh has partnership with PATA (Pacific Asia Association), ESCAP (The Economic and Social Commission for Asia and the Pacific), APO (The Asian Productivity organization) and SAARC.
- ii. Development of International Tourism, which will target tourists visiting neighboring countries to have transit in Bangladesh and golf players of Japan and Korea for participating in tournaments in Bangladesh.
- iii. Conservation of eco-system in coastal zone and islands of Bangladesh and simultaneously build up eco-tourism in the area based on natural bio-diversity.
- iv. Development of amusement and entry facilities in order to lengthen the period of stay of tourists.
- v. Involvement of the private sector in the overall tourism activity of the country.

- ❖ Among the various archaeological sites and monuments Buddhist religions are very significant, which are: Paharpur-the largest Buddhist place of learning; Mahasthangarh- the oldest archaeological site; Mainamati- the place of lost dynasties;
- ❖ Among Eco-tourism, products related to the sites are given below:
  - Sylhet(the land of two leaves and a bud). Immaculately nestled in the picturesque Surma valley amidst scenic tea plantations and lush green tropical forests, Sylhet is a prime attraction for all tourists.
  - The Hill Districts (paradise for natural lovers). The three hill districts of Rangamati, Bandarban and Khagrachhari offer dazzling beautiful spots where nature has been least distributed.
  - The Sundarbans (the single largest mangrove forest and the abode of the Royal Bengal Tiger). A world Heritage site, declared by the UNSECO, the Sundarbans is an immaculate place for eco-tourism. However, maintenance of ecological balances are very important while the world is finishing its first decade of the twenty first century and Global warming is taking place.
  - Among natural products: Cox's Bazar (the world's longest unbroken sandy beach). It is the tourist capital of Bangladesh. Visits to fascinating spots like Himchhari, Teknaf, Inani Beach, Buddhist Temple at Ramu and islands like Sonadia, St. Martin and Moheskhalia can be a memorable experience.
    - Chittagong ( an ideal place for Holiday makers). It is a commercial capital and an international seaport of Bangladesh.
    - Religious places: Baitul Mukarram Mosque, Star Mosque, Husaini Dalan, Kantaji Temple, Sitakunda, Langanbandh, Ramu. Moreover, Bishwa Ijtema at the Turag River, Tongi.
  - Hospital: International standard hospitals along with Medical colleges may be established in different parts of the country with the facility to provide world class treatment under domestic entrepreneurs or joint ventures between domestic and international entrepreneurs in this sector. As such Doctors/nurses and technologists may be procured from outside the country. To prepare good doctors, nurses, technologists' huge investments should be encouraged. Easy transportation system and enriching good health management system must be ensured. To improve the quality, if medical colleges are established under joint venture programmes or outer campuses of high ranking medical colleges of the developed nations are established then it will have an immense impact..
  - Man-made Tourism products: Kaptai Lake, Jamuna Bridge, National Martyrs' Memorial, Shaheed Minar, Curzon Hall, National Parliament Building, Bangladesh National Museum.
  - Historical or other places: Ashan Manzil, Panam City or Sonargaon, Kudum Guha or Parir Garta, Lawachhara Rain Forest, The Blue Lily Lake, Boga Lake.

▪ Cultural Attractions: Independence day, Victory day, Eid-UI-Fitr, Eid-ul-Azha, Tribal dance, Durga Puja, Rathayatra, Merry Christmas, Janmashtami, Buddha Purnima, Pahela Baishakh, Ekushey Book Fair.

#### **11. Concluding Remarks and Policy Implications:**

In case of tourism, Bangladesh is far from the take-off stage. This stage should be pushed upward.

In terms of tourism beautification, out of total 136 countries Bangladesh's position which is 129, should be improved for which massive investment from the private and public sector is required. As such special provision should be taken in the Sixth Five year plan which will be prepared by the Ministry of Planning of the Government of Bangladesh. Dana's (1999) observations for IOS island of Greece should be worked as an inspiration for Bangladesh. Through developing tourism sector economy of Bangladesh, the economic condition of the country can be developed. As such, all the components of strategic management i.e. strategic leadership, strategic formulation and strategic implementation should work simultaneously so that the gross domestic products growth rate can be increased.

Ansari, Akter, Huq (2006) observation about tourism activities in the St. Martin's Island should be importantly considered.. The New Nation's (2009) report should be seriously taken to protect St Martin from bio-diversity. To avoid natural disasters, precautionary measures may be taken, as such, in the name of raising gross domestic product through attracting tourism, negative impact cannot be felt. Precaution should also be taken so that tourists can be attracted through minimizing natural disasters and to raise the GDP and as such macro economic variables have positive impact towards economic development.

Opinion poll survey reveals that domestic tourists are firstly choosing to tour places which are famous for their scenic beauty. Secondly they choose to tour on medical grounds especially in international standard hospitals of Dhaka city. But foreign tourists choose to see archeological and historical places as a first causative reason while second choice to them is scenic beauty. As such places of scenic beauty, archeological, historical and cultural reasons should be well developed so that foreign and domestic tourists can be attracted to visit. Moreover, international standard hospitals should be arranged so that local people can get better medical treatment. As such investment for development of infrastructure of hospitals and also to develop human capital i.e. doctors, nurses also need more investment. And doctors, nurses must do their duty with utmost care. Business reasons are also one of the reasons for touring. The more a country progresses its industrialization process, and is able to send exportable commodities abroad, tours may rise. Though internet has given an opportunity to raise e-business, but it doesn't still substitute too much for physical presence to buy products from different parts of the country and also outside the country. Spiritual and religious reasons are also one of the important reasons for touring as commented by both domestic and foreign tours. This should be cautiously handled so that terrorist activities cannot be interrelated. However, Rotherham's (2007)

observation that religious tourism and the visiting of sacred sites offer experiences to meet both demands can be arranged through public and private initiatives.

Policy makers of the country should consider Deegan and Moloney's (2007) findings for Ireland West that has strong correlation of the tourist sector to economic growth and employment. This will help to enhance gross domestic product through improving the tourism sector. At all levels of the organization, leadership should be built so that each person is willing to contribute to the society and give proper guidance.

Image of Bangladesh abroad should improve. Bangladesh Embassies abroad should work in this respect. To develop the tourism culture in this region - combined cooperation among the SAARAC countries is required. Ali and Mohsin (2008) recommended, developing the infrastructure, as well as, integrated marketing communication channels which may be considered by the policy makers, public sector authorities, private sector entrepreneurs and stakeholder of this sector.

World Tourism day on September 27th may be declared as a holiday to create a culture of tourism in Bangladesh and different types of programs may be arranged to mark the day. Product differentiation may be arranged based on the income level of the tourists. Entertainment facilities and recreational facilities may be arranged for tourists. However, violation of the code of ECPAT should be strictly prohibited.

Most potential areas include developing river based tourism centering round the Sunderbans forest, Rangamati, beach resort in Cox's Bazar, Patanga sea beach, Kukatakata, St. Martin; cultural tourism based on Buddhist and Islamic archaeological and historical monuments, general interest features in the Dhaka region and tea plantations in Sylhet area and bird watching tours in the Jahangiranagar area. Conservation of archaeological and historical monuments starting from ancient Bengal to date and the important natural environments are essential. Recently, Cox's Bazar and Sunderbans are being promoted for being the natural wonders of the world. Special attention should be given to preserve the environment so that the natural beauty and ecological balances of Cox's Bazar and Sunderban are not impinged upon. Other areas of the country should also be developed to attract tourists and eco-tourism should be well established so that *natural areas which preserve the environment can be maintained and from this tourism can help in the welfare of domestic inhabitants.*

Historical places related to independence of the country should be well preserved and may be arranged for showing to attract tourists. Those who are pilgrims and spiritual tourists must be well entertained and to fulfill their level of satisfaction, religious spots and arrangements should be properly done so that tourists are satisfied. But policy makers also take preventive measures so that no body can create any negative use of religion as all religion has the basic theme that religion is used for humanity, mankind, peace and discipline.

Health management must be improved so that medical tourists can be raised. Proper arrangement with visionary and missionary zeal and strategic leadership in the



arena of the health management sector is required. This will also save valuable foreign exchange.

The biggest barriers standing in the way of developing Bangladesh into a buzzing international tourist location are political instability, low level of managerial skills, unwillingness to provide good services, rent seeking and insecurity. In the view of tourism's vast potentiality to become a lucrative business, opening the door for enormous employment opportunities and positive contribution towards increasing gross domestic product of the country, it is expected that both the public and private sectors should be more serious about overcoming existing barriers. Rules, regulations and infrastructure planning done by the govt. will be effective when it is implemented. The problems like, political instability, social unrest, security for the tourists, facilities for the tourists, has to be solved. If Bangladesh can follow the guideline for infrastructure development provided by WTO, Bangladesh can definitely attract international tourists and also domestic tourists will be encouraged to tour different corners of the country.

Fayissa, Nsiah, , Tadasse, (2007) findings can be a good lesson for the policy makers of the country. Through strengthening Bangladesh's tourism sector, the country can raise its economic growth which requires productive investment in physical and human capital. Baisakalova 's(2009 ) suggestions should be taken by the private and public sectors to prepare a holistic approach for the development of the tourism sector as it can ensure Pareto optimality in the economy through creation of job opportunities, rising infrastructure, utilization of resources and attaining economic sustainability of the country.

#### **Policy Implications:**

The visa restrictions for the tourists must be relaxed. Immigration officials need to be friendly. Trained manpower can do miracles. The tour operators need to be professional in providing those services. Good law and order and uninterrupted power supply are essential as it would be necessary to have all support infrastructures in place. The private and public universities and professional human resource development institutes have to pay attention to create professionals for the tourism and hospitality industry for domestic and foreign employment. Health management system should be improved mainly by the initiatives of the private sector. International standard diagnostic centers, Hospitals and medical colleges may be set up under joint ventures. Foreign direct investment may be welcomed in the health management sector. Strategic leaders in the health management sector are being essentially developed.

