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on 10<sup>th</sup> May 2014 on theme of ‘Innovation in business – challenges and  
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**Editorial**

This gives me an immense pleasure to announce that 'Pravish Rajnam - Centre for Management Education' is coming out with its first issue of second volume of peer reviewed journal named as 'Pravish Rajnam - Journal of Studies' (ISSN 2348 -3652).

'Pravish Rajnam - Journal of Studies' is a humble effort to come out with an affordable option of a low cost publication journal, at no profit no loss basis, with the objective of helping young and seasoned academicians to show their research and other works to the world at large and also to fulfill their academic aspirations.

The aim of the 'Pravish Rajnam - Journal of Studies' is to cover all areas where ever applications of human ingenuity with reference to decision making ability / managerial skills and knowledge are applied to obtain results in order to achieve success. The journal being bi-annual will be published twice every year (i.e. in months of January and July every year).

It is matter of great honor and privilege to state that this particular issue is a sole collection of selected research based papers presented by various speakers / researchers at National Conference organized by Lloyd Institute of Management and Technology, Greater Noida an esteemed Educational Institute of repute in Delhi NCR region on 10<sup>th</sup> May 2014 on theme of 'Innovation in business – challenges and opportunities'. The theme of the conference is very well selected as for success in ultimate life the yardstick is not just monetary gains but how far we are able to match our workings with rhythm of other persons working in similar areas as we are. It is the quantum of our ability which makes us come up to expectations of others. The persons who slightly excel by just little more than what others do are able to create their own paths through their own innovative thinking / processes in any field of life become leaders. This is just what is needed in businesses simply to excel from our competitors. A very well thought out initiative and very well executed by the Lloyd Institute. A rare show accomplished perhaps by any other Institute in the whole NCR Region.

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I hope academicians and students will find out the journal to be very useful for enriching their knowledge and meeting their academic aspirations.

Thanks,

Dr.Rajesh Arora,  
Chief Editor,  
Pravish Rajnam Journal of studies  
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**FOREWORD**

**From the Director's Desk – LIMT, Greater Noida.**

Lloyd Institute of Management and Technology, (LIMT), an academic institution under the umbrella of Lloyd Group of Institutions, has been pioneer in management education through honing of management skills in its students through various specialized courses catering to the needs of the industries.

The title of the present national conference “Innovation in Business- Challenges and Opportunities” shows the global emphasis on innovation to sustain the growth of an economy facing challenges of competition and globalization. Innovation is the key to sustain the growth of the global population catering their basic needs and aspirations for prosperity and progress. However, sustained efforts and investment in innovation is a big challenge and requires consistent support of top management for commercialization of the promising innovation.

I hope that the conference will provide an excellent platform for discussions and interactions with domain experts in sharing their knowledge and experience for the benefit of the participants.

I wish this national conference all success.

**Dr Kanak Lata**

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**Renaissance and Reformation****(Introducing the theme: Innovation in Business: Challenges and Opportunities)****Dr. (Prof.) Vivek Kumar****(Conference Convener)****Associate Professor- Lloyd Business School****(Strategy, Brand, and International Business)****Mail ID: [profvivekkumar@yahoo.com](mailto:profvivekkumar@yahoo.com)/ Mob - 09350640070**

The rise, decline and fall and rediscovery of society, businesses and trade around the world since time immemorial has always been a factor that has engulfed the minds of the society with questions, as to what is the phenomenon which humans should consider as more important and pragmatic that will lead them to glory. Everywhere, in the generic sense, new phenomenon takes place of the old, which the educated and sensible person asserts it as change. How change occurs, can be answered in one word i.e. opportunity. Examples abound in the spectrum of business, society, human approach and the likes where something new has been implemented and through it, profit has been garnered, all due to the garlanding of the opportunity which beckons growth through innovation. This is the focus where we fall upon for justification.

Innovation as a phenomenon and as a tool for growth appears in all our discussions in our day-to-day life, but we seldom examine that 'business, Innovation' was always present, when even we did not had much of the organized businesses as of today. This can be weighted with pragmatic Illustrations. Some of the Global 500 companies are more than 100 years old- such as the Italian giant FIAT, which though not very successful in the Indian market of late, as regards having a very meager market share, has gained a place of eminence and prominence in other world markets, owing to its competitive advantage in its engine making. FIAT lays stress on engines and comes out with distinctive innovative ways to manufacture quality engines though the route of R&D and other paraphernalia's. Same is the case with the Japanese giant Yamaha. It is the innovative approach that needs to be tamed to bring oneself in the order of the business and industry where a company or a player definitely competes. The last quarter of the 20<sup>th</sup> century and the ongoing first quarter of the 21<sup>st</sup> century business has brought forward more in importance of innovation as a

concept and tool to fight the great gamble for profit and market, which is the benchmark on which businesses run and should run. The rise of the Japanese giants through the application of the process of 'Japanese Re-engineering' after the close of the Second World War, having illustrious names in the kitty, such as Honda, Toyota, Mitsubishi, Sony and Matsushita, the rise of the Korean technology and businesses, after the close of the Korean War, and subsequently Korea becoming a world leader in Shipbuilding, Automotive technology and other areas, rise of Taiwan as a leading supplier of microchips to the Software industry around the globe, development of the organised retail such as BigBazar, Reliance Megastores in the Indian market and the likes are beautiful examples of the application of innovative ideas leading up to execution. A factor that needs to be stressed here is that if one goes through the annals of development of businesses in the period as ventured in the above lines, those countries that were under the shades of imperialism and colonialism, developed logically since gaining independence, mostly in the South Asia, Middle East and the Gulf and countries in the east. These emerging economies, also at the same time became new emerging markets, though critically we can use the word 'Reemerging Economies and Reemerging Markets' taking the historical background into consideration. And it is proved beyond doubt, that the International Product Life Cycle (IPLC) has really been proved as concept in practical terms, in almost all the areas of growth-real-estate, software, education, health and medicine, bio-technology, automotive and the OEM's. Really a live case of the application of Innovative approaches.

Concluding the examination, It is a commonly addressed fact that when profit is pouring, complacency occurs, and when complacency occurs market share starts declining, and when market share declines it results into final fall. This is

the appetite businesses would love to hate. Complacency brings in its fold a false belief that profits would continue by being averse to change. A generic suicidal approach- par Excellence as a not acceptable thought, application of new ideas is summarily required to tame the suicidal paradox. Though innovation, largely being technical is the outcome of research and development (R&D) is an accepted paradigm, but it does not stop here. Venturing into new markets with customized offerings, understanding the segments and demography etc is where innovation in business applies. The Royal Bank of Scotland, HDFC and ICICI understood the market presence only through the application of innovative ideas and their businesses have grown multifold. Innovation directs businesses to locate the changes in the technical, social, demography and the likes, that have already occurred and Examine the change with gusto, because competition is permanent now, with the decline and fall of the limited monopoly market in any industry. SKODA- a Czechoslovakian car manufacturer (only few knew) when it entered the Indian market, went on innovating the segments, product offers, service platforms, pricing and the right target. 'Renaissance' (rebirth) and 'Reformation' (change) leads to profitable growth of society and the business is what the theme proposes to pragmatically address. Innovation is not a choice

now but demand across all markets- domestic as well as global.

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**“Finance Institutions Techniques for increasing self-employment in India with Help of Knowledge Management Model”**

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**1. Abstract:**

Although the common perception is that self-employment is concentrated in a few service sector industries, like real estate sales people and insurance agents, research by the Small Business Administration has shown that self-employment occurs across a wide segment of the US economy. Furthermore, industries that is not commonly associated as a natural fit for self-employment, such as manufacturing, have in fact been shown to have a large proportion of self-employed individuals and home based businesses. Regulations of micro financing institutions are being implemented but their expected impact so far has not seen. Various services along with micro insurance are being ignored or not used properly, may be because of less awareness among concerned people. We tried to find out the current microfinance regulatory structure, their relation with increasing the standard of living leading to healthcare of poor and skilled people in India, and offer a perspective regarding the future and the cons of current regulations.

**Keywords:-** Micro finance and insurance, self- employment, Employment, Agricultural Developmental Banks (ADB's groups ), Self-help SHG's, Non-Government Organisations (NGO)



## 2. Introduction:

Most people in developing countries live in rural areas are helpless and unable to earn and save leading to their poor health standards; they need to be helped. These plausible assumptions resulted in a well-intentioned type of development assistance: subsidized targeted credit provided through special programs, administered by agricultural (and other) development banks (ADB). During the 1950s and 60s, directed agricultural credit was synonymous with rural development finance but healthcare perspective was ignored. The argument was subsequently extended to urban areas, where many of the rural poor had migrated, and they too became beneficiaries of subsidized targeted programs; these were mostly financed and administered by NGOs. In both cases, ADBs and NGOs, donors played a crucial role in providing funds and methodologies.

As directed credit failed to deliver the expected results in terms of poverty alleviation, development and raising standard of people of India, a new type of development finance has emerged during the 1990s, both in theory and in practice, backed by an emerging international consensus. Agricultural credit has been replaced by rural finance, i.e., credit by a range of financial services including savings and insurance; the emphasis was mainly on agriculture by finance for a broad range of loan purposes. Rural finance has been integrated into the financial system

### 2.1 Indian Context

Indian policy for rural finance from 1950s to till date mirrors the patterns observed worldwide. Increasing access to credit for the poor has always remained at the core of Indian planning in fight against poverty. The assumption behind expanding outreach of financial services, mainly credit was that the welfare costs of exclusion from the banking sector, especially for rural poor are very high. Starting late 1960s, India was home to one of largest state intervention in

rural credit market and has been referred to as 'Social banking' phase. It saw nationalization of existing private commercial banks, massive expansion of branch network in rural areas, mandatory directed credit to priority sectors of the economy, subsidized rates of interest and creation of a new set of rural banks at district level and an Apex bank for Agriculture and Rural Development (NABARD) at national level. These measures resulted in impressive gains in rural outreach and volume of credit. As a result, between 1961 and 2000 the average population per bank branch fell tenfold from about 140 thousand to 14000 and the share of institutional agencies in rural credit increased from 7.3% 1951 to 66% in 1991. These impressive gains were not without a cost. Government interventions through directed credit, state owned Rural Financial Institutions (RFI) and subsidized interest rates increased the tolerance for loan defaults, loan waivers and lax appraisal and monitoring of loans. The problem at the start of 1990s looked twofold, the institutional structure was neither profitable in rural lending nor serving the needs of the poorest. Successful Micro-Finance interventions across the world especially in Asia and in parts of India by NGO have provided further impetus. In this backdrop, NABARD's search for alternative models of reaching the rural poor brought the existence of informal groups of poor to the fore. It was realized that the poor tended to come together in a variety of informal ways for pooling their savings and dispensing small and unsecured loans at varying costs to group members on the basis of need. This concept of Self-help was discovered by social-development NGOs in 1980s. This concept of Self-help was discovered by social-development NGOs in 1980s. Realizing that the only constraining factor in unleashing the potential of these groups was meagerness of their financial resources, NABARD designed the concept of linking these groups with banks to overcome the financial constraint.

### 2.2 Growth of Micro Finance from last decade

Micro-Finance sector has covered a long journey from micro savings to micro credit and then to micro enterprises and now entered the field of micro insurance, micro remittance, micro pension and micro livelihood. This gradual and evolutionary growth process has given a great boost to the rural poor in India to reach reasonable economic, social and cultural empowerment, leading to better life of participating households. Financial institutions in the country have been playing a leading role in the Micro-Finance programmed for nearly two decades now. They have joined hands proactively with informal delivery channels to give Micro-Finance sector the necessary momentum. During the current year too, Micro-Finance has registered an impressive expansion at the grass root level.

The year 2008-09 is the third year that the data on progress in Micro-Finance sector have been presented on the basis of returns furnished directly to NABARD by Commercial Banks (CBs), Regional Rural Banks (RRBs) and Cooperative Banks operating in the country. The data includes the information related to savings of Self Help Groups (SHGs) with banks as on 31 March 2009, loans disbursed by banks to SHGs during the year 2008-09 and outstanding loans of SHGs with the banking system and the details of Non-Performing Assets (NPAs) and recovery percentage in respect of bank loans provided to SHGs as on 31 March 2009. The data received from banks have been compiled on region-wise, State-wise and agency-wise basis in this booklet.

The banks operating, presently, in the formal financial system comprises of Public Sector Commercial Banks (27), Private Sector Commercial Banks (28), Regional Rural Banks (86), State Cooperative Banks (31) and District Central Cooperative Banks (371). It is observed that most of the banks participating in the process of Micro-Finance have reported their progress under the program.

The banks reviewed in this study differ from one another

in many respects. Each operates in a different cultural

And economic context, and each has a somewhat different institutional structure and mandate. In general, there are four main types of intermediaries:

- Full-service private commercial banks. Most have a national presence and offer a host of financial products and services through an extensive branch network.
- State-owned banks. These large banks provide multiple services according to government priorities. They often act as a channel for government transfers, payments, or receivables and usually serve a large number of depositors.
- Finance companies and specialized banks. These smaller financial institutions focus on a particular sector, such as housing or consumer lending, and generally have a regional rather than a national presence.
- Micro-lending NGOs transformed into regulated banks or specialized financial institutions.

### 2.3 Financial Product of Micro-Finance

- Insurance Plans- This is basically risk coverage product. It works the way traditional insurance works.
- Pension Plans- This includes retirement plans. Contributions are made by plan holder and MFI for benefit of plan-holder.
- Trade Micro-Credit- Provides working capital for poor entrepreneurs to keep their business.
- Group Micro Credit- Provides loan to poor peoples in group for which group act as collateral.
- Emergency Micro Credit- Provides instant cash flow to tackle with emergencies.
- Micro Mortgage- Micro sector customers ranging from seasonal crop financing, purchasing shop inventory to buying of machinery and tools for business use have this kind of product available.

### 3. Literature Review:-

In the 1970s a positive shift took place. The failure of subsidized government or donor driven institutions

to meet the demand for financial services in developing countries led to several new approaches. Some of the most prominent ones are presented below.

- Bank Dagan Bali (BDB) was established in September 1970 to serve low income people in Indonesia without any subsidies and is now “well-known as the earliest bank to institute commercial Micro-Finance”. While this is not true with regard to the achievements made in Europe during the 19th century, it still can be seen as a turning point with an ever increasing impact on the view of politicians and development aid practitioners throughout the world.
- In 1973 ACCION International, a United States of America (USA) based nongovernmental organization (NGO) disbursed its first loan in Brazil and in 1974 Professor Muhammad Yens started what later became known as the Grameen Bank by lending a total of \$27 to 42 million to people in Bangladesh. One year later the Self-Employed Women’s Association started to provide loans of about \$1.5 million to poor women in India. Although the latter examples still were subsidized projects, they used a more business oriented approach and showed the world that poor people can be good credit risks with repayment rates exceeding 95%, even if the interest rate charged is higher than that of traditional banks. Another milestone was the transformation of BRI starting in 1984. Once a loss making institution channeling government subsidized credits to inhabitants of rural Indonesia it is now the largest MFI in the world, being profitable even during the Asian financial crisis of 1997 – 1998.
- In February 1997 more than 2,900 policymakers, Micro-Finance practitioners and representatives of various educational institutions and donor agencies from 137 different countries gathered in Washington D.C. for the first Micro Credit Summit. This was the start of a nine yearlong campaign to reach 100 million of the world poorest households with credit for self-employment by 2005.

- To study the role of Banks and MFI’s for promoting Micro-finance services
- To identify the problems & benefits of credit schemes provided by the Banks/MFI’s for Micro-finance services
- To suggest the possible alternatives for effectively promoting Micro-finance services
- To identify the need of micro financing in raising standard of living
- Measure the impact of counselling in the capital formation
- To measure the relation between micro financing and micro insurance

Microfinance changing the face of poor India:-

Micro-Finance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, micro-Finance scene is dominated by Self Help Groups (SHGs) - Banks linkage Programme, aimed at providing a cost effective mechanism for providing financial services to the 'unreached poor'. In the Indian context terms like "small and marginal farmers", "rural artisans" and "economically weaker sections" have been used to broadly define micro-finance customers. Research across the globe has shown that, over time, microfinance clients increase their income and assets, increase the number of years of schooling their children receive, and improve the health and nutrition of their families.

A more refined model of micro-credit delivery has evolved lately, which emphasizes the combined delivery of financial services along with technical assistance, and agricultural business development services. When compared to the wider SHG bank linkage movement in India, private MFIs have had limited outreach. However, we have seen a recent trend of larger microfinance institutions transforming into Non-Bank Financial Institutions (NBFCs). This changing face of microfinance in India appears to be positive in terms of the ability of microfinance to attract more funds and therefore increase outreach.

#### 4. OBJECTIVES OF STUDY

In terms of demand for micro-credit or micro-finance, there are three segments, which demand funds. They are:

- At the very bottom in terms of income and assets, are those who are landless and engaged in agricultural work on a seasonal basis, and manual labourers in forestry, mining, household industries, construction and transport. This segment requires, first and foremost, consumption credit during those months when they do not get labour work, and for contingencies such as illness. They also need credit for acquiring small productive assets, such as livestock, using which they can generate additional income.
- The next market segment is small and marginal farmers and rural artisans, weavers and those self-employed in the urban informal sector as hawkers, vendors, and workers in household micro-enterprises. This segment mainly needs credit for working capital, a small part of which also serves consumption needs. This segment also needs term credit for acquiring additional productive assets, such as irrigation pump sets, bore wells and livestock in case of farmers, and equipment (looms, machinery) and work sheds in case of non-farm workers.
- The third market segment is of small and medium farmers who have gone in for commercial crops such as surplus paddy and wheat, cotton, groundnut, and others engaged in dairying, poultry, fishery, etc. Among non-farm activities, this segment includes those in villages and slums, engaged in processing or manufacturing activity, running provision stores, repair workshops, tea shops, and various service enterprises. These persons are not always poor, though they live barely above the poverty line and also suffer from inadequate access to formal credit.

