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FACTORS INFLUENCING INVESTMENT DECISIONS AND GENDER DIFFERENCE: A DISCRIMINANT ANALYSIS

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ABSTRACT

The study focuses on the gender discrimination in factors influencing investment decisions of investors in the Indian Capital Market, with a sample size of 250 respondents. The variable Investor-type (1– Male, 2– Female) was chosen as the discriminator to check the behavioral patterns of both categories on eight factors. The most important principal factors found in the study are Financial Requirements, Advice and Recommendations, Firm's Image, Share Price, Attraction towards dividend, Analysis, Maximizing Return and Sector Performance. These factors were significantly influenced by gender as the results shows men behave differently from women even though either category was not seen to be more biased than the other.

KEYWORDS

investment, factors influencing, investment decision, discriminant, investor behavior, stock market.

INTRODUCTION

The volume of research in the field of behavioural finance has grown over the recent years and is very popular in stock markets across the world for “investment decisions” in of market cycles moving from bull to bear vice versa. Behaviour finance took a very logical premise about the tradeoff between risk and return and added psychology of the discriminator which helps in explaining market behavior in a more reliable manner. Perfect understanding of behavioural finance can make investors successful in their stock market operations and save them from the basics mistakes namely emotional decisions, mental errors, herd mentality. People expend too much time studying investment evaluation and behavior but not enough time focusing on investor behavior. Regardless of what the investment results, it is the decisions of the investor to buy or sell that ultimately determines their success or failure at any point in time. This fact is the underlying premise in behavioral finance. The investment study is not complete without studying the investor behaviour.

Academic researchers have identified various psychological approaches to elucidate gender difference in investment behaviour, their trading patterns, and risk taking levels. Researchers like **Jianakoplos and Bernasek (1998)**, **Charness and Gneezy (2007)**, **Beckmann and Menkhoff (2008)**, **Tahira and Loibl (2008)**, identified difference by gender in investment goals; risk tendency and investment return prospect. **Martenson (2008)** observed that women were found to have a preference for short-term achievements and are less interested than men in making long-term investments, investment decisions and financial choices, when compared to men.

Behavioural finance researchers such as **Barber and Odean (2001)** and **Gervais and Odean (2001)** believe that in matters relating to finance and investments men are temperamentally more over-confident than women and therefore tend to be more prone to risky decisions. A number of researchers have questioned the widely held and deterministic assumptions about the influence of gender on investment orientation and behaviour of men and women (**Bliss and Potter 2002**, **Dwyer et al.2002**, **Barasinska et al. 2009**, **Sapienza et al. 2009**).

Academic researchers have also identified various psychological approaches to the factors influencing investment decision. **Azam and Kumar (2011)** examined the factors influencing Pakistan investors' behavior on the Karachi Stock Exchange and found that the earning per share, foreign direct investment and gross domestic product growth rate have a significant impact on stock prices.

Gaurav Kabra et al, (2010) found out the factors which affect individual investment decision and Differences in the perception of Investors in the decision of investing on basis of Age and on the basis of Gender. The study concludes that investors' age and gender mainly decides the risk taking ability of investors.

Tomola Marshal Obamuyi (2013) tried to define the main factors influencing investment decisions of investors and how these factors are related to the investors' socio-economic characteristics in the Nigerian Capital Market. Also **Nagya and Obenberger (2014)** focused on determining the relative importance of the variables to individuals making investment decisions. Their suggestion was based on classical wealth-maximization criteria, which are important to investors, even though investors pay different standards when selecting stocks. The consent from the few review is that investors' investment decisions are not rational, based on the limitation of their capacity to process information. Most importantly, investors' decisions are influenced by certain identified factors categorized as wealth maximizing factors, get rich quick, dividend policy, past performance of the firm's stock etc. While the above observations challenge many of the assumptions about factors influencing investment decision. The present study aimed at gender discrimination in factors influencing investment decision.

DATA METHOD AND EMPIRICAL DISCUSSION

Data are collected from a structured questionnaire survey of 250 investors from Pondicherry under Convenient sampling technique. Discriminant analysis is conducted to check the gender discrimination in factors influencing investment decision.

“Discriminant Analysis is a statistical technique which allows the researcher to study the differences between two or more groups of objects with respect to several variables simultaneously”. Also some key mathematical requirements that should be met in-order to perform discriminatory analysis:

(i) There should be at least two groups, (ii) There should be at least two cases per group, (iii) Number of discriminating variables (discriminators) should be less than total number of cases minus two, and any of these discriminators should not be a linear combination of other discriminators, (iv) The covariance matrices for each group must be within statistically acceptable limits, (v) Each group should be selected from a population with a multivariate normal distribution on the discriminator

Discriminant Analysis predicts the group to which a variable belongs to, with the help of a linear equation that can be written as:

$$D = v_1X_1 + v_2X_2 + v_3X_3 + v_4X_4 + v_5X_5 + v_6X_6 + v_7X_7 + v_8X_8$$

Where

D = discriminate function

v = weight of the variable (the larger the weight, the better the predictor)

X = respondent's score for the variable

a = constant, analogous to residual in linear regression

i = number of predictors

With this equation, Discriminant Analysis confirms whether the function separates the groups well, by pointing out the chances of a case being misclassified into the wrong group.

The present study takes the equation form as below,

Where X1 = Financial Requirements, X2 = Advice and Recommendations, X3= Firm’s Image, X4= Share Price, X5= Dividend, X6= Analysis, X7= Sector Performance and X8= Return

DEMOGRAPHIC PROFILE OF THE SAMPLE RESPONDENTS

The demographic and economic characteristics of the respondents with emphasis on gender differences such as Age, Marital Status, profession, Education, Occupation, and Monthly Income are depicted in Table 1. About three-fourth of the respondents were men (80%), and about one-third were women (20%). On average, respondents were thirty five years old. A majority married (83.2%). While the three fourth of the sample reported an annual single income group earned over 200,000 annually. It is evident from Table 1 that a majority of the respondents were between twenty six and thirty five. Almost two-thirds of the women (32%) were under the age of thirty five, while just slightly over half of the men (49.2%) were under the age of thirty five. To indicate their marital status, participants could choose among the following options: married; or single. Overall, the majority of the respondents were married (82%). Among that (80%) were men and women (80%). About three-quarters of the respondents held a Bachelor’s degree (40%). Gender differences in levels of education reported significantly. And when occupation is concerned slightly less than half (41.6%) of the respondents were employed personnels. They were engineers, Managers, teachers, Share brokers and businessmen. Slightly less than a quarter (16.8%) indicated that they held managerial positions such as financial analysts, accountants, executives, educational administrators, and managers. As can be seen from Table 1, a majority of the respondent’s (52%) incomes are between 10000 and 25000. However, 18.8% of the respondents were in highest income category, more than 600000 annually. Gender differences were notable on both ends of the income scale. On the one hand, a slightly larger percentage of women (78.72%) than men (21.28%) reported an monthly income are between 10000 and 25000, but on the other hand, no women respondent reported their household income to be higher.

TABLE 1: DEMOGRAPHIC CHARACTERISTICS

Variables	All		Men		Women	
	N	%	N	%	N	%
Gender	250	100	200	75	50	25
<i>26 - 30 Years</i>	59	23.6	34	57.63	25	42.37
<i>31 - 35 Years</i>	64	25.6	57	89.06	7	10.94
<i>36 - 40 Years</i>	52	20.8	49	94.23	3	5.77
<i>41 - 45 Years</i>	12	4.80	10	83.33	2	16.67
<i>46- 50 Years</i>	6	2.40	4	66.67	2	33.33
<i>51 and Above</i>	37	14.80	30	81.08	7	18.92
Marital Status						
<i>Single</i>	40	16.00	32	80.00	8	20.00
<i>Married</i>	205	82.00	164	80.00	39	20.00
<i>Others</i>	5	02.00	4	80.00	1	20.00
Education						
<i>Master’s degree</i>	68	27.20	51	68.92	23	31.08
<i>Bachelor’s degree</i>	100	40.00	89	89.00	11	11.00
<i>Vocational or technical school</i>	34	13.60	24	70.59	10	29.41
<i>High school or equivalent</i>	36	14.14	30	83.33	6	16.67
<i>Less than high school</i>	12	04.80	8	66.67	4	33.33
Occupation						
<i>Professional</i>	42	16.80	30	71.43	12	28.57
<i>Business</i>	78	31.20	76	97.44	2	2.56
<i>Employee</i>	104	41.60	74	71.15	30	28.85
<i>Retired</i>	13	5.20	10	76.92	3	23.08
<i>Others</i>	13	5.20	7	53.85	6	46.15
Monthly Income						
<i>Up to 10000</i>	47	18.8	10	21.28	37	78.72
<i>10001 – 25000</i>	130	52.00	101	77.69	29	22.31
<i>25001 – 50000</i>	56	22.40	45	80.36	11	19.64
<i>Above 50000</i>	17	6.80	13	76.47	4	23.53

IDENTIFICATION OF FACTORS

KMO test and Bartlett’s test of Sphericity were tested to know the suitability of data for the purpose of factor analysis. If the value is less than 0.50, the results of the factor analysis probably will not be very useful. Table 2 shows the KMO value is 0.758 which signifies that the factor analysis is useful with the data. The chi Square value for Bartlett’s test of Sphericity is 467.007 and the significant value is 0.0000 which is significant at more than 99 percent level of confidence. This means data are very suitable for factor analysis.

TABLE 2: KMO VALUE

Kaiser Meyer Olkin Measure of Sampling Adequacy	0.758
Bartlett's Test of Sphericity Approx. Chi Square	467.007
df	6
Sig	0

The rule of thumb is applied to choose the number of factors for which ‘Eigen values’ with greater than one is taken by using Principal component analysis method. The component matrix so formed is further rotated orthogonally using varimax rotation algorithm by performing factor analysis 37 variables are first reduced to 22 variables and then further reduced into eight component factors (Table 3). Each component factor includes some statements which are otherwise called variables. Each variable represents perception of investors about one particular aspect of investment variable like investment institutions and statements under each factor explain the feature of such perceptual factor. The eight perceptual factors which have Eigen value more than unity alone is taken for consideration. Which are recorded in Table 3, also Table 4 summarizes factor loading of each factor.

TABLE 3: PERCEPTUAL FACTORS WITH PERCENTAGE OF VARIANCE EXPLAINED

Factors	Eigen Value	% Variance Explained	% Cumulative Variance
Financial Requirements	3.513	31.414	31.414
Advice and Recommendations	2.833	22.913	54.327
Firm's Image	2.217	15.879	70.206
Share Price	1.897	11.206	81.413
Dividend	1.708	8.85	90.263
Analysis	1.348	4.354	94.617
Return	1.257	3.215	97.832
Sector Performance	1.173	2.168	100

DIAGNOSTIC CHECK – MULTICOLLINEARITY

It had to be checked whether there was a problem of multicollinearity between the variables. According to Table 4, the highest correlated variables were Analysis and Firm's image with a coefficient of 0.492. To double-check, further multicollinearity testing was done with both Analysis and Firm's image as dependent variables. The results are shown in Table.

The Variance Inflation Factors (VIF) – an indicator of how much the variance of estimated coefficients increase if there is no correlation amongst the independent variables – were very low compared to the widely accepted threshold level of 4 (which indicates multicollinearity). Table 5, 6 shows that the VIF values for Analysis and Firm's image was 1.415 and 1.463 thus clearly eliminating the possibility of multicollinearity between the variables. Table 4 also shows Dividend and Firm's image to have a high correlation coefficient of 0.425. So the tests were performed again in a similar manner and the VIF values were found to be low at 1.559 and 1.473 seen in Table 5, and 7 thus again clearing doubts of possible multicollinearity.

To summarize, multicollinearity was not a problem for the sample. All the variables correlated fairly well without any of them having high correlation coefficients. The decision was made to retain all the variables for further analysis.

TABLE 4: CORRELATION MATRIX FOR THE FACTOR VARIABLES

	Financial Re-quirements	Advice and Recom-mendations	Firm's Im-age	Share Price	Divi-dend	Analy-sis	Sector Perfor-mance	Re-turn
Correlations								
Financial Requirements	1.000	0.011	0.081	0.208	-0.151	-0.110	0.140	0.412
Advice and Recommendations	0.011	1.000	0.248	0.230	0.175	0.250	-0.227	0.092
Firm's Image	0.081	0.248	1.000	0.062	0.425	0.492	-0.261	0.053
Share Price	0.208	0.230	0.062	1.000	-0.473	-0.226	-0.279	0.029
Dividend	-0.151	0.175	0.425	-0.473	1.000	0.389	-0.032	0.022
Analysis	-0.110	0.250	0.492	-0.226	0.389	1.000	-0.175	0.212
Sector Performance	0.140	-0.227	-0.261	-0.279	-0.032	-0.175	1.000	0.183
Return	0.412	0.092	0.053	0.029	0.022	0.212	0.183	1.000
Sig. (1-tailed)								
Financial Requirements		0.431	0.100	0.000	0.008	0.041	0.014	0.000
Advice and Recommendations	0.431		0.000	0.000	0.003	0.000	0.000	0.074
Firm's Image	0.100	0.000		0.165	0.000	0.000	0.000	0.203
Share Price	0.000	0.000	0.165		0.000	0.000	0.000	0.321
Dividend	0.008	0.003	0.000	0.000		0.000	0.306	0.364
Analysis	0.041	0.000	0.000	0.000	0.000		0.003	0.000
Sector Performance	0.014	0.000	0.000	0.000	0.306	0.003		0.002
Return	0.000	0.074	0.203	0.321	0.364	0.000	0.002	

TABLE 5: COEFFICIENTS^a

Model	Collinearity Statistics	
	Tolerance	VIF
Financial Requirements	0.759	1.318
Advice and Recommendations	0.790	1.266
Share Price	0.576	1.735
Dividend	0.642	1.559
Analysis	0.707	1.415
Return	0.728	1.374
Sector Performance	0.776	1.288
a Dependent Variable: Firm's Image		

TABLE 6: COEFFICIENTS^a

Model	Collinearity Statistics	
	Tolerance	VIF
Financial Requirements	0.755	1.325
Advice and Recommendations	0.817	1.224
Share Price	0.573	1.746
Dividend	0.526	1.901
Return	0.795	1.258
Sector Performance	0.785	1.274
Firm's Image	0.684	1.463
a Dependent Variable: Analysis		

TABLE 7: COEFFICIENTS^a

Model	Collinearity Statistics	
	Tolerance	VIF
Financial Requirements	0.731	1.369
Advice and Recommendations	0.834	1.199
Share Price	0.735	1.361
Analysis	0.576	1.737
Return	0.717	1.395
Sector Performance	0.767	1.304
Firm's Image	0.679	1.473

a Dependent Variable: Dividend

DISCRIMINANT ANALYSIS

The variable Investor-type (1– Male, 2– Female) was chosen as the discriminator. The aim of the analysis was to check whether the discriminator was effective. In other words, it had to be seen whether the Male investors and female investors could be categorized as two groups exhibiting the partiality in different ways. Here is a summary of the results:

As per Table 8 *Share price, Dividend and Sector performance* was seen to be the discrimination which was exhibited by the Male and Female investors in the most significantly different manner. It could not be said that either investor group was more prone to being affected by behavioral discrimination as a whole in comparison with the other. In totality, both the male and female investors seemed to be affected by the discrimination to a similar level. However though, it was observed that the degree to which each of the discrimination affected the groups varied, and it was statistically possible to separate the behavior of the female investors from that of the male investors.

TABLE 8: DISCRIMINANT ANALYSIS: GROUP STATISTICS

Gender		Mean	Std. Deviation	Valid N (list wise)	
				Unweighted	Weighted
Male	Financial Requirements	1.1350	0.34258	200	200
	Advice and Recommendations	1.7850	0.63307	200	200
	Firm's Image	1.8550	0.82910	200	200
	Share Price	1.7050	0.81935	200	200
	Dividend	2.1250	0.80786	200	200
	Analysis	1.4200	0.57029	200	200
	Return	1.0450	0.25158	200	200
	Sector Performance	1.4100	0.63555	200	200
Female	Financial Requirements	1.3600	0.48487	50	50
	Advice and Recommendations	1.3400	0.55733	50	50
	Firm's Image	1.8600	0.85738	50	50
	Share Price	2.1400	0.72871	50	50
	Dividend	1.4600	0.50346	50	50
	Analysis	1.3000	0.46291	50	50
	Return	1.0600	0.23990	50	50
	Sector Performance	0.6600	0.59281	50	50
Total	Financial Requirements	1.18	0.38496	250	250
	Advice and Recommendations	1.696	0.64284	250	250
	Firm's Image	1.856	0.83309	250	250
	Share Price	1.792	0.81940	250	250
	Dividend	1.992	0.80156	250	250
	Analysis	1.396	0.55173	250	250
	Return	1.048	0.24889	250	250
	Sector Performance	1.26	0.69450	250	250

Table 9 provides statistical evidence for the difference in means that was observed. The Wilks' lambda is a test statistic used in the multivariate analysis of variance to test the null hypothesis that both groups have identical means based on the discriminator. The F-values were high for most variables except for Firm's Image and Return. Wilks' Lambda coefficients are interpreted differently, where higher values signify that the means are identical. The Wilks' Lambda coefficients were highest for Firm's Image and Return, thus confirming that both groups exhibited these biases in a similar manner. The p-values suggested that, at a 95% confidence interval, Financial Requirements, Advice and Recommendations, Share Price, Dividend and Sector Performance were confirmed to have different means, thus implying that the investor types exhibited these biases in a different manner. These factors seemed to be the discriminant, which affected one investor category more than the other was, the most noticeably.

TABLE 9: DISCRIMINANT ANALYSIS: EQUALITY OF GROUP MEANS

	Wilks' Lambda	F	df1	df2	Sig.
Financial Requirements	0.945	14.400	1	248	0.000
Advice and Recommendations	0.923	20.683	1	248	0.000
Firm's Image	1.000	0.001	1	248	0.970
Share Price	0.955	11.760	1	248	0.001
Dividend	0.889	30.829	1	248	0.000
Analysis	0.992	1.899	1	248	0.169
Return	0.999	0.145	1	248	0.704
Sector Performance	0.813	57.172	1	248	0.000

BOX'S M TEST

A key assumption in Discriminant Analysis is that the variance-covariance matrices are identical for the groups formed by the discriminator. Box's M test tests the null hypothesis that matrices do not differ between groups of the dependent variable. The p-value was found to be low at 0.000 (seen in Table 10) which suggested that the null hypothesis could not be rejected at the 99% confidence interval, thus confirming that both groups had identical variance-covariance matrices. This was a necessary condition to proceed with further tests.

TABLE 10: DISCRIMINANT ANALYSIS: BOX'S M TEST RESULT

Box's M		222.467
F	Approx.	21.558
	df1	10
	df2	35766.05
	Sig.	0.000

STANDARDIZED CANONICAL DISCRIMINANT FUNCTION COEFFICIENTS

The Standardized Canonical Discriminant Function coefficients are analogous to the coefficients in multiple regressions. The higher values of coefficients indicate increasing importance of those variables in predicting the differences between the groups. The signs indicate direction of the relationship and can be ignored for the time-being. From Table 11 it can be observed that Sector Performance Advice and Recommendations have the highest coefficients. This is in line with the results suggested by the Wilks' Lambda coefficients. Dividend, with the third highest coefficient value, seemed to be a significant discriminator between the groups.

TABLE 11: DISCRIMINANT ANALYSIS: STANDARDIZED CANONICAL DISCRIMINANT FUNCTION COEFFICIENTS

	Function
	1
Financial Requirements	-0.496
Advice and Recommendations	0.691
Firm's Image	-0.108
Share Price	0.137
Dividend	0.573
Analysis	0.018
Return	-0.131
Sector Performance	1.044

THE STRUCTURE MATRIX TABLE

The structure matrix table is another widely employed method for testing the relative importance of predictors. It is considered more accurate than the Standardized Canonical Discriminant Function coefficients. Table 12 shows that Sector Performance and Dividend had the highest coefficients, which was consistent with results from the other tests conducted previously.

TABLE 12: DISCRIMINANT ANALYSIS: STRUCTURE MATRIX

	Function
	1
Sector Performance	0.481
Dividend	0.353
Advice and Recommendations	0.289
Financial Requirements	-0.242
Share Price	-0.218
Analysis	0.088
Return	-0.024
Firm's Image	-0.002

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

** Variables ordered by absolute size of correlation within function.

CLASSIFICATION TABLE

A classification table is a very interesting representation of the behavioral pattern of male and female investors. Table 13, which shows the classification results, has the original observed categories for rows and predicted categories for columns. The footnote suggested that 88.0% of the cases were correctly classified. This can be thought of as a significant result. In the row part, the table has two sections, namely original and cross-validated. In the original classification, the interpretation was that 15 male investors were seemingly behaving like their female counterparts while 15 female investors seemed to behave like the male investors while making investments. The second section of the Table 13 Provides cross-validated results that is more accurate. In this method, one variable is left out and then the discrimination function is developed using the other variables after which the left out variable is categorized using these results and this process is repeated for all variables.

The results were different for the male investors, and said that 15 of the male investors behaved like female ones, while the number stayed at 15 for female investors. The accuracy with which the Discriminant function is able to predict the behavior of the groups is termed as the hit ratio. Going by the original results 92.5% of the male and 70% of the female investors were rightly classified, and for research purposes, a hit ratio above 92.5% is considered acceptable, since by default, there is a 85% chance that an investor would fall into either of the categories and it adds a 7.5% to it. Therefore, it could be said that Male investors behave differently from female investors even though either category was not seen to be more biased than the other.

TABLE 13: DISCRIMINANT ANALYSIS: CLASSIFICATION TABLE ^{a, c}

		Predicted group membership			
		Gender	Male	Female	Total
Original	Count	Male	185	15	200
		Female	15	35	50
	%	Male	92.5	7.5	100
		Female	30	70	100
Cross-validated^b	Count	Male	185	15	200
		Female	15	35	50
	%	Male	92.5	7.5	100
		Female	30	70	100

a 88.0% of original grouped cases correctly classified.

b Cross validation is done only for those cases in the analysis. In cross validation, each case is classified by the functions derived from all cases other than that case.

c 88.0% of cross-validated grouped cases correctly classified.

CANONICAL DISCRIMINANT FUNCTION COEFFICIENTS

These coefficients are unstandardized and are used to create the Discriminant Function Equation can be interpreted just like the coefficients in a classic regression equation.

TABLE 14: CANONICAL DISCRIMINANT FUNCTION COEFFICIENTS

	Function
	1
Financial Requirements	-1.323
Advice and Recommendations	1.117
Firm's Image	-0.13
Share Price	0.171
Dividend	0.757
Analysis	0.032
Return	-0.526
Sector Performance	1.664
(Constant)	-3.495
<i>*Unstandardized coefficients</i>	

TABLE 15

D =	-	1.323*Financial Requirements	+	1.117*Advice and Recommendations
	-	0.130*Firm's Image	+	0.171*Share Price
	+	0.757*Dividend	-	0.032*Analysis
	-	0.526*Return	+	1.664*Sector Performance
	-	3.495		

'D' is the discriminate function which controlling the variables in the equation. The coefficients are indicative of the degree to which the variable contributes to the function. For instance, the highest coefficient of 1.117 for Advice and Recommendations indicated that the bias was exhibited by one investor category much more than the other.

CONCLUDING REMARKS

Investment decisions of investors are influenced by certain identified factors. The most important principal factors found in the study are Financial Requirements, Advice and Recommendations, Firm's Image, Share Price, Dividend attraction, Analysis, Maximizing Return and Sector Performance. These factors were significantly influenced by gender, age, marital status and educational qualification of investors in the Indian capital market.

Study reveals that Financial Requirements, Advice and Recommendations, Share Price, Dividend and Sector Performance were confirmed to have different means, thus implying that the investor types exhibited these biases in a different manner. These factors seemed to be the discriminant, which affected one investor category more than the other was, the most noticeably. Also Box's M test Result p-value was found to be low at 0.000 which confirming that both groups had identical variance-covariance matrices. Standardized Canonical Discriminant Function Coefficients revealed that Sector Performance Advice and Recommendations have the highest coefficients. Structure Matrix shows that Sector Performance and Dividend had the highest coefficients, which was consistent with results from the other tests conducted previously. Classification table shows the classification results, suggested that 88.0% of the cases were correctly classified. This can be thought of as a significant result. In the row part, the table has two sections, namely original and cross-validated. In the original classification, the interpretation was that 15 male investors were seemingly behaving like their female counterparts while 15 female investors seemed to behave like the male investors while making investments. Canonical Discriminant Function unstandardized Coefficients are indicative of the degree to which the variable contributes to the function. For instance, the highest coefficient of 1.117 for Advice and Recommendations indicated that the bias was exhibited by one investor category much more than the other.

Since, the investment decisions of investors relating to certain factors differ based on their gender difference. Hence, policy makers can recognize the factors that appeal to different groups and segments of investors in an attempt to make the investment environment and the market environment friendly and striking to the investors. The results of this study can be adopted by developing countries to advance their investment climate in order to maximize the value of the firms and enhance the wealth of the investors.

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CORPORATE SOCIAL RESPONSIBILITY PRACTICES OF NEW PRIVATE COMMERCIAL BANKS IN KERALA

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ABSTRACT

As the worldwide consumerism and environmentalism movements mature, today's marketers are being called upon to take greater responsibility for the social and environmental impact of their actions. Corporate ethics and social responsibility have become hot topics for almost every business. Financial institutions like banks need to be seen as leading organizations who engage in social activities that uplift society, the environment and economy. The article analyses significant areas of corporate social responsibility for banks and also examines the banking personnel's and customers' perception towards the importance of CSR. The research is conducted at new private commercial banks in Thrissur, Kerala viz, HDFC Bank, Axis Bank, Yes Bank, Kotak Mahindra Bank, ICICI Bank and IndusInd Bank. The researchers used a structured questionnaire, which aims to collect the respondent's opinion. Pilot survey and Cronbach's Alpha were used to confirm the validity and reliability of the study respectively and their variables of measures. For analyzing the data authors used statistical tools like correlation coefficient and multiple regression analyses to determine the strength of relationships. Findings indicate that corporate social responsibility has significant and positive associations with bank's business practices. Researcher concludes that in those banks that create value for customers through socially, environmentally and ethically responsible actions can be sustainable in their business. Researcher recommended that banks should care for the needs and wants of today's customers and also must concern for tomorrow's customers in assuring the survival and success of the business, shareholders, employees and the broader world in which they all live.

KEYWORDS

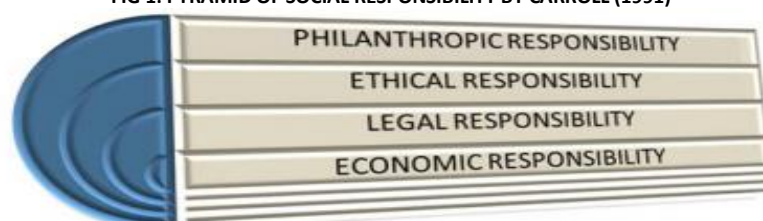
business ethics, corporate social responsibility, new private commercial banks, perceptions, sustainability.

INTRODUCTION

The practice of Corporate Social Responsibility (CSR) is one of the most popular engagements for organizations today. The social responsibility and environmental movements will place even stricter demands on companies in the future (Kotler). More forward looking banks, readily accept their responsibilities to the world around them. They view socially responsible actions as an opportunity to do well by doing good. They seek ways to profits by serving the best long run interests of their customers and communities (Kotler). The relationship of the company beyond the legal existence to the socio-economic scenario is well summarized by Berle (1959), the 'company' is not merely a legal institution. It is rather a legal device for the publicly and by being socially responsible. It is, therefore, a combined political, social, economical, and legal institution. This brings us to the concept of corporate social responsibility (CSR) as corporations derive wealth from society, create wealth for society, and earn profit by dealing with the wealth for society. Thus, in the larger perspective, it is society that actually gives permission to business to operate in society and earn money. This obviously demands that the business worlds pays for this permission by a legitimate sharing of the wealth it is earning from society by sharing it with society. The researcher has taken the topic "Corporate social responsibility Practices of New private commercial banks in Kerala." to know how Corporate social responsibility helps the banking sector to describe and analyze the more active, strategic role in corporate social responsibility, carefully scrutinizing what they believe in and how they should treat their customers, employees, competitors, community, and the environment the improvements in customer satisfaction and retention, reduce cost of sales and services, increase sales and revenue and acquire new customers.

REVIEW OF LITERATURE

The concept of CSR originated in the 1950's in the USA but it became prevalent in early 1970s. During the 1980's to 2000, corporations recognized and started accepting a responsibility towards society. Corporate social responsibility (CSR) focuses on the wealth creation for the optimal benefit of all stakeholders— including shareholders, employees, customers, environment and society. According to Bowen, —CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society. Carroll, (1991) defined that CSR is the social obligations towards wider stakeholders, environment while making profit the shareholders. Carroll developed a theoretical framework of CSR, where he proposed four dimensions of CSR. These are economic, legal, ethical and philanthropy of CSR. Carroll defined economic CSR is measured in terms of shareholders wealth maximization generates profit, being competitive (high quality & low cost), operational efficiency, and continuous profitability. Carroll defined legal responsibilities of CSR dimension is measured in terms of the extent that organization's activities are consistent with laws and regulations, law abiding corporate citizen, fulfilling legal obligation, and goods and services must meet the minimal legal requirement. Carroll defined Ethical responsibility of CSR dimension is measured in terms of societal mores and ethical norms, extent that organization adjust themselves to emerging moral norms, degree of compromising ethical standards or norms, corporate citizenship behavior accepted by society and the extent that organization go beyond the legal and regulation requirements to maintain integrity of the organization. Carroll defined Philanthropic is the highest level of CSR, where it will be measured in terms of philanthropic and charitable expectation of society, assistance provided to fine and performing arts, extent that managers and employees of the organization involvement voluntary charitable activities organized by community, and assistance provided by organization to the projects that enhances "quality life".

FIG 1: PYRAMID OF SOCIAL RESPONSIBILITY BY CARROLL (1991)

Namrata singh, Rajlaxmi srivastava et al. (2013) proposed a study on CSR practiced & CSR reporting in Indian banking sector, concluded that at present the Banking Sector performing their banking services more effectively in comparison with the past and also started working towards social banking that is Corporate Social Responsibility. Maximum number of banks whether related to private sector or public sector highly performing CSR activities as per their priority but if we look towards the CSR reporting then we can see that most of the banks are still not disclosing their amount for such initiatives in their websites. After the involvement of RBI the CSR becomes the important part of Banking Sector but still more regulations and new policies are required to implement the concept of CSR in Indian Banking Sector. Suman kalyan chaudhary, Sanjay kanti das et al. (2011) explored a study on Practices of Corporate Social Responsibility (CSR) in banking sector in India: An assessment resulted that in India there is a need to promote a drive in banking Companies towards greater accountability on Corporate Social Responsibility (CSR). In order to attain the social objectives, there is a need for framing a CSR Policy in every banking company for prioritization of activities for social spending and allocation of separate funds for this purpose. Moreover, to have an impact of the CSR spending and utilization of allocated budget, there should be a system of periodical monitoring and reporting to the Board of Directors.

IMPORTANCE OF THE STUDY

A number of forces are driving banks to practice a higher level of corporate social responsibility, such as rising customer expectations, evolving employee goals and ambitions, tighter government legislation and pressure, investor interest in social criteria, media scrutiny, and changing business procurement practices. The study helps to describes and analyses the more active, strategic role in corporate social responsibility, carefully scrutinizing what they believe in and how they should treat their customers, employees, competitors, community, and the environment

RESEARCH QUESTIONS

From the problem discussion researcher has formulated the following research questions.

1. How Corporate Social Responsibility helps the Banks to achieve its objectives?
2. Which Corporate Social Responsibility dimensions are essential in forming satisfaction among customers?

OBJECTIVES OF THE STUDY

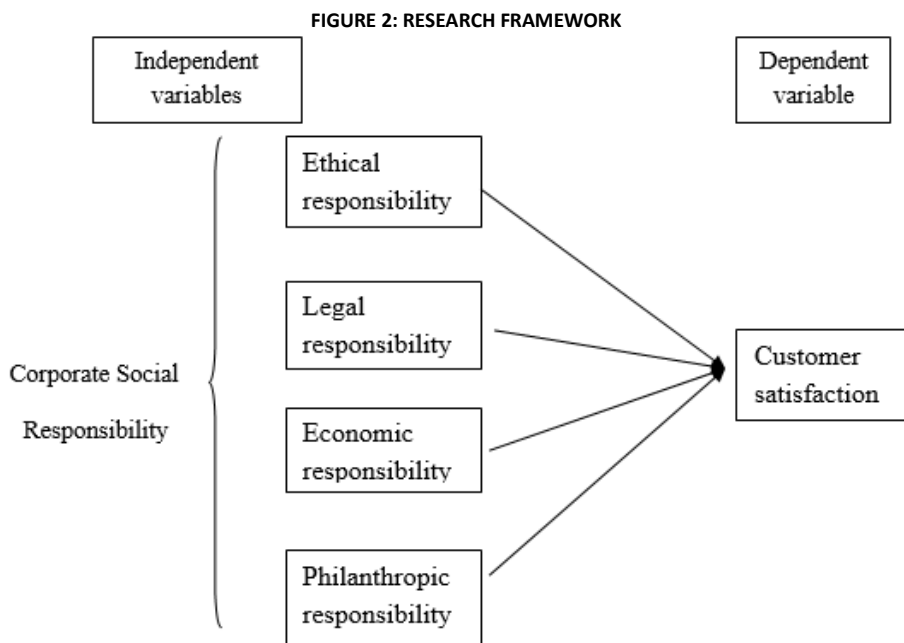
1. To know the employees perception regarding CSR practices of banking sector.
2. To analyze the influence of ethical responsibility, legal responsibility, economic responsibility and philanthropic responsibility on customer satisfaction in the new private commercial banks.
3. To identify the interrelationships between Corporate Social Responsibility and banking practices and to identify the benefits of this relationships.

HYPOTHESES OF THE STUDY

- H1: There are significant positive relationship between ethical responsibility and customer satisfaction in new generation banking sector.
- H2: There exists a significant positive relationship between legal responsibility and customer satisfaction in new generation banking sector.
- H3: There exists a significant positive relationship between economic responsibility and customer satisfaction in new generation banking sector.
- H4: There exists a significant positive relationship between philanthropic responsibility and customer satisfaction in new generation banking sector.
- H5: Corporate Social Responsibility dimensions are high influence on banking practices.

THEORETICAL FRAMEWORK

On the basis of above literature review, following theoretical framework is developed.



RESEARCH METHODOLOGY

The research design is used in descriptive research. The present study used primary data collected through a pretested questionnaire method. The questionnaire was pretested by conducting pilot study and suitable modification has been made in the questionnaire relating to the study. Data pertaining to the study collected between February 2017 to April 2017. The questionnaire in this study was designed as closed – end questions where the respondents have to make their response in a 5 point Likert scale varying from “Strongly disagree” to “Strongly agree”. To understand the demographic profile of the respondents, questions related to Age, Sex, Qualification and Income etc were included. In this study all the customers who utilize the retail banking service offered by the various types of new generation banks in Thrissur, Kerala was considered as population for the study. The samples are selected on a random basis after visiting different branches of various banks in the city without any prejudice on considering or rejecting a particular respondent. The researcher has chosen 100 respondents of new private commercial banks as sample. Statistical tools such as multiple regression analysis, correlation analysis were used for data analysis.

RELIABILITY TEST

From Table 1 shown that Cronbach's Alpha 0.774 hence we can say the reliability of the questionnaire is at moderately good level.

TABLE 1: RELIABILITY STATISTICS

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.774	.774	25

ANALYSIS AND RESULTS

CORRELATION ANALYSIS

Correlation analysis is used when independent variables are correlated with one another and with the dependent variable. Since both variables are interval, Pearson Correlation test was conducted. From the analyze, it can be observed that the correlation coefficient between economic responsibility and customer satisfaction is 0.673, at a significant level of 0.01 (Pannerselvam, 2014), and the correlation coefficient between ethical responsibility and customer satisfaction is 0.740, at a significant level of 0.01, from the analyze, it can be observed that the correlation coefficient between legal responsibility and customer satisfaction is 0.745, at a significant level of 0.01, and the correlation coefficient between philanthropic responsibility and customer satisfaction is 0.654, at a significant level of 0.01. Hence we accept all the Hypothesis.

MULTIPLE REGRESSION ANALYSIS

TABLE 2 (a): MODEL SUMMARY^b

Model	R Square	Durbin-Watson
1	.208	1.539

a. Predictors: (Constant), ethical responsibility, legal responsibility, economic responsibility and philanthropic responsibility

b. Dependent Variable: Banking practices

In the column (table 2.a) labeled R², which is a measure of how much of the variability in the outcome is accounted for the predictors. For the R² model its value is .208 which means that customer value for 20.8% of the variation in predictors. The Durbin-Watson Statistic informs us about whether the assumption of independent errors is tenable. The value (1.539) is below 2 indicates a positive correlation.

The multiple regressions the model takes the form of an equation that contains coefficients (b) for each predictor. The table 2 (b) gives us estimates of these b values and these values indicate the individual contribution of each predictor to the model. The b values tell us about the relationship between corporate objectives and each predictor. If the value is positive we can tell that there is a positive relationship between the predictors and the outcome whereas a negative coefficient represents a negative relationship. For these data all predictors have positive b values indicating positive relationships. The b values also tell us to what degree each predictor affects the outcome if the effects of all other predictors are held constant. Each of these beta values has an associated standard error indicating to what extent these values would vary across different samples, and these standard errors are used to determine whether errors are used to determine whether or not the b values differs significantly from zero. The major hypothesis stated in this paper was "the Corporate Social Responsibility dimensions are high influence on banking practices." Regression analysis was used for examining whether each Corporate Social Responsibility dimensions is affected by corporate objectives. Thus the finding is in line with the hypothesis stated in the paper that the Corporate Social Responsibility dimensions are high influence on banking practices. Thus the major hypothesis stated is well accepted.

TABLE 2 (b): COEFFICIENTS^a

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	.824	.196	
	Philanthropic Responsibility	.199	.099	.208
	Legal Responsibility	.301	.141	.318
	Ethical Responsibility	.451	.121	.482
	Economic Responsibility	.426	.105	.442

a. Dependent Variable: Banking practices.

FINDINGS & DISCUSSION

This particular study was oriented on the importance of corporate social responsibility on banking practices and customer satisfaction. The study well establishes that the corporate social responsibility is having high influence on the customer satisfaction. Satisfaction is a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future and it is influenced by many corporate social responsibility variables like, ethical responsibility, legal responsibility, economic responsibility and philanthropic responsibility. The research proves that corporate social responsibility is an important strategy for retail banking success, in today's increasingly competitive environment. Consumer satisfaction is seen as the key factor in winning market share and developing a sustainable competitive advantage. Banking industry is no exception as it has high interaction with the customers, so managers must understand the factors which influence the loyalty of the customers towards their respective banks.

RECOMMENDATIONS & SCOPE FOR FUTURE RESEARCH

The first, and more enlightened principle, puts corporate social responsibility not on the system but in the hands of individual banks and managers. Each bank and manager must work out the philosophy of social responsibility and ethical behavior. Under the corporate social responsibility concept, managers must look beyond what is legal and allowable and develop standards based on personal integrity, corporate conscience, and long term customer welfare. Managers must embrace, communicate and practice the fundamental ethical values that will improve customer confidence in the integrity of the marketing exchange system. These basic values are intentionally aspirational and include honesty, responsibility fairness, respect, openness and citizenship. However the limitation of this research is that it is conducted on the basis of available data and in Thrissur district only. It is recommended to carry out further research. In future, this study can be enhanced by studying the importance of corporate social responsibility dimensions on public sector banks. Similarly a study also is conducted to study about importance of corporate social responsibility on banking practices of foreign banks and co-operative banks.

CONCLUSIONS

In conclusion, According to the result of data analysis it is proved that Customers has a positive approach towards corporate social responsibility. Very few customers are agreeing that CSR is a strategic tool for earning profit. Most of customers have given believe that CSR is a social responsibility tool & very helpful to solve the issues of society. The customers also believe that Bank should be focus on areas like healthcare, women empowerment, rural development, poverty eradication, customer welfare etc. Many customers are neutral and disagreed on the bank's social responsibility towards customer welfare. The customers are very strongly agreed that banks should be more focused on the poverty eradication. Because when poverty will be reduce than country will also developed automatically. It is also shown that CSR activities done by the banks develop a positive impact on customers' perception towards banks. I would suggest that CSR should be meeting the general population & should be based on the principles of paying back to the society.

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ABSTRACT

At present, it is hard to find any Village in India without single Self Help Group. Also from last three decades, villages have witnessed more and more number of people joining self-help groups. The intention may be for social or economic empowerment than political empowerment. When it comes to saving, many Women Self Help groups are focusing only on pooling the saving from members and few are keen on venturing into income generating activities. The current micro study is conceptual based on the facilitation done by SKDRDP, a prominent NGO who promoted lakhs of SHGs and JLGs throughout Karnataka. This article narrates the success stories of few Women Self Help group members who have started income generating activities with the help (funding, training, guidance) of SKDRDP. Based on the secondary information provided by Project Officers, especially agricultural officer of Belgaum Project Office, the current study tries to present the fact. The study area confined to Belgaum District, Karnataka only and the IGAs started recently (within last five years) were considered for present research.

KEYWORDS

self help group, income generating activities.

INTRODUCTION

Since old times, women have been treated as second-rate citizens. The situation was more or less same everywhere. Women have been relegated to secondary roles despite the fact that they numerically constitute about half the population in the world today. This has caused immense loss to their self-esteem and dignity.

In the beginning, women enjoyed a respectable position in society on par with men. They actively participated in social and religious affairs. Indian has seen a lot of growth and it is in a position of power. We-men and women- must act decisively to capture this opportunity. We need to think big and develop in the fields of education, infrastructure, industry and financial services.

For around two centuries, social reformers and missionaries in India have endeavoured to bring women out of the confines.

Despite the constitutional safeguards, empowerment of women continues to be "fragile and inadequate" in the country. Women should get equal share in physical wealth and resources. They should also get equal opportunities in generating new ideas. The ground reality remained different from what the constitution had provided to women.

REVIEW OF LITERATURE

- Alber Ahekan and Emmanuel Boon (2011) in their article entitled "Non-timber Forest Farming and Empowerment of rural women in Ghana" published in Environ Dev Sustain have focused on forest product based income generating activities. With an intention to examine the potential contribution of non-timber forest products in improving livelihood thereby reduction in poverty of women in Ghana, their study was undertaken in two districts of Western region, Ghana. The study explored the contribution of non-timber farming contribution to total annual income, health and food security and acquisition of assets by women. Statistical tools like Pearson Correlation and ANOVA used and it was concluded that non-timber farming has empowered them with sustainable development of women. In the study area honey, nuts, fruits, bush meat, mushrooms, medicinal plants and snails were major produces.
- M Jeyarathnam and S Kamalaveni (2013) in their paper entitled "Empowerment of Women through Microfinance-A Study in Nilgiri District, Tamil Nadu published in Independent Business Review focused on economically backward districts Nilgiri's four blocks. Out of 748 SHGs promoted by REPCO was selected randomly for study purpose. Among them 721 were considered for final analysis. Using subscales of Social, economic, Psychological scales an overall empowerment was calculated. Statistical test like "F" and "T" tests were used to test the influence of personal variables and microfinance variables influence on empowerment.
- Mula G and Sarker S C (2013) in their research article entitled "Impact of Microfinance on Women Empowerment: An Economic Analysis from Eastern India" published in African Journal of Agricultural Research had focused on impact of Microfinance on Empowerment of Women in the study area. By taking a sample size of 144 from 12 blocks of Cooch Behar District of West Bengal, paired t-test was used for assessment. Being one of the backward District in west Bengal, the ethnic practice of the study area is that female members work is primarily restricted to household work and assumes secondary role in economic aspects. Multi-stage sampling was used in choosing sample. Variables like income, assets, employment, investment, consumption and savings were considered and the same was classified into three categories. It was concluded by their research that there is a positive change in their lifestyle and sustainable growth is witnessed.

OBJECTIVES OF THE STUDY

- To identify the potentiality to take up agriculture based IGAs.
- To narrate the success stories of women SHG members who are into IGAs.

RESEARCH METHODOLOGY

STATEMENT OF THE PROBLEM: Majority of the self-help groups are women run and most of them restricted themselves for just pooling of money. Among them few of them have showed interest to start income generating activities to support their family. In this context, a micro study is undertaken to know the success of IGAs taken by women members of SHGs, which are promoted and facilitated by NGO, SKDRDP.

SAMPLE SIZE: A very sample size of four cases were taken to study the success of IGAs by these women SHG members.

DATA COLLECTION METHODS: Both primary and secondary sources are used to collect data. Primary data is collected by interacting with women. Through unstructured interview, researcher tried to elicit more information, which is recorded in the present study.

BELGAUM DISTRICT- GLANCE

According to the 2011 Census, while 82.3 percent of women in rural India are engaged in agricultural activity or household industry, only 28.83 percent of them are cultivators. Moreover, almost 60% of women are outside the labour force and do not participate in any gainful economic activity, which is among the highest in the world. These numbers taken together are an indication of the limited economic opportunity available to women in the country, and bring into sharp focus issue of gender equality, women's empowerment and livelihood creation. Women's participation in the workforce is reflective of a country's economic strength, thus making it a pertinent indicator.

The Belgaum district has been divided into three broad physical divisions. Malnad region Semi malnad Maidan region. The Belgaum district is drained by three principal rivers namely the Krishna in the north, the Ghataprabha in the centre and the Malaprabha in the south. The Belgaum district is endowed with rich agricultural resources like Cotton, Sugarcane, Oil Seeds, Tobacco, abundant forest wealth, stock of limestone and other mineral resources like bauxite, china clay, fine clay, and Kankar besides congenial climatic conditions, adequate skilled and unskilled labour and enthusiastic entrepreneurs roadways and railways have also helped the development of industries various financial institutions and the Department of Industries and Commerce (D.I.C) are providing financial assistance for the setting up expanding and modernizing of industries and also for trade receipt and export promotion.

Belgaum is the fifth largest city in the state of Karnataka, enormous sugarcane cultivation and sugar production is observed in the District. The major Mineral available in Belgaum district are Bauxite, Lime Stone, Dolomites, Quartzite and Aluminous Laterites. Apart from that Building Stone, Ordinary Clay and Grey Granite C are readily available in this district. With 10 taluks in the District, the potential MSME business areas are worth mentioning. Infrastructure development focused industries like fabrication, heavy structural Engineering works, electrical and Civil Engineering Enterprises have good demand in the district and also Hotels, Motels, Hospitals, Residential Schools, Agri. Farms, and Agro-based activities like Milking, sheep rearing etc. have good scope in the district.

SKDRDP IN BELGAUM

In the district of Belgaum, SKDRDP, which operates in all the Districts of Karnataka is working towards women empowerment and environment has today inspired and transformed into the great success stories of Self Help Groups. The SHGs promoted by SKDRDP saw immense potential in the idea of SHGs, which were operating informally but were pretty active in conducting activities and mobilizing community. Due to the enthusiasm of its members and associates, SKDRDP focusing more on Women Empowerment in order to focus the energies of all these SHGs under one formal unit.

In the District, there are ten taluks and for the purpose of management, SKDRDP is operating as two divisions.

CASE STUDY & SUCCESS STORIES FROM BELGAUM DISTRICT

1. Smt Kavitha Bamane, resident of Sambhar Galli, Nippani is member of Shradha Self Help Group from last five years with ten member group. Almost all the members of the group is involved in one or the other income generating activities. To have financial self-sufficiency, Smt Kavitha started Sandals manufacturing unit and for the same she has taken Rs. 10000/- for the first time as seed fund from the SHG. Last year she has taken the loan amount for one year and the income generated from the business was used to repay the loan. In order to develop her business, she has taken the second phase loan amounting to Rs25000/- from the SHG. By selling each pair, she is earning Rs.250/- to 500/- which has increased her income and till date there is no one in her SHG who had debt and there is no problem or issues among group members. As of now as per the supervisor's report a total of Rs 70000/- is distributed to Smt Kavitha. She is confident of expanding her business in the coming years after reaping the benefit from SHG.
2. Smt Kasturi Vishnu Laate is a role model for the farmers from Chikkodi area as she is very keen on short-term agricultural produces. If you look at the typical agricultural produces from Chikkodi farming community, it includes Sugar Cane, Maize, Jowar, ground nut. Because of drought, they were not able to focus on the regular crops and are facing difficulties in sustainable livelihood. Being a member Sri Bhagyalakshmi Pragati Bandhu Group, she owns 2.5 acres of agricultural land in which cultivates Sugar cane in 1 acre, Soya bean in half acre, 10 guntas for Maize and 4 guntas is utilised for Onion and Garlic. Apart from she is into Dairy farming with Buffalo grazing and from which the earning is Rs16000/-. She got very good yield from a type of Legumes which is very popular during winter season (In Kannada it is called Avarekayi). Just from a waste land of 4 guntas by spending Rs 2000/-, with 3-4 times plucking of legumes, she earned around Rs.30000/- in the last season (with an average price of Rs30-40 per Kg). With timely support and facilitation by SKDRDP Project Office, she used Polythene Water tanks for drip irrigation, which further reduces the maintenance cost. Smt Laate is very happy with her timely decision and unstinted support from SKDRDP.
3. With water sources deep down the earth were exhausted and no proper rainfall for the last three years, farmers at Nagarala Village were finding it difficult to supply water for their crop and prone to financial problems. Here is one success story to share with from Smt Savita Mahadeva Laate. Being a member Sri Bhagyalakshmi Pragati Bandhu Group. She owns 2 acres of farming land in the village. Her individuals saving is Rs 2100/- in the group and the group has accumulated savings of Rs140000/-. She has taken the amount as loan and it was used to purchase fertilisers, Buffaloes and Cow purchasing, Drip irrigation and small farm equipment purchasing. With the first round funding of Rs10000/-, she has planted 30 Chikku, 30 Mango sapling were planted in 15 guntas. Without looking for manure from outside, she has utilised cattle dung. By purchasing water from others, she has watered the plants. Currently the farm is planted with 200 saplings of Drum sticks and in between Chillies, ground nut, legume, Tomato, Brinjal, Ridge gourd, Potato, Onion and Peas is grown by investing Rs. 6000/- which has earned Rs 45000/- and in remaining 1 acre by spending Rs 4000/-for Maize, she was able to get just a grass worth of Rs20000/. As she was fed up with Maize, her focus was shifted to vegetables, which includes Potato, Onion, Radish, and Turnip, Beans, Methi and other green leaves. Just by spending Rs. 15/- for turnip was able to get Rs. 6000/-, with Rs 4000/- for Tomato earned her Rs10000/-. With her good experience, Smt Laate is keen on suggesting others about usage of organic farming for good yield and for all her growth; she owes her respect to SKDRDP for all facilitation. At present, she is having full confidence of leading income generating activities and she feels that she is empowered.
4. Usually green grass, mixture of dry cake were given for cattle as fodder. Here is the achievement of one woman by name Smt Sangeetha. To increase the yield of mulching cow, Smt Sangeetha Punde of Akkola used new method of growing Ajola and feeding the cattle's. In her 5 acres of farming land, half acre is used for grass cultivation for fodder purpose. Total of 5 members in the family, they are grazing nine Cows. By dairy farming they were unable to get good profit as the maintenance cost was too high and the income was just Rs. 480/-. Being a member of Vaibhava Lakshmi Self Help Group, she got Rs. 35,000/- from the group in which she utilised Rs.25, 000/- for agricultural developmental activities and Rs. 1000/- was used for grass cultivation. With the training from SKDRDP, she is confident of leading comfortable life and is running sustainable livelihood.

MAJOR FINDINGS

1. With the facilitation by SKDRDP in the form of training, funding and guidance, Women SHG members are taking up IGAs and are doing well.
2. Dairy farming and vegetables farming is most common type of IGAs observed in the study area.
3. Apart from conventional farming, women are taking up modern and advanced farming areas which will yield them sustainable livelihood rather than seasonal.

CONCLUSION

With limited and restricted access to funds for supporting the livelihood, well known NGO, SKDRDP that operates in entire Karnataka as well as neighbour Kasargodu District of Kerala is really committed to rural development and thereby steadily bringing economic revolution, especially through formation of Self Help Groups and Joint Liability Groups. Not just pooling of money, but by showing the arena and facilitating the rural women to take up income generating activities and to earn decent which will lead to sustainable livelihood is strongly witnessed by the above success stories in Belgaum district. The micro study agrees that the potentiality of taking up agricultural based IGAs is very strong.

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20 YEARS AFTER WTO: ANALYSIS OF INDIA'S FOREIGN TRADE DURING TRANSITORY-TRIPS AND POST-TRIPS PERIODS

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ABSTRACT

Economic growth of any country is significantly impacted by its foreign trade. Foreign trade has an important role to play in the growth of emerging economies like India. India's accession to World Trade Organisation (WTO) agreement from 1st January, 1995 had opened up opportunities for Indian industries to explore global markets. This research study presents an analysis of India's foreign trade after twenty years since India became signatory to WTO in 1995. This research presents a comparative analysis of India's foreign trade during transitory-Trade Related Intellectual Property Rights (TRIPS) and post-TRIPS periods for various Indian industries. The analysis indicates that India's foreign trade had significantly benefited after India became a member of WTO which resulted in an increase in exports and imports of various industries. It is also inferred that India's foreign trade performance has been relatively better in the post-TRIPS period in comparison to transitory-TRIPS period.

KEYWORDS

balance of trade, exports, imports, post-TRIPS, transitory, TRIPS, WTO.