Moreover, tourism related to spiritual and religion should be developed with utmost care, so that, in the name of tourism indiscipline cannot be created and the country can earn valuable foreign exchanges which in turn can have a positive impact on the selling of domestic goods, raising of investment, creation of employment and increasing income levels and ultimately the gross domestic product. This will help to

attain macro economic sustainability and sustainable economic development of the country can be feasible.

The government should appoint a high-powered board to regulate tourism related industries under a holistic approach by taking the services of knowledgeable persons both from private and public sectors. This should help in policy formulations and assist in boosting this sector by removing all barriers that currently hamper a smooth growth. The negative image of Bangladesh, depicted abroad for some time, needs to be corrected. This will require a holistic approach and a massive marketing campaign to improve the image of Bangladesh outside the country. The government may make arrangements to attract investment by the private and foreign sector in hotels, motels, restaurants, theme parks, entertainment centers, hospitals, religious places and the like. Tax holidays and other incentives could encourage investment by both local and foreign entrepreneurs. Trade fairs and other promotional activities and marketing campaigns, from time to time, will be good for obtaining its results.

The commercial banks need to provide credit at reasonable terms to make tourism industry as a viable and thrust sector. There should be allocation of money for equity participation funding to develop the sector. Moreover, from the capital market investment may be done for developing the tourism sector for which proper policy framework and implementation of plan is required. This will have a positive impact on the economy.

Bangladesh needs to develop strategic leadership accompanied by strategic formulation and strategic implementation. Benchmarking should be followed to meet the challenges in a highly competitive international market. Tourism can propel the overall economic growth much faster than any other sector. The policy makers, politicians, business leaders, professionals and bureaucrats need to be sensitized to the potentials. However, policy makers should be well conversant with the negative impacts of tourism so that the negative impact cannot outweigh the positive impact of tourism, as it can be utilized to raise growth rate of the economy.

Bangladesh should be an attractive tourist destination composed of different factors for tourism such as scenic beauty, archeological, historical, cultural, business, religious and medical facilities etc. As such the country should develop distinctive competencies with long term sustainability in the area of tourism. In turn earnings from the tourism sector can help to raise gross domestic product of the country which depends on successful strategic management.

**Note:**

i) Bangladesh Currency: Taka

ii) 1 Crore: 10 Million

## References:

- Alam, Jahangi (1998-2000): "Tourism in the frame of South Association for Regional Cooperation (SAARC)", Vol. 47.
- Ali, Mobasher (2008): *Bangladesh Studies (Bangladesher Sandhanaya)*, Student Ways, Dhaka, 4<sup>th</sup> Edition.
- Ali, Muhammad Mahboob and Mohsin, Chowdhury Sifat –e (2008): "Different aspects of Tourism Marketing Strategies with special reference to Bangladesh: An Analysis", *Business Review, A Journal of Business Administration*, Khulna University, Vol. 6, No. 1&2, January-December, 2008.
- Ansari, Mohammad Nayeem Aziz, Akter, Shahnaj and Huq, Muhammad Jahedul (2006). "Environmental Impact of Tourism: A Case study on St. Martin's Island", *Journal of Business and Technology*, Vol. 1, Issue: 1.
- Bangladesh Parjatan Corporation (2004). "Bangladesh tourism vision 2020", Morshed, M. Mahbubur Rahman (editor), Dhaka.
- Bangladesh Parjatan Corporation (2008). *Tourism Statistics of Bangladesh-2007*, Dhaka, Bangladesh.
- Dana, Leo-Paul (1999), "The Social Cost of Tourism: A Case Study of Ios," *Cornell Quarterly* 40 (4), August .
- Baisakalova, Azhar (2009): "Economy Diversification: Tourism Cluster Competitiveness and Sustainability", The Second International Conference organized by the *Global Business and Management Forum* on "World Financial Crisis and Global Business Challenges" University of Dhaka, Dhaka, Bangladesh.
- Bhakta, Nirmal Chandra, Khan, Hasan tareq and Chakraborty, Amitabh (2010): "Prospect of Tourism Sector in Bangladesh :A Case Study", paper presented at the 17<sup>th</sup> Biennial Conference on "The economy at the golden Jubilee of war of liberation: What type of Bangladesh we would like to see?" organized by Bangladesh Economics Association held on 8-10 at Osmani Memorial Auditorium and Institution of Engineers, Bangladesh, Dhaka.
- Deegan, Jim and Moloney, Richard (2007): "Understanding the economic contribution of tourism to economic development: The case of Ireland west", *Global Business & Economics Anthology*, Volume II, December.
- Fayissa, Bichaka, Nsiah, Christian, Tadasse, Badassa (2007): "The Impact of Tourism on Economic Growth and Development in Africa", Department of Economics and Finance, Middle Tennessee State University
- Henderson, Joan C. , Foo, Ken , Lim, Hermes , Yip, Serene (2010): "Sports events and tourism: the Singapore Formula One Grand Prix", *International Journal of Event and Festival Management*, Vol. 1 Issue: 1, pp.60 - 73
- Murfreesboro, U. S.A, Working paper series, August
- [http://www.bangladeshtourism.gov.bd/corporate\\_info\\_policy.php](http://www.bangladeshtourism.gov.bd/corporate_info_policy.php)
- <http://www.hotelresource.com/trends-detail-sid-44436.html>
- <http://www.mekongtourism.org/site/partners/socio-cultural/ecpat/>

[http://openlibrary.org/b/OL169263M/Industrial\\_policy\\_1999](http://openlibrary.org/b/OL169263M/Industrial_policy_1999)

[http://www.unwto.org/media/news/en/press\\_det.php?id=4862&idioma=E](http://www.unwto.org/media/news/en/press_det.php?id=4862&idioma=E)

<http://www.viewson tourism.info/2010/wttc-on-bangladeshi-tourism-development-2010-2020/>

The Bangladesh Monitor(2010): Volume: XIX, Issue No. 22, July 1-15

The Daily Star(2010): **Millions to attend Muslim pilgrimage In Bisha Ijtema**,22 January

The Financial Express(2009): 29 June

The New Nation(2009):September 29

The New Nation(2010): "Pvt sector tourism plays vital role", report of BSS, June 14

Lancaster, John(2004) :' Surgeries, Side Trips for 'Medical Tourists': Affordable Care at India's Private Hospitals Draws Growing Number of Foreigners', Washington Post Foreign Service, October 21

Lee, Christine (2007): Medical tourism, an innovative opportunity for entrepreneurs, Journal of Asia Entrepreneurship and Sustainability, May

Porter, M.E. (1979) : *How competitive forces shape strategy*, Harvard business Review, March/April

Quader, Shams Bin(2008):" A land with potential for Tourism", *The Daily Star*,31 st January

Rotherham , Ian D.(2007): "Sustaining tourism infrastructures for religious tourists and pilgrims within the UK" ,Religious tourism and pilgrimage festivals management : an international perspective, Razaq Raj and Nigel D. Morpeth(editor), Wallingford, UK , CABI Pub.

Thomsen, Majbriti(2010):"Eco-Resort for Sustainable Tourism", *The Daily Star*, April29

Yilmaz, Burcu Selin (2008): "Competitive Advantage Strategies for SMES in Tourism Sector: A Case Study", Management of International Business and Economic Systems – MIBES International Conference, July 4-5 2008, Larissa, Greece, Conference Proceeding on CD-Rom with ISBN, pp. 560-571.

# RE-THINKING ICTS IN CLASSROOM LEARNING-

## A PILOT STUDY

**Dr. Kumudini R. Thakor**

Associate professor: Navyug Commerce College, Gujarat

E-mail: [Kumudini\\_thakor@yahoo.com](mailto:Kumudini_thakor@yahoo.com)

### **Introduction:**

Information and Communication Technologies (ICTs) are generally accepted as modern instrumental tools that enable, the educators, to modify the teaching methods they use, in order to increase the students' interest. The use of ICTs helps develop a knowledge –based society. ICTs also play a vital role in modern educational institutions to enhance the level of student-teacher satisfaction. The successful implementation of ICTs needs five interlocking frameworks for change: infrastructure, attitude, faculty improvement, support (technical and administrative) and sustainability and transferability.

### **Purpose of the study:**

The paper aims to examine how familiar students are with the use of ICTs and what are their perceptions and attitude towards ICTs as classroom tools. The research conducted also aims to reveal the possible relationship between the use of ICTs and learning environment.

### **Methodology:**

As the study is an attempt to explore the use of ICTs in education, the research procedure implemented for this purpose is based on primary data. The samples for the research were chosen only from the master degrees programmes. Data was collected from three various courses and five different colleges/university departments of Surat city, i.e. Metas of Seventh-Day Adventists College (MBA, affiliated to NEHU University), Department of Economics (MBE, affiliated to V.N.S.G. University), Department of Commerce (M.Com.,) affiliated to V.N.S.G. University, S.P.B. English medium College (M.Com., affiliated to V.N.S.G. University) and Navyug Commerce College (M.Com., affiliated to V.N.S.G. University). Around 250 respondents (students), were selected on a random basis for the study. Data was collected by the means of questionnaires, group reviews, survey, personal interviews and computer-based classroom observation.

**The following research questions were examined:**

- What is the students' attitude toward ICT?
- Do teachers/students use ICTs to support their studies?
- Is the performances of students/faculties affected by the use of ICTs?

**Significance of the study:**

The use of ICT is a global and ongoing issue. These results will be beneficial to the academia, faculties, management and students in the following ways:

- It will help spread Technology Education at various levels and disciplines in colleges/universities.
- It will help teachers to update and improve their skills.
- Students will better understand the use of ICTs as learning aids.

**ICTs in Teaching/Learning Process in a University System:**

The emergence and convergence of Computer and Telecommunications Technologies have been termed ICTs, a term synonymously used with Information Technology (IT). It is defined as the combination of computer technology with telecommunications technology. The term includes computer hardware and software, data, image and voice network.