Well these are the people who require money and with Microfinance it is possible. Right now the problem is that, it is SHGs' which are doing this and efforts should be made so that the big financial institutions also turn up and start supplying funds to

these people. This will lead to a better India and will definitely fulfill the dream of our late Prime Minister, Mrs. Indira Gandhi, i.e. Poverty.

Scenario in India:

India falls under low income class according to World Bank. It is second populated country in the world and around 70 % of its population lives in rural area. 60% of people depend on agriculture, as a result there is chronic underemployment and per capita income is only \$ 3262. This is not enough to provide food to more than one individual. The obvious result is abject poverty, low rate of education, low sex ratio, and exploitation. The major factor account for high incidence of rural poverty is the low asset base. According to Reserve Bank of India, about 51 % of people house possess only 10% of the total asset of India. This has resulted low production capacity both in agriculture (which contribute around 22-25% of GDP) and Manufacturing sector. Rural people have very low access to institutionalized credit (from commercial bank).

Poverty alleviation programmes

There has been a continuous effort of planners of India in addressing the poverty. They have come up with development programmes like Integrated Rural Development programme (IRDP), National Rural Employment Programme (NREP), Rural Labour Employment Guarantee Programme (RLEGP) etc. But these programme have not been able to create massive impact in poverty alleviation. The production oriented approach of planning without altering the mode of production could not but result of the gains of development by owners of instrument of production. The mode of production does remain same as the owners of the instrument have low access to credit which is the major factor of production. Thus in Nineties National bank for agriculture and rural development (NABARD) launches pilot projects of Microfinance to bridge the gap between demand and supply of funds in the lower rungs of rural economy. Microfinance the

buzzing word of this decade was meant to cure the illness of rural economy. With this concept of Self Reliance, Self Sufficiency and Self Help gained momentum. The Indian microfinance is dominated by Self Help Groups (SHGs) and their linkage to Banks.

#### 5. Conclusion & Recommendations:-

The experience of private commercial banks in Micro-finance is still relatively limited. Nonetheless, a few patterns are emerging, and a number of challenges continue to require attention.

- The current outreach of commercial banks in Micro-finance is not at best modest in scope.
- Although some of the Micro finance institutes (MFI's) like SKS Micro-finance Private Limited, Bandhan (Society and NBFC), Micro-Credit Foundation of India Smith Microfin Ltd. have exhibited impressive growth rates in a short time, other banks lag behind.
- Most commercial banks largely use their own deposit base for Micro-loans. Although all organizations started by cross-subsidizing Micro-finance units and activities for various periods of time, good repayment rates and high effective interest rates that far exceed the cost of funds allow most organizations to at least break even in the use of their own funds for Micro-lending.
- Commitment to Micro-finance among commercial banks appears to be more likely in small, specialized institutions with few shareholders, or in large institutions that have created an independent unit or subsidiary dedicated exclusively to Micro-finance. In both, financial products and methodologies can be adapted to the microenterprise or low-income client.
- Micro-finance within commercial banks is largely attributed to the efforts of a single person or to a small group of people to promote these activities. Some of these individuals have been close to and aware of the NGO operations in Micro-finance.
- Recruitment and training are frequently undertaken where bank branches offer Micro-finance services, allowing credit officers close screening and monitoring of borrowers in their own environments, Where banks see a need to reduce the negative impact of strong kinship

pressures on lending practices. Adequate remuneration of loan officers for their successful efforts, using performance-based bonuses dependent on the number and volume of loans and loan recovery record, was also practiced in the majority of banks issuing individual loans

- Commercial banks offer Micro-loans that are different from their typical collateralized commercial and consumer loans. These Micro-loans, although they share similarities with NGO Micro-loan products, such as frequent repayments and quick and inexpensive disbursements, are slightly larger in size and are granted for longer maturities than are typical NGO loans. Moreover, Micro-loans provided by commercial banks are granted with different terms and conditions than traditional bank loans. These differences have prompted some commercial banks to offer Micro-loans in separate locations from their traditional banking services, highlighting the differences between products. Higher interest rate charges and less rigorous collateral requirements characterize Micro-lending by most banks.

it is clear that these resources can play an important catalytic role in launching these programs and breaking down fears or resistance in bank circles to these initiatives. It is also clear that this role can be fairly short-lived, as the bank's own deposit resources are brought into play, and newly recruited personnel and information management software give banks the tools to carry on the promotion of these Micro-lending programs as a commercial platform. Although scale and scope economies are limited in the beginning, a period of self-sufficiency is generally reached after three to four years of experience.

#### 6. SUGGESTIONS

There are a number of ways in which central bank may wish to facilitate the development of the Micro-Finance sector.

1. They should conduct research into rural financial markets, Micro-Finance, and informal finance, in order to increase understanding among policymakers of the characteristics of these financial markets and to ensure that any policy initiatives are grounded in empirical

evidence. For instance, this could include research into issues affecting access to capital by low income households, such as land tenure, chattel mortgaging, foreclosure, and small claims procedures.

2. They should collect and publish data on the Micro-Finance activities of licensed banks. They should also collect data on nonbank MFIs, in collaboration with networks of MFIs and other institutions. This would include monitoring the outreach and sustainability of the Micro-Finance sector.
3. They should be advocates for sustainable Micro-Finance, by preparing and disseminating publications on Micro-Finance best practice, conducting and/or participating in workshops, and similar activities.
4. They should disseminate broader economic information to the Micro-Finance sector, such as macroeconomic data, information on the performance of particular economic sectors, and information on sources and cost of capital.
5. They should conduct or initiate training programs for officials from government agencies, banks, MFIs, second tier institutions, and other bodies. Such training programs would generally focus on issues where the central bank may be presumed to have particular expertise or an obvious leadership position, such as policy issues and performance and reporting standards, rather than on operational issues. Alternatively, in some cases there may be a role for central banks to facilitate or coordinate training on operational issues, in the absence of initiatives from any other source.
6. They should provide technical expertise in areas where they may have comparative advantage, such as helping second tier institutions, networks of MFIs, and credit rating agencies to establish performance and reporting standards for MFIs.

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## “Government’s role in Infrastructure Development through Public-Private -Partnership”

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Mob: 09310551374. An Electronics and Telecommunication Engineer churned as Commissioned Officer in Air Force, took premature retirement after serving for 18 years to face challenges of Corporate commercial world in Telecom domain. Served Corporate world at General Manager level, acquired requisite qualification to meet eligibility criteria of academic field. Keenness to improve in the quality of education system, driven me to switch from Corporate world to academic domain. For last six years I am serving as Director of Management Institute. I am keenly involved in study of non-traditional area of management. Above topic is outcome of one of summary of my various kinds of study.

## Abstract

India’s rise in recent years is one of the most prominent developments in the economy of world. India’s growth, particularly in manufacturing and services, has boosted the sentiments, both within country and abroad. With an upsurge in investment and robust macroeconomic fundamentals, the future outlook for India is distinctly upbeat. According to many commentators, India could unleash its full potentials, provided it improves the infrastructure facilities, which are at present not sufficient to meet the growing demand of the economy. The infrastructure of a country constitutes Roads, Railways, Shipping, Airways, MRTS, Hydro Power, Thermal Power, Nuclear Power, Conventional & Non-conventional Energy. Basic Telecom Services, Mobile Telecom Services, Satellite Communication Services, Data Communication Services, Water Supply, Sewerage and Sanitation, Solid Waste Management, Primary Health Centre, Advanced Medical Facility, Education infrastructure. Provision of Primary Education to all, and a World class higher education facility is imperative to any developed country. Failing to improve the country’s infrastructure will slow down India’s growth process. Therefore, Indian government’s first priority in this century is the challenges of maintaining and managing high growth through investment in infrastructure sector, among others.

India is expected to grow at an exponential rate in next few years. Accompanying this growth will be an increase in demand for infrastructure services. Economic and population growth prospects are expected to place additional pressure on existing infrastructure facilities. Therefore, addressing these challenges will be essential in the infrastructure sector to continue fostering economic growth rather than becoming a constraint.

Government of India is actively pursuing Public Private Partnerships (PPPs) one of the way of financing which is adopted worldwide to bridge the infrastructure deficit in the country. Several initiatives have been taken during the last three years to promote PPPs in sectors like power, ports, highways, airports, tourism and urban infrastructure. Under the overall guidance of the Committee of Infrastructure headed by the Prime Minister, the PPP programme has been finalized and the implementation of the various

schemes is being closely monitored by the constituent Ministries/Departments under this programme. Indian experience shows that competition and PPPs can help in improving infrastructure.

Key words: Constitutes, Infrastructure, Investment, PPP, Sentiments,

"Government's role in Infrastructure Development through Public-Private - Partnership"

1. Introduction: India's rise in recent years is a most prominent development in the world economy. India has re-emerged as one of the fastest growing economies in the world. India's growth, particularly in manufacturing and services, has boosted the sentiments, both within country and abroad. With an upsurge in investment and robust macroeconomic fundamentals, the future outlook for India is distinctly upbeat. According to many commentators, India could unleash its full potentials, provided it improves the infrastructure facilities, which are at present not sufficient to meet the growing demand of the economy. The infrastructure of a country constitutes Roads, Railways, Shipping, Airways, MRTS, Hydro Power, Thermal Power, Nuclear Power, Conventional & Non-conventional Energy. Basic Telecom Services, Mobile Telecom Services, Satellite Communication Services, Data Communication Services, Water Supply, Sewerage and Sanitation, Solid Waste Management, Primary Health Centre, Advanced Medical Facility, Education Infrastructure. Primary Education to all and a World class higher education facility. Failing to improve the country's infrastructure will slow down India's growth process. Therefore, Indian government's first priority in this century is the challenges of

.2. Salient features of Infrastructure Project Financing

*The salient features of infrastructure project finance are as follows:*

The lenders finance the project looking at the creditworthiness of the project, not the creditworthiness of the borrowing party. The repayment of the loans is made from the

maintaining and managing high growth through investment in infrastructure sector, among others.

Try to imagine a country without infrastructure. Such places do exist. You have regions in Africa where the transport is by privately owned boat (canoe, motorboat, steam boat) along a river like the Congo or the Nile. Paved roads may not exist. Much of Siberia has no paved road. And there is not much travel in the winter or spring. Incomes are abysmally low in both areas. The vital role of most infrastructure is to allow the connecting of individual nodes of wealth (a factory, a farm, a medical clinic) so economic exchange can occur. Laws play a similar role by ensuring that exchanges are efficient. The more free exchanges there are the greater the increase in wealth. There are also places with little or no "soft" infrastructure. Somalia would be an example. Who wants to go shopping where bullets are flying?

India is expected to grow exponentially in next few years. Accompanying this growth will be an increase in demand for infrastructure services. Economic and population growth prospects are expected to place additional pressure on existing infrastructure facilities. Therefore, addressing these challenges will be essential if the infrastructure sector is to continue fostering economic growth rather than becoming a constraint

earnings of the project. Project financing is also known as "limited recourse" financing as the borrower has a limited liability. The security taken by the lenders is largely confined.

Most project finance structures are complex. The risks in the project are spread between the various parties; each risk is usually assumed by the party, which can most efficiently and cost-



effectively controlled or handled it. Once the projects risks are identified, the likelihood of their occurrence assessed and their impact on the project determined, the sponsor must allocate those risks. The options are,

- To absorb the risk
- To lay off the risk with third parties, such as insurers.
- To allocate the risk among contractors and lenders.

### 3. Public-Private-Partnerships (PPPs).

In an increasingly competitive global environment, governments around the world are focusing on new ways to finance projects, build infrastructure and deliver services. Public-private partnerships (PPP's or P3's) are becoming a common tool to bring together the strengths of both sectors. In addition to maximizing efficiencies and innovations of private enterprise, PPP's can provide much needed capital to finance government programs and projects, thereby freeing public funds for core economic and social programs.

In many countries (including South Africa), infrastructure for public services such as roads, bridges, tunnels, prisons, hospitals and airports has traditionally been constructed, operated and maintained by the private sector (operator) and financed by the public sector (guarantor) through public budget appropriation. These types of transactions (public-to-private service concession arrangements) are generally termed as public-private-partnerships (PPPs).

For many countries, such arrangements are a means to ensure that large-scale infrastructure projects such as the building of roads, airports, tunnels, bridges, prisons, hospitals, water distribution facilities, energy supply and telecommunication networks, and military installations can be developed and provided to the public for use. However, in some cases, they are not recognized in the financial statements, effectively concealing the financial position of the guarantor.

### 4. Government of India's Definition of PPP

While there is no single definition of PPPs, they broadly refer to long-term, contractual partnerships between the public and private sector agencies, specifically targeted towards, designing, financing, implementing, and operating infrastructure facilities and services that were traditionally provided by the public sector. The development, financing and operations of public utilities and infrastructure facilities by the private sector under terms and conditions agreeable to both the government and the private sector is called Public Private Partnership (PPP).

"The Public-Private Partnership (PPP) Project means a project based on contract or concession agreement between a Government or statutory entity on the one side and a private sector company on the other side, for delivering an infrastructure service on payment of user charges."

Pursuant to the decision on the recommendations of the Committee on Public Procurement, a Committee has been constituted in Department of Economic Affairs to formulate the Rules for PPP projects, including rules for regulating expenditure, appropriation of revenues, contingent liabilities, etc. in PPP projects and proposed delegation of powers in this regard.

### 5. National PPP Capacity Building Programme

The National PPP Capacity Building Programme was launched by the Union Finance Minister (FM) at the India PPP Conclave held in December 2010. The programme found special mention in the FM's Budget speech in February 2011. The programme expects to train 10,000 senior and middle-level government officials over the next 3 years. This is expected to result in improved capacities among government officials in preparing and managing PPP projects

across various infrastructure sectors in these States.

This training material has been organized into five distinct course offerings. Also, it is structured in an easy-to-use modular format, with extensive guidance along with explanatory notes and tips, cross-referencing and additional reading material. Accordingly, besides serving its primary purpose as a pedagogical tool for trainers in a class room context, the material can also be used by the trainees for subsequent revisions and reference.

### 6. Regulatory scenario in India

On January 22, 2010 the Ministry of Corporate Affairs issued the road map for transition to IFRS. It is clear that India has deferred transition to IFRS by a year. In the first phase, companies included in Nifty 50 or BSE Sensex, and companies whose securities are listed on stock exchanges outside India and all other companies having net worth of Rs 1,000 crore will prepare and present financial statements using Indian Accounting Standards converged with IFRS. According to the press note issued by the government, those companies will convert their first balance sheet as at April 1, 2011, applying accounting standards convergent with IFRS if the accounting year ends on March 31. This implies that the transition date will be April 1, 2011. According to the earlier plan, the transition date was fixed at April 1, 2010.

The [Institute of Chartered Accountants of India](#) (ICAI) has announced that International Financial Reporting Standards (IFRSs). IFRS will be mandatory in India for [financial statements](#) for the periods beginning on or after 1 April 2011. This will be done by revising existing accounting standards to make them compatible with IFRS. [Reserve Bank of India](#) has stated that financial statements of banks need to be IFRS-compliant for periods beginning on or after 1 April 2011. The ICAI has also stated that IFRS will be applied to companies above Rs.1000 crore from April 2011.

7. Reserve Bank of India's Directive on the issue of Infrastructure Financing: As per the RBI, a credit facility is treated as 'infrastructure lending' to a borrower company which is engaged in developing, operating and maintaining, or developing, operating and maintaining any infrastructure facility that is a project in any of the following sectors, or any infrastructure facility of a similar nature;

- i) A road, including toll road, a bridge or a rail system;
- ii) A highway project including other activities being an integral part of the highway project;
- iii) A port, airport, inland waterway or inland port;
- iv) A water supply project, irrigation project, water treatment system, sanitation and sewerage system or solid waste management system;
- v) Telecommunication services whether basic or cellular, including radio paging, domestic satellite service (i.e. a satellite owned and operated by an Indian company for providing telecommunication service), network of trunking, broadband network and internet services;
- vi) An industrial park or special economic zone;
- vii) Generation or generation and distribution of power;
- viii) Transmission or distribution of power by laying a network of new transmission or distribution lines;
- ix) Construction relating to projects involving agro-processing and supply of inputs to agriculture;
- x) Construction for preservation and storage of processed agro-products, perishable goods such as fruits, vegetables and flowers including testing facilities for quality;
- xi) Construction of educational institutions and hospitals;
- xii) Any other infrastructure facility of similar nature.

Further, for raising external commercial borrowings funds, the RBI has defined

infrastructure to include (i) power, (ii) telecommunication, (iii) railways, (iv) road including bridges, (v) sea port and airport, (vi) industrial parks and (vii) urban infrastructure (water supply, sanitation and sewage projects) vide their circular dated 2nd July, 2007.