INTRODUCTION

In the last two and half decades since liberalisation of Indian economy, India's foreign trade has witnessed rapid growth. Reduction in quantitative trade restrictions and tariff levels across industries has facilitated an increase in foreign trade in the past twenty years after India became a signatory to World Trade Organisation (WTO) regime effective from 1st January, 1995. After twenty years of WTO regime (1996-2015), India is ranked 19th globally in terms of world merchandise trade exports and ranked 13th in terms of imports. Similarly, India is ranked 8th in exports and 10th in imports of world commercial services trade. Indian exports were valued at US\$ 267.15 billion and imports were valued at US\$ 391.98 billion by the end of 2015. Among the various sectors, agricultural products contributed to 13.2 per cent India's total export value and 7.1 per cent of India's total import value. Manufacturing sector contributed 68.4 per cent of India's exports and 47.8 per cent of India's imports. Additionally, fuels and mining products sector contributed to 15.7 per cent of India's exports and 33.1 per cent of India's imports which highlights India's large dependence on fuel imports (WTO Data, 2016)

However, India's foreign trade growth had slowed down in the past few years. This can be attributed to the decreased global demand and reduction in global commodity prices. In this background, this research study presents an analysis of India's foreign trade over a twenty year period (1996-2015) after India joined the WTO regime on 1st January, 1995. In this research, the performance of India's foreign trade has been analysed by dividing the twenty year period into transitory-TRIPS (1996-2005) and post-TRIPS (2006-2015) periods in line with the methodology followed by earlier researchers (Dasgupta & Chakraborty 2014; 2014 Mahajan et al, 2015; Rentala et al, 2014; Rentala et al, 2015a; Rentala et al, 2015b).

In initial years after India's economic reforms, Indian exports were less diversified with a few countries accounting for a major share of India's total exports. It is interesting to note that by the end of 2015, Indian exports reflect a more diversified scenario with relatively lesser dependence on a few export markets. Another significant development of India's exports scenario is the increasing share of emerging economies for Indian industries. Additionally, the sectorial composition of India's exports has undergone structural shifts. Indian exports have gradually shifted from agricultural sector to more advanced sectors like engineering and pharmaceuticals which augurs well for the future growth of Indian foreign trade.

REVIEW OF LITERATURE

Bhat (2011) presented an analysis of India's foreign trade during the WTO regime. The author investigated the export and import growth patterns of various industries and their impact on the growth of Indian economy.

Kumar and Sood (2016) analysed India's foreign trade and balance of payments position during pre- and post-reforms period. The author concluded that India's foreign trade had a positive growth in the post-reforms period. The author also noted that India's imports have also increased substantially resulting in a negative balance of payments position.

Rentala et al, (2015a) examined the export performance of Indian pharmaceutical industry during the transitory-TRIPS and post-TRIPS periods. The authors concluded that the export performance of Indian pharmaceutical industry was relatively better in the post-TRIPS period with an increasing positive balance of trade values.

Rentala et al, (2015b) analysed the determinants of export performance of Indian pharmaceutical industry by employing a sample of 211 pharmaceutical firms in India. The authors concluded that various firm resources had a relatively higher impact during the transitory-TRIPS period.

Sabade (2014) investigated the impact of WTO agreement, exchange rate fluctuation and global crisis on India's foreign trade performance during the period 1992-2013. The author observed that India's foreign trade (exports and imports) have gradually increased during the research period but with a negative balance of trade. The author attributed these trends to exchange rate fluctuations and global economic crisis.

NEED OF THE STUDY

In light of completion of twenty years after India became a part of WTO regime, it becomes imperative to analyse the trends in India's foreign trade after India became a signatory to WTO on 1st January, 1995.

OBJECTIVE

The primary objective of this research is to compare the foreign trade trends of various Indian industries during transitory-TRIPS and post-TRIPS periods.

RESEARCH METHODOLOGY

In this research, descriptive statistics compiled from WTO databases have been employed to present an analysis of India's exports and import statistics for various industries. Balance of trade data (exports minus imports) have been analysed for various industries considered for research. Growth patterns have been analysed by computing compound annual growth rate (CAGR) values.

RESULTS AND DISCUSSION

Table 1 presents industry-wise total exports, total imports and balance of trade (exports minus imports) values for 14 different industry sectors in India. It can be noted that clothing, textiles and food sectors have witnessed a very high cumulative balance of trade figures during the entire research period (1996-2015). Apart

from these industries other industries like pharmaceuticals, automotive products, transport equipment and iron & steel industries have also exhibited a cumulative positive balance of trade values. All the other industries have recorded a cumulative negative balance of trade values during 1996-2015.

TABLE 1: EXPORTS, IMPORTS AND BALANCE OF TRADE OF INDIAN INDUSTRIES (1996-2015)

Industry	Total Exports (US\$ bn)	Total Imports (US\$ bn)	Cumulative Balance of Trade (US\$ bn)
Clothing	191.54	3.63	187.91
Textiles	193.33	37.55	155.78
Food	300.55	162.84	137.71
Pharmaceuticals	101.38	29.36	72.02
Automotive Products	85.21	47.72	37.49
Transport Equipment	179.12	166.89	12.23
Iron and Steel	116.39	106.85	9.54
Integrated Circuits & Electronic Components	5.48	33.89	-28.41
Electronic Data Processing & Office Equipment	8.64	75.51	-66.87
Chemicals	322.97	425.16	-102.19
Telecommunications Equipment	26.68	148.2	-121.52
Office and Telecom Equipment	40.8	257.66	-216.86
Machinery & Transport Equipment	375.59	779.45	-403.86
Fuels	443.3	1449.44	-1006.14

Source: <http://stat.wto.org/StatisticalProgram/WSDStatProgramHome.aspx?Language=E>; accessed on 8th June, 2017

TABLE 2: BALANCE OF TRADE OF INDIAN INDUSTRIES (CUMULATIVE POSITIVE BALANCE OF TRADE) DURING TRANSITORY-TRIPS AND POST-TRIPS PERIODS

Industry	Transitory-TRIPS (US\$ bn)			Post-TRIPS (US\$ bn)		
	1996	2005	CAGR	2006	2015	CAGR
Clothing						
Exports	4.2	8.7	8.4	9.6	18.3	7.5
Imports	0.0	0.1	22.0	0.1	0.7	25.0
Balance of Trade	4.2	8.7	8.4	9.5	17.6	7.1
Textiles						
Exports	4.9	8.3	6.0	8.9	17.3	7.7
Imports	0.3	1.9	21.3	2.0	3.9	7.7
Balance of Trade	4.6	6.4	3.7	6.9	13.4	7.7
Food						
Exports	6.2	9.0	4.2	10.4	30.7	12.8
Imports	1.8	4.7	11.3	5.0	20.5	16.9
Balance of Trade	4.4	4.3	-0.3	5.4	10.2	7.4
Pharmaceuticals						
Exports	0.8	2.8	14.6	3.4	14.0	16.9
Imports	0.3	0.9	13.1	1.2	3.2	11.5
Balance of Trade	0.5	1.8	15.4	2.2	10.8	19.1
Automotive Products						
Exports	0.7	2.6	16.8	3.0	11.4	16.0
Imports	0.6	1.2	8.3	1.5	5.4	15.7
Balance of Trade	0.1	1.4	39.9	1.5	6.0	16.3
Transport Equipment						
Exports	1.1	4.4	16.7	5.1	23.6	18.6
Imports	1.7	5.7	14.4	10.7	15.3	4.1
Balance of Trade	-0.6	-1.3	8.9	-5.6	8.3	204.4
Iron and Steel						
Exports	1.0	5.4	20.8	6.6	8.4	2.7
Imports	1.4	4.3	13.7	5.6	10.1	6.8
Balance of Trade	-0.4	1.1	-212.0	1.0	-1.7	-206.6

Source: <http://stat.wto.org/StatisticalProgram/WSDStatProgramHome.aspx?Language=E>; accessed on 8th June, 2017

Based on the cumulative balance of trade values for all the industries during 1996-2015, it can be observed that seven industries (Clothing; Textiles; Food; Pharmaceuticals; Automotive Products; Transport Equipment and Iron & Steel industries) have recorded a cumulative positive balance of trade while the remaining seven industries (Integrated Circuits & Electronic Components; Electronic Data Processing & Office Equipment; Chemicals; Telecommunications Equipment; Office and Telecom Equipment; Machinery & Transport Equipment and Fuels) have recorded a cumulative negative balance of trade. Accordingly, the industries have been grouped into two Tables (Table 2 and Table 3) to assess their comparative foreign trade performance during Transitory-TRIPS (1996-2015) and Post-TRIPS (2006-2015) periods.

TABLE 3: BALANCE OF TRADE OF INDIAN INDUSTRIES (WITH CUMULATIVE NEGATIVE BALANCE OF TRADE) DURING TRANSITORY-TRIPS AND POST-TRIPS

Industry	Transitory-TRIPS (US\$ bn)			Post-TRIPS (US\$ bn)		
	1996	2005	CAGR	2006	2015	CAGR
Integrated Circuits and Electronic Components						
Exports	0.2	0.2	3.2	0.2	0.3	0.9
Imports	0.3	0.9	13.5	1.1	4.3	16.0
Balance of Trade	-0.2	-0.7	19.4	-0.9	-4.1	18.2
Electronic Data Processing and Office Equipment						
Exports	0.3	0.4	4.5	0.5	0.6	2.8
Imports	0.4	3.3	26.9	4.2	8.3	8.0
Balance of Trade	-0.1	-2.9	45.4	-3.7	-7.7	8.5
Chemicals						
Exports	3.0	11.4	15.9	14.1	36.3	11.1
Imports	5.0	13.6	11.9	16.1	46.8	12.6
Balance of Trade	-2.0	-2.2	1.3	-2.0	-10.5	20.2
Telecommunications Equipment						
Exports	0.1	0.3	8.8	0.5	1.3	12.4
Imports	0.3	5.8	37.8	7.5	19.9	11.4
Balance of Trade	-0.2	-5.5	46.1	-7.1	-18.6	11.3
Office and Telecom Equipment						
Exports	0.6	0.9	5.6	1.2	2.2	7.2
Imports	1.0	10.0	29.0	12.8	32.5	10.9
Balance of Trade	-0.4	-9.1	40.0	-11.6	-30.3	11.2
Machinery and Transport Equipment						
Exports	2.7	10.6	16.2	13.2	43.7	14.2
Imports	7.3	28.2	16.2	40.8	80.5	7.8
Balance of Trade	-4.6	-17.6	16.1	-27.6	-36.8	3.2
Fuels						
Exports	0.5	10.5	39.6	18.0	32.7	6.9
Imports	11.5	46.3	16.7	61.4	105.0	6.1
Balance of Trade	-11.0	-35.8	14.0	-43.4	-72.3	5.8

Source: <http://stat.wto.org/StatisticalProgram/WSDDBStatProgramHome.aspx?Language=E>; accessed on 8th June, 2017

Table 2 presents the exports, imports and balance of trade of seven industries which have exhibited a cumulative positive balance of trade during the entire research period (1996-2015). It can be noted from Table 2 that all the industries have recorded a substantial growth in absolute export values during the post-TRIPS (2006-2015) indicating that India's foreign trade benefited in the WTO regime.

Table 3 presents the exports, imports and balance of trade of seven industries which have exhibited a cumulative negative balance of trade during the entire research period (1996-2015). It can be inferred from Table 3 that all the industries have recorded a relatively higher growth in imports during the post-TRIPS periods resulting in a cumulative negative balance of trade. It is observed that India's balance of trade is largely impacted by certain industries like fuels, machinery & transport equipment and office & telecommunications equipment. This necessitates that India should strive for self-sufficiency in these industrial sectors.

CONCLUSIONS

WTO, in its latest release said that growth in the volume of world trade was likely to remain sluggish in 2016 at 2.8 percent, unchanged from levels recorded in 2015, which was the fourth consecutive year when growth in world merchandise trade remained below 3 percent. For 2017, global trade is expected to grow at 3.6 percent, but it is below the yearly average of 5 percent since 1990. With such muted growth prospects, recovery in India's exports becomes extremely challenging. The way forward is to strive towards greater competitiveness, which in turn would require a strong policy push. Additionally, under the various Free Trade Agreements that are currently being negotiated, the government should aim at achieving significant market access for Indian exporters. In the recent Board of Trade meeting held by the government, some of the thrust areas identified to push exports include reviving SEZs and according priority sector status to export credit, promoting organic produce, MSMEs, involving missions and embassies to promote trade and removing issues of EXIM bank and Export Credit Guarantee Corporation (ECGC).

SCOPE FOR FURTHER RESEARCH

The methodology used in this research can be applied at an individual industry level for further insights since many of the industries comprise of a sub-set of industries. Additionally, indices like revealed comparative advantage (RCA) and trade specialization co-efficient (TSC) can be computed to investigate the export competitiveness of various Indian industries.

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ROLE OF POLITICAL INITIATIVES CONCERNING INFRASTRUCTURE IN THE ADVENT OF ACT EAST POLICY

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ABSTRACT

The new phase marks a shift in focus from trade to wider economic and security cooperation, political partnerships, physical connectivity through road and rail links. India-ASEAN (Association of South East Asian Nation) cooperation now covers a wide field, including trade and investment, science & technology, tourism, human resource development, transportation and infrastructure, and health and pharmaceuticals. India signed 'Long Term Cooperative Partnership for Peace and Prosperity' with ASEAN, which is the corner-stone of India's LEP. India prefers to use the Comprehensive Economic Cooperation Agreement as a template for Free Trade Agreements (FTAs), because of its comprehensive coverage of goods and services trade as well as investment. According to Rajiv Sikri, Secretary East of the Ministry External Affairs, 'the Look East Policy envisages the Northeast region not as the periphery of India, but as the centre of a thriving and integrated economic space linking two dynamic regions with a network of highways, railways, pipelines, transmission lines crisscrossing the region.' It is an effort to open the region that involved opening doors in intellectual, cultural, political matters as well as in the economic arena. However, the process of enhancing connectivity is not a cakewalk because there are also geographical, technical, political and security challenges that limit the process of infrastructure development. To take maximum benefit from the policy, the North-eastern region should develop industrially. The new NE Industrial Policy 2007 has practically made the whole region a special economic zone. Otherwise, no policy initiative, no opportunity is going to benefit the NE region.

KEYWORDS

ASEAN, look east policy, political partnerships, infrastructure, geographical.

INTRODUCTION

Political and Security Issues- ASEAN has expressed desirability to work together to fight terrorism and transnational crime, combating corruption and promoting good governance and the protection of human rights as well as cooperation in forums such as **ARF (hereinafter ASEAN Regional Forum)** and the **MGC (hereinafter Mekong Ganga Cooperation)**. The crowning glory of the **Look East Policy (hereinafter LEP)** is the signing of the India-ASEAN Free Trade Agreement on 13 August 2009 at Bangkok. The agreement was only for trade-in-goods and did not include software and IT. Negotiations for agreements on services and investment are in progress. Two-way trade between India and ASEAN was \$ 47 billion in 2008 and both parties expect a \$ 10 billion increase even in the first year. The **Free Trade Agreement (hereinafter FTA)** is part of the Framework Agreement on Comprehensive Cooperation signed with ASEAN in 2003. The FTA is significant for the reason that it is the first multilateral trade agreement entered into by India on ASEAN-India Summits. Hence, LEP is an attempt to forge closer and deeper economic integration with its eastern neighbors as a part of the new very politic evidence in India's foreign policy. In addition, the engagement with ASEAN is a part of the recognition on the part of India's strategic and economic importance of the region to the country's national interests. As the then PM Manmohan Singh said, the LEP is not merely an external economic policy; it is also a strategic shift in India's vision of the world and India's place in the evolving global economy.

LITERATURE REVIEW

The review of literature for the concerned study is essential to produce accurate and sufficient information related to the area of study. In other word, referring to the studies done previously is the foundation upon which development facts can be making possible. Therefore, an attempt has been made to review some of the available studies. The researcher had arranged the list according to the basis of concern year in chronological order. Many further studies may said to be need to identify problems of the concern topic. In this perspective, the present investigation proposed here is to be quite relevant.

Chattatopadhyay (2008) ensured to safety and security of tourists, the tourist industry should be destroyed by political unrest and terrorism.

Kojima (2007) highlighted the evolution of international trafficking in women appears to be closely linked to two areas: i) changing demands for women's labour in the global political economy, and ii) the changing patterns of international migration. The role of women in migration is because of being dependents on male who migrants to becomes the major economic phenomenon.

Nandeibam (2013) mention that we are in trouble again; perhaps, our own creation, a man-made trouble, a product of ignorance and arrogance, a hybrid of burden of history and hurdle of politics and a result of lop-sided political and economic design. If the right thinking is the ultimate asset of the nation, where do we stand now? When the literacy is 80 %, do we do exercise of 50 % of right thinking? Did not you like to have cheerful neighbours as sine- quo- non-for emotional stability? Once you destroy the foundation of peace and social order, the general atmosphere is imperiled and investment is bound to suffer. Subsequently the spiraling web of poverty and deprivation would endanger you and your society. How long NHs should be under the control of Highwaymen. Is it the fair sign of human civilization? How it could be possible that we feel strange in our own homeland? Are we getting close to the bigger world or are we getting close to the mini world while the new article of existence is "think globally and act locally"? Of course, conflict is unavoidable facet of modern life. We can at best contain the violence but we cannot address the root cause. Manipur remain terribly plagued with Insecurity of Life, Investment, Insecurity of Business and Insecurity of Income. Perhaps the funniest thing after 67 years of economic planning is Fuel Insecurity. It is also funny that when you talk of e-governance, e-banking and digital India, Manipur, a land of 27 lakhs, cannot even manage Petrol Market. How can you manage investment market? Go to basics before you go global.

HYPOTHESIS OF THE STUDY

Ho: There is no difference among the three types of Industry viz. Service, Manufacturing and Trading sectors of Manipur with respect to presences of Quality Infrastructure especially Tele-communication facilities.

OBJECTIVES OF THE STUDY

To explore the associated relevancy (viz. Infrastructure, Tourism, Foreign Direct Investments) of India’s Look East Policy and Manipur in particular of India.

RESEARCH METHODOLOGY

Study tools: Pretested semi structural questionnaire (prepared for purposed)

Sampling method: Purposive Sampling

Sample size: It consists of 88 respondents.

Statistical analysis: After thorough checking and scrutinized the raw data, statistical data processing and analysis was performed through SPSS version 21. Results are report as number of cases/frequencies along with percentages. In order to establish the association, Pearson χ^2 - test/Likelihood Ratio χ^2 - test is use if data permit. All comparisons are two-sided and the P-values of < 0.05 and < 0.01 are treating as the cut off values for significance and highly significance respectively.

FINDINGS OF THE STUDY

With the addition of Myanmar and, in 2004, of Bhutan and Nepal, the grouping came to be known as **BIMSTEC or the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation**. This forum has identified six sectors for focused cooperation: 1. Trade and Investment, 2. Technology, 3. Transport and Communications, 4. Energy, 5. Tourism and 6. Fisheries. When India initiated BIMSTEC in 1997, it received strong support from Thailand, which also saw it as a political and economic forum to bridge SEA and South Asia. India promotes BIMSTEC to establish economic links with peninsula member countries of ASEAN to boost the development of its seven NE states.

Since 2002, India has annual summits with ASEAN along with China, Japan and Republic of Korea. These political level interactions are further strengthen through the Senior Officials’ meetings, as also specialized working groups in functional areas. India-ASEAN functional cooperation includes cooperation in sectors such as Science & Technology, Health and Pharmaceuticals, Sciences, Agriculture, Infrastructure, Tourism and Culture and Small and Medium Enterprises etc. In his speech, former PM **Manmohan Singh** referred to India’s NE as a gateway to ‘Asian Century’. Through these efforts the government of India is showing its keenness in developing the NE. But still the government lacks commitment in its various efforts.

TABLE 1: INDUSTRY ACCORDING TO TOURIST IN INCREASED EROSION& ENVIRONMENT ACCIDENT

Type of Industry	Tourist has increased the erosion & environmental accidents.			Total
	Yes	No	Can't say	
Manufacturing	2(18.2%)	8(72.7%)	1(9.1%)	11(100.0%)
Service	0	4(100.0%)	0	4(100.0%)
Trading	0	5(83.3%)	1(16.7%)	6(100.0%)
Total	2(9.5%)	17(81.0%)	2(9.5%)	21(100.0%)

Source: Personal calculation using SSPS version 21

χ^2 - Test can't be used

TABLE 2: TYPE OF INDUSTRY ACCORDING TO TOURISM HAS INCREASED THE CONTAMINATION OF WATER

Type of Industry	Tourism has increased the contamination of water		Total
	No	Can't say	
Manufacturing	10(90.9%)	1(9.1%)	11(100.0%)
Service	4(100.0%)	0	4(100.0%)
Trading	5(83.3%)	1(16.7%)	6(100.0%)
Total	19(90.5%)	2(9.5%)	21(100.0%)

Source: Personal calculation using SSPS version 21

χ^2 - Test can't be used.

The questions relating to the tourists – i) Tourist has increased the erosion problem and environmental accidents like landslides, and ii) Tourism has increased the contamination of water bodies such as Loktak lake are made in tables-1: and 2:. It may be observed for the former question that 9.5%, 81.0% and 9.5% of the respondents respond yes, no and can't say respectively. On the contrary in latter question, there is no 'yes' answer but 'no' and 'can't say' pertain to 90.5% and 9.5% respectively. Further, the tables exhaustive made illustration of % variations within each answer with respective of type of industry, considered in the study.

TABLE 3: INDUSTRY DISTRIBUTION ACCORDING TO INCREASE NUMBER OF TOURISTS AT THE SITES HAS INCREASE DEMAND OF WATER RESOURCES WHICH HAS RESULTED IN SHORTAGE OF THESE RESOURCES

Type of Industry	Increase in tourists has resulted in shortage of resources	Total
	Yes	
Manufacturing	11(100.0%)	11(100.0%)
Service	4(100.0%)	4(100.0%)
Trading	6(100.0%)	6(100.0%)
Total	21(100.0%)	21(100.0%)

Source: Personal calculation using SSPS version 21

χ^2 can't be used.

Table-3: highpoints that all the industry felt yes on the question of increase number of tourists at the sites has increase demand of water resources which has resulted in shortage of resources.

TABLE 4: INDUSTRY DISTRIBUTION ACCORDING TO THE HILL AREAS AFFECTED BY DEVELOPMENTAL PROJECTS

Type of Industry	Hill areas affected adversely due to the development projects			Total
	Yes	No	Can't say	
Manufacturing	1(9.1%)	9(81.8%)	1(9.1%)	11(100.0%)
Service	0	4(100.0%)	0	4(100.0%)
Trading	0	6(100.0%)	0	6 (100.0%)
Total	1(4.8%)	19(90.5%)	1(4.8%)	21(100.0%)

Source: Personal calculation using SSPS version 21

χ^2 - Test can't be used.

The question relating to vegetation on the hill areas has been affected adversely due to the developmental projects at the destination; most of them felt 'no' (90.5%) while 4.8% each of them respond 'yes' and 'can't say'.

TABLE 5: INDUSTRY-WISE DISTRIBUTION ACCORDING TO TOURISTS CAUSE CONGESTION AND SUFFOCATION

Type of Industry	Tourists cause congestion and suffocation.	
	No	Total
Manufacturing	11(100.0%)	11(100.0%)
Service	4(100.0%)	4(100.0%)
Trading	6(100.0%)	6(100.0%)
Total	21(100.0%)	21(100.0%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used.

Table-5 highlights that all the individuals of types of industry answer 'no' on the question – heavy rush of tourists at certain occasion cause congestion and suffocation.

TABLE 6: DISTRIBUTION BASE ON 'FREQUENT SIGHTS OF GARBAGE AND UNHYGIENIC AT TOURIST SPOT

Type of Industry	Garbage and unhygienic conditions at the tourist spot			Total
	Yes	No	Can't say	
Manufacturing	8(72.7%)	3(27.3%)	0	11(100.0%)
Service	1(20.0%)	1(20.0%)	3(60.0%)	5(100.0%)
Trading	5(83.3%)	1(16.7%)	0	6(100.0%)
Total	14(63.6%)	5(22.7%)	3(13.6%)	22(100.0%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used

The question – there are frequent sights of garbage and unhygienic conditions en route the tourist spot – 63.6% of them felt yes while 22.7% and 13.6% felt 'no' and 'can't say' respectively. Again table shows the variation of percentages when classification is equipped in terms of type of industry, considered.

TABLE 7: TYPE OF INDUSTRY DISTRIBUTION ACCORDING TO PRESENCE OF QUALITY INFRASTRUCTURE

Type of Industry	Presence of Quality Infrastructure				Total
	Very poor	Poor	Satisfactory	Good	
Manufacturing	3(50.0%)	3(50.0%)	0	0	6(100.0%)
Service	6(20.0%)	12(63.2%)	3(15.8%)	1(3.3%)	30(100.0%)
Trading	1(20.0%)	19(63.3%)	4(13.3%)	1(10.0%)	10(100.0%)
Total	14(28.6%)	26(53.1%)	7(14.3%)	2(4.1%)	49(100.0%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used.

With reference to presence of quality infrastructure (roads, railways, airports and ports), the study subjects/individuals gave their views as very poor, poor, satisfactory and good by the respective percentages of 28.6, 53.1, 14.3 and 4.1. Further, the table exhaustive illustrates percentage variations within each answer with respective of type of industry, considered in the present study. However, test would not be applicable as some of the cell frequencies are less. Table-7: show the presence of quality infrastructure and χ^2 - test can't be used.

TABLE 8: TYPE OF INDUSTRY DISTRIBUTION OF SUBJECTS ACCORDING TO TELE-COMMUNICATION FACILITIES

Type of Industry	Tele-communication Facilities (Internet, phone)				Total
	Very poor	Poor	Satisfactory	Good	
Manufacturing	0	8(61.5%)	2(15.4%)	3(23.1%)	13(100.0%)
Service	2(6.1%)	9(27.3%)	13(39.4%)	9(27.3%)	33(100.0%)
Trading	1(4.8%)	10(47.6%)	7(33.3%)	3(14.3%)	21(100.0%)
Total	3(4.5%)	27(40.3%)	22(32.8%)	15(22.4%)	67(100.0%)

Source: Personal calculation using SPSS version 21

$\chi^2 = 6.504$; $df = 6$; $P = .369$

The above table displays type of industry and Tele-communication facilities (internet, phone), and it may further be noticed from it that industrialists view on the matter are 4.5%, 40.3%, 32.8% and 22.4% with the respective opinion of very poor, poor, satisfactory and good. The table exhaustive shown percentage variations within each answer with respective of type of industry, considered in the present study.

TABLE 9: INDUSTRY DISTRIBUTION ACCORDING TO TAXATION POLICY (CORPORATE, EXCISE, VAT, TAX)

Type of Industry	Taxation Policy				Total
	Very poor	Poor	Satisfactory	Good	
Manufacturing	0	4(44.4%)	1(11.1%)	4(44.4%)	9(100.0%)
Service	3(11.5%)	5(19.2%)	9(34.6%)	9(34.6%)	26(100.0%)
Trading	2(16.7%)	3(25.0%)	4(33.3%)	3(25.0%)	12(100.0%)
Total	5(10.6%)	12(25.5%)	14(29.8%)	16(34.0%)	47(100.0%)

Source: Personal calculation using SPSS version 21

$\chi^2 = 4.938$; $df = 6$; $P = 0.552$

As the similar pattern of the previous tables, table-9: too displays percentage distribution of study subjects in terms of type of industry and taxation policy (corporate tax, excise, VAT & indirect taxes) and it may further be noticed from it that industrialists view on the matter are 10.6%, 25.5%, 29.8%, and 34.0%, with the respective opinions of very poor, poor, satisfactory and good. Further, the table exhaustive illustrates % variations within each answer with respective industry, considered in the study. The test value designates insignificant statistically ($P=0.552$).

TABLE 10: TYPE OF INDUSTRY DISTRIBUTION ACCORDING TO ENVIRONMENTAL REGULATIONS

Type of Industry	Environmental Regulations					Total
	Very poor	Poor	Satisfactory	Good	Excellence	
Manufacturing	0	5 (55.6%)	1(11.1%)	3(33.3%)	0	9 (100%)
Service	0	4(44.4%)	3(33.3%)	0	2(22.2%)	9 (100%)
Trading	1(10.0%)	3(30.0%)	5(50.0%)	1(10.0%)	0	10 (100%)
Total	1(3.6%)	12(42.9%)	9(32.1%)	4(14.3%)	2(7.1%)	28(100%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used.

Similarly, the information on environmental regulations with respect to type of individuals is also furnished in the table-11: and outcomes suggest that 33.6%, 42.9%, 32.1%, 14.3% and 7.1% of the individuals provided their grading as very poor, poor, satisfactory, and good and excellence. The table, further, comprehensively shows percentage variations within each answer.

TABLE-11: TYPE OF INDUSTRY-WISE DISTRIBUTION OF SUBJECTS ACCORDING TO REGULATORY FRAMEWORK

Type of Industry	Regulatory Framework (Company Laws and Other laws)					Total
	Very poor	Poor	Satisfactory	Good	Excellence	
Manufacturing	0	6(85.7%)	0	1(14.3%)	0	7 (100.0%)
Service	0	8(33.3%)	8(33.3%)	6(25.0%)	2(8.3%)	24 (100%)
Trading	1(14.3%)	2(28.6%)	3(42.9%)	1(14.3%)	0	7(100.0%)
Total	1(2.6%)	16(42.1%)	11(28.9%)	8(21.1%)	2(5.3%)	38 (100%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used.

Table-11: deals with type of industry distribution according to regulatory framework (laws for operating business) that expressed in terms of %. It is observed that 2.6%, 42.1%, 28.9%, 21.1% and 5.3% of industrialists, regardless of the type of industry, understandings as very poor, poor, satisfactory, good and excellence. Table, comprehensively shows % variations within each answer with respect to type of industry but test is not applicable.

TABLE 12: TYPE OF INDUSTRY DISTRIBUTION ACCORDING TO EASE OF LAND ACQUISITION

Type of Industry	Ease of Land Acquisition				Total
	Very poor	Poor	Satisfactory	Good	
Manufacturing	1(14.3%)	4(57.1%)	2(28.6%)	0	7(100.0%)
Service	0	2(22.2%)	6(66.7%)	1(11.1%)	9(100.0%)
Trading	4(40.0%)	2(20.0%)	3(30.0%)	1(10.0%)	10 (100%)
Total	5(19.2%)	8(30.8%)	11(42.3%)	2(7.7%)	26(100.0%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used.

Once more, same table is made on the information of ease of land acquisition which is furthermore supplied on table-12: and it further indicates that out of the individuals, irrespective of the type of industry, 19.2%, 30.8%, 42.3% and 7.7% opted their assessments as very poor, poor, satisfactory and good.

TABLE 13: TYPE OF INDUSTRY DISTRIBUTION OF SUBJECTS ACCORDING TO QUALITY OF BUREAUCRACY

Type of Industry	Quality of Bureaucracy					Total
	Very poor	Poor	Satisfactory	Good	Excellence	
Manufacturing	2(28.6%)	4(57.1%)	0	1(14.3%)	0	7 (100%)
Service	3(11.1%)	9(33.3%)	4(14.8%)	9(33.3%)	2(7.4%)	27 (100%)
Trading	3(33.3%)	2(22.2%)	2(22.2%)	2(22.2%)	0	9 (100%)
Total	8(18.6%)	15(34.9%)	6(14.0%)	12(27.9%)	2(4.7%)	43 (100%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used.

Now, there are five answers – very poor, poor, satisfactory, good, and excellence – in the question of quality of bureaucracy. It is found from the table-13: that out of the individuals, irrespective of the type of industry, 18.6 %, 34.9%, 14.0%, 27.9% and 4.7% assess their views. And again, the percentage is classified within each answer with respect to type of industry.

TABLE 14: TYPE OF INDUSTRY ACCORDING TO AVAILABILITY OF ADVANCED TECHNOLOGY

Type of Industry	Availability of advanced Technology				Total
	Very poor	Poor	Satisfactory	Good	
Manufacturing	4(50.0%)	1(12.5%)	2(25.0%)	1 (12.5%)	8(100.0%)
Service	1(10.0%)	2(20.0%)	2(20.0%)	5(50.0%)	10(100.0%)
Trading	4(40.0%)	3(30.0%)	2(20.0%)	1(10.0%)	10(100.0%)
Total	9(32.1%)	6(21.4%)	6(21.4%)	7(25.0%)	28(100.0%)

Source: Personal calculation using SPSS version 21

$\chi^2 = 7.128$; $df = 6$; $P = 0.309$

There are four answers – very poor, poor, satisfactory and good – in the question of availability of advanced technology which is further distributed over three types of industry in the present study. It is establish that out of the individuals, irrespective of the type of industry, 32.1%, 21.4%, 21.4% and 25.0% opted their understandings as very poor, poor, satisfactory and good respectively. And again, the % is classified within each answer according to industry.

TABLE 15: INDUSTRY DISTRIBUTION ACCORDING TO SUPPLIERS AND INDUSTRIAL CLUSTERS

Type of Industry	Presence of raw-material suppliers and other related industrial clusters				Total
	Very poor	Poor	Satisfactory	Good	
Manufacturing	7(63.6%)	2(18.2%)	2(18.2%)	0	11(100.0%)
Service	0	3(33.3%)	0	6(66.7%)	9(100.0%)
Trading	6(30.0%)	7(35.0%)	5(25.0%)	2(10.0%)	20(100.0%)
Total	13(32.5%)	12(30.0%)	7(17.5%)	8(20.0%)	40(100.0%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used

Yet again, same table is made on the information of presence of raw-material suppliers and other related industrial clusters on the elsewhere the four answers which is set forth in the table-15: that further indicates that out of the individuals considered, 32.5%, 30.0%, 17.5% and 20.0% chosen their views as very poor, poor, satisfactory and good respectively. And for a second time, percentage is categorized within each response with respect to type of industry (table 15:).

TABLE 16: DISTRIBUTION ACCORDING TO AVAILABILITY OF PARTNERS AND SERVICE PROVIDERS

Type of Industry	Availability of logistics partners and service providers				Total
	Very poor	Poor	Satisfactory	Good	
Manufacture	3(37.5%)	1(12.5%)	2(25.0%)	2(25.0%)	8(100.0%)
Service	2(7.7%)	4(15.4%)	7(26.9%)	13(50.0%)	26 (100%)
Trading	0	1(11.1%)	3(33.3%)	5(55.6%)	9(100.0%)
Total	5(11.6%)	6(14.0%)	12(27.9%)	20(46.5%)	43 (100%)

Source: Personal calculation using SPSS version 21

$\chi^2 = 7.251; df = 6; P = .298$

The information of availability of logistics partners and other service providers required is distributed over the type and their possible answers are clubbed as same as elsewhere to 4 answers; and findings are exhibited in the table-16: It designates that out of the individuals, very poor, poor, satisfactory and good have corresponds 11.6%, 14.0%, 27.9% and 46.5% respectively. Again, χ^2 -test is found to be insignificant at 5% probability level (P=0.298).

TABLE 17: TYPE OF INDUSTRY ACCORDING TO STABILITY AND EFFECTIVENESS OF THE POLITICAL SYSTEM

Type of Industry	Stability and effectiveness of the political system				Total
	Very poor	Poor	Satisfactory	Good	
Manufacturing	5(71.4%)	0	0	2(28.6%)	7(100.0%)
Service	8(25.0%)	12(37.5%)	12(37.5%)	0	32(100.0%)
Trading	6(40.0%)	4(26.7%)	3(20.0%)	2(13.3%)	15(100.0%)
Total	19(35.2%)	16(29.6%)	15(27.8%)	4(7.4%)	54(100.0%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used.

Freshly, same table is made on the information of stability and effectiveness of the political system which is also abounding on table-17: that instantaneously indicates that out of the individuals, irrespective of the type of industry, 35.2%, 29.6%, 27.8% and 7.4% picked up their prophecies as very poor, poor, satisfactory and good. Due to fewer frequencies in some of the cells in the table, χ^2 -test would not be applicable.

TABLE 18: TYPE OF INDUSTRY DISTRIBUTION ACCORDING TO CRIME-FREE, SECURITY AND LEGAL SYSTEM

Type of Industry	Crime-free, Security and effectiveness of legal system					Total
	Very poor	Poor	Satisfactory	Good	Excellence	
Manufacturing	3(42.9%)	1(14.3%)	0	3(42.9%)	0	7(100.0%)
Service	11(42.3%)	3(11.5%)	9(34.6%)	1(3.8%)	2(7.7%)	26 (100%)
Trading	2(40.0%)	0	2(40.0%)	1(20.0%)	0	5(100.0%)
Total	16(42.1%)	4(10.5%)	11(28.9%)	5(13.2%)	2(5.3%)	38 (100%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used.

Concerning about the crime-free environment, security and effectiveness of legal system, the respondent gave their views as very poor, poor, satisfactory, good and excellence by the respective percentages of 42.1, 10.5, 28.9, 13.2 and 5.3. The table exhaustive illustrations % variations within each answer with respective to type of industry, considered in study.

TABLE 19: INDUSTRY DISTRIBUTION ACCORDING TO CORRUPTION IN THE GOVERNMENT SYSTEM

Type of Industry	Corruption in the government system				Total
	Very poor	Poor	Satisfactory	Good	
Manufacturing	5(62.5%)	3(37.5%)	0	0	8(100.0%)
Service	1(11.1%)	1(11.1%)	5(55.6%)	2(22.2%)	9(100.0%)
Trading	2(22.2%)	3(33.3%)	4(44.4%)	0	9(100.0%)
Total	8(30.8%)	7(26.9%)	9(34.6%)	2 (7.7%)	26(100.0%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used

Information of corruption in the government system is furnished on table-19: which designate supplementary that 30.8%, 26.9%, 34.6% and 7.7% of the respondents furnished their views as very poor, poor, satisfactory and good. Further, the table exhaustive illustrations percentage variations within each answer with respective of type of industry.

TABLE 20: TYPE OF INDUSTRY-WISE DISTRIBUTION OF SUBJECTS ACCORDING TO POWER AVAILABILITY

Type of Industry	Power Availability				Total
	Very poor	Poor	Satisfactory	Good	
Manufacturing	4(50.0%)	4(50.0%)	0	0	8(100.0%)
Service	3(12.0%)	9(36.0%)	6(24.0%)	7(28.0%)	25(100.0%)
Trading	11(68.8%)	4(25.0%)	1(6.2%)	0	16(100.0%)
Total	18(36.7%)	17(34.7%)	7 (14.3%)	7(14.3%)	49(100.0%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used.

Regarding the power availability, table-20 indicates that 36.7%, 34.7%, 14.3% and 14.3% of the individuals irrespective of type of industry furnished their understandings as very poor, poor, satisfactory, and good. Further, the table thoroughly exhibits percentage variations within each answer according to type of industry, considered in the present study.

TABLE 21: INDUSTRY DISTRIBUTION ACCORDING TO GOVERNMENT SUPPORT IN EXPORTS AND MARKETING

Type of Industry	Government support in exports and marketing outside the country					Total
	Very poor	Poor	Satisfactory	Good	Excellence	
Manufacturing	6(75.0%)	0	0	0	2(25.0%)	8(100.0%)
Service	0	3(25.0%)	6(50.0%)	3(25.0%)	0	12 (100%)
Trading	2(25.0%)	4(50.0%)	2(25.0%)	0	0	8(100.0%)
Total	8(28.6%)	7(25.0%)	8(28.6%)	3(10.7%)	2(7.1%)	28 (100%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used.

It is observed from the table-21: that 28.6%, 25.0%, 28.6%, 610.7% and 7.1% of the individuals irrespective of type of industry furnished their views as very poor, poor, satisfactory, good and excellence on the question of government support in exports and marketing outside the country. Again, the table exhaustive illustrates percentage variations within each answer with respective of type of industry, considered in the present study.

TABLE 22: INDUSTRY ACCORDING TO PRESENCE OF AUTHORITY (GOVERNMENT SUPPORTIVE POLICIES)

Type of Industry	Presence of government supportive policies					Total
	Very poor	Poor	Satisfactory	Good	Excellence	
Manufacturer	4(50.0%)	1(12.5%)	3(37.5%)	0	0	8 (100%)
Service	3(11.1%)	3(11.1%)	11(40.7%)	8(29.6%)	2(7.4%)	27 (100%)
Trading	4(26.7%)	4(26.7%)	3(20.0%)	4(26.7%)	0	15 (100%)
Total	11(22.0%)	8(16.0%)	17(34.0%)	12 (24%)	2(4.0%)	50 (100%)

Source: Personal calculation using SPSS version 21

χ^2 - Test can't be used.

Due to some of the less cell frequencies found in the table-22., the test can't be applied, but it may be observed from the table that there is variation of percentages regarding the answers of the question viz., presence of industry body in terms of supportive, effective in convincing government to make supportive policies.

TABLE 23: INDUSTRY ACCORDING TO MEASURES (TECHNICAL, GOVERNMENT SUPPORT & CERTIFICATIONS)

Type of Industry	Quality control measures					Total
	Very poor	Poor	Satisfactory	Good	Excellence	
Manufacturing	2(18.2%)	4(36.4%)	1(9.1%)	4(36.4%)	0	11 (100%)
Service	2(6.2%)	7(21.9%)	3(9.4%)	19(59.4%)	1(3.1%)	32 (100%)
Trading	2(14.3%)	5(35.7%)	3(21.4%)	4(28.6%)	0	14 (100%)
Total	6(10.5%)	16(28.1%)	7(12.3%)	27(47.4%)	1(1.8%)	57 (100%)

Source: Personal calculation using SPSS version 21

$\chi^2 = 6.701$; df = 8; P = 0.569

The table-23: indicates that there is no definite association of type of industry and quality control measures in terms of technical assistance, government support and ease of getting certifications as evident by insignificant values of P=0.569 despite visible variations of percentage over five different types of opinion by the respondents. The types of opinion are very poor, poor, satisfactory, good and excellence.

TABLE 24: INDUSTRY DISTRIBUTE ACCORDING TO UNIVERSITIES, TRAINING & VOCATIONAL TRAINING

Type of Industry	Availability of universities, training facilities and vocational training				Total
	Yes	No	Can't say	Remain same	
Manufacturing	3(23.1%)	4(30.8%)	5(38.5%)	1(7.7%)	13(100.0%)
Service	13(40.6%)	11(34.4%)	6(18.8%)	2(6.2%)	32(100.0%)
Trading	2(9.5%)	12(57.1%)	4(19.0%)	3(14.3%)	21(100.0%)
Total	18(27.3%)	27(40.9%)	15(22.7%)	6(9.1%)	66(100.0%)

Source: Personal calculation using SPSS version 21

$\chi^2 = 9.314$; df = 6; P = 0.157

It may be observed from the table-24: that there is no definite association between type of industry and availability of universities, training facilities and vocational training centre as evident by insignificant values of P=0.157 despite visible variations of percentage over four different types of opinion by the industrialists.

TESTING OF HYPOTHESIS

Ho: There is no difference among the three types of Industry viz. Service, Manufacturing and Trading sectors of Manipur with respect to presences of Quality Infrastructure especially Tele-communication facilities.

Table-8: represent type of industry according to tele-communication facilities and highlight that $\chi^2 = 6.504$; df = 6; P = .369. Hence, the test value indicates insignificant (P=0.369). The null hypothesis is valid. Therefore, there is no significant difference between the three types of Industry viz. Service, Manufacturing & Trading sectors of Manipur and presences of Quality Infrastructure especially Tele-communication facilities.

CONCLUSIONS OF THE STUDY

The Indian government and the northeastern states must adopt proactive role and provide not only infrastructures but also political stability and good governance. Greater participation of the local people in production and distribution activities and raising agricultural productivity should be give prime importance. Trade alone will not be sufficient to transform the region into a sustained development path. In addition, growth in trading activities will only benefit those people who possibly are from outside the region and who are economically more powerful to exploit the resources of the region. India's Look East policy should include goals such as encouraging public debate and participation as well as opening doors and windows in the political and economic arena. The Indian government and the north-eastern states must adopt proactive role and provide not only infrastructures but also political stability and good governance. There are about 305 communities and over 200 tribes in the region. Each community has its distinct customs, cultural heritage and folklore and as such, the region has ample prospects to promote modern day tourism. The region also has several aromatic plants, which could be used to develop and promote health tourism in selective locations of the region.

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IMPACT OF EXCHANGE RATE VOLATILITY OF TOP TRADABLE CURRENCIES ON THE PERFORMANCE OF EXPORT ORIENTED UNITS, SEZs AND TOTAL EXPORT OF INDIA

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ABSTRACT

In International business, export and import are like blood circulation to any nation's economy. From the beginning of the flexible or pegged exchange rate environment, a nation has to keep itself active at every time in its international business and check whether there is an optimal balance in the quantity of export and import. If the import exceeds export, which will result in the purchase of the foreign currency of the importing country for the payment and there will be demand for the foreign currency. If export increases then the situation arises where the exporting nation's currency will increase in its value. All these processes happen because of demand and supply of the currency for international payment in the international business. Hence, a careful policy must be set up to retain the export quantities and increase the value of the currency. In most of the fast developing nations, their currencies have kept depreciated, have to make proper export promotion policies. India is also one such nation whose currency has been depreciated period by period, hence policies in export promotion have kept upgrading period by period to avoid huge amount of depreciation. In this paper, an attempt has been made on the evaluation of impact of top tradable currencies on the export promotion units such as Export Oriented Units' and SEZs' performance and Total export.

KEYWORDS

EOU, SEZ, exchange rate volatility.

INTRODUCTION

In international business, export is one of the main criteria for a country's evaluation of its worth in maintaining flow of international transaction. Every country has its own foreign policy followed by bilateral to multilateral relation with other countries for the international trade and business. Also, every country has its own currency of which the worth is determined by its own efficiency in sustaining in business activities. Large amount of import will lead to depreciation in the currency, whereas increase in the export will lead to appreciation in the currency value. To increase the export, every country has its own export policies and promotional schemes such as in India export promotion councils with special economic zones and export oriented units etc., and also governmental subsidies on selected types of export.

A number of institutions have been set up by the government of India to promote exports. The export and import functions are looked after by the Ministry of Commerce. The Government formulates the export-import policies and programmes that give direction to the exports. EXIM policies aim at export assistance such as export credit, cash assistance, import replenishment, licensing, free trade zones, development of ports, quality control and pre-shipment inspection and guidance to Indian entrepreneurs to set up ventures abroad.

After the economic reforms of 1991-92, liberalization of external trade, elimination of duties on imports of information technology products, relaxation of controls on both inward and outward investments and foreign exchange and the fiscal measures taken by the Government of India and the individual State Governments specifically for IT and ITES have been major contributory factors for the sector to flourish in India and for the country to be able to acquire a dominant position in offshore services in the world. The major fiscal incentives provided by the Government of India have been for the Export Oriented Units (EOU), Software Technology Parks (STP), and Special Economic Zones (SEZ).

The *Export Oriented Unit* Scheme (EOU) was launched in December 1980, eighteen years after the first *export processing zone* (EPZ) was formed in Kandla and twenty years before SEZs came into being. Over the years the scheme has undergone various changes and its scope also expanded substantially. The scheme provides duty free import/procurement of indigenous capital goods, raw materials etc. These units have to operate under custom bond and to achieve the level of value addition as specified in the Letter of Permission (LoP). The administrative control of the scheme is under the DoC.

The scheme was introduced with the objective of boosting exports by generating additional production capacity. It allows the establishment of business units anywhere in the country (outside the SEZ) with the obligation to achieve a specified Export Obligation. It was primarily designed for the promotion and growth of manufacture and export of value added products. In order to make these units cost efficient, facilitate their free access to foreign technology and encourage them to venture into foreign markets on a large scale, wide range of incentives have been introduced for the unit's operating under the scheme.

With a view for providing an internationally competitive environment for exports, the Government of India announced the SEZ Policy in April 2000. The objectives of the SEZ Policy include making available goods and services free of taxes and duties supported by integrated infrastructure for export production, expeditious and single-window approval mechanism and a package of incentives to attract foreign and domestic investments for promoting export-led growth.

Initially, SEZs in India functioned from 1 November 2000 to 9 February 2006 under the provisions of the Exim Policy/Foreign Trade Policy and fiscal incentives were made available through the provisions of relevant statutes. This system did not lend enough confidence to the investors to commit substantial investment for development of infrastructure and for the setting up of units for export of goods and services.

In order to provide a long-term and stable policy framework with minimum regulatory regime and to provide expeditious and single-window clearance mechanism in line with the international best business practices, a Central Act for Special Economic Zones was therefore found to be necessary. The *Special Economic Zones Act, 2005* (SEZ Act) was enacted by the Government in 2005. Subsequently, the *Special Economic Zones Rules, 2006* (SEZ Rules) were notified on 10 February 2006. Consequently, the SEZ Act came into operation w.e.f. 10 February 2006.

LITERATURE REVIEW

The literature pertaining to the export is very large. But the literature on SEZ and EOU was not large because of their work. Many works have been under taken considering the export as major criteria where exports are regarded major lifeline in the business. Hence, its impact with exchange rate volatility has been checked through an econometric analysis, resulting in the biased results, which support both the positive and negative.

The empirical studies that have found a negative relationship between exchange rate volatility and exports include Thursby and Thursby (1985), Kenen and Rodrik (1986), Koray and Lastrapes (1989), Kumar and Dhawan (1991), Pritchett (1991), Pozo (1992), Savvides (1992), Chowdhury (1993), Arize (1995), Dell' Ariccia (1998), Virgil (2000), Doganlar (2002), Esquivel and Felipe (2002) and Onafowora and Owoye (2007). On the other hand, Asseery and Peel (1991) and Todani and Munyama (2005) have reported a positive relationship between exchange rate volatility and exports. Whereas, Gotur (1985), Solakoglu (1998), De Vita and Abbott (2004), Hondroyannis et al. (2006), Rey (2006), and Boug and Andreas (2007) could not find any significant relationship between these two time series. The conclusion drawn from empirical literature is that earlier studies tended to find insignificant relationship between export and exchange rate volatility. Cases where significant relations were found, it was both negative and positive.

Hooper and Kohlhaugen (1978) examined the effects of exchange rate uncertainty on the volume of trade among developed countries. They did not find any significant impact of exchange rate volatility on the volume of trade. Cushman (1983) found negative relation between exchange rate volatility and volume of trade in the developed countries. Akhtar and Hilton (1984) examined the bilateral trade between West Germany and US and found that the exchange rate volatility has a significant negative impact on the exports and imports of two countries. Bailey et al. (1986) investigated the effect of exchange rate volatility on export of leading OECD countries (Canada, France, Germany, Italy, Japan, UK and US). The study revealed that exchange rate volatility has positive effect both in long run and short run. The studies by Virmani (1991), Joshi and Little (1994) and Srinivasan (1998) observed a negative and significant relationship between the real exchange rate and merchandise aggregate exports in India. Chowdhury (1993) investigated the impact of exchange rate volatility on the trade flows of the G-7 countries in context of a multivariate error-correction model. They found that the exchange rate volatility has a significant negative impact on the volume of exports in each of the G-7 countries. Besides, Frankel and Wei (1993) observed negative effects of volatility on trade flows with selected Asian countries.

Qian and Virangis (1994) examined the impact of exchange rate volatility on trade in six countries using ARCH model. The empirical results showed a negative link between exchange rate volatility and export volumes for Australia, Canada, and Japan and positive for United Kingdom, Sweden, and Netherlands. Fountas and Bredin (1998) showed that exchange rate volatility had short-run negative impact on real exports of Ireland to United Kingdom. Arize et al. (2000) investigated real exchange rate volatility on the exports of 13 less developed countries using Johansen's multivariate procedure and error correction model. Their study revealed a significant negative impact of volatility on export flows. Aristotelous (2001) also reported an insignificant relationship between exchange rate volatility on the UK-US exports. Using error correction model and cointegration approach, Vergil (2002) investigated the impact of real exchange rate volatility on export flows of Turkey to the US and three major trading partners in the European Union. The study showed that real exchange rate volatility was found to have negative relationship with exports both in long run and short run. Wang and Barrett (2002) found no significant relationship between expected exchange rate volatility and trade volumes in their investigation of Taiwan's exports to the United States. Besides, Baak et al. (2002) investigated the impact of exchange rate volatility on exports of four East Asian countries (Hong Kong, South Korea, Singapore and Thailand). Their results indicated that exchange rate volatility has negative impacts on exports in both the short run and long run. Srinivasan and Wallack (2003) and Veeramani (2008) found a negative and significant relationship between the real exchange rate and merchandise aggregate exports in India.

Akbostanci (2004) examined the short-run and long-run behaviors of the trade balance and real exchange rate using Turkish data. The study found that a real depreciation of the Turkish lira improved the Turkish trade balance in the long-run. Calderon (2004) investigated the impact of exchange rate variability on trade openness in a sample containing 79 countries and concluded that impact of volatility of real exchange rates was found to be meager. Using the ARDL bounds testing method to cointegration, De Vitta and Abbott (2004) observed that short-term volatility in exchange rate does not affect UK exports to the EU. However, there are significant and negative effects of volatility on UK exports to EU in the long-run. Mustafa and Nishat (2004) employed error correction model and cointegration approach to investigate the effect of exchange rate volatility on export growth between Pakistan and other leading trade partners such as SAARC, ASEAN, European and Asia Pacific regions. They found that exchange rate volatility had negative impact on export flows of Pakistan with United Kingdom, United States, Australia, Bangladesh and Singapore. While in the case of India and Pakistan, there exists only long-run impact and no short run relationship. In the case of New Zealand and Malaysia, no relationship was found. Kikuchi (2004) examined the impact of exchange rate volatility on exports in five East Asian Countries (Indonesia, Philippines, Singapore, South Korea and Thailand). The empirical results revealed negative relationship in Indonesia and positive relationship in Philippines, Singapore and Thailand. Besides, there is no relationship found in the case of Singapore and Thailand. Cameron et al (2005) further provided evidence for negative effects of exchange rate variability on Uganda's coffee exports.

Exchange rate volatility is a crucial element that needs to be considered for developing countries that depend extensively on trade, for example the case of India. It has traditionally been argued that exchange rate volatility may hinder the flow of international trade centred on the notion that exchange rate volatility represents uncertainty and will impose costs on risk-averse commodity traders. Exchange rate volatility is often treated as a risk and an increase in volatility would raise cost for risk-averse traders and depress trade (Ethier, 1973).