Information and communication technologies offer several opportunities in education. Firstly, they can be used as a means of preparing the current generation of students for the future workplace, i.e. providing tools for tomorrow's practices. Secondly, ICTs can make the institution more efficient or more productive, engendering a variety of tools to support and facilitate teachers' professional activities. Finally, ICTs are seen as the means to reform and innovate teaching methods. These will stimulate learners in being independent learners in a self-directed way and/or in collaboration with others.

**Learning with ICTs:**

Learning with ICTs focuses on teaching and learning in a curriculum context using ICTs. Teachers and students use ICT resources to support the classroom curricula, for example, using tools such as word processing to create written materials, using power point presentation and authoring software to present projects, using drawing and painting software to enhance work in visual arts. In certain ways, learning with ICTs may be perceived as a natural integration of ICTs with existing classroom processes. Thus ICTs can be used interchangeably with tried and trusted teaching and learning methodologies. Learning with ICTs also supports learning through the use of 'practice' type software to reinforce concepts already learned, or to access digital encyclopedia or other resources. Thus, learning with ICTs not only supports self-directed learning by offering students enhanced opportunities to select individual paths to learning, but also can make learning meaningful and contextual.

## Findings and Discussion:

ICTs offer innumerable benefits in enriching the quality and quantity of learning in educational institutions. Their integration will not only revolutionize teaching and learning, they will engender the development of teachers/students in several ways. The present study also supports these facts.

The results of the analysis are presented as follows:

Table: 1

### Awareness of ICTs among students

	Metas (%)	Dept. of Eco. (%)	Dept. of Commerce (%)	S.P.B (%)	Navyu g (%)
Positive attitude towards Technology	100	100	100	100	100
Operating knowledge	100	100	100	90	25

The researchers found that (Table: 1) cent percent masters degrees students have a positive attitude towards the use of ICTs in teaching and learning. About 86% students have the basic knowledge of computers. It is also found that Gujarati medium students face language problems while using computers.

Table: 2

### ICTs support of students

	Yes (%)	No (%)
Use computer to get information for studies	60	40
Visit computer lab to support studies	56	44

Table 2 shows that students use labs to get the information for their studies if available. It is found that only Metas and Dept. of Economics have a computer lab facility. This result pointed out that there must be a proper lab facility for the students so that they can use it and update their knowledge.

Table: 3

Overall attitude to ICTs usage

	Yes (%)	No (%)
Prefer to write assignment/project for study	56	44
Prefer not to use computers to support studies	20	80
Prefer to use computers/projector by teachers in classroom learning	90	10
Prefer to communicate with teachers/friends by e-mail	50	50

Above table shows that students have a very positive attitude towards information technology. The respondents prefer to use technology for classroom learning, not only this, they are willing to use IT as a supplement to other teaching activities.

Table: 4

Computers and Internet usages

	Yes (%)	No (%)
Do you access computers off campus?	70	30
Do you access Internet off campus?	80	20
Do you have e-mail account?	72	28

Regarding the overall computers and internet usage, majority of the students access these facilities off campus. The data shows that among total samples 72% have their e-mail ids and like to e-mail and chat with friends.

Table: 5

ICTs improve performance of faculties and students:

	Yes (%)	No (%)
Creates a positive effect on classroom teaching	100	Nil
Can remember the content for a longer duration	99	01
Can give better results in exams	85	15
Can significantly improve the overall performance of the faculty	95	5

The Above table highlights that the young generation prefers to learn with ICTs. Cent percent of the respondents unanimously said that instead of only traditional class room learning, PPT presentation is very helpful in remembering the content for a longer duration. Students also opined that during examinations, PPT slides come in their mind alive like a slide show and they can recap the content of the subject.



### **General Observation:**

It is noted that some teachers do not use ICTs because they lack the necessary skills. Teachers in this category should be called upon to take an initiative to enroll themselves for ICT training. This will not only benefit the students but also the teachers and will be able to explore new areas of teaching and learning. Availability and accessibility of ICT equipment is another issue hindering its use in teaching. The stakeholders of colleges/universities in the city are called upon to expedite action in making ICT equipment available in all institutions. It is hoped that when the equipment is available, it will go a long way to motivate teachers to use them. Even teachers who are techno phobic may be healed of their disease and will be attracted towards ICTs.

Every coin has two sides; same is the case for ICTs. These paper presenters are faculties of different colleges and disciplines but their experiences and observations are similar. The ICTs have proved to be, both a boon and a bane, for students. They no more prefer to spend time in the libraries, to read or refer to books, journals, magazines etc., for the preparations of their assignments/presentations, projects and even for examinations. 90 % of the students having these facilities access websites or get ready presentations and copy paste. This is a form of modern plagiarism. Many a times they do not even bother to check whether or not the material is relevant to their subject. Generally the quality of literature available on webs is poor or at least not up to the mark for any serious or scholarly study.

Due to an easy access to the web, the students do get a lot of information on various subjects but it has also been observed that this information is not necessarily adding to their knowledge. In other words, this information is usually superficial and lacks depth. Normally the good material available on the web is costly--perhaps costlier than the printed material-- and students are not ready or cannot afford to pay this amount to purchase such material online. However, this does not mean that they should not be encouraged to access the information from the web. Rather, they should be made aware of the pros and cons of these materials. And, here is where a good teacher or guide can help young students, as to how much he / she can rely upon such information.

## **Conclusion:**

This study found that students of Masters were generally in favor of the use of ICTs.

In particular, the improvement of classroom learning environment, with ICT, involves the potential ways of providing effective and efficient instruction through both teacher- student integration of ICTs into overall teaching and learning processes in the classroom environment.

The use of ICTs is very important for students after finishing their studies. The ICTs knowledge can help students in their work environments in the future and provide them competitive advantage compared to others who are not familiar with computers.

The present study concludes that successfully incorporating ICTs into teaching and learning fundamentally depends on the teachers' role as guides who can promote active and autonomous learning, increase cooperative learning and assignments and assist students in constructing their own avenues of knowledge. College managements and university departments should also act in the direction of providing students and teachers adequate infrastructure and facilities and easy access to ICTs.

The overall findings showed that students could be assisted to learn critical thinking skills through integrating ICT into the teaching and learning process.

It is also concluded that none of the instruments can take the place of a good teacher. They can only play a subordinate role, as instruments in teaching and learning.

It is hoped that the findings of this study will help stimulate future development and guide further improvement of classroom learning environment, with ICT, to enhance effective and efficient instruction that combines the role of teachers and learners into the teaching and learning processes through the use of ICTs.

The various results of this study have shown, how greatly ICTs are contributing to the teachers and students performance in education. This is to say that the role, ICTs are currently playing, in teaching and learning cannot be over-emphasized.

Basically, therefore, colleges/Universities in the country that have not introduced ICT in the teaching should start doing so now.

References:

- Abbiss, J. (2008). Rethinking the 'problem' of gender and IT schooling: discourses in literature. *Gender & Education*, 20(2), 153-165.
- Alampay, E. A. (2006). Beyond access to ICTs: Measuring capabilities in the information society. *International Journal of Education and Development using Information and Communication Technology (IJEDICT)*, 2(3), 4-22.
- Becker, H. J. (2000). Findings from the Teaching, Learning, and Computing Survey: Is Larry
- COIMBRA GROUP OF UNIVERSITIES Report of the project "Higher Education Consultation in Technologies of Information and Communication" (HECTIC) BRUSSELS APRIL (2002)

<http://www.flp.ed.ac.uk/HECTIC/HECTICREPORT.PDF>

5 B. Collins and M. Van der Wende (Eds.). Models of technology and change in higher education. An international comparative survey on the current and future use of ICT in higher education. Enchede, the Netherland: CHEPS. (2002).

# THE APPLICATION OF 'JUST-IN-TIME' (JIT) APPROACH TO IMPROVE THE MANAGEMENT EFFICIENCY OF CHITTAGONG PORT: SOME OBSERVATIONS

Dr. M. Abdul Mannan Chowdhury

Professor of Economics

Chittagong University

## A. Introduction

Chittagong port is the only natural port of the world. Its navigability is God-gifted. It has tremendous strategic geographic advantages, which can contribute immensely to the country, to be an ideal global trade and business pivot. It is the gateway of Bangladesh, as well as, of a vast landlocked region across the border. Chittagong port is not only the major opening of the economy of Bangladesh, but there is no second installation in Bangladesh equivalent to Chittagong in view of its strategic, geographic, economic and political importance. This port has all the prospects to serve the landlocked eight northeastern states of India, Nepal, Bhutan and a vast region of Myanmar and China most economically and cost-effectively. These countries have also expressed their keen interest to use Chittagong port for their international trade. Bangladesh is also at the bridgehead point of the world's two most burgeoning and economic blocks – SAARC and ASEAN. The proposed Trans Asian Highway and Railway are also expected to have direct linkage with Bangladesh. Therefore, in future Bangladesh will have all good international sea, rail, and road communication linking SAARC and ASEAN at the middle.

Chittagong is the major port for Bangladesh, handling around 85-90% of the nation's trade. Its importance to the country can not be overemphasized. The Government of Bangladesh (GOB) earns around 30% of its revenue from Custom House Chittagong (CHC) and Chittagong Port.