## 8. Mode of Operation of Build, Operate and Transfer (BOT) Projects

Due to funds constraints, the government is assigning several projects on a Build-Operate-Transfer (BOT) basis. BOT is one of the types of project financing used worldwide. BOT is a relatively new approach to infrastructure development, which enables direct private sector investment in large-scale infrastructure projects. The theory of BOT is as follows:

**Build** – A private company (or consortium) agrees with a government to invest in a public infrastructure project. The company then secures their own financing to construct the project.

**Operate** – The private developer then owns, maintains, and manages the facility for an agreed concession period and recoups their investment through charges or tolls.

**Transfer** – After the concessionary period the company transfers ownership and operation of the facility to the government or relevant state authority.

### 8.1 Parties to BOT Projects

There are a number of major parties to any BOT project and all of them have particular reasons to be involved in the project. The contractual arrangements between those parties, and the allocation of risks, can be complex. The major parties to a BOT project will usually include:

#### 8.1.1. Role of Government Agency

A government department or statutory authority is a pivotal party. It will:

- Grant the sponsor the "concession", that is the right to build, own and operate the facility,
- Grant a long term lease of or sell the site to the sponsor, and
- Often acquire most or all of the service provided by the facility.

The government's co-operation is critical in large projects. It may be required to assist in obtaining the necessary approvals, authorizations, and consents for the construction and operation of the project. It may also be required to provide comfort that the agency acquiring services from the facility will be in a position to honour its financial obligations.

The government agency is normally the primary party. It will initiate the project, conduct the tendering process and evaluation of tenderers, and will grant the sponsor the concession, and where necessary, the off-take agreement.

#### 8.1.2. Participation of Sponsor

The sponsor is the party, usually a consortium of interested groups (typically including a construction group, an operator, a financing institution, and other various groups) which, in response to the invitation by the Government Department, prepares the proposal to construct, operate, and finance, the particular project. The sponsor may take the form of a company, a partnership, a limited partnership, a unit trust or an unincorporated joint venture.

#### 8.1.3. Involvement of Construction Contractor

The construction company may also be one of the sponsors. It will take construction and completion risks, that is, the risk of completing the project on time, within budget and to specifications.

#### 8.1.4. Role of Operation and Maintenance Contractor

The operator will be expected to sign a long-term contract with the sponsor for the operation and maintenance of the facility. Again the operator may also inject equity into the project.

#### 8.1.5 Part of Financiers

In a large project there is likely to be a syndicate of banks providing the debt funds to the sponsor. The banks will require a first security over the infrastructure created. The same or different banks will often provide a stand-by loan facility for any cost overruns not covered by the construction contract.

#### 8.1.6 Other Parties

Other parties such as insurers, equipment suppliers and engineering and design consultants will also be involved. Most of the parties too will involve their lawyers and financial and tax advisers.

### 9. Prospects of India's Infrastructure Sector

There are several reasons as to why the infrastructure sector of India can be regarded as a lucrative proposition for investments. The few reasons are mentioned below as below:

#### 9.1 Ports

India's coastline stretches for 7517 kilometers and 76 percent of the traffic is controlled by the 12 major ports. These ports need to upgrade themselves to be in tune with the global standards and also deal well with the increasing amount of traffic. Several ports are making plans to increase their capacity and this is inclusive of container terminals. The government has started the National Maritime Development Programme that will deal with 276 port projects and this includes infrastructural improvement as well.

#### 9.2 Airports

It had been expected that by end of 2013 the passenger traffic would increase by almost 25 percent and in the same period passenger traffic was expected to go up by more than 100 million, the cargo traffic in the same period was supposed to exceed 3.3 million tons. The airports at Kolkata and Chennai are supposed to be upgraded through joint ventures.

#### 9.3 Railways

In Asia, India has the biggest managed rail network and on a global scale it occupies the second position. 11 thousand trains operate on a daily basis in India and the track length is more than 100,000 kilometers. The minimum freight carried every day is 1.25 million tons and at least 13 million passengers travel everyday in India by train.

The railways sector offers a lot of scope for public-private partnerships and includes the following:

- Commercial usage of rail space like stations for example
- Private investments in railway rolling stocks
- Private investments in railway infrastructure

The Golden Quadrilateral is expected to be improved so that it can be used to operate freight and passenger trains at greater speeds. The connectivity between rail and ports is supposed to be bettered as well. Multimodal corridors are also supposed to be developed in the remote corners of the country, connecting it to the nearest railheads, bus stand ports and airports.

#### 9.4 Power

At present the electric power stations in India are supposed to have a capacity of 220,000 mega watts as per the latest 5 year plan. The average yearly power shortage on a yearly basis is 8 percent.

The Union Government is expected to build UMPPs (ultra mega power projects) for capacity addition. The nuclear power capacity is also supposed to be increased to 10,000 MW in the same period.

#### 9.5 Telecom

In the last couple of years India has seen a commendable growth when it comes to telecom

penetration but the usage in the rural areas is still limited to 5 percent at the most. In the Asia-Pacific area, India is numero uno with regards to minutes of usage (MOU) per month.

The subscriber base of Indian telecom industry has an approximate CAGR of 50% and it has also high rates of mobile phones sales on a weekly basis. The mobile devices available in this South Asian country are also among the most economical in the world.

#### 9.6 Roads

India's total road length is nearly 3.3 million kilometers and this includes approximately 128,000 kms of state highways and 65,569 kms of national highways. This also makes it one of the leading countries globally in this regard. However, only 47 percent of the total road network is paved. This is an important statistic as the roads are responsible for almost 85% of passenger and 65% of freight traffic.

In the past decade the authorities have planned many important projects to develop the highways and several of these are in their initial phase. The private sector can play an important role in this as is evident from the fact that projects with such participation have progressed quickly. These roads have also improved in terms of better signs, toll collection, and other relevant facilities.

#### 9.7 Construction

The construction sector is responsible for almost 7% of India's GDP and is preceded by only agriculture in this regard. This sector can be broken up as such:

- Infrastructure development: 54%
- Residential activities: 5%
- Industrial activities: 36%
- Commercial activities: 5%

Following are the main entities of the sector:

- Construction contractors
- Material suppliers
- Equipment suppliers
- Solution providers

The yearly growth rate of this sector is almost 30%, which is pretty commendable and this is one sector that has seen a lot of private and governmental investment. The sector's investment potential has been calculated at 860 billion US dollars.

#### 9.8 Hydrocarbon

It is assumed that by the end of 2012 the petrol usage in India will go up by almost 300 MMT thanks to greater industrial requirement and more cars. The estimated investment in this sector for the next 5 to 10 years is going to be US\$ 100 billion. An extra refining capacity of around 110 million tons will also be needed by the end of 2012.

Natural gas is a major area for investment. The private sector can also invest in the following infrastructural activities:

- Jetties
- Oil movement
- Storage tanks
- Petro-products

The Union Government has allowed 100 percent private investment in the sector as oil imports take up the biggest slice in India's imports and the step allows the national authorities to address the situation. Other important steps like delicensing, rationalization of prices and deregulation.

Joint ventures in this sector are allowed in the following activities:

- Infrastructure development
- Refining activities
- Marketing

#### 10. Top Infrastructure Companies in India

With the Indian economy growing in scope and size significantly, the past few years have seen the role of infrastructure magnified as an enabler of inclusive growth. The government has been investing heavily in various infrastructure segments to bridge the demand supply gap for effective and faster delivery of the projects. The total investment in the infrastructure sector during the Twelfth Five Year Plan (2012-2017) is likely to be over US\$ 1 trillion.

Following are the leading infrastructure companies of India:

- Larsen & Toubro
- Gayatri Projects Ltd
- Jaiprakash Associates
- Ramky Infrastructure
- Lanconfratech
- IL&FS
- Reliance Infrastructure Limited
- Consolidated Construction Consortium Ltd
- GMR Infrastructure
- Madhucon Projects
- Punj Lloyd
- Pratibha Industries
- IVRCL
- MARG Group
- Hindustan Construction Company
- Vascon Engineers
- NCC
- ARSS Infrastructure Projects
- Gammon India
- JMC Projects (India)
- Simplex Infrastructures Limited
- AshokaBuildcon
- GVK Power & Infrastructure Limited
- Unity Infraprojects
- IRB Infrastructure
- SPML Infra
- Afcons Infrastructure Ltd
- Ahluwalia Contracts (India)
- Patel Engineering
- Shriram EPC

11. Conclusion: Provision of quality and efficient infrastructure services is essential to realize the full potential of the emerging Indian economy. Indian government's first priority is therefore rising to the challenge of maintaining and managing high growth through investment in infrastructure sector, among others. To sustain 9 percent growth growth, the Government of India had estimated that an investment of over US\$ 492.5 billion during the 11<sup>th</sup> FiveYear Plan (2007-2012) will be required. In 12<sup>th</sup> five year plan India's infrastructure sector will require investment of about USD 1 trillion, double the amount envisaged in the ongoing plan period, Therefore, there is substantial infrastructure needs in infrastructure sector in India, which, in other words, also offers large investmentopportunities. Public-Private-Partnership (PPP) is emerging as the preferred instrument, where the private sector gets its normal financial rates of return while the public sector partner provides concessional funding based on the long-term direct and indirect benefits to the economy.

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**Creating Brand by Higher Education Institutions**

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Abstract - In ancient India, in traditional system of learning students were sent to the Ashram of Guru with the sole aim of learning. They were used to stay in Ashram until their studies are not over. That was the 'Gurukul System'. The education system has gone through the process of transformation over a period of time. We shifted from traditional system of learning to modern system of learning.

In recent years, massive changes in policy, governance, structure and status of higher education have been taken place all over the world. The process of Liberalization, Privatization, and Globalization, has brought about many changes, such as modernization, diversification, decentralization, internationalization and increase in competition. As a result our education system is also undergoing through sea changes. This necessitates marketing of education as a service in a systematic manner. The higher education institutes are supposed to create a strong education brand of their own.

Key words – Brand, Branding, Higher Education, Higher Education Institutions.

Introduction - Branding in education is not a new phenomenon; we still remember the names of 'Nalanda' and 'Takshila' - the ancient Indian

Universities. They were the center of quality education and excellence. As the Indian economy opening up, it is likely that education in India will

have the challenge to cater to futuristic needs coupled with inclusive growth. Now, universities and institutions will need to attract more and more students and increase its pool of potential entrants and also ensure greater diversity from within the population. The corporate business are reaching out to new markets beyond the metros and cities, thus creating a greater need for manpower in these areas. The higher education institutions must have to fulfill their need. At the same time they must have to keep themselves update and competitive enough in order to grow and survive in this competitive world. And when there is a competition there is marketing.

The concept of branding as applied to higher education is somewhat different from branding in the commercial sector. Branding in higher education is all about who we are and is not what a particular product offers to the market place. Someone rightly said about Branding that if one didn't build a Brand as quickly as possible, someone else may take the position that one want. In the recent years, massive changes in policy, governance, structure and status of higher education have been taken place all over the world. Higher Education is also widely deemed and considered as a great national asset. Quality education fulfilling diversified needs can create skilled and employable manpower in the country. In these days of marketing, branding has become the latest focus in tertiary education to attract both national as well as international students. The technological changes and shrinking global boundaries have increased the significance of marketing and branding education. In today's higher education landscape, institute and university leaders may well consider principles of brand management to assure their positions vis-à-vis their competitors. Higher education leaders may derive guidance to manage effectively what may be the most important intangible asset an institute or university owns—its long-term image and bundle of core meaning. In today's complex and highly competitive marketplace, universities and institutes have turned to branding as a solution in dealing with the global challenges. The Indian higher education sector is

heterogeneous. Different types of higher education institutions co-exist, and these operate with very different motives and working contexts. Almost all types of higher education institutions face serious problems of faculty shortage and maintaining the quality of education. There is a growing importance of branding for the institutes and universities, and it is expected to become even more important and vital for their growth and survival. But at the same time it should be noted that quality of education and its utility in terms of employability are the important pillars of successful brand. Also, because universities can differentiate themselves through serving the needs of different segments with different offerings, they must understand how differences are perceived by different segments. However, they follow different strategies in the different context. The actions of one type of institution can have important impacts on others. These impacts can be either positive or negative. Hence, in order to develop strategies for addressing the problems mentioned above institutes and universities must have to move ahead in a planned and systematic manner. Moreover, they must have to take into account certain factors contributing towards quality of education like faculty development, course material, industry interactions, employability, research, infrastructure and technology.

This conceptual paper is based on secondary data available from various reliable sources. It will make clear the concepts of 'Brand' and 'Branding' to the readers. Further, it will elaborate tools and techniques of branding, and put forth the principles and guidelines helpful to the higher education institutes while establishing themselves as a strong education brand. The initiatives of some Indian universities and institutions are also taken into account.

Brand and Branding Defined – In order to ensure better understanding of the subject matter, the terms 'Brand' and 'Branding ' should be made very clear.



'Brand' is an accumulation of emotional and functional associations. Brand is a mental expression or sign of quality. It is an intangible thing which is much concern with an experience and satisfaction. Brand is a promise that the product or service will perform as per customer's expectations. It shapes customer's expectations about the product. Brands usually have a trademark which protects them from use by others. A brand gives particular information about the organization, good or service, differentiating it from others in marketplace. Brand carries an assurance about the characteristics that make the product or service unique. A strong brand is a means of making people aware of what the organization represents and what its offerings are.

To a consumer, brand means and signifies -

- Source of product or service
- Delegation of responsibility to the manufacturer or service provider
- Lower risk and uncertainties
- Less search cost
- Quality symbol
- Deal or pact with the product manufacturer or service provider
- Symbolic device

To a marketer, brand means and signifies -

- Basis of competitive advantage
- Way of bestowing products or services with unique associations
- Way of identification to easy handling
- Way of legal protection of unique traits/features of product or service
- Sign of quality to satisfied customer
- Means of good financial returns

'Branding' on the other hand is assembling of various marketing mix medium into a whole so as to give an identity. It is nothing but capturing customers' mind with a brand name. It gives an image of an experienced, huge and reliable business. It is all about capturing the market for a product or a service and about creating a confidence in the current and prospective customers' minds that a product or service is the unique solution to their problem. Branding is a phenomenon that has

become increasingly common worldwide in higher education over the last few years. It entails defining the essence of what a university 'is', what it 'stands for', and what it is 'going to be known for'. This requires precision and consistency in the formulations and internal commitment to the brand. Without a strong commitment and active involvement no strong brand can be created. Branding is thus a process that allows an individual or a group of individuals the ability to provide a brand image and lettering to an idea.

#### Need for Branding of Higher Education Institutions -

Gone are the days when education was considered as destination, today education is seen as opportunities that it opens up for people. These days branding is reaching newer frontier and the latest in this ever increasing tribe of marketable categories is education across all categories- primary, secondary and higher levels. In the higher education domain, there seems to be over powering rush in brand building. Everyone is trying to establish as a reputed brand. As the economic status of the people in the country has improved, people are not hesitant to spend larger share of their income on quality education. Also there are many people for whom education becomes a priority. The entry of international players in India increases the number of career options for the people in India. There is an increase in competition in the field of education in India. The fast globalizing world which is moving towards a knowledge economy has opened immense opportunities for building education brands. On account of global trends towards privatization of education, there is an increased competition be it haloed IITs, IIMs or ISB, MICA or IMT or international institutions like Harvard, Stanford, Princeton Yale etc. In a dynamic environment such as this, where the opportunity offered by the education sector is only opening up some educational institutions may confuse branding in education with creating noise that gets people to enroll. The approach of branding and the role of education are both changing side by side. As education can make life transforming impact, it is inevitable to understand the synergy and the changing environment. Education being an

experiential product is built on lot of trust and relationship. In this field, there are multiple stakeholders like students, faculty, prospective employees, employers, parents, and the society. An appropriate balancing of multiple stakeholders' interest will be a key requirement of the leadership of each education brand. It should be remember that education being a complete experiential business, earns its customers from word of mouth of satisfied and well placed individuals.

Some Cases from India – Initiatives taken by some Indian universities/institutions for brand building are as follows.

#### 1) Shiv Nadar University (SNU) -

Profile in brief - Form of presence: State Private University Year of establishment: 2011, Size of campus: 286 acres Location: Greater Noida, Uttar Pradesh

Institutional Vision – To establish Shiv Nadar University (SNU) as a globally recognized, research-led, multi and interdisciplinary Institution.

Marketing and Brand

Building –

a) SNU launched an innovative marketing campaign primarily stressing its inter and multi-disciplinary aspects.

b) It has also managed to attract high quality faculty from India and abroad basis its strong research commitment.

Future Plans – SNU plans to develop the current campus as a flagship institution with research centers in cities such as Delhi.

#### 2) O.P. Jindal Global University (JGU) -

Profile in brief - Form of presence: State Private University Year of establishment: 2009 Size of campus: 75 acres Location: Sonapat, Haryana

Institutional Vision - To impart globalized education with a view to producing world-class

professionals, scholars, business leaders and academics in various disciplines. Marketing and Brand

Building –

a) Seminars and talks by JGU faculty in undergraduate institutions on the need for quality higher education, focus on research and emphasis

of global orientation.

b) JGU strongly positions the reputation of its faculty.

Future Plans – JGU plans to consolidate and further expand the four schools with a focus on furthering its research agenda.

#### 3) Manipal Education Group -

Profile in brief - Form of presence: State Private University with international campuses Year of establishment: 1953 Number of campuses: 9 (Manipal, Mangalore, Bangalore, Goa, Sikkim, Malaysia, Nepal, UAE and Antigua)

Scale: Caters to over 1,20,000 students across its campus and distance education programmes; has an alumni base of 3,00,000 from more than 52 countries

Courses: Over 300 courses offered across 14 professional streams

Institutional Vision - Excellence in education to establish finest educational institutions worldwide and be the preferred choice for students, industry and faculty.