Todani and Munyama (2005) examined the relationship between exports and exchange rate volatility in South Africa. The study revealed a positive relationship between South African exports and exchange rate volatility in the both long-run and short-run. Rey (2006) investigated the impacts of nominal and real effective exchange rate volatility on exports of 6 Middle Eastern and North Africa (MENA) Countries to 15 member countries of the European countries (EU). The empirical results showed that MENA exports and exchange rate volatility are positively related in the case of Algeria, Egypt, Tunisia and Turkey in the long-run but negatively related with Israel and Morocco. Further, the MENA exports and exchange rate volatility is positively related in the short-run for Morocco, Algeria, Tunisia and Turkey but negatively related for Egypt and Israel. Fang et al (2006) investigated the effect of exchange rate movement on exports of Eight Asian countries. The study revealed that real exchange rate depreciation has significant impact on exports for all countries except Singapore whereas exchange rate risk proves positive for Malaysia and Philippines but negative for Indonesia, Japan, Singapore, Taiwan and no effect for Korea and Thailand. Mocerero and Winograd (2007) analyzed the link between real exchange volatility and exports in the case of Argentina. The study showed that decrease in real exchange volatility has a positive impact on exports to Brazil but a negative impact for the rest of world. Aliyu (2008) examined the impact of exchange rate volatility on non-oil export trade in Nigeria. The study observed that exchange rate volatility was found to have an adverse effect on non-oil exports in the long-run while in the short run, there is positive relationship. Chit, Rizov and Willenbockel (2008) examined the impact of real exchange rate volatility on real export of five emerging East Asian countries among themselves. The empirical results showed that real exchange rate volatility has negative impact on exports among emerging East Asian countries. Musonda (2008) showed negative short-run and long-run impacts of exchange rate volatility on non-traditional exports performance in Zambia. Sekantsi (2008) employed Autoregressive Distributed Lag (ARDL) approach and provided evidence that real exchange rate volatility exerts a significant and negative impact on South Africa's exports to the United States

From the review of empirical literature on exports and exchange rate volatility, it is clear that the majority of the studies mainly focused on emerging economies like India. However, the studies pertaining to Indian context reveal mixed results. Hence, the effect of exchange rate variability on exports is still a debatable issue. But at the same instance studies have also been conducted on the impact of exchange rate volatility on the policy making. These criteria also found the biased reports. It has been found that the policies of the government have never got impacted from the exchange rate volatility. Satyandra (2001), Kernal (1997), Henson (1989), Preg and kertel (2005), Sarback (2005), Mitun (2009), Victor and christan (2008), satyananda (2005) etc have extensively worked on the developing economy and found that the results of exchange rate volatility on the policy making had never a positive which indicated that exchange rate are not impacting the policy. But at the same time the literatures have been found that there, exchange rates not only influence the export but also influence the policy making and its sub organisations which are established for the promotion of export. Peterbag (1998), Anand (2003), Seemer kaur (2006), Biraj and Verma (2003), Denis (2003) and many more working on the impact of external shocks on policy formulation has clearly indicated that there is an impact of exchange rate volatility on the export policies and also export promotion councils.

OBJECTIVES

1. To evaluate the impact of exchange rate volatility on Export Oriented Units
2. To evaluate the impact of Exchange rate volatility on SEZs
3. To Evaluate the impact of Exchange rate volatility on Total Export

HYPOTHESIS

H0: there is no impact of USD/IND on EOUs, SEZs

H1: there is impact of USD/IND on EOUs, SEZs

H0: there is no impact of USD/IND on total export

H2: there is impact of USD/IND on total export

H0: change in the value of pound, euro, yen and Franc will impact on EOUs and SEZs

H3: change in the value of pound, euro, yen and Franc will not impact on EOUs and SEZs

H0: change in the value of pound, euro, yen and Franc will impact on Total export

H4: change in the value of pound, euro, yen and Franc will not impact on Total export

METHODOLOGY

The study has been conducted on top tradable currencies of the world. These top tradable currencies have been considered from the BIS - Bank of International Settlement which is published for triennial (once in three years). The study is both qualitative and quantitative in nature. Top currencies taken for the study are as follows.

1. USD
2. British Pound
3. European EURO
4. Japanese yen
5. Swiss franc

To estimate the impact of top tradable currencies, an Econometric technique has been applied. Since the study is on time series data, analysis a non-parametric test has been conducted. The data analysis has been done through applying the Unit root test to check the stationarity, followed by Johenson cointegration test to check the long run cointegration and GARCH Test to check the direct impact. The Fifteen year data has been considered for the study which is from 2000-01 to 2015-16. Eviews software was used for the analysis. EOUs - Export oriented Units, SEZs - Special Economic Zones and Total Export of India considered as dependent variables and all the top tradable currencies viz. US dollar, Briton Pound, European EURO, Japanese Yen and Swiss Franc are considered as independent variables.

Unit Root Test (Stationarity Test)

Empirical work based on time series data assumes that the underlying time series is stationary. Broadly speaking a data series is said to be stationary if its mean and variance are constant (non-changing) over time and the value of covariance between two time periods depends only on the distance or lag between the two time periods and not on the actual time at which the covariance is computed [Gujrati (2003)]. A unit root test has been applied to check whether a series is stationary or not. Stationarity condition has been tested using Augmented Dickey Fuller (ADF) [Dickey and Fuller (1979, 1981), Gujarati (2003), Enders (1995)].

Augmented Dickey-Fuller (ADF) Test

Augmented Dickey-Fuller (ADF) test has been carried out which is the modified version of Dickey-Fuller (DF) test. ADF makes a parametric correction in the original DF test for higher-order correlation by assuming that the series follows an AR (p) process. The ADF approach controls for higher-order correlation by adding lagged difference terms of the dependent variable to the right-hand side of the regression.

Generalized Autoregressive Conditional Heteroscedastic (GARCH) model

The generalized autoregressive conditional heteroscedastic (GARCH) model is used in this paper to investigate the volatility impact on the dependent variables. The GARCH model was introduced by Bollerslev (1986) as a generalized version of Engle's (1982) Auto Regressive Conditional Heteroscedasticity (ARCH). The GARCH (p,q) model suggests the conditional variance of returns is a linear function of lagged conditional variance terms and past squared error terms. The standard GARCH (p,q) model specification is as follows:

$$y_t = x_t' \theta + \varepsilon_t \quad \varepsilon_t \sim N(0; \sigma_t^2)$$

$$\sigma_t^2 = \omega + \sum_{i=1}^p \alpha_i \varepsilon_{t-i}^2 + \sum_{j=1}^q \beta_j \sigma_{t-j}^2$$

Where ω is constant, ε_{t-i}^2 is an ARCH term and σ_{t-j}^2 is a GARCH term. This model is widely used especially in financial time series analysis.

FINDING AND ANALYSIS

To analyse the impact of Indian and top tradable currencies on the SEZs, EOUs and Export of India a *Unit Root Test* has been conducted followed by *Johenson Cointegration Test* to check long run cointegration and when the data is fit enough, to check the impact, the GARCH model/ test is applied.

RESULTS OF UNIT ROOT TEST

In time series analysis, stationarity of the series is examined by unit root tests. Most commonly used tests in literature to ascertain the stationarity level of series are ADF test developed by Dickey and Fuller in (1979) and ADF-GLS unit root test developed by Elliott, Rothenberg and Stock in (1996) which is an improvement of the original ADF test. These two tests were used in this study for determining the stationarity level of series. A unit root test has been conducted by taking the entire variables like EOUs, SEZs, total export from India, Indian exchange rate volatility and exchange rate volatility of top tradable currencies (Table 1). It has been found from Table 1 that the variables are stationary at the constant but not at first difference and hence it can be interpreted as I (0).

RESULTS OF JOHNSON COINTEGRATION TEST

Johenson cointegration test has been applied to check the long run cointegration among the variables. table 2, table 3 and table 4 exhibit the result of long run cointegration of exchange rate volatility of India and exchange rate volatility of top tradable currencies over the export oriented units, special economic zone and total export of India.

- From *Table 2*, it has been shown that British pound and Japanese yen show long run cointegration over export oriented units and rest of the variables such as Exchange rate volatility of India and Exchange rate volatility of EURO and Swiss Franc do not exhibit long run cointegration
- From the *Table 3*, it has been found that only Exchange rate volatility of Indian rupee exhibit long run relation with Special Economic Zones. Rest of the variables such as British pound, Chinese yen, European Euro and Swiss Franc do not exhibit the long run relation.
- From the *Table 4*, it has been found that only yen shows the long run cointegration with the total export of India and rest such as exchange rate volatility of Indian rupee, euro, British pound, and Swiss franc do not exhibit the long run cointegration.

RESULTS OF THE GARCH TEST

From the Johenson cointegration test it has been found mixed results of cointegration hence a separate GARCH test has been conducted on each variable. The results obtained are shown in table 5. According to the results shown in table 5

Impact of Top tradable currencies on EOUs: From the GARCH test analysis all the variables shown are above 5% hence EOUs- Export Oriented Units have no impact from Top tradable currencies, hence H_0 is accepted.

Impact of Top Tradable Currencies on SEZs: From the GARCH test analysis all the variables shown are above 5% hence SEZs- Special Economic Zones have no impact from top tradable currencies, Hence H_0 is accepted.

Impact of Top tradable Currencies on total export of India: From the GARCH test analysis all the variables shown are above 5% hence total export of India has no impact from the top tradable currencies.

CONCLUSION

In many developing countries where their worth of the currencies are not better than the developed countries and often they suffer in the economic shocks. Any fluctuation of the exchange rate volatility of native as well as foreign currencies will adversely affects other macroeconomic variables, which again influence the internal business environment and policy making. But there are many empirical results which clearly indicate that the fluctuation in the exchange rate volatility will not be going to influence the export or any policy making or on export oriented units, hence upholding the economic theories on the exchange rate and export saying that exports increase when currency value decreases. In this research work, the results are clearly indicating the negative impact of exchange rate volatility of top tradable currencies in export and export oriented units and SEZs. A GARCH Test has been conducted to analyse the impact which has shown more than 5% indicating that exchange rate volatility of top tradable currencies have negative impact on export oriented units, SEZs and total export of India

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APPENDIX

TABLE 1: UNIT ROOT TEST OF THE SELECT VARIABLES

			Constant			First Difference			Result
			Level	level and intercept	none	Level	level and intercept	none	
USD/IND	Augmented Dickey-Fuller test		-2.69382	-2.42017	-1.71672	-3.26665	-4.77223	-3.18523	variables are not stationary at constant I(0)
	Test critical values:	1% level	-4.00443	-5.124875	-2.74061	-4.05791	-5.12488	-2.75499	
		5% level	-3.0989	-3.933364	-1.96843	-3.11991	-3.93336	-1.97098	
		10% level	-2.69044	-3.42003	-1.60439	-2.7011	-3.42003	-1.60369	
	Probability		0.0994	0.352	0.0812	0.039	0.0625	0.004	
USD/GBR	Augmented Dickey-Fuller test		-1.35771	-0.634808	-0.25503	-2.76684	-4.00293	-2.88563	variables are not stationary at constant I(0)
	Test critical values:	1% level	-4.00443	-4.80008	-2.74061	-4.05791	-4.88643	-2.75499	
		5% level	-3.0989	-3.791172	-1.96843	-3.11991	-3.82898	-1.97098	
		10% level	-2.69044	-3.342253	-1.60439	-2.7011	-3.36298	-1.60369	
	Probability		0.5717	0.9575	0.576	0.0899	0.1679	0.0076	
USD/EURO	Augmented Dickey-Fuller test		-1.53904	-2.539166	-0.13499	-3.87762	-4.34548	-3.98669	variables are not stationary at constant I(0)
	Test critical values:	1% level	-4.00443	-4.80008	-2.74061	-4.05791	-4.99228	-2.75499	
		5% level	-3.0989	-3.791172	-1.96843	-3.11991	-3.8753	-1.97098	
		10% level	-2.69044	-3.342253	-1.60439	-2.7011	-3.38833	-1.60369	
	Probability		0.4854	0.3077	0.6194	0.0136	0.0254	0.0008	
USD/JYP	Augmented Dickey-Fuller test		-2.3617	-3.82	0.229229	-2.36427	-2.06596	-2.46701	variables are not stationary at constant I(0)
	Test critical values:	1% level	-4.05791	-4.886426	-2.77193	-4.12199	-4.99228	-2.77193	
		5% level	-3.11991	-3.828975	-1.97403	-3.14492	-3.8753	-1.97403	
		10% level	-2.7011	-3.362984	-1.60292	-2.71375	-3.38833	-1.60292	
	Probability		0.1695	0.0507	0.7354	0.17	0.5114	0.0187	
USD/CHF	Augmented Dickey-Fuller test		0.191122	-2.990029	1.807068	-3.38686	-3.58	-3.0317	variables are not stationary at constant I(0)
	Test critical values:	1% level	-4.00443	-4.886426	-2.74061	-4.12199	-4.99228	-2.75499	
		5% level	-3.0989	-3.828975	-1.96843	-3.14492	-3.8753	-1.97098	
		10% level	-2.69044	-3.362984	-1.60439	-2.71375	-3.38833	-1.60369	
	Probability		0.9611	0.1709	0.9765	0.0337	0.0766	0.0056	
EOU	Augmented Dickey-Fuller test		-1.46809	-2.396932	-1.08365	-3.28101	-3.29029	-3.37956	variables are not stationary at constant I(0)
	Test critical values:	1% level	-4.00443	-4.886426	-2.74061	-4.12199	-4.99228	-2.77193	
		5% level	-3.0989	-3.828975	-1.96843	-3.14492	-3.8753	-1.97403	
		10% level	-2.69044	-3.362984	-1.60439	-2.71375	-3.38833	-1.60292	
	Probability		0.5194	0.3637	0.2382	0.04	0.1152	0.0029	
SEZ	Augmented Dickey-Fuller test		-2.41748	-3.460641	-2.43119	-1.97238	-1.76634	-2.31758	variables are not stationary at constant I(0)
	Test critical values:	1% level	-4.20006	-5.124875	-2.74061	-4.29707	-5.29538	-2.81674	
		5% level	-3.17535	-3.933364	-3.96843	-1.2127	-1.00816	-1.98234	
		10% level	-2.72899	-3.42003	-1.60439	-2.74768	-3.46079	-1.60114	
	Probability		0.1245	0.0947	0.0193	0.0019	0.0068	0.0063	
SEZ and EOU	Augmented Dickey-Fuller test		-0.59474	-1.381016	-2.67361	-2.74254	-2.68902	-1.87245	variables are not stationary at constant I(0)
	Test critical values:	1% level	-4.00443	-4.80008	-2.74061	-4.05791	-4.88643	-2.75499	
		5% level	-3.0989	-3.791172	-1.96843	-1.11991	-1.82898	-1.97098	
		10% level	-2.69044	-3.342253	-1.60439	-2.7011	-3.36298	-1.60369	
	Probability		0.8424	0.8197	0.0115	0.0035	0.0003	0.0005	
Total Export	Augmented Dickey-Fuller test		-1.60837	-0.422008	-4.83798	-2.76956	-6.06264	-0.75166	variables are not stationary at constant I(0)
	Test critical values:	1% level	-4.00443	-4.80008	-2.74061	-4.05791	-5.29538	-2.77193	
		5% level	-3.0989	-3.791172	-1.96843	-3.11991	-4.00816	-1.97403	
		10% level	-2.69044	-3.342253	-1.60439	-2.7011	-3.46079	-1.60292	
	Probability		0.4525	0.9738	0.0001	0.0895	0.0043	0.3695	

Table 2: Johanson cointegration test on Export Oriented Units

variables	Hypothesis	Eigenvalue	Unrestricted Cointegration Rank Test (Trace)			Unrestricted Cointegration Rank Test (Maximum Eigenvalue)			result
			Trace	0.05	Prob.	Max-Eigen	0.05	Prob.	
USD/IND	None	0.438873	10.77499	15.49471	0.2257	7.511504	14.2646	0.4305	no long run cointegration
	At most 1	0.222007	3.26349	3.841466	0.0708	3.26349	3.841466	0.0708	
USD/GBR	None	0.67007	16.77561	15.49471	0.0319	14.41539	14.2646	0.0473	there is long run cointegration
	At most 1	0.166028	2.360225	3.841466	0.1245	2.360225	3.841466	0.1245	
USD/EURO	None	0.603145	13.37269	15.49471	0.1018	12.01438	14.2646	0.1101	no long run cointegration
	At most 1	0.099212	1.358312	3.841466	0.2438	1.358312	3.841466	0.2438	
USD/YEN	None	0.633022	13.98124	15.49471	0.0835	13.03189	14.2646	0.0776	there is long run cointegration
	At most 1	0.070424	0.949347	3.841466	0.3299	0.949347	3.841466	0.3299	
USD/CHF	None	0.455265	7.949885	15.49471	0.4708	7.896932	14.2646	0.3892	no long run cointegration
	At most 1	0.004065	0.052953	3.841466	0.818	0.052953	3.841466	0.818	

Table 3: Johanson cointegration test on Special Economic Zone

variables	Hypothesis	Eigenvalue	Unrestricted Cointegration Rank Test (Trace)			Unrestricted Cointegration Rank Test (Maximum Eigenvalue)			result
			Trace	0.05	Prob.	Max-Eigen	0.05	Prob.	
			USD/IND	None	0.665632	23.69594	15.49471	0.0023	
	At most 1	0.516765	9.45428	3.841466	0.0021	9.45428	3.841466	0.0021	
USD/GBR	None	0.2822	4.73649	15.49471	0.8361	4.310338	14.2646	0.8252	no long run cointegration
	At most 1	0.032249	0.426152	3.841466	0.5139	0.426152	3.841466	0.5139	
USD/EURO	None	0.510097	15.13538	15.49471	0.0566	9.276123	14.2646	0.2639	no long run cointegration
	At most 1	0.362825	5.859252	3.841466	0.0155	5.859252	3.841466	0.0155	
USD/YEN	None	0.710623	21.8029	15.49471	0.0049	16.12032	14.2646	0.0252	no long run cointegration
	At most 1	0.354107	5.682576	3.841466	0.0171	5.682576	3.841466	0.0171	
USD/CHF	None	0.408984	9.811467	15.49471	0.2955	6.83685	14.2646	0.5086	no long run cointegration
	At most 1	0.204526	2.974617	3.841466	0.0846	2.974617	3.841466	0.0846	

Table 4: Johanson cointegration test on total Export

variables	Hypothesis	Eigenvalue	Unrestricted Cointegration Rank Test (Trace)			Unrestricted Cointegration Rank Test (Maximum Eigenvalue)			result
			Trace	0.05	Prob.	Max-Eigen	0.05	Prob.	
			USD/IND	None	0.526825	16.15767	15.49471	0.0397	
	At most 1	0.39019	6.429895	3.841466	0.0112	6.429895	3.841466	0.0112	
USD/GBR	None	0.239092	5.875248	15.49471	0.7102	3.552161	14.2646	0.9033	no long run cointegration
	At most 1	0.163642	2.323087	3.841466	0.1275	2.323087	3.841466	0.1275	
USD/EURO	None	0.493298	14.11505	15.49471	0.0798	8.837813	14.2646	0.2999	no long run cointegration
	At most 1	0.333651	5.277242	3.841466	0.0216	5.277242	3.841466	0.0216	
USD/YEN	None	0.843524	28.69916	15.49471	0.0003	24.11308	14.2646	0.001	there is long run cointegration
	At most 1	0.297265	4.586082	3.841466	0.0322	4.586082	3.841466	0.0322	
USD/CHF	None	0.566813	17.25218	15.49471	0.0269	10.87561	14.2646	0.1605	no long run cointegration
	At most 1	0.387683	6.376573	3.841466	0.0116	6.376573	3.841466	0.0116	

Table 5 - GARCH test Results

	GARCH Test results	Checking for Serial correlation, Arch Effect and Residuals normally distributed			
		Checking for Serial Correlation	ARCH Effect	Residuals of normal distribution	
				Jarque Bera	P value is
Impact of USD/IND on EOU	92.90%	All p-Value is above 5%	0.9688	7.093942	0.028812
Impact of USD/GBR on EOU	99.62%	All p-Value is above 5%	0.9098	4.009856	0.134673
Impact of USD/EURO on EOU	52.71%	All p-Value is above 5%	0.8096	1.531638	0.464953
Impact of USD/YEN on EOU	97.00%	All p-Value is above 5%	0.7446	5.360037	0.068562
Impact of USD/CHF on EOU	82.83%	All p-Value is above 5%	0.9456	24.49512	0.000003
Impact of USD/IND on SEZ	75.05%	All p-Value is above 5%	0.6653	1.258826	0.532904
Impact of USD/GBR on SEZ	30.57%	All p-Value is above 5%	0.0394	1.664169	0.435141
Impact of USD/EURO on SEZ	54.05%	All p-Value is above 5%	0.2702	1.384333	0.500516
Impact of USD/YEN on SEZ	16.33%	All p-Value is above 5%	0.2485	0.796717	0.671421
Impact of USD/CHF on SEZ	40.63%	All p-Value is above 5%	0.8515	1.820576	0.402408
Impact of USD/IND on EXPORT	11.14%	All p-Value is above 5%	0.4142	1.230914	0.540126
Impact of USD/GBR on EXPORT	53.30%	All p-Value is above 5%	0.3837	1.563903	0.457506
Impact of USD/EURO on EXPORT	55.53%	All p-Value is above 5%	0.4566	1.5793	0.454004
Impact of USD/YEN on EXPORT	58.62%	All p-Value is above 5%	0.3633	1.166715	0.558022
Impact of USD/CHF on EXPORT	55.05%	All p-Value is above 5%	0.1483	0.785524	0.675189

TRENDS OF DEBT WAIVER & DEBT RELIEF UNDER “THE AGRICULTURE DEBT WAIVER AND DEBT RELIEF SCHEME (ADWDRS), 2008” AMONG THE COMMERCIAL BANKS IN INDIA

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ABSTRACT

Agriculture is the backbone of the country; despite the contribution of agriculture is declining since past few decades in terms of GDP of the country. It is still the major employer for majority of the population. One of the major reasons for decline in growth of agriculture is lack of credit towards agriculture sector and despite making mandatory for lending to agriculture. The growth is still very less compared to other sectors. To address the problem and difficulties faced by the farming community in repayment of loans. Government of India under ADWDRS, 2008 provided complete waiver to small and marginal farmers and relief to other farmers. This is an attempt to study the trends of debt waiver and debt relief under ADWDRS, 2008 and the economic impact pre and post launch of scheme in terms of agriculture lending and to study the further lending provided by the banks to the beneficiaries of the scheme.

KEYWORDS

ADWDRS, debt waiver, debt relief.

INTRODUCTION

The Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 was launched in May 2008 to address the problems and difficulties faced by the farming community in repayment of loans taken by them and in helping them qualify for fresh loans. Under the scheme, complete waiver of 'eligible amount' was to be provided to Marginal /Small farmers while a one-time relief of 25 per cent of the 'eligible amount' was to be provided to Other farmers subject to payment of the balance 75 per cent of the 'eligible amount' by the farmer. Agricultural loans meeting the following set of conditions were to be covered under the scheme:

- > Loans disbursed between 1 April 1997 and 31 March 2007 and,
- > Overdue as on 31 December 2007 and,
- > Remaining unpaid up to 29 February 2008.

The scheme was to be implemented by 30 June 2010.

At the Government of India (GOI) level, the Department of Financial Services (DFS), Ministry of Finance, was the apex authority responsible for administration and implementation of the scheme. This included preparation of guidelines, release of funds and overall monitoring. Reserve Bank of India (RBI) was the nodal agency for implementation and monitoring of the scheme for Scheduled Commercial Banks, Urban Cooperative Banks and Local Area Banks. National Bank for Agriculture and Rural Development (NABARD) was similarly responsible for Cooperative Credit Institutions and Regional Rural Banks.

TYPES OF AGRICULTURE LOANS COVERED UNDER THE SCHEME

Agriculture loans are bifurcated into Direct Agriculture loans and Indirect Agriculture loans. Direct agriculture loans include mainly short term crop loans for agriculture purpose. Indirect Agriculture also known as Investment credit for agriculture covers loans availed by farmers for agriculture and allied activities.

Short Term Crop Loans: The loans are given with a sole intention for rising of crops and to fulfill working capital requirements (Kisan Credit Card); loans have to be repaid within 12 months. These loans are renewed once the harvest proceeds are received by the farmers and the loan has been repaid. Credit to farmers to meet their production credit needs (cultivation expenses) besides meeting contingency expenses, and expenses related to ancillary activities through simplified procedure facilitating sanctioning of the loans as and when needed.

Investment Credit for agriculture: These loans comprise investment credit for both direct agriculture activities and allied activities. The loans which are given for a period of more than 12 months fall under this category. The credit extended for capital investment designed to increase the output from the land, e.g. deepening of wells, sinking of new wells, installation of pump sets, purchase of tractor / pair of bullocks, land development and term loan for traditional and non-traditional plantations and horticulture. The latter included credit extended for acquiring assets in respect of activities allied to agriculture like dairy, poultry, farming, goatery, sheep rearing, piggyery, fisheries, bee-keeping, green houses and biogas.

CATEGORISATION OF BENEFICIARIES

Farmers who had taken Short Term Production Loans or Investment Loans for agricultural activities - Such farmers qualified for the scheme and were categorised according to the following parameters:

- a) Marginal farmer: A farmer cultivating (as owner or tenant or share cropper) agricultural land up to 1 hectare (2.5 acres).
- b) Small farmer: A farmer cultivating (as owner or tenant or share cropper) agricultural land more than 1 hectare and up to 2 hectares (5 acres).
- c) Other farmer: A farmer cultivating (as owner or tenant or share cropper) agricultural land more than 2 hectares (more than 5 acres).

Farmers who had taken Investment Loan for allied activities - Land holding was not the criteria for categorisation of farmers for investment loan for allied activities. The categorisation of farmers under this category was based on the amount of loan obtained for allied activities.

- a) Marginal farmer: Farmer obtaining loan up to Rs. 50,000.
- b) Small farmer: Farmer obtaining loan up to Rs. 50,000.
- c) Other farmer: Farmer obtaining loan above Rs. 50,000.

ELIGIBLE AMOUNTS AND CUT-OFF DATES

The amount eligible for debt waiver or debt relief, as the case may be, would qualify only subject to certain conditions. These conditions were:

In the case of a short-term production loan, the amount of such loan (together with applicable interest):

- Disbursed up to 31 March 2007 and overdue as on 31 December 2007 and remaining unpaid until 29 February 2008; or
- Restructured and rescheduled by banks in 2004 and in 2006 through the special packages announced by the Central Government, whether overdue or not; or
- Restructured and rescheduled in the normal course up to 31 March 2007 as per applicable RBI guidelines on account of natural calamities, whether overdue or not.

In the case of an investment loan, the installments of such loan that was overdue (together with applicable interest on such installments) if the loan was:

- Disbursed up to 31 March 2007 and overdue as on 31 December 2007 and remaining unpaid until 29 February 2008;
- Restructured and rescheduled by banks in 2004 and in 2006 through the special packages announced by the Central Government; and
- Restructured and rescheduled in the normal course up to 31 March, 2007 as per applicable RBI guidelines on account of natural calamities.
- In the case of an investment loan disbursed up to March 31, 2007 and classified as non-performing asset or suit filed account, only the installments that were overdue as on December 31, 2007 shall be the eligible amount.

BENEFITS UNDER DEBT WAIVER AND DEBT RELIEF

Debt waiver essentially signified 100 per cent waiver of the 'eligible amount' while debt relief signified waiver of 25 per cent of the 'eligible amount' under a One-Time Settlement (OTS) scheme. Debt waiver or debt relief was to be applicable as follows:

Marginal and Small farmer: The entire 'eligible amount' was to be waived.

Other farmer: The farmer would be given a rebate of 25 per cent of the 'eligible amount' subject to the condition that the farmer paid the remaining 75 per cent of the 'eligible amount'.

LITERATURE REVIEW

Martin Kanz (2011) examined the efficiency effects of debt relief how they outweighed the moral hazard problems and behavioral responses arising from the prospect of future bailouts. Opponents of debt relief warned that unconditional bailouts may do lasting damage to the culture of prudent borrowing, in fact making banks more reluctant to lend to marginal borrowers.

Dr.Narendra Jadhav (2008) examined the fundamental malady behind the farmers' indebtedness and distress is the uneconomical state of farming. As long as capacity and willing ness towards repayment is not created among the farmers through medium and long term measures, the possibility of farmers receiving Debt Waiver again getting back into the debt trap certainly remains.

Anjani Kumara*, K. M. Singhb and Shradhajali Sinhac (2010) examined the "Institutional Credit to Agriculture Sector in India: Status, Performance and Determinants". The structure of credit outlets has witnessed a significant change and commercial banks have emerged as the major source of institutional credit in recent years. But, the declining share of investment credit in the total credit may constrain the sustainable agricultural growth. The quantum of institutional credit availed by the farming households is affected by a number of socio-demographic factors.

Dr. Duvvuri Subbarao (2012) in his lecture pointed out that Development experience shows that credit is an important determinant of value added in agriculture. A quick assessment by the Reserve Bank of the relationship between institutional credit to agriculture (from commercial banks, cooperatives and RRBs) evidences positive and statistically significant elasticity - every 1 per cent increase in real agricultural credit results in an increase in real agricultural GDP by 0.22 per cent with a one-year lag.2 Further, the Granger causality test (based on lag length of 1) also indicates that the causality was unidirectional from agricultural credit to agricultural GDP.

STATEMENT OF THE PROBLEM

It is stated that under the ADWDR scheme, 2008, 3.73 crore farmers were benefited and Rs. 52259.86 crore were waived / relief. Debt waiver was for small and marginal farmers and Debt relief for other farmers.

Hence the present study is an attempt to study the trends of debt waiver and debt relief under ADWDRS, 2008 and the economic impact pre and post launch of scheme in terms of agriculture lending and to study the further lending provided by the banks to the beneficiaries of the scheme.

OBJECTIVES OF THE STUDY

- To study the trends of debt waiver and debt relief under ADWDRS 2008.
- To study the economic impact of ADWDRS 2008.
- To study the performance of Debt waiver and debt relief under ADWDRS 2008.

RESEARCH METHODOLOGY

The study mainly depends on secondary data collected through Right to Information (RTI) Act from Reserve Bank of India (RBI) and Department of Financial Services (DFS).

To analyze the data and to interpret the data analysis simple percentage is used. The study period span ranges from 2005 till 2015.

DATA ANALYSIS AND INTERPRETATION

There are 27 Public sector banks (PSBs), 18 Private sector banks and 4 local area banks which were benefitted under the 'Agriculture debt waiver and debt relief scheme, 2008'.

The data shows the total accounts and amounts eligible for debt waiver under Public sector banks (PSBs), Private sector banks and local area banks.

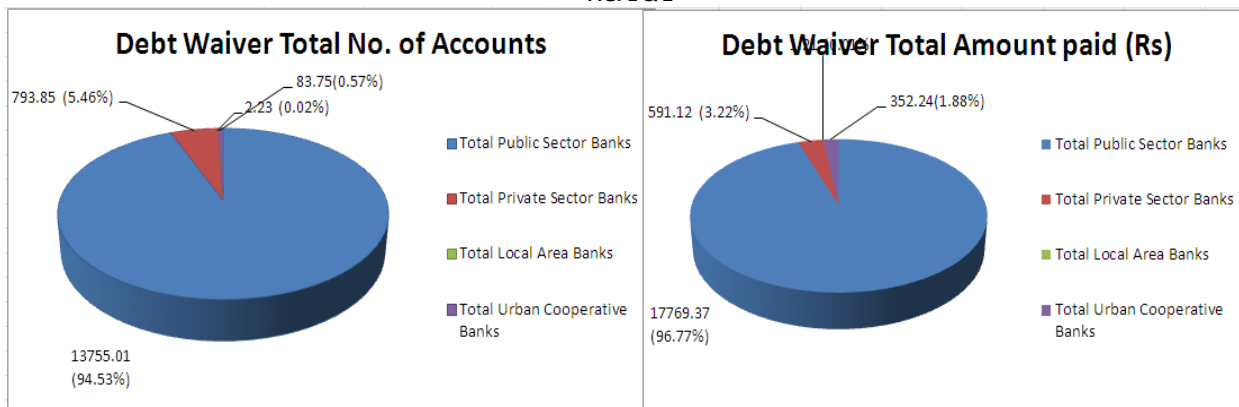
In terms of no. of account wise, under debt waiver in PSBs 1.37 crore accounts constituting 94.53 % of total debt waiver accounts were benefitted. In private banks 0.0079 crore accounts constituting 5.46 % total debt waiver accounts were benefitted. In Local area banks 2,230 accounts and in Urban Cooperative Banks 83,750 accounts were benefitted.

In terms of amount wise, under debt waiver in PSBs 17,769.37 crore was received constituting 96.77 % of the total amount received by all the banks. In private banks 591.12 crore was received constituting 3.22 % of the total amount received by all the banks. The local area banks received 1.214 crore and Urban Cooperative Banks received 352.24 crore.

TABLE 1 (No. of accounts in thousands and amount in crore Rs.)

	DEBT WAIVER		% of Total	
	Total Accs	Amt paid (Rs)	Accts	Amt paid
Total Public Sector Banks	13755.01	17769.37	93.99	94.95
Total Private Sector Banks	793.85	591.12	5.42	3.16
Total Local Area Banks	2.23	1.21	0.02	0.01
Total Urban Cooperative Banks	83.75	352.24	0.57	1.88
Total of All Banks	14634.84	18713.94		

FIG. 1 & 2

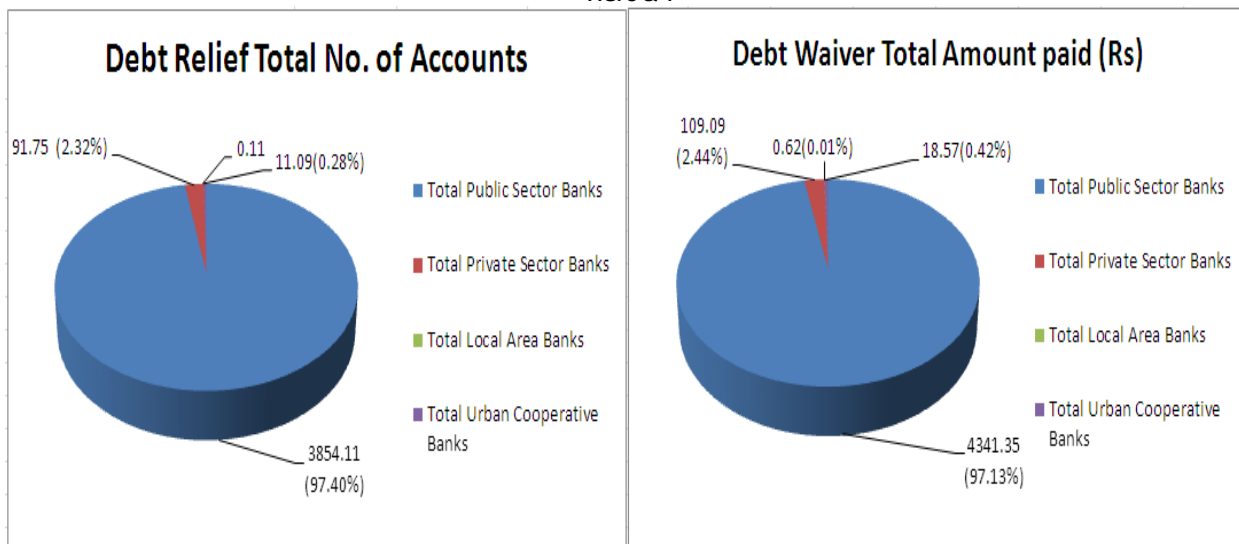


The data shows the total accounts and amounts eligible for debt relief under Public sector banks (PSBs), Private sector banks and local area banks. In terms of no. of account wise, under debt relief in PSBs is 0.38 crore accounts constituting 97.40 % of total debt relief accounts were benefitted. In private banks 91,750 accounts constituting 2.32 % total debt relief accounts were benefitted. In Local area banks 100 accounts were benefitted and in Urban Cooperative Banks 11,090 accounts were benefitted. In terms of amount wise, under debt relief in PSBs 4,334.35 crore was received constituting 97.13 % of the total amount received by all the banks. In private banks 109.90 crore was received constituting 2.44 % of the total amount received by all the banks. The local area banks received 0.62 crore and Urban Cooperative Banks received 18.57 crore.

TABLE 2 (No. of accounts in thousands and amount in million Rs.)

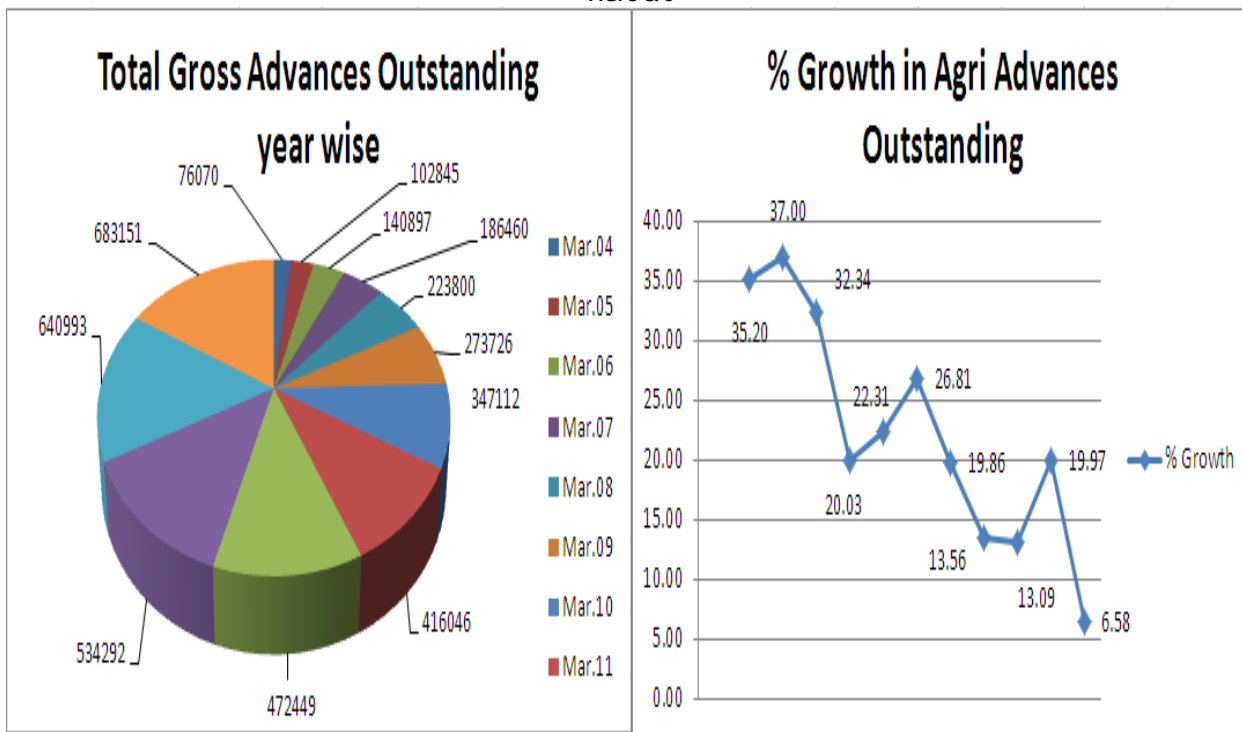
	DEBT RELIEF		% of Total	
	Total Accs	Amt paid (Rs)	Accts	Amt paid
Total Public Sector Banks	3854.11	4341.35	97.40	97.13
Total Private Sector Banks	91.75	109.09	2.32	2.44
Total Local Area Banks	0.11	0.62	0.00	0.01
Total Urban Cooperative Banks	11.09	18.57	0.28	0.42
Total of All Banks	3957.06	4469.63		

FIG. 3 & 4



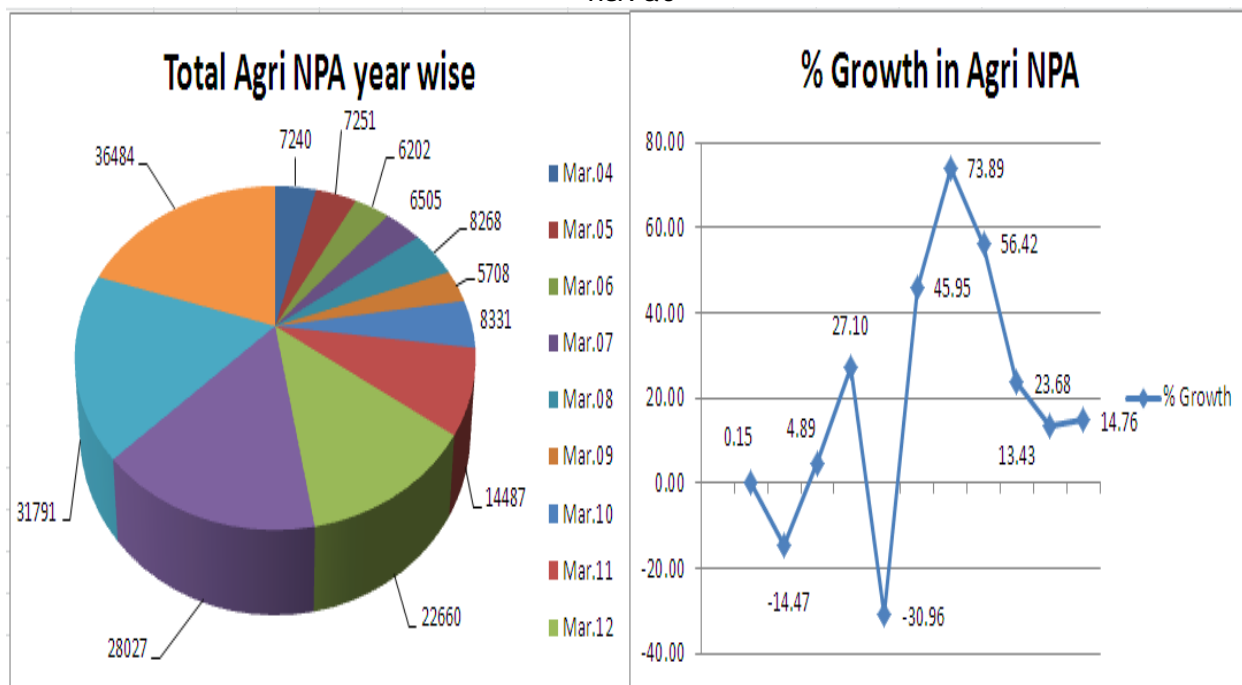
Public sector banks played a major role in the ADWDRS 2008 and to understand the economic impact we studied the lending done by Public sector banks towards agriculture sector, there are 28 public sector banks including SBI and its associates starting from March 2005 till March 2011. The data shows the Total Agriculture advances outstanding and Agriculture NPA disbursed by Public sector banks (PSBs) towards agriculture sector covering both direct agriculture and indirect agriculture from March 2004 till March 2015. In terms of Total Agriculture advances outstanding in PSBs has shown increasing trend (Quite obvious as Agriculture comes under priority sector lending). The agriculture advances outstanding increased from 76060 Crore in the year 2004 to 223800 Crore in the year 2008. The average agriculture credit growth rate during this period was 31.14 %. Post ADWDRS, 2008 the agriculture advances outstanding increased from 273726 Crore in the year 2009 to 683151 Crore in the year 2015. The average agriculture credit growth rate during this period was 19.27 %. The trend in the disbursement of agriculture advances year wise in PSBs during the last 12 years is plotted in the Chart below.

FIG. 5 & 6



In terms of Total Agriculture NPAs in PSBs has shown undulating trend (Due to waiver and relief provided under ADWDRS, 2008). The agriculture NPA increased from 7240 Crore in the year 2004 to 6505 Crore in the year 2008. The average agriculture NPA growth rate during this period was -3.14 %. Post ADWDRS, 2008 the agriculture NPA increased from 8268 Crore in the year 2009 to 36484 Crore in the year 2015. The average agriculture NPA growth rate during this period was 28.03 %. The trend in the growth of agriculture NPA year wise in PSBs during the last 12 years is plotted in the Chart below.

FIG. 7 & 8



To study the performance of ADWDRS 2008, we obtained the data on amount crystallised as eligible under the scheme both Debt relief and Debt waiver state wise and then compared it with the total no. of account and amount of fresh loan provided to beneficiaries of the scheme till 27.05.2015. In terms of growth amount wise for different States and Union Territories, has shown undulating trend. Only three major states Karnataka, Tamilnadu and West Bengal has shown positive growth in terms of lending to the beneficiaries of ADWDRS 2008. Out of these 3 states Karnataka has shown 103.92 % growth from 1.53 Crore to 3.12 Crore. Tamilnadu has shown 17.25 % growth from 3309.13 Crore to 3879.91 Crore. West Bengal has shown 46.79 % growth from 954.09 Crore to 1400.52 Crore. Most of the states have shown negative trend and few states due to non-availability of data we are unable to check their growth.

FIG. 9

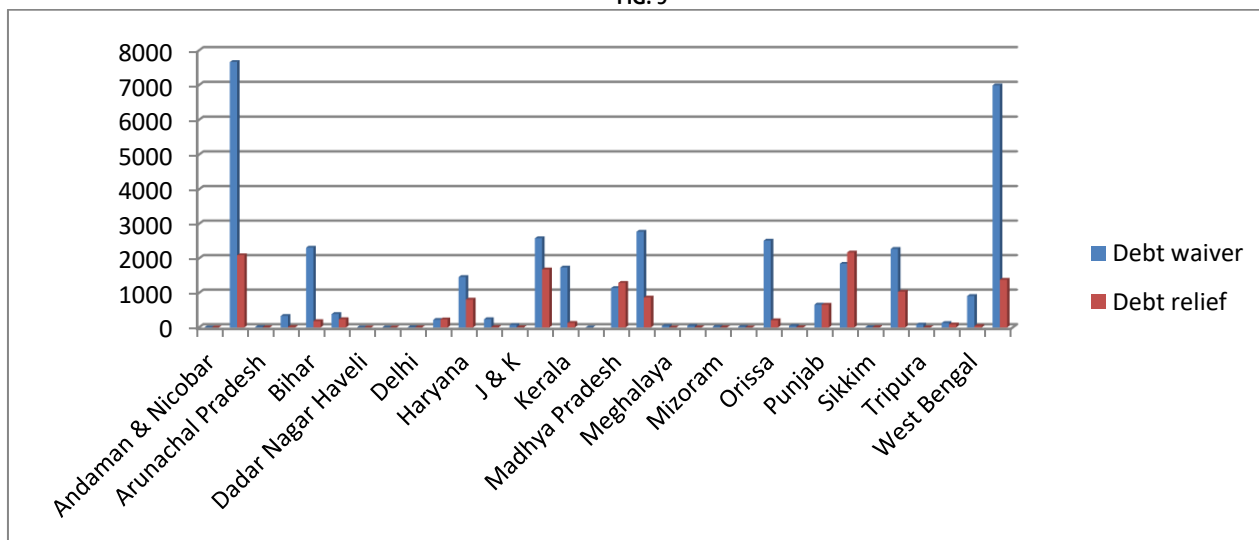
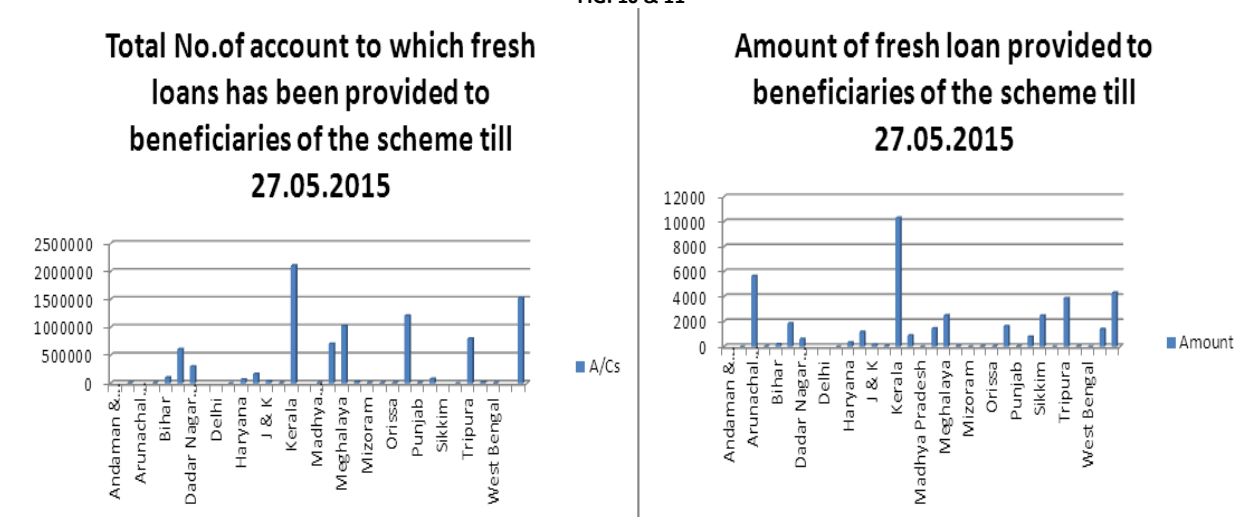


FIG. 10 & 11



SUMMARY OF FINDINGS

The following are the main findings from the study conducted:

1. It is evident in the Debt waiver implementation PSBs have played major role in terms of account has benefitted 1.11 crore constituting 93.32% of total debt waiver accounts. In terms of amount wise received under debt waiver, PSBs received 17,752 crore constituting 96.77% of total debt waiver amount received by all the banks.
2. PSBs played major role even in lending to other farmers and for investment credit in agriculture. In terms of no. of beneficiaries 0.38 crore constituting 97.64 % of total debt relief accounts were maintained by PSBs.
3. In terms of amount wise received under debt relief, PSBs received 4,334.16 crore constituting 97.54 % of total debt relief amount received by all the banks. In terms of no. of account under agriculture lending in PSBs has shown undulating trend there is a variation ranging from – 88 % to 970.48 %. Due to the implementation of ADWDRS there has been sudden rise before the launch of scheme in 2007 and after the launch of scheme 2009.
4. In terms of amount outstanding wise, under agriculture lending in PSBs has shown undulating trend. Starting from 2005 till 2008 there was a continuous increase till ADWDRS, 2008 then there was a sudden surge of 56.65 % in 2009, and the growth picked up in 2010 by 58.25% and decreased again in 2011 by 7.09%.
5. In terms of credit growth amount wise for different States and Union Territories, has shown undulating trend. Only three major states Karnataka, Tamilnadu and West Bengal has shown positive growth in terms of lending to the beneficiaries of ADWDRS 2008.
6. Out of 3 states Karnataka has shown 103.92 % growth from 1.53 Crore to 3.12 Crore. Tamilnadu has shown 17.25 % growth from 3309.13 Crore to 3879.91 Crore. West Bengal has shown 46.79 % growth from 954.09 Crore to 1400.52 Crore.
7. In terms of decline of credit to the beneficiaries of ADWDRS, 2008. Delhi stands first at 98.04%, followed by Uttarakhand at 96.66%, then by Manipur at 89.65%.
8. Commercial banks got Rs.49,710.09 crore out of total Rs.52,259.86 crore benefit to farmers under ADWDRS, 2008.
9. PSBs have always played major role in lending to agriculture sector lending loans to small, marginal and other farmers. PSBs borrowers were the major beneficiaries under ADWDRS due to wide reach and most branches located in rural and semi urban areas. Encourage banks to open more branches in tier 2 and tier 3 cities.
10. Due to the implementation of ADWDRS there has been sudden rise before the launch of scheme in 2007 and after the launch of scheme in 2009. In terms of amount wise under debt relief raises doubt whether any leakage of information about ADWDRS almost an year before to become beneficial for scheme.
11. To find the reasons from the PSBs for not extending credit to the beneficiaries of ADWDRS scheme. It defeats the purpose of launching ADWDRS to enable farmers get fresh credit for agriculture.

SUGGESTION

The following are the suggestions to study the trend of debt waiver and debt relief and growth of agriculture in PSBs from 2005 till 2011 and study on no. of beneficiaries under ADWDRS Total No. of account and Amount of fresh loans provided to beneficiaries of the scheme till 27.05.2015:

- Encourage banks to open more branches in tier 2 and tier 3 cities.
- Advise PSBs to maintain the spirit of relief schemes so that it will be more beneficial to the economy of the country.
- Increasing intensity of agriculture credit.
- Despite the impressive gains made by the rural credit delivery system in terms of resource mobilisation, geographical coverage and functional reach, the financial health of the rural credit institutions has deteriorated raising questions about their sustainability. Nearly three quarters of the farmer households still do not have access to the formal credit system and have no means to insure themselves against income shocks. This leaves them vulnerable to the informal money lenders.
- Credit for Promoting Rain-fed Agriculture: Nearly 65 per cent of agriculture in India is rain-fed, cultivated largely by small and marginal farmers. Evidently, improving productivity here is critical to overall agricultural growth. We cannot raise agricultural growth consistently to 4 per cent per annum without a focus on research and agricultural credit in rain-fed areas.

CONCLUSIONS

Agriculture defines the emotional and economic well-being of India. True, agriculture's share in GDP is less than 15 per cent but it still remains the direct domain of over half of the population whose economic prospects are linked to the performance of agriculture. Clearly, improving the performance of agriculture is the key to our quest for inclusive growth and poverty reduction.

We need to do many things to improve the performance of our agriculture sector; improving the flow of agricultural credit is one of the important ones. This requires effort from all the three institutional segments - commercial banks, RRBs and cooperatives. Commercial banks need to find innovative ways of reaching out to farmer, RRBs need to leverage on their comparative advantage and cooperatives have to improve their governance structures.

Around the world, governments have routinely intervened in credit markets in an effort to stimulate economic activity. Although it is often hypothesized that, such interventions have severe repercussions for credit discipline and borrower expectations; surprisingly little robust evidence exists to evaluate these claims.