## B. Some Examples of Management Inefficiency of Chittagong Port

However, despite growing importance of Chittagong Port, its efficiency of management and cargo handling did not improve up to the expected and required level to cope with the changing circumstances. Some of the examples related to its management inefficiency may be enumerated below for policy implication:

- **Example-I** : Growing unrest among some 5,000 workers in Chittagong Port has doubled turn-around time and fuelled surcharges. The workers demand more

power while the Port users blame the eroding efficiency of the premier port on the power to the dockworkers. The latest spate of unrest came in July, 2010 when the Dockers launched a 10-day agitation programme, including a strike, asking implementation of the decisions made regarding their earlier demands. They demanded the re-instatement of the dockworkers fired during the last Caretaker Government regime, the employing of labourers by rotation through a booking centre under Chittagong Port Authority (CPA), the reintroduction of the labour department, and the opening of closed residential buildings. The Chittagong Port Users Forum opined that the CPA should tighten its grip and ensure accountability. The importers are of the opinion that the workers demand money at every point. If the importers do not pay, the workers start delaying. The average turnaround time has increased to five to six days now from the Caretaker Government's average of 2-4 days. According to the port officials, the turnaround time was more than 10 days before the Caretaker Government launched a reform drive. The port users blame the port management for its soft approach towards the workers. The CPA is working to activate the centre booking cell by empowering the leaders of the workers and the step is strongly opposed by the port users. According to the spokesman of Bangladesh Shipping Agent's Association, the workers should continue under the berth operators to maintain peaceful and efficient services. The Caretaker Government dissolved the Dock Workers Management Board which comprised of more than 10,000 workers from 22 politically associated trade unions, and stevedores. The previous Government also sacked 4000 workers mainly for their overage and inefficiency. The Government introduced a single point operation system on May 16, 2007, and retrenched 4,000 workers to bring efficiency to the port. But a three-year contract with the berth operator ended on May 16, 2010 and the workers have already started regrouping again to re-instate the sacked workers. The CPA admitted that the turnaround time has increased. The CPA is of the view that the welfare of both the workers and the businessmen should be taken into consideration and discussions should be made with all to resolve the problem. The port users opine that the berth operators should control the workers. If the port users are forced to engage an unnecessary number of workers, they will have to stop work and leave the port. (Old ghost haunts Chittagong Port, The Daily Star, July 29, 2010).

- **Example-II:** There was almost a break-down in the management of Chittagong Port which is the lifeline of the country's economy. A meeting was held in the office of the Prime Minister on September, 2010 to discuss the situation in Chittagong Port. The meeting was presided over by the Principal Secretary to the Prime Minister. The CPA presented a paper in the meeting identifying the reasons for the precarious condition of the Port. Representatives of the shipping agents association, BGMEA, Chittagong Chamber and other organizations, as

well as, the high officials of the CPA attended the meeting. During the meeting the Principal Secretary instructed the Chairman of the CPA to reduce the turnaround time in the Port to a minimum promptly. One official of the port was transferred for inefficiency. In the meeting, the Shipping Ministry and the CPA blamed each other for the deteriorating situation in the Port. There was serious congestion of ships and containers due to mismanagement. As this news reached the outside world, many ships cancelled their Chittagong bound journey. Many exporters become worried about the shipment of their cargo. It was decided in the meeting, to set up within a week, a port advisory committee, finalize the pre-qualifying tender for operation of the NCT, strengthen security for preventing theft of Cargo from containers and install CCT.V. Cameras. Special emphasis was given on controlling labour unrest. Port users were very tough on the Chairman of the Port. Port officials were held responsible for the deteriorating situation. The Chairman of the Port admitted to the difficult situation in the Port. Representatives of trade union bodies called for taking action to tide over the situation. They complained that there was no control mechanism in the Port. Work slowed in the container jetty. There was no sign of reduction in the container and ship congestion. The situation worsened further with the arrival of more ships and containers. The number of ships stood at 83 in the jetty and at the outer anchorage on September 17, 2010. Many Chittagong bound ships from Singapore cancelled their trips. The economy was seriously affected. It was estimated that the garment sector lost about Tk. 10 billion in four months because of slow work in the Port. The loss to the entire economy was much more. Dhaka bound containers piled up at the port. In the meeting, five areas were specially discussed which included the problem relating to appointment of berth operators, labour management, declining efficiency, condition of the Port authority and implementation of on-going projects. There was delay in appointing berth operators through tendering. There was 30 percent increase in containers carried by ships. There was lack of equipment in the port. The tender procedure for handling created problem. The domination of trade unions and litigation over container handling resulted in the increase of turnover time. As a result, the exporters could not export their cargo on time and many buyers cancelled orders. During the month of September, 2010, about 1000 containers piled up in the shed of the Port due to shortage of trains for carrying the containers to Dhaka. Many ships carrying edible oil, sugar, fertilizer, salt, food grains, cement clinker and petroleum products waited in the outer anchorage and jetty. The ships did not get berth in the jetty. Mills and factories faced shortage of raw materials which could not be unloaded from the port. The whole country and the business community in particular, were concerned, about the operation of the Chittagong Port. (Mismanagement at Chittagong Port, The Financial Express, September 21, 2010).

- **Example-III:** The crisis in Chittagong Port erupted on October 8, 2010 with the appointment of six berth operators. Some groups then demanded that the operations by the newly appointed berth operators be done by existing dock workers. Following the clash, the newly appointed berth operators stopped their operations on October 8, 2010. Since then, the situation at the country's prime sea port snowballed into a crisis and the logistics supply chain began to crumble. The army was then deployed at Chittagong Port. In parallel, the Government also formed an advisory committee on the Port. The meeting of the committee decided that coordinated steps would be taken to run the country's principal seaport after consultation with port users and important stake holders. (The Independent, October 30, 2010).
- **Example-IV:** The working relationship between customs, CPA, and the trade community concerning the cargo import/export clearing process is inefficient, plagued by bureaucracy and has been an area for corrupt practices. There is little transparency in procedures on the uniform application of trade regulations and procedures. The current customs processes and procedures for import documentation consist of 13 to 16 steps and are paper-based with minimal computer support. It is a cumbersome, redundant, paper ledger and list-oriented process.
- **Example-V:** The auction system of unclaimed cargo is very inefficient. The current regulations require that if an importer does not enter imported cargo within 30 days, it is classified as unclaimed cargo by law and is subject to customs auction. The auction process for unclaimed goods requires an initial bid of 60% of the estimated value of the goods. If not sold, the requirement is to re-auction seeking a bid higher than the one previously received. If not sold at this time, then at the third auction the items are sold to the highest bidder. This process has been the subject of much concern because of the involvement of a 'ring' group who formed together to manipulate the auction process and dramatically reduce the final auction price. This in turn reduces national revenue. The whole process can take one year and in some cases much longer. About 20% of the CFS storage sheds and 11% of the container yard contains unclaimed cargo. Because of the shortage of storage space, many containers are used for storage in the port and are no longer available as an instrument of international trade traffic. According to CPA estimate, the CPA loses on an average Tk. nine crore of revenue every month just to facilitate storage area to the customs authority. The current position, arising from several years of trying to manage an ineffective system, has left many cargoes still awaiting disposal after some years - container items over two years old and also including some that were originally foodstuff items. It is evident that the Auction House process has encouraged some unscrupulous people to use the system for money making and not for trading of goods.

### **C. Need for 'Just-in-Time' Approach to Improve Management Efficiency**

From the above, brief description of some of the examples related to the problems of management inefficiency, it is quite evident that the past experience of Chittagong Port is the result of a catalogue of action and attitudes of self-interested groups of port workers or port users. For the future health of the port, confrontation must be replaced with co-operation. The strategic aim for Chittagong Port over the coming 10-15 years should be to become the most important port not only nationally but also regionally, serving the emerging markets of Bangladesh and the neighboring countries. To achieve this, Chittagong must progress to become a port internationally recognized, well-regarded for its service and efficiency and a reputation for transparent, open and non-corrupt dealing. To reach this position will require many changes and great commitment from all parties - from the GOB through to the individual workers - involved in the port activity. The current situation provides not only a practical example of what can be achieved with a change in management but also a tremendous opportunity to 'kick start' the required process of change. Needless to say, the process of change underlies the importance of the implementation of 'Just-in-Time' (JIT) approach in the management of Chittagong Port. Below is an attempt to analyze the different aspects of 'Just-in-Time' (JIT) approach and to apply the concept to improve the management efficiency of Chittagong Port.

### **D. 'Just-in-Time' Approach at a Glance**

The term 'Just-in-Time'(JIT) is used to refer to an operation system in which materials are moved through the system, and services are delivered with precise timing so that they are delivered at each step of the process just as they are needed, hence the name just-in-time. Initially, the term JIT referred to the movement of materials, parts and semi-finished goods within a production system. Over time, the scope of JIT was broadened and the term became associated with lean production. At present the two terms are often used interchangeably to refer to a highly coordinated, repetitive manufacturing or service system designed to produce a high volume of output with fewer resources than more traditional repetitive systems, but with the ability to accommodate more variety than the traditional system. (Stevenson, 2005).

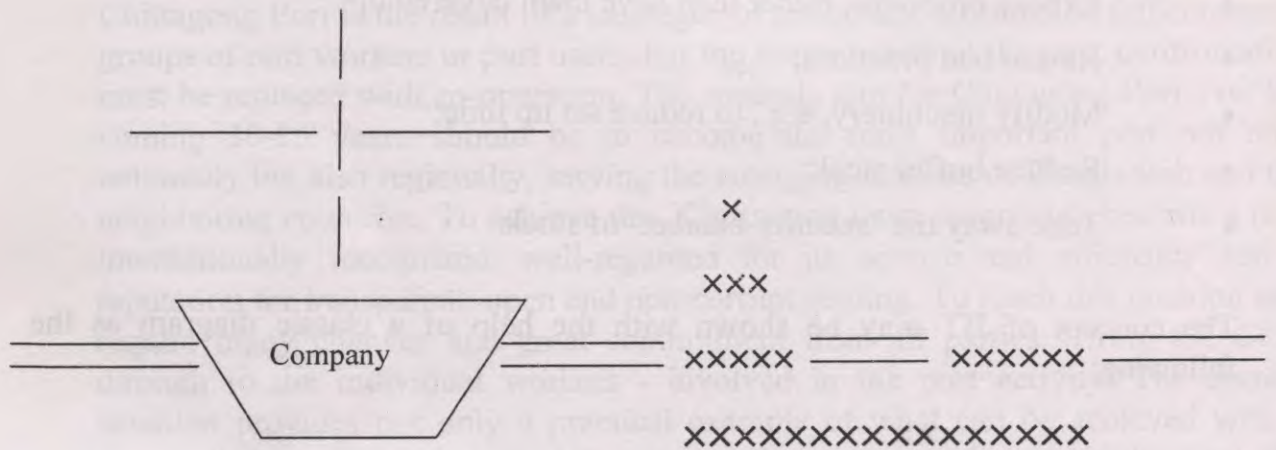
The JIT philosophy refers to (a) elimination of waste in its many forms, (b) belief that ordering / holding costs can be reduced, and (c) continuous improvement, always striving to improve. The elements of JIT, among others, include the following:

- Regular meetings of the work force (e. g., daily/weekly);
- Discuss work practices, confront and solve problem;





If the inventory level is reduced, the rocks (problems) become exposed as below:



Now the company can see the rocks (problems) and hopefully solve them

One plan to expose the problem is simply to :

- Make a large amount of finished goods stocks to keep the customers supplied;
- Try running the production system with less inventory to expose problems;
- Revert to the original levels of inventory until you have had time to fix the problems you exposed;
- Repeat the above – hence continuous improvement.