Marketing and Brand

Building -

a) Brand communication is considered critical.

b) Extensively uses the online medium for marketing to keep the costs

low.

Future Plans – Manipal Group plans to establish 5 new universities in India and further expand its presence in countries such as Malaysia, USA and Dubai.

#### 4) BITS Pilani -

Profile in brief - Form of presence: Deemed University with International campus Year of establishment: 1929,

Number of campuses: 4 (Pilani, Hyderabad, Goa, Dubai)

Scale: Enrollment has expanded threefold in the last decade from about 3,500 students in 2000 to more than 10,500 students at present

Courses: Undergraduate, Postgraduate and Ph.D. programmes in disciplines such as engineering, science, humanities and management

Institutional Vision - To transform into a research-focused academic institution with strong industry and foreign academia linkages.

Marketing and Brand

Building -

a) Branding for BITS is largely based on meaningful industry relationships, the quality of its research publications and the success of its alumni.

b) Quality teaching and research are considered essential for the sustenance of the brand.

c) Advertising is largely limited to faculty and student recruitment.

Future Plans – BITS plans to aggressively expand its post graduate and PhD programmes in the years to come in line with its research-orientation.

#### 5) Narsee Monjee Institute of Management Studies (NMIMS) -

Profile in brief - Form of presence: Granted Deemed University status in 2003

Year of establishment: 1981, Number of campuses: 3 (Mumbai, Bengaluru, Shirpur)

Scale: About 10,000 students, primarily in the management and engineering disciplines

Courses: 8 schools in professional and general disciplines such as management, engineering, architecture, pharmacy, science, commerce, economics, and distance learning

Institutional Vision- To define 21<sup>st</sup> century technological, management and organizational research and educate with a view to impact global developments and develop a cadre of employable individuals.

Marketing and Brand

Building -

a) Brand is believed to be built on the strength of word-of-mouth; the institute considers its students and faculty as its biggest brand ambassadors.

Future Plans – NMIMS is establishing two new campuses in Hyderabad and

Chandigarh. It also plans to expand its continuing education portfolio, set up a school for law and public policy, and establish a skill development center in six identified industries.

#### 6) Symbiosis International University (SIU) -

Profile in brief - Form of presence: Granted Deemed University status in 2002

Year of establishment: 1971

Number of campuses: 4 currently (Pune, Nasik, Bangalore, Noida)

Scale: Has about 30,000 students enrolled across its campuses including 3,000 foreign students

Courses: 25 institutions across 7 faculties (Management, Law, Engineering, Computer Science, Health Science, Media, and Humanities)

Institutional Vision - To make Symbiosis International University the preferred destination

for all who aspire to excel.

Marketing and Brand

Building –

a) SIU considers its students to be its brand ambassadors.

b) It does not spend significant amount on traditional marketing.

Future Plans – SIU plans to start 2 campuses in Hyderabad and Ahmedabad; it also has plans to develop an integrated medical school and commence executive development programmes for corporate overseas.

Principles of Branding – Over the years, higher education sector has witnessed a paradigm shift with respect to the growing application of marketing and branding principles and now institutes and universities have begun to embrace the fundamental principles of branding. Following are some of the important principles for effective branding.

1) An institution's brand should not only drive marketing strategies but it should also give the institution something to live up to.

2) The brand promise should base on academic and emotional engagement that derives partly from the institution's leadership.

3) For effective delivery of brand promise an institution's leaders should have a clear understanding of the marketplace's perceptions of its brand.

4) For the successful branding the institution's administration, staff and faculty should cohesively execute the brand strategy and should also actively pursues student and employee engagement.

5) Abundant online tools, publications, and other resources should be use to make today's students better informed and more aware of available options than ever before.

6) Education brand should support by an institution's strategic business decisions in order to be effective.

7) Every institution should have a documented positioning statement and brand strategy. 8) Branding initiatives in higher education should be centered on revenue generation from enrolment, fund raising and other resources.

9) It should be noted that the ultimately value of an education brand is determined by those institute serve.

10) The institution should strive to reach new frontiers and become renowned in that as in any branding effort, an educational institution must be known for something.

11) Educational institutions should have to form very deep, trust based relationship with their students resulting in positive word of mouth about the experience they had at their institution.

12) In order to strengthen their brand's position in the marketplace, institutions must ensure that curriculum and teaching pedagogy must be relevant in today's global marketplace.

13) Being service provider educational institutions must have to consider and use cleverly physical evidence as an important element of marketing mix.

Tools and Techniques of Branding – Branding in higher education should be done more scientifically. Certain tools and techniques should be used. Some major branding tools are –

1) Making the Brand Promise – To make a sound brand promise, brand tactics, brand strategy must be in line with institute's mission and value; and institute must also clearly define how it wants to be seen by others (desired brand identity), that

can be defined with the assessment of the existing brand image for various stakeholder valued by the institution with the outcome to gain insight into current reality. Thereafter current reality is matched against the institution's vision for its brand identity in order to determine if there is any gap exists between the two. This gap helps institution to strategically target and formulate brand strategy which in turn fosters effective positioning of institution's brand among competitors. The institution must then focus on 5M's of branding and positioning i.e. mission, media, message, money and measurement. Success of the education branding depends on the degree to which above mentioned practical aspects (5M's and tactical moves) are strictly adhered. Even with careful planning and execution, all the efforts in making the brand promise may go in vein if stakeholder's experience with the institution is not in line with the brand message, so the golden mantra for education branding is 'promise less and deliver more'.

2) Enabling the Brand Promise - Enabling the brand promise is all about the internal marketing programme that is targeted to internal customers (faculty members, administrative staff, support staff etc) to enable them to fulfill what was promised to external customers. The internal marketing starts with attracting and selecting the best and most suitable resources for the organization. Institutions need to attract qualified and talented faculty and staff so that they offer quality services to the students. They should also have the right attitude and mindset to work in a service organization. The next step is to motivate them through effective job design and reward system. There should be better cooperation and coordination among institute people to ensure satisfaction and higher productivity. This can be achieved by encouraging teamwork in the organization. The next important step is proper education and training i.e. enabling the employee understand the role he has to play in the organization, the importance of his role. Employee empowerment is another prerequisite; institutes should give their faculty and

staff enough freedom to take important decisions as and when required.

3) Delivering the Brand Promise - To deliver the brand promise effectively, there must be an analogy between what an institution claims to be and what its stakeholders actually experience in all the service encounters (moments of truth) with any individual or unit associated with the institution in order to effectively shape how stakeholders view an institution. Once the brand promise is broadly understood, the brand promise can be effectively delivered by first defining it clearly. Once the definition of brand promise is clearly understood, an institution must live the brand promise i.e. the faculty, staff and administrators must acts as 'institutional trust agent'. In delivering the brand promise, especially in services, moments of truth i.e. service encounter plays an important role. There are many moments of truth in a day whether it is occurred in the classroom, administrative office, and examination, in canteen, through a campus event, online, in person, or on the phone. Each experience either makes or breaks institutional trust. The next challenging task is to implement and execute what was promised to the stakeholder that means the brand promise must be executed and personified through services, business transactions, human interactions, teaching learning process, information delivery and learning experiences. When an educational institution effectively communicate the brand promise to its stakeholders, it helps in correcting the negative impressions of the stakeholders of the institution that might have formed in information vacuum-usually based on anecdotes, media coverage, and the negative experiences of the few. Thus it can be proposed that, effective delivery of brand promise requires managing stakeholders' experiences and expectations carefully, promotion of promise delivery successes, as well as planned and intentional efforts to build institutional loyalty over time. Finally, it is to be suggested that branding in higher education is very much a strategic process in which fundamental questions such as Who are we?, What are our values?, What do we want to

become? etc. are needs to carefully addressed.  
Guidelines for making a Strong Brand - To create a strong brand an institute must do the following-

- 1) Understand brand meaning and market appropriate product or service in a right manner.
- 2) Properly position the brand in the competitive market.
- 3) Provide superior delivery of desired benefits to the target.
- 4) Employ a full range of complementary brand element and supporting marketing activities.
- 5) Embrace integrated marketing communications and communicate with a consistent voice.
- 6) Measure consumer perception of value and develop a pricing strategy accordingly.
- 7) Establish credibility and appropriate brand personality and imagery.
- 8) Maintain innovation and relevance for the brand.
- 9) Strategically design and implement a brand hierarchy and brand portfolio.
- 10) Implement a brand equity management system to ensure that marketing actions properly reflect the brand equity concept.

Conclusion- On account of increased competition in the field of higher education - both at national and international fronts, amongst the higher education institutions there is an emerging trend to stay competitive. The image and brand of a higher education institution has become more important than ever before and it also has become a major strategic issue. Moreover, branding must be focused on bringing systematic institutional change by applying three pronged approach i.e. making the brand promise, enabling the brand promise and delivering the brand promise. In higher education, branding should also be used as a catalyst for defining who the institution is and also what it wants to become. Branding in higher education can also be a means of unifying the institution around a common purpose and vision. Hence, education being branded holds opportunities and threats, but with the right attitude it could embrace a larger community that will not only benefit but will want to contribute and own a part of the premise that brand represents. In the context of the changing meaning of a brand and its application in higher education it

can be said that, education being branded is natural and holds promise.

One should always remember that, educational brand strategy should not limited to marketing and advertising campaigns. Most importantly academic quality matters a great deal when institutions try to build their public identity or brand, the definitions of quality are likely to vary with the local situation and be measured differently. What is constant, however, is the requirement that institutions declare themselves focused on quality standards and be willing to meet them. Thus, brand and quality are directly related to each other.

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### Economic Impact Of FDI In India During 2013-14

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#### Abstract:

As the third-largest economy in the world in PPP terms, India is a preferred destination for FDI. During the year 2011, FDI inflow into India stood at \$36.5 billion, 51.1% higher than 2010 figure of \$24.15 billion. India has strengths in telecommunication, information technology and other significant areas such as auto components, chemicals, apparels, pharmaceuticals, and jewellery. Despite a surge in foreign investments, rigid FDI policies were a significant hindrance. However, due to positive economic reforms aimed at deregulating the economy and stimulating foreign investment, India has positioned itself as one of the front-runners of the rapidly growing Asia-Pacific region. India has a large pool of skilled managerial and technical expertise. The size of the middle-class population stands at 300 million and represents a growing consumer market.

The research paper is descriptive in nature. Data has been collected from the various published reports of RBI, news papers, books and Magazines, survey of outlook.

Key Words : FDI, GDP

#### Introduction:

Foreign direct investment (FDI) has proved to be resilient during financial crises. The measures of it, flows and stocks of direct investment, are the only virtually ubiquitous quantitative indicators of FDI. Foreign direct investment (FDI) influences the host country economic growth through the transfer of new technologies and know-how, formation of human resources integration in global markets, increase of competition, and firms development and reorganization. A variety of studies considers that FDI generate economic growth in the host country. However, there is also evidence that FDI is a source of negative effects. Given this ambiguity of results, the present paper makes a review of the existing theoretical and empirical literature on the subject, intending to shed light on the main explanations for the divergence of results in different studies. The

main idea that stands out in this review is that the effects of FDI on economic growth are dependent on the existing or subsequently developed internal conditions of the host country (economic, political, social, cultural or other). Thus, the host countries authorities have a key role in creating the conditions that allow for the leverage of the positive effects or for the reduction of the negative effects of FDI on the host country's economic growth.

#### Review of Literature

Aggarwal (2005) found that rigid labour markets in Indian states discourage FDI. The effect of labour market rigidities and labour cost, however, was more pronounced for the export-oriented as compared to the domestic market seeking FDI. The study also pointed out that the presence of EPZ worked as a relevant pull factor for export oriented FDI. Econometric evidence found in the study suggested that infrastructure, regional development



and human development were also key factors in attracting higher FDI both in the export and domestic market sectors.

In a study on business environment, clustering and industry location in the Indian Cities, using firm level data collected in the 2003 round of the Investment Climate Survey (ICS) for India.

Chidlow and Young (2008) found that Polish regions differed substantially in attracting foreign capital and the regional characteristics mattered in the selection of location. using survey data from an online questionnaire and a multinomial logit model incorporating investor specific characteristics, they showed that knowledge-seeking factors alongside market and agglomeration factors, acted as the main drivers of FDI to Mazowieckie region (including Warsaw), while efficiency (low input cost, availability of labor and resources) and geographic factors encouraged FDI to the other areas of Poland.

In the context of the United States, Coughlin, Terza and Aromdee (1989) found that the number of potential sites, state per capita income, manufacturing density within a state, better transportation infrastructure, higher unemployment rates and higher expenditures to attract FDI were positively linked to FDI flows. On the other hand, higher wages and higher tax rates had negative impact on FDI flows.

Fisher and Peters (1998) found that incentives offered by various states had a positive impact on investment flows to the US. Incentives considered in their study include job credits, property tax abatements, sales tax exemptions, grants, loan guarantees, firm specific job training and infrastructure subsidies. Within the European Union member states, the long term trends point out the existence of a negative relationship between taxation and FDI inflows.

Ramachandran and Goebel (2002) pointed out that Tamil Nadu had emerged as one of the most favored investment destination in India on account of a number of advantages viz., strong and stable

government with pro-active government policies, investor-friendly and transparent decision making process, sound diversified industrial infrastructure, comfortable power situation, abundant availability of skilled manpower, harmonious industrial relations and absence of labour unrest, high quality of work culture and peaceful life, best incentives package in the country, highly cosmopolitan composition and high proportion of English speaking population. FDI in Tamil Nadu is dominated by investments in the IT sector.

Santis, Mercuri and Vicarelli (2001) found that FDI flows within the European Union member states were more influenced by the net total fiscal wedge on labor than corporate tax rates. Overall, the theory and the empirical literature suggest that the most important determinants of the regional distribution of FDI flows within a country include the size and growth of the local market, the level of industrial activity, the growth of the services sector, the availability and quality of physical infrastructure, labor market conditions and quality of labor, policy environment and tax incentives, business climate and the presence of agglomeration economies.

#### FDI Policy Framework in India

There has been a sea change in India's approach to foreign investment from the early 1990s when it began structural economic reforms encompassing almost all the sectors of the economy.

#### Pre-Liberalization Period

Historically, India had followed an extremely cautious and selective approach while formulating FDI policy in view of the dominance of 'import-substitution strategy' of industrialization. With the objective of becoming 'self reliant', there was a dual nature of policy intention – FDI through foreign collaboration was welcomed in the areas of high technology and high priorities to build national capability and discouraged in low technology areas to protect and nurture domestic industries. The regulatory framework was consolidated through the

enactment of Foreign Exchange Regulation Act (FERA), 1973 wherein foreign equity holding in a joint venture was allowed only up to 40 per cent. Subsequently, various exemptions were extended to foreign companies engaged in export oriented businesses and high technology and high priority areas including allowing equity holdings of over 40 per cent. Moreover, drawing from successes of other country experiences in Asia, Government not only established special economic zones (SEZs) but also designed liberal policy and provided incentives for promoting FDI in these zones with a view to promote exports. As India continued to be highly protective, these measures did not add substantially to export competitiveness. Recognizing these limitations, partial liberalization in the trade and investment policy was introduced in the 1980s with the objective of enhancing export competitiveness, modernization and marketing of exports through Trans-national Corporations (TNCs). The announcements of Industrial Policy (1980 and 1982) and Technology Policy (1983) provided for a liberal attitude towards foreign investments in terms of changes in policy directions. The policy was characterized by de-licensing of some of the industrial rules and promotion of Indian manufacturing exports as well as emphasizing on modernization of industries through liberalized imports of capital goods and technology. This was supported by trade liberalization measures in the form of tariff reduction and shifting of large number of items from import licensing to Open General Licensing (OGL).

#### Post-Liberalization Period

A major shift occurred when India embarked upon economic liberalization and reforms program in 1991 aiming to raise its growth potential and integrating with the world economy. Industrial policy reforms gradually removed restrictions on investment projects and business expansion on the one hand and allowed increased access to foreign technology and funding on the other. A series of measures that were directed towards liberalizing foreign investment included: (i) introduction of dual route of

approval of FDI – RBI's automatic route and Government's approval (SIA/FIPB) route, (ii) automatic permission for technology agreements in high priority industries and removal of restriction of FDI in low technology areas as well as liberalization of technology imports, (iii) permission to Non-resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) to invest up to 100 per cent in high priorities sectors, (iv) hike in the foreign equity participation limits to 51 per cent for existing companies and liberalization of the use of foreign 'brands name' and (v) signing the Convention of Multilateral Investment Guarantee Agency (MIGA) for protection of foreign investments. These efforts were boosted by the enactment of Foreign Exchange Management Act (FEMA), 1999 [that replaced the Foreign Exchange Regulation Act (FERA), 1973] which was less stringent. This along with the sequential financial sector reforms paved way for greater capital account liberalization in India.

Investment proposals falling under the automatic route and matters related to FEMA are dealt with by RBI, while the Government handles investment through approval route and issues that relate to FDI policy per se through its three institutions, viz., the Foreign Investment Promotion Board (FIPB), the Secretariat for Industrial Assistance (SIA) and the Foreign Investment Implementation Authority (FIIA).