Farmer households that borrowed predominantly from the informal sector were excluded from the ADWDRS scheme. This exclusion, which was built into the scheme, was exacerbated in its implementation.

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EFFECTS OF DEMONETIZATION IN INDIAN BISCUIT COMPANIES

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ABSTRACT

Demonetization is of acknowledge of black currency it to be significant development of nation economy. These review how demonetization has an effect in the sales growth rate of Indian biscuit companies before and after demonetization. In India biscuits, sectors have suffered in terms of production and expenditure. The consumption level of the consumer on biscuit purchases has decreased overall. This paper makes an attempt to put an emphasis of demonetization before and after demonetization with specific to biscuits companies' sales and market share of top five Indian biscuit companies.

KEYWORDS

demonetization effects, biscuit companies.

1. INTRODUCTION

The government on November 8 2016 had banned old Rs 1000 and Rs 500 banknotes worth around Rs 20 trillion to control of black money. The government move to scrap Rs. 500 and Rs. 1000 currency notes has had an adverse impact in several Fast Moving Consumer Goods (FMCG) categories. The demonetization has had a significant impact on consumer demand and its working capital for their trade.

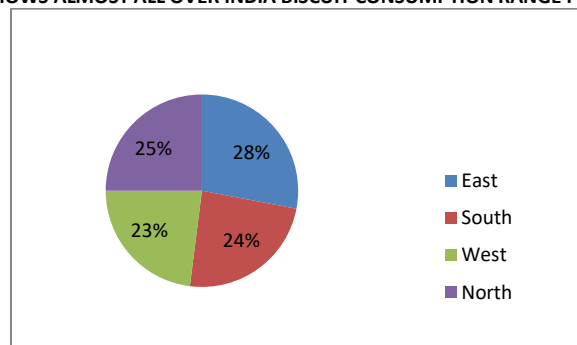
2. BISCUIT COMPANY AND DEMONETIZATION EFFECT

The biscuit industry in the country has taken a hit of up to Rs 700 crore and out of which rural sales continue to suffer after the government scrapped old high value notes due to cash crunch, there was a significant impact on the biscuit industry. The industry took hit of 500-700 core on sales due to demonetization. Biscuit manufacture welfare association, told pit shah, who is also deputy marketing manager at Parle products, said that while urban sales have recovered, rural sales continues to remain under pressures after November 2010.

3. BISCUIT COMPANY AND GST EFFECTS

The biscuit industry exemption in the proposed Goods and Services tax (GST) the low-priced glucose, milk etc. lead to shutting down of about 240 biscuits factories in India. GST on biscuits will be a grave injustice to the poor as biscuits retailing below Rs100 per kg are treated as merit goods. Low-cost biscuits which at present account for 40 percent of total sales may fall down to 20-25 percent if under GST.

FIGURE 1: SHOWS ALMOST ALL OVER INDIA BISCUIT CONSUMPTION RANGE FROM 23%-28%.



Source: https://www.google.co.in/search?q=biscuits+consumption+in+india&source=lnms&tbn=isch&sa=X&ved=0ahUKewiVu__f2unTAhXLqY8KHbBNDrQQ_AUI CigB&biw=1517&bih=681#imgrc=GZEmuSuqQ8pWSM

4. SALES IMPACT WITH SPECIFIC TO BISCUIT COMPANY

The demonetization drive has eaten into the growth momentum of the biscuits sector, which has seen sales fall by up to 1.5 percentage points according to market lender Parle, Britannia, and Sunfeast products. The 4% fall by point with biscuit products. The biscuits where sales have declined by up to 40% in India according market research. Also there has been almost 40-50% impact on FMCG sales. Biscuits as a category saw growth of about 5% in 2016, but the sales were hit due to demonetization.

5. COMPANY WISE PERFORMANCE OF BISCUIT COMPANIES BEFORE DEMONETIZATION AND AFTER DEMONETIZATION

5.1. BEFORE DEMONETIZATION

• PARLE PRODUCTS

Parle sales are hit high before demonetization November 2016. The growths of the parle products are high by percentage of 6.5% in ratio of market analysis. This annual growth rate value is 411.91%.

• BRITANNIA PRODUCTS

Britannia are high sales growth in market. This products are consumer regular perception in sales. Britannia sales hit high due to consumer attraction. The sales value in June 2015 are 7,570.78% annual growth rate of britannia as 31 percent sales value.

- **SUNFEAST**

Net sales of the sunfeast product before demonetization annual growth rate of biscuit sales by their 9% by increasing of sales in market.

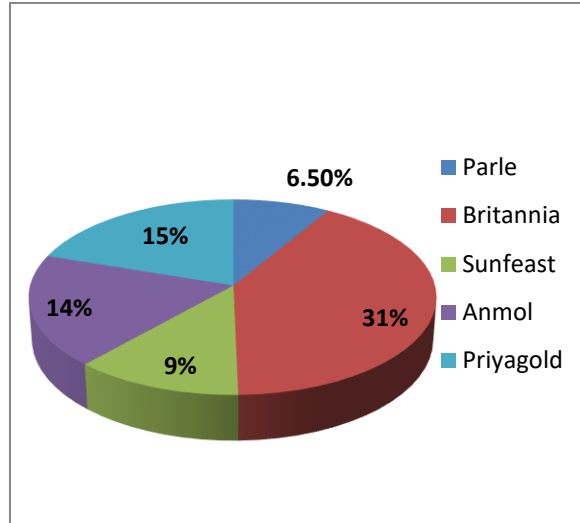
- **ANMOL**

Anmol are high sales growth in market. This products are consumer regular perception in sales. Their sales hit high due to consumer attraction. The sales annual growth rate of anmol as 14% percent sales value.

- **PRIYAGOLD**

Priyagold sales hit of 15% of before demonetization its royal biscuit company can be value high in market. This product report can analysis from net sales of market issues.

FIGURE 2: SALES GROWTH RATE BEFORE DEMONETIZATION OF BISCUIT COMPANY



Source: Sales figure companies from newspaper and company website

5.2. AFTER DEMONETIZATION

- **PARLE PRODUCTS**

Parle says biscuits sales are down post of demonetization. The demonetization drive has eaten into the growth momentum of biscuit sectors which has seen sales fall by up to 1.5% points with previous year according to market leader parle products.

- **BRITANNIA PRODUCTS**

The economy following the government’s demonetization drive, the britannia sector has suffered in terms of production and expenditure britannia sales fall by 6% point then we according to market.

- **SUNFEAST**

The sunfeast products are huge loss after demonetization. The demonetization drive has eaten into the growth of biscuit sectors which has seen sales fall by up to 4.7% analysis of market.

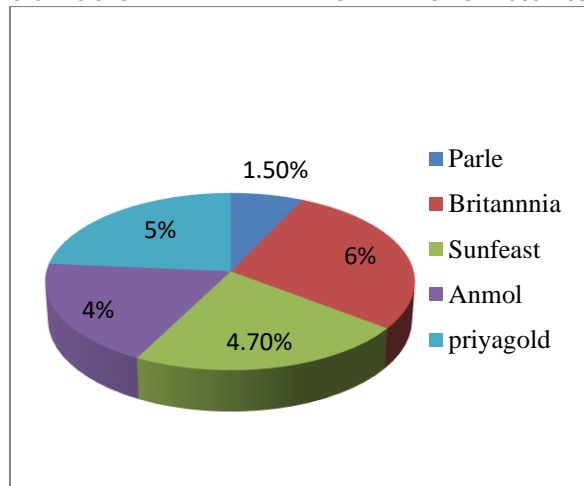
- **ANMOL**

The economy following the government’s demonetization drive, the britannia sector has suffered in terms of production and expenditure britannia sales fall by 4% point according to market.

- **PRIYAGOLD**

Priyagold says biscuits sales are down post of demonetization. The demonetization drive has eaten into the growth fall by percent of 5% points according to market.

FIGURE 3: SALES GROWTH RATE AFTER DEMONETIZATION OF BISCUIT COMPANY



Source: Sales figure companies from newspaper and company website

6. FINDING

The parle biscuit company sales growth rate was 6.5% before demonetization and 1.5% sales reduction rate after demonetization and similarly in companies of Britannia it is 31% and after it has reduced to 6% and sunfeast before 9% and after it is 4.70% likewise in anmol before demonetization 14% after 4% with respect to priyagold before it is 15% and after its 5% has analysis by market report

7. FUTURE SCOPE

India is a fast developing country with a huge population whose percapita income is growing rapidly and there is a huge opportunity for biscuit companies. India changing consumption pattern per capita income of India customer is increasing products are relatively elastic in nature with specific to biscuit company. Hence demonetization solved in our country then it can be increasing in market share with specific to sales in biscuits companies. The future study can be focused in finding the decrease in sales growth of top three biscuit companies in India.

8. CONCLUSION

Biscuit company has a significant contribution to the Indian economy. As of the top five companies sales growth rate has been reviewed for this study. This paper outline the effect of demonetization in biscuit companies in India. Still future the performance can be evolved by analysing the sales percentage. Overall the study paper has enlighten the biscuit companies sales growth.

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**INTERNATIONAL WATER CLASHES AND INDIA
(A STUDY OF INDIAN RIVER-WATER TREATIES WITH BANGLADESH AND PAKISTAN)**

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ABSTRACT

Water is considered as one of the Basic Human Need. Indian rivers with a large drainage system had a history of legal problems with neighboring countries. Major Indian Rivers namely Ganga, Teesta, Indus, Jhelum, Chenab, Sutlej, Ravi and Beas flows to the lower riparian Pakistan and Bangladesh and thus disputes with respect to the water sharing is quite obvious. Although these countries had evolved certain mechanism in the form of River water treaties like Indus River water treaty and Teesta River water treaty but their implementation always remains a bone of contention. Neutral expert's award and International arbitration's awards was often sought but trust deficit has mounted over the period of time. This article talks about such mechanism and their implementation over period of time.

KEYWORDS

Indus Treaty, Baghlihar, Kishnganga, Tulbul, Teesta.

INTRODUCTION

India, with a population of nearly 1.30 billion, is apt to be inducted in the group of powerful countries of the world both economically and militarily. The country should have say in the international affairs and in its quest to exert its power on international issues it has to first and foremost settle down its own domestic as well as regional concern with neighboring countries especially Pakistan, Bangladesh, Nepal, Sri Lanka, Maldives and Bhutan, in short the SAARC¹ group of Nations. The water is and has always remained a matter of great concern between Indian and its neighboring countries. Water sharing issue remained a bone of contention and a major hurdle in accomplishment of permanent political and economic settlement with these nations. The clash over Teesta River Water Treaty with eastern neighbor Bangladesh is to be blamed for the delayed Economic Liberalization Treaty with this country. Similarly Dispute over trans-boundary sharing of Indus River water is proving a road block in determination of other political, economical and security related issues with Pakistan. Therefore it is a *sine qua non* for both the Nations to ensure triumphant execution of 1950, Indus River Water Treaty.

With the victory of independence, India inherited many unresolved problems to be dealt with by the future government with the trust deficit counterpart, neighboring Pakistan. Although in 1942, to resolve the dispute over management of Indus basin between Sind and Punjab province, the then British government appointed a judicial commission which recognized the concurrent claims of both the provinces and the joint management of the basin as a whole. The report was however not honored by both the sides and the issue continues till the dispute was submitted to the London for the final verdict in the year 1947. But fortunately or unfortunately before the verdict could resolve the clash, the Indian Independence Act of 1947 internationalized the disagreement.

STATEMENT OF THE PROBLEM

Even after seven decades of Independence the problems inherited by the Independent Nation remain as it is. Over the period of time only the trust deficit has mounted and the issue of water distribution between India, Pakistan and Bangladesh has further added salt to the already bitter relationship between these Nations. This Article is the study with regard to the steps taken by these countries in these seven decades and the progress of those steps.

RESEARCH HYPOTHESIS

The atmosphere in which the India and Pakistan is sharing Indus river water is optimal and there is no trust deficit between these two Nations, rather Pakistan is deliberately making hue and cry over certain matters only to subserve its other Economic & political objectives. Even during Indo-Pak wars the Indian Government never violated the provisions of the treaty. Admittedly the government at both ends has failed to effectively resolve the bilateral issue which gave way to the international community to intervene.

Indo-Bangladesh River water Dispute can be solved amicably if all the stakeholders are consulted and are ready to compromise at certain issues.

RESEARCH METHODOLOGY

This work is analytical, descriptive and doctrinal wherein the author has researched this project work by reviewing and critically analyzing the primary and the secondary sources available. While primary sources refer to the nature of the bare text of various regulations and policies of the jurisdiction being adhered to, the secondary sources relate to the books and scholarly articles that have also been referred to. Due to the certain limitations, the research is restricted to articles and publications on the Internet.

LITERATURE REVIEW

The Author came across sufficient literature which is relevant to the topic and some of the articles and other material has been briefly reviewed as under:

- Indus River Water Treaty Provisions
- World bank report on Indus River Treaty and its role in Negotiation
- Different views from Indian electrical and print media like The Hindu, Times of India, Economic Times, Indian express, law Journals like EPW Economic and Political weekly, Jstore and Pakistan's electrical and Print media.
- Report of Indus River Water Commission
- Awards of the International Court Of Arbitration

¹ Abbreviation SAARC: SOUTH ASIAN ASSOCIATION FOR REGIONAL COOPERATION, available at: <http://saarc-sec.org/SAARC-Charter/5/> (last modified Feb, 27)

FINDINGS AND DISCUSSIONS

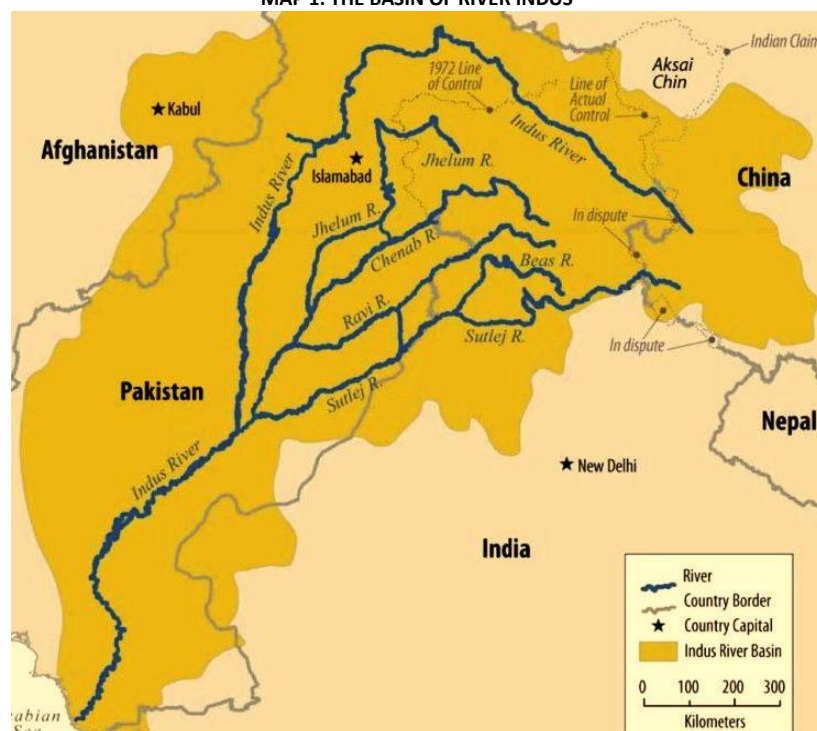
With the conferment of the independence, the boundary line between the two newly created independent Nations was penned down right across the Indus Basin, with India as upper Riparian Nation and Pakistan as the lower riparian nation. Moreover, two significant irrigation head works, first one on Ravi River (Madhopur) and the second on the River Sutlej (Ferozepur), on which the irrigation canal supplies in Punjab (Pakistan) wholly relies, were left in the hands of Indian province². A clash thus broke out between the two newly Independent Nations vis-à-vis the exploitation of irrigation water from present facilities. Along with other issues both the countries strived at developing an acceptable solution on the sharing of Indus River water to facilitate the growth of water resources of this region. Negotiations held under the good offices of IBRD (World Bank), which finally culminated in the signing of Indus Waters Treaty in 1960.³ As per the treaty provisions, waters of the three western rivers i.e. the Jhelum, the Chenab, and the Indus itself were awarded to Pakistan, and those of the three eastern rivers i.e. the Ravi, the Beas and the Sutlej were assigned to India.

Being an upper riparian certain limitations on water utilization were imposed on India whereas Pakistan was given unrestricted right on use of water originated from Western rivers. Under the treaty provisions India is under compulsion to let flow the waters of the Western Rivers namely: Chenab, Jhelum and Indus allocated to Pakistan save for the following uses:

- Domestic purpose
- Non-consumptive purpose
- Agricultural purpose
- Generation of hydro-electric power as specified⁴

As per the treaty Provisions India can establish run of the river hydropower projects with the limited reservoir capacity and the flow control just needed for viable power generation. Availing this provision of the treaty India developed several run-of-the-river projects e.g. Baglihar and Kishanganga hydroelectric Projects. Pakistan's fear was that the certain design parameters were too slack than were desirable for viable power generation and therefore they afford India an excessive ability to accelerate, decelerate or obstruct flow of the river thereby providing India a strategic leverage in period of political turmoil or war.

MAP 1: THE BASIN OF RIVER INDUS⁵



AREAS OF DISPUTES

THE BAGLIHAR HYDROPOWER PROJECT⁶

Baglihar Hydropower project is a run-of-the-river power project on the Chenab River. As per the verdict of the neutral expert that was appointed by the World Bank on Pakistan's request, India could built a dam with water storage capacity upto 32.56 million cubic meters, a number just lower than India's design of 37.5 mn meter cube, but substantially greater than that of 6.22mn meter cube suggested by Pakistan. Verdict also supported India's approach in dealing with the silt management through outlet method that flushes sediments via low-level gates.

THE KISHANGANGA HYDROPOWER PROJECT

According to the Annexure D para 15 of the IWT 1960 act, for a Project on a tributary of the Jhelum the water released under the project may be diverted as per the need into another tributary by the India only to the extent that the then existing agricultural use or hydroelectric use by the State of Pakistan on the former tributary would not be unfavorably hampered⁷. As at that time there was no such already existing use by the Pakistan, the Indian project of Kishan Ganga got green signal. But the judgment in this case has altered the Indian position that has been created after Baglihar verdict under which India can build these hydro-electric projects with greater live storage capacity if it is justified under "for sediment flushing" purpose.

The International Court of Arbitration in this case concluded that verdict in Baglihar project cannot be used for future hydro-electric projects and design of project in the three western rivers cannot incorporate more live storage than allowed under the Indus Water Treaty, even under the pretext of silt management.

² Indus Water Treaty, available at : <http://wrmin.nic.in/forms/list.aspx?lid=346&ld=4> (last modified at March, 2)

³ Indus Waters Treaty—An Exercise in International Mediation by N. D. Gulhati, available at: <http://www.jstor.org/discover/10.2307/29794129?uid=3738256&uid=2129&uid=2&uid=70&uid=4&sid=21104149629693>. (last modified at March, 6)

⁴ Indus Water Treaty, 1960: Available at: <http://siteresources.worldbank.org/INTSOUTHASIA/Resources/223497-1105737253588/IndusWatersTreaty1960.pdf> (last modified at March, 2)

⁵ Available at: <https://propakistani.pk/2016/09/27/understanding-indus-water-treaty-can-india-really-block-pakistans-rivers/> (last modified March, 7)

⁶ Baglihar Dam, available at: https://en.wikipedia.org/wiki/Baglihar_Dam (last modified March, 23)

⁷ Indus Water Treaty, 1960: Available at: <http://siteresources.worldbank.org/INTSOUTHASIA/Resources/223497-1105737253588/IndusWatersTreaty1960.pdf> (last modified at March, 2)

TULBUL NAVIGATION PROJECT OR WULLAR BARRAGE (PAKISTAN)

In 1984, India planned to build the barrage on the River Jhelum, at the mouth of largest fresh water lake of India i.e. Wullar Lake in Kashmir Valley so as to make the river navigable during summer season. The contention of the Pakistan was that the India is violating IWT, 1960 because by such barrage India can control the run of the river and can use it as a geo-strategic weapon. The proposed barrage also has the capacity to interrupt the triple canal project of Pakistan, Upper the Jhelum Canal, the Lower Bari Doab Canal and the Upper Chenab Canal⁸ and with around 95% of Pakistan's river water originating or flowing via J&K, the country can barely overlook Tulbul Navigation Project or Wullar Barrage. After the case was referred to the International Court of Arbitration, India had stopped construction.

But recently in retaliation of the Uri Army Camp attack, the statement by the Indian PM Modi that "Blood and water cannot flow simultaneously," is a hint for the Pakistan that the water-sharing pact was not sacrosanct and Pakistan has to rein in terrorism if He wants corporation from India. Beside all the New Delhi Government has also hinted that it is planning to revive its Tulbul Navigation Project.⁹

If one look into the issue analytically the atmosphere in which the India and Pakistan is sharing Indus river water is optimal and there is no trust deficit between these two Nations, rather Pakistan is deliberately making hue and cry over certain matters only to sub serve its other Economic & political objectives. Evidently during Indo-Pakistan War of 1948, the war of 1965, the Bangladesh liberation war of 1971 and the kargil war of 1999¹⁰, New Delhi Government never violated the provisions of the treaty and the International arbitration's award in this regard also furnishes the same impression. Admittedly the government at both ends has failed to effectively resolve the bilateral issue which gave way to the international community to intervene. At present the situation is such that issues can still be amicably settled bilaterally and a fresh set of amendments can be introduced to revive the treaty provisions instead of abrogating the whole treaty. Next in the list is *Teesta River water Treaty* with neighboring Bangladesh.

TEESTA RIVER WATER TREATY

The Fourth largest river in Bangladesh, the Teesta River which joins Brahmaputra in Bangladesh and terminates in Bay of Bengal is the bone of contention between the two nations i.e. India and Bangladesh. The River with most of its catchment area in India originates from the Kangse Glacier, Sikkim. The issue arose with the construction of the barrage and the catchment area by the west Bengal Government. The Bangladesh Government protested against this move stating that their "rice bowl" Rangpur region is heavily depends on the water of Teesta. This brought both at negotiation table and after rounds of negotiations both the countries concluded an ad-hoc agreement on Teesta Water sharing in the year 1983.

As per the agreement India will get 39% share of water, Bangladesh will receive 36% of share and the rest 25% of river water was remained unallocated. But the problem remained unsettled because Bangladesh was in favour of equal sharing and thus both the nation decided to form a Joint-river commission to gather hydrological data and put forward a rational scheme for water allocation. After due deliberations finally Commission opinioned that certain share should be increased as the West Bengal's barrage is next to the Bangladesh border i.e. just 90 km away and thus some river water will in any case penetrate underground and will benefit both the Nations. Finally after rounds of talks in 2011 the New Delhi and Dhaka government agreed on an interim arrangement for 15 years. As per the new proposal India will get 42.5%, Bangladesh 37.5% of Teesta's share during the dry season and the rest 20% of river water was remained unallocated. As per the proposal also a joint hydrological observation station needs to be set up to collect precise data for the future discourse.¹¹ But strident opposition by the then West Bengal Government, The Trinamool Congress¹² has resulted in cancelling the agreement at the last minute.

Hopefully after the change of political dimensions in 2014 Bangladesh expressed new optimism for this concord to take place and more precisely ahead of June 2015 visit of Indian PM Narendra Modi. But despite Modi's discourse that "rivers should nurture the relationship of the two Nations and should not become the source of discord", the deal could not be finalized. But it would not be hoping against the hope if something concrete is done in this regard very soon similar to exchange of enclaves because the Trinamool Congress who was the key coalition partner of the then UPA government has ceased to exert undue pressure on current Government because today's center government is a Majority government and will not think once before taking harsh decision in favour of National security.

SHARING OF WATER OF RIVER GANGA AND FARAKKA BARRAGE

Other water dispute between India and Bangladesh is with respect to sharing of water of River Ganga and Farakka Barrage. Ganga originates from Gangoti and flow through the upper riparian India states of Uttarakhand, Uttar Pradesh, Bihar and West Bengal before entering the lower riparian Bangladesh. Roughly half of the Indian population and around one third of Bangladesh Population live in the Ganges basin. And hence water sharing is major concern for both the nation. The dispute over Ganga water sharing started with the construction of Farakka Barrage which as per the Bangladesh authorities has cuts off Bangladesh's water supply.¹³

After the round of negotiations between the two nations in 1975 the New Delhi Government agreed to run the barrage with specified discharges for the remaining period of the dry season of 1975. But the assassination of the then President of Bangladesh and its founding leader Sheikh Mujibur Rahman on Aug 15, 1975 strained the healthy relations between the two countries and India was blamed for continuing to withdraw water even after the agreed period. Bangladesh approached the UN general assembly and lodged a formal protest against India. Which resulted in the resumption of the talks between the two Nations in December 1976, but they failed to reach to any conclusion. After the Awami league¹⁴ come into power in Bangladesh the 30-year water-sharing arrangement was signed between the two, which not only recognized the Bangladesh's rights as a lower riparian but also authorized the country to construct barrages and irrigation projects in Kushtia and the Gorai-Madhumati River in Bangladesh¹⁵

Over the period of last 30 years the Bangladesh Government alleged India of drawing excessive water and for the unjust and insufficient allocation of water to the country and India on the other hand protested that the water allocated to Bangladesh under the treaty resulted in scarcity of water essential for the proper working of the thermal plant of NTPC at Farakka and the Kolkata Port.

CONCLUSION

Although the time has not arrived as per the treaty but to stop mounting of trust deficit between the two nations which will be reflected in other social and economic relations of the counties, the treaty provisions should be revisited. Peace is not something which can easily be defined but a proper way of life can be summed up as living without violence in any form i.e. physical, mental or spiritual and living in a way that embraces respect and tolerance for our neighbors. Every Nation should put efforts for the achievement of a peaceful neighborhood and it should be the cardinal and foremost principle of any country's foreign policy. Peace and development go hand-in hand as peace is vital for the development of Nation; similarly Development is essential for the durable peace. Hence the treaties should have more of morality and humanity element than political overtone. Time has ripened and India along with its neighbor should assert their commitment to strengthen their relations with each other and also with other regional countries. And with the recent visit of Bangladesh Prime Minister to India and warm welcome by Indian Prime Minister has given ray of hope that dispute concerning water sharing will soon be resolved amicably.

⁸ *Winning the battle but losing the war: available at: <http://www.thehindu.com/opinion/lead/winning-the-battle-but-losing-the-war/article4439676.ece> (last modified at March, 2)*

⁹ *Modi gets tough, says blood and water can't flow together; available at: <http://epaperbeta.timesofindia.com/Article.aspx?eid=31804&articlexml=Modi-gets-tough-says-blood-and-water-cant-27092016001053> (last modified at Feb, 27)*

¹⁰ *Indo- Pakistan wars and conflicts, available at: https://en.wikipedia.org/wiki/Indo-Pakistani_wars_and_conflicts (last modified at Feb, 27)*

¹¹ *The Teesta water dispute: Geopolitics, myth and economics; available at: <http://www.orfonline.org/research/teesta-water-dispute/> (last modified at Feb, 27)*

¹² *All India Trinamool Congress; available at: https://en.wikipedia.org/wiki/All_India_Trinamool_Congress (last modified at Feb, 27)*

¹³ *Farakka Barrage: available at: https://en.wikipedia.org/wiki/Farakka_Barrage (last modified at Feb, 27)*

¹⁴ *Government under Sheikh Hasina Wajed (the daughter of Sheikh Mujib Rahman)*

¹⁵ *Sharing the water of Ganges: available at: https://en.wikipedia.org/wiki/Sharing_the_water_of_the_Ganges (last modified at Feb, 27)*

LIMITATIONS

Trust deficit amongst the Nations is the main cause of the settlement of the dispute concerning water sharing still seems a distant dream to realize. Although Good office and mediation is offered by other Nations like United States of America and world organizations like World Bank but it is often perceived as an unnecessary intervention in the sovereignty of the disputing Nations. The vested interest of different sub group also act as a road block in reaching a consensus with other nation for e.g. rider put by the West Bengal Chief Minister regarding Teesta River Water dispute as it affects the interest of the farmers of West Bengal has restrained the Central Government to sign the Teesta accord. Hence need of the hour is that all the Stockholders have to sit together and put aside the differences to find win-win solution for the current problem.

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A REVIEW ON INDIAN TAX STRUCTURE WITH SPECIAL FOCUS ON BENEFITS AND CHALLENGES OF GOODS AND SERVICES TAX IN INDIA

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ABSTRACT

This paper attempted to bring into light the general tax structure of the country besides focusing on the bill which recently passed in the parliament on August 8th 2016, relating to Goods and sales tax. This work proceeded a head explaining the various types of taxes that are levied in India and highlighting the importance, advantages and challenges for implementing it in the country.

KEYWORDS

impact, incidence, dumping.

1. INTRODUCTION

Meaning of Tax and Types of Taxes in India

Tax, in general, is the imposition of financial charges upon an individual or a company by the Government of India or their respective state or similar other functional equivalents in a state. The computation and imposition of the varied taxes prevalent in the country are carried on by the Ministry of Finance's Department of Revenue. During the last financial year of 2010 – 2011, the gross collection of tax amounted to around INR. 7.92 trillion, where the direct tax has got 56 % contribution and the indirect tax has got 44 % contribution¹.

Type of Tax in India

Prevalence of various kinds of taxes is found in the nation. Taxes in this nation can be either of direct or indirect ones. However, the types of taxes even depend on whether a particular tax is being levied by the central or the state government or any other municipalities. Following are some of the major Indian taxes, which are categorized below:

Direct Tax in India

This kind of tax is named so as such a tax is directly paid to the Union Government of India. As per a survey, the Republic of India has witnessed a consistent rise in the collection of such taxes over a period of the past years. The visible growth in these tax collections as well as the rate of taxes reflects a healthy economical growth of India. Besides that, it even portrays the compliance of high tax along with better administration of taxation.

Direct taxes are the personal liability of tax payer. These are collected directly from the tax payers and they have to be paid by the persons on whom it is imposed. To name a few of the direct taxes, which are imposed by the India Government are:

Banking Cash Transaction Tax, Corporate Tax, Capital Gains Tax, Double Tax Avoidance Treaty, Fringe Benefit Tax, Securities Transaction Tax, Personal Income Tax Tax Incentives

Indirect Taxes

As opposed to the direct taxes, such a tax in the nation is generally levied on some specified services or some particular goods. An indirect tax is not levied on any particular organisation or an individual. Almost all the activities, which fall within the periphery of the indirect taxation, are included in the range starting from manufacturing goods and delivery of services to those that are meant for consumption. Apart from these, the varied activities and services, which are related to import, trading etc. are even included within this range. This wide range results in the involvement as well as implementation of some or other indirect tax in all lines of business.

Impact and incidence of indirect Taxes fall on different persons as opposed to direct taxes where impact and incidence is on the same person. These taxes are recovered from different groups of people but the liability remains with the person who collects it. Tax payer recovers the indirect taxes paid from their consumers and clients and finally pays it to government. For example, when we purchase any product we pay VAT, when we eat in restaurants we pay service tax which are ultimately deposited in government's kitty by the service providers.

Usually, the indirect taxation in the Indian Republic is a complex procedure that involves laws and regulations, which are interconnected to each other. These taxation regulations even include some laws that are specific to some of the states of the country. The regime of indirect taxation encompasses different kinds of taxes. The organizations offer services in all or most of the related fields, some of which are as follows:

Anti Dumping Duty, Custom Duty, Excise Duty, Sales Tax, Service Tax, Value Added Tax or V. A. T., *Other Tax in India*

Besides the taxes, the names of which are mentioned earlier, the nation has got the prevalence of many other taxes. Listed below are some of those Indian taxes: Consumption Tax, Death Tax, Dividend Tax, Endowment Tax, Estate Tax, Flat Tax, which is even known as the Flat Rate Tax, Fuel Tax, Gift Tax Inheritance Tax, Sales Tax (Solely on goods that do not include payment of sales tax on services), S. E. T. or Self Employment Tax, Social Security Tax, Transfer Tax, Payroll Tax, Poll Tax, Property Tax, Wealth Tax²

Municipal or Local Taxes in India

The most known tax, which is levied by the local municipal jurisdictions on the entry of goods, is known as the Entry Tax or the Octroi Tax in India.

2. REVIEW OF LITERATURE

2.1 Committee reports

John Mathai committee (1953)³: the taxation enquiry commission was appointed by the government of India on April 1st 1953 under the chairmanship of John Mathai. The terms of reference of the commission were to examine the incidence and suitability of central, state and local taxation on various classes of people and in particular with regard to (1) modifications required in the present system of taxation and (2) fresh avenues of taxation. the committee made several recommendations to the government.

Nicholas koldar committee (1956)⁴; british economist Nicholas Koldar carried out on the request of the Government of India from January to march 1956, a review of the Indian tax system particularly with reference to personal and business taxation. The committee made the first systematic estimates of income tax evasion in india and recommended in favour of wealth tax, capital gains tax, gift tax and a personal expenditure tax.

Justice k. n. wanchoo committee (1970)⁵: On March 2nd 1970 the Government of India constituted the Direct taxes inquiry committee with justice kn wanchoo as chairman. The committee was asked to recommend concrete and effective measures to unearth black money and prevent its proliferation through further evasion to check tax avoidance through various legal devices, including the formation of trusts and to and to reduce the tax arrears. The committee suggested various measures against tax evasion and some of the measure were, reduction in tax rates, minimization of controls and licenses, regulations of donations to political parties, creation of confidence, among small tax payers, substitution of sales tax by excise duty, vigorous presentation policy and compulsory maintenance of accounts.

Kelkar committee (2002)⁶: the direct and indirect tax reforms committee was set up by the government of India in July 2002 under the chairmanship of Dr. Vijay L Kelkar. the major objectives of the committee were to recommend measures for simplification and rationalization of direct and indirect taxes. Consequently two task forces were set up. The committee suggested various measures under Direct taxes like expansion of tax payer services both quantitatively and qualitatively, easy access to tax payers through internet and e- mail and extension of facilities such as Tele- filing and Tele- refunds and incase of indirect taxes the task force recommended customs clearance to be based on trust and to be uniformly applied to all importers and exporters, multiplicity of levies to be reduced. on service tax the task force suggested the implementation of service tax on comp-rehensive basis.

Empowered committee on Goods and services Tax (2007): to achieve further significant break through and next logical step towards a comprehensive indirect tax reform in the country, Sri P Chidambaram the then union finance minister announced during central budget 2007-08 to the effect that GST would be introduced from April 1st 2010 and an empowered committee of state finance ministers was constituted. the committee would work with the central Government to prepare a road map for introduction of GST in India. After this announcement the Empowered committee of state finance ministers decided to set up a joint working group on may 10th 2007. The joint working group after intensive internal discussions as well as inter action with experts and representatives of chambers of commerce and industry submitted its report to the Empowered committee in November 2007. Deliberations and discussions are going on continuously to work out a mechanism to introduce GST. Recently in the Budget speech during july 2014 the finance minister Mr. Arun Jaitly has announced that the GST would be roled -out by the end of the financial year 2014-2015 at central level.

2.2 Research articles

Research papers pertaining to the topic, published in recent years in research journals have been reviewed and some of them are briefly presented below.

Michael p. Devereux and et al (2002)⁷ in his paper “ **corporate income tax reforms and international tax competition** ” analysed the development of taxes on corporate income in EU and 7 countries over the last two decades. The study finds tax cutting and base broadening reform have had the effect that, on average across EU and G7 countries effective tax rates on marginal investment have remained fairly stable. But those on more profitable investments have fallen. The study also discusses two possible explanations of these stylized facts arising from alternative forms of tax competition. First Governments may be responding to a fall in the cost of income shifting which puts downward pressure on the statutory tax rate second reforms are consistent with competition for more profitable projects in particular those earned by multinational firms.

Christoph Bohringer and et al (2003)⁸: in their paper “ **Green tax reforms and computational Economics**” states that the double or even triple dividend hypothesis of green tax reforms has been major issue of dispute in both the scientific community and political arena during the last decade. This paper aims at bringing the gap between stylized theoretical work and numerical analysis. The study develops a flexible and interactive simulation model which was accessible in which users can specify their own green tax reforms and environmental effects.

Shuanglin Lin (2004)⁹; in his work analyses the effects of chinas upcoming capital tax reform of switching from a dual tax system to a unified system. The study states a decrease in the tax rate on domestic capital has no effect on the domestic interest rate, capital labor ratio or output labor ratio, however it leads to an increase in domestic capital, a decrease in foreign capital and increase in the trade surplus. The study also found an increase in the tax rate on foreign capital increases the domestic interest rate and decreases the capital labor ratio, the output labor ratio and domestic capital, it may also decrease foreign capital and the trade surplus.

Somik v Lall and uwe Deichmann (2006)¹⁰: in their work states that property tax is an important local revenue source in many countries, but is often is underused as a source for financing local expenditures. The research examines the fiscal and distributional implication of ongoing and potential assessment reforms in two Indian cities, Bangalore and Pune. While the findings were specific to those two cases. The reform efforts and underlying problems are representative of most urban local Governments. Reform efforts that bring assessment of property tax base closer to market values have significant positive impact on revenue generation and donor have adverse consequences in terms of the tax burden faced by the poor.

Jean –yves Duclos and et al (2008)¹¹: in their work proposes graphical methods to determine whether commodity tax changes are “socially improving” in the sense of improving social welfare or decreasing poverty for large classes of social welfare and poverty indices. This study also shows how estimators of critical poverty lines and economic efficiency ratios can be used to characterize socially improving tax reforms. The methodology was illustrated by using Mexican data.

Antonia Troisi and Laura Gatta (2010)¹²: in their work attempted to verify the validity of a pessimistic view on the role played by public finance in meeting and distributing the costs of transition from command to market economy. In conclusion the researchers say, even though referring to the specific case of Aalbania the model of the structural reform index allows them to discuss alternative views on the nature and causes of the impact of the fiscal phenomena on the transition process.

Ludwing F.M.Reinhard and Steven Li (2011)¹³: in their work analyzed the influence of effects of taxes and the 2000 tax reform included tax changes on the financing and investment decisions of a sample of German listed companies over the years from 1996 to 2005. In contrast to the perception of the German Government the results donor support the notion that companies deliberately adjust their financial structures in order to reduce their corporate tax payments. The study found that market opportunities and market pressures have a far larger influence on investment decisions than on tax considerations. Against the background of findings, the researchers doubt whether the recent tax reforms would be able to reach the objectives.

3. OBJECTIVES

1. This work aimed to explain general tax structure of the country.
2. Secondly it tried to explain the advantages of GST and the challenges for implementing it.

4. A DETAILED REVIEW ON GST IN INDIA

The present structure of Indirect Taxes is very complex in India. There are so many types of taxes that are levied by the Central and State Governments on Goods & Services.

We have to pay ‘Entertainment Tax’ for watching a movie. We have to pay Value Added Tax (VAT) on purchasing goods & services. And there are Excise duties, Import Duties, Luxury Tax, Central Sales Tax, etc As of today some of these taxes are levied by the Central Government and some are by the State governments. How nice will it be if there is only one unified tax rate instead of all these taxes?

In this post, let us understand – what is Goods and Services Tax and its importance. What are the benefits of GST Bill to Corp orates, common man and end consumer? What are the advantages, disadvantages and challenges?

What is GST?

It has been long pending issue to streamline all the different types of indirect taxes and implement a “single taxation” system. This system is called as GST). The main expectation from this system is to abolish all indirect taxes and only GST would be levied. As the name suggests, the GST will be levied both on Goods and Services.

GST was first introduced during 2007-08 budget session. On 17th December 2014, the current Union Cabinet ministry approved the proposal for introduction GST Constitutional Amendment Bill. On 19th of December 2014, the bill was presented on GST in Lok Sabha. The Bill tabled and taken up for discussion during the Budget session. The current central government was determined to implement GST Constitutional Amendment Bill. GST is a tax that we need to pay on supply of goods & services. Any person, who is providing or supplying goods and services is liable to charge GST. Finally GST bill approved in the parliament on August 8th 2016.

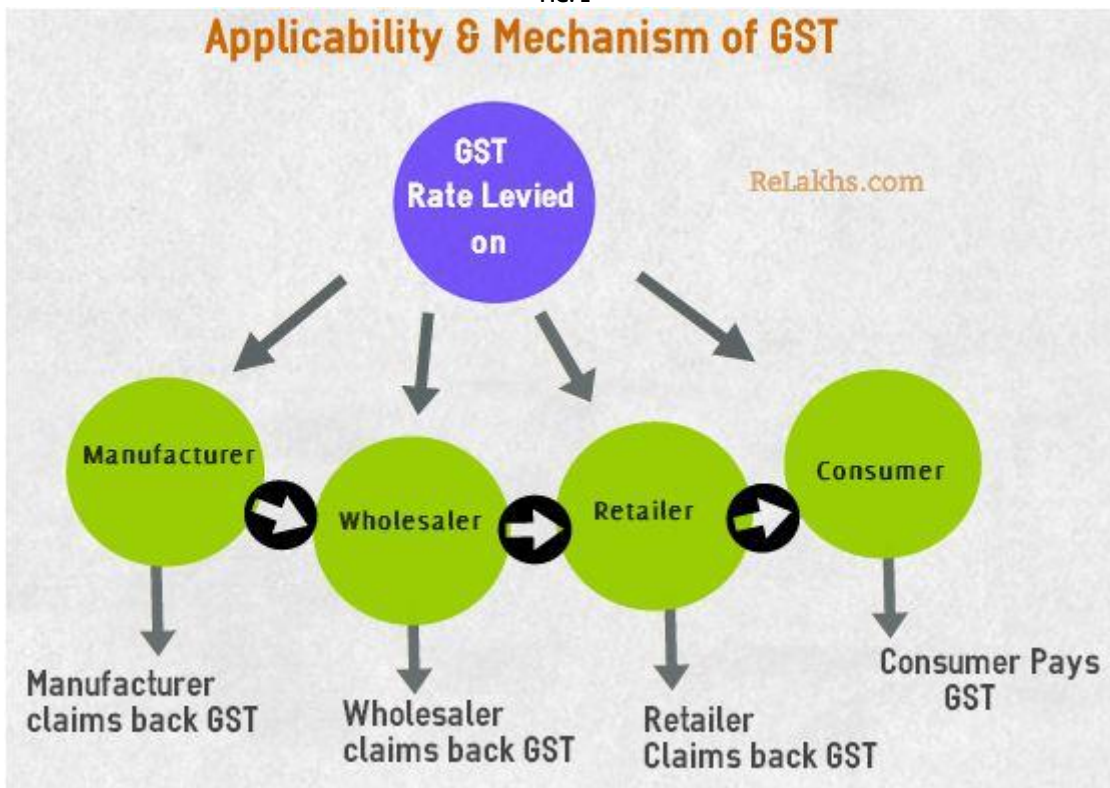
HOW IS GST APPLIED?

GST is a consumption based tax/levy. It is based on the "Destination principle." GST is applied on goods and services at the place where final/actual consumption happens.

GST is collected on value-added goods and services at each stage of sale or purchase in the supply chain. GST paid on the procurement of goods and services can be set off against that payable on the supply of goods or services. The manufacturer or wholesaler or retailer will pay the applicable GST rate but will claim back through tax credit mechanism.

But being the last person in the supply chain, the end consumer has to bear this tax and so, in many respects, GST is like a last-point retail tax. GST is going to be collected at point of Sale.

FIG. 1



The GST is an indirect tax which means that the tax is passed on till the last stage wherein it is the customer of the goods and services who bears the tax. This is the case even today for all indirect taxes but the difference under the GST is that with streamlining of the multiple taxes the final cost to the customer will come out to be lower on the elimination of double charging in the system.

Let us understand the above supply chain of GST with an example:

TABLE 1

GST Supplychain example (Assuming GST rate @ 8%)				
Supply of Goods	GST Flow	Input Costs (ex-GST)	Sale Price (ex-GST)	GST Collected
A weaver sells a fabric to a tailor for Rs 108 per metre	The weaver pays GST of Rs 8	0	Rs 100	Rs 8
The tailor sells a ready made completed shirt to a retailer for Rs 270	The tailor pays GST of Rs 12 (After input tax claim. Weaver claims tax credit for Rs 8)	Rs 100	Rs 250	Rs 12
The retailer sells the readymade shirt in his showroom for Rs 540	The retailer pays GST of Rs 20 (After input tax claim. Tailor claims tax credit for RS 12)	Rs 250	Rs 500	Rs 20
You purchase the shirt for Rs 540	No Tax credit claim. You pay entire GST Rs 40 @ 8%	NA	NA	Total : Rs 40

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The current tax structure does not allow a business person to take tax credits. There are lot of chances that double taxation takes place at every step of supply chain. This may set to change with the implementation of GST. Indian Government is opting for Dual System GST. This system will have two components which will be known as

- Central Goods and Service Tax (CGST) and State Goods and Service Tax (SGST).

The current taxes like Excise duties, service tax, custom duty etc will be merged under CGST. The taxes like sales tax, entertainment tax, VAT and other state taxes will be included in SGST.

So, **how is GST Levied?** GST will be levied on the place of consumption of Goods and services. It can be levied on : Intra-state supply and consumption of goods & services, Inter-state movement of goods, Import of Goods & Services.

TABLE 2

Indirect Taxes	GST	Goods/Services Produced & Consumed in same State	Goods/Services Produced & Consumed in different States (Inter-State)	Goods & Services Exported	Goods & Services Imported
Excise Duty	CGST	CGST rate + SGST rate Levied	Integrated GST	GST not Applicable	CGST rate + SGST rate Levied
Service Tax					
Custom Duties					
Central Sales Tax					
State Sales Tax	SGST	CGST rate + SGST rate Levied	Integrated GST	GST not Applicable	CGST rate + SGST rate Levied
Entertainment Tax					
State VAT					
Professional Tax					

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WHAT IS THE APPLICABLE GST RATE?

The rate (percentage) of GST is not yet decided. As mentioned in the above table, there might be CGST, SGST and Integrated GST rates. It is also widely believed that there will be 2 or 3 rates based on the importance of goods. Like, the rates can be lower for essential goods and could be high for precious/luxury items.

BENEFITS OF GST BILL IMPLEMENTATION

- The tax structure will be made lean and simple
- The entire Indian market will be a unified market which may translate into lower business costs. It can facilitate seamless movement of goods across states and reduce the transaction costs of businesses.
- It is good for export oriented businesses. Because it is not applied for goods/services which are exported out of India.
- In the long run, the lower tax burden could translate into lower prices on goods for consumers.
- The Suppliers, manufacturers, wholesalers and retailers are able to recover GST incurred on input costs as tax credits. This reduces the cost of doing business, thus enabling fairer prices for consumers.
- It can bring more transparency and better compliance.
- Number of departments will reduce which in turn may lead to less corruption
- More business entities will come under the tax system thus widening the tax base. This may lead to better and more tax revenue collections.
- Companies which are under unorganized sector will come under tax regime.

CHALLENGES FOR IMPLEMENTING GOODS & SERVICES TAX SYSTEM

- To implement the bill there has to be lot changes at administration level, Information Technology integration has to happen, sound IT infrastructure is needed, the state governments has to be compensated for the loss of revenues and many more.
- GST, being a consumption-based tax, states with higher consumption of goods and services will have better revenues. So, the co-operation from state governments would be one of the key factors for the successful implementation of GST

5. CONCLUSION

Since GST replaces many cascading taxes, the common man may benefit after implementing it. But it all depends on ‘what rate the GST is going to be fixed at?’ Also, Small Traders may be exempted from it.

France was the first country to introduce this system in 1954. Nearly 140 countries are following this tax system. GST could be the next biggest tax reform in India. This reform could be a continuing process until it is fully evolved. We need to wait few more months for more details on Goods & Services Tax system.

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DEMAND FOR ORGANIC PRODUCTS IN THE MARKET

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ABSTRACT

Organic farming is one of the several approaches found to meet the objectives of sustainable agriculture. Many techniques used in organic farming like inter-cropping, mulching and integration of crops and livestock are not alien to various agriculture systems including the traditional agriculture practiced in countries like India. However, organic farming is based on various laws and certification programmes, which prohibit the use of almost all synthetic inputs, and health of the soil is recognized as the central theme of the method. Even then the demand for organic products increases day by day in the market.

KEYWORDS

organic farming, demand, mulching, livestock, agriculture.

INTRODUCTION

 Organic agriculture is not a new concept to India. At the beginning of the 19th century, Sir Albert Howard, one of the most important pioneers of organic farming, worked in India for many years, studying soil-plant interactions and developing composting methods. In doing so, he capitalized substantially on India's highly sophisticated traditional agricultural systems, which had long applied many of the principles of organic farming (e.g. crop rotations with legumes, mixed cropping, botanical pesticides etc.). As there is growth for the significance of organic crops, the Indian Government has recognized the export potential of organic agriculture and is in the process of strengthening the sector by putting a legal framework in place. This includes creating national organic standards and the possibility of accrediting in-country inspection and certification bodies.

REVIEW OF LITERATURE

1. Saher 2006 in his study about organic food versus genetically modified attitudes found that the shared attitudes rather than shared values actually united proponents of organic food and those who are particularly prone to avoiding certain types of non-organic products most notably meat. They found weak relationships between values such as "importance placed on nature" and "the welfare of animals and human rights related issues." Their findings revealed that "values" were the only personality feature that directly affected genetically modified food attitudes and not organic food purchasing behavior (Saher, 2006). As a major topic of discussion and differences in views across the literature one will certainly investigate value and it's impact on the consumer buying behavior.
2. Kristallis (2008, p165) extending Rockeach's definition stated that values can "be seen as the most abstract cognitions and they serve... as "standards" or models for attitudes, beliefs and behaviors." A number of studies have shown value to have a major incidence on driving the decision making process of consumers towards purchasing organic food (Bellows & Onyano 2008, Krystallis et al 2005). These studies report that there is a potential for attributes like religious observances and the significance of certain food practices of individuals to play a role in behavior and that these and other consumer values have been shown to have an incidence on consumer behavior.

OBJECTIVE OF THE STUDY

To study the demand for organic products in the market.

METHODOLOGY

This study employs simple random sampling, a type of probability sampling, which involves the probability of each and every item has a chance to participate in the study. Through this probability sample the final sample is drawn from the respondents who wish to purchase for organic products. A survey was conducted among consumers through self-administered questionnaires.

STATISTICAL TOOLS USED

1. Simple percentage analysis
2. Factor Analysis
3. One-Way ANOVA

ANALYSIS AND INTERPRETATION

TABLE 1: FREQUENCY TABLE

Q.no	Variables	Frequency	Percent	
1	Gender	Male	116	30.2
		Female	268	69.8
2	Age	21-30	272	70.8
		31-40	79	20.6
		41-50	33	8.6
3	Highest Education Level	Matriculation	95	24.7
		Senior Secondary	174	45.3
		Bachelor's Degree	58	15.1
		Master's Degree	57	14.8
4	Employment status	Salaried	95	24.7
		Professional/Self Employed	174	45.3
		Business man	58	15.1
		Master's Degree	57	14.8
5	How many people live in your household	0-3	138	35.9
		4-6	124	32.3
		Above 6	122	31.8
6	Number of earning members in your household	0-2	92	24.0
		3-5	144	37.5
		More than 5	148	38.5
7	How many children do you have in your household	0-2	107	27.9
		3-5	152	39.6
		More than 5	125	32.6

Panel 1 explains the demographic factors of the respondents who were purchasing organic products.

Panel explains the Gender role of the respondents. In case of organic products, those who buy or the decision maker to purchase holds greater importance. Thus from the table it was understood that a (69.8%) of the respondents who were purchasing organic products were female and a remaining (30.2%) were male. It was understood from the table that, in the study area the decision of purchasing organic products was made by female and men constitute half of the men.

Panel 2 details the age group of the respondents who consume organic products. The age factor helps the marketer to identify which part of the age group purchase organic products more. Then they could frame the strategies for improving the sale of organic products. From the table it was understood that a (70.8%) of the respondents who consume organic products to the maximum extent was in the age group of 21-30 years, a (20.6%) of the respondents who were in the age group was 31-40 years, and the next least group who consume organic products to the higher level was the respondents who were in the age group of 41-50 years. Thus it is revealed from the table the respondents who consume organic products to the maximum extent was the respondents between the age group of 21-30 years.

Panel 3 portrays the education qualification of the respondents who consume organic products. The education plays a vital role in the consumption of organic products because the level of acceptance and understanding the dynamic of products would be better if the respondents were educated.

It was understood from the table that a (45.3%) of the respondents have completed secondary education, (24.7%) of them have completed matriculation schooling education, (15.1%) of them have completed their bachelor's degree and a remaining (14.8%) of them have completed masters degree.

It was interesting from the table that those respondents who have completed secondary education purchase more of organic products.

Panel 4 portrays the employment status of the respondents who purchase organic products. The economic position of the respondents gives confidence for them to purchase more products. It was a normal opinion that organic products are sold at a higher price. Thus the employment guarantees the purchase of organic products. From the table it was learnt that a (45.3%) of the respondents who were professional purchase more number of organic products, a (24.7%) of them who were salaried also purchase organic products to the maximum extent, (15.1%) of them who were doing business fall in the next line and a least of (14.8%) who were self-employed constitute the next category.

Panel 5 explains the number of persons constitute the family. More number of persons guarantees more of purchase, thus the information is gaining importance. From the table it was clear that, those respondents who have 0-3 members in their family (35.9%) purchase organic products, those respondents who have 4-6 members in their family (32.3%) falls the next line and a family who have above 6 members in their family purchase organic products to the maximum.

The table highlights that, the family who have below 3 members purchase more quantity of organic products. It was understood lesser size of the family purchase more of organic products.

Panel 7 presents the information pertaining to the number of children possessed by the respondents. The present day generation father and mother are visioned to give best food for their children. Thus the marketers are benefited from the information of children possessed.