Some of the benefits of JIT may be enumerated as follows:

- better quality products/services;
- better responsibility of every worker;
- reduced cycle times;
- lower set up times;
- smoother production flow;
- cost service;
- higher productivity;
- higher worker participation;

- more skilled workforce, able and willing to switch roles;
- reduced space requirements;
- Improved relationship with suppliers.

However, it should be mentioned here that implementing a JIT system is a task that cannot be undertaken lightly. It will be expensive in terms of management, time and effort, both in terms of the initial implementation and in terms of the continuing effort required to run the system over time.

#### **E. Measures to be undertaken to implement JIT**

For application of JIT approach to improve the management efficiency of Chittagong Port, the following measures should be undertaken with no further delay:

- **An Autonomous CPA for Quick and Timely Decision:** Working within the framework, and with clear guidelines of GOB overall national transport policies, the CPA should be responsible for the policy, safety, security and overall strategic planning for the port, with the authority to contract out to the private sector for those areas of activity, from time to time, as considered appropriate. Working with clearly defined job descriptions, and within a clear remit from Government, it should not be necessary for the senior post holder of CPA to continually refer/travel to Dhaka for decisions regarding the day to day management of the port. An autonomous CPA with fully delegated authority, bringing together the various groups for the total benefit of the port, is required. Responsibility cannot be exercised without having the full authority to do what is necessary.
- **Reduction in the Chain of Management:** The commercial organizations expect that the CPA should act and react promptly to a variety of situations faced by them. If a ready response is not available from the CPA, it will only lead to frustration and delay and be detrimental to the working relationship. A reduction in the chain of management is required for this purpose which will also assist in reducing the possible number of opportunities of corrupt practices.
- **Merit-based Appointment and Promotion of Employees and Lesser Number of Employees with Advanced Training and Skill:** The CPA should have an establishment, basically of a lesser numbers, of employees but higher skills/qualifications than now and also include positions requiring new skills. It should be structured to reflect an organization where responsibility and job description is clear with the appropriate

authorities delegated to the personnel involved. Appointment/promotion/advancement should be based on merit, experience and performance, not just time in the job.

- **Dynamic and Flexible Management of CPA and Continuous Dialogue Among the Conflicting Groups :** The CPA should deal with international organizations - ship owners, agents, trade associations, port user business groups, workers etc. with prudence, modern management systems and procedures. It must be able to meet them through continuous dialogue, on level terms, in relation to management decision making. It must be dynamic and flexible and not only be able to respond to the customers but also be innovative in terms of port development.
- **Harmonization of Customs Process & Procedures to Facilitate Global Trade:** The efficiency and effectiveness of customs in processing trade goods has a significant influence on the international competitiveness and economic growth of the country and in expansion of foreign trade in the global market place. The harmonization of customs processes and procedures is essential to the objective of facilitating global trade. Customs regulations and policies must not negatively impact the effective and sufficient transfer of goods through the port.
- **Improvement of the Port Health and Safety Issues, Reduction in Cargo Congestion, Rationalization of Berth Areas and Container Handling Activities:** Health and safety issues are also important factors for efficient management of the port. The improvement of security and reduction of congestion of cargo, vehicles and extraneous personnel from the working area and the port will definitely contribute to the management efficiency. The rationalization of berth areas with the development of container handling activities and the removal of redundant structures will provide an opportunity for allowing revised berth layout, roadways and the proper fencing and demarcation of working areas. No one can deny the fact, that access to and from the port is an important factor in determining the efficiency of the port. Efforts should be made to improve road, rail and water access to the port, if the full benefits of 'door to door' container traffic are to be realized. The port organization has to be in such a position, to be able to, accept the modern requirements of international port operation. The national situation must be such, as to be attractive to an external investor but also sufficiently well-organized to serve the national requirements for trade. The CPA should maintain direct control of all navigational matters in addition to the port health and safety, security and environmental issues.

- **Application of the 'landlord' Concept:** The 'landlord' concept may be applied for efficient management. The 'landlord' port arrangement is one of the most effective of the public/private sector involvement arrangements. The 'landlord' concept allows for the necessary development in port facilities, funded by investments and management from the private sector but with monitoring arrangements in place, in a port authority to ensure required levels of service to be provided to meet national circumstances.
- **Reclamation of the Land, by Constructing Embankment on the Sea Side, from Patenga to Sitakund and on the Eastern Coast of Sandwip Channel for the development of Berthing and Navigational Facilities of the Port for Large Ships and Ocean-going Vessels :** The experts on port development are of the opinion that through reclamation of land, by constructing an embankment on the sea side from Patenga to Sitakund, measuring approximately 25 miles, along the coast line on the Bay of Bengal, a modern sea port can be established. For providing backyard facilities for the port, vast land can be developed inside the **same** embankment. As a result of which, the existing industrial activities in the city may be upgraded and modernized compared to the present situation and can create facilities for setting up of new industries, factories and port related business activities in the region.

Beside this, another multipurpose embankment along the eastern bank of the Sandwip Island may be constructed to maintain the required depth in the "Sandwip Channel" for the ocean going vessels and ships. This will help develop a vast land on the eastern coast of the Sandwip Island carrying out dredging activities in the Channel and filling sand inside the embankment. With the implementation of this plan, a jetty can also be constructed on both sides of the channel with adequate backyard facilities. An embankment can also be constructed all around the Sandwip Island and this can play a great role in protecting the proposed port and consequently protect the ships on anchorage, during cyclone and storm surge disaster. On the other hand, if an embankment/dam is constructed on the north side of Sandwip Island, linking Sitakund with sluice gates; hydroelectric power generation can be ensured and can be supplied in the Key installations of Chittagong Port City. Moreover, the embankment can also be used as a major transportation made to connect Sandwip with Chittagong City which will play an important role in the expansion of port activities in the eastern bank of Sandwip Island.

It should also be mentioned here that the average depth of the "Sandwip Channel" from Patenga to Sitakund is approximately 30 feet, which can provide favorable navigation and berthing facility for large ships and ocean going vessels as well. If the port facility is developed on both banks of the

channel, it will facilitate berthing and anchorage opportunity for at least 500 ocean going vessels at the same time in the same Channel.

- **Re-organization of CPA to Provide for an Effective, Firm and Resolute Management of All Port Activities:** The CPA must be re-organized to provide an effective, firm and resolute management and be the focus for coordination of all port activities and development. In relation to good governance and anti-corruption strategies, the CPA should provide:

- Clear lines of management responsibility and devolved authority;
- Shorter management chain and therefore, less opportunity for interference;
- Quicker management response;
- More direct personnel regulation ;
- Fewer people;
- Simplified tariff;
- Majority of Port charges automatically prepared, invoiced and collected;
- Computer related operating systems;
- Monitoring with management information system;
- Potential for commercial competition, to ensure cost effective charges; and continuous dialogue with all the parties involved in cargo handling and the use of port services.

#### **F. Concluding Remarks**

To conclude, the port is a place where international shipping either originates, terminates or transits thereby making it a highly dynamic venue which will keep pace with commercial and economic activities. Chittagong Port is not only the major opening to the economy of Bangladesh; it occupies a unique position in Bangladesh in view of its national and international importance. It is unlikely, simply because of its geographical position, that Chittagong will ever be a hub port in the major world container trade routing and it is likely that it will continue to be served for the containers from the likes of Colombo and Singapore. The CPA's strategic aim should be to make this port an internationally important central port for the region, keeping in mind its location and opportunities that are provided from not only developing the Bangladesh economy but also in relation to the surrounding Indian states and Nepal. The CPA has a vital role to play in this regard. It has been given the responsibility to manage the Port on behalf of the Government. It is important that with responsibility they must also be given the authority to perform the tasks required to apply the JIT approach to manage the Port efficiently. The Government must therefore devolve to

CPA the appropriate powers to do so. In this connection it should be mentioned here that the Caribbean Shipping Industry has achieved tremendous success following the JIT approach in its management.

## REFERENCE

- [http:// people.brunet.ac.uk/~mastijib/jeb/or/jit.html](http://people.brunet.ac.uk/~mastijib/jeb/or/jit.html)
- <http://www.chittagongchamber.com/report/japan.PDF>
- [http://www.ccc.org/demo/index.php?option=com\\_content&view=articleid=121%3Afuture-development-potential-of-chittagong-port-in-bangladesh-&catid=60%2Freview&Itemid=74](http://www.ccc.org/demo/index.php?option=com_content&view=articleid=121%3Afuture-development-potential-of-chittagong-port-in-bangladesh-&catid=60%2Freview&Itemid=74)

## TIME FOR CHANGE; TIME TO ACCEPT SOCIAL MEDIA AS A PART OF THE LEARNING PROCESS

By  
**Dr. Shaila Bootwala,**  
Vice Principal and HOD,  
Abeda Inamdar Senior College, Pune.

*“Social Media in India is growing at 100 percent and is likely to touch 45 million users by 2012 concludes the Nielsen Company and AbsolutData report”!*

In today's digital age, the above finding is hardly a surprise. Students in India today have access to the same internet based social media applications just like their peers anywhere else in the world. The rise of social media applications in the digital age is disrupting social behaviour in every country by enabling exchange of ideas, insights and communication to foster a deeper level of informal learning not witnessed before. This coupled with the easy and increasing access to the internet either at home, at college/university or via mobile phone with the advent of 3G and LTE (Long Term Evolution) communications gives students in India an even playing field for knowledge acquisition and sharing.