FDI under the automatic route does not require any prior approval either by the Government or the Reserve Bank. The investors are only required to notify the concerned regional office of the RBI within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issuance of shares to foreign investors. Under the approval route, the proposals are considered in a time-bound and transparent manner by the FIPB. Approvals of composite proposals involving foreign investment/ foreign technical collaboration are also granted on the recommendations of the FIPB. Current FDI policy in terms of sector specific limits has been summarized in Table 1 below :

If we see the table 1 below it can be clearly interpreted that since 2000-01 till 2005-06, it is not the period of FDI in India as there was only minor changes in the total amount of FDI but from 2006-07 where direct investment in India was Rs. 1026.52 billion and net direct investment was Rs. 349.10 billion which has increased to Rs. 1907 billion and Rs. 1000 billion respectively in 2008-09. In later years there was a downfall but not very major one. In 2012-13 Direct investment was Rs. 1078.60 billion

and total foreign investment inflow was Rs. 2544.19 billion. It is clearly seen that from 2006 to 2009 there was high increase in FDI but in the later years the inflow remains the same or shown a gradual decline. This is due to the financial crisis and depression in the international as well as Indian economy. On the other hand the portfolio investment has shown a better performance during these years as compared to direct investment which has made the total foreign investment figures high in the later years.

Table-1: Total Foreign Investment

(Rs. Billions)

| Year    | Gross Inflow/ Gross Investment | Direct Investment in India | Net Foreign Direct Investment | Net Portfolio Investment | Total   |
|---------|--------------------------------|----------------------------|-------------------------------|--------------------------|---------|
| 2000-01 | 184.04                         | 184.04                     | 149.24                        | 118.20                   | 267.44  |
| 2001-02 | 292.69                         | 292.45                     | 226.30                        | 92.90                    | 319.20  |
| 2002-03 | 246.81                         | 243.97                     | 155.94                        | 45.04                    | 200.98  |
| 2003-04 | 198.30                         | 198.30                     | 109.44                        | 518.98                   | 628.42  |
| 2004-05 | 272.34                         | 269.47                     | 167.45                        | 413.12                   | 580.57  |
| 2005-06 | 397.30                         | 394.57                     | 134.25                        | 553.57                   | 687.82  |
| 2006-07 | 1030.37                        | 1026.52                    | 349.10                        | 318.81                   | 667.91  |
| 2007-08 | 1398.84                        | 1394.21                    | 637.76                        | 1106.19                  | 1743.95 |
| 2008-09 | 1914.00                        | 1907.00                    | 1000.00                       | -651.00                  | 349.00  |
| 2009-10 | 1796.00                        | 1578.00                    | 858.00                        | 1540.00                  | 2398.00 |
| 2010-11 | 1643.00                        | 1324.00                    | 541.00                        | 1394.00                  | 1935.00 |
| 2011-12 | 2198.54                        | 1548.16                    | 1021.37                       | 851.26                   | 1872.63 |
| 2012-13 | 1864.98                        | 1465.82                    | 1078.60                       | 1465.59                  | 2544.19 |

Note : 1. Data for 2012-13 are provisional.

Source: RBI

Table -2 : FOREIGN DIRECT INVESTMENT FLOWS TO INDIA:  
COUNTRY-WISE AND INDUSTRY-WISE

(US \$ million)

| Source/Industry      | 2008-09 | 2009-10 | 2010-11 | 2011-12 P | 2012-13 P |
|----------------------|---------|---------|---------|-----------|-----------|
| 1                    | 2       | 3       | 4       | 5         | 6         |
| Total FDI            | 22,697  | 22,461  | 14,939  | 23,473    | 18,286    |
| Country-wise Inflows |         |         |         |           |           |
| Mauritius            | 10,165  | 9,801   | 5,616   | 8,142     | 8,059     |
| Singapore            | 3,360   | 2,218   | 1,540   | 3,306     | 1,605     |
| U.S.A                | 1,236   | 2,212   | 1,071   | 994       | 478       |
| Cyprus               | 1,211   | 1,623   | 571     | 1568      | 415       |
| Japan                | 266     | 971     | 1,256   | 2,089     | 1,340     |
| Netherlands          | 682     | 804     | 1,417   | 1,289     | 1,700     |
| United Kingdom       | 690     | 643     | 538     | 2760      | 1,022     |
| Germany              | 611     | 602     | 163     | 368       | 467       |
| UAE                  | 234     | 373     | 188     | 346       | 173       |
| France               | 437     | 283     | 486     | 589       | 547       |
| Switzerland          | 135     | 96      | 133     | 211       | 268       |
| Hong Kong SAR        | 155     | 137     | 209     | 262       | 66        |
| Spain                | 363     | 125     | 183     | 251       | 348       |
| South Korea          | 95      | 159     | 136     | 226       | 224       |
| Luxembourg           | 23      | 40      | 248     | 89        | 34        |
| Others               | 3,034   | 2,374   | 1,184   | 983       | 1,540     |
| Sector-wise Inflows  |         |         |         |           |           |

|  |       |       |       |       |      |
|--|-------|-------|-------|-------|------|
| Manufacture  | 4,777 | 5,143 | 4,793 | 9,337 | 6528 |
| Construction   | 2,237 | 3,516 | 1,599 | 2,634 | 1319 |
| Financial Services   | 4,430 | 2,206 | 1,353 | 2,603 | 2760 |
| Real Estate Activities   | 1,886 | 2,191 | 444   | 340   | 197  |
| Electricity and other Energy Generation, Distribution & Transmission | 669   | 1,877 | 1,338 | 1,395 | 1653 |
| Communication Services   | 2,067 | 1,852 | 1,228 | 1,458 | 92   |
| Business Services  | 643   | 1,554 | 569   | 1590  | 643  |
| Miscellaneous Services   | 1,458 | 888   | 509   | 801   | 552  |
| Computer Services  | 1,647 | 866   | 843   | 736   | 247  |
| Restaurants & Hotels   | 343   | 671   | 218   | 870   | 3129 |
| Retail & Wholesale Trade   | 294   | 536   | 391   | 567   | 551  |
| Mining   | 105   | 268   | 592   | 204   | 69   |
| Transport  | 401   | 220   | 344   | 410   | 213  |
| Trading  | 400   | 198   | 156   | 6     | 140  |
| Education, Research & Development                                    | 243   | 91    | 56    | 103   | 150  |
| Others   | 1,097 | 384   | 506   | 419   | 43   |
| Source: RBI  |       |       |       |       |      |
| P- Provisional   |       |       |       |       |      |

It can be seen from the table 2 that the maximum foreign investment India is receiving from Mauritius, the next higher amount of Foreign investment is received from Netherland and third highest sources is from Japan. If we look in to table 2 further we find that most of foreign investment is utilized in Manufacture Sector , Restaurant and Hotels and Financial Services.

Expected impact of FDI on various Items During 2014

*Projections for key macro-economic variables\**

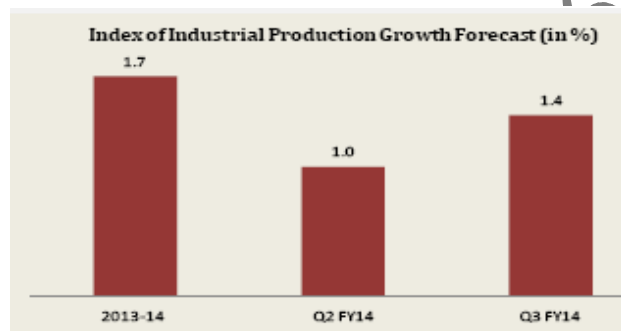
| Annual               | Q2 FY14 |      |     | Q3 FY14 |      |     |
|----------------------|---------|------|-----|---------|------|-----|
| Growth               | Median  | Min  | Max | Median  | Min  | Max |
| GDP                  | 5.0     | 4.0  | 5.6 | 4.5     | 3.7  | 5.3 |
| Agriculture & Allied | 3.3     | 2.2  | 5.0 | 3.2     | 1.5  | 5.0 |
| Industry             | 1.7     | -1.0 | 3.5 | 1.5     | -2.0 | 3.1 |
| Services             | 6.8     | 5.5  | 9.6 | 6.5     | 5.4  | 9.3 |

Sources: Economic Outlook Survey, October 2013



for GDP growth ranged from a minimum of 4.0% to a maximum of 5.6%.

While agricultural growth is expected to remain good, a sharp decline in industry growth has been indicated as per the latest projections. The forecast for industry growth is pegged at 1.7% (for FY 14) in the present survey down from 4.5% (for FY 14)



IIP to grow at a rate of 1.7% in FY14, ranging from a minimum of (-) 1.1% to a maximum of 3.2%. The forecast for Q2 FY14 is 1.0% (minimum of 0.2% and maximum at 3.1%) and for Q3 FY14 is 1.4% (minimum at (-) 0.1% and maximum at 3.8%).

#### NON PERFORMING ASSETS:

From the survey it has been found that NPAs is likely to increase by end of FY14 and pressure on Rupee, interest rate is likely to remain high. This will put pressure on leveraged companies' balance sheet and this could drive the NPAs of the banking sector higher.

It was also indicated that besides bad loans, restructured advances also pose a threat to the banking system as a major portion of these loans is likely to turn bad in the absence of a significant recovery in the economy. The RBI with effect from June this year had increased the provision for new restructured loans to 5% as against the earlier requirement of 2.75%.

Further indication was that non-performing assets would go up across a wide array of sectors, which

GDP growth of 5.0% for FY 14 which is less than 6.0% growth indicated in last survey. The estimate

included- Iron & steel, power generation, automobiles and ancillaries, telecommunication, aviation, construction & real estate and cement.

#### RUPEE:

It is felt that Rupee will remain weak in the immediate future before recovering modestly. It is expected to be in the range of 62-65 against US dollar in near term. Various measures have been announced by the Reserve Bank of India and Government to arrest the fall in the Rupee value. These have had some impact and the Rupee did gain vis-a-vis the dollar in the past few weeks. Nevertheless, downside risks remain in the form of twin deficits and sluggish economic growth.

RBI has been very cautious in directly intervening in the forex market, as the country's foreign exchange reserves are sufficient to cover imports for only about six to seven months. Therefore, without a significant improvement in trade deficit levels or capital inflow acceleration, the Rupee may further depreciate in the immediate future.

Further, the economists felt that steps announced by Dr. Raghuram Rajan, Governor, Reserve Bank of India after assuming office if taken up in the right earnest will prove to be beneficial.

#### Conclusion:

In emerging economies where manufacturing firms are constrained by cumbersome business environments, it is particularly relevant to understand how the performance of service sectors can be improved and how that supports business development and, thus, overall economic growth. FDI is a potentially powerful means to achieve such improvements as it might increase the quality and variety of services available as well as lower their cost.

Manufacturing firms may benefit from their interaction with foreign services suppliers through spillovers of management, organizational, marketing, or technological knowledge. FDI has proved to stimulate economic growth and

development in many of the countries including India. It not only promotes capital formation but also improves the quality of capital stock. In order to promote competitive markets developing nations must reduce restrictions on FDI. We need to learn from the experiences of successful countries. The ultimate motive should be to minimize the "bads" and maximise the "benefits". The benefits from FDI tend to be maximized when foreign investors operate on an even and competitive playing field. A competitive and even playing field creates incentives to upgrade productivity throughout the economy; countries also need domestic actors capable of responding to these incentives. This implies that the domestic labour force must be capable enough of taking advantage of the skills upon which these firms have an edge.

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### The Emerging Green Marketing Concepts and its Impact

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#### ABSTRACT

In today's business world environmental issues plays an important role in marketing. All most all the governments around the world have concerned about green marketing activities that they have attempted to regulate them. For example, in the United States (US) the Federal Trade Commission and the National Association of Attorneys-General have developed extensive documents examining green marketing. There has been little attempt to academically examine environmental or green marketing. This article introduces the terms and concepts of green marketing, briefly discuss why going green is important and also examine some of the reason that organizations are adopting a green marketing philosophy. It also focuses some of the problems with green marketing.

#### INTRODUCTION

Many people believe that green marketing refers solely to the promotion or advertising of products with environmental characteristics. Generally terms like Phosphate Free, Recyclable, Refillable, Ozone Friendly, and Environmentally Friendly are some of the things consumers most often associate with green marketing. In general green marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and even services. For example, around the world there are resorts that are beginning to promote themselves as "ecotourism" facilities, i.e., facilities that specialize in experiencing nature or operating in a fashion that minimizes their environmental impact. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. But to define green marketing is not a simple task. The terminology used in this area has varied, it includes: Green Marketing, Environmental Marketing and Ecological Marketing. While green marketing came into prominence in the late 1980s and early 1990s, it was first discussed much earlier. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing". Green marketing is defined as ***"Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction***

***of these needs and wants occurs, with minimal detrimental impact on the natural environment."***

This definition incorporates much of the traditional components of the marketing definition, that is "All activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants" Therefore it ensures that the interests of the organization and all its consumers are protected, as voluntary exchange will not take place unless both the buyer and seller mutually benefit. The above definition also includes the protection of the natural environment, by attempting to minimize the detrimental impact this exchange has on the environment. This second point is important, for human consumption by its very nature is destructive to the natural environment. So green marketing should look at minimizing environmental harm, not necessarily eliminating it.

#### Evolution of Green Marketing

The green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as "Ecological" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and

waste issues. Third phase was "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000.

### IMPORTANCE OF GREEN MARKETING

Man has limited resources on the earth, with which she/he must attempt to provide for the world's unlimited wants. There is extensive debate as to whether the earth is a resource at man's disposal. In market societies where there is "freedom of choice", it has generally been accepted that individuals and organizations have the right to attempt to have their wants satisfied. As firms face limited natural resources, they must develop new or alternative ways of satisfying these unlimited wants. Ultimately green marketing looks at how marketing activities utilize these limited resources, while satisfying consumers' wants, both of individuals and industry, as well as achieving the selling organization's objectives.

When looking through the literature there are several suggested reasons for firms' increased use of Green Marketing. Five possible reasons are as follows:

1. Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives.
2. Organizations believe they have a moral obligation to be more socially responsible. Governmental bodies are forcing firms to become more responsible.
3. Competitors' environmental activities pressure firms to change their environmental marketing activities.
4. Cost factors associated with waste disposal, or reductions in material usage force firms to modify their behavior.

### OPPORTUNITIES

All types of consumers, both individual and industrial, are becoming more concerned and aware about the natural environment. In a 1992 study of 16 countries, more than 50% of consumers in each country, other than Singapore, indicated they were concerned about the environment. A 1994 study in Australia found that 84.6% of the sample believed all individuals had a responsibility to care for the environment. A further 80% of this sample indicated that they had modified their behavior, including their purchasing behavior, due to environmental reasons. As demands change, many firms see these changes as an opportunity to be exploited. It can be assumed that firms marketing goods with environmental characteristics will have

a competitive advantage over firms marketing non-environmentally responsible alternatives. There are numerous examples of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer need. McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion. Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.

This is not to imply that all firms who have undertaken environmental marketing activities actually improve their behavior. In some cases firms have misled consumers in an attempt to gain market share. In other cases firms have jumped on the green bandwagon without considering the accuracy of their behavior, their claims, or the effectiveness of their products. This lack of consideration of the true "greenness" of activities may result in firms making false or misleading green marketing claims.

### Three keys to successful green marketing

Show potential customers that you follow green business practices and you could reap more green on your bottom line. Green Marketing isn't just a catchphrase; it's a marketing strategy that can help you get more customers and make more money. But only if you do it right.

For green marketing to be effective, you have to do three things; be genuine, educate your customers, and give them the opportunity to participate.

1) Being genuine means that a) that you are actually doing what you claim to be doing in your green marketing campaign and b) that the rest of your business policies are consistent with whatever you are doing that's environmentally friendly. Both these conditions have to be met for your business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.

2) Educating your customers isn't just a matter of letting people know you're doing whatever you're doing to protect the environment, but also a matter of letting them know why it matters. Otherwise, for a significant portion of your target

market, it's a case of "So what?" and your green marketing campaign goes nowhere.

3) Giving your customers an opportunity to participate means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action.

#### Benefits of Green Marketing

Companies that develop new and improved products and services with environment inputs in mind give themselves access to new markets, increase their profit sustainability, and enjoy a competitive advantage over the companies which are not concerned for the environment.

#### Adoption of Green Marketing

There are basically five reasons for which a marketer should go for the adoption of green marketing. They are -

- Opportunities or competitive advantage
- Corporate social responsibilities (CSR)
- Government pressure
- Competitive pressure
- Cost or profit issues

#### Green Marketing Mix

Every company has its own favorite marketing mix. Some have 4 P's and some have 7 P's of marketing mix. The 4 P's of green marketing are that of a conventional marketing but the challenge before marketers is to use 4 P's in an innovative manner.

##### Product

The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources (Keller man, 1978).

##### Price

Price is a critical and important factor of green marketing mix. Most consumers will only be prepared to pay additional value if there is a

perception of extra product value. This value may be improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price.

##### Promotion

There are three types of green advertising: -

Ads that address a relationship between a product/service and the biophysical environment

Those that promote a green lifestyle by highlighting a product or service

Ads that present a corporate image of environmental responsibility

##### Place

The choice of where and when to make a product available will have significant impact on the customers. Very few customers will go out of their way to buy green products.

##### Strategies

The marketing strategies for green marketing include: -

- Marketing Audit (including internal and external situation analysis)
- Develop a marketing plan outlining strategies with regard to 4 P's
- Implement marketing strategies
- Plan results evaluation

##### Challenges Ahead

- Green products require renewable and recyclable material, which is costly
- Requires a technology, which requires huge investment in R & D
- Water treatment technology, which is too costly

- Majority of the people are not aware of green products and their uses
- Majority of the consumers are not willing to pay a premium for green products

#### Some Cases

- McDonald's restaurant's napkins, bags are made of recycled paper.
- Coca-Cola pumped syrup directly from tank instead of plastic which saved 68 million pound/year.
- Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution.
- Barauni refinery of IOC is taken steps for restricting air and water pollutants.