From the panel it was learnt that a (39.6%) of the respondents have 3-5 children's in their family, a (32.6%) of the respondents have more than 5 children's in their family and a remaining (27.9%) of the respondents have less than two children in their family.

The table penlights that those respondents who have less than two children more of organic products.

FACTOR ANALYSIS

A sample of 384 respondents was taken for the study. The data collected for the study were classified, tabulated and processed for factor analysis which is the most appropriate multivariate technique to identify the group of determinants. Factor analysis identifies common dimensions of factors from the observed variables that link together the seemingly unrelated variables and provides insight into the underlying structure of the data. In this study Principal component Analysis has been used since the objective is to summarize most of the original information in a minimum number of factors for prediction purpose.

A Principal Component Analysis is a factor model in which the factors are based on the total variance. Another concept in factor analysis is the rotation of factors. Varimax rotations are one of the most popular methods used in the study of simplify the factor structure by maximizing the variance of a column of pattern matrix. Another technique called latent root criteria is used. An Eigen Value is the column sum of squares for a factor. It represents the amount of variance in data. After determination of the common factors, factor scores are estimated for each factor. The common factors themselves are expressed as linear combinations of the observed variables.

Factor Model: $F_i = W_{i1}X_1 + W_{i2}X_2 + \dots + W_{ik}X_k$

Where F_i = Estimate of the i th factor, W_{i1} = Weight or Factor score coefficient

k = Number of variables.

The respondent considers various factors while deciding about savings. Thirteen factors are considered for measuring the motivation towards savings on a five point scale. Factor matrix and their corresponding factor loading after the Varimax rotation are presented in the table.

TABLE 2: KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.790
Bartlett's Test of Sphericity	Approx. Chi-Square	2158.062
	df	78
	Sig.	.000

TABLE 3: COMMUNALITIES

	Initial	Extraction
More cheap prices	1.000	.651
More income	1.000	.783
More accessibility in the market	1.000	.677
More assortment (variety/range) availability	1.000	.679
Better appearance and taste	1.000	.614
More time to look for organic food	1.000	.729
More recognizable label and products	1.000	.731
More trust to origin/production	1.000	.671
More seasonal products	1.000	.662
Longer shelf life	1.000	.690
Attractive packing material	1.000	.781
More information in the media	1.000	.774
Better/Shorter cooking conditions	1.000	.611

Extraction Method: Principal Component Analysis.

In Table Bartlett’s test of sphericity and KAISER MEYER OLKIN measures of sample adequacy were used to test the appropriateness of the factor model. Bartlett’s test was used to test the null hypothesis that the variables of this study are not correlated. Since the approximate chi-square satisfaction is 2158.062 which is significant at 1% level, the test leads to the rejection of the null hypothesis.

The value of KMO statistics (0.790) was also large and it revealed that factor analysis might be considered as an appropriate technique for analysing the correlation matrix. The communality table showed the initial and extraction values.

TABLE 4: 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	4.841	37.238	37.238	4.841	37.238	37.238	2.446	18.812	18.812
2	1.737	13.364	50.602	1.737	13.364	50.602	2.345	18.036	36.849
3	1.422	10.936	61.538	1.422	10.936	61.538	2.286	17.586	54.434
4	1.051	8.085	69.623	1.051	8.085	69.623	1.975	15.189	69.623
5	.764	5.879	75.502						
6	.689	5.299	80.802						
7	.562	4.322	85.124						
8	.505	3.882	89.006						
9	.360	2.766	91.772						
10	.318	2.449	94.221						
11	.289	2.221	96.442						
12	.244	1.876	98.318						
13	.219	1.682	100.000						

Extraction Method: Principal Component Analysis.

From the table it was observed that the labelled “Initial Eigen Values” gives the EIGEN values. The EIGEN Value for a factor indicates the ‘Total Variance’ attributed to the factor. From the extraction sum of squared loadings, it was learnt that the I factor accounted for the variance of 4.841 which was 37.238%, the II factor accounted for the variance of 1.737 which was 13.364%, the III factor accounted for the variance of 1.422 which was 10.936%, the IV factor accounted for the variance of 1.051 which was 8.085%. The four components extracted accounted for the total cumulative variance of 69.623%

DETERMINATION OF FACTORS BASED ON EIGEN VALUES

In this approach only factors with Eigen values greater than 1.00 are retained and the other factors are not included in this model. The four components possessing the Eigen values which were greater than 1.0 were taken as the components extracted.

TABLE 5: ROTATED COMPONENT MATRIX^a

	Component			
	1	2	3	4
More time to look for organic food	.759			
Better appearance and taste	.747			
More assortment (variety/range) availability	.696			
More trust to origin/production		.794		
More seasonal products		.733		
More recognizable label and products		.697		
Longer shelf life		.584	.559	
More information in the media			.828	
Attractive packing material			.810	
Better/Shorter cooking conditions			.613	
More income				.849
More cheap prices				.781
More accessibility in the market	.529			.603

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 a. Rotation converged in 10 iterations.

The rotated component matrix shown in Table is a result of VARIMAX procedure of factor rotation. Interpretation is facilitated by identifying the variables that have large loadings on the same factor. Hence, those factors with high factor loadings in each component were selected. The selected factors were shown in the table.

TABLE 6: CLUSTERING OF INDUCING VARIABLES INTO FACTORS

Factor	Inducing Variable	Rotated factor loadings
I (18.812) Awareness	More income DF2	0.849
	More information in the media DF12	0.828
	Attractive packing material DF11	0.810
II (36.849) Affordable price and Trust	More trust to origin/production DF8	0.794
	More cheap prices DF1	0.781
	More time to look for organic food DF6	0.759
III (54.434) Appeal and Assortment	Better appearance and taste DF5	0.747
	More seasonal products DF9	0.733
	More recognizable label and products DF7	0.697
	More assortment (variety/range) availability DF4	0.696
IV (69.623) Easy & Safe cooking	Better/Shorter cooking conditions DF13	0.613
	More accessibility in the market DF3	0.603
	Longer shelf life DF10	0.584

In this table Four factors were identified as being maximum percentage variance accounted. The variable DF2, DF12 and DF11 constitutes factor I and it accounts for 18.812 per cent of the total variance. The variable DF8, DF1 and DF6 constitutes factor II and it accounts for 36.849 per cent of the total variance. The variable DF5, DF9, DF7 and DF4 constitutes factor III and it accounts for 54.434 per cent of the total variance. The variable DF13, DF3 and DF10 constitutes factor IV and it accounts for 69.623 per cent of the total variance.

ANALYSIS OF VARIANCE

H0 : There is no significant difference between demand of organic products in the market and gender.

H1 : There is no significant difference between demand of organic products in the market and gender.

TABLE 7: ANOVA

Source of variance		Sum of Squares	df	Mean Square	F	Sig.
Awareness	Between Groups	3.805	1	3.805	.521	.471
	Within Groups	2792.067	382	7.309		
	Total	2795.872	383			
Affordable price and Trust	Between Groups	1.669	1	1.669	.276	.600
	Within Groups	2309.956	382	6.047		
	Total	2311.625	383			
Appeal and Assortment	Between Groups	.389	1	.389	.035	.852
	Within Groups	4246.733	382	11.117		
	Total	4247.122	383			
Easy and safe cooking	Between Groups	27.492	1	27.492	4.415	.036*
	Within Groups	2378.443	382	6.226		
	Total	2405.935	383			

Source: Primary data

* Significant at 5 percent level of significance

The above table indicates that demand of organic products in the market factors do not have significant differences across gender. Hence, the null hypothesis is rejected with respect to demand of organic products in the market factors. The alternative hypothesis (H1) is accepted for all demand factors except easy and safe cooking.

H0 : There is no significant difference between demand of organic products in the market and age.

H1 : There is no significant difference between demand of organic products in the market and age.

TABLE 8: ANOVA

Source of variance		Sum of Squares	df	Mean Square	F	Sig.
Awareness	Between Groups	.832	2	.416	.057	.945
	Within Groups	2795.040	381	7.336		
	Total	2795.872	383			
Affordable price and Trust	Between Groups	20.429	2	10.214	1.699	.184
	Within Groups	2291.196	381	6.014		
	Total	2311.625	383			
Appeal and Assortment	Between Groups	10.796	2	5.398	.485	.616
	Within Groups	4236.327	381	11.119		
	Total	4247.122	383			
Easy and safe cooking	Between Groups	19.617	2	9.809	1.566	.210
	Within Groups	2386.318	381	6.263		
	Total	2405.935	383			

Source: Primary data

* Significant at 5 percent level of significance

The above table indicates that demand of organic products in the market factors do not have significant differences across age. Hence, the null hypothesis is rejected with respect to demand of organic products in the market factors. The alternative hypothesis (H1) is accepted for all demand factors.

H0 : There is no significant difference between demand of organic products in the market and highest education level.

H1 : There is no significant difference between demand of organic products in the market and highest education level.

TABLE 9: ANOVA

Source of variance		Sum of Squares	df	Mean Square	F	Sig.
Awareness	Between Groups	21.053	3	7.018	.961	.411
	Within Groups	2774.819	380	7.302		
	Total	2795.872	383			
Affordable price and Trust	Between Groups	10.803	3	3.601	.595	.619
	Within Groups	2300.822	380	6.055		
	Total	2311.625	383			
Appeal and Assortment	Between Groups	13.283	3	4.428	.397	.755
	Within Groups	4233.840	380	11.142		
	Total	4247.122	383			
Easy and safe cooking	Between Groups	12.308	3	4.103	.651	.583
	Within Groups	2393.626	380	6.299		
	Total	2405.935	383			

Source: Primary data

* Significant at 5 percent level of significance

The above table indicates that demand of organic products in the market factors do not have significant differences across highest education level. Hence, the null hypothesis is rejected with respect to demand of organic products in the market factors. The alternative hypothesis (H1) is accepted for all demand factors.

H0 : There is no significant difference between demand of organic products in the market and employment status.

H1 : There is no significant difference between demand of organic products in the market and employment status.

TABLE 10: ANOVA

Source of variance		Sum of Squares	df	Mean Square	F	Sig.
Awareness	Between Groups	21.053	3	7.018	.961	.411
	Within Groups	2774.819	380	7.302		
	Total	2795.872	383			
Affordable price and Trust	Between Groups	10.803	3	3.601	.595	.619
	Within Groups	2300.822	380	6.055		
	Total	2311.625	383			
Appeal and Assortment	Between Groups	13.283	3	4.428	.397	.755
	Within Groups	4233.840	380	11.142		
	Total	4247.122	383			
Easy and safe cooking	Between Groups	12.308	3	4.103	.651	.583
	Within Groups	2393.626	380	6.299		
	Total	2405.935	383			

Source: Primary data

* Significant at 5 percent level of significance

The above table indicates that demand of organic products in the market factors do not have significant differences across employment status. Hence, the null hypothesis is rejected with respect to demand of organic products in the market factors. The alternative hypothesis (H1) is accepted for all demand factors.

H0 : There is no significant difference between demand of organic products in the market and number of earning members.

H1 : There is no significant difference between demand of organic products in the market and number of earning members.

TABLE 11: ANOVA

Source of variance		Sum of Squares	df	Mean Square	F	Sig.
Awareness	Between Groups	11.784	2	5.892	.806	.447
	Within Groups	2784.089	381	7.307		
	Total	2795.872	383			
Affordable price and Trust	Between Groups	2.665	2	1.332	.220	.803
	Within Groups	2308.960	381	6.060		
	Total	2311.625	383			
Appeal and Assortment	Between Groups	4.174	2	2.087	.187	.829
	Within Groups	4242.948	381	11.136		
	Total	4247.122	383			
Easy and safe cooking	Between Groups	1.952	2	.976	.155	.857
	Within Groups	2403.983	381	6.310		
	Total	2405.935	383			

Source: Primary data

* Significant at 5 percent level of significance

The above table indicates that demand of organic products in the market factors do not have significant differences across number of people in household. Hence, the null hypothesis is rejected with respect to demand of organic products in the market factors. The alternative hypothesis (H1) is accepted for all demand factors.

H0 : There is no significant difference between demand of organic products in the market and number of children.

H1 : There is no significant difference between demand of organic products in the market and number of children.

TABLE 12: ANOVA

Source of variance		Sum of Squares	df	Mean Square	F	Sig.
Awareness	Between Groups	4.116	2	2.058	.281	.755
	Within Groups	2791.756	381	7.327		
	Total	2795.872	383			
Affordable price and Trust	Between Groups	28.854	2	14.427	2.408	.091
	Within Groups	2282.771	381	5.992		
	Total	2311.625	383			
Appeal and Assortment	Between Groups	69.096	2	34.548	3.150	.044*
	Within Groups	4178.026	381	10.966		
	Total	4247.122	383			
Easy and safe cooking	Between Groups	6.939	2	3.469	.551	.577
	Within Groups	2398.996	381	6.297		
	Total	2405.935	383			

Source: Primary data

* Significant at 5 percent level of significance

The above table indicates that demand of organic products in the market factors do not have significant differences across number of children. Hence, the null hypothesis is rejected with respect to demand of organic products in the market factors. The alternative hypothesis (H1) is accepted for all demand factors.

CONCLUSION

The demand for organic products is gaining momentum now days. Due to the awareness towards organic products and its health implication, the consumers are demanding for organic products in a massive way. The demand for organic products is because of the awareness, affordable price and trust, appeal and assortment, and easy and safe cooking.

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ECONOMIC REFORM POST 1991 - AGRICULTURE

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ABSTRACT

Since 1951, India has fully-fledged as a planned economy. The first few plans focused on growth with strengthening of the manufacturing and industrial sector to form the backbone of the Indian economy. Other principal areas of planning were agriculture, poverty alleviation, employment generation, social development etc. Back in 1991, India saw itself battling its most critical economic and currency crisis ever, but after economic reforms and adopting the policy of LPG (Liberalization, Privatization, and Globalization) Indian economy performed well. Then again due to global financial crisis in 2008 Indian economy again interrupted and going through another turbulent phase. This paper analysis Indian economy from 1991-2014. Agricultural development in post-independence India is marked by a historic failure of the state to resolve the agrarian question, i.e., ending the extreme concentration of land ownership and use and weakening the factors that fostered disincentives in investment and technology adoption, tied workers to a social system with considerable pre- modern features and compressed purchasing power. While this failure has shaped the pattern and nature of agricultural growth in India after 1947, the implementation of economic "reforms" after 1991 has introduced new dimensions to the contradictions of the earlier regime. In the 1990s and 2000s, some of the fundamental contradictions of the post-independence agrarian economy have persisted; on the other hand, some of the pillars on which the earlier regime rested have been undermined. This paper deals with the performance of India's agricultural economy in the post- independence period, with specific emphasis on the period of economic reforms. it critically analyses the official agricultural policy after 1991 and attempts to relate the outcomes of policy shifts to the patterns of growth across time and concluding section.

KEYWORDS

economic, reforms, liberalization, globalization, privatization, green revaluation.

INTRODUCTION

Data from the Ministry of agriculture(MOA) show that five phases of growth could be delineated in the evolution of India's agricultural economy The first is the period of British colonialism from the 18th century up to India's independence. The second is the period of the first fifteen years after national planning began in 1950-51 till 1964-65. The third phase – often called the "early green revolution phase" – roughly spans the period between the mid-sixties till the beginning of the eighties. The fourth phase – called the "late green revolution phase" – begins from the early eighties till the early nineties. The fifth phase covers the period after 1991-92, when there were major changes in the agricultural policies towards domestic liberalization and integration with the global economy. Over the fifty years that preceded independence in 1947, food grain output in India grew at a meagre 0.1 per cent per annum (1966). In the period following independence, agricultural growth in India began to pick up. Between 1949-50 and 1964-65, the index of agricultural production (IAP) grew by 3.1 per cent per annum, driven by high growth rates in both food grain and non-food grain production (Table 1). The growth rate of IAP, however, fell to 2.3 per cent in the period between 1967-68 and 1980-81. There was a recovery in the growth rate of IAP in the period between 1981-82 and 1991-92, with the IAP growing at 3.4 per cent. In the final period between 1992-93 and 2005-06, the growth rate of IAP fell to a meager 1.2 per cent. Significantly, for the first time after independence, the rate of growth of IAP fell behind the rate of growth of population in the last period. The above periodisation remains valid when we consider the GVO data from CSO also.

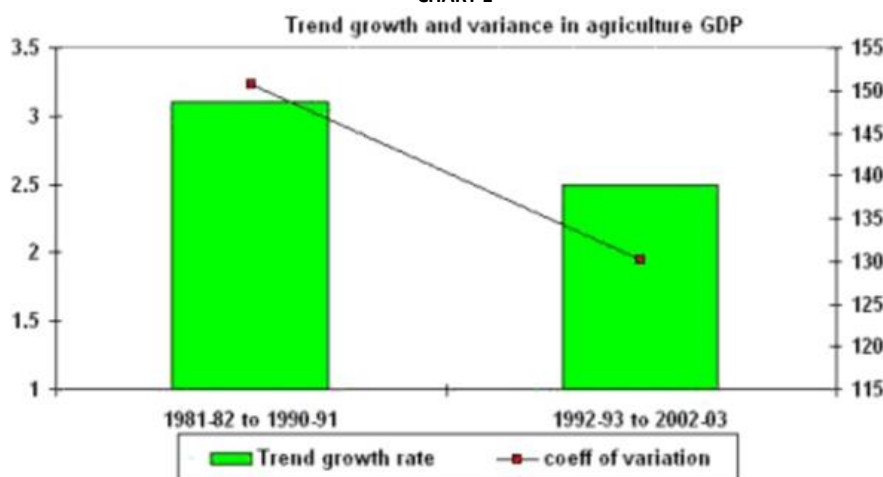
There were also important crop-specific differences in the growth of production in the 1990s and 2000s compared to the 1980s. While the growth rate of index of production and GVO for cereals, paddy and wheat declined significantly in the 1990s, the corresponding growth rates for coarse cereals like jowar and ragi were negative. The index of production as well as GVO for pulses and oilseeds recorded negative growth rates between 1992-93 and 2002-03; after 2002-03, there appears to have been a moderate recovery that pushed their growth rates into positive figures, though still less than 1 per cent between 1992-93 and 2006-07.

POLICIES, FACTORS AND PROCESSES

At the time of independence, India had an increasingly lopsided agricultural economy, marked by low, and at times declining, yield of crops, low share of irrigated area, large extent of cultivable land left fallow, deterioration of soil quality and the use of poor quality seeds and poorly yielding livestock (1947). Food grain availability per head, which was about 200 kg at the triennium ending in 1918, fell to about 150 kg by 1947.

The reasons for the deteriorating state of agriculture under colonialism are many and complex. Nevertheless, the one overarching reason was the backward and oppressive relations of production in agriculture. Big landlordism was the dominant feature of agrarian relations. All the land systems of British India, though diverse in their features, were however united in their outcomes: sub-division and extreme fragmentation of operated land, sub-infatuation of holdings, insecurity of tenures, rack-renting, illegal ceases and usury. There was an increase in landlessness among rural households alongside an increase in the share of agricultural laborers in the population and the work force.

CHART 1



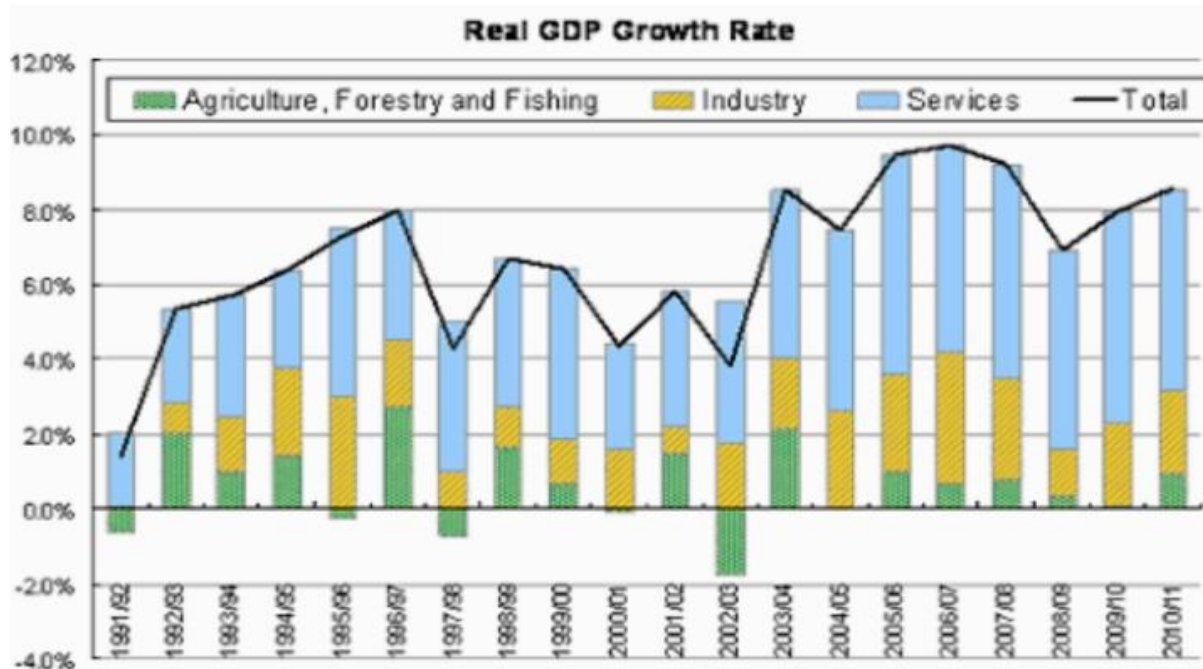
THE ADVOCACY FOR LIBERALIZATION IN THE 1990s

By the late-eighties and the early-nineties, the official policy on agriculture followed until then came to be criticized. This critique of the earlier policy was led by a section of economists as well as international financial institutions, such as the World Bank, all wedded to the ideas of the Washington Consensus. It was argued that the earlier policy deliberately skewed the terms of trade against agriculture through protectionist industrial and trade policies and an overvalued exchange rate. It was argued that once we “get the prices right”, the incentive structure in agriculture would improve, and farmers would respond to higher prices by producing more. If domestic prices were aligned with world prices, average incomes in agriculture in the early-1990s would have been 16 to 25 per cent higher than what they actually were.

Liberalization of agricultural trade was put forward as an important step towards imparting efficiency to Indian agriculture. These arguments were derived primarily from the standpoint of the neo-classical trade theory, in which free trade and openness would maximize efficiency and gains. It was argued that India has major comparative advantages in diversifying its cropping pattern in favor of high value, export-oriented crops like fruits, vegetables and flowers. Further, restrictions on private stocks and internal trade should be eliminated, which would help to evolve a national market in agriculture.

Terms of trade was biased against agriculture also because the policies of input subsidies and output support prices had suppressed domestic prices. According to one author, subsidies in agriculture were “fiscally unsustainable...inefficient and costly to farmers”. In this view, the long term decline of public investment could be reversed by cutting down on subsidies. The government should gradually retreat from the functions of procurement of food, as “government cannot manage commodity trade in an efficient way”. The large buffer stocks of food should be gradually brought down. In its place, private trade could be relied up on to “import or export..., build or shed inventories, as and when they expect tightness or slack in the domestic market”. the optimal private holding of stocks would be greatly assisted by the “creation of futures markets” for agricultural products. It was also argued that food subsidies should not be universally accessible, and need targeting.

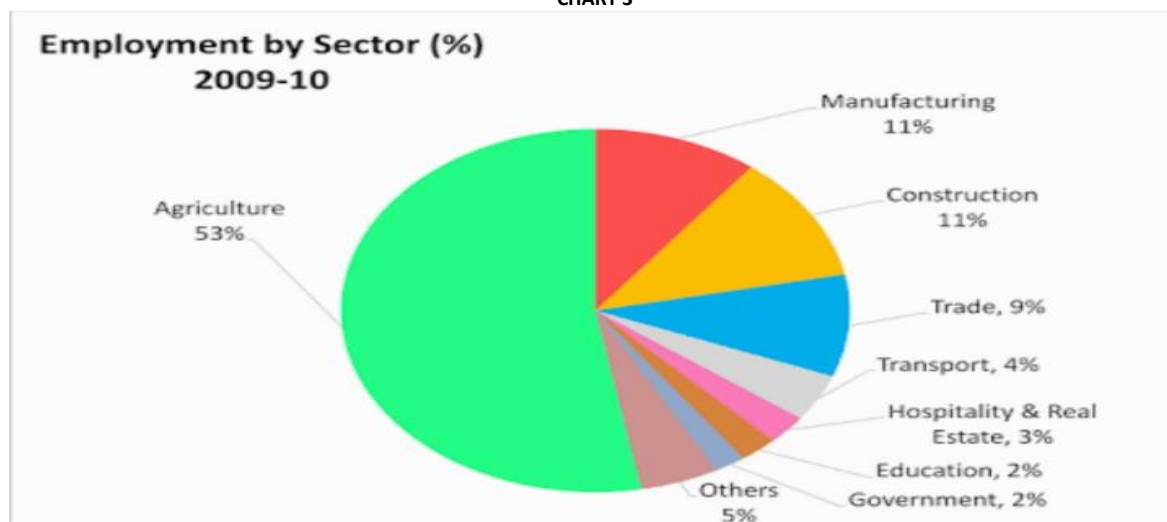
CHART 2



(Source: Central Statistical Organization)

The agenda for the liberalization of the agricultural sector included a few additional components. First, as part of the larger program me of financial liberalization, the policy on agricultural credit underwent significant changes towards deregulation. Secondly, it was argued that the existing laws on agricultural marketing discriminated against farmers by not allowing them to interact directly with the big buyers. Contract farming was seen to be beneficial to farmers in their efforts at crop diversification. It was argued that land ceilings have to be raised so that rich peasants and agri-business firms can freely lease in land. The underlying belief was that if permitted, land leasing could provide economies of scale by attracting potential investors, including corporate players, into agriculture. Thirdly, though the official policy often reaffirmed its commitment to encourage public agricultural research, private sector research was to be promoted in a large number of sectors. An IPR regime was to be endorsed in agricultural research. Fourthly, the agricultural extension system was to be reorganized by encouraging more public-private ventures as well as NGO-based extension networks.

CHART 3



We have already noted that the period of implementation of the liberalization policies in agriculture in India have also been the period of a significant slowdown in agricultural growth. Rate of growth of food grain production, especially rice and wheat, slowed down significantly. The per head food grain availability (the sum of domestic output, net imports and change in stock) fell from about 175 kg in the triennium ending 1992 to 163 kg in the triennium ending 2001. The availability per head of pulses and coarse cereals also fell in the period after 1991-92.6

The argument of the proponents of the new policy has been that once terms of trade improve, price incentives would generate a significant supply response. However, the vast literature on the supply responsiveness of farmers has shown that the relationship between prices and output is very weak. There are, of course, major issues related to the accuracy of economic models used to estimate supply response in agriculture, such as the measurement and control of different effects. Yet, the range of long run supply elasticity of aggregate agricultural output has historically been between 0.1 and 0.5 in developing countries. Accordingly it was termed as the resulting "efficiency loss is quite small".

Pulses have been the main source of protein for the poor, who could not afford to consume animal protein sources like milk in adequate amounts. Coarse cereals are richer sources of vitamins, minerals and fiber than rice and wheat, and have historically been the major source of protective nutrients for the poor.

In spite of these obvious adverse outcomes, it is required that each argument raised in the 1990s in favor of liberalization of the agricultural economy be examined more closely.

CONCLUSION

In conclusion we can say that Indian economy performed well after 1991 but currently Indian economy going through another turbulent phase. It is hard to believe the fact that, we have definitely grown since 1991 but the main imbalances then -fiscal deficit and current account deficit- are in reckoning again and have become the main concerns of today. People have started drawing parallels based on similarities in the economy like - Current Account Deficit in 2012 is 4% as compared to 3% of 1991. Fiscal Deficit is 6% in 2012 as compared to 8% in 1991.

In Indian agriculture, which continues to provide livelihood for more than half of the population, Washington Consensus-type policies after 1991 have had acute adverse effects. The green revolution of the 1960s and 1970s helped Indian agriculture overcome a "ship-to-mouth" existence and achieve self-sufficiency in production. This achievement was built on a platform of state support; there were price supports, subsidy supports, credit supports and marketing supports. The interventionist role of the state in the 1970s and 1980s led to the creation of a network of institutional support structures in rural areas. Given the unreformed agrarian economy with dwindling public investment in critical areas like irrigation, the benefits of these support structures were distributed unequally – across crops, classes and regions.

The spate of farmers' suicides reported from certain parts of the country reflects the distress state of agriculture after 1991. Between 1997 and 2006, there were about 150,000 suicides by "farmers" in rural India.

Economic "reform" after 1991 was based on an explicit rejection of the need to transform the institutional framework of Indian agriculture. It was argued that with increased openness, the barriers to raising agricultural surplus could be overcome by using external trade as an instrument. A firm resolve emerged to repeal land reform laws in many States, in order to encourage private corporate investment.

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DATA ANALYSIS OF HEALTH CONDITIONS OF LOWER STRATA OF DELHI'S POPULATION

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ABSTRACT

Delhi being the capital city of our nation needs to have the best healthcare service for all groups of people. But, in reality there are more super speciality hospital chains in Delhi where the people of higher income group can visit easily for check-ups and treatments. While in comparison to this, the number of government hospitals, nurseries and moholla clinics in Delhi is quite less which makes it problematic for the people of lower income group to avail health services. This paper gives a description about the current health scenario of people in the lower strata including what all problem do they face as regards health as well as availing health services. The study has been carried out on the basis of the data collected through physical surveys done in some residential areas of lower strata people. This study shall highlight the current health scenario of such people and also the need to improve primary healthcare services in order to have an overall disease-free city.


KEYWORDS

survey findings, health scenario, practitioner, lower strata, proximity.

JEL CLASSIFICATION CODES

JEL:I10 (Health), JEL:C80 (Computers: Data Collections and analysing), JEL:Z13 (Social Satisfaction).

INTRODUCTION

 Surveys are the best indicative measures to know the interest and thoughts about the population. The National Family Health Survey follows a practice of conducting surveys across the nation on annual basis to know the health conditions of people in each state of the country. Some of its outcomes are shown below:

[1] The National Family Health Survey 2015-16 (NFHS-4), the fourth in the NFHS series, provides information on population, health and nutrition for India and each State / Union territory. NFHS-4, for the first time, provides district-level estimates for many important indicators. The contents of previous rounds of NFHS are generally retained and additional components are added from one round to another. In this round, information on malaria prevention, migration in the context of HIV, abortion, violence during pregnancy etc. have been added. The scope of clinical, anthropometric, and biochemical testing (CAB) or Biomarker component has been expanded to include measurement of blood pressure and blood glucose levels. NFHS-4 sample has been designed to provide district and higher-level estimates of various indicators covered in the survey. However, estimates of indicators of sexual behavior, husband's background and woman's work, HIV/AIDS knowledge, attitudes and behavior, and, domestic violence will be available at State and national level only.

As stated in an article by [15] Unite for Sight group, [2] whether verbal or written, surveys are a method to obtain an understanding about public opinion and perceptions. In the wider realm of sociology, politics, economics, behavioral psychology and across industries, statistical research is used to uncover the underlying 'truth'.

[3] As part of conducting a research study, the design of data tools is as important as selecting the right methodological approaches. Appropriate attention should be given to the proper development of the instruments used to collect data. Why? It is essential to avoid creating gaps between the theoretical postulates of research and the language used to find the facts.

Conducting surveys is one of the most suitable option to know accurate responses of masses towards their conditions regarding any issue. Different people have different health issues which are majorly an outcome of how their respective health systems work. Regardless of the group of people or the type of services being availed, the population has similar expectations about having good medical facilities available to them at all times and in all situations.

GOVERNMENT SURVEYS

The Indian Government carries out various health surveys from time to time to keep and updated recorded of the health conditions of citizens. Some of the major surveys are described below.

[4] **The National Family Health Survey (NFHS)** is a large-scale, multi-round survey conducted in a representative sample of households throughout India. Three rounds of the survey have been conducted since the first survey in 1992-93. The survey provides state and national information for India on fertility, infant and child mortality, the practice of family planning, maternal and child health, reproductive health, nutrition, anaemia, utilization and quality of health and family planning services. Each successive round of the NFHS has had two specific goals: a) to provide essential data on health and family welfare needed by the Ministry of Health and Family Welfare and other agencies for policy and programme purposes, and b) to provide information on important emerging health and family welfare issues.

According to **WHO National Survey in India**, Population-based surveys are an invaluable source of health information. [5] A key aim of these surveys is to provide high-quality data for policy development and program planning, monitoring and evaluation. Population-based surveys have been used extensively to gather information on fertility, mortality, family planning, maternal and child health, and some other aspects of health, nutrition and health care in India. [6]

[8] **The National Health Interview Survey (NHIS)** is the principal source of information on the health of the civilian noninstitutionalized population of the United States and is one of the major data collection programs of the National Centre for Health Statistics (NCHS) which is part of the Centres for Disease Control and Prevention (CDC). The National Health Survey Act of 1956 provided for a continuing survey and special studies to secure accurate and current statistical information

on the amount, distribution, and effects of illness and disability in the United States and the services rendered for or because of such conditions. The survey referred to in the Act, now called the National Health Interview Survey, was initiated in July 1957. Since 1960, the survey has been conducted by NCHS, which was formed when the National Health Survey and the National Vital Statistics Division were combined.

The introduction here covers the objectives and needs to carry out this survey, which are explained below:

OBJECTIVES

The major objective of the survey is to examine the way people of lower income group report their health, measure the performance of their frequently used health systems in relation to responsiveness and gather information on modes of treatment availed through various types of medical providers including clinics, hospitals or what the people refer to as the "Bengali Doctors". In addition, it addresses various areas such as health care expenditures, general hygiene of home and surrounding areas, birth history, various risk factors, assessment of main chronic health conditions and the coverage of health interventions, in specific additional modules.

The detailed objectives include:

1. To understand the health conditions of lower income group people and to carry out an analysis explaining their current scenario as well as needs for an improvised health care system.
2. Keep a regular check on the primary ailments being faced by the specified group of masses and also to make sure they receive basic medication and treatments in all situations.
3. These survey findings can also help the policy makers to develop better provisions for such people to avail trustworthy medical services from learned professionals in order to make the health conditions of lower strata at par with the other groups of society.

NEED

The need to carry out a health survey in areas where people from lower strata of the city reside lies in the fact that how much their health conditions are ignored by the system. The people considering their localities and facilities available to them, they are majorly illiterate, unaware about health state and generally ignorant towards getting a proper treatment for some ailment because of the monetary issues. This survey has thus been conducted to observe the health patterns of people and try to provide cost-effective and efficient methods of treating their ailments. Also, the need of face-to-face interaction with people in order to understand their problems and conditions better has been addressed by carrying out this survey. Other needs have been listed below:

- To target health care resources appropriately for overall improved health of the population.
- To provide baseline for monitoring the effect of inventions on health condition of lower income groups.
- To observe comparisons between the health state of different groups of people.
- To develop and information set which could be useful for forming new plans for providing health conditions.
- To highlight areas of further development, especially in areas of health care deficiencies.

RESEARCH METHODOLOGY

• TARGET POPULATION

The target population here are the families belonging to lower income groups. People aged 18+ have been interviewed about the overall conditions of themselves as well as their families. The major areas covered are Subhash Nagar slums in Delhi and J.J. Colony in Dwarka, New Delhi (NCR). Other people that have been interviewed include house maids, security guards, washer-men/washer-women, auto drivers, sweepers, rickshaw pullers, factory workers and other daily wage earners. A target of 250 interviews has been achieved covering the mentioned groups of people residing in the capital city, Delhi.

• METHOD OF INTERVIEW

All survey interviews have been carried out in a face-to-face interactive fashion. The questionnaire being in English, all people being interviewed were made to explain each and every question, asked to relate it with their lifestyle and health condition and this way accurate responses from the interviewees were collected.

DATA SOURCE

The data set used for the findings is Primary Data collected through the means of surveying the target population mentioned in the above section. The data is solely original and not taken as a secondary source of data from any references. The data used clearly specifies the current state of people termed as lower strata and also what are their needs that should be fulfilled to provide them a better and healthier lifestyle. The data consists of information stating their primary health issues that need major focus rather than concentrating on providing facilities and equipment(s) for rather bigger and severe health conditions.

TECHNOLOGY USED

The software (s) needed to analyze the various aspects of the survey are as follows:

• Microsoft Excel (preferably 2016 version)

MS-Excel is a very powerful tool of the Microsoft office due to its various features. We can organize your numeric or text data in spreadsheets or workbooks and view it in context through excel which will help us make more informed decisions.

As one looks at different configurations, Excel learns and recognizes our pattern and auto-completes the remaining data for you. No formulas or macros required. The Tell Me search feature guides you to the feature commands you need to get the results you are looking for.

Excel also performs complex analyses for our data. And it summarizes our data with previews of pivot-table options, so that we can compare them and select the one that tells our story best.

Excel can recommend the charts and graphs that best illustrate your data patterns. Quickly preview your options and pick those that present your insights most clearly.

We can discover and compare different ways to represent our data and our intents visually. When we see the one that shows our data best, apply formatting, spark lines, charts, and tables with a single click. A set of new modern charts and graphs in Excel 2016 help you to present our data in fresh ways.

Excel makes it easy to spot trends and patterns in your data by using bars, colors and icons to visually highlight important values. The new one-click forecasting feature in Excel 2016 creates forecasts on your data series with one click to future trends.

In this survey analysis, Excel has been used to create the primary data set by entering all recorded responses in form of a spreadsheet which is further used for extracting patterns.

• R Studio

RStudio is an open source tool for performing Data Mining operations. In technical terms, RStudio is a cross-platform integrated development environment (IDE) for the R statistical language. The technology to amass data exceeds our abilities to make use of it. RStudio supports version control and codebase organization in the form of projects. Another cool feature which might be of use to some is the manipulate package for dynamically changing plot parameters

People all over the world are turning to R, an open source statistical language, to make sense of data. Inspired by the innovations of R users in science, education, and industry, RStudio develops free and open tools for R and enterprise-ready professional products for teams to scale and share work.

RStudio is an integrated development environment (IDE) for the R programming language. Some of its features include:

- Customizable workbench with all of the tools required to work with R in one place (console, source, plots, workspace, help, history, etc.).
- Syntax highlighting editor with code completion.
- Execute code directly from the source editor (line, selection, or file).
- Full support for authoring Sweave and TeX documents.
- Runs on all major platforms (Windows, Mac, and Linux) and can also be run as a server, enabling multiple users to access the RStudio IDE using a web browser.

The major benefit of using RStudio in our survey is that it helped in carrying out the Data Mining for the survey responses we collected from various people. The entire process of mining our desired results included creating a database in the Microsoft Excel spreadsheet, importing a "csv" format of this database in the RStudio and then using the various entries of the dataset to plot histograms, bar graphs and pie charts.

ANALYSIS AND FINDINGS

The findings of the survey along with the pictorial view are displayed in this section.

1) Overall Health Conditions of people in lower strata

FIG. 1.1

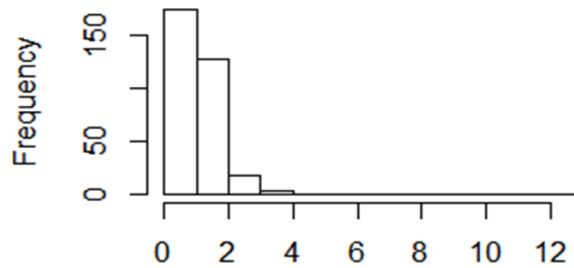
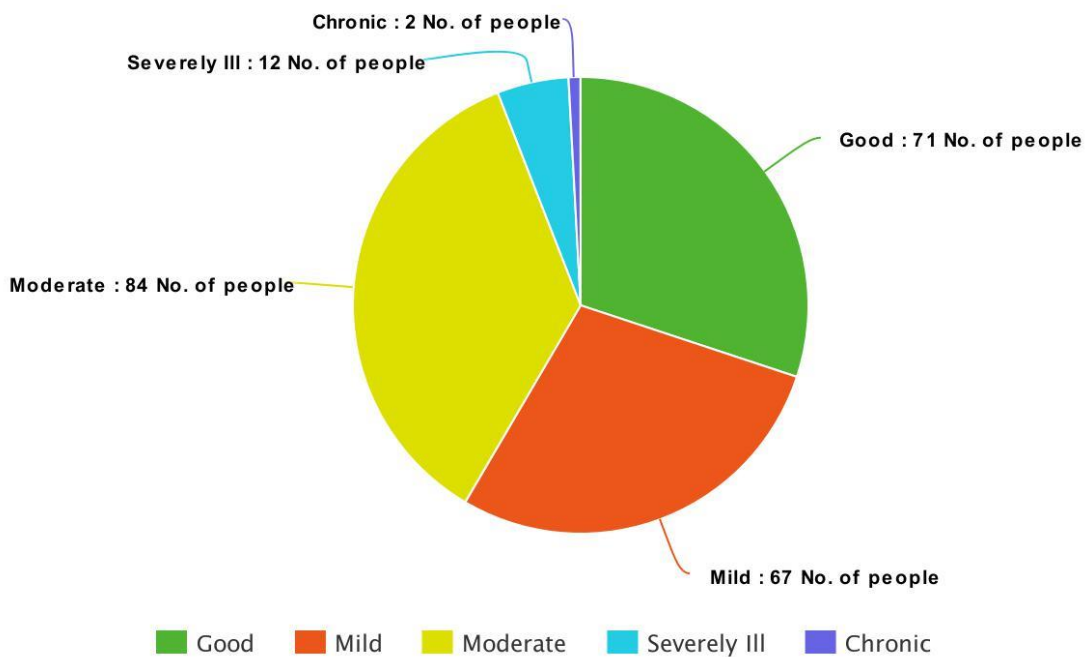


FIG. 1.2

Overall Health Condition



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As per the survey results, the overall health conditions of people are majorly moderate, i.e., 35% of them told their condition as moderate while a big group of people, 28%, feel it is mild and can get worse at any time. The good outcome is that there is a less number, just 5.7%, suggesting people in ill and chronic stages.

2) Frequently Faced Primary problems

FIG. 2.1

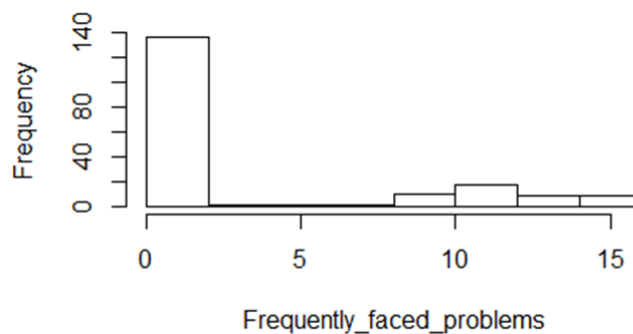
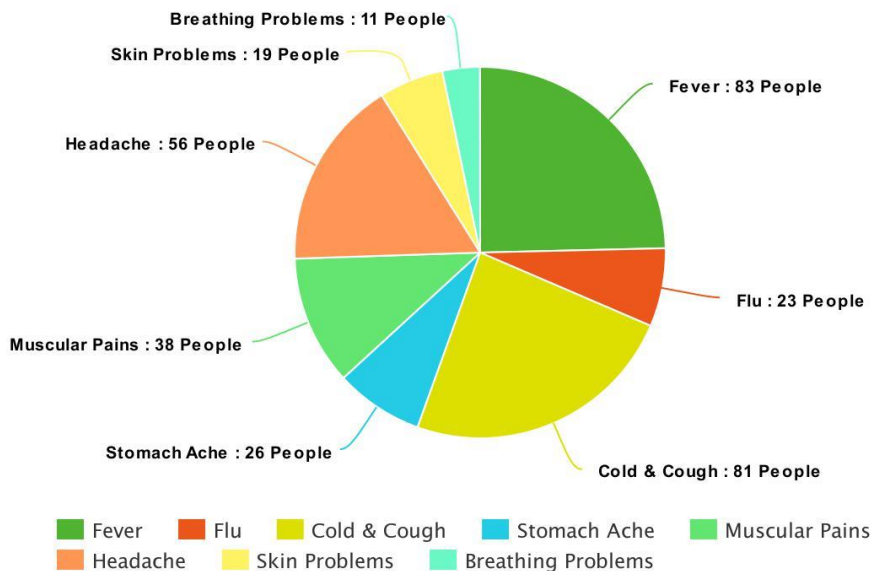


FIG. 2.2

Frequently Faced Problems



meta-chart.com

The frequently faced problems include a variety of issues with fever, cough and cold being the major concern of majority of people, 67.4% in numbers. Other frequently faced primary ailments are headache, 23% and a few people also face issues like skin and breathing problems, 12.3%.

3) Time Lapse between check ups

FIG. 3.1

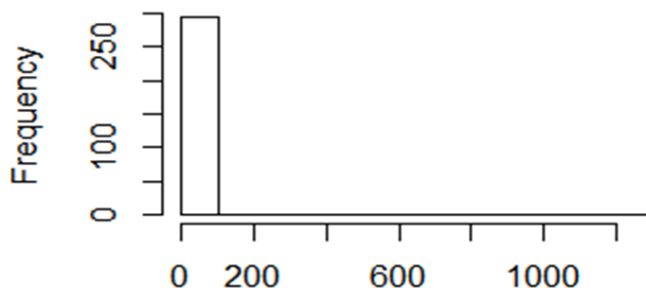
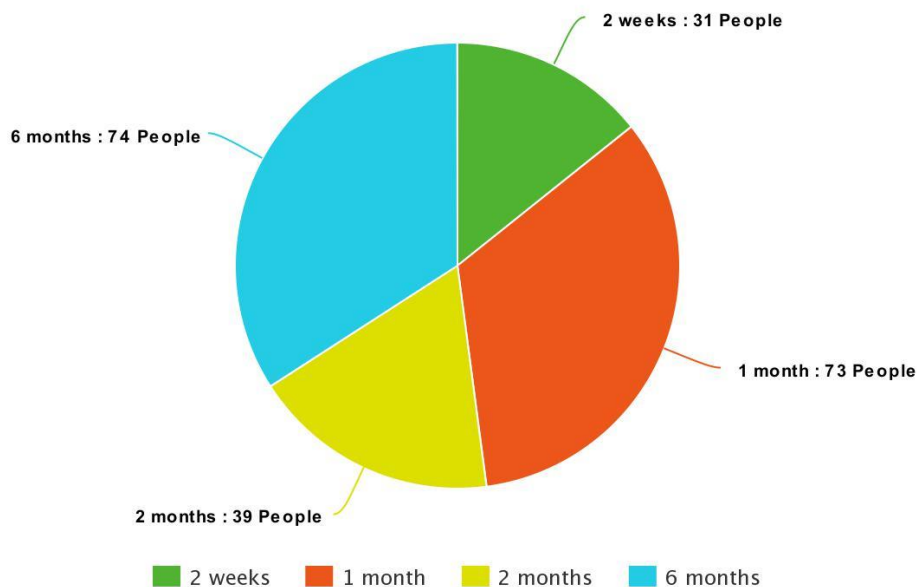


FIG. 3.2

Time Lapse B/w Check-ups



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The time gap between regular check-ups determines the general well-being of a person. The survey findings suggest that people in lower income group do not go for regular check-ups for months together, which leads to a disease or health condition getting worse with time. As shown above, 74% people told that they had not visited a doctor in 6 months while there are just 31% people who visit doctor within time span of few weeks.

4) Water Source

FIG. 4.1

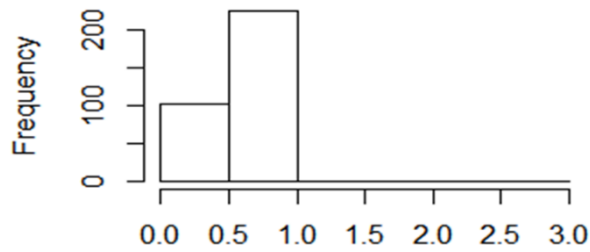
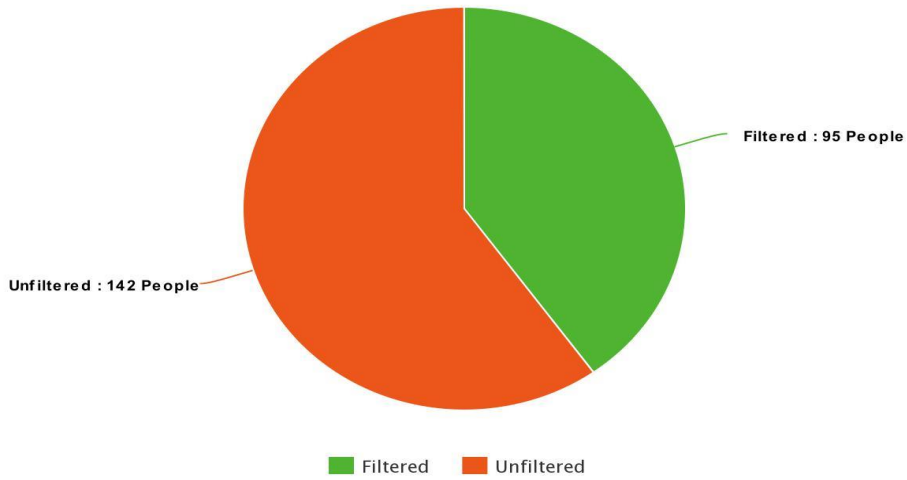


FIG. 4.2

Water Source



meta-chart.com

Clearly, the water source indicator suggests that majority of people, 142 (58.4%), have no access to filtered water and have to survive with the dirty tap water. Drinking of unclean, untreated water is also an important cause of water borne health problems.

5) Clean Surroundings

FIG. 5.1

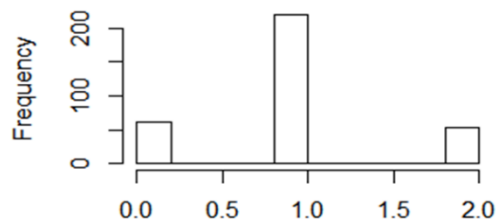
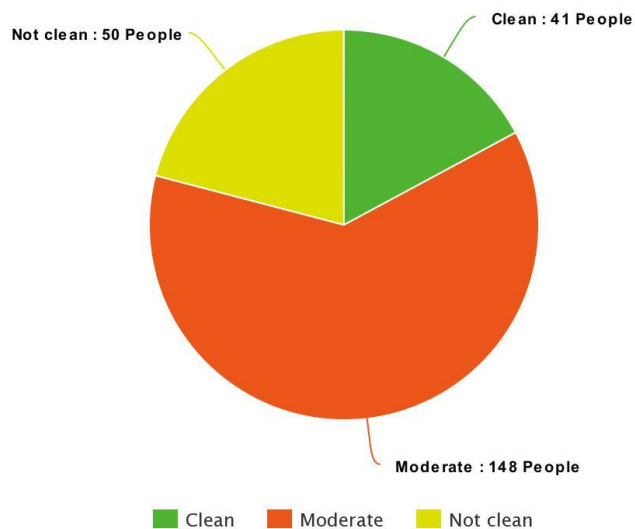


FIG. 5.2

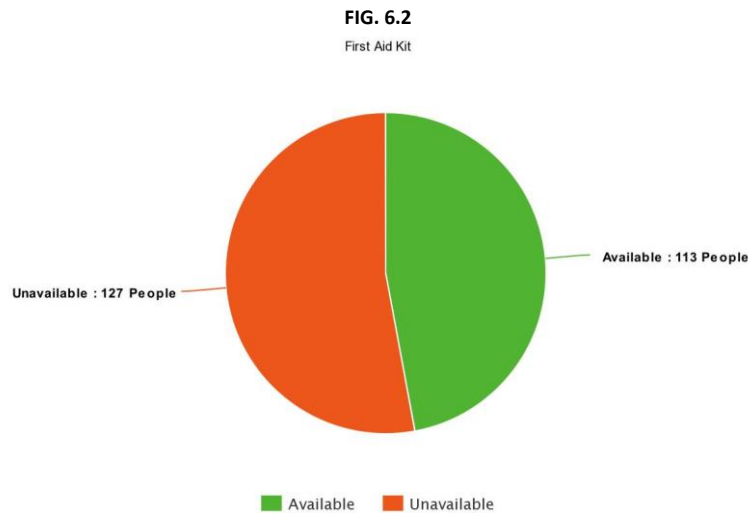
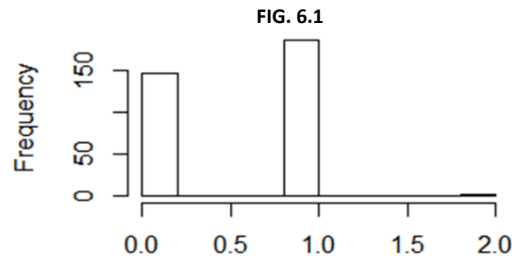
Clean Society



meta-chart.com

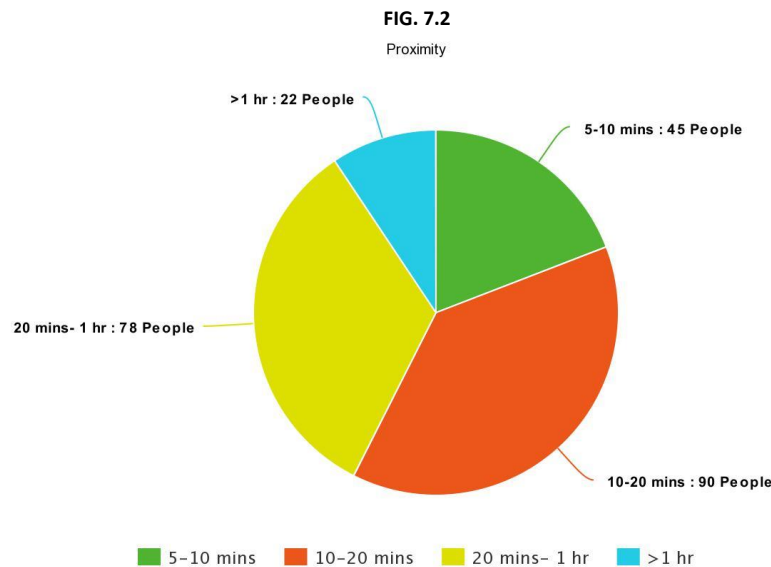
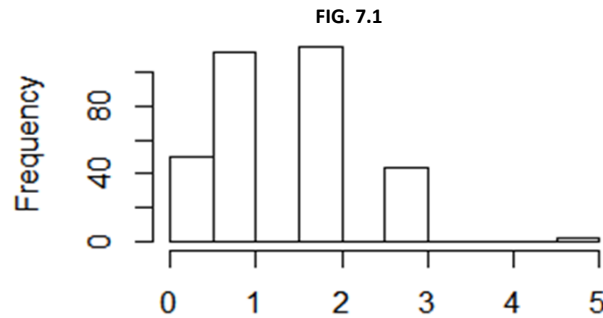
Clean surroundings too play a major role in deciding the health conditions of people of a particular area. As depicted above, majority of people, 61%, rated their surrounding as moderately clean and not completely upto their expectations. There is a very less number, 16.8%, who say that their living surroundings are clean enough while 20.5% of them said it's not clean at all.