I believe that just like mobile wireless technology leap frogged every Indian into an era where suddenly anyone anywhere could connect with a loved one or a relative far away, instantly, social media can leap frog every Indian student to be part of and contribute to an ever more connected and collaborative world.

In the table below, I summarize some of the categories of internet based social media applications popular today. There are many popular tools and services on the internet for each category. As an example, for the category “Instant Messaging”, there are popular tools like Skype, Google Chat, Live Messenger, Yahoo Messenger and AOL Messenger and for the category “Social Networking”, there are popular sites like Facebook, Orkut, MySpace and others.

Blogging	Podcasting	RSS Readers	Micro-sharing/blogging
Photo Sharing	Social Networking	GeoLocation sharing	Video sharing
Social Bookmarking	Instant Messaging	Collaborative Document Editing	Learning Management System
Forums	Screen Sharing	Group Messaging	Presentation sharing
Community Space	Social Searching	Voice over the internet	URL shortening



One of the most interesting aspects of the use of such social media tools is that these tools are not required to be used by any one person, yet every one of the tools listed above have millions of users and in some cases hundreds of millions of users using them. This is an important phenomenon to be aware of as we try to understand what would be the best way for colleges and universities to embrace the use social media as part of the learning process.

### **The case for embracing social media**

There have been numerous studies and articles<sup>ii</sup> that point to the benefits of using social media including Stuart Hepburn's use of Twitter for student feedback in a screenwriting programme and the use of Google Docs in Cheryl Davis's World History class for collaborative learning. George Mason University integrates discussion boards onto their Facebook Page, which invites students to return and gives them an online forum for interaction; one forum allows students to sell their used textbooks. This encourages students to return frequently to use their Facebook Page as a resource.

An excerpt from one research study<sup>iii</sup> titled "Teaching, Learning and Sharing : How Today's Higher Education Faculty Use Social Media", a collaborative effort of Pearson Learning Solutions, the Babson Survey Research Group, and Converseon shows that nearly two-thirds of all faculty have used social media during a class session, and 30% have posted content for students to view or read outside class. Over 40% of faculty have required students to read or view social media as part of a course assignment, and 20% have assigned students to comment on or post to social media sites. Online video is by far the most common type of social media used in class, posted outside class, or assigned to students to view, with 80% of faculty reporting some form of class use of online video.

Another interesting research<sup>iv</sup> titled "Is Twitter Hurting Your Grades?" grouped students in one class who used Twitter for class collaboration and another control group in the same class who did not. The Twitter group's engagement score was almost twice as much as the group who used traditional communication methods. In addition, at the end of the semester, the Twitter group's average GPA was .51 higher than the control group.

These various studies confirm what we in the Higher Education field already know. Learning does not just stop in class. Learning happens everywhere, in the park, discussion between friends during coffee or in the canteen, on the way to the movies, in the library or at a friend's house perhaps while having a cup of chai. This type of learning is commonly referred to as informal learning<sup>v</sup> and contributes to a significant percentage of how we humans learn throughout our lives. The social media tools available on the internet facilitate exactly this kind of learning – via collaboration, exactly how we humans know how to learn and enrich ourselves.

### Challenges for adopting social media and a solution

There are certainly challenges for higher learning institutions in adopting social media as part of the learning process, but I believe the challenges are worth addressing due to the benefits of this new medium of learning. Here are a few challenges I see in adopting social media applications for learning :

- There are just too many social applications available to use on the internet. This makes it difficult for professors and students to work with the variety of applications out there and keep up with new and emerging technologies.
- When collaborating, information can end up in many applications making the information disconnected and also difficult to remember where all the information is stored. As an example, students in a class using Google Docs, for collaborating on a document for a class project, using email to share links to interesting articles that need to be used for that project and using Skype for instant chatting on that project. In this case, information for that project is in Google Docs, Email and Skype making it difficult for members of that group to know where all relevant information really is, thereby decreasing the value of social media applications in the learning process.

I recently came across a social media application called **kwikiSpace**. I believe kwikiSpace helps address many of the challenges listed above:

- kwikiSpace allows students and professors to use one system that connects to a person's other social applications and gives access to information in multiple social applications in one place. For example, one can connect to their Facebook, Twitter, Internet Search, Google Docs accounts right within kwikiSpace. This allows professors, teachers and students to access the information in those various applications and work with only one application as a base.
- Create a formal group between instructor and student or adhoc project or study groups between student and student. For example groups can be created by professors and used to share information with students from any social application instantly, while commenting and stimulating discussions formally on that information for a class. Groups can also be created adhoc between students to work on a project together or as an ongoing study group space.
- Collect meaningful information scattered across any social application, save it for private use or share that information with a group. For example, with kwikiSpace one student can share a search result while another student could

share a tweet specific to a topic being discussed in class or a project being worked on within a team.

- Group based instant chatting, messaging, commenting and rating of any information collected from any social application. kwikiSpace connects other social media applications in one place and allows commenting, discussion and rating of any content from any of the social media applications thus keeping all conversations and messages in one place even though the actual content can be coming from different social media applications.
- Connect one piece of information from one social media application to another piece of information coming from another social media application to group relevant information together. As a professor or a student, imagine connecting a twitter tweet to a Wikipedia article and a Facebook post to a class topic from Moodle. Now, all relevant information is available for any person in that group. When one sees a class topic in Moodle, they also see the search result, the Facebook post and that Wikipedia wiki article.

### **A suggested approach for harnessing the power of social media for your university/college or class**

Just like today, when professors, instructors and teachers do not influence, manage or even are privy to a student's informal learning process, my suggestion is to not necessarily plan a controlled or even a managed adoption of social media for your university, college or class. Using a tool like kwikiSpace that allows you and your students to connect their digital lives, the process of adopting social media can be gradual and overall impactful to the learning process. For professors, there is only one application you need to use, kwikiSpace, that allows you to dive into social media along with your students for a true collaborative learning experience.

Enjoy the ride!

### **References:**

<sup>1</sup> <http://bit.ly/IIkBTj>

<sup>1</sup> <http://bit.ly/i21By0> , <http://bit.ly/IOe1> , <http://bit.ly/kyKNF4>

<sup>1</sup> <http://bit.ly/kDLMim>

<sup>1</sup> <http://bit.ly/9oIWrl>

<sup>1</sup> <http://bit.ly/J2uZ2>

# “IMPACT OF INFORMATION TECHNOLOGY ( IT ) ON BANKING SECTOR IN INDIA WITH SPECIAL REFERENCE TO CO-OPERATIVE BANKS IN PUNE CITY ”

Mr. Rahul P. More,

Assistant Professor, Abeda Inamdar Senior College, Pune

## ABSTRACT OF MASTER OF PHILOSOPHY DISSERTATION

### • INTRODUCTION :

The Indian Companies Act, 1949, has defined bank as, “The accepting for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise” [Section 5(1) (b)]<sup>(1)</sup>

From this definition of banking, the following functions characterize banking business,

- Accepting money or deposits from the public.
- Money or deposits accepted by a bank is payable to the public on demand or as agreed between the customer i.e. the depositor and the bank.
- Lend money for further investments.
- The depositor can withdraw money from the bank in cash or by draft or by cheque.

Co-operative bank is defined as, “ An Institution established on co-operative principles and engaged in the normal banking business of accepting deposits from the public for the purpose of lending and repay it on demand or otherwise”. The beginning of co-operative banking in this country dates back to about 1904, when official efforts were initiated to create a new type of institution based on the principles of co-operative organization and management, which are considered to be suitable for solving the problems peculiar to Indian conditions. In rural areas, as far as agricultural and related activities were concerned, the supply of credit, particularly institutional credit, was excessively inadequate, and the money lenders, were providing credit at exploitatively high rates of interest. Co-operative banks in India finance rural areas under: Farming, Cattle, Milk, Animal Husbandry and Personal finance etc. Cooperative banks in India finance urban areas under: Self-employment, Industries, Small scale units, Home finance, Consumer finance and Personal finance etc.

Information Technology (IT) can be defined as “A collection of individual technology components that are typically organized into computer-based information systems. IT has changed the way the world does business in any field. Banking Businesses no longer have to rely on a trail of paper work to conduct everyday's

transactions. Customers no longer have to leave their homes to buy products or to transfer money. By just sitting in front of a computer, it can be done within no time. Over the past decade the importance of IT has been stamped upon the minds of top executives worldwide. The web has removed the limitations on communication around the world, and has provided efficiency and productivity in the business industry and the world economy.

In modern times, technology has become critical for survival of business organizations. Banks are no exception to this. For this it is necessary to give better and quick services to customers. Technology can contribute significantly towards achieving this quickness and efficiency. There is a trend towards multimedia banking because it offers several advantages as compared to traditional banking practices. A bank branch can be set up on the Net. A depositor can view his account; he can order cheque-books and go through the services offered by the bank without having to go to the bank. In case of some banks, offices are linked via satellite allowing the customers instant access to all their branches. Banking today is a technology based access, to the retail customer, at minimum efforts and cost.

- **Importance Of The Topic.**

Looking at various banks in the city, there is a big competition amongst them due to the adoption of IT. The co-operative banks have very less share capital and they are financially weak. Compared to Nationalized banks, Private sector banks & Foreign banks, they find it very difficult to adopt to IT due to its high costs. But there is no option for them because if they want to sustain in the banking business competition, they have to adopt it.

The present study will assess the performance and the outcome of adoption of IT in co-operative banks in Pune city.