### **SOCIAL RESPONSIBILITY & GREEN MARKETING**

Many firms are beginning to realize that they are members of the wider community and therefore must behave in an environmentally responsible fashion. This translates into firms that believe they must achieve environmental objectives as well as profit related objectives. This results in environmental issues being integrated into the firm's corporate culture. Firms in this situation can take two perspectives; (1) they can use the fact that they are environmentally responsible as a marketing tool; or (2) they can become responsible without promoting this fact. There are examples of firms adopting both strategies. Organizations like the Body Shop heavily promote the fact that they are environmentally responsible. While this behavior is a competitive advantage, the firm was established specifically to offer consumers environmentally responsible alternatives to conventional cosmetic products. This philosophy is directly tied to the overall corporate culture, rather than simply being a competitive tool. An example of a firm that does not promote its environmental initiatives is Coca-Cola. They have invested large sums of money in various recycling activities, as well as having modified their packaging to minimize its environmental impact. While being concerned about the environment, Coke has not used this concern as a marketing tool. Thus many consumers may not realize that Coke is a very environmentally committed organization. Another firm who is very environmentally responsible but does not promote this fact, at least outside the organization, is Walt Disney World (WDW).

WDW has an extensive waste management program and infrastructure in place, yet these facilities are not highlighted in their general tourist promotional activities.

### **GOVERNMENTAL PRESSURE**

As with all marketing related activities, governments want to "protect" consumers and society; this protection has significant green marketing implications. Governmental regulations relating to environmental marketing are designed to protect consumers in several ways, 1) reduce production of harmful goods or by-products; 2) modify consumer and industry's use and/or consumption of harmful goods; or 3) ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

Governments establish regulations designed to control the amount of hazardous wastes produced by firms. Many by-products of production are controlled through the issuing of various environmental licenses, thus modifying organizational behavior. In some cases governments try to "induce" final consumers to become more responsible. For example, some governments have introduced voluntary curb-side recycling programs, making it easier for consumers to act responsibly. In other cases governments tax individuals who act in an irresponsible fashion. For example in Australia there is a higher gas tax associated with leaded petrol.

### **COMPETITIVE PRESSURE**

Another major force in the environmental marketing area has been firms' desire to maintain their competitive position. In many cases firms observe competitors promoting their environmental behaviors and attempt to emulate this behavior. In some instances this competitive pressure has caused an entire industry to modify and thus reduce its detrimental environmental behavior. For example, it could be argued that Xerox's "Revive 100% Recycled paper" was introduced a few years ago in an attempt to address the introduction of recycled photocopier paper by other manufacturers. In another example when one tuna manufacturer stopped using driftnets the others followed suit.

### **COST OR PROFIT ISSUES**

Firms may also use green marketing in an attempt to address cost or profit related issues. Disposing of environmentally harmful by-products, such as polychlorinated biphenyl (PCB) contaminated oil are becoming increasingly costly and in some cases

difficult. Therefore firms that can reduce harmful wastes may incur substantial cost savings. When attempting to minimize waste, firms are often forced to re-examine their production processes. In these cases they often develop more effective production processes that not only reduce waste, but reduce the need for some raw materials. This serves as a double cost savings, since both waste and raw material are reduced. In other cases firms attempt to find end-of-pipe solutions, instead of minimizing waste. In these situations firms try to find markets or uses for their waste materials, where one firm's waste becomes another firm's input of production. One Australian example of this is a firm who produces acidic waste water as a by-product of production and sells it to a firm involved in neutralizing base materials. The last way in which cost or profit issues may affect firms' environmental marketing activities is that new industries may be developed. This can occur in two ways: 1) a firm develops a technology for reducing waste and sells it to other firms; or 2) a waste recycling or removal industry develops. For example, firms that clean the oil in large industrial condensers increase the life of those condensers, removing the need for replacing the oil, as well as the need to dispose of the waste oil. This reduces operating costs for those owning the condensers and generates revenue for those firms cleaning the oil.

### **SOME PROBLEMS WITH GREEN MARKETING**

There are a number of potential problems that must overcome. One of the main problems is that firms using green marketing must ensure that their activities are not misleading to consumers or industry, and do not breach any of the regulations or laws dealing with environmental marketing. Green marketing claims must clearly state environmental benefits. A problem of the firms face is that those who modify their products due to increased consumer concern must contend with the fact that consumers' perceptions are sometimes not correct. For example the McDonald's case where it has replaced its clam shells with plastic coated paper. There is ongoing scientific debate which is more environmentally friendly. Some scientific evidence suggests that when taking a cradle to grave approach, polystyrene is less environmentally harmful if this is the case McDonald's bowed to consumer pressure, yet has chosen the more environmentally harmful option. When firms attempt to become socially responsible, they may face the risk that the environmentally responsible action of today will be found to be harmful in the future. Take for example the aerosol industry which has switched from CFCs (chlorofluorocarbons) to HFCs (hydro

fluorocarbons) only to be told HFCs are also a greenhouse gas. Some firms now use DME (dimethyl ether) as an aerosol propellant, which may also harm the ozone layer. Given the limited scientific knowledge at any point, it may be impossible for a firm to have made the correct environmental decision. This may explain why some firms, like Coca-Cola and Walt Disney World, are becoming socially responsible without publicizing the point. They may be protecting themselves from potential future negative backlash; if it is determined they made the wrong decision in the past. While governmental regulation is designed to give consumers the opportunity to make better decisions or to motivate them to be more environmentally responsible, there is difficulty in establishing policies that will address all environmental issues. For example, guidelines developed to control environmental marketing address only a very narrow set of issues, i.e., the truthfulness of environmental marketing claims. If governments want to modify consumer behavior they need to establish a different set of regulations. Thus governmental attempts to protect the environment may result in a proliferation of regulations and guidelines, with no one central controlling body. Reacting to competitive pressures can cause all "followers" to make the same mistake as the "leader." Mobil Corporation who has followed the competition and introduced "biodegradable" plastic garbage bags, as because technically these bags were biodegradable, the conditions under which they were disposed did not allow biodegradation to occur. Mobil was sued by several US states for using misleading advertising claims. Thus blindly following the competition can have costly ramifications.

The push to reduce costs or increase profits may not force firms to address the important issue of environmental degradation. End-of-pipe solutions may not actually reduce the waste but rather shift it around. While this may be beneficial, it does not necessarily address the larger environmental problem, though it may minimize its short term affects. Ultimately most waste produced will enter the waste stream, therefore to be environmentally responsible organizations should attempt to minimize their waste, rather than find "appropriate" uses for it.

### **CONCLUSION**

Green marketing covers more than a firm's marketing claims. While firms must bear much of the responsibility for environmental degradation, ultimately it is consumers who demand goods, and thus create environmental problems. One example of this is where McDonald's is often blamed for polluting the environment because much of their

packaging finishes up as roadside waste. It must be remembered that it is the uncaring consumer who chooses to dispose of their waste in an inappropriate fashion. While firms can have a great impact on the natural environment, the responsibility should not be theirs alone. It appears that consumers are not overly committed to improving their environment and may be looking to lay too much responsibility on industry and government. Ultimately green marketing requires that consumers want a cleaner environment and are willing to "pay" for it, possibly through higher priced goods, modified individual lifestyles, or even governmental intervention. Until this occurs it will be difficult for firms alone to lead the green marketing revolution. It must not be forgotten that the industrial buyer also has the ability to pressure suppliers to modify their activities. Thus an environmental committed organization may not only produce goods that have reduced their detrimental impact on the environment, they may also be able to pressure their suppliers to behave in a more environmentally "responsible" fashion. Final consumers and industrial buyers also have the ability to pressure organizations to integrate the environment into their corporate culture and thus ensure all organizations minimize the detrimental environmental impact of their activities.

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**Green Marketing Innovation in the Business: An opportunity and Challenges**

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**Abstract**

The aim of this study to innovate some new concept in the field of Green Marketing to satisfy unlimited Human needs and wants. In India, the concept of Green marketing is new which not only provide global platform but also provides lots of opportunity to explore the world and to better serve the society. It also examines the correct way to maximize an organization's resources by exploring customer needs and awareness of what's customers like. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising.

Key words: Green Innovation, opportunities and Challenges in Green Marketing.

**Introduction**

The present paper discusses the emergence of environmentalism in India and examines the response of government agencies, consumers, non-business organizations and corporate houses to the rising levels of pollution and environmental degradation in the country. Along with a brief introduction to the concept of green marketing, a review of the factors responsible for motivating business firms to go green have been included in the first two sections, after which the paper moves on to a discussion of India's major environmental concerns and the efforts made at the governmental level to combat the environmental problems of the country. The paper concludes with a discussion of the future of green marketing in India along with the strategy implications and directions for research work.

**History of green marketing**

Green marketing has come into prominence in the last two decades, its usage dates back to the 1890s (Kuhre, 1996).

Polonsky (1994) defines green marketing as "all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment".

Peattie (1995), green marketing is "the holistic management process responsible for identifying and satisfying the requirements of customers and society, in a profitable and sustainable way".

Business concerns:-In the developed countries, retailers have also emerged as ecological

gatekeepers (Hansen, 1992) because of their legal liability to take back bottles and other empty containers from their customers. The reverse distribution not only adds to their distribution costs, but it also increases their workload. It has been reported that large quantities of scrap electronics are being exported from the United States to China, Pakistan and India where such waste is causing environmental and health problems (Danielle Knight, 2002)

## Literature Review

### 3.1 Evolution of Green Marketing

The term Green Marketing (popularly known as Environmental Marketing) came into prominence in the late 1980s and early 1990s. It began in Europe when specific products were identified as being harmful to the earth's atmosphere. As a consequence, new "green" products were introduced that were less damaging to the environment. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing". According to Peattie (2001), the evolution of green marketing has three phases: The first phase was known as "Ecological" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. The second phase was "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. The third phase was "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000. This was the result of the term sustainable development which is defined as "meeting the needs of the present without compromising the ability of future generations to meet their own needs."

### 3.2 Marketing Mix of Green Marketing

As soon as a company comes up with new innovations like eco friendly products, it can access new markets, enhance their market shares, and increase profits. Just as we have 4Ps; product, price, place and promotion in marketing, we have 4ps in green marketing too, but they are a bit different. They are buttressed by three additional Ps, namely people, planet and profits.

#### i. Product

The products have to be developed depending on the needs of the customers

who prefer environment friendly products. Products can be made from recycled materials or from used goods. Efficient products not only save water, energy and money, but also reduce harmful effects on the environment. Green chemistry forms the growing focus of product development. The marketer's role in product management includes providing product designers with market-driven trends and customer requests for green marketing attributes such as energy saving, organic, green chemicals, local sourcing, etc., For example, Nike is the first among the shoe companies to market itself as green.

#### ii. Price

Green pricing takes into consideration the people, planet and profit in a way that takes care of the health of employees and communities and ensures efficient productivity. Value can be added to it by changing its appearance, functionality and through customization, etc. Wal-Mart unveiled its first recyclable cloth shopping bag. IKEA started charging consumers when they opted for plastic bags and encouraged people to shop using its "Big Blue Bag".

#### iii. Place

Green place is about managing logistics to cut down on transportation emissions, thereby in effect aiming at reducing the carbon footprint. For example, instead of marketing an imported mango juice in India it can be licensed for local production. This avoids shipping of the product from far away, thus reducing shipping cost and more importantly, the consequent carbon emission by the ships and other modes of transport.

#### iv. Promotion

Green promotion involves configuring the tools of promotion, such as advertising, marketing materials, signage, white papers, web sites, videos and



presentations by keeping people, planet and profits in mind. Green marketer can attract customers on the basis of performance, money savings, health and convenience, or just plain environmental friendliness, so as to target a wide range of green consumers (Ottman, 1992). If companies want to adopt green marketing, and then their environmental concepts and ideas should be integrated into all aspects of marketing. Mainieri et al., (1997) define eco-friendly products as ecologically safe products that can facilitate the long term goal of protecting and preserving our natural habitat.

The Supreme Court of India has also, from time to time, pronounced judgments to protect the citizens' right to a wholesome environment as enshrined in Article 21 of the Constitution.

Roe et al. (2001) suggest that consumer driven purchases can support the future of renewable generation. Green marketing is a process which includes all marketing activities that are developed to trigger and to sustain consumers' environmental attitudes and behaviors. (Jain and Kaur, 2004).

### Global Scenario in Green Marketing

According to a 2007 McKinsey Survey of 7,751 people in Brazil, Canada, China, France, Germany, India, the UK and the US, 87% consumers worry about the environmental and social impact of products they buy.

Green marketing is considered as one of the major trends in modern businesses with lots of possibilities (Kassaye, 2001; McDaniel & Rylander, 1993; Pujari & Wright, 1996).

(Laroche, Bergeron, and Barbaro-Forleo 2001) consumers are willing to pay more for green products, while other consumers are not suggests that there has been an increase in the number of individuals who are willing to pay more for environmentally friendly products.

A global Synovate survey conducted in 2007 in association with Aegis, and repeated in 2008 in association with BBC World, also found that consumers in most countries are becoming more aware and willing to act on environmental concerns. According to comprehensive global report by Global Industry Analysts Inc. of 2011, the global market of environment marketing is projected to reach \$3.5 trillion by the year 2017, driven by the rising awareness about environmental issues among consumers,

governments and businesses. KPMG (2002) have done research in various countries over the last few years, mainly as a marketing tool for their environmental services. The 2002 report is based on survey of 2000 companies, including the top 250 companies of the global Fortune 500 and the top 100 companies in 19 countries. The results show that reporting and verification of these reports are becoming mainstream business. There is a significant increase in the number of companies issuing environmental, social or sustain- ability reports in addition to their annual financial reports. The European Eco-Management and Audit Scheme (EMAS) also requires that environmental statements be produced, although the International Standard ISO 14001 does not specify that they be made publicly available.

(Fuller 2010). Study shows that Interest in environmental issues has also triggered rapid growth and enrolment in environmental courses offered in colleges and universities which helps in expansion of green marketing.

Chopra & Marriya (2012) believes that, "Green marketing is still in its infancy and a lot of research is to be done on green marketing to fully explore its potential.

### Opportunity & Challenges of Green Marketing in India

- Know Your Customer
- Empower Consumers
- Reassure the buyer
- Consider Your Pricing

New concepts are not easy to reach very quickly to the consumers. They need to take more time to reach the consumers. When consumers understand the new concept, then only they are going to accept the new concept. Otherwise the new concept will be facing a big challenge.

### Challenges of Green Marketing

#### Need for standardization

There is no standardization to authenticate these claims. There is no standardization currently in place to certify a product as natural. Unless some regulatory bodies are involved in providing the certifications there will not be any verifiable

means. A standard quality control board needs to be in place for such labelling and licensing.

#### Patience

The investors and corporate need view the environment as a major long-term investment opportunity, the marketers need to look at the long-term benefits of this new green practices. It will require a lot of patience and no immediate results. Since it is a new concept and idea, it will have its own acceptance period. After the acceptance period automatically the concept reaches to the consumers. So up to that period the investors need to wait.

#### Avoiding Green Myopia

The first rule of green marketing is focusing on customer benefits with safe. It is not going to help if a product is developed which is absolutely green in various aspects but does not pass the customer satisfaction criteria. This will lead to green myopia. Also if the green products are priced very high when compared with other products, then again it will lose its market acceptability.

#### Huge Investment for Technology

The new technology will be high cost were the ordinary machine technology. So the investors are not ready to invest more amounts and not ready to take risks.

#### Objective of the Study

The proposed research study will address the following objectives:-

- a) To identify the factors that characterized the green products.
- b) To classified Indian consumers on the basis of their attitudes towards Green marketing.
- c) To examine the influence of consumers attitudes towards green marketing on purchase intention.
- d) Demographic profiling of consumers based on their attitude towards Green marketing.
- e) To develop a model on relationship between attitude towards Green marketing and purchase intentions.

#### Research Methodology

The research will adopt exploratory as well as descriptive research design as per the need of the subject matter.

##### i. Sample Design

Sample is designed in such a way that every respondent is willing to co-operate and capable of giving the complete and accurate information efficiently.

##### ii. Population: Chhattisgarh state India.

##### iii. Sampling frame

##### iv. Sample size: 300 respondents were taken (which will comprise students pursuing professional courses in a university and people from general population).

##### v. Sampling technique: Non random sampling mainly Purposive is sampling technique is to be used; Intercept survey method is proposed to be used to make the information more reliable and accurate.

#### Sources of Data

In this study Researcher has used both the data Primary data & Secondary data to make study more reliable and authentic.

#### Method of Data collection

##### i. Questionnaire

A Questionnaire will be deployed containing well thought contents refined through pilot survey. Care will be taken to include simple & straight forward questions for the respondents.

##### ii. Survey

Survey method will be adopted for this study. Closed ended questionnaire is used for collecting the primary data where in the respondents will be asked to fill the questionnaire.

##### iii. Statistical analysis

The primary data generated from the study will be analyzed by various relevant tools/techniques of univariate statistics and multivariate statistics in the light of objectives of the study.