6) Availability of First-Aid kit



The availability of first aid kit at all households is a must in order to treat any primary ailment at initial level. This always helps in lowering the rate of spread of disease and provides immediate relief too. As per our survey, the majority of people lie in the category of having a first aid kit at home, i.e. 46.5%, but also the number of people not having this facility at home or the knowledge about keeping a first aid kit ready is also not less, i.e., 52.2%.

7) Proximity to health service provider



In cases of immediate medical assistance proximity to health service providers plays an important role. The survey results depict that a good amount of people (37%) have medical services nearby to their residence, 32% people who need an average travel time between 20 minutes to 1 hour while there are few such people as well (9.05%) who need to travel for more than an hour to get the desired medical assistance.

8) Willing expenditure on health

FIG. 8.1

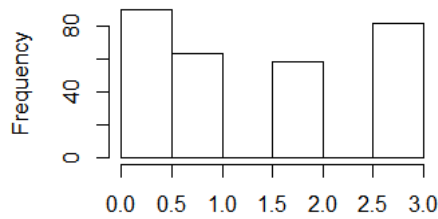
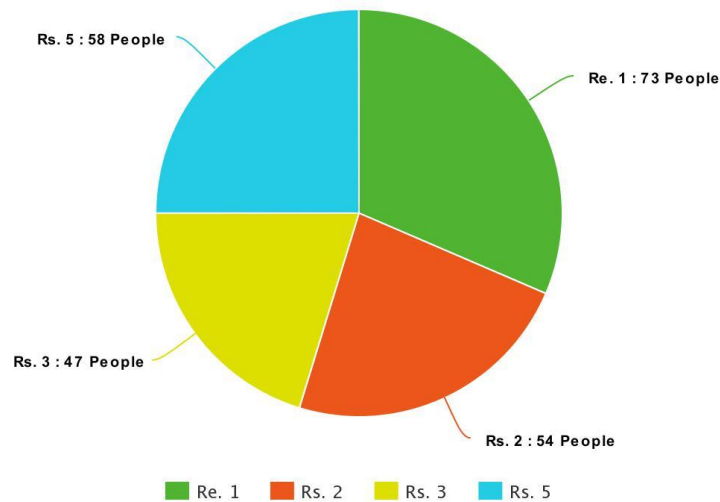


FIG. 8.2

Willing expenditure on health



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When asked about willing expenditure for improving their health, majority people, 30%, responded that they won't be interested to spend more than a rupee for their health. Also, there were on an average 20.5% people who were willing to spend money ranging from Rs. 2 to Rs. 5 for their health issues.

9) Waiting time in case of Emergency

FIG. 9.1

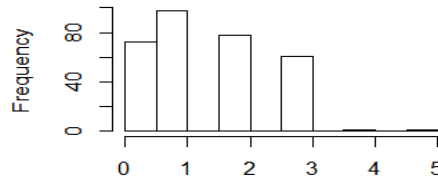
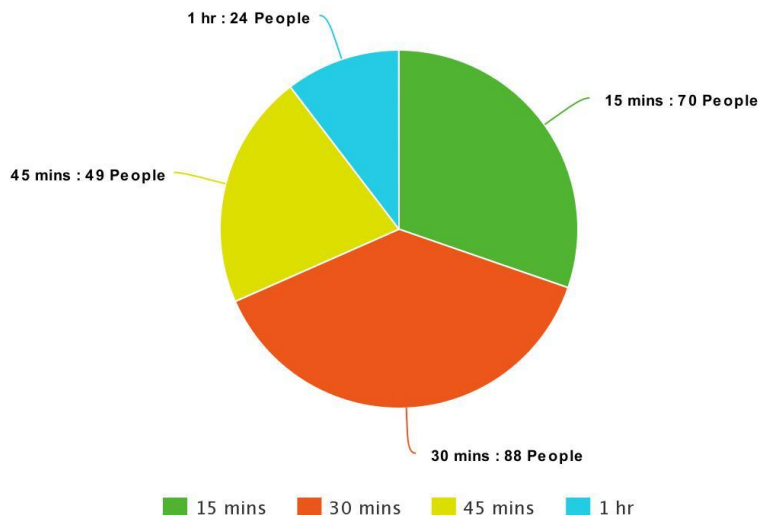


FIG. 9.2

Wait time in emergency



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It's always observed that in hospitals or private clinics, those who belong to lower strata are made to wait for time durations while those belonging to upper strata are treated first. This issue being a major one for a medical condition to worsen as also taken up in the survey. The results suggest that majority of people, 36.2% of them need to wait for an average of half an hour while there are 28.8% people who said they get assistance within 15 mins. Also, there are few people who need to wait for more than an hour before the doctors checks up on them and treats their illness.

10) Awareness about Government Health Schemes

FIG. 10.1

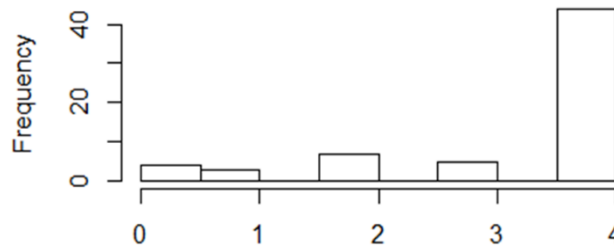
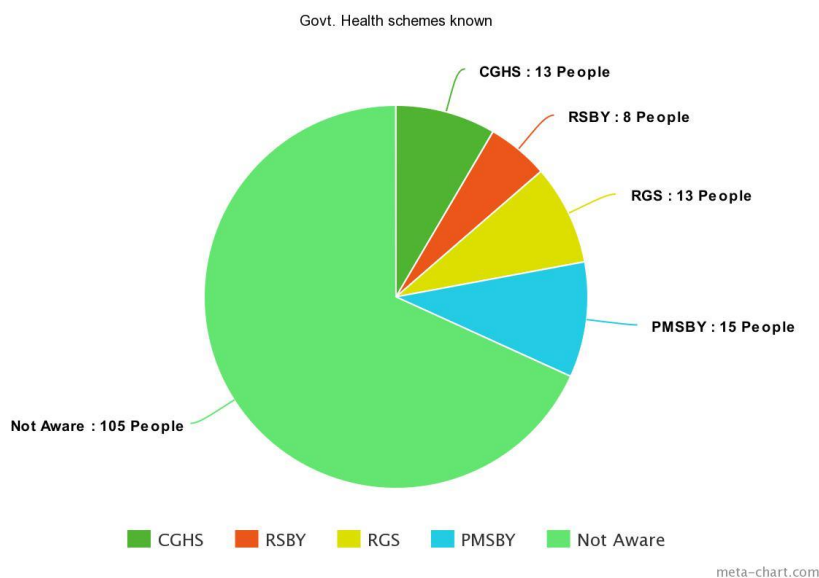


FIG. 10.2



The Indian government has announced multiple schemes to support health concerns of people of all groups. But being illiterate and unaware about these schemes, the people in lower income groups have no knowledge about how to avail the schemes and what benefits do they offer. The survey analysis shows the same, more than half of the people surveyed are not aware about any scheme, i.e., 43.2% people whereas just a mere amount of people, 20%, are aware about schemes such as CGHS, RSBY and others.

CONCLUSION

To conclude my study, I would state some outcomes from the survey. The findings clearly suggest that the overall health conditions of the already down trodden people are neglected up to a certain level. The living surroundings of people also need to be clean which are not majorly in the slum areas. The water quality is a major issue which needs immediate attention as tap water is never fit for drinking and boiling water for an entire family each day is a tedious task. Every citizen must be provided clean and fit drinking water. Also, as per the survey conducted the frequently faced problems are not much big an issue as these people majorly have to deal with flu, cold, cough and other seasonal diseases. To treat such problems and to provide regular check-ups for the same, the health management system of the city should devise such a plan that regular workshops or free health check-ups are organized for such masses. The ignorance at hospitals and clinics leading to an undesirable increase in wait time should also be monitored. To get proper health advice and treatment is the birth right of every citizen across the globe. The wall of being in lower or higher income group should not divide the medical practitioner's attentions towards any patient. Another factor that is responsible for the laid-back status of the health conditions of the masses of lower strata is the unaware attitude towards any scheme or health check-up camp. This increases the responsibility of the government to inform about any such wellness step taken up by them for the citizens of their nation and also to make sure people are being benefitted by the same. And now to wrap up my article I would say, surveys on regular basis are necessary to look out the current scenario and develop better means for future undertakings not just in health sector, but for any other field too.

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IMPACT OF JOB SATISFACTION AND WORK ENGAGEMENT ON ORGANISATIONAL COMMITMENT

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ABSTRACT

The study was conducted in one of the company in Hubli with a vision that the company will strive to excel by following highest standard of fairness, ethics and professionalism to create a sense of belongingness and commitment to its customers, employees, principals and business associates and contribute to the society and green revolution. The purpose of this paper is to identify the impact of Job Satisfaction and Work Engagement on Organizational Commitment. The Objectives of the research are To determine the satisfaction level of employee, To measure the work engagement among employee, To identify the organizational commitment, To study the relationship between Job Satisfaction, Work Engagement, Organizational Commitment, with the hypothesis as Job Satisfaction has positive impact on Organizational Commitment and Work Engagement has positive influence on Organizational Commitment. The study was done on 81 employees; with random sampling. The tools used for the research were Cronbach-Alpha, Descriptive Statistics, Correlation, and Regression. The results of the research revealed that there is positive impact of Job Satisfaction and Work Engagement on Organisational Commitment.

KEYWORDS

job satisfaction, work engagement, organizational commitment.

JEL CODE

M00

INTRODUCTION

Employees are one of the most important assets of an organization, and with more advanced industries and specific services, high quality skills are required more, especially at a time when human resource market has become more competitive as a result of globalization. Employees' commitment to their organizations highly affects their performance as well as the organization's performance. It is the extent to which the employee is involved in his/her work and is loyal to his/her organization (Ajibade and Ayinla, 2014; and Deepa *et al.*, 2014). It has three components: continuance, affective and normative (Meyer *et al.*, 1993; Dhammika *et al.*, 2012; and Keskes, 2013). Organizational commitment is affected by many tangible and intangible factors, including external, internal, global, personal, political and business environment factors (Nasir *et al.*, 2014). This study concerns and tests two intangible factors affecting organizational commitment which are: job satisfaction and work engagement. Job satisfaction is the level of contentment employees feels towards their jobs, and it is enhanced by different factors, including availability of resources, teamwork, supervisors following up and personal attitudes (Abraham, 2012a; and Papoutsis *et al.*, 2014). Work engagement is people engaging of themselves for the best interest of the organization, and it is associated with meaningfulness, safety and availability (Khan, 1990; Olivier and Rothmann, 2007; and Deepa *et al.*, 2014). In today's environment and with the increasing challenges faced by the organizations, it is becoming highly important to measure and specify the factors that will contribute most to the commitment of employees to their organization.

REVIEW OF LITERATURE

Researchers have showed how intangible variables such as work engagement and job satisfaction could strongly affect organizational commitment. Engaging employees to their work represents the first step towards building a committed organizational environment where employees will be encouraged to exert more effort (Field and Buitendach, 2011; and Cohen, 2014). The study used a cross-sectional survey covering four dimensions: satisfaction with life scale, wellbeing, Utrecht work engagement scale and organizational commitment. The questionnaire was distributed among 123 employees from an educational institution in South Africa. The findings proved a significant positive relationship between affective organizational commitment and work engagement, where happiness and work engagement have predictive value for affective organizational commitment (Field and Buitendach, 2011). Many researchers support this conclusion; employees link their work engagement with organization commitment and their intention to remain in the organization (Abraham, 2012a). Another research demonstrated the role of the supervisor in enhancing employee engagement and achieving higher degree of organizational commitment, where supervisors can encourage employees by helping them to see a wider context and to connect to a broader concept (the thing that improves the relationship between managers and coworkers), leading to a better work engagement, thus enhancing the possibilities of organizational commitment (Harter *et al.*, 2002). On the other hand, job satisfaction has a significant role in organizational commitment, which shows that employee engagement can be enhanced through satisfied employees, thus ensuring higher productivity in organizations and higher intention to remain in that organization (Abraham, 2012a). Managers and HR specialists should take into consideration the relationship between happiness and work engagement which leads to higher job satisfaction and hence greater possibilities for organizational commitment (Field and Buitendach, 2011). Biswas and Bhatnagar (2013) found that employee engagement leads to variance in organizational commitment and job satisfaction by examining data from six Indian organizations and a sample of 246 managers. Deepa *et al.* (2014) made a study based on a model to test the effect of appraisal systems and its relation to employee engagement, organizational commitment and job satisfaction. They concluded that once employees are satisfied with their jobs, they become engaged in their work, and they commit themselves to the organization, which will increase the productivity of the organization and the employees. They also suggested the use of appraisal systems to motivate employees to commit themselves to the organization by making employees feel like citizens of the organization.

From another aspect, organizational commitment can be strongly affected by managers, where leadership style can influence employee's organizational commitment (Keskes, 2013). Job satisfaction and organizational commitment can be used as performance measurement of employees' outcome. These items represent reliable and valid measurement tools, which can be used in future research (Dhammika *et al.*, 2012).

It is important and vital to get committed employees to gain competitive advantage in a highly dynamic work environment. Committed employees are more likely to devote all their skills and experiences to their organization and prove to be more productive. The literature review explored the advantages and effects of work engagement, job satisfaction and organizational commitment.

Work engagement considers employee's emotional commitment to his job, and his willingness to give his best in achieving organizational goals. Job satisfaction, on the other hand, concerns mainly employees feeling about their job. It has been proved that job satisfaction has a strong positive impact on business outcomes, alongside work engagement; they have been used as nonfinancial metrics to measure business process efficiency and organizational outcomes. As we discussed in previous sections, job satisfaction and work engagement represent value variables for organizational commitment.

Employees' performance is strongly related to organizational commitment. Organizational commitment is seen as the loyalty level of the employees towards their organization and how far they are ready to go for achieving its goal. Organizational commitment could be affected by a number of factors such as external factors, global trade, personal factors and internal factors. Improving communication activities, constructing effective reward schemes, building good organizational culture and improving team-building activities are some of the suggested tips for decision makers to improve employees' organizational commitment.

OBJECTIVES

1. To determine the satisfaction level of employee.
2. To measure the work engagement among employee.
3. To identify the organizational commitment.
4. To study the relationship between Job Satisfaction, Work Engagement, Organizational Commitment.

HYPOTHESES

H1 Job Satisfaction has positive impact on Organizational Commitment.

H2 Work Engagement has positive influence on Organizational Commitment.

RESEARCH METHODOLOGY

The study was conducted in one of the company in Hubli with a vision that the company will strive to excel by following highest standard of fairness, ethics and professionalism to create a sense of belongingness and commitment to its customers, employees, principals and business associates and contribute to the society and green revolution. The purpose of this paper is to identify the impact of Job Satisfaction and Work Engagement on Organizational Commitment. The Objectives of the research are To determine the satisfaction level of employee, To measure the work engagement among employee, To identify the organizational commitment, To study the relationship between Job Satisfaction, Work Engagement, Organizational Commitment, with the hypothesis as Job Satisfaction has positive impact on Organizational Commitment and Work Engagement has positive influence on Organizational Commitment. The study was done on 81 employees; with random sampling. The tools used for the research were Cronbach-Alpha, Descriptive Statistics, Correlation, and Regression.

RESULTS AND DISCUSSIONS

TABLE 1: CRONBACH ALPHA

Construct	C-Alpha
Job Satisfaction	0.722
Work Engagement	0.809
Organizational Commitment	0.708

Interpretation

In order to check the stability of the study results, reliability test was conducted on the study predictors (job satisfaction, work engagement) and the dependent variable (organization commitment). Reliability test shows the extent to which internal items of a construct are free from internal error, consistent and relative to each other through the measurement of C-Alpha value which should be above 80% for the date to be ideally accepted and reliable. Table 1 summarizes C-Alpha value for these research variables. All variables have a C-Alpha value larger than 70%, which indicate good reliability between each construct elements.

TABLE 2: MEAN AND STANDARD DEVIATION

Item Statistics	Mean	Std. Deviation	N	Total Variable Mean
I know what is expected of me at work.	4.91	0.283	81	Job Satisfaction Mean = 4.83
I have the materials and equipment I need to do my work right.	4.99	0.111	81	
At work, I have the opportunity to do what i do best every day.	4.88	0.331	81	
In the last seven days, I have received recognitions or praises for doing good work.	4.65	0.595	81	
There is someone at work who encourages my development.	4.77	0.576	81	
At work, my opinions seem to count.	4.78	0.418	81	
The purpose of this company makes me feel my job is important.	4.94	0.242	81	
My fellow employees are committed to do quality work.	4.8	0.485	81	
In the last six months, someone at work has talked to you about your progress.	4.74	0.565	81	
In this last year, I have opportunities at work to learn and grow.	4.9	0.374	81	
At my work, I feel busting with energy.	4.85	0.391	81	Work Engagement Mean = 4.9
My job inspires me.	4.93	0.264	81	
When I get up in the morning, I feel like going to work.	4.64	0.577	81	
I feel happy when I am working intensely.	4.94	0.242	81	
I am proud of work that I do.	4.95	0.218	81	
I get carried away when I am working.	4.7	0.511	81	
I believe in my company values.	4.93	0.307	81	
My company values are a good match with my own personal values.	4.78	0.474	81	
I care about my company for long - term success.	4.93	0.264	81	
I am personally motivated to help my company succeed.	4.94	0.242	81	
I fully support my company's goals and objectives.	4.95	0.269	81	
I am willing to put in a great deal of effort beyond what is normally expected in order to help this organization to be successful.	4.9	0.339	81	Organisational Commitment mean = 4.89
I talk about my organization to my friends as a great organization to work for.	4.91	0.283	81	
I would accept almost any type of job assignment in order to keep working for this organization.	4.91	0.324	81	
I am proud to tell others that I am part of this organization.	4.95	0.218	81	
This organization really inspires the very best in way of job performance.	4.94	0.242	81	
I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.	4.89	0.316	81	
I really care about the fate of this organization.	4.77	0.426	81	

Interpretation

The three constructs of the model have high agreeability means as follows; job satisfaction (mean=4.83), work engagement (mean=4.9) and organizational commitment (mean=4.89).

TABLE 3: CORRELATION

	Job Satisfaction	Work Engagement	Organizational Commitment
Job Satisfaction	1		
Organizational Commitment	0.594	0.782	1

Interpretation

Pearson correlation was used to investigate the bivariate relationships between each variable (job satisfaction and work engagement) and organizational commitment. The results are show in Table C. All correlations were significant at 0.01 level, which indicates the importance of each variables in predicting organizational commitment.

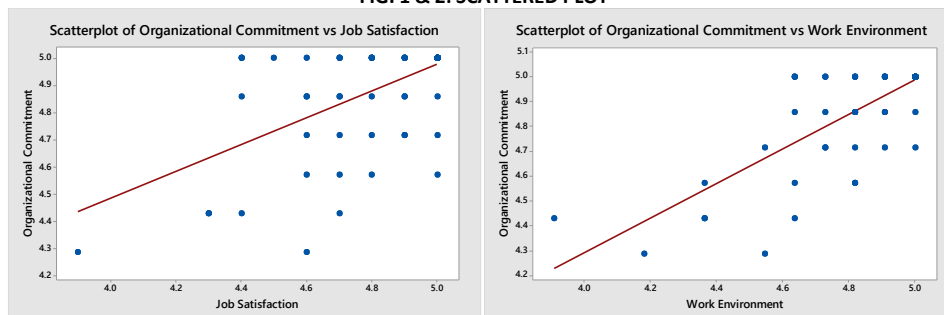
TABLE 4: HYPOTHESIS TABLE

	Hypothesis	Supported or Non Supported
1	Job satisfaction has a positive impact on organizational commitment.	Supported
2	Work Engagement has a positive influence on organizational commitment.	Supported

Interpretation

Table D lists the results of both hypothesis proposed earlier. Job satisfaction has a positive impact on organizational commitment and work engagement has a positive influence on organisational commitment.

FIG. 1 & 2: SCATTERED PLOT



Interpretation

The Scattered Plot show that the job satisfaction and work engagement have a positive value towards the organizational commitment.

TABLE 5: REGRESSION COEFFICIENT

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.443	.319		4.532	.000
	WE	.652	.090	.733	7.270	.000
	JS	.057	.084	.069	.686	.494

Dependent Variable: OC

Interpretation

Regression analysis results are shown in Table E. The equation model is $OC=1.443+.733*JS+.069*WE$. Where OC is organizational Commitment; JS is Job Satisfaction; WE is Work Engagement. This equation proves the importance of both model independent variables to the dependent variable, which is organizational commitment.

FINDINGS

In the organization according to job satisfaction the factors like know what is expected me at work, providing of materials and equipment and they feel that the job is important have the highest mean which is above 4.9, work engagement the factors like employee being inspired by their job, the employee believe in company values have the highest value of mean above 4.9, commitment factors like proud of organization, job performance have the highest mean 4.9, Relationship between the job satisfaction and work engagement and organization signifies 0.1 level. The regression found that the job satisfaction and work engagement are independent variable and organizational commitment is dependent variable.

RECOMMENDATIONS AND SUGGESTIONS

Suggestions based on the research are as follows openly the employees must be recognized their work in the organization and should be praised for their work. The employees must be encouraged for their development. Educate the employees that quality work place is important role in automobiles. Employees must be provided the facility to learn and grow in the organization. Employee must believe in the company values so that they match with their personal values. In the organization employee must be able to do the other job assigned to them. In the organization employee should know what is expected to do at work, they should have sufficient materials and equipment to do at work and they know that their job is important have the positive reference and hence to be continued in the organization. Employees should be inspired by their job and believe in their company values to be continued the same.

CONCLUSIONS

In order to enhance employees' job satisfaction as well as commitment, organizations should consider improving the work conditions and providing each employee the tools and resources required to complete his job. Moreover, continuous reviews and feedback from the supervisor to the employee is important to enrich satisfactory results. As for work engagement, it requires better communication and a different look into human resource management to have better engaged employees. Practically speaking, supervisors should keep employees informed about the organization's values, and goals, and HR managers should make sure to hire employees who enjoy what they do, and like their jobs.

SCOPE FOR FURTHER RESEARCH

The Research was restricted only to the company under study, with the sample of 81 employees; the study could be researched on a larger sample size considering few more companies per se. A few more variables can be added to the existing questionnaire so that better understanding of Organisational Commitment could be determined.

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CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AND CORPORATE FINANCIAL PERFORMANCE: A META-ANALYSIS

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ABSTRACT

This study aims to determine the effect of Corporate Social Responsibility Disclosure (CSR) and corporate financial performance. This research use meta analysis with 60 sample of research result in Indonesia. The results of this study indicate that in general CSR can improve the corporate financial performance. The relationship between CSR and the corporate financial performance is weakened by one of the financial performance measurement models. Thus, the results of this study found that the influence of CSR on corporate financial performance can be different due to differences in financial performance measurement model corporate.

KEYWORDS

corporate social responsibility disclosure, corporate financial performance, and meta-analysis.

1. INTRODUCTION

The main purpose of the establishment of a corporate is to improve the welfare of shareholders. This welfare can be improved through good corporate performance. Corporate performance is divided into two types namely financial performance and non-financial performance. The financial performance of the corporate is an important factor to assess the overall performance of the corporate itself, because the financial performance is the results achieved by the corporate has been in accordance with the planning (Muntiah, 2013), and serves as a measure of the level of achievement of corporate goals and tools to decision making (Armstrong, 2014).

In making an economic decision, investors not only rely on the financial performance of the corporate but also require non-financial information in the process of making investment decisions. Investors include variables related to social issues and environmental sustainability. Investors tend to invest in corporate that have good business ethics, employees, care about environmental impacts, and have corporate social responsibility with stakeholders (Belkaoui, 1976 and Patten, 1990). Sustainability reporting is one of the reports that provide non-financial information (Eipstein and Freedman, 1994). Sustainability reporting is increasingly becoming a trend and a need for progressive corporate to inform their economic, social and environmental performance as well as to stakeholders of the corporate (Chariri, 2009).

Research on corporate social responsibility disclosure and corporate finance performance has been done. In Indonesia itself also has a lot of research that examines the relationship between CSR and the financial performance of the corporate. However, there are different results from the studies that have been done. Some researchers suggest that CSR can improve the corporate financial performance (Ahmed et al., 2012; Dahlia and Siregar, 2008; Purnomo and Widianingsih, 2012; Pustikaningsih, 2011). Other researchers argue that CSR tends to reduce the corporate financial performance (Criso'stomo et al., 2011; Indrawan, 2011). Some researchers argue that CSR has no effect on financial performance (Anggraini, 2006, Athanasia and Maria, 2010; Wijayanti et al., 2011; Yaparto et al., 2013). Because of various findings and results in finding accurate conclusions on CSR relationships with financial performance. This study aims to examine the relation of CSR on the corporate financial performance and analyze the relationship is moderated by CSR measurement model or corporate financial performance by using meta analysis.

2. LITERATURE REVIEW AND HYPOTHESES**2.1 Financial Performance**

Financial performance is the results achieved by the corporate has been in accordance with the planning (Muntiah, 2013). Financial performance is an important thing, because it serves as a measure of the level of achievement of corporate goals and tools to determine in making decisions (Armstrong, 2014). Financial performance also means an analysis conducted to see how far a corporate has been operating properly and properly (Fahmi, 2011). Another understanding of financial performance is the corporate ability to manage and control its own resources (IAI, 2007).

2.2 Legitimacy Theory

Legitimacy is a psychological state of people's and group's alignments to the environment. The legitimacy of a corporate can be seen as a given by society to the corporate and something the corporate wants or sought from society (O'Donovan, 2002). Community legitimacy is an important factor for the corporate to develop

the corporate in the future (Hadi, 2014), so that the corporate will continue to grow if the community realizes that the corporate operates in accordance with the values and norms is exist.

Corporate activity should be in accordance with the social value of its environment, in order to gain legitimacy support from the community, in accordance with the existing system in society and make reporting activities that reflect social values (Dowling and Pfeffer, 1975). For legitimacy to be more effective, companies must communicate with the public continuously. Communication will build perceptions about the corporate, also do the disclosure, especially related to social responsibilities (Patten, 1990).

2.3 Stakeholders Theory

Stakeholder theory, which is the theory that describes to whichever corporate is responsible (Freeman, 1983). The sustainability of a corporate's operations depends on the its ability to balance the diverse interests of its stakeholders. Companies capable of reaching stakeholder support, then market share, sales, and corporate profits will increase (Angela, 2015).

2.4 Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a concept of social responsibility to show the public about the social activities of the corporate and its effects on society by considering the long-term sustainability of the corporate (Gray et al., 1995). CSR also means the corporate's commitment to contribute to sustainable economic development with due regard to corporate social responsibility and focuses on the balance between attention to economic, social and environmental aspects (Untung, 2009).

Social responsibility is a form of corporate concern for the external environment in which the corporate operates by engaging various activities undertaken with the aim of conserving or preserving the environment, community norms, participation in development, and other forms of social responsibility. CSR is identical with sustainability development like corporate in carrying out operational activities should be based on decisions that are not based on financial factors but on the basis of social and environmental factors for the moment as well as for the long term (Jamali, 2014).

2.5 Research Hypotheses

Considering about the previous literates, we expected the corporate social responsibility disclosure positively affects the corporate financial performance (H1). The relationship of corporate social responsibility disclosure on corporate financial performance is moderated by CSRD measurement model (H2). The relationship of corporate social responsibility disclosure on the corporate financial performance is moderated by the corporate financial performance measurement model (H3).

3. RESEARCH METHOD AND DATA

The approach used in this study is by literature review which means to examine the results of research on the impact of corporate social responsibility disclosure on the corporate financial performance. The analytical tool used is a meta-analysis that aims to combine several similar research on the influence of CSRD on the corporate financial performance. Meta analysis is done by collecting previous research results with the same topic, then statistical results are processed to determine the effect size of CSRD with financial performance which will be used for moderation effect analysis.

3.1 Meta Analysis

Meta-analysis is a statistical technique for combining the results of two or more similar studies, to obtain a quantitative data summary (Anwar, 2005). In addition, meta-analysis is good for understanding the research literature by assessing the overall effect of existing research (Hunter and Schmidt, 1990). Thus, the meta-analysis technique is the most effective way to summarize, integrate, and interpret some of the results of research with a statistical approach to one area of science, or it may be called "an analysis performed on other analyzes already performed". The studies that have been conducted tend to have varied results such as having different sample sizes, time periods, and research methods (Glass, 1978).

3.2 Sensitivity Analysis

Sensitivity analysis is an analysis used to assess whether one meta-analysis result is relatively stable to the effect of change or not. These influences include research design, geographic location, time period, and quality of studies (Fanani, 2016). Meta-analysis studies allow for publication bias. In this study, the possible bias in the type of data sample research, the research published or unpublished. Sensitivity analysis attempts to answer whether there is a moderating effect on the publication status on the relationship between CSRD and the corporate financial performance.

4. EMPIRICAL RESULTS AND DISCUSSION

During the study period (2000-2016), 151 articles were collected according to the topic of CSRD's influence on the corporate financial performance. The study was then selected to find research with complete data in accordance with the needs of meta analysis. After going through the selection, 60 research samples are collected according to required criteria. The research is not included in the criteria because the research does not include the data required in the meta analysis, ie the number of samples, the operational variables, the statistical value r, and the statistical values that can be converted to r (t-statistics, F-statistics, and p-value).

TABLE 1: SAMPLE SELECTION

No.	Criteria	Total
1	CSRD and corporate financial performance articles	151 articles
2	Required statistical data such as n, t and F are not available one or more.	(91) articles
Total Sample		60 articles

These studies use a variety of measurement models to measure both the dependent variable (financial performance) and the independent variables of Corporate Social Responsibility (CSRD). CSRD with measurement of Corporate Social Responsibility Index (CSRDI) and PROPER SRI KEHATI (Environmental Performance) index. Financial Performance with measurement Return On Equity (ROE), Return On Assets (ROA), Stock Return, Earning Per Share (EPS), and Profit Persistence.

The effect size in the meta-analysis is used to represent the findings of the sampled studies. Statistical data from each research in the form of r-statistics is included into effect size in the meta analysis. If r-statistics are not found, then t-statistics, F-statistics, and p-values can be converted to r-statistics. In this research, there are no research samples that show r-statistics, so that the conversion of t-statistics and F-statistics to r-statistics is done. A total of 56 studies used t-statistics transformation to r-statistics, while 4 studies used transformation of F-statistics to r-statistics.

4.1 Analisis Meta terhadap Variabel Eksplanatori

Explanatory variable in this research using CSRD variable. Based on the results of meta analysis in Table 5.1, from 60 studies that examine the influence of CSRD on the corporate financial performance, the average correlation (r) = 0.1820 with confidence interval of 95% (0.0858 - 0.2782). These results show that CSRD has a significant positive effect on the corporate financial performance, so it can be said that hypothesis 1 (H1) is accepted.

TABLE 2. META-ANALYSIS RESULT (GENERAL META ANALYSIS)

	∑ Ni	K study	r	Min	to	Max	X ² _{k-1}
General Meta Analysis	6630	88	0,1820	0,0858	-	0,2782	436,0571

Based on the calculation of Chi Square (X²_{k-1}), obtained value 436,0571. The value is greater than the value of Chi Square table (X²_{0.01}), which is 88.379. This indicates a moderation effect that affects the relationship between CSRD and the corporate financial performance. Therefore, to know the existence of moderation effects, sub-group analysis of CSRD measurement and financial performance model is required.

4.2 Meta Analysis of Moderator Effect

Based on the results of Chi Square test that has been done before, the value of Chi Square statistic is greater than the value of Chi Square table (X²_{k-1} > X²_{0.01}), so there is a moderation effect between CSRD and corporate financial performance. Table 5.2. Explains the effects of moderation with financial performance measurement models and CSRD measurement models.

TABLE 3: META-ANALYSIS RESULT (META SUB-GROUP)

		Σ Ni	K study	r	Min	to	Max	x2
	General Meta Analysis	6630	88	0,1820453	0,0858575	-	0,2782330	436,0571951
INDEPENDENT	CSRDi	5780	78	0,1949296	0,0957439	-	0,2941153	394,0591646
	Environmental performance	850	10	0,0944319	0,0352961	-	0,1535677	36,1091977
DEPENDENT	ROE	2398	38	0,2174754	0,1008310	-	0,3341198	195,2319018
	ROA	3141	35	0,1500577	0,0965490	-	0,2035663	124,7465017
	Stock Return	231	4	0,3754860	0,2789167	-	0,4720554	19,4240554
	EPS	512	6	0,2318748	-0,0017598	-	0,4655094	74,1638148
	Profit Persistence	348	5	0,0249013	0,0205210	-	0,0292816	5,7786932

The results of the sub-group performed on the measurement of the variables of financial performance, that is ROE, ROA, Stock Return, EPS, and Profit Persistence vary. Based on the sample of research data in accordance with predetermined criteria, the measurement of corporate finance performance that is widely used is ROE. Of the 60 studies used as samples, 34 studies used ROE as a measure of the corporate financial performance. Measurements using ROE, ROA, Stock Return, and Profit Performance indicate significant influence between CSRD and corporate financial performance in the same direction as the general meta-analysis (positive) results. The measurement of corporate financial performance using EPS indicates the insignificant influence between CSRD and the corporate financial performance because of the confidence interval shows positive and negative value, so hypothesis 3 (H3) is accepted. These varied results indicate the effect of moderation effects between CSRD and corporate financial performance.

Measurement of CSR variables with sample research data in accordance with predetermined criteria, CSR measurement is widely used is CSRDi. From 60 studies with 88 independent variables obtained, 59 samples used CSRDi with 78 variables as CSR measurements and 7 studies with 10 variables of environmental performance as CSR measurements. CSR measurements using CSRDi and environmental performance indicate a significant positive effect between CSRD and the corporate financial performance, in accordance with the general meta-analysis results. Based on the measurement of independent variables do not vary, so it can be concluded that there is no moderate effect between the influence of CSRD and the corporate financial performance. Based on this it can be said hypothesis 2 (H2) is not accepted. Sub-group results based on the measurement of independent variables do not vary, so it can be concluded that there is no moderate effect between the influence of CSRD and corporate financial performance.

4.3 The Relation of Corporate Social Responsibility Disclosure to the Corporate Financial Performance

The results of the meta-analysis in this study were consistent with the individual studies conducted by Lougee et. Al. (2008), Lin et al. Al. (2009), and Tang et. Al., (2012) stating that CSRD has a positive effect on the corporate financial performance. In addition, the results of the study are also in accordance with individual research in Indonesia as in the study conducted by Ahmed et. (2012), Dahlia and Siregar (2008), Purnomo and Widianingsih (2012), and Pustikaningsih (2011) who took data from Indonesian companies so that the results of this study became more relevant.

Not only that, the relationship of the disclosure of CSR to the corporate financial performance will have the maximum impact for long-term sustainability of the corporate as investors and stakeholders will see how the company in conducting its operational activities and what has been disclosed and the corporate's contribution to stakeholders of the previous year and current year. By consistently making the CSRD, then investors and other stakeholders will give more trust to the corporate (Lin et al., 2009).

Based on the results of general meta analysis in this study proves that CSRD has a significant positive effect on the corporate financial performance, where it has proved that CSRD affects the corporate financial performance. After seeing the result of general meta analysis, it is necessary to do moderation test to find out whether there is moderate effect of CSRD relationship to corporate financial performance either influenced by measurement model of CSRD and also model of corporate financial performance measurement.

4.4 The relation of Corporate Social Responsibility Disclosure to the Corporate Financial Performance is Moderated by the Corporate Financial Performance Measurement Model

Based on the meta analysis, it is evident that the influence between CSRD and the corporate financial performance is moderated by the corporate financial performance measurement model. This can be seen from the inconsistency of meta sub-group results for the measurement of the corporate financial performance. This means that the measurement of the corporate financial performance affects the results of previous studies.

Based on the results of the moderating effects sub-group research, the positive results are significant in the general meta analysis is Return On Equity (ROE), Return On Assets (ROA), Stock Return, Earning Per Share (EPS), and profit persistence for the measurement model of corporate financial performance. Significant positive CSR measurement models in accordance with general meta-analysis are the Corporate Social Responsibility Disclosure index (CSRDi) and environmental performance. These ratios can be considered for the corporate in disclosing the optimal CSRD to improve the corporate financial performance. Investors can also pay attention to how the corporate that has a good level of disclosure to produce maximum financial performance.

4.5 Sensitivity Analysis

The results of the publication status meta-analysis in Table 5.3. States there is no publication bias between published research and unpublished research. Consistent with the results of general meta-analysis, the average correlation analysis (\bar{r}) for publication research is 0.2065, whereas for non-publicized research is 0.0023.

TABLE 4: PUBLICATION STATUS META-ANALYSIS

	Σ Ni	K study	r	Min	to	Max	χ^2_{k-1}
General Meta Analysis	6630	88	0,18204526	0,085857472	-	0,27823304	436,0571951
Published	5464	76	0,2065332	0,1234953	-	0,2895711	328,5776104
Unpublished	1166	12	0,00237924	-0,2832450	-	0,2880034	181,9191744

The quality of the study is one of the things that can cause publication bias in the meta analysis. Based on these results can be concluded that the influence of CSRD on corporate financial performance is not influenced by the type of research, both published and unpublished.

4.6 Discussion

The main purpose of meta-analysis research for the influence of CSRD on the corporate financial performance is to seek consistency from the relationship of both. In addition, meta analysis can also help to determine the causes of inconsistencies in previous studies due to differences in the model of measurement of dependent and independent variables. Based on the results of this study, it is generally found that the influence of CSRD on the corporate financial performance is positive, which means, with the increasing disclosure of CSRD by the corporate will be directly proportional to the improvement of corporate financial performance.

In accordance with the theoretical basis, the theory of stakeholders conveyed by Freeman (1983), this study successfully proves that CSRD is a disclosure provided by the corporate with the aim to inform investors and stakeholders that the corporate has contributed in maintaining the environment and accountability in its operational activities. The results support the research conducted by Ahmed et. Al. (2012); Dahlia and Siregar (2008); Lougee et. Al. (2008); Lin et. Al. (2009); Purnomo and Widianingsih (2012); Pustikaningsih (2011); And Tang et. Al. (2012).

In practice, the implications obtained from the results of this study, the management can use CSRD as a factor that can improve the corporate financial performance. Managers must be able to create an optimal report in terms of the type of dividends paid, the composition of the corporate earnings are distributed for dividends or as a reserve of corporate investment, as well as the time of dividend payout.

The measurement of CSR variables and the corporate financial performance. The diversity of these types of measurement can be a cause of inconsistency of the research results on the relationship between the two variables. Therefore, this research tries to know what variables are relevant by using moderation effect test. Based on the result of moderation effect test, it is found that the variables that are relevant to the influence of CSRD and the corporate financial performance are

CSRD and environmental performance for measurement of CSRD and ROE, ROA, stock return, and profit persistence for measurement of corporate financial performance.

The implication, managers can focus on the six ratios, so as to maximize the corporate financial performance. Corporate Social Responsibility Disclosure index (CSRD) is obtained from the amount of disclosure made by the corporate in the sustainability report issued by the corporate annually in accordance with the provisions issued by GRI. The more complete and clear sustainability report issued by the corporate, investors and stakeholders can assess how the level of corporate responsibility, and gain more trust and become additional value for the corporate itself. While CSRD is measured by environmental performance is one form of supervision, transparency efforts, and increased contribution in environmental management submitted by the Ministry of Environment, so the company in its operation should also consider for the corporate if it gets the rating PROPER is good.

With the high return earned by the company then investors will judge that the corporate performance is good and profit. On the other hand, earnings persistence is a profit that has an indicator of future earnings generated by the corporate repeatedly in the long run. The high level of profit persistence will attract more investors to invest in a corporate.

5. CONCLUSION AND SCOPE FOR FURTHER RESEARCH

This study aims to determine the effect of CSRD on corporate financial performance, then analyze and test variations of research results on the influence of CSRD and corporate financial performance in Indonesia. This study used a meta-analysis approach with a sample of 60 studies in Indonesia in 2000-2016. The results of this study suggest that:

1. In general, CSRD can improve the corporate financial performance. The results of this study is in accordance with the theoretical basis, the theory of stakeholders conveyed by Freeman (1983), this study successfully proves that CSRD is a disclosure provided by the corporate in the form of a report that aims to inform investors and stakeholders that the corporate has contributed in maintaining the environment and accountability has been done by the corporate from its operational activities. The results support the research conducted by Ahmed et. Al., 2012; Dahlia and Siregar, 2008; Lougee et. Al., 2008; Lin et. Al., 2009; Purnomo and Widianingsih, 2012; Pustikaningsih, 2011; and Tang et. Al., 2012.
2. Based on the results of moderation effect test, the influence of CSRD on the corporate financial performance is influenced by the model of corporate financial performance measurement models. This is because the result of moderation effect test using the measurement of corporate financial performance is not consistent. This means that the relationship between CSRD and the corporate financial performance is weakened by one of the financial performance measurement models. Based on the results of these studies, it is evident that the inconsistency of previous research results due to differences in corporate financial performance measurement models.

During the research there are several things that become limitations:

1. Previous articles on the effects of CSRD and corporate financial performance do not show the overall research information, variable measurements and detailed statistical data, thereby reducing the number of samples that can be processed into meta analysis. Subsequent research is expected to use more research data with a more varied measurement model and complete statistical information, so it can know the ratio or other types of measurements that affect the corporate financial performance.
2. Research in Indonesia generally use CSRD and environmental performance PROPER SRI KEHATI. Though there is one more measurement model of CSRD is ISO 26000 which is still rarely that research in Indonesia. Further research is expected to use ISO 26000 in viewing CSRD, so that the analysis of CSRD and corporate financial performance can use more varied measurement model.

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HISTORY OF HANDLOOM INDUSTRY IN INDIA

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ABSTRACT

Handloom sector play key role in the economic development of the country, providing direct employment to 43 lakhs people in this paper has covered. History or handloom. Hindu epics Ramayana, Mahabharata, as well as buddies, kalidas-Hamsa chihita Dooloo, kautilya's arthesatra ramous Ajanta wall paintings Christians era. Handlooms are located in India also other Asian countries Srilanka Bangladesh, Thailand and Cambodia.

KEYWORDS

handloom industry, economic development.

INTRODUCTION

Handloom sector plays a vital role in the economic development of a country it is one of the largest economic activities after agriculture. Providing direct employment to more than 43 lakhs weavers in India. With 23 lakhs handlooms. This sector contributes nearby 15% or the total cloth produced in the country and also contribute to the export earning Rs. 3,000 Crores 95% or the world handloom Fabric come from India.

OBJECTIVES OF THE STUDY

The study will be focus on the following objectives

1. To study the present position of handloom industry.
2. To study the history of handloom.
3. To draw the conclusion.

SCOPE OF THE STUDY

The study broadly examines the history of handloom

METHODOLOGY

The required data has been collected using secondary data. Secondary data Collecting from. Govt annual Reports, Books, Articles, thesis & dissertation.

HISTORY OF HANDLOOM

The Hindu epics such as the 'Ramayana' and the "Mahabharata" as well as "Buddhist" sources, chant in detail the processes and uses of handloom fabrics. The history of the handloom, industry in India could be backed back to hoary of dates back to the Epic times and it is reported to have been in a highly developed stage even then. In the Vedas and "Puranas" there are innumerable reference to the exquisite qualities and wide range of fabrics worn by the Gods, Kings said to have been very much fascinated by the exotic designs and textures of fabric work, by women on the earth, and there are stories of such Gods falling in love with mortal ladies by their dress.

"Kalidas" has described raptial customers as Hamsa Chihita Dokoolo" of swan like wear."Bana Bhatt," great poet in his work at many places has referred in detail to the artistic Weaving of valuable cloth and contemporary elegance by mentioning garments made of extra fine thread. In Kautilya's " Arthasastra" the duties of sutradhyaksha, a sort of sartorial officer have been described in great detail. In "shukrathi" too these are in mention of "Vastrya" an officer who looked after the demand and silken fabrics, in the market, kept an eye on the production of cloth manufacturing material and arranged for their collection of necessary sartorial information. The famous 'Ajanta Wall Paintings' of the 5th,8th Centuries A.D, provided an invaluable record of the refined nature of the Indian- Textile Industrial of the time. The cave frescoes clearly depict dancers, nobles, servants and musicians clothed in coin loom cloths and blouses, most probability patterned by the resist techniques of printing, tie and dye and ikat as well as brocade weaving.

Though India was famous even in ancient times as an exporter of textiles to most parts of the civilized world, few actual fabrics of the early dyed or printed cottons have survived. This it is explained is due to a hot moist climate and the existence of the monsoons in India. It is not surprising; therefore that Egypt which has an exceptionally dry climate would provide evidence which India lakhs. The earliest Indian fragment of cloth (before the Christian era) with a hansa (swan) design was excavated from a site near Cairo where the hot dry sand of the desert acted as a preservative. The last 100 years have witnessed the growth of mechanized textile production internationally. In part due to competition, handloom has lost much of its market and is almost non-existent in most countries. However, handloom are still a force to reckon within India and some other Asian countries such as Srilanka, Bangladesh, Thailand and Cambodia. Later, fragments of finely woven and madder -dyed cotton fabrics shuttles were found at some of the excavated sites of Mohenjo-Daro (Indus valley civilization). Indian floral faints, dating back to the 18th century AD were covered by sir aural stein in the icy waters of Central Asia. The evidence shows that of all the arts and crafts of India, traditional handloom textiles are probably the oldest. Thought it employs the largest number of people, the handloom sector is considered a sunset industry, and there is an air of inevitability given the relentless march of mechanization, modernization and sophistication. Still, there are many advocates of handloom for reasons including ideology, philosophy, sheer love for handloom products and economic arguments. However, Irrespective of the policies, projects and aspirations arising out of various quarters, the handloom sector is undergoing changes, that are showing impact on the livelihoods of handloom weavers.

HISTORICAL DEVELOPMENT OF HANDLOOM INDUSTRY IN INDIA

The handloom industry dates back to the epic times. It is reported that the industry was in a highly developed stage even in those times. The gassmer silks of Banaras and the fine muslins of Dacca and Bengal were famous. The people of other countries were wondering at the skill of the handloom weavers' In India. Even in the pre -British period, the Indian handloom industry was world popular. The ancient Indian not only produced raw cotton but also exported a considerable

amount of finished fabrics woven on handlooms. Sir Henry cotton opined that in the year 1890" less than a hundred years ago, the whole commerce of exports of Dacca muslins to England amounted to 30 lakhs rupees"

However, the invention of the spinning ginning and consequent revolution in the textiles production in England posed severe competition to Indian handloom textiles. Thus the decay of this industry has standard in the British period. Sir Henry cotton states that in 1817 they had ceased altogether. The arts of population have now become extinct. The families which were formerly in a state of affluence have been driven to desert the towns and betake themselves to the village for a livelihood. This decadence had occurred not only in Dacca but also in all parts of India. Further, it is worst affected in period of Second World War. Consequently, the handloom industry in general and the weavers' in particular were in a sad state at which even British India government has tried to take measures to promote handloom industry.

In the process, it has appointed the aspects of size and scope of the Fact Finding Committee in 1941 to inquire into the aspects of size and scope of the handloom industry. On the basis recommendations, the 1st All India Handloom Board had come into existence in 1945, to solve the difficulties of the handloom sector, to provide raw materials and to arrange marketing facilities for handloom goods. However, the Board ceased to exist in 1947. After independence, in 1948, the Government of India has created a new body called the standing Handloom Commission under the cottage Industries Board to look after the interests of the handloom weavers. The committee was reconstituted in July 1950, and recommended the government regarding the reservation of certain varieties of cloth production for the handloom industry. In spite of the functioning cottage Industry Board will not be sufficient to meet the requirements of entries small industries sector in India. Therefore, the government of India has divided the small Industries Sector into six categories and has set up six Boards.

- i) All India Handloom Board (1952)
- ii) All India Handicrafts Board (1953)
- iii) All India Khadi and village Industries Board (1953)
- iv) Small Scale Industries Board (1952)
- v) Central silk Board (1954)
- vi) All India Coir Board (1954)

Thus, the second All India Handloom Board has come into existence in-1952 to promote and developed handloom industry. in addition, the government of India has also constituted a

Textile Enquiry Committee in November 1952 to make an enquiry into the structure and organization of the various sectors of the cotton textile Industry.

As a result of the measures adopted by the institution meant for the promotion of the handloom sector, impressive progress in terms of production, employment and exports was results of this the consumers prefer mill made cloth so as weavers community lost their livelihood. He suggested the government should supply raw material at subsidized rates, with quality and in right time to overcome this situation.

CONCLUSION

Handloom sector play key role in the economic development of the country, providing direct employment to 43 lakhs people in this paper has covered. History or handloom.

Hindu epics Ramayana, Mahabharata, as well as buddies, kalidas-Hamsa chihita Doloolo., kautilya's arthesatra ramous Ajanta wall paintings Christians era. Handlooms are located in India also other Asian countries Srilanka Bangladesh, Thailand and Cambodia.

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HUMAN RESOURCE DEVELOPMENT CLIMATE: A NEW ANTECEDENT OF OCB

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ABSTRACT

The globalization of industrial world makes it imperative for organizations to attach greater importance to the human resources as they have proved to be the key source of competitive advantage. Since every organization's success is based on the healthy participation and good efforts of its workforce, therefore they should be provided with the congenial Developmental Climate so that employees contribute to the success of their organization enthusiastically. Although, the main reason for the interest in Organizational Citizenship Behavior (OCBs) is its emerging stage in India as a whole and in J&K state in particular. Organizational citizenship behavior has been recognized as shaping the social and psychological context and contributing to the overall performance, where core job responsibilities are accomplished willingly by the employees who are ready to go beyond their formal job descriptions in the developmental work climate facilitated by their organizations. A stream of studies has veered into the exploration of the relationship between OCB with different antecedents but its relation with the Human Resource development Climate (HRDC) is yet unclear and untouched. The very aim of this study is to provide an empirical examination of exploring relationship between HRDC and OCB along with its dimensions. The present paper further intends to investigate the impact of Human Resource development Climate as an antecedent of Organizational Citizenship Behavior as a whole as well as for its individual dimensions. The study is based on the responses collected from the 170 employees drawn from two private sector banks. The findings of the present study divulged that there exists a significant and positive relationship between HRDC and OCB. The present study will add to the knowledge of growing literature examining relationship between HRDC and OCB. Further efforts are required to explore the undertaken topic in other banking sector as well.

KEYWORDS

banks, human resource development climate, organizational citizenship behavior.

INTRODUCTION

In the current challenging environment, the organizations are striving hard to fulfill the changing demands of creativity, efficiency, and adaptability for their survival. The factors like globalization, liberalization, economic de-regularization, responsiveness to customers, building organizational capability, and transformation, implementing technology, attracting and developing Human Capital, and ensuring fundamental and long-lasting change compel today's organizations to keep abreast with changes (Ulrich, 1997). Hammonds (2005) stressed upon the need for corporations to cultivate a productive work environment which according to him should be considered as one of their most important tasks. Human Resource Development climate as a sub-element of organizational climate also has a power of influencing the perception, attitude and behavior of employees within an organization. It is an antecedent of citizenship behavior and intention to stay with or leave an organization (Podsakoff et al. 2000).

The key to the success for the service oriented organizations is its employees particularly those dealing and handling customers directly. The most burning issue a service oriented organization strives for is the concern of encouraging and motivating its employees to carry out their job roles with zest so as to ensure that customers perceive superior and eminent quality service. Thus, enabling the organization to retain its existing customers by delivering distinguished quality services simultaneously help in attracting new potential customers. The service oriented organizations like banking industry is no exception to the above mentioned statement. The banking sector plays an important role in the economic development of the country. Their contribution in building up the nation gives them more importance in the country like India. Therefore, it becomes imperative for the Banking organizations to motivate and prepare their employees for the delivering eminent quality services to their customers with an aim of retaining and attracting new customers. For this, banking organizations need to provide their employees with a work environment which could induce and boost them to put forth extra efforts in enhancing and developing organizational fame and image without any expectation for reward. Furthermore, having a strongly motivated workforce prepared to go beyond formal job descriptions, and actively participating in organizational matters as a result of favorable working climate are termed as 'good citizens' and which in an aggregate and ultimately contributes to the organizational effectiveness (Organ, 1997). On the other hand, employee's expectations and demands are changing and organizations must respond to their calls so as to induce in them the sense of belonging. It is expected that more positive the perception the employees have about the HRD climate, more probable they will display Organizational citizenship behavior.

The present study aims to fill up the lacunae in research field by examining the role of Human Resource Development Climate in encouraging organizational Citizenship Behavior in the Organizational setting by deploying a rigorous evaluation of the constructs including a delve into three dimensions of HRD Climate i.e. General Climate, OCTAPACE Culture and HRD Mechanisms as well as the five dimensions of OCB namely, altruism, conscientiousness, courtesy, sportsmanship and civic virtue.