- **Objectives of The Study.**

The present study is an attempt made to find out the impact of IT on the Banking Sector in India, especially for the Co-operative Banks in Pune City. The main objectives of the study are as follows:-

- To study the overall impact of IT on the banking sector in India.
  - To study the advantages and disadvantages of IT in the banking sector.
  - To study the changes in the performance of co-operative banks in Pune city due to the adoption of IT.
  - To understand the problems faced by the co-operative banks in Pune city due to the adoption of IT.
- **Hypothesis :-**
    - IT has changed the bank service scenario.

- To compete with other banks, Co-operative banks have to enhance its efficiency to improve its performance.
- Performance of Human Resource has to be enhanced.

- **Methodology :**

The study of “**The Impact of Information Technology on Banking Sector in India with special reference to Co-operative Banks in Pune City**” is based on primary data as well as the secondary data. In the present study, from the Co-operative Banks in Pune city, selection of banks is done based on random sampling and around 35 percent of samples are selected for the study. From these banks, the primary data is collected through the questionnaire and interviews of the concerned office bearers. In the present study, the secondary data is collected through various newspapers, magazines, articles, books, reports of various committees, journals, reports from various websites etc.

- **Sample Selection**

The Annual Report of Pune District Urban Co-operative Banks Association 2007 - 2008” gives information about the total deposits of the respective banks. Based on the ranking according to the total deposits of the banks by PDUCEBA, the sample is selected.

According to above said report there are 60 banks in Pune city as on 31<sup>st</sup> March 2008. Out of total 60 UCBs in Pune city, 21 banks i.e. 35 % banks are selected as a sample for above said study.

The Names of Sampled Co-operative Banks are as follows -

Sr.o	NAME	Sr.No	NAME
1	Mahesh Sahakari Bank Ltd	12	Suvarnayug Sahakari Bank, Ltd
2	The Vishweshwar Sahakari Bank Ltd	13	Bhagini Nivedita Co-op Bank, Ltd
3	Vidya Sahakari Bank Ltd	14	Agrasen Urban Co-op Bank, Ltd
4	Shri Sharada Sahakari Bank, Ltd.	15	Pune Merchant Co-op Bank Ltd
5	Defence Accounts Co-op Bank, Ltd	16	Pune Cantonment Sahakari Bank, Ltd
6	Siddharth Sahakari Bank, Ltd	17	Janaseva Sahakari Bank, Ltd
7	Bharati Sahakari Bank, Ltd.	18	Lokseva Sahakari Bank, Ltd.
8	Janata Sahakari Bank, Ltd	19	Jijamata Mahila Sahakari Bank, Ltd
9	Pune Peoples Co- op Bank, Ltd	20	The Cosmos Co-op Bank, Ltd
10	Rupee Co-op Bank, Ltd	21	The Muslim Co - operative Bank Ltd.
11	Pune Urban Co-op Bank, Ltd.		

### Findings & Observations -

From the study of sampled 21 co-operative banks, following observations were made pertaining to the adoption of Information Technology.

- Though there is a lot of spread of computer use even in the lower strata of the society. Even school children have email – Ids and small entrepreneurs have their own websites, about 67 % banks do not have their own websites.
- With the spread of IT, or use of computers in day to day working of banks, it is seen that the quality and efficiency of work enhances. Thus adoption of cheque deposit machines, cheque book issuing machines, currency counting machines have become the need of the time.
- Yet from the sampled data it was observed that, only two banks have cheque deposit machines, only one bank has a cheque book issuing machine and except one all other banks have currency notes counting machines.

Thus it can be said that though with the increasing volume of the business, banks that can use latest facilities like cheque deposit machine, cheque book issuing machine are not making these facilities available to their customers for one or other reasons.

The banks which do not have note counting machines are not interested in having them.

- Internet banking is one of the most important, time saving and convenient facility for the customers of banks. Pune city is fast growing and is expanding in all directions and due to its education and IT hub the population of Pune is growing fast. Thus from the angle of convenience to the customers, internet banking is one of the facility which banks are providing to customers. It was observed from the sample data that only one bank is providing internet banking facility and is having number one business among the co-operative banks in Pune city. As per the discussion with Assistant manager of IT department of that bank, many people are using that facility but he refused to quote the number or percentage of customers using the facility.
- ATM facility is in its true sense 'Any Time Money' facility, as with an ATM facility frequency to visit the banks is reduced to a greater extent, as withdrawing money through ATM is very much easy, as well as, convenient and can be anytime nearby the house. With the sampled data it was observed that, only 4 banks had ATM facilities and the rest (17 banks), were working with traditional withdrawing facility.

The 4 banks which were having ATM facility reported that there was no problem to the customers using ATM machines except when a technical problem occurs.

It was reported from the office bearers of the sampled units who had the ATM facility that in the year 2006 – 2008 maximum ATM machines were installed by their banks in various areas of Pune city.

- Regarding various services provided by the banks it was observed that NEFT ( National Electronic Funds Transfer ), SEFT (State Electronic Funds Transfer ) and RTGS ( Real Time Gross Settlement ) were the most popular services provided by the banks. As Pune is the number 2 city in Maharashtra, the trade and commerce volume in Pune city demands for quick and efficient funds transfer facility. Thus as per the requirement, banks use either NEFT, SEFT or RTGS facility. It is observed that more than one third of the samples provide these facilities to their customers.

Core banking is one of the popular network of banks in the country. About one third banks in the sample are part of this core banking.

- It was also observed that the banks selected in the samples have not entered in the business of smart card, credit card and debit cards.
- As per the information received from the personnel or office bearers of the sampled banks, overall 20 to 30 percent increase in the number of customers was observed.

Regarding increased profitability and time saver facilities with adoption of IT, everybody said about the positive trend but they refused to give data for the same.

- With computerization and adoption of IT, it was experienced by the sampled banks that there was general reduction in the level of employment. The number for percentage reduction in the employment varied from 10 % to 30 %. Though the number of employees has reduced in the banks, at the same time people employed in the banks have to work for more time. This shows that workload has increased for the banks employees. With thorough competition in the banking business, employees have to work more time as per the convenience of the customers. To mention an example, one bank from the sample, which has its branch at Laxmi Road ( road with main business centers ) has to work from 8.30 in the morning to 11.30 at night as customers of the bank deposit their cash after the shops get closed by 10 pm.
- It was also seen that in all banks those who have started using technology, the qualities and skills of the employees have improved and the following changes were observed :
  - Improvement in the service provided to the customer.
  - Improvement in computer knowledge.
  - Improvement in Accuracy and sharpness of the employees.
  - Multiple skills are developed.
  - Technology Awareness is being created amongst the employees.



- Completion of work can be done faster.
- Improvement in quality of work done.
- Improvement in capacity to work.
- Along with above mentioned qualitative change in the personnel appointed in the banks following advantages due to adoption of IT were observed. They are as follows :
  - Fast and improved quality of customer service can be provided.
  - Submission of all types of reports can be done in less time to the RBI.
  - Latest Information of various policies and plans of RBI can be obtained immediately.
  - Availability of various reports and data of all branches can be obtained through network immediately.
  - Balancing of all accounts is possible.
  - Back office work completed on same day.
  - Reports through e-mail have become easy.
  - Information about any customer can be obtained immediately within no time.
  - Speed of doing work has increased
  - Cost Effectiveness.
  - Customer satisfaction is observed.
  - Saving time in doing repetitive work.
  - Per employee work is increased.
  - Require less employees.
  - Paperless banking.
  - Passbook Printing has become easy.
  - Processing time is reduced.
  - Productivity has increased.
  - Can store data for long time.
  - Due to MIS ( Management Information System ) all data can be easily managed.
- Though the sampled banks experienced qualitative change in efficiency and working of the banks, following problems were encountered by banks adopting IT
  - Connectivity problem arises in lease line / ISDN line.

- Problem arises due to electricity supply.
- Increase in Maintenance cost.
- Dependency on the Internet service provider.
- Investment has increased
- System failure may halt the work of the employee
- Dependency on technology has increased
- Virus Problems in working of computers and softwares.
- Fear of data loss due to lack of data security.
- Software & hardware maintenance cost has increased.
- Customer service is affected.
- Regarding installation of ATM centers, it was said by personnel of the banks who had transactions through ATM that, with the installation of ATM, expenditure towards transaction gets reduced to a greater extent but they could not say about the factual or numerical difference in the transaction cost due to adoption of ATM.
- It is a known fact that, adoption of IT requires huge investment as machines; softwares required for the same are costly. Personnel interviewed responded heterogeneously towards investment in adoption of IT in the respective banks. The investment varied from 3 % to 6 % to the total investment of the respective banks. Also they specified that the investment is one time and recurring spending towards the maintenance contracts. But the amount spent for maintenance contract is negligible considering the volume of the business.
- They also mentioned that though the number of people working in the banks was reduced but at the same time skilled people in the IT and electronics were newly appointed. Also adoption of IT has generated backward and forward employment linkage. This type of employment was not directly in the banks but banks had contracts for various types of services in the backward and forward linkage of IT. Thus it can be said that IT has reduced number of employment directly in the banks but at the same time it has generated more jobs in specialized services sector.
- **CONCLUSION :**

From the present study, “ **Impact of IT on Banking Sector in India with special reference to Co-operative Banks in Pune City** ”, it was observed that, most of the Co - operative banks in Pune city, have not still adopted the Information Technology to that level at which it is required in the banking business. Due to the entrance of foreign banks in our country, the use of advanced technology made by them have changed the scenario of various services provided by the banks in our country. It is observed that, most of the IT related services are not being provided by

the sampled co-operative banks to their customers. Therefore the profitability of these banks and the number of customers also remain limited as it can be seen that now a days people are moving towards those banks which are providing various IT related services at low cost. The low cost and convenient services due to IT have made banking easy as the customers are now able to operate their accounts through internet banking, telephone banking, mobile banking etc.

As it can be seen, Information Technology has great importance in modern banking and so if these co-operative banks want to compete with the other banks i.e. private sector banks, Public Sector banks and foreign banks etc, these banks will have to provide, all or most, of the IT related services to their customers which will also help them in improving their productivity and profitability.