#### Contribution and significance of the study

The proposed study is a venture to find relationship between Marketing and its influence on Indian consumers in India. Study will make a contribution to our understanding of the process, models through which, environmentally conscious attitudes influence green purchase intention and will extend the Theory of Planned Behavior to the Indian context. The applied contribution of the proposed study is that, it will contribute to the better understanding of green purchase behavior of consumers in the Indian context and will aid in designing various marketing activities for green products.

### Conclusion

Green marketing should not be considered as just one more approach to marketing, but has to be pursued with much greater force, as it has an environmental and social dimension in it. Marketers also have the responsibility to make the consumers understand the need for and benefits of green products as compared to non-green ones. In green marketing, consumers are willing to pay more to maintain a cleaner and greener environment. Green marketing assumes even more importance and relevance in developing countries like India.

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**Human Resource Practices through SAP HR Module**

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**Abstract**

Human resources development refers to overall development of employees in an organization. My paper is based on human resources development in corporate sectors with the help of SAP HR module implementation in HR department because Employees are assets of an organization. They need to be retained and maintained effectively in the organization. SAP HR module is an excellent system, which allows all relevant information for an employee to be retrieved in a matter of seconds. The module provides access to all HR data and transactions in one location. It provides tools for managing an organization's roles and responsibilities, defining definitions, personal employee information, tasks related to attendance, payroll, travel management, and employee training. It also helps in creating a company's management structure, and positions within the organizational structure.

Advance SAP HR features are time management, payroll, travel management, training and development. Its time management feature provides hourly record & salaried record separately. Payroll features are remuneration elements of an employee's pay i.e. basic pay, bonuses, gratuities, and overtime, sick pay, and vacation allowances. It also gives statutory and voluntary deductions i.e. taxes (federal, state, local, Social Security, and Medicare), company loans, and benefit contributions.

**Key words**

Human Resources Development, SAP HR Module, Training & Development

**INTRODUCTION**

Human resources development is one of the important functions of human resource development. Human resources development as the name suggests is concerned with the development of human resources in organizations. The major responsibility of this function is on HR department. The focus of this area is on overall development of an employee. Main focus of HR is on overall development of employees. Their needs, their behavioural patterns, their career path, their skills and competencies need to be addressed carefully. A fully realized SAP HCM system aligns the HR function with the business vision, enables flexible HR processes, reduces regulatory costs and compliance efforts, improves employee satisfaction through use of portals, self-service and e-recruiting, identifies

and promotes talent and allows for better decision-making. Human resources development is a function which emphasizes on people in an organization which ensures acquiring right people, developing them in line with organizational objectives and maintaining them, i.e. gaining commitment from them through management of their career and growth.

**OBJECTIVES**

The main objective of Human resources development is to gain commitment by employees by developing them and through effective management of their career. But we can also identify some other important objectives. These objectives are

1. Analysis of HR Department problems
2. Analysis of the major responsibilities of HR Department
3. Advanced HR Features in SAP HR Module
4. Implementation of ERP related to SAP HR Module

### SCOPE OF SAP HR MODULE

Human resource management is being renewed in organisations and becoming one of the fundamental function of the project management. HRM has changed form an inactive and problem-solving role to a strategic, focusing on the retention and development of the best human resources (Clemmons and Simon,2001). Traditional HR practices consisted of activities such payroll, hiring activities, record management , reporting and termination activities and similar. Nowadays, HRM takes more of a full services role providing employee support beyond pension planning and career development. With the arrival of ERP systems HR functions became fully integrated with the operations side of business. However, the research on HRM in the context of ERP is relatively and not many studies done on this topic.

### HR DEPARTMENT PROBLEMS

- Paper job vacancy form allows for inconsistent job details and descriptions:
  - Qualifications incomplete
  - Requires skills not spelled
- Paper form can be lost, delaying hiring process:
  - Functional department left shorthanded.
  - Good candidates lost due to drawn-out hiring process.
- Keeping track of resumes submitted from different sources is problematic:
  - Being able to retrieve resumes on file that fit a job description is difficult, time-consuming and fraught with error.

- Interviewing Process Problems:
  - Without group appointment software, HR has difficulty scheduling interviews when all interested parties are available
  - Similarly, collecting feedback on the job candidates is difficult
  - Managing travel arrangements and reimbursing candidates for travel expenses is also a problem.
  - Delays may result in losing a top candidate
  - Gathering new employee information and enrolling employee in correct benefits plan is difficult
  - May take months to get employees proper compensation and benefits

### HR DEPARTMENT RESPONSIBILITIES

- Attracting, selecting, and hiring new employees using information from resumes, references, and the interview process
- Ensuring that employees have the proper education, training and certification to successfully complete their duties.
- Handling issues related to employee conduct making sure employees understand the responsibilities of their jobs.
- Communicating information regarding new positions and hires throughout the organization and beyond.
- Using an effective process to review employee performance and determine salary increases and bonuses.
- Managing the salary and benefits provided to each employee and confirming that the proper benefits are disbursed to new and current employees.

- Communicating changes in salaries, benefits, or policies to employees.
- Supporting management plans for changes in the organization (expansion, retirements and so on) so that competent employees are available to support business processes.

#### ADVANCED FEATURES IN SAP HR MODULE

##### ➤ Time Management

- Cross Application Time Sheets (CATS) record employee working times and provide data to:
- Controlling (CO), for cost management
- Payroll, for calculating payroll data, which is transferred to FI for payment
- Production Planning (PP), to manage labor required for production

##### ➤ Payroll Management

- Paying employees the correct amount at the correct time is critical for employee satisfaction
- Payroll calculations are complicated, involving:
  - Remuneration Elements:
    - Base pay, bonuses, gratuities, overtime and sick pay, vacation allowances
  - Statutory and Voluntary Deductions
    - Taxes: Federal, State, Local
    - Medicare and Social Security
    - Benefit contributions
    - Company loans

##### ➤ Travel Management

- Companies can spend a significant amount of money on employee travel
  - Managing travel planning and expenses requires a number of tasks

- Travel authorizations
- Travel reservations
  - Must meet trip requirements while controlling costs
  - Recording expenses and providing reimbursement
- Training and Development
  - The Personnel Development component of the SAP R/3 Human Resources module supports planning and implementation of employee development and training activities
  - Employee development is driven by Requirements and Qualifications
    - Requirements: Skills or abilities associated with a position
    - Qualifications: Skills or abilities associated with a specific employee
  - Two perspectives on the same concept
  - Training and Development
    - An employee's qualifications can be compared to the requirements of a position to which the employee aspires
    - The comparison identifies gaps and allows a manager to plan development and training efforts to close the gap
    - The comparison can serve as a basis for employee evaluation, and can motivate the employee by providing a goal and a means to achieve it.
- Succession Planning
  - Companies should have plans for replacing key employees when they leave the company

- Small companies can lose business if customers are unclear about succession plans for key people.

### IMPLEMENTATION OF ERP RELATED TO SAP HR MODULE

The functions of HRM have developed from simple compensation calculating and personnel management to the fields of human resource planning, recruitment management, training management, time management, performance management, compensation management, and business trip arrangement (Ahmad & Schroeder, 2003; Li, 2001; Stone, 2007). Data from all function systems will be collected into a central database, and the database can further supply data needed for all function systems by integration.

#### Human Resource Planning

Based on the requirements of enterprises, managers can use the HRM module of an SAP system to establish human resource planning conveniently. The SAP system assists the decision making of managers by simulating the performance of human resource planning and comparing the data. Additionally, the SAP system is also able to analyse or forecast the human resource planning costs by integrating relevant information.

#### Recruitment Management

Recruitment should be taken as a significant investment because human resources are the foundational assets of an enterprise. To keep advantages in competition, the human resources department must have a reasonable recruitment system to select talents for enterprise. The SAP system can support recruitment management in three ways. First, it optimizes the recruitment process to reduce the workload. Second, it offers scientific management to recruitment costs. Third, it provides useful information for the decision making on recruitment management.

#### Training Management

Training in the use of multiple skills including process improvement skills, which can provide long-term work-life security rather than job security (Schonberger, 1994). The implementation of SAP can help train employees to acquire technical, interpersonal, and business skills required to become fully participating team members in the early stage of team development (Pasmore & Mlot, 1994). In other team development stages, by giving support to the human resource department to make an appropriate training plan, the SAP system can also help train team members to accept new skills, improved management regulations, and so on.

#### Time Management

Time management may support the planning, controlling, and management processes of HRM. It means to arrange the time table for the enterprises and staff flexibly according to the local calendar. The SAP system can record the attendance rate and other relevant information by using a Telematics Control Unit (TCU). For example, data related to the compensation will be further processed in the compensation management system.

#### Performance Management

Performance evaluation might consider the following issues: How are the facilitative and operational activities allocated to individuals in an organization, and how does the facilitative content of a task vary in an organization (Nilakant, 1994). The human resource department can establish an evaluation index system according to these issues. By integrating the performance management system with the time management system, the SAP system will record data in a central database and keep relevant data timely for each evaluation index. These data will be useful to the decision making of managers on corporate strategy, too.

#### Compensation Management

A reasonable compensation system should be able to apply proper calculation methods in terms of different regions, departments, positions, and so forth. The implementation of SAP will achieve this objective by integrating the compensation



management system with other systems (e.g., timing management system, performance management system) so that it can update relevant data in a timely fashion so as to establish a dynamic compensation calculation system. The human resource department can simulate the performance of the calculation system to forecast compensation information needed and to adjust the structure of the compensation management system. This is an excellent improvement because it decreases management costs as well as problems caused by the intervention of manpower. Compensation management also includes other functions such as salary payments, loans for staff, and so forth.

#### Business Trip Arrangement

A business trip arrangement system can control the whole flow of a business trip from application to ratification and reimbursement. These data will be further processed in other function modules of SAP (e.g., finance module) through systems integration.

### COMPLETE ANALYSIS OF HRM RELETED PROBLEMS OF SAP IMPLEMENTATION IN ENTERPRISES

SAP has been broadly applied in enterprises for nearly 10 years because of the enormous potential economic benefits. The five main HRM-related problems that may block the success of SAP implementation in enterprises.

**Shortage of professionals:** First is the shortage of professionals especially the inter-disciplinary talents who are expert at both IT and management. SAP is not just an advanced technique, it is also an advanced management concept. Therefore, the interdisciplinary professionals are crucial to the success of SAP implementation. This problem is especially serious in the small and medium-sized enterprises because of the weakness of strength and management level.

**Deficient talent introduction mechanism:** Second is the deficient talent introduction mechanism

Employees who take charge of the SAP project of an enterprise are under high pressure because they take great responsibilities for the success of the implementation. If an enterprise does not have an effective talent introduction mechanism to attract talented people who are needed, it will be hard to start the SAP project at all, not to mention the successful application.

**Insufficient education and training for employees:** The cultivation of talents is a process that needs much time investment as well as money, while some enterprises do not want to pay much investment to the education and training of employees due to lack of an in-depth understanding of SAP.

**Poor incentive mechanism for employees:** Above all, the compensation mechanisms of enterprises may not be attractive enough. A competitive compensation mechanism cannot only attract applicants, but it also prevents the job hopping of employees. Still, the SAP projects have not been supported enough by superior administration departments. For example, the application of SAP needs the support of all involved departments, while managers hesitate to place departmental backbones on the SAP implementation. It may also influence the working enthusiasm of employees and kill more innovations if superiors interfere too much with the implementation.

**Lack of exterior consultation or a supervision system:** An enterprise must pass the scientific verification of experts if it wants to adopt SAP. The implementation must be carried out under the direction of exterior professional organizations and the supervision of a special system. Enterprises may neglect the necessity and importance of these functions.

### CONCLUSION

SPR offer organisations a huge opportunity for integrating their entire IT platform. As IT continues to development, there will be more and more enterprises adopting SAP. SAP can extend the

traditional functions of HRM greatly and also heighten the importance of HRM in enterprises. Enterprises that implement SAP must perfect the functions of HRM to raise the success rate, so to enhance the whole management level of enterprises. A poignant hope is that this research paper will be helpful to both students and practitioners who wish to improve the current situation of SAP HR module implementation

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**Impact of HR Practices in Indian Sugar industry****(A Comparative Analysis among Public, Private & Co-operative Sector)****Atul Mathur (Research scholar) Mewar University Chhitorgarh (Raj), India  
Dr. P. K. Agarwal, (Guide) Management Professional & Consultant, India****Abstract**

A lot of research has been done on the relationship of HR Practices and employee job satisfaction in sugar industry, but the main focus and theme behind those research studies has been the comparative study among public, private & co-operative sector sugar industries. The purpose of this study is to observe the relationship between mainly two HR Practices i.e. (Training and Development, & performance appraisal system) and the impact of these systems in Indian sugar industry, employees job satisfaction in the public, private & co-operative sector sugar mills. Data has been collected from the employees of various public, private & co-operative sector sugar industry and the statistical tests were applied upon the data through statistical software SPSS. To check the relationship between the dependent and independent variables. Training and development & performance appraisal system are a key source of employees job satisfaction in all three sugar sector industries.

**Key Words:** Training and development; Performance appraisal system; Job satisfaction; employee motivation.

**INTRODUCTION**

Uttar Pradesh is one of the largest and most populous & popular states for the sugar. It is the major sugarcane producer in the country in which sugarcane cultivation and sugar industry is the single largest contributor to the economy and industrial development of the state. Uttar Pradesh covers over an area of 2.43 lakh sq. km. and with a population aggregating 20 crore, out of India's total sugarcane area of 49.44 lakh hectares, Uttar Pradesh covers for more than 21.25 lakh hectares (about 43 %). There are large numbers of employees are working in the sugar industries and Human resources development play a pivotal role in this manner.

The Success of any organization in the long run depends very much on the quality of its human resources. Human resources comprise the aggregate of employees attributes including knowledge skill, experience and health which

are presently and potentially available to an organization for the achievement of its goal. In the other words human resources consists of the value of the productive capacity of the firms human organization. Of all the prime resources of an organization, man, materials, money and machine the human resources is recognized as the most vital and the most valuable. For it is the quality of man power that ultimately determines the success of an organization. The importance of human factor also stems from the fact that where is all other resources depreciate in value with the passage of time and use, the human resources appreciate in value through the acquisition of greater knowledge through experience and efficiency and thus reflects an inherent dynamism and development potential.

**Human Resources Development**

Human Resources Development is said to be the core of a larger system Known as Human

Resources System, where in HRD is mainly concerned with providing learning experience for the people associated with an organization through a behavioral approach adopting various processes.

HRD has a wide- ranging scope as its objectives include-

- Providing a comprehensive framework for the development of human resources in the organization.
- Developing a climate for employees to discover, develop and use their full capabilities for the organization.
- Increasing the capability of an organization to attract, retain and motivate talented employees
- Facilitating systematic generation of information on human resources for manpower planning, development placement, career planning and succession planning.

#### **Functions of HRD**

- (i) Man power planning. Career planning & development systems.
- (ii) Training concern with the present and future needs of employees.
- (iii) Performance appraisal and assessment of potentials of employees for determining their development requirements aided by a feedback and counseling system to help every employee in discover his/her capabilities and areas of improvement.
- (iv) Reinforcement or reward system for creating a climate of excellence in performance and collaborations.
- (v) Organization development to improve the climate of the organization and make it more satisfying and productive.

#### **Training and Development**

##### **Meaning of Training**

Training and development of people is one of the fundamental operative functions of personnel management. According to a Chinese scholar "If you wish to plan for a year sow seeds, if you wish to plan for ten years plant trees, if you wish to plan for life time development man" This statement highlights the importance of training man. Employees' training is the process where people learn skills, knowledge, attitude and behavior needed in order to perform their job effectively. To be more precise, effective and

systematic training may be defined as planning to give people chance to learn to achieve the result that job demands. In the words of Decanzo and Robbins, training is a learning experience in that it seeks a relatively permanent change in an individual that will improve his/her ability to perform on the job. Basically training can involve the changing of skills knowledge and attitude or social behavior. It may mean changing what employees know, how they work their attitude towards their work or their interactions with their co-workers or their supervisor"

From the above mentioned definitions of training. It is clear that there are five main areas in which training can operate these are Knowledge, Skill, and Technique. Attitude, and Experience.

##### **Meaning of Development**

Development is a long- term educational process consisting of a systematic and organised procedure by which managerial personnel acquire conceptual and theoretical knowledge for general purposes. In an industrial situation, development employees more general education (of managers) to handle managerial problems. As one moves upward in organisational hierarchy, the elements of training decrease and educational expects tend to increase Employees training which is concerned with increasing the skill and abilities of non-managerial personally is basically job centered and not careers focused. On the other hand, management development is growth oriented; it is the process by which managerial personnel acquire not only skill and competency in their present job but also capacities for future managerial task of increase difficulty and scope.

##### **Distinction between Training and Development**

The distinction between training and development is like the distinction between pure and applied sciences. To make this

distinction clear, a few examples are given below;

- (1) A mechanic who repairs a generator better than an engineer is only trained and not educated for he does not have and conceptual or theoretical knowledge of engineering and principles of engineering.
- (2) A basketball coach who knows the theory of game but who is utterly useless as a player is educated but trained. Training and development programme are generally designed in accordance with the nature of the job, personnel concerned (operatives, supervisors, managers) and the purpose in view.