REVIEW OF LITERATURE

OCB has become one of the most appealing subjects in the field of organizational behavior in recent years and has called upon the attention of critical concern from both scholars and practitioners (Grant and Mayer, 2009; Hongyu et al., 2012; Cohen et al., 2012; Cun, 2012; Mayfield and Taber, 2010). OCBs are referred to as extra-role and pro-social behaviors (Chen and Kao, 2012). Numerous research studies have been carried out in the search for the causes of an employee's decision to display OCB. However, there is a paucity of studies concerning Human Resource Development Climate and Organizational Citizenship Behavior. Despite of this paucity, researcher tried to provide an easy look at the work done on the concerning topic in this chapter.

The concept of Human Resource Development (HRD) was formally introduced by Prof. Dr. Leonard Nadler way back in year 1969 in a conference organized by American Society of Training and Development as a series of organized activities within the specific period of time and designed to produce behavioral change. In the revised definition by Nadler (1984) states that, HRD is an organized learning experience in a defined time period to increase the possibility of job performance and growth. In Indian context, the concept of Human Resource Development Climate was proposed by T.V. Rao (1999) and explained HRD Climate as, the environment provided by organizations for the learning and development of its employees. According to Manzoor and Shah (2015), when employees perceive a congenial Human Resource Development climate they tend to demonstrate Organizational Citizenship Behavior (OCB). The Organizations that have individuals who exhibit Organizational Citizenship Behaviors are more likely to have enhanced effective and efficient overall performance (Podsakoff, Ahearne, & Mackenzie, 1997). In the literature, one of the most cited definition for OCB is given by its pioneer 'Organ', in year 1988 as an: "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and in the aggregate promotes the efficient and effective functioning of the organization".

In a study carried out by Akinyemi Benjamin in 2012 examined the HRDC's role in fostering employees' citizenship behavior and their intention to stay with their organizations, by examining the relationships among human resource development climate (HRDC), organizational citizenship behavior (OCB) and voluntary turnover intentions (VTI) in the banking sector. The results indicate that the HRDC has a significant relationship with OCB and VTI. However, OCB shows no significant relationship with VTI. The said study was carried out over the 233 executive and non-executive members of staff working in the selected commercial banks in

south western Nigeria. Similarly, Nadeem Ahmad et al., (2012), carried out a study that aimed to explore OCB and its relationship with Job satisfaction and commitment, employee engagement and human resource development climate (HRDC) in the banking sector. The study proposed that well established predictors of OCB may lead to promote required behaviors among employees for improved performance and negative voluntary intentions. The results of the study revealed that banks can reduce turnover and promote citizenship behavior by ensuring that a favorable developmental climate occurs within their organizations. In the same way, a study "Human Resource Development Climate and Organizational Citizenship Behavior: A study on the mediating effects of perceived organizational support in the manufacturing sector of Pakistan", undertaken by Sabri (2014), found that perceived organizational support positively and significantly relates to Human Resource Development Climate and organizational citizenship behavior. Manzoor and Shah (2015), also investigated the extent of impact of Human Resource Development Climate (HRDC) on organizational Citizenship Behavior (OCB) and came up with the result, indicating a significant positive correlation between these two and also found that, about 34% of Variance in OCB is caused by HRDC Climate. Thus, understanding the concept of Organizational Citizenship Behavior and its related factors can help the organizations to assess what kind of environment to provide their employees so that they demonstrate and engage themselves in OCB.

RESEARCH OBJECTIVES

1. To find out the relationship between Human Resource Development Climate and Organizational Citizenship Behavior.
2. To explore the impact of Human Resource Development Climate on Organizational Citizenship Behavior.
3. To analyze the impact of HRDC on the dimensions of OCB.

HYPOTHESES

- H1: There exists a significant relationship between HRDC and OCB.
 H2: HRDC Climate is a good antecedent of OCB.
 H3: HRDC Climate does contribute in the prediction of OCB dimensions.

RESEARCH METHODOLOGY

Sample and data collection

The sample for the present study was drawn from the two private sector banks prevailing in the Jammu and Kashmir state, namely, HDFC bank and J&K Bank. All the respondents were informed about the academic purpose of this study. A total of 200 survey instruments were distributed among Branch Heads of the selected bank organizations, and only 170 valid responses were retained for final analysis, representing a response rate of 85 percent. The respondents were assured of confidentiality and secrecy of their returned questionnaires. For the present study partial least square (PLS) approach was undertaken to test the proposed structural relationship. It (PLS) is a soft modeling approach to SEM with no assumptions about data distribution (Vinzi et al., 2010). The kind of benefits offered by PLS influenced the researcher for its utilization for the present study. PLS is very much in demand because of its ability to avoid factor indeterminacy and inadmissible solutions (Chin, 1998), thus offers a high suitability for small data sets. For the use of PLS, Chin (1998) suggests that 10 cases per the largest number of predicting constructs in the conceptual model is required in order to determine the adequate sample size. However, in the present study model, the OCB is having the highest predicting constructs, therefore, sample size of 170 is far sufficient than the required PLS sample size of 50.

Measures

For the present study, questionnaires have been adopted from the literature. 38 statements, comprehensive questionnaire on HRDC Climate Survey developed by Rao and Abraham (1990) at Centre for HRDC Xavier Labor Relations Institute, Jamshedpur encircling three dimensions (namely, General Climate, OCTAPACE Culture, and HRDC Mechanisms), And 24 items scale encompassing five dimensions (i.e. Altruism, Conscientiousness, courtesy, Sportsmanship, and Civic-Virtue) developed by Podsakoff, et al. (1990) was utilized to assess five dimensions of OCB proposed by Organ (1988). The HRDC Climate was measured on five point Likert scale and OCB was analyzed on seven point Likert Scale.

DATA ANALYSIS

Results

Demographic Profile of Respondents

Out of 170 respondents, a total of 128 (75.3 percent) were male while 42 (24.7 percent) were Female. The age group of the respondents from 47-50 (73 percent), 41-46 (44 percent), >50 (26 percent) account for biggest portion of the sample followed by age group of 36-40 (21 percent) and 30-35 (6 percent) respectively. The majority of respondents who have been with their organization for >20-30 (76 percent) years participated heavily in the present study followed by those who have worked for their organizations for >30 years (66 percent) and >10-20 years (28 percent) respectively. Further, those respondents who have been branch head for >6-9 (47 percent) years participated in abundance than those of >9-12 years (38 percent), above 12 years (33 percent), followed by 1-3 years (30 percent) and >3-6 years (22 percent) respectively.

Measurement model

Following the suggestions of Anderson and Gerbing (1988), analysis of data using PLS was carried in two step approach i.e first, assessment of the measurement model and then followed by the assessment of structural model (Hair et al., 2011). The first approach i.e assessment of measurement model was carried in two successive steps. First of all the convergent validity and reliability was assessed as shown in table 1.1 and followed by the discriminant validity as reported in table 1.2. Convergent validity was ascertained if the loadings were greater than 0.4 (Bagozzi and Yi, 1991), composite reliability greater than 0.6 and the average variance extracted greater than 0.5 (Fornell and Lacker, 1981). Thus, in nutshell the psychometric properties of the survey instrument in terms of internal consistency, reliability, convergent and discriminant validity were all analyzed.

TABLE 1.1: RESULTS OF MEASUREMENT MODEL

Model Constructs	Items	Loading	Composite Reliability	AVE*
General Climate	GC11	0.613	0.916	0.523
	GC13	0.705		
	GC2	0.797		
	GC3	0.828		
	GC36	0.716		
	GC4	0.601		
	GC5	0.811		
	GC6	0.659		
	GC7	0.699		
HRD Mechanisms	HRDM12	0.582	0.927	0.502
	HRDM14	0.565		
	HRDM16	0.505		
	HRDM17	0.574		
	HRDM21	0.648		
	HRDM24	0.650		
	HRDM26	0.658		
	HRDM33	0.612		
	HRDM34	0.623		
OCTAPACE Culture	OCTAPACE10	0.590	0.924	0.504
	OCTAPACE19	0.509		
	OCTAPACE20	0.580		
	OCTAPACE22	0.550		
	OCTAPACE25	0.530		
	OCTAPACE27	0.601		
	OCTAPACE28	0.596		
	OCTAPACE30	0.518		
	OCTAPACE9	0.510		
Altruism	ALT1	0.670	0.852	0.536
	ALT10	0.770		
	ALT13	0.661		
	ALT15	0.783		
	ALT23	0.767		
Civic Virtue	CIVIC11	0.900	0.925	0.754
	CIVIC12	0.864		
	CIVIC6	0.894		
	CIVIC9	0.813		
Conscientiousness	CONSC18	0.821	0.911	0.673
	CONSC21	0.835		
	CONSC22	0.877		
	CONSC24	0.793		
	CONSC3	0.771		
Courtesy	COURT14	0.840	0.917	0.688
	COURT17	0.838		
	COURT20	0.833		
	COURT5	0.832		
	COURT8	0.803		
Sportsmanship	SPORT16	0.843	0.939	0.755
	SPORT19	0.726		
	SPORT2	0.939		
	SPORT4	0.937		
	SPORT7	0.883		

***Average Variance Extracted**

Note: Few Items were deleted because of their low loadings below 0.40.

The table 1.1 divulges that, the constructs used in the present study possess convergent validity and reliability as all the estimated indices are above the threshold of 0.6 for Composite Reliability (CR), loadings 0.50 and 0.5 for Average Variance Extracted (AVE) (Bagozzi & Yi, 1991; Fornell & Larcker, 1981).

TABLE 1.2: DISCRIMINANT VALIDITY OF CONSTRUCTS

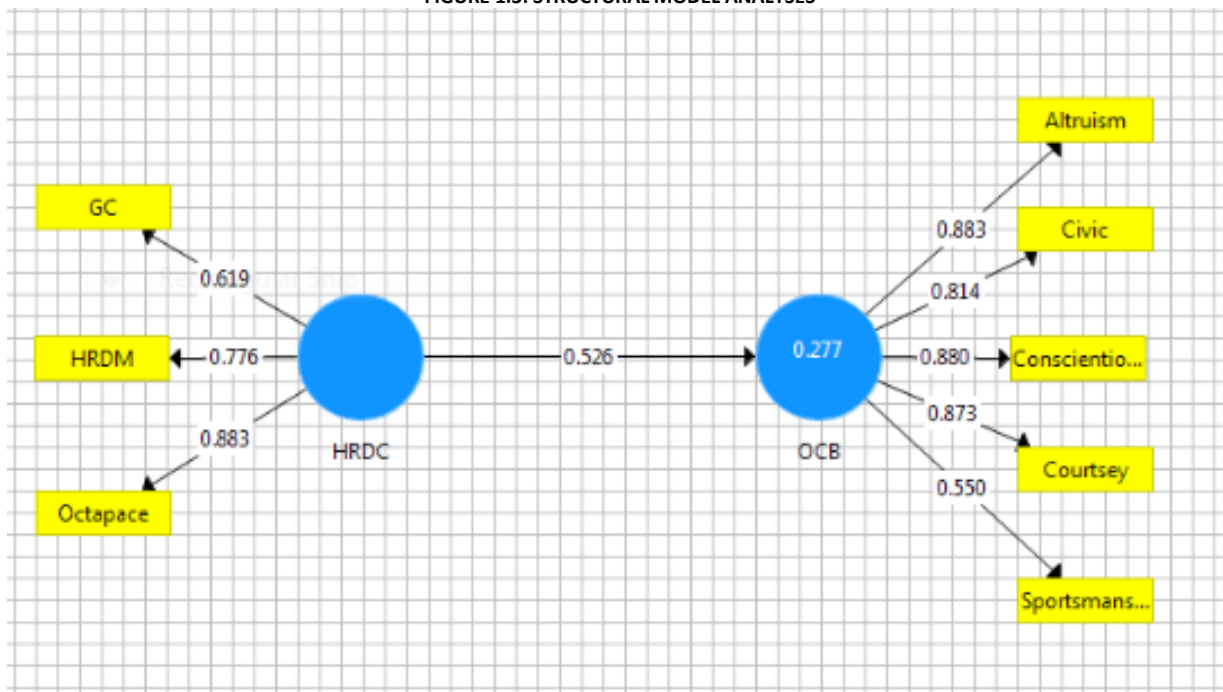
Constructs	Latent variable correlation off-diagonal versus the square-root of AVE*							
	1	2	3	4	5	6	7	8
Altruism	0.732*							
Civic-Virtue	0.273	0.868*						
Conscientiousness	0.601	0.228	0.820*					
Courtesy	0.388	-0.029	0.416	0.829*				
General Climate	0.155	-0.005	0.139	0.049	0.723*			
HRD Mechanisms	0.359	0.099	0.294	0.176	0.200	0.709*		
OCTAPACE Culture	0.268	0.037	0.154	0.154	0.190	0.347	0.710*	
Sportsmanship	0.156	0.101	-0.023	0.070	0.039	-0.010	-0.043	0.869*

Note: Diagonals represent the square root of the average variance extracted while the other entries represent the correlations.

Similarly, the discriminant validity of the model was verified using the Fornell and Lacker (1981) criterion whereby the average variance shared between each construct and its measures should be greater than the variance shared between the construct and other constructs. As is evident from Table 1.2, the correlations for each construct is less than the square root of the average variance extracted by the indicators measuring that construct signifying existence of adequate discriminant validity.

STRUCTURAL MEASUREMENT MODEL

FIGURE 1.3: STRUCTURAL MODEL ANALYSES



The figure 1.3 above demonstrates the path coefficients of the conceptual model of the present study. All the path coefficients are significant supporting all the pre set hypotheses.

TABLE 1.4: PATH COEFFICIENTS

Hypothesis	Relationship	Coefficient	R ²	t value	Q ²	P
H1	HRDC → OCB	0.526	0.277	9.86	0.172	0.000

The explanatory power of HRDC in the determination of OCB and its Dimensions are explained by the coefficient of determination (R²), which is a measure of the model's predictive accuracy and is calculated as the squared correlation between a specific endogenous construct's actual and predicted values. The determination coefficient (R²) reflects the level or share of the latent construct's explained variance and therefore measures the regression function's "goodness of fit" against the empirically obtained manifest items (Backhaus et al., 2003). The results of structural model as presented in Table 1.4 above and Figure 1.3, reveal that as per the value of R² of the modeled variable, it can be said that HRDC can explain about 27.7 percent of the variance of the respective dependent variable i.e OCB. The Geisser statistic (Q²) is 0.172 for OCB thereby, indicating that the model has a moderate predictive relevance.

Furthermore as hypothesized, the results indicated that, the HRDC strongly predicts Altruism (R² = 0.465), Conscientiousness (R² = 0.463), and Courtesy (R² = 0.459), followed by Civic-virtue (R² = 0.428) respectively. However, it was found that HRDC is a weak predictor of Sportsmanship (R² = 0.2.89).

Thus, it can be concluded that HRD Climate significantly correlates OCB (R= 0.526) as it is evident from the figure 1.3, hence accepting the first assumption that there exists a significant relationship between HRD Climate and OCB. Also, it was found that HRD Climate significantly predicts OCB but the R² value (R²= 0.277) signifies that HRDC is a weak predictor of OCB as it could explain only 27.7 Percent of OCB. In the same way other hypotheses were tested and the analysis indicated that, HRDC is a strong predictor of Altruism, Conscientiousness, Courtesy, and Civic-virtue as mentioned above. However, HRDC was found a weak predictor of Sportsmanship. As the paucity of studies concerning the present undertaken research problem is concerned, with almost no such studies available concerning the analysis of impact of HRD Climate in predicting OCB (as far as the researcher's search for literature is concerned), the present study is considered to be the first in its approach in the undertaken area.

CONCLUSION

As mentioned above the present study proposes a new approach of analysis and thus less support could be found in the literature where mainly the focus of researchers have been to estimate the relationship between the two undertaken constructs. The present study re-examines the relationship between HRD Climate and OCB by proposing HRD Climate as a strong antecedent of OCB. The results of this study support the findings in the literature that HRD Climate has a positive correlation with OCB (Nadeem Ahmad et al., 2012, Akinyemi Benjamin in 2012, Sabri, 2014 and Manzoor and Shah. 2015). This study also provided empirical

evidence that HRD Climate has a positive effect on OCB and eventually has a positive influence on OCB dimensions. Therefore, banks should make extra efforts in encouraging OCB among their employees. As more the employees display OCB more it will impact the customer perception of service quality at banks, thus more success will be attained.

IMPLICATIONS OF THE STUDY

Banks should focus on establishing a congenial HRD Climate in their respective organizations and should show benevolence towards the exhibition of OCB by their employees so as to sow a seed of feel among customers that the service provider is interested and is acting in the best interests of them. The private banks in the existing society should develop strategies for the earning of competitive advantage over its competitors. This could be done by encouraging the display of OCB by its employees by providing them with the supportive work climate, as this will elevate customer attention and customer binding. In conclusion, this study should be carried out further and results could be further validated by involving participation from various other banks. This is expected to lead to a better generalization for the banking sector. The undertaken model can also be improved to include other antecedents of OCB and with the investigation of mediating and moderating effects of other related constructs.

LIMITATIONS AND FUTURE RESEARCH

The present study like other studies is not flaw free. First and foremost limitations of the present study is that only two private sector banks namely J&K bank and HDFC were taken into consideration keeping in view the time and money constraint. Also only two constructs were taken in the light of present endeavor. However, researcher highly feels that the present study should be extended by taking other relevant constructs into kind consideration.

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ABSTRACT

Many philosophers, teachers and researchers have laid stress on the common factors affecting adjustment of individuals in the family set up, social set up and his own circle in the field of his scholastic achievements. Development of one's personality, knowledge power and intelligence level play a major role in the adjustment of people. Development of personality manners, etiquettes, observing, listening habits, and trying one's capabilities in different situations of life. It includes formation of belief about one self, his capabilities to handle different kinds of situations in life and self-confidence. Thus the study of different factors affecting adjustment of individuals makes an interesting study. Development of one's personality and its relative effect on one's adjustment is an important study of human existence. Samples were collected through surveys of four schools of Rewari Distt. of Haryana (India) by providing them—Adjustment Inventory for XI graders by- i) Personal value questionnaire— By Sherry and Varma, ii) Adjustment Inventory (School Level)— By A.K.P. Sinha, iii) Family Relationship Inventory— By Sherry and Sinha, iv) Intelligent Test— By R.K. Tondon. Students need personal guidance services for better adjustment of XI graders students. A habit of self-evaluation and self-acceptance should be developed in the students particularly regarding their weaknesses, for better results in the field of adjustments. Some practical work or training programme related to the real life-situations should also be organized to make them understand the realistic of life and importance of positive thinking in life.

KEYWORDS

values, adjustment & family relationships, xi graders at different intelligence levels.

1. INTRODUCTION

Family environment and social environment are key forces in the development of personality of a child. Development of a child's personality takes place in accordance with the environment he/she lives in – behaviour and culture of his family members, his schooling, behaviour of his class-mates and teachers, the attitudes of the company he finds to move in – all these play a vital role in shaping his/her personality.

After the time spent at home, school is the only place where the child spends his maximum time. His schooling affects the development of his personality along with all its constituent factors like emotional, psychological, social and personal features. At school along with getting knowledge, the child is exposed to interactions with teachers, friends (both male and female) and many other people. His interaction with these people keep shaping his personality and thinking – may be in a positive or in a negative direction depending upon the circumstances and the ideology of the people around. It develops the personality of the child which is a collection of beliefs about one-self and one's own capabilities to react in different fields of life – gender roles, racial identity, academic excellence, performance in society etc.

Personality development includes self-awareness and self-esteem including self-confidence to react in different situations of life. Understanding of self or personality comprise self-schemes. It interacts with self-esteem, self-consciousness, self-knowledge and the social self to develop the self as a whole. It contains components of the past and the present and also represents the individuals ideas to take possible shape in future (as people take themselves to be better than past and want to become still better in future).

Most of the parents, teachers and philosophers think that there is a close relationship between adjustment and personality traits. To develop their personality students should be provided with the opportunities of better social contacts with other people and should be motivated to be socially active, hoping that then they will lead to better adjustment. Many investigators think that development of personality and adjustment at school is are important factors to affect the academic achievements. Students in general and under achievers in particular have frequently reported the problem of adjustment at school due to lack of understanding of their own-self. If a student has a high level of self-confidence, he can adjust very well at school and in the social environment prevailing round him. Thus by improving his self-confidence a student can make good adjustment at school and in society. Philosophers agree on this factor that influences students behaviour, cognitive and emotional outputs including academic achievement, level of happiness, anxiety, social integration, self-esteem and satisfaction in life.

2. OBJECTIVES OF THE STUDY

To study adjustment of XI graders in relation to the development of their personality and confidence. The study includes XI grader students of different schools of Rewari Distt., Haryana (India)

3. RESEARCH METHODOLOGY

Descriptive Survey method of research used.

SAMPLE

600 children studying in XI class in Rewari, Distt. of Haryana.

TOOLS

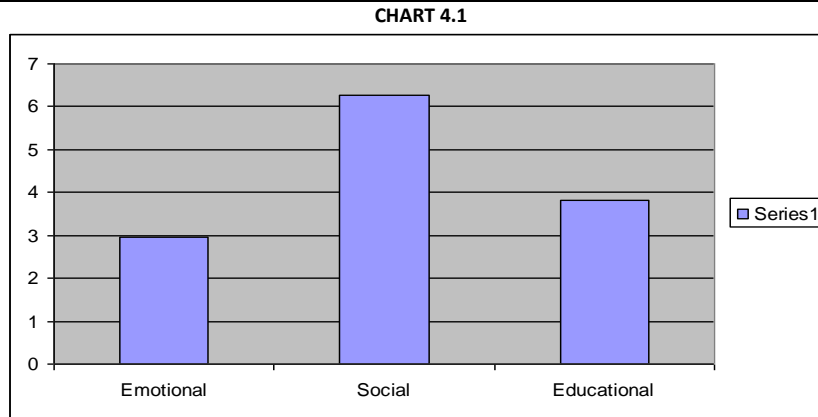
1. Personal value questionnaire by Sherry and Varma.
2. Adjustment Inventory (School Level) by Sherry & Sinha.
3. Family Relationship Inventory by Sherry & Sinha.
4. Intelligence Test by R. K. Tandon.

4. ANALYSIS

TABLE 4.1: ADJUSTMENT PATTERN OF TOTAL SAMPLE OF STUDENTS (GIRLS AND BOYS) OF CO-EDUCATIONAL AND NON CO-EDUCATIONAL SCHOOL

Area of Adjustment	Mean	SD	Rank
Emotional	2.96	2.21	III
Social	6.28	2.9	I
Educational	3.81	2.14	II

Adjustment Pattern of Total Students

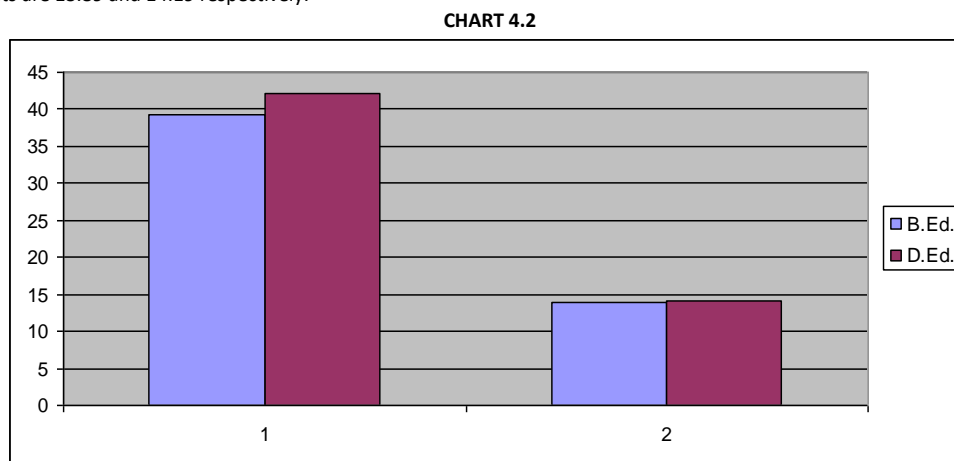


This table shows that adjustment pattern of total sample. This reveals that social adjustment is at the top level. Students are socially more adjusted in comparison of being adjusted educationally and emotionally.

TABLE 4.2: ADJUSTMENT PATTERN OF MALE AND FEMALE STUDENTS

	Mean	S.D	Z-Test	Significance level	z 0.05	Significance
Male	39.33	13.89	10.5	0.05	1.96	Significance
Female	42.17	14.19				

Table 4.2 shows the adjustment of male and female school students. Means of male and female students are 39.33 and 42.17 respectively. Standard deviation of male and female students are 13.89 and 14.19 respectively.



Interpretation

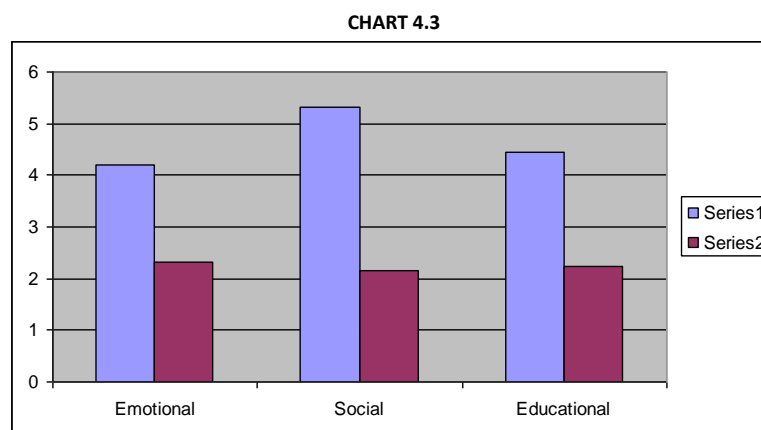
The analysis represents that Z values is 10.5. At a significance level of 0.05, the critical value for Z is 1.96.

Since 10.5 > 1.96. so null hypothesis is rejected.

Hence it is concluded that there is significant difference in the adjustment pattern of male and female students and that female students are found more adjusted than male.

TABLE 4.3: COMPARISON BETWEEN ADJUSTMENT LEVELS OF GIRLS AND BOYS IN CO-EDUCATIONAL AND NON CO-EDUCATIONAL SCHOOL

S.N	Area of Adjustment	Co-education school (N=100)		Non Co-education School(N=100)		Rank
		Mean	SD	Mean	SD	
1	Emotional	4.21	2.35	2.68	2.32	III
2	Social	5.32	1.87	6.32	2.16	I
3	Educational	4.44	2.80	3.41	2.25	II



One of the objectives of the investigation was to study the adjustment level of boys and girls. The table shows the Mean S.D and rank order of co-educational and non co-educational students studying senior secondary school level. We find from the above table that the adjustment pattern of both (co-ed and non co-ed) students have no significant difference both the groups follow same pattern.

The hierarchy of group is social, educational and emotional. This exhibits that both co-educational and non co-educational students give more at important to social life than that of their educational and emotional life in co-educational and non co-educational school.

Though there is no significant difference in the adjustment patterns of co-educational and non co-educational students, the ranks found in both group are same. Yet there is some difference between the social adjustment of boys and girls. Girls are found to be socially more adjusted in non co-educational school than co-educational school.

TABLE 4.4: SHOWING MEAN, S.D AND 't' VALUE OF THE SCORES OF ADJUSTMENT OF BOYS & GIRLS IN CO-EDUCATIONAL & NON CO-EDUCATIONAL SCHOOL

Co-education school		Non co-education school		't' Value
Mean	SD	Mean	SD	
14.5	4.5	12.4	4.7	0.51

This table shows the adjustment of boys and girls. As the 't' ratio is 0.51 which is not significant difference between the adjustment of co-education and non co-education school.

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BRIEF STUDY TO TREND ANALYSIS OF FDI INFLOWS INTO THE ISRAEL DURING 1971-2015

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ABSTRACT

In this paper contain the FDI inflows of Israel during four decades. At present his research very important to need Israel due to what about the position of FDI inflows of Israel, whereas the Israel economy will be slowly shake off because happened to the other developed countries financial and debt crisis. This study consists of trend analysis of FDI inflows into the Israel during 1971 to 2015, then the years will be split into the decades, and every decade concerned with ten years, so here for decades used for the trend analysis and last decade concern with fifteen years. Foreign direct investment (FDI) can play an important role in an economy's development effort. Here used in the index number average and the annual growth rate to find out trend analysis of FDI inflows of Israel. While discussing the position of global and developed countries FDI and this paper also presented advantages, disadvantages and benefits of FDI inflows of Israel.

KEYWORDS

FDI inflows, global FDI, index number and AGR, linear growth rate.

INTRODUCTION

In this paper mainly concern with encouraging or faster for economic development and growth of Israel to use through trend analysis. The paper study about trend analysis FDI inflows of Israel during 1971 to 2015 use of time series date of finding the index, average, annual growth rate and linear growth rate of FDI inflows into the Israel. The Israeli economy is still one of the world's most attractive targets for foreign direct investment (FDI), and Israel is in fourth place in the world as a target for foreign investment in proportion to GDP with FDI totaling 4% of GDP in 2015. The Republic of Ireland has a relatively small population of 4.5 million, is a parliamentary democracy, and its capital is Dublin. Ireland has a very high literacy rate of 99% and high education standards, as well as a strong life expectancy of 78.9 years. It also has a well-balanced infrastructure, with a GDP of \$203.89 billion and a GDP per capita rate of \$45,497. The country is ranked 7 for its press freedom, economic freedom, and political freedom it offers to the public. Ireland was in the process of rapid economic growth and development when the global recession began in 2008. Ireland than experienced negative GDP and accumulated massive debt, being rated as one of the five European "P.I.I.G.S." (Portugal, Ireland, Italy, Greece, and Spain) and losing two points on the Human Development Index Scale. Still, collaborating with EU leaders (France and Germany) to relieve this problem and continue developing forward¹.

FDI

Foreign Direct Investments (FDI) is investment of foreign assets into domestic structures, equipment, and organizations. FDI inflows are in the primary market and do not include foreign investments into the stock markets. It is a long-term investment and is used by the developing countries as a source of their economic development, productivity growth, to improve the balance of payments and employment generation. Its aim is to increase the productivity by utilizing the resources to their maximum efficiency. Exit is relatively difficult in this phenomenon.

World Bank definition: Foreign direct investment is the net inflows of investment to acquire a lasting management interest (10 percent or more of the voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP.²

IMPORTANCE OF ISRAEL

- Population: 7.9 million
- GDP (PPP): \$273.7 billion
- 3.3% growth in 2013
- 5-year compound annual growth 3.6%
- \$34,770 per capita
- Unemployment: 6.7%
- Inflation (CPI): 1.5%
- FDI Inflow: \$11.8 billion
- Public Debt: 66.7% of GDP

STATEMENT OF THE RESEARCH PROBLEM

In this study only based on the trend analysis of FDI inflows of Israel. During 1970s FDI inflows of Israel was very slowdown comparative to among the European Union and other developed countries. Unprecedented of FDI inflows of Israel after 1990s the implications new economic policy will helpful to gradually increase the FDI inflows of Israel. It means abolish to the trade restriction and motivated to FDI inflows. Used here only for a simple method for Trend analysis, Index number, average, annual and linear growth rate.

NEED FOR THE STUDY

At presently this paper analyses are highly tremendous. Israel is one of the developed country along with other developed and European Countries. The role of FDI can be under recognized in the growth process of developing country, especially in the united Asian developed country of Israel the importance and contribution of FDI for the economic growth has been realized very much for the past four decades the developed country like Israel still require more FDI compared to other developing countries. In this context, there is lack or not available, research work on Israel with basic or elementary of trend analysis and very limited studies is available about the distribution of FDI inflows in various developed countries and the role of FDI promotes the growth of these countries. Hence the present study is undertaken.

OBJECTIVES

In this paper deliberately done used by the following objectives and the paper will structure in objective wise;

1. To study the Trend analysis of FDI inflows of Israel
2. To study the Global FDI
3. To study the advantages, disadvantages and benefits of FDI inflows of various developed countries
4. To study the problems faced by during FDI inflows

METHODOLOGY**DATA REQUIREMENTS**

The time series data on total FDI inflows would FDI inflows into developed countries. Israel FDI inflows of the Israel are required for the present study.

SOURCE OF DATA

The data are collected from published sources for this research study mainly from the World Bank publications and UNCTAD.

CHOICE OF TIME PERIOD

In this paper take out the study period is 1971 to 2015, the forty-five years divided into four decades, each decades contain ten years and the last decade was only considered about fifteen years

ANALYSIS OF DATA AND TOOLS USED

In this chapter, all the data on FDI are taken in US dollars. The growth of the FDI has been assessed through Trend analysis like to find out the Index number, average and annual growth rate of FDI inflows.

LIMITATIONS OF THE STUDY

In this work concern with only FDI inflows of Israel during 1971-2015. Here data were collected from published sources that are secondary data. This paper works out trend analysis and did it not take considered about any other factors

REVIEW OF LITERATURE

During the last decade a number of interesting studies of the function of foreign direct investment in stimulating economic growth have seemed. Experienced researched research work will be used for present research work.

Dr. Vandana Tyagi (2015)⁴, in his study on "Growth Prospect and opportunities for foreign investors in Indian Education Sector". In his paper's main purpose of the FDI inflows into the Indian Education Sector. Over the last decade, the Education sector in India has grown leaps and bounds. The Indian Education space is by far the largest capitalized space in India with Government spend of USD 30 bn and private spend of USD 50 bn. India has one of the world's largest education systems, which includes 1.3 million schools, 30,000 colleges and 542 universities. Current law allows 100 per cent FDI in education. According to the recent data revealed by the Department of Industrial Policy and Promotion (DIPP), foreign investors have contributed more than US\$200 million in the Indian education sector and the number is going to increase steeply in coming years as well. The rapidly growing education sector of India holds a potential to attract more than US\$ 75 billion in the next couple of years on the virtue of infrastructure development and skilled professionals in India. There is a strong opportunity for foreign companies and private players to penetrate into the education space of India. In terms of number of collaborations forged by Foreign Universities with Indian Educational Institutions, in 2011 alone, a total of 161 collaborations was reported. The opportunity is available in all three different segments, including vocational training, higher education and schools.

Osama M. Badr Tahar L. Ayed (2015)⁵, in their study on "The Mediator Role of FDI in North Africa: Case of Egypt." The main purpose of this paper is to examine the various factors that attract Foreign Direct Investment (FDI) in North Africa countries, in order to find answers to the following question: What are the determinants / impediments of FDI inflow to North Africa countries? The study investigates the relationship between FDI and the economic growth in the North African countries, covering the period 1961-2012. They find results from of the analysis suggest that FDI is explained by some economic determinants but has non- significant effect on GDP growth. This study also investigates FDI Behaviour in Egypt and explaining this behaviour. Although, it is rolling among economists that Foreign Direct Investment (FDI) positively affect economic growth, but they did not specify who benefit more home country or host country? [1] The researcher result an empirical finding was misleading sometimes. Also, there is no general consensus among the economists on the determinants of FDI. Through this theoretical controversy there are three questions dominating the FDI literature 1. Why FDI inflow is biased towards only to a few countries? 2. What are the determinants of FDI inflow? 3. What is an Impact of FDI on economic growth? Thus, Study Objectives are: 1. Identify the most important determinants of FDI inflow. 2. Solve the controversy over the impact of foreign investment in the growth of the host country. 3. Study Egyptian FDI behaviour Case. The study will be organized in three sections as follows: First: Theoretical and Literature Review of the determinants of FDI inflow and Impact of FDI on economic growth. Second: Analyse FDI inflow position in Egyptian Economy. Third: Comparison study between North African countries on the most effective determinants of FDI inflow and Impact of FDI on economic growth. Finally, their results and recommendations.

Arshad Hayata (2014)⁶, in his study on "FDI and Economic Growth: The Role of Natural Resources." In this paper, he explored the links between the inflow of FDI, natural resource abundance and economic growth. This paper is an attempt to analyse a larger sample of 106 countries and investigate the impact of FDI inflow on the economic growth of the Host country. Further, natural resource abundance is considered to slow down the economic growth. His paper explored if the natural resource abundance affects the FDI-growth relationship. Using panel data for a sample the period 1993-2012, the paper uses a fixed effects model and conclude that FDI inflow accelerates economic growth of the host country. However, the presence of natural resources slows down the FDI induced growth. The same results hold after controlling for endogeneity.

Richard Bruton, T.D (2014)⁷, in his study on "Policy Statement on FDI in Ireland." In this paper on examined Ireland's economic growth is dependent on a sustainable, competitive enterprise base encompassing both indigenous and foreign owned firms that trade internationally, those that currently serve local markets with the potential to internationalize, and those that will continue to play a key role in serving local demand. Foreign Direct Investment (FDI) has been a key contributor to Ireland's economic development and growth through providing rewarding employment for over 250,000 people directly, knowledge transfer, and transformation of the enterprise base. Global competition for the attraction of FDI has intensified significantly in recent years. Inward investment can continue to make a substantial contribution to Ireland's economic development. If they continue to create the right conditions and environment that meet the needs of today's globalised businesses. There is a distinction too, between the broader FDI policy framework, which is about developing the Ireland 'product' and that requires the commitment of a number of government departments, agencies and stakeholders; and investment promotion that is primarily the role of IDA Ireland. Ireland's relative cost competitiveness, corporate tax rate and available direct firm level financial supports remain critically important - but in reality they are no longer aspects that will substantially Differentiate Ireland's offering for FDI over the longer term. They need both to maintain a competitive offering in these areas and at the same time redouble efforts to develop and reinforce other aspects to truly differentiate Ireland's offering. They have made some pivotal policy shifts in the past that helped to set Ireland apart in terms of researching FDI offering, for example: education reforms in the 1960s; investment in International Financial Services Centre (IFSC) in the 1980s; Global Crossing in the late 1990s; and the step change in Science, Technology and Innovation investments since 2000, among others. Step changes of a similar scale are needed to ensure that they sustain globally differentiated competitive advantage. They will focus on differentiating Ireland's offering in three key areas: talent; connected world leading research; and place-making to provide attractive city regions to live, work and attract investment. They will also strengthen our approach to sectoral ecosystem development and to effective execution. It is important to acknowledge that FDI is ultimately a business decision. Fundamentally, Ireland's FDI policy is about competing successfully for the right FDI for Ireland's economy; it is about ensuring that those investments are sustainable and contribute optimally to job creation and economic growth; and it is about ensuring that the decision to invest in Ireland remains strategically the best choice for the multinationals who are considering many alternatives today. This Policy Statement is based on research and analysis undertaken by Forfás, informed by multinational businesses, global FDI trends, Ireland's FDI performance, FDI policy approach internationally, and international Investment Promotion Agency (IPA) approaches.

Stanislav Černoša (2014)⁸, in their study on "The between trade, FDI, and immigration: Using the gravity model." This paper provided a new empirical framework that analyses the importance of the link between trade, FDI, and immigration. A further significant contribution of this analysis is the appropriate handling of a large number of zeroes in migration statistics. In this way, the unbalanced panel database of the 15 core European member states (EU15) as destination countries is formed. The researcher's results of the estimation show that the introduced explanatory variables, such as the common language, destination country's population, and great circle distance between two countries, represent the most significant deterministic factors that generally explain the share of the immigrant population. It is also confirmed that the sending country's population, trade, FDI, and sending country's landlocked position are important determinants positively influencing the share of immigration.

Y Imaz Bayar (2014)⁹, in her study on "Effects of economic growth, export and foreign direct investment inflows on unemployment in Turkey." In this paper reviewed there have been significant increases in trade volume and foreign direct investment flows in the world in parallel with globalization since 1980s. This study examined the relationship between unemployment, economic growth, export and foreign direct investment inflows in Turkey during the period of 2000:Q1-2013:Q3 by using a bound testing approach based on autoregressive distributed lag. They found that there was a long run relationship between unemployment, economic growth, export and foreign direct investment inflows. Moreover the researcher's empirical findings demonstrated that there was a negative relationship between unemployment and economic growth, export, while there was a positive relationship between unemployment and foreign direct investment inflows.

Cuneyt kilic yilmaz bayar feyza arica (2014)¹⁰, in their study on "Effects of Currency Unions on Foreign Direct Investment Inflows: The European Economic and Monetary Union Case." In this paper analysed Reducing exchange rate and inflation, transaction costs and achieving the economic convergence among member countries are major causes of establishing a monetary union. This paper examined the effects of European Economic and Monetary Union on inflows of foreign direct investments to the Euro zone by using panel data from 16 Group of 20 countries for the period 1999-2012. They found that real GDP, GDP growth rate and exchange rates of 16 Group 20 countries affect inflows of real foreign direct investment positively while exchange rate volatility, inflation volatility and distance affects inflows of real foreign direct investment negatively. So European Economic and Monetary Union contribute to the inflows of foreign direct investment by reducing the exchange rate volatility, inflation volatility and distance and supporting economic growth

Nuno Carlos Leitão And Saeed Rasekhi (2013)¹¹, in their study on "The impact of foreign direct investment on economic growth: the Portuguese experience." In this paper examined the link between economic growth and foreign direct investment in Portugal. Using a panel data approach, the results show that there is convergence among Portugal and her trading partners. The researcher's results also demonstrate that foreign direct investment and bilateral trade promote economic growth. The growth is negatively correlated with inflation and the initial level of GDP per capita. As in previous studies taxes plays a minor role in determining the growth.

Baba Insaah (2013)¹², in her study on "Foreign Direct Investment Inflows and Economic Growth in Ghana." In this paper analysed, there exists mixed empirical evidence on the size of gains from Foreign Direct Investment (FDI) inflows for the economies of different countries. The paper thus investigated the relationship between economic growth and FDI inflows a dynamic framework. A study of this sort would inform policy on the role of lagged, coincident and leading effects of FDI on economic growth. Engle-Granger two-step methodology for error correction was employed. The major empirical and methodological contribution of this study is the use of Dynamic Ordinary Least Squares (DOLS) technique. Dynamic OLS becomes better than OLS by coping with small sample sources of bias. The elasticity of economic growth with respect to FDI had a positive sign and also significant at the 1% level. However, the effect of a three (3) year lag of FDI on economic growth had a negative sign and significant at the 5% level. Policy makers should thus not concentrate on current macroeconomic inflows of FDI but consider an effect of past FDI inflows on current levels of economic growth. The study period spanned from 1980 to 2010. A dynamic relationship between FDI and Economic growth was modelled for the economy of Ghana. Investigation of the series reveals the presence of Co integration between FDI and economic growth. Two distinctive empirical techniques were used for the study. A static error correction (ECM) and DOLS model specified in a log-log form were utilized. Findings suggest that the model's feedback effect is low and therefore a slow pace of adjustment towards equilibrium due to shocks in the short run. The results are consistent with most of the earlier empirical findings. There exists a positive relationship between economic growth and FDI. However, lagged values of FDI have an inverse relationship with economic growth. Policy makers should thus not concentrate on current macroeconomic inflows of FDI but consider the effects of past FDI inflows on current levels of economic growth.

Nina Charbon (2012)¹³, in his study on "The Effect of The Crisis on The Investment towards the Netherland." In this paper reviewed sheds light on the several factors of Foreign Direct Investment (FDI) inflows into the Netherlands over the period 1996-2012. In this research, it is assumed that due to the financial crisis the determinants of FDI and the amount of FDI inflows in the Netherlands have changed. The variable market size, market potential, labour costs, unemployment rate and exchange rate are considered important attractors for the Netherlands, and therefore expect to influence the FDI inflows. The study is guided by the following research question: "To what extent does the crisis have an effect on the important economic determinants that attract FDI towards the Netherlands?" By testing some hypotheses using a regression analysis, there was no significant evidence found that these variables explain the amount of FDI inflows into the Netherlands. It can be concluded that the FDI net inflow in the period during the crisis has decreased. Although, the explanatory variables do not seem to explain this decrease in FDI and therefore the stated hypotheses cannot be supported. This study contributes to current research by yielding more insight into the FDI inflows in the Netherlands in these current unstable times. Future research should not only focus on the host country, but should also pay attention to the conditions of the home country. In addition, more variables that explain the amount of FDI have been ignored in this study due to lack of data and knowledge, however that should be given more priority in further research.

Mohammad Mafizur Rahman Muhammad Shahbaz Abdul Farooq (2012)¹⁴, in their study on "Financial Development, International Trade and Economic Growth in Australia: New Evidence from Multivariate Framework Analysis." In this paper investigated the relationship between financial development, international trade and economic growth in the case of Australia over the period of 1965-2010. The ARDL bounds testing approach to Co integration was applied to examine the long run relationship between the series, while stationary properties of the variables were tested by applying two structural break tests i.e. Zivot-Andrews (1992) and Clemente et al. (1998).

The researcher empirical evidence confirmed the long run relationship among the variables. Their results showed that financial development, international trade and capital are the drivers of economic growth both in the short run as well as in the long run. The feedback effect exists between international trade and economic growth. Financial development Granger causes economic growth validating the supply-side hypothesis in the case of Australia.

Patrick Enu, Ma Emmanuel Dodzi K. Havi, Prudence Attah-Obeng,(2012)¹⁵, in their study on "Impact of Macroeconomic Factors On Foreign Direct Investment In Ghana: A Co integration Analysis." In this paper examined the determinants of Foreign Direct Investment Inflows to Ghana. The main objective of this study was to find out the major macroeconomic determinants of Foreign Direct Investment in Ghana between the periods 1980 to 2012. All the variables considered were integrated at first order, as a result the Johansen's Co integration approach was used and the result showed that the variables were not Co integrated. Therefore, the vector autoregressive model was estimated. The result showed that the first past year of Foreign Direct Investment, The last two years of exchange rate and trade openness were statistically significant. Based on the findings, they recommend that policies that encourage Foreign Direct Investment, moderate exchange rate depreciation and increasing trade openness should be implemented.

Stephen Kirchner (2012)¹⁶, in his study on " Foreign Direct Investment in Australia Following the Australia-US Free Trade Agreement." In this paper reviewed, a model of inward foreign direct investment in Australia is estimated. Foreign direct investment is found to be positively related to economic and productivity growth and negatively related to foreign portfolio investment, trade openness, the exchange rate and the foreign real interest rate. Foreign direct investment is found to be a substitute for both portfolio investment and trade in goods and services. The exchange rate and the US bond rate affect foreign direct investment through the relative attractiveness of domestic assets. Actual foreign direct investment outperforms a model-derived forecast in recent years, consistent with the liberalization of foreign investment screening rules following the Australia-US Free Trade Agreement.

Peter Enderwick (2012)¹⁷, in his study "Inward FDI in New Zealand and its policy context." In this paper analysed New Zealand, with a low domestic savings rate, has long depended on inward foreign direct investment (IFDI) to facilitate growth and development. The country's IFDI stock reached US\$ 70 billion in 2010, and averaged 51% of GDP over the decade 2000-2010. While recent inward FDI flows, US\$ 636 million in 2010 and US\$ 3.4 billion in 2011, have been lower than those of other comparable economies, reliance on IFDI is high. New Zealand's policy toward IFDI is based on the creation of an attractive investment climate (low costs of doing business, low levels of corruption, few restrictions); few specific incentives are offered. Major investment sources are Australia and the United States. IFDI is significant in mining, trade and the banking and finance industries. While there is considerable public disquiet regarding the levels and sources of inward investment, future prospects have looked strong with the recently re-elected Government committed to further privatization. New Zealand, with its low savings rate, is highly dependent on foreign investment, including IFDI for maintaining its investment at desirable levels. While there is some public suspicion about the benefits of such investment, a new wave of IFDI is likely in the near future. Data on IFDI are limited, and we know very little about the impact of such investment, particularly the second round effects. Interestingly, New Zealand outward FDI, while directing to the same economies that provide most of its IFDI, is a fraction of inward FDI. A clearer understanding of the links between the two would be helpful in developing effective policy.

Basem Mohammed Louzi1 & Abeer Abadi (2011)¹⁸, in their study on "The Impact of Foreign Direct Investment on Economic Growth in Jordan." In this paper analysed Foreign direct investment (FDI) is assumed to be benefiting a poor country like Jordan. Jordan offers attractive investment opportunities for foreign companies and has adopted a number of policies to attract foreign direct investment into the country. This paper focuses on the FDI-led growth hypothesis in the case of Jordan. The study is based on time series data from 1990 to 2009. The econometric framework of co integration and error correction mechanism was used to capture two way linkages between variables interest. An econometric result shows that FDI inflows do not exert an independent influence on economic growth. And also the impact of DIN and TP on GDP growth rate is found to be positive. Based upon these results the ultimate objective of the Jordan government is to attract FDI for development an appropriate policy mix is necessary to be taken in the future. This paper has examined the relationship between FDI and GDP using time series data from the Jordanian economy. In Jordan FDI has increased dramatically since the 1985. Many studies find a positive link between FDI and growth. But econometric result shows that FDI inflows do not exert an independent influence on economic growth. And also the direction of causation is not towards from FDI to GDP growth but GDP growth of FDI. That is the direction growth impact of FDI on the Jordanian economy has not existed so far. The impact of DIN and TP on GDP growth rate is found to be positive. Net attitude of the civil society and foreign firm towards FDI in the country is positive. Net attitude reveals that the investment climate has improved in Jordan as a result of; political stability and the implied policy stability, good developed infrastructure facilities and high levels of human capital. The importance of FDI can't be over stated. As a result, the investment climate in the country must be improved more through appropriate measures such as creating more transparency in the trade policy and more flexible labor markets and setting a suitable regulatory framework and tariff structure. Currently Jordan provides an attractive investment regime due to the financial crisis, but the response from the investor has not been very encouraging. If the ultimate objective of the government is to attract FDI for development an appropriate policy mix is necessary to achieve these.

Lauge Skovgaard Poulsen and Gary Clyde Hufbauer (2011)¹⁹, in their study on "Foreign Direct Investment in Times of Crisis." In this paper compared the current foreign direct investment (FDI) recession with FDI responses to past economic crises. The authors find that although developed country outflows have taken an equally big hit as major developed countries have after past crises, outflows seem to be bouncing back more slowly this time. By contrast with the overall decline in recent years, inflows to emerging markets often remained stable during their past economic crises. Both patterns indicate that the global scale of the current crisis has led to a greater FDI response than after individual country crises in the past. Compared with global economic downturns since the 1970s, the current FDI recession has also been greater in magnitude. The exception is the FDI plunge in the early 2000s, despite the much smaller economic crisis at the time. The authors conclude by recommending that policymakers not just further liberalize FDI regimes as they find was the typical pattern during earlier crises, but rather use the downturn to rethink their FDI policies with an enhanced focus on "sustainable FDI" promotion.

Elif Arbatli (2011)²⁰, in his study on "Economic Policies and FDI Inflows to Emerging Market Economies." In this paper investigates the determinants of FDI inflows to emerging market economies, concentrating on the effects of economic policies. The empirical analysis also addresses the role of external push factors and of political stability using a domestic conflict events database. The results suggest that lowering corporate tax rates and trade tariffs, adopting fixed or managed exchange rate policies and eliminating FDI related capital controls have played an important role. Domestic conflict events and political instability are found to have significant negative effects on FDI, which highlights the role of inclusive policies to promote growth and avoid sudden stops of FDI inflows. The global financial crisis has led to a substantial contraction in FDI inflows to emerging market economies. Although other short-term inflows have resumed (at least more broadly), FDI inflows have remained subdued in many countries. The extent to which inflows are driven by domestic policies or other country-specific factors is an important policy question given the role of FDI in financing investment. This paper found that both global push factors and economic policies had a significant effect on FDI inflows for the set of emerging market economies in our sample, especially during 2008–09 as G-7 growth rates declined and uncertainty regarding future economic prospects increased. Among the set of pull factors that were considered, lowering corporate tax rates and tariffs and a stable exchange rate were found to be statistically important determinants of FDI inflows. Accounting for the effects of policy changes or shifts was found to be useful in explaining sharp increases in FDI inflows. Among other country-specific variables that are more structural in nature, and hence changing more slowly education was found to be highly significant. Political stability also appears to be a crucial factor in attracting FDI inflows. Countries that are more prone to domestic conflict and political instability have experienced lower FDI than other countries with similar characteristics. Although the analysis in this paper does not concentrate on the sources of domestic conflict and instability, the significant negative effects of domestic conflict on FDI suggests that economic policies that promote inclusive growth may be highly important. Countries that experience repressed instability may in the future face sudden stops of inflows, reversing previous gains from prudent macroeconomic policies. The empirical exercise presented in this paper fails to consider many potentially relevant policy measures because of data limitations. Going forward, expanding the set of policy variables included in the empirical exercise may yield useful insights. Their empirical work also focuses exclusively on the impact of policies on FDI inflows, but does not investigate factors that link higher FDI inflows with growth and social outcomes. As has been noted elsewhere, the growth benefits of FDI accrue mainly through technology transfers, imports of knowledge and managerial expertise, and spillovers to other industries and competition. Additional actions are usually needed to ensure that these conditions materialize and that the benefits of higher, FDI-induced growth are widely shared. Such measures include investments in infrastructure and human capital (which also attract more FDI); improvements in governance, labour market performance, and financial sector intermediation and the establishment of social safety nets to protect the most vulnerable.

Imola Drigă (2011)²¹, in her study on "FDI Flows and Host Country Economic Development." In this paper examined, the propose of the paper is to analyze the relation between economic development and FDI flows. FDI should have a positive effect on economic growth as a result of positive externalities generated for host countries by multinational companies (MNCs). There are several studies on this issue, some of them pointing out that FDI has a considerable positive effect on host country economic growth but the magnitude depends on host country conditions, while other works indicate that there is no powerful interdependence between inward FDI to host country economic growth. However, it is generally accepted that there is a functional link between the degree of openness of trade and foreign direct investment, growth and dynamics of domestic investment flows, showing that FDI is an "accelerator" of domestic investments. It is generally accepted that most countries tend to attract foreign direct investment because of its acknowledged advantages as an instrument of economic development. Thus, evidence suggests that foreign direct investment is playing an increasing role in the global economy as firms increase their cross-border investments. The main benefits of inward FDI for a host country are the resource transfer effect; the employment effect; the balance of payments effect; effects on competition and economic growth. FDI is an important tool for technology transfer, contributing relatively more to growth than domestic investment.