It is a fact that the co-operative banks do not have strong financial, skilled, infrastructure base. As, there are limitations to compete in the market for the business these banks should try to improve efficiency and adopt IT to a greater extent to sustain in business.

## • **HYPOTHESES TESTING -**

### **Hypotheses of The Present Study :**

- IT has changed the bank service scenario.
  - To compete with other banks, Co-operative banks have to enhance its efficiency to improve its performance.
  - Performance of Human Resource has to be enhanced.
- **IT has changed the bank service scenario.**

The data collected for the present study has proved that IT has changed the bank service scenario. Observations of the present study prove that banks those who have started using technology, the qualities and skills of the employees have improved. Not only for the employees but also the banks themselves experience various advantages.

- **To compete with other banks, Co-operative banks have to enhance its efficiency to improve its performance.**

The data collected for the present study through questionnaire and interviews of the office bearers of sampled banks proves that the cooperative banks due to one or other reasons cannot adopt IT to fuller extent and thus cannot compete with other nationalized banks. Also they cannot adopt NEFT, SEFT or RTGS systems which are need of the time.

- **Performance of Human Resource has to be enhanced.**

It was observed in the sample selected for Cooperative Banks that, the financial base is weak. From the cooperative banks in Pune City, there is only 1 bank in the category of the deposits Rs. 2001 – 2250 (Crore) and only 1 bank in the category of the deposits Rs. 5251 – 5500 ( Crore ). Out of 60 banks in Pune city, there are 48 banks in the category of the deposits Rs.1 –250 (Crore). Looking at the financial base and business volume of the sampled banks, they cannot appoint skilled, efficient staff as they cannot pay high salaries. Thus they manage their day to day working with the available staff which hampers the performance of the banks. Thus there is need to appoint well trained and expert staff or train the present staff as per the need of the time.

Thus the hypotheses of the present study are proved and accepted.

## BIBLIOGRAPHY

### • BOOKS :

- Bhole L. M, 2004, *Financial Institutions and Markets*, Tata MsGraw Hill Publishing Company Limited. Fourth Edition.
- D. M. Chandgadkar. & Shri. J. V. Deshpande ' *Technology, Risk Management & Supervision In Co-Operative Banks*. Macmillan Publications. R. Parameshwaran & S. Natarajan, 2001, *Indian Banking* S. Chand & Company Ltd, Delhi..
- Henry C. Lucas, Jr, . *Information Technology For Management*, 7<sup>th</sup> Edition, Tata Mc Graw Hill Publishing Company Ltd, New Delhi
- Indian Institute of Banking & Finance, 2008, *Principles & Practices Of Banking For JAIIB / Diploma in Banking & Finance Examination*. 2<sup>nd</sup> Edition, Macmillan Publication .
- Dr. D. M .Mithani, 2005, *Money, Banking, International Trade & Public Finance*, Himalaya Publishing House,
- S.M.Padwal., 1997., *IT, MIS And Productivity in Banks*, Himalaya Publishing House, Pune..
- T. M. C. Vasudevan., Shyamji Mehrotra , D. M. Chandgadkar , *Co-Operative Banking Operatio*,\_By Indian Institute of Banking & Finance, Macmillan Publication. Dr. D. M .Mithani .2004, *Money, Banking, International Trade & Public Finance*. Himalaya Publishing House.
- The Indian Institute of Bankers, Mumbai. *Information Technology & Electronic Banking*, 1998,

### • REPORTS :

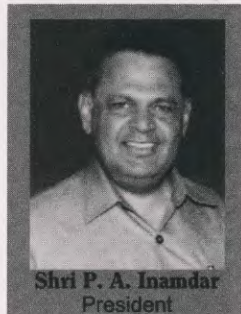
- Abiyot Eliyas, 2003, *Performance evaluation of Pune District Central Co-operative Banks* , Project Report, Guide :- Dr. Medha Dubhashi.
- Emerging Realities In Banking And Finance - Role Of New Generation Managers , Address by Mr V Leeladhar, Deputy Governor of the Reserve Bank of India, to the students of Post Graduate Programme in Banking and Finance, National Institute for Bank Management, Pune, 3 April 2005.
- Issues and Prospects of Emerging Financial Services in India, By Sudhanshu Duggal and Ankit Chetan National Institute of Industrial Engineering Mumbai-87,2003
- *Programme On Technology Knowhow For Management Of Urban Co-Op Banks* 5 – 7 January, 2005. Organised by VAMNICOM, Pune

- *Programme On Role Of Information Technology In NDS, RTGS & Electronic Payment Systems* 4 – 8 October, 2005. Organized By VAMNICOM, Pune
- *Programme On Strategic Issues In Computerisation Of Co-Op Banks For Core Banking, Any Branch Banking, Telebanking*” 1 – 5 August, 2007 Organized By VAMNICOM, Pune.
- *Programme On Redefining Banking Services Through Information Technology For Women Directors / Managers & Officers Of Co-Op Banks*, 17 -19 May, 2005. Organized By VAMNICOM, Pune
- Reports Published by RBI
  - RBI report on Electronic Payment System, 1998
  - RBI report on Evolution of Payment System in India, 1998
  - Report on Trend and Progress of Banking in India, 2004 – 2005
  - Regulation of Branchless Banking in India., January 2008
- *Technology Vision 2020: IT in Services ...Towards Realization* Soumitra Biswas & Gudavalli Srikanth, 2004.
- *Zebenay Menilik, The study on Impact of Development Action Plan, A Case Study of Pune District Central Co-op Bank.* Guide :- Dr. S. A. Siddhanti.
- **ARTICLES :**
  - Jalan, B (2000), 'Finance and Development-Which Way Now?' RBI Bulletin.
  - Jalan, B (2001), 'Banking and Finance in the New Millennium', RBI Bulletin.
  - John Cantwel, '*Innovation, Profits and Growth: Schumpeter and Penrose*' From Website -<http://www.reading.ac.uk>
  - Kirit S. Parikh Ajay Shah (1999) *Second Generation Reforms*, Indira Gandhi Institute of Development Research, Bombay
  - Luc Soete , Bas Ter Weel , *Schumpeter and the Knowledge-Based Economy, On Technology and Competition Policy*
  - Rangarajan, C. (1998): "Indian Economy – Essays on Money and Finance", UBS Publishers' Distributors Ltd.
  - Reddy, Y.V. (2000), *Monetary and Financial Sector Reforms in India, A Central Banker's Perspective*, UBS Publishers, New Delhi.
  - Reserve Bank of India (1991) *Report of the Committee on the Financial System* (Chairman Shri M.Narasimham)

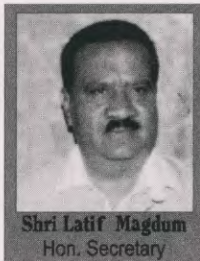
- Reserve Bank of India, Annual Report for the years 2001-2004.
  - Reserve Bank of India (1997) Report of the Committee on Banking Sector Reform (Chairman Shri M.Narasimham)
  - *Sayuri Shirail, 2001, Assessment Of India's Banking Sector Reforms From The Perspective Of The Governance Of The Banking System, The paper presented at the ESCAP-ADB Joint Workshop on "Mobilizing Domestic Finance for Development: Reassessment of Bank Finance and Debt Markets in Asia and the Pacific", Bangkok,*
  - Sudhanshu Duggal and Ankit Chetan, 2003, *Issues and Prospects of Emerging Financial Services in India*, by National Institute of Industrial Engineering Mumbai
  - Tarapore S.S. (2000), *Issues in Financial Sector Reforms*, UBS Publishers.
  - Tarapore, S.S (2002), *Twists and Turns in Financial Reforms*, UBS Publishers.
  - Vishwas N. Wadekar, April 2008, *Customer Expectations From Banks - A Paradigm Shift*, Published in 'The Indian Banker' Journal Vol. III , No.4
- **Websites :**
- [www.allbusiness.com](http://www.allbusiness.com)
  - [www.wikipedia.org](http://www.wikipedia.org)
  - [www.banknetindia.com](http://www.banknetindia.com)
  - [www.bankerscollege.com](http://www.bankerscollege.com)
  - [www.theindianbanker.co.in](http://www.theindianbanker.co.in)
  - [www.bankingtech.com](http://www.bankingtech.com)
  - [www.allbusiness.com/sales/internet-e-commerce](http://www.allbusiness.com/sales/internet-e-commerce)
-

# MAHARASHTRA COSMOPOLITAN EDUCATION SOCIETY, PUNE

## Governing Board



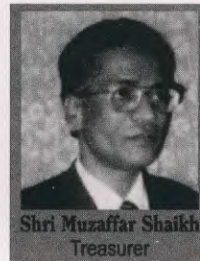
Shri P. A. Inamdar  
President



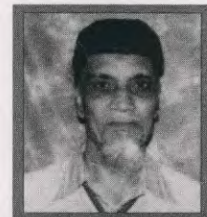
Shri Latif Magdum  
Hon. Secretary



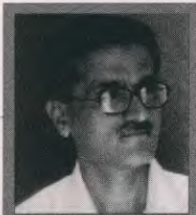
Smt. Abeda P Inamdar  
Vice President



Shri Muzaffar Shaikh  
Treasurer



Shri Haji A. Qadeer Qureishi  
Joint Secretary



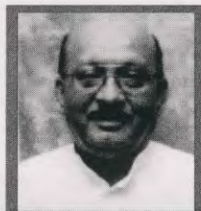
Shri Irfan Jan Mohd. Shaikh  
Joint Secretary



Shri S. A Inamdar  
Member



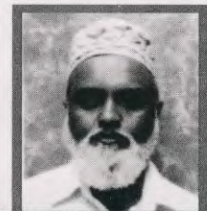
Shri Iqbal Mulani  
Member



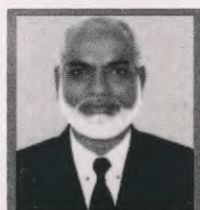
Shri Majeed Usman Dawood  
Member



Shri Shaikh Abbas Ismail  
Member



Shri Baig Abdul Haque  
Member



Shri Ishaque 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