Dah Frederick Kwasi Khadijah Mwinibuobu Sulemana (2010)²², in their study on "The Contribution of Oil To The Economic Development Of Ghana: The Role Of Foreign Direct Investments (FDI) And Government Policies". In this paper reviewed, Crude oil can attract a lot of investments and development into a country but when not managed well can as well cause a lot of destruction and conflict. Like fire, crude oil is a good servant but can be bad master too depending on how it is handled. Using Dunning's eclectic paradigm, a positive relationship between foreign direct investment and locational attraction was established. Of the two components within the locational attraction, natural resource attracts more foreign direct investment than market size in the case of Africa. It was established through our case study of Angola that oil attracts foreign direct investment because oil is a location attraction which attracts foreign firms. These investments on the other hand contribute to the productive capacity of the receiving country thus stimulating economic development. However, the availability of natural resources (oil) and its ability to attract foreign investment does not guarantee economic development. The establishment of appropriate institutions, mechanisms and policies would ensure efficient use of oil revenue for sustained economic growth. They identified vital policy options (the Fund mechanism and spending rule) available in Ghana, with inference from Norway, which could help evade the „Dutch Disease“. Oil production could thus attract more foreign direct investment and contribute to the economic development of Ghana only on condition that appropriate oil revenue management policies are implemented.

Lucyna Kornecki, Vedapuri Raghavan (2010)²³, in their study on "Inward FDI Stock and Growth in Central and Eastern Europe". In this paper analysed the foreign direct investment (FDI) in Central and Eastern Europe (CEE) during the post communist era and tests the hypothesis that FDI contributes to the economic growth of the CEE countries. It reflects macroeconomic changes in post communist CEE and estimates the impact of the FDI stock on economic growth in the CEE using model based on the production function. This paper finds a positive association between FDI and economic growth in the CEE and a tremendous impact of FDI stock on GDP growth.

BASIS OF ISRAEL

Israel gained independence in 1948, and its vibrant democracy remains unique in the region. Prime Minister Benjamin Netanyahu, re-elected in January 2013, leads a right-of-center coalition government. Israel has developed a modern market economy with a thriving high-technology sector that attracts considerable foreign investment because of reliable property rights. The recent discovery of large offshore natural gas deposits has improved Israel's energy security and balance-of-payments prospects. Despite the 2006 war against Hezbollah in Lebanon and the 2008–2009, 2012, and 2014 wars against Hamas in Gaza, and despite the constant threat of terrorism, Israel's economy remains fundamentally sound, growing by over 3 percent in 2013. Some more detailed concepts are discussed followings;

Israel's average tariff rate is 0.7 percent. The government has worked to facilitate trade. It maintains some sectoral restrictions on foreign investment but generally welcomes investment. The evolving financial system dominated by banks, functions without undue government influence. The credit is allocated on market terms, and relatively sound regulation and supervision assure free flows of financial resources.

With no minimum capital requirement, incorporating a business takes five procedures, but completing licensing requirements take over 200 days on average. The labour market remains relatively flexible, and labour costs are moderate. Prices are generally set by market forces, but the government controls food prices and subsidizes some political priorities (e.g., West Bank settlement housing and green energy initiatives).

Fairly frequent high-level corruption investigations (e.g., leading to the 2014 bribery conviction of a former prime minister), coupled with a strong societal intolerance for graft, have led to a governance environment with relatively low levels of corruption. Israel has a modern and independent legal system that provides an effective means for enforcing property and contractual rights

The top individual income tax rate is 48 percent, and the top corporate tax rate is now 26.5 percent. Other taxes include a value-added tax and a capital gains tax. The overall tax burden is equivalent to 28.3 percent of domestic production. Government expenditures equal 41.7 percent of domestic output, and public debt equals 67 percent of gross domestic product²⁴.

FOREIGN DIRECT INVESTMENT, NET OUTFLOWS (% of GDP)

In below table kindly explain the, foreign direct investment, net outflows (% of GDP) in Israel was 1.61 as of 2013. Its highest value over the past 8 years was 10.16 in 2006, while its lowest value was 0.82 in 2009. Foreign direct investment is the net inflows of investment to acquire a lasting management interest (10 percent or more of the voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net outflows of investment from the reporting economy to the rest of the world and is divided by GDP.²⁵

FOREIGN DIRECT INVESTMENT, NET OUTFLOWS (% of GDP)**TABLE 1**

Year	Value
2005	2.09
2006	10.16
2007	4.87
2008	3.37
2009	0.82
2010	3.90
2011	3.55
2012	1.27
2013	1.61

Source: IMF, IFSABOP, World Bank, OECD GDP estimators

FOREIGN DIRECT INVESTMENT, NET (BoP, current US\$)

The latest value of Foreign direct investment, net (BoP, current US\$) in Israel was (\$7,134,100,000.00) as of 2013. Over the past 8 years, the value for this indicator has fluctuated between \$3,578,500,000.00 in 2010 and (\$7,134,100,000.00) in 2013. Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows total net FDI. In BPM6, financial account balances are calculated as the change in assets minus the change in liabilities. Net FDI outflows are assets and net FDI inflows are liabilities. Data are in current U.S. dollars²⁶.

FOREIGN DIRECT INVESTMENT, NET (BoP, current US\$)**TABLE 2**

Year	Value
2005	1,872,500,000.00
2006	166,300,000.00
2007	194,400,000.00
2008	3,664,600,000.00
2009	2,743,500,000.00
2010	3,578,500,000.00
2011	70,900,000.00
2012	4,797,900,000.00
2013	7,134,100,000.00

Source: IMF, BOPS year book.

FOREIGN DIRECT INVESTMENT, NET INFLOWS (BOP, current US\$)

The latest value of Foreign direct investment, net inflows (BOP, current US\$) in Israel was \$11,804,200,000 as of 2013. Over the past 43 years, the value of this indicator has fluctuated between \$15,295,500,000 in 2006 and \$11,000,000 in 1979. Foreign direct investment refers to direct investment equity flows in the reporting economy. It is the sum of equity capital, reinvestment of earnings, and other capital. Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. Ownership of 10 percent or more of the ordinary shares of voting stock is the criterion for determining the existence of a direct investment relationship. Data are in current U.S. dollars²⁷.

FOREIGN DIRECT INVESTMENT, NET INFLOWS (BOP, current US\$)

TABLE 3

Year	Value
1970	49,000,000
1971	57,000,000
1972	114,000,000
1973	149,000,000
1974	84,000,000
1975	45,000,000
1976	47,000,000
1977	81,000,000
1978	39,000,000
1979	11,000,000
1980	51,000,000
1981	114,400,000
1982	21,300,000
1983	78,500,000
1984	89,500,000
1985	112,300,000
1986	143,400,000
1987	224,100,000
1988	267,200,000
1989	160,400,000
1990	151,000,000
1991	345,600,000
1992	588,500,000
1993	604,900,000
1994	441,600,000
1995	1,350,300,000
1996	1,397,100,000
1997	1,633,800,000
1998	1,737,400,000
1999	4,150,000,000
2000	8,047,500,000
2001	1,771,300,000
2002	1,582,500,000
2003	3,322,000,000
2004	2,946,900,000
2005	4,818,400,000
2006	15,295,500,000
2007	8,798,100,000
2008	10,874,100,000
2009	4,438,100,000
2010	5,509,600,000
2011	9,094,100,000
2012	8,055,200,000
2013	11,804,200,000

Source: IMF, BOPD, UNCTAD

The Israeli economy is still one of the world's most attractive targets for foreign direct investment (FDI), according to the annual Organization for Economic Co-operation and Development (OECD) report. Foreign direct investment refers to investments in companies and production outside the realm of the stock market. Whenever a foreign company buys an Israeli start-up, it is counted as FDI. According to the latest report; Israel is in fourth place in the world as a target for foreign investment in proportion to GDP with FDI totaling 4% of GDP in 2013, behind Luxembourg, Ireland and Chile. Israel's ratio of FDI to GDP was significantly higher than the OECD aggregate ratio of 1.4%, the euro bloc's aggregate ratio of 1.4%, and the 20 most important countries' aggregate ratio of 1.6%. Furthermore, Israel's ratio of incoming FDI was higher than the aggregate ratio for emerging markets, including the aggregate ratio for the BRICs countries (Brazil, Russia, India, and China), which attracted most of the FDI over the past decade²⁸.

WHY YOU SHOULD CHOOSE TO INVEST IN ISRAEL

STRONG POINTS

Israel is the country which invests the most in research and development (4.8% of the GDP) in the world. The country has a highly qualified manpower, particularly in engineering. The country is ranked 2nd place in the world, with regard to availability of venture capital. The government provides the necessary support to entrepreneurs.

WEAK POINTS

Corporate tax is relatively high. The State of Israel has a significant public debt. Manpower costs are higher than Asian or East European countries. Lastly, Israel suffers from great geopolitical instability due to the political environment of the region.

Government Measures to Motivate or Restrict FDI Foreign investment incentives, to encourage investment in Israel, are given through the recently revised law. The new law differs from the first one by the addition of a financial incentive plan. For further information, consult Invest in Israel²⁹.

TABLE 4: FDI INFLOWS BY COUNTRIES AND INDUSTRY

Main Investing Countries	2013, (in %)
USA	32.4
Caiman Islands	8.1
The Netherlands	8.0
Hong Kong	3.1
Switzerland	2.1
UK	2.1
Germany	1.0

Source: central bureau of statistics

TABLE 5

Main Invested Sectors	2013, (in %)
Manufacturing	32.8
Telecommunications, computer programming and information services	13.7
R&D	7.3
Financial services (except insurance and pension funds)	3.8
Financial mediation	4.5
Real estate	4.0
Construction	1.0

Source: central bureau of statistics

INFLOW OF GLOBAL FOREIGN DIRECT INVESTMENT

Global foreign direct investment increased over the period. In 1970 the world FDI was 14282.05 million of US Dollars (6.09 per cent). It's comparatively increasing the world FDI in 1980 54078.33 million of US dollars (31.29 percent). During 2001 the position of world FDI was 826177.1 million of US Dollars (19.30 per cent). It was comparatively decreasing the world FDI in 2011 243671 million of US dollars (18.36 percent). The United Nations conference on Trade and development said that there was no significant growth of Global FDI in 2010. In 2010 were 1,122 billion of US dollars and in 2009 were 114 billion of US Dollars. The figure was 25 percent below the pre-crisis average between 2005 & 2007.

In 2013, FDI flows returned to an upward trend. Global FDI inflows rose by 9 per cent to \$1.45 trillion in 2013. FDI inflows increased in all major economic groupings developed, developing, and transition economies. The Global FDI stock rose by 9 per cent, reaching \$25.5 trillion. UNCTAD projects that global FDI flows could rise to \$1.6 trillion in 2014, \$1.75 trillion in 2015 and \$1.85 trillion in 2016. The rise will be mainly driven by investments in developed economies as their economic recovery starts to take hold and spread wider. The fragility in some emerging markets and risks related to policy uncertainty and regional conflict could still derail the expected upturn in FDI flows. As a result of higher expected FDI growth in developed countries, the regional distribution of FDI may tilt back towards the "traditional pattern" of a higher share of developing countries in global inflows. Nevertheless, FDI flows to developing economies will remain at a high level in the coming years.

FDI flows to developing economies reached a new high at \$778 billion (table 1), accounting for 54 per cent of global inflows, although the growth rate slowed to 7 per cent, compared with an average growth rate over the past 10 years of 17 per cent. Developing Asia continues to be the region with the highest FDI inflows, significantly above the EU, traditionally the region with the highest share of global FDI. FDI inflows were up also in the other major developing regions, Africa (up 4 per cent) and Latin America and the Caribbean (up 6 per cent, excluding offshore financial centres).

Although FDI to developed economies resumed its recovery after the sharp fall in 2012, it remained at a historically low share of total global FDI flows (39 percent), and still 57 percent below its peak in 2007. Thus, developing countries maintained their lead over developed countries by a margin of more than \$200 billion for the second year running. Developing countries and transition economies now also constitute half of the top 20 economies ranked by FDI inflows. Mexico moved into tenth place. China has recorded its largest ever inflows and maintained its position as the second largest recipient in the world. FDI by transnational corporations (TNCs) from developing countries reached \$454 billion – another record high. Together with transition economies, they accounted for 39 per cent of global FDI outflows, compared with only 12 per cent at the beginning of the 2000s.

Six developing and transition economies ranked among the 20 largest investors in the world in 2013 increasingly, developing-country TNCs is acquiring foreign affiliates of developed-country TNCs in the developing world. In 2015 World GDP was US\$ 81,544.49 Billion, which represented growth of 3.847 % over 2014. Average GDP was US\$ 430.02 Billion. For the year 2015, global inflation was running at 3.92 %, investment as a % of world GDP was 25.173 %, gross national savings as a % of world GDP was 25.455 %, and the current account balance of all countries stood at US\$ 270.644 Billion of global GDP.³⁰

TREND ANALYSIS OF FDI INFLOWS IN TO THE ISRAEL DURING 1971 TO 2015

In this part, an attempt is made to analysis broad trends in Foreign Direct investment inflows of the Israel developed country. To be more specific this part describes the FDI inflows in terms of actual value, FDI index and annual growth rate. For above countries this analysis was done using 43 years data over the period from 1971 to 2013 for each of the four portions of the years Israel developed economy depending on the availability of data.

FDI INFLOWS INTO ISRAEL DURING 1971-1980

The table shows that data on FDI inflows into Israel during the decade from 1971 to 1980, FDI inflows into Israel has grown sizably. The value of FDI inflows has increased from 59 million of US dollars in 1971 to drastically decrease on 9 million of US dollars in 1980. The highest index number was 149 in 1973. In this decade the highest annual growth rate was 72 per cent in 1977 and the lowest annual growth rate was -71.79 per cent in 1979. During the same decade, the average value of FDI inflows and annual growth rate was works out to 63.8 of US dollars and -9.42 percent and linear growth rate -13.28 per year respectively

TABLE 6: FDI INFLOWS INTO THE ISRAEL DURING 1971-1980 (millions of US dollars)

Year	FDI inflows in millions	Index no	AGR
1971	59	100	-
1972	114	193.22	93.22
1973	149	252.54	30.70
1974	84	142.37	-43.62
1975	45	76.27	-46.43
1976	47	79.66	4.44
1977	81	137.29	72.34
1978	39	66.10	-51.85
1979	11	18.64	-71.79
1980	9	15.25	-18.18
Average	63.8	-9.42	-13.28

Source; UNCTAD database

FDI INFLOWS INTO ISRAEL DURING 1981-1990

The table reveals that data on FDI inflows into Israel during the decade from 1981 to 1990, FDI inflows into Israel has grown gradually. The value of FDI inflows has increased from 80 million of US dollars in 1981 to touched 137 millions of US dollars in 1990. The highest index number was 344.00 in 1988. In this decade the highest annual growth rate was 266.67 per cent in 1983 and the lowest annual growth rate was -39.97 per cent in 1989. During the same decade, the average value of FDI inflows and annual growth rate was works out to 131.051 of US dollars and 7.93 percent and linear growth rate 8.93 per year respectively.

TABLE 7: FDI INFLOWS INTO THE ISRAEL DURING 1981-1990 (millions of US dollars)

Year	FDI inflows in millions	Index no	AGR
1981	80	100	-
1982	21	26.25	-73075
1983	75	96.25	266.67
1984	88	110.00	14.29
1985	112.3	140.38	27.61
1986	143.4	179.25	27.69
1987	224.1	280.13	56.28
1988	267.2	344.00	19.23
1989	160.4	200.5	-39.97
1990	137.02	171.4	-14.51
Average	131.051	7.93	8.93

Source: UNCTAD database

FDI INFLOWS INTO ISRAEL DURING 1991-2000

The table depicted that data on FDI inflows into Israel during the decade from 1991 to 2000, FDI inflows into Israel has grown slowly. The value of FDI inflows has increased from 49 million of US dollars in 1991 to touched 6957 million of US dollars in 2000. The highest index number was 4016.10 in 1997 and next highest position of index value is 14038.42 in 2000. In this decade the highest annual growth rate is 513.13 per cent in 1992 and the lowest annual growth rate was -1.19 per cent in 1998. During the same decade, the average value of FDI inflows and annual growth rate was works out to 1548.71 of US dollars and percent and linear growth rate were -9.68 this decade year respectively.

TABLE 8: FDI INFLOWS INTO THE ISRAEL DURING 1991-2000 (millions of US dollars)

Year	FDI inflows in millions	Index no	AGR
1991	49.56	100	-
1992	303.868	613.13	513.13
1993	471.85	952.08	55.28
1994	475.199	958.84	0.71
1995	1576.598	3181.09	231.78
1996	1616.775	3262.27	2.55
1997	1990.376	4016.10	23.11
1998	1966.699	3968.32	-1.19
1999	4187.194	8448.74	112.90
2000	6957.443	14038.42	66.16
Average	1959.56	1548.71	-9.68

Source; UNCTAD database

FDI INFLOWS INTO ISRAEL DURING 2001-2015

The table shows that data on FDI inflows into Israel during the decade from 2001 to 2015, in this decade only concern with thirteen years of FDI inflows in Israel has grown increasingly. The value of FDI inflows has increased from 1771.72 million of US dollars in 2001 to touched 15295.88 million of US dollars in 2006. The next year FDI inflows in Israel instantaneously up down just only 89 million of US dollars in 2002. The highest index number was 812.54 in 2006. In this decade the highest annual growth rate was 198.78 per cent in 2006 and the lowest annual growth rate was -57.64 per cent in 2010. During the same decade, the average value of FDI inflows and annual growth rate was works out to 7120.23 of US dollars and 401.88 percent and linear growth rate 39.49 per decade respectively.

TABLE 9: FDI INFLOWS INTO THE ISRAEL DURING 2001-2015 (millions of US dollars)

Year	FDI inflows in millions	Index no	AGR
2001	1771.72	100	-
2002	1582.84	89.34	-10.66
2003	3322.393	187.52	109.90
2004	2947.35	166.36	-11.29
2005	4818.272	271.95	63.48
2006	14395.88	812.54	198.78
2007	8798.282	496.60	-42.48
2008	10274.70	579.93	16.78
2009	4607.03	260.03	-57.64
2010	6335	357.56	37.51
2011	8728.1	492.635	58.42
2012	8467.84	477.95	-2.98
2013	12449	702.66	47.02
2014	6739	380.37	-45.87
2015	11566	652.8	71.63
Average	7120.23	401.88	39.49

Source; UNCTAD database

ADVANTAGES OF FDI

- Advantages of FD Investment of a foreign company in the American market can provide new technologies, capital, products, organizational technologies, management skills and potential cooperation and business opportunities for local businesses. For example, Volkswagen, a European automotive manufacturing company, is building a plant in Tennessee. Its investment needs, local small businesses as suppliers -- from the construction sector during building, from suppliers of equipment and accessories in the automotive industry and from other businesses, such as cleaning services and plumbers.

- The global retailers have advanced management know how in merchandising and inventory Management and have adopted new technologies which can significantly improve productivity and efficiency in retailing.
- Entry of large low-cost retailers and adoption of integrated supply chain management of them is likely to lower down the prices
- FDI in retailing can easily assure the quality of product, better shopping experience and customer services.
- They promote the linkage of local suppliers, farmers and manufacturers, no doubt only those who can meet the quality and safety standards, to global market and this will ensure a reliable and profitable market to these local players.
- As multinational players are spreading their operation, regional players are also developing their supply chain differentiating their strategies and improving their operations to counter the size of international players. All this will encourage the investment and employment in supply chain management.
- Joint ventures would ease capital constraints of existing organized retailers.
- FDI would lead to expansion of opposite cell formats as well as modernization of a sector.
- Industry trends for retail sector indicate that organized retailing has major important
- FDI in retail trade would not attract large inflows of foreign investment since very little investment is required to conduct retail business. Goods are bought on credit and sales are made on a cash basis. Hence, the working capital requirement is negligible. On the contrary; after making the initial investment in basic infrastructure, the multinational retailers may remit the higher amount of profits earned in India to their own country.

Some other advantages the party making the investment is usually known as the parent enterprise and the party invested in can be referred to as the foreign affiliate. Together, these enterprises form what is known as a Transnational Corporation (TNC), and here are some of the advantages of such an arrangement.

- Many countries still have several import tariffs in place, so reaching these countries through international trade is difficult. There are certain industries that require being present in international markets in order to succeed, and they are the ones who then provide FDI to industries in such countries, so that they can increase their sales presence there.
- Many parent enterprises provide FDI because of the tax incentives that they get. Governments of certain countries invite FDI because they get additional expertise, technology and products. So to welcome these benefits they provide great tax incentives for foreign investors, which ultimately suit all parties.
- Foreign investment reduces the disparity that exists between costs and revenues, especially when they are calculated in different currencies. By controlling an enterprise in a foreign country, a company is ensuring that the costs of production are incurred in the same market where the goods will ultimately be sold.
- Different international markets have different tastes, different preferences and different requirements. By investing in a company in such a country, an enterprise ensures that its business practices and products match the needs of the market in that country specifically.
- Though this is not such a big factor, some markets prefer locally produced goods due to a strong sense of patriotism and nationalism, making it very hard for international enterprises penetrate such a market. FDI helps enterprises enter such markets and gain a foothold there.
- From the foreign affiliate's point of view, FDI is beneficial because they get advanced resources and additional capital at their disposal. Something like this is always welcome, and it also helps strengthen the political relationships between various nations.

DISADVANTAGES OF FOREIGN DIRECT INVESTMENT

While all these advantages are well and good, the fact is that there are certain cons that come along with them as well. Every industry, and every country, deal with these cons differently, and is also affected in varying degrees, so they are not meant to discourage foreign investors in any way. But every parent enterprise should be aware of these points.

- **Unstable economic conditions.** Much of FDI takes place in the developing world, which is just developing its economic systems. The market conditions in the developing world can be quite unstable and unpredictable.
- **Unstable political and legal system.** A bigger problem may be unstable or underdeveloped political and legal systems. A company may have to deal with a corrupt or unstable political system. Additionally, the legal system may be underdeveloped. Contracts and property rights may not be easily enforced.

DISADVANTAGES OF FDI IN MULTI-BRAND

- The decision set off fears that multinational giants will put small retailers and local shops that service households will be wiped out. Those in favour of FDI say that this unlikely since local mom-and-pop shops give personalized services like home delivery that these huge deep-discount stores won't.
- FDI in multi-brand retail has many pre-conditions, though. The minimum FDI limit has been set at \$100 million. Half of any investment has to be made in infrastructure like cold-storage chains and warehouses. This is designed to help the agricultural sector and India has a severe shortage of these.
- The most problematic condition, from the point of view of investors, will be that at least 30 per cent of the goods to be sold will have to be sourced from local producers. Analysts say that MNCs might have a problem of quality control and supply
- Foreign investments are always risky because the political situation in some countries can change in an instant. The investor could suddenly find his investment in serious jeopardy due to several different reasons, so the risk factor is always extremely high.
- In certain cases, political changes could lead to a situation of 'Expropriation'. This refers to a scenario where the government can take control of a firm's property and assets, if it feels that the enterprise is a threat to national security.
- Many times, the cultural differences between different countries prove insurmountable. Major differences in the philosophy of both the parties lead to several disagreements, and ultimately a failed business venture. So it is necessary for both the parties to understand each other and compromise on certain principles. This point is directly related to globalization as well.
- Investing in foreign countries is infinitely more expensive than exporting goods. So an investor should be prepared to spend a lot of money for the purpose of setting up a good base of operations. This is something that parent enterprises know and are well prepared for, in most cases.
- From the point of view of foreign affiliates, FDI is ill-advised because they lose their national identity. They have to deal with interference from a group of people who do not understand the history of the company. They have unreal expectations placed on them, and they have to handle several cultural clashes at the same time.

The disadvantages of foreign direct investment occur mostly in care of matters related to operation distribution of the profits made on the investment and the personnel. One of the most direct disadvantages of foreign direct investment is that economically backward section of the host country has been always inconveniently when the stream of foreign direct investment negatively affected.

The situations in countries like Inland Singapore, Chile and China corroborate such an opinion. It is normally the responsibility of the host country to limit the extent of impact that may be made by the foreign direct investment. They should be making sure that the entities that are making the foreign direct investment in their country adhere to the environmental governance and social regulations that have been laid down in the country.

The various disadvantages of foreign direct investment are understood where the host country has some sort of national secret. Something that is not mean to be disclosed to the rest of the world. It has been observed that the defense of a country has faced risks as a result of the foreign direct investment in the economy or country.

At times it has been observed that certain foreign policies are adopted that are not appreciated by the workers of the recipient country. Foreign direct investment at times, is also disadvantage for the ones who are making the investment themselves.

The Foreign direct investment may entail high travel and communications expenses. The difference of language and culture that exist between the country of the investor and the host country could also pose problems in care of foreign direct investment.

BENEFITS**GROWTH IN EMPLOYMENT**

When foreign companies start operation they usually hire people, especially if the investment is Greenfield, i.e. if a new facility is created and if the production is more labour intensive, i.e. requires many people. Often, local companies become suppliers to a large new employment.

INCREASED FOREIGN EXCHANGE RESERVES

When U.S. companies invest in Mexico, they exchange dollars for pesos to buy land and equipment and to pay wages. The U.S. investors purchase dollars from the Mexican banks. The banks can lend the dollars to Mexican firms and households or they can sell the dollars to the Mexican central bank. When the dollars end up with the Mexican central bank, it keeps them in reserves so that Mexico can pay its international debts and imports.

NEW TECHNOLOGY

Foreign companies often introduce new technologies and train local personnel. Sometimes, after working at the foreign company for several years, an employee would leave and start his/her own business or would be hired by a domestic company. In that way the knowledge is transferred from the international company for the domestic companies.

BETTER MANAGERIAL KNOW-HOW

Multinationals have well-functioning management structures that can be observed by local employees. These employees could spin off local companies using that managerial know-how.

NEW EXPORT MARKETS

Foreign companies usually have established channels for placing their output on international markets. For example, if Ford starts making cars in Mexico, they already have plans to sell them back in the U.S. and other countries.

PROBLEMS FACED BY DURING FDI INFLOWS

The Foreign direct investment may entail high travel and communication expense the difference of language and culture that exists between the country of the investor and the host country could also pose problems in case of foreign direct investment. In time it has been observed that certain foreign policies are adopted. That is not appreciated by the workers of the recipient country. Foreign direct investment in time also problematic for the ones.

In time it has been observed that there is considerable instability in a particular geographical region. This causes lots of inconvenience to the investor.

The size of the market, as well as the condition of the host country could be important factors in the case of the foreign direct investment. In case of the host country is not well connected with their more advanced neighbours, it poses a lot of challenges for the investors.

At times it has been observed that the governments of the host country are facing problems with foreign direct investment. It has less control over the functioning of the company that is functioning as the wholly owned subsidiary of an overseas company.

This leads to serious issues the investor does not have to be completely obedient to the economic policies of the country where they have invested the money. At times there have been adverse effects of foreign direct investment on the balance of payments of a country.

Despite the fact that most countries. These days both welcome and actively to promote and attract FDI, these are still wide divergences. This can be explained by differences in competitive advantages as well as differences in investment climate both of which can be influenced by host country.

Foreign investors are often discouraged by a number of factors such as the small size of markets. Trade restriction; low level of development of the private sectors; limited access to finance; stability of the legal system and inconsistent implementation and interpretations of laws; an excessive of red-tapism and cumbersome bureaucratic procedures; wide discretionary powers give to tax and customs authorities; widespread corruption; political and instability geographic isolation; lack of democratic reforms; and a slow pace of the privatization process.

Generally the investment related policies of the government are concerned, these are fine in spirit. However, their actual implementation continues to create obstacles for both local and foreign investors. An inefficient and non-too honest bureaucratic system in primarily responsible for this problem. All the administrative barriers are in fact generated from bureaucratic system.

The extent of the administrative barriers in quite long winded and also interrelated. Poor policy design and implementation. Competitive weakness, Structural impediments, low quality of infrastructure and skills, weak institutions, poor governance and administrative hassles represent the administrative barriers that discourage potential FDI. The main drawbacks in the bureaucratic system are inefficiency and corruption. Turning the whole administrative functionaries into a harassing experience.

There is a serious lack of co-ordination between the policy implementing agencies of the government and investors. Due to this, investors' suffering goes up. This induces lots of hassles in the implementation process and creates barriers for the investors in getting due on incentives offered by the government and ultimately discourages foreign investors to proceed on.

The various disadvantages of foreign direct investment are understood, where the host country has some sort of national secret. Something that is not meant to be disclosed to the rest of the world. It has been observed that the defence of a country has faced risks as a result of the foreign direct investment in the economy or the country.

At times it has been observed that certain foreign policies are adopted that are not appreciated by the workers of the recipient country. Foreign direct investment at times, is also disadvantage for the ones who are making the investment themselves. The Foreign direct investment may entail high travel and communications expenses.

The difference of language and culture that exist between the country of the investor and the host country could also pose problems in care of foreign direct investment.

Yet another major disadvantage of foreign direct investment is that there is a hence that a company may lose out on its ownership of an overseas company. This has often caused many companies to approach foreign direct investment with a certain amount of caution.

FURTHER RESEARCH WORK

This research work only concern with basic trend analysis with Index No, AGR, Average and LGR the data brought from UNCTAD. Here only discussed with FDI trend analysis, advantages and disadvantages of FDI, what are the problems will be based during FDI inflows, what are benefits are there during FDI inflows and finally global FDI inflows these things only were studied. Further work may be depends on the income level, employment, trade, GDP and job opportunity of the FDI inflows of the respective country.

FINDINGS AND CONCLUSION

In this paperwork based on FDI inflows of Israel depends on forty five years, which is spilt out of four decades. FDI flows of Israel had very great ups and downs compared to other developed and developing countries. In first decade. The value of FDI inflows has increased from 59 million of US dollars in 1971 to drastically decrease on 8 million of US dollars in 1980. The highest index number was 149 in 1973. In this decade the highest annual growth rate was 72 per cent in 1977 and the lowest annual growth rate was -71.79 per cent in 1979. The average value of FDI inflows and annual growth rate was works out to 63.8 of US dollars and -9.42 percent and linear growth rate -13.28 per year respectively. In during 1981 to 1990, FDI inflows into Israel have grown gradually. The value of FDI inflows has increased from 80 million of US dollars in 1981 to touched 137 millions of US dollars in 1990. The highest index number was 267.2 in 1988. In this decade the highest annual growth rate was 266.67 per cent in 1983 and the lowest annual growth rate was -39.97 per cent in 1989. During the same decade, the average value of FDI inflows and annual growth rate was works out to 131.051 of US dollars and 7.93 percent and linear growth rate 8.93 per year respectively. FDI inflows into Israel during the decade from 1991 to 2000, FDI inflows into Israel has grown to slowly reach out and finally high level. The value of FDI inflows has increased from 49 million of US dollars in 1991 to touched 6957 million of US dollars in 2000. The highest index number was 4016.10 in 1997 and next highest position of index value is 14038.42 in 2000. In this decade the highest annual growth rate is 66.16 per cent in 2000 and the lowest annual growth rate was -1.19 per cent in 1998. During the same decade, the average value of FDI inflows and annual growth rate was works out to 1548.71 of US dollars and percent and linear growth

rate were -9.68 this decade year respectively. FDI inflows into Israel during the decade from 2001 to 2015, in this decade only concern with thirteen years of FDI inflows into Israel has grown increasingly increased from 1771.72 million of US dollars in 2001 to touched 15295.88 million of US dollars in 2006. Instantaneously ups and down just only 89 million in US dollars in 2002. The highest index number was 812.54 in 2006. In this decade the highest annual growth rate was 4607.03 per cent in 2009 and the lowest annual growth rate was -57.64 per cent in 2010. The average value of FDI inflows and annual growth rate was works out to 7120.23 of US dollars and 401.88 percent and linear growth rate 39.49 per decade respectively. Finally concluded that FDI inflows of Israel were increased year by year and step by step, but FDI was increased differently, it means every year of a particular decade of FDI decreased, were within the decade FDI decreased but between the decade FDI inflows very tremendously increased compared to each and every year.

In Really concluded that Countries interested in attracting FDI and preventing domestic firms from going abroad face an intense degree of international tax competition induced by global capital's increased mobility and sensitivity to tax policies. Given this reality, Israel must maintain a competitive business tax regime to keep and attract global capital. The reduced tax rate for export-oriented production that the Law for the Encouragement of Capital Investment provides is an important component of this competitiveness. An appropriate resolution to the real or perceived inequity caused by distinct corporate tax rates in Israel would be to lower the overall corporate rate to match the rate made available to qualified firms under the Law for the Encouragement of Capital Investment. If Israel were to pursue that strategy, it would effectively match the corporate tax rate now in place in Ireland (12.5 percent) and would likely experience an investment boom. If Israel removes the incentive currently in place, it would be reversing course on its long-standing, aggressive strategy geared toward promoting investment and exports. Such a move would undo Israel's decades of work to establish itself as a hub of FDI and threaten the substantial growth that has resulted from these policies. Israel must address its fiscal imbalance, but not at the expense of economic growth. Such a change would have adverse effects for US investors in Israel; including Evidence that high corporate tax rates can impede workers' wages is mounting, particularly for small, open economies like Israel. Shareholders in publicly traded Israeli companies, US venture capital in Israel, and US FDI into Israel.

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CITIZENSHIP AND GLOBALIZATION IN CONTEXT OF NEW DIMENSIONS

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ABSTRACT

Global protest activity is on the rise. The world of the global citizen is a pluralistic world. It celebrates the diversity of the earth's people and cultures. However, it is not a relativist world. It recognizes that there are values that cut across religion and culture and help bind us together as a species. Global citizens seek to articulate such common values, promote their adoption. In dozens of other sites brought activists together from around the world and localized global issues in unprecedented ways. We examine global cities as active political, social, environmental or economic agents in an interdependent world in which new institution forms beyond nations are beginning to emerge.

KEYWORDS

global citizenship, globalisation, new dimensions, concept of citizenship, multiple citizenship.

INTRODUCTION

Conservatives forget that citizenship is more than a thing to withhold from immigrants. Progressives forget its more than a set of rights.

Eric Liu, American Writer, available at :Brainey quotes.com (Visited on April 4, 2017)

Globalisation is not something that has happened overnight.¹⁶ It is an ongoing process that by trial and error is a part of human development, yet the last few decades have seen acceleration of changes in the global relations. These changes are certainly partially in the global trade. The global communication is much easier today as a large number of countries are used to be poor have developed into centres of economic growth and millions of people have been lifted out of poverty. Citizens feelings of uncertainty about the world around them which they seem unable to influence are compensated by relative security within their own small circle. In the words of Paul Scheffer¹⁷ :

What is needed is a discourse that brings the concept of the inward-looking citizen and that of the global citizen together.

National Committee for International Cooperation and Sustainable Development (NCDO) considers it its responsibility to raise awareness amongst citizens of the growing connection and mutual dependency between people across the globe as well as to make them aware of the opportunities they have to help tackle global issues. In other words National Committee for International Cooperation and Sustainable Development (NCDO) aims to advance the global dimension of citizenship in the world. The citizenship not only refers to the legal relationship between citizen and state, but it comprises rights and obligations and various forms of social participations. The legal relationship between citizen and state is sometimes referred as the formal dimension of citizenship. In ancient Greece, according to Aristotle¹⁸ -

Active participation in the political debates are also part of citizenship.¹⁹

States are ill equipped to meet the challenges of a globalised world. The concept of citizenship with its rights and obligations including the allegiance owed is too narrowly defined to exist only between individuals and a state. Today, people identify with and pay allegiance to many organisations beyond the state. Citizenship could be extended further and be possible between individuals and quasi- governmental organisations as well as non-governmental organisations such as churches, clubs, interest groups, functional organisations and profit firms.

The globalisation of economic activities undermines many areas in which governments were traditionally active. At the same time, governments are in many ways as important as they were throughout the 20th century. A large share of Growth Net Profit (GNP) is politically allocated mainly through the government's redistribution. It has been found that privatisation needs governmental re-regulation, globalisation depends on rules enforced by governments and the development of transition economies urgently requires a well-functioning government.²⁰

HISTORY OF CITIZENSHIP

The existing concepts of citizenship was devised in the 19th century in the wake of the French Revolution. Citizens are the subjects of one and only one nation. The concept remained unchanged in the 20th century with partly catastrophic consequences. Nations are responsible for the carnage of the First and Second World War and have forced their citizens to engage in other unwanted wars such as Vietnam. The proposals for a new concept of citizenship designed to be more adequate for the public sphere in a globalised economy and society. The new concept is called as Citizenship, Organisational and Marginal (COM) will at first sight appear rather unorthodox if not revolutionary compared to today's citizenship. It will certainly meet with strong opposition from the politicians in power as well as marketers. But the new concept of citizenship contains several features which in one form or other already exist in reality. Citizenship is Organisational in the sense that individuals may become citizens not only of states but also of other organisations such as non-governmental institutions, non-profit organisations and even profit- oriented firms. Citizenship is Marginal as it can be held temporarily may be multiple and even partial i.e. restricted to some functions only.

The Citizenship, Organisational, Marginal (COM) in terms of voluntary contracts between individuals and organisations and the interaction extending to include all dimensions. The advantages of Citizenship, Organisational, Marginal (COM) compared to the existing form of citizenship. In particular the more adequate alignment of primary identification and citizenship and the induced increase in efficiency due to strengthening competition are pointed out.

CONCEPT OF CITIZENSHIP

The concept of citizenship goes back to the city-states of ancient Greece. Its modern meaning has been defined as follows by the Encyclopaedia Britannica²¹:

Citizenship is a relationship between an individual and a state in which an individual owes allegiance to that state and is in turn entitled to its protection.

Three aspects of this definition have to be noted²²:

- (a) The actors involved are the individuals (the citizens) and the state.
- (b) The citizens have both rights and obligations. The rights refer to :

¹⁶ Paul Scheffer, "Globalisation: Dimensions & impacts, Global Studies, Vol.1 (IJOPEC Publication), available at : www.books. google.co.in.

¹⁷ Ibid

¹⁸ Aristotle, Theory of Citizenship and Slavery, available at : www.yourarticlelibrary.com

¹⁹ Id. page 2

²⁰ David Marshal, Citizenship and Social Class Cambridge University Press, 1950.

²¹ Ralf Dahrendorf, The Changing quality of Citizenship in the condition of citizenship, edited, Newbury Park, C.A. Sage, 1994.

²² Ibid

- (i) The civil sphere i.e. the citizens are protected against the state by the rule of law or Rechtsstaat and protected when they are abroad and they may take residence within the borders of their state.
- (ii) The political sphere i.e. the citizens have the right to vote and to hold public office.
- (iii) The social sphere i.e. the citizens are protected against economic hardship within the welfare state.
- (c) The relationship between an individual and the state goes beyond an exchange of taxes for public services. Rather the citizen owes allegiance to the state. The citizens are expected to be public spirited and to exhibit civic virtue. The relationship is thus partly non-functional and resorts to the intrinsic motivation of the citizens and to the community of people who share loyalty and identity. Most of the individuals are citizens of one nation. Only exceptionally it is possible to be a citizen of more than one nation but most of the governments strongly discourage or even forbid dual citizenship. Some people feel that they are citizens of the world but this is no more than a feeling rather having no legal identity.

DIFFERENT TYPES OF CITIZENSHIP AVAILABLE AROUND THE WORLD

1. THE TEMPORARY CITIZENSHIP

An individual could choose for a predetermined period to become a citizen of a particular nation because he or she is working and living in the respective country for a specified period.²³ During that time his or her main preoccupation is with the new country but thereafter it is of little interest. Therefore, there is little sense in taking up the new citizenship for good which is the only possibility existing today.

2. THE MULTIPLE CITIZENSHIP

For persons simultaneously working and living in various countries a good solution might be to split up the citizenship into various parts. If the time and intensity of being in one country is approximately the same as in the other the split might be fifty-fifty. But if the person mainly lives or works in one country and occasionally present in the other country, does not mean that he or she have a multiple citizenship. As per the service conducted by the researchers 80% of citizens are having one citizenship and 20% are having multiple citizenship.

3. THE PARTIAL CITIZENSHIP

An individual might be a citizen of a country with respect to one particular function while being a citizen of another country with respect to other functions.

4. THE CITIZENSHIP IN VARIOUS TYPES OF ORGANISATIONS

A person need not be a citizen of a nation, but might be a citizen of another organisation. The following possibilities are conceivable²⁴:

(a) Levels of Government

Citizenship might refer to the level of the nation which is the rule but also to a lower level such as the region, province or commune the latter being the case in Switzerland or to a higher level such as the European Union.

(b) Governmental Sub-Organisations

Individuals might choose to become a citizen of only part of a government such as the diplomatic service the military or the social security administration.

(c) Quasi-Governmental Organisations

There are many organisations close to the public sector in which individuals might become citizens. Universities are such an example. Indeed the institution of Universitäts bürger university citizen has commonly been used in the German-speaking academic system.

(d) The Non-Governmental Organisations (NGOs) Citizenship in the following types of organisations can well be envisaged such as –

i) Churches e.g. the Catholic Church whose high functionaries have indeed a citizenship of their own provided by the Vatican State.

ii) Clubs, e.g. the Rotary Club the Boy Scouts or even sport clubs such as Manchester United or FC Barcelona.

iii) Interest Groups, e.g. trade unions or action groups, such as the World Wildlife Fund the Medicines sans Frontiers or the Red Cross.

iv) Functional Organisations, e.g. the Internet Cooperation for Assigned Names and Numbers (ICANN) which is a virtual centre of the Internet providing web addresses and the Root Server establishing connections between the different web sites. This dimension of citizenship relates directly to the concept of Functional, Overlapping, Competing Jurisdictions.

v) Profit-Oriented Firms (POF) Citizens of firms have a special relationship, which goes beyond just being a customer or employee. To be a citizen of a firm is not the same as being a shareholder on the one side and being a stakeholder on the other side.

vi) The term corporate citizenship to indicate when employees have an intrinsically motivated relationship with their firm. The concept has been generalised to organisational citizenship. It includes such behaviour as co-operation, supporting superiors and co-workers, enhancing the reputation of the organisation, suggesting improvements as well as abstaining from harming the organisation e.g. by anti-social, counterproductive deviant and maladaptive behaviour. There is indeed a special psychological contract between the employers and employees in the organisation going beyond short-term egoistic motives. Individuals might choose to establish citizenship with a national firm particularly one in which they work themselves or with an international firm.

NEW DIMENSIONS OF CITIZENSHIP

1. GLOBAL CITIZENSHIP IS LESS DEFINED BY LEGAL SANCTION²⁵

Since there is no global bureaucracy to give sanction and protect global citizens and despite intriguing models suggested by the European Union (EU) global citizenship remains the purview of individuals to live, work and play within trans-national norms and status that defy national boundaries and sovereignty. Associational status in this realm does double duty. It serves to explain a unique characteristic of global citizenship while it also expresses that particular lighthouse of post-modernity known as lifestyle politics so far comes closest to explaining this relationship between global citizenry and lifestyle politics as more sociological in composition. Rather than a technical definition of a citizen on his or her relationship to the state Steenbergen suggests that²⁶:

The global citizen represents a more wholistic version. you choose where you work, live or play, and therefore are not tied down to your land of birth.

The greater number of choices offered by modern life from consumer products to politics lies at the root of lifestyle politics. As Falk put it in global citizenship there is the rudimentary institutional construction of arenas and allegiance what many persons are really identifying with as no longer bounded by or centred upon the formal relationship that an individual has to his or her own territorial society as embodied in the form of a state. Traditional citizenship is being challenged and remoulded by the important activism associated with this trans-national political and social evolution. Traditional ties between citizen and the state are withering, and are replaced by more fragmented loyalties that explain lifestyle politics. Notions of ties between citizen and state that arose in the aftermath of the American and French Revolution and the creation of the modern state.

2. GLOBAL CITIZENS EXIST A COMMON THREAD TO THEIR EMERGENCE IS THEIR BASE IN GRASSROOTS ACTIVISM

The global citizens yet many of these categories are best summarized by their emergence despite a lack of any global governing body. It is as if they have spontaneously erupted of their own volition. Falk identified five categories of global citizens which he named as²⁷:

- Global reformers
- Elite global business people
 - Global environmental managers
 - Politically conscious regionalists
- Trans-national activists

²³ Dennis C. Mueller, "Different Degrees of Citizenship, Oxford University, Press, New York, 1996.

²⁴ Andrew Dobson, "Citizenship and the Environment, Oxford University Press, available at : www.oxfordscholarship.com

²⁵ New Dimensions of Citizenship, Fordham Law Review, Vol 75, Issue 5, available at : www.ir.lawnet.fordham.edu

²⁶ Bartran Steenbergen, "The condition of citizenship, available at : www.jura.uni.bielefeld.de

²⁷ Ibid

3. GLOBAL CITIZENS MAY REDEFINE TIES BETWEEN CIVIC ENGAGEMENT AND GEOGRAPHY

The town hall meetings of New England and other regions of the United States seem increasingly supplanted by electronic spheres not limited by space and time. This heralds a potentially startling new mechanism in participatory democracy. If we return to the Spaniard living in Germany what can we say about the geography of community. An output of modernity is greater and greater choice placed upon the individual the social networks and systems that suited hundreds if not thousands of generations are breaking down in favour of personal choice and individual responsibility. No longer do we entirely rely on the social bulwarks of the past the family, the community, the nation. Life is continually being personalized.

4. THE RIGHTS AND OBLIGATIONS ACCORDED TO THE GLOBAL CITIZEN

Difference may exist on the cultural level but in bureaucracies, increasing favour is placed on uniformity. Efficiency and utilitarianism lie at the core of capitalism naturally a world that lives under its aegis replicates these tendencies. Postal agreements civil air travel and other inter-governmental agreements are but one small example of standardization that is increasingly moving into the arena of citizenship. The concern is raised that global citizenship may be closer to a consumer model than a legal one.

The lack of a world body puts the initiative upon global citizens themselves to create rights and obligations. Rights and obligations as they arose at the formation of nation-states e.g. the right to vote and obligation to serve in time of war are at the verge of being expanded. So new concepts that accord certain human rights which arose in the 20th century are increasingly being universalized across nations and governments. This is the result of many factors including the Universal Declaration of Human Rights by the United Nations in 1948 the aftermath of World War II and the Holocaust and growing sentiments towards legitimizing marginalized peoples e.g. pre-industrialized peoples found in the jungles of Brazil and Borneo. Couple this with growing awareness of our species impact on the environment and there is the rising feeling that citizen rights may extend to include the right to dignity and self-determination. If national citizenship does not foster these new rights then global citizenship seems more accessible to them.²⁸

Like much of social change, changing scopes of modern citizenship tend to be played out in both large and minute spheres. Habermas tends to place global citizenship in a larger social context, arguing that nation-states can be central engines of citizenship but culture can also be a powerful spur. He regards the formation of the European citizen as a kind of natural epiphany of governmental conglomeration within the forces of globalization only remotely alluding to the corporate conglomeration that has been both the recipient and cause of worldwide economic expansion. Others including Iyer says²⁹ :

Globalization and global citizens as direct descendants of global standardization which he notes for instance in the growing homogeneity of airports.

Standardization and modernity have worked together for the past few centuries. Ellul, Mumford and other scholars attack this as a form of oppression in the same vein that Barber saw the proliferation of carbon-copy fast-food chains around the globe. Why not a set of basic citizen rights followed the world over.

5. GLOBAL CITIZENSHIP MAY BE THE INDIRECT RESULT OF PAX AMERICANA

The 20th century, as well as the 21st may be a time dominated by the United States. America's domination of the World Trade Organisation, International Monetary Funds, World Bank and other global institutions creates feelings of imperialism among lesser nations. Cross national cooperation to counter American dominance may result in more global citizens. If economic, environmental, political and social factors push towards more global citizenry we must also within this camp consider the ramifications of the post cold war world or real politic.

In the corporate world conglomeration leads to larger and larger companies who merge to effectively work against other mega corporations. The evolution of the United States of Europe in theory if not in practice is in a similar vein a reaction to the dominating power of the United States. Other regional alliances may yet emerge. Within such trans-national ties may emerge greater acceptance of one another's citizens emulating the European model which Habermas and others so favour.

THE WORKING OF THE NEW CITIZENSHIP SYSTEM

Citizenship: Organisational and Marginal (COM) is based on voluntary contracts between the persons aspiring towards citizenship in a particular organisation and the organisation offering the possibility of citizenship. These contracts are necessarily incomplete because it is impossible to state all the contingencies the future might bring. The organisation expects a measure of citizenship behaviour from their members, where the members abstain from exploiting all short-term advantages. Rather, citizenship means that the members exhibit an intrinsically based motivation to support their organisation. The contract specifies the rules governing the relationship and the mutual obligations. This includes the taxes to be paid by the citizens in return for the public services rendered, as well as the political participation rights of the citizens e.g. the right to elect the organisation's directors and to initiate citizens initiatives and referenda. Political participation rights will be sought the more intensively by the citizens the larger is the pure public good part of the public activity provided by an organisation. It is to be expected that the most intensive participation will be sought in the case of governmental organisations as the very *raison d'être* of the state lies in the provision of public goods. But it is equally clear that it is not only governments which supply goods and services with public good characteristics but many other organisations also including profit-oriented firms. The contracts are also public in the sense that a citizen cannot contract for any individual service as would be possible on a market. Rather a citizen could participate in the consumption of the pure or impure public goods supplied by the organisation of which he or she is a member. Citizenship: Organisational and Marginal (COM) thus refers to goods where non-members can be excluded but where the consumption among the citizens has public good characteristics.³⁰

DISADVANTAGES OF THE NEW CONCEPT OF CITIZENSHIP

Four major arguments may be raised against the new concept of citizenship.

i) Citizenship is not needed

It could be argued that the concept of citizenship is unnecessary because an individual can get all the services on the market by private contract. This argument does not hold as many of the goods provided by non-governmental organisations including profit-oriented firms have more or less strong public good characteristics for which the market does not function sufficiently well. Moreover citizenship entails more than just buying a good or a service. Citizens must be prepared to commit themselves to the organisation. They cannot behave in a purely selfish way and be solely extrinsically motivated. Rather they must be prepared to abstain from short-term opportunistic behaviour they must to some extent be intrinsically motivated. Only then will public activity of sufficient quantity and quality be forthcoming. The experience of the transition economies has made perfectly clear that such moral behaviour is required even when this does not seem to be the case at first sight.³¹

ii) The new concept of citizenship is too complicated

It might be argued that the transactions cost for the individuals would increase to too high levels when they could choose between many different suppliers of citizenship. It is certainly true that Citizenship: Organisational and Marginal (COM) enlarges the possibility set, and in this sense complicates the world. But the extended possibilities of choice just reflect a more complex globalised world. While Citizenship: Organisational and Marginal (COM) introduces some new evaluation and decision costs it should not be overlooked that the present monopolistic supply of citizenship also imposes costs and as has been argued here, these costs may be high and tend to rise sharply with increasing globalisation.

iii) The new system of citizenship is infeasible

It may be argued that the marginalisation of citizenship, and even more so the extension of citizenship to non-governmental organisations simply does not work. However, in many important respects, aspects of Citizenship: Organisational and Marginal (COM) are already in existence. Some examples are:

²⁸ Taso G.Lagos, "Global Citizenship, towards a definition" available at: www.depts.washington.edu.

²⁹ Pico Iyer, *The Global Soul*, A.Knoff, New York, 2000

³⁰ Citizenship, "Stanford Encyclopedia" available at: www.plato.stanford.edu.

³¹ Id. page 13

- (a) Multiple national citizenship exists to a limited extent. But more importantly the citizens of federal states are in actual fact though not always legally already members of several governmental organisations.
- (b) In several countries, foreigners have voting rights on the local level. Thus, the citizens of an European nation have the right to vote in the local elections of another European country in which they reside. In this sense, multiple citizenship already exists.
- (c) Diplomats have an international status similar to a citizenship in the diplomatic world providing them with a number of goods with public good characteristics. A case is immunity, which could not be bought on the market.
- (d) The top persons in the Catholic Church the Pope, the Cardinals and other clerics active in the central administration have a citizenship of their own vested in the minute Vatican State.

The Citizenship: Organisational and Marginal (COM) would not require a sudden institutional change. It could be introduced in small steps. The first individuals who would probably take advantage of the new type of citizenship are the internationally very mobile managers, sports people, artists and academics. Persons satisfied with their present national citizenship would not have to take any action.

iv) **The new system of citizenship will be politically opposed**

Without any doubt, the politicians presently in charge will strongly reject Citizenship: Organisational and Marginal (COM) because it robs them of an important part of their monopoly power. The same holds for public officials who benefit from the fact that in many respects the citizens do not have any alternatives. For example what can a national citizen do if the public bureaucracy refuses to issue a passport? In many nations, recourse to courts is slow, costly in terms of time and money, or simply ineffective.

Citizenship: Organisational and Marginal (COM) will also be opposed by persons who as a matter of principle want to restrict the term citizen to the traditional meaning. It will certainly be difficult for many to modify such a time-honoured concept. Another group which will oppose Citizenship: Organisational and Marginal (COM) are the marketers, who want to improve the world by expanding the realm of the price system and pushing back the state whenever it's even remotely possible. Here the reverse approach is taken: non-market based allegiance and identification with the concept of citizenship is expanded to areas beyond the state including profit-oriented firms.

CONCLUSION

Citizenship with its rights and obligations can be marginalised and generalised. In addition to temporary, multiple and partial citizenship it makes sense to have citizenship in quasi-governmental and non-governmental organisations including churches, clubs, interest groups, functional organisations and profit-oriented firms. Indeed the notion of academic, corporate, organisational, industrial and functional citizenship can be observed in one form or another in reality. To extend citizenship to organisations beyond the state increases the choice set of individuals leading to better preference fulfilment and establishing more intensive competition between the many organisations able to provide public activities leading in turn to higher efficiency.

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