#### Performance Appraisal

The effectiveness of staffing function needs to be ascertained by evaluation the performance of employees in terms of the job requirements. Performance appraisal or employee appraisal in the systematic process of measuring and evaluating employees with respect to their performance on the jobs and there potential for development. Although performance appraisal is of often described as merit rating, strictly speaking, rating is only one form of personnel evaluation. Merit rating refers to various formal systems of appraisal in which the individual employee is compared with others and ranked or rated. According to (Dale Yoder) Performance appraisal is a more comprehensive process which combines formal ratings with supplementary observations, records and evaluation.

Performance appraisal is expected to serve various purposes in an organisation structure. Broadly speaking performance appraisal is necessary.

- (i) To monitor the efforts of individuals;
- (ii) To integrate and co-ordinate Endeavour;
- (iii) To provide protection and feed back to individual;
- (iv) To provide a means of correcting or commending the efforts of individuals;
- (v) To provide an equitable and consistent basis of distribution rewards and penalties;

According to barret- Performance appraisal is concerned mainly with three things;

- (i) Administrative decisions i.e. promotions, transfer and allocation of financial rewards ;
- (ii) Employee development i.e. identification of training and development need and Performance feed back;
- (iii) Personnel research i.e generation of manpower information besides salary and wages distribution.

The process of Performance appraisal of employees administered through a variety of approaches adopted by organisations.

These approaches are:

- (i) **Intuitive approach:** Under this approach, the boss judges the employee on the base of his perception on the employee behavior.
- (ii) **Self –appraisal approach:** in this approach, the employee himself evaluates his performance.
- (iii) **Group approach:** under this approach each employees is evaluated by a group of persons.
- (iv) **Achieved results approach:** This approach considered the targets which are pre-determined jointly by the rater and rate in a restricted sense.

#### HYPOTHESIS

The Proposed study of HR Practice in Indian Sugar Industry in the selected sugar mills will be oriented to test the following hypothesis and derive relevant conclusions:-

- I. There is strong association between employees training and the Productivity of the Employees..
- II There is no significance difference in the technique of performance appraisal used by

Public, private & co-operative sector sugar mills.

#### Research Methodology

This research article has been developed from both primary and secondary data ,primary data was collected from the selected sugar mills and secondary data collected from research articles, research reports of various

organizations and books of Human Resource on that topics. For this present study, the sample size was 652 employees working in the selected six leading sugar mills in uttarpradesh for selecting the sample stratified random sampling techniques were used. Using proportional allocation method, the sample size of different selected sugar mills is shown Table 1 below.

Table 1: Mill Wise distribution of sample employees

| S.N | Name of Selected Sugar Mills   | Employees (sample size) | Percentage |
|-----|--|-------------------------|------------|
|     | U.P State Sugar Corporation Ltd Sakoti Tanda Distt Meerut              | 60                      | 9.2        |
|     | U.P State Sugar Corporation Ltd Unit Rohana Kalan Distt Muzaffarnagar. | 60                      | 9.2        |
| 3   | Private Sugar Mills  |                         |            |
| 4   | Mawana Sugar Works Mawana District Meerut                              | 191                     | 29.3       |
|     | The Dhampur Sugar Mills Ltd Dhampur Distt Bijnor                       | 200                     | 30.7       |
| 5   | Co-operative Sugar Mills   |                         |            |
| 6   | The Ganga Kisan Co-operative Sugar Mills Ltd Morna Distt-Muzaffarnagar | 64                      | 9.8        |
|     | Baghpat Co-operative Sugar Mills Ltd Baghpat Meerut                    | 77                      | 11.8       |

|  |       |     |       |
|--|-------|-----|-------|
|  | Total | 652 | 100.0 |
|--|-------|-----|-------|

#### Data Analysis

A five point Likert scale was used to analyze the sugar mill employees about the effect of training & development and performance appraisal system regarding their age, sex, designation, experiences in the selected six different types of sugar mills. To analyze the data for the present study, the Percentage statistical tools were used. For comparison of responses, sample (employees) were divided into groups according to Designation (officer, supervisor, staff employees), experience (up to 5 years, 5-10, 10-15 years and more than 15 years) and age (up to 25 years, 26-35 years ,36-45 and above 45 years).

Findings --Results of the present study have been summarized in table- 2

Demographic Profile of Respondents sample employees (N=652)

| Sr No | Indicators     | Categories        | Frequency (652) | Percentage 100% |
|-------|----------------|-------------------|-----------------|-----------------|
| 1     | Age:           | a) Below 25       | 47              | 7.2             |
|       |                | b) 26-35          | 212             | 32.5            |
|       |                | c) 36-45          | 211             | 32.4            |
|       |                | d)45 and above    | 181             | 27.8            |
| 2     | Sex :          | a) Male           | 616             | 94.5            |
|       |                | b) Female         | 36              | 5.5             |
| 3     | Marital Status | a) Single         | 55              | 8.4             |
|       |                | d) Married        | 597             | 91.6            |
| 4     | Religion:      | a) Hindu          | 478             | 73.3            |
|       |                | b) Muslim         | 128             | 19.6            |
|       |                | c) Christian      | 27              | 4.1             |
|       |                | d)other's specify | 19              | 2.9             |

| S.No | Parameters   | Strongly disagree       | Disagree | Neutral | Agree | Strongly Agree |
|------|--|-------------------------|----------|---------|-------|----------------|
|      |  | %                       | %        | %       | %     | %              |
| 1    | Management plays an effective role for making training successful. | 00                      | 11.0     | 24.4    | 51.2  | 13.3           |
| 2    | Training enhances employees motivation                             | 00                      | 11.5     | 23.6    | 45.9  | 19.0           |
| 3    | Training improves individuals performance                          | 00                      | 11.5     | 23.6    | 31.3  | 33.6           |
| 4    | Training improves the overall productivity                         | 00                      | 9.2      | 25.9    | 30.1  | 34.8           |
| 5    | Assessment purpose is fulfilled                                    | 00                      | 12.4     | 22.7    | 44.8  | 20.1           |
| 5    | Caste:   | a) General              |          | 452     | 69.3  |                |
|      |  | b) Other Backward Class |          | 89      | 13.7  |                |
|      |  | c) SC/ST                |          | 84      | 12.9  |                |
|      |  | d) Backward Class       |          | 27      | 4.1   |                |
| 6    | Educational Qualification  | a) High School          |          | 3       | .5    |                |
|      |  | b) Intermediate         |          | 59      | 9.0   |                |
|      |  | c) Graduation           |          | 379     | 58.1  |                |
|      |  | d) Post Graduation      |          | 211     | 32.4  |                |
| 7    | Professional Qualification   | a) Management/ Eng Tech |          | 124     | 19    |                |
|      |  |                         |          | 44      | 6.7   |                |

|    |                              |                      |     |      |
|----|------------------------------|----------------------|-----|------|
|    | tion: If any please specify: | b) CA/ICWA/ACS       | 22  | 3.4  |
|    |                              | c) Others            | 462 | 70.9 |
|    |                              | d) No                |     |      |
| 8  | Salary                       | a) < Rs.15, 000      | 224 | 34.4 |
|    |                              | b) Rs.15, 001-30,000 | 252 | 38.7 |
|    |                              | c) Rs.30, 001-45000  | 128 | 19.6 |
|    |                              | d) >Rs.45, 001       | 48  | 7.4  |
| 9  | Present Position             | a) Junior Level      | 48  | 7.4  |
|    |                              | b) Middle Level      | 402 | 61.7 |
|    |                              | c) Senior Level      | 154 | 23.6 |
|    |                              | d) Top Level         | 48  | 7.4  |
| 10 | Work Experience              | a) < 5 Yr            | 48  | 7.4  |
|    |                              | b) 5-10 Yr           | 212 | 32.5 |
|    |                              | c) 10-15 Yr          | 211 | 32.4 |
|    |                              | d) >15 Yr            | 181 | 27.8 |
| 11 | Promotion Received           | a) One               | 101 | 15.5 |
|    |                              | b) Two               | 227 | 34.8 |
|    |                              | c) Three or More     | 271 | 41.6 |
|    |                              | d) No                | 53  | 8.1  |

Study of Training &amp; Development

**A Study on Performance Appraisal**

| S.No | Parameters   | Strongly disagree % | Disagree % | Neutral % | Agree % | Strongly Agree % |
|------|--|---------------------|------------|-----------|---------|------------------|
| 1    | Performance appraisal system is considered necessary in the organization                     | --                  | --         | .8        | 63.2    | 36.0             |
| 2    | The performance appraisal is supportive in reducing grievance & unrest among the employees   | --                  | --         | 1.1       | 69.8    | 29.1             |
| 3    | The performance appraisal is helpful for improving personnel skill of the employees          | --                  | --         | 1.4       | 70.4    | 28.2             |
| 4    | The performance ratings were done frequently   | --                  | --         | .9        | 53.5    | 45.6             |
| 5    | The performance appraisal system helps to make out the strength and weakness of the employee | --                  | --         | .9        | 52.9    | 46.2             |
| 6    | Promotion is simply based on performance appraisal   | --                  | --         | .5        | 88.0    | 11.5             |
| 7    | Performance appraisal increases employee enthusiasm  | --                  | --         | 1.4       | 81.3    | 17.3             |

#### Discussion on Findings-

On the basis of entire study, major findings and observations can be made relating to employees' training and performance appraisal system & its impact on the employees. It is found that the employers of the organization selected for the study have in an interest in training towards the efforts made by the management for organizing training programs. As per the responses of employees, the management of employees is encouraged to participate in these training programs. It is also observed that training improves the employee morale their performance, and also improve the productivity of the industry and overall assessment purpose is fulfilled. Observations can be made relating to. Performance appraisal system is considered necessary in the organization. Employees feel that performance appraisal is supportive in reducing grievance & unrest the performance appraisal is helpful for improving personnel skill of the employees, and performance ratings were done frequently. The performance appraisal system helps to make out the strength and weakness of the employee. Promotion is simply based on performance appraisal system. Performance appraisal increases employee enthusiasm There is strong association between employees training and the Productivity of the employees There is no significance difference in the technique of performance appraisal used by Public, private & co-operative sector sugar mills.

#### Conclusion

Training and Development helps in inculcating the sense of team work, team spirit, and inter team collaborations. It helps in inculcating the zeal to learn within the employees. Training and Development helps building the positive perception and feeling about the organization. The employees get these feelings from leaders, subordinates, and peers. It also helps in optimizing the utilization of human resource that further helps the employee to achieve the organizational goals as well as their individual goals. Therefore a training & development activity is very pivotal for the sugar industry. Employee's performance: It provides a yardstick by which both accomplishment and



needs for further improvement in respect of an individual can be measured. The use of system of performance appraisal contributes towards more effective and improved performance on the part of many individuals. It is used to highlight needs and opportunities for growth and development of employee by focusing attention on that deficiencies and potentials, it is particularly useful in discovering needs of training to employees.

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# INNOVATION IN BUSINESS: A SENSE OF ACHIEVEMENT

(with special reference to barriers and opportunity of P&G(manufacturing sector) and Indian railway ( service sector)

By

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## ABSTRACT

Companies commercialised new idea and technologies through their business models. Every company wants to innovate business model to achieve revenue growth and to improve profit margin. Business model innovation involves designing a modified or new activity system, relies on recombining the existing resources of the firm. Innovation is complex and risky. Innovation is not invention. Innovation is the commercialisation of inventions. In terms of business, innovation is the generation of fresh ideas, the ongoing development of products, services and process and their commercial application.

This research paper will focus on the importance of innovation, process of innovation, managing innovation, opportunity and risk of innovation. We will focus on SWOT analysis of innovation in business. This research paper will also focus on innovation model developed in P&G company and Indian railway. How innovation helped these two groups to develop their Organization and wealth maximisation of their company in context of opportunity and barrier of innovation.

**Keywords: managing innovation, process, opportunity and risk of innovation, SWOT analysis of innovation, innovation model in company like P&G and Indian railway.**

## INTRODUCTION

What do Procter & Gamble (P&G), Indian Railway, Google and other successful organization have in common? All these companies nurture talent, maximum utilization of the necessary resources to invest in recruiting, selecting and growing the people who will become their future leaders. These companies always have good wealth maximization and brand position in market. These clearly shows that great leadership is a strong competitive advantage.

Beyond strong financial performance, these companies have something else in common. In an era of intense globalization, rapid demographic change and accelerating technological progress, the best companies for leadership recognize the value

of innovation, putting it at the heart of their corporate culture and using this targeted, focused innovation to drive shareholder value and improve efficiency. The concept of innovation is sometimes confused with the term invention. Invention is the creation of a new idea and specifically refers to making new discoveries and designs or coming up with new ways of doing things. Invention is the technical part of innovation, involving the development of an idea or discovery to the point where it works theoretically. Innovation is the commercialisation of inventions. Innovation is, furthermore, often mistaken for research and development. R&D is an element of innovation but it is only that, one element. In terms of business, innovation is the generation of fresh ideas, the ongoing development of products, services and processes and their commercial. Innovation is really about economically valuable

novelty. Innovation is complex and risky. Huge amounts of money are invested in innovations, with companies like P&G, HUL, Indian Railways sometimes betting the company in their belief in new products. Investments like this are risky because innovations fail more often than not. Worldwide, only one in ten new products succeed in the market. Of the roughly 6000 new chemical substances currently on trial for their potential as new pharmaceuticals, perhaps only one will become a successful new drug.

Innovation is also risky because it is so unpredictable. Lord Kelvin, who is President of the prestigious Royal Society once said that heavier-than-air flying machines were impossible, and the Chairman of the major computer company, DEC, said that no-one would want a computer in their home. Very knowledgeable people can get their predictions in this field hopelessly wrong. Innovations often succeed in unpredictable ways. The computer and the Internet were developed as tools for scientific research with no idea of their mass market appeal. When the laser was developed it really had no commercial applications, and now it has a wide range of uses from surgery to CD players.

Innovation is also concerned with the commercial and practical application of ideas and inventions. In business, innovation is essentially the commercial exploitation of viable ideas. It involves the management of idea generation, technical development, manufacturing and marketing of a new product, process or service.

Innovations can fall into one of three categories; incremental, complementary or disruptive. Incremental innovations are small changes, additions and improvements that are added to existing products and services. Incremental innovations are added to products to extend the length of their lifecycle and keep them up to date.

Complementary innovations are new products or services that can be added to existing product lines. They add value to your product lines without having a negative impact on your existing products and services.

In contrast, disruptive (or radical) innovations replace existing products by being significantly better than anything currently offered in the market. They make existing products redundant and are adopted by the majority or even the entirety of the market. This is most evident in the electronics technology industry. For example, the LCD screen completely replaced the CRT screen as the preferred computer monitor.

## IMPORTANCE OF INNOVATION

Innovation is necessary for business organization to remain in market as successful player or leader. Innovation has great importance as follows:

### 1. TO IMPROVE PRODUCTIVITY

There is an increased push to improve efficiency and effectiveness of organisations because of intensive globalization and outsourcing in organization. Organisations need more than good products to survive; they require innovative processes and management that can drive down costs and improve productivity.

### 2. TO FULFILS CUSTOMER EXPECTATION

Consumer expectations also drive the amount of innovation in the market. Customers are used to products that continually improve and make their life easier. Modern consumers are more informed and have more options in terms of what they buy and who they buy it from. Essentially, customers won't accept mediocrity because they know they can always go somewhere else.

### 3. RESPONDING TO TREND AND COMPETITION

Innovation is important as it is one of the primary ways to differentiate your product from the competition. Successful businesses not only respond to their current customer or organisational needs, but often anticipate future trends and develop an idea, product or service that allows them to meet this future demand rapidly and effectively. Being first to market with a new product can provide you with a significant advantage in terms of building a customer base. It is difficult to compete if your products are seen as obsolete or out of date. Innovation will help you stay ahead of your competition as markets, technologies or trends shift.

### 4. TO IMPROVE THE LIVING STANDARDS

In a broader sense, innovation is important to the advancement of society around the world. New and innovative products can increase the standard of living and provide people with opportunities to improve their lives. Breakthroughs in medicine and technology have significantly improved living standards around the world. Innovation has also lead to significant improvements in the way businesses operate and has closed the gaps between different markets. Innovation has changed the lifestyle of people. We are continuously adopting new technology and product in our daily life and replacing the old one.

### 5. TO UTILISE THE EXISTING RESOURCE

Innovation is not only about designing a new product or service to sell, but can also focus on existing business processes and practices to improve efficiency, find new customers, cut down on waste and increase profits. Constantly innovating and improving business practices is also likely to help you attract better staff members and retain more of your existing staff - something which is crucial to the long-term health and performance of your business.

### 6. CREATING UNIQUE SELLING POINT

*Consumers often see innovation as something that adds value to a company or to its products. Used properly, innovation can give you a commercial advantage - especially in saturated or rapidly shifting markets. Your customers may even be willing to pay more for your well-designed, novel and innovative product or service, rather than choosing a cheaper, but less exciting rival.*

## BARRIERS TO INNOVATION

There are a number of factors that prevent innovation from occurring. Being able to recognise and work through these factors will help to create an innovative culture in organisation and help to make business successful.

### 1. MINDSET FOR INNOVATION

The most common barrier to innovation in organisations is a leader or manager that is not open to new ideas. For implementing a business model innovation often requires changes that affect multiple aspects of the organizations. Rolling out a business model innovation requires direct support from the top management. Innovators developed dozens of new innovation ideas with managers in the company but the board, though initially enthusiastic, never took the time and energy to engage with the projects, directing their attention on day-to-day operational issues instead. As a result the innovation projects died on the vine. For example Sony had the ideas and engineering competence to build the first iPod equivalent, but it couldn't commercialize those ideas because of its own internal battles.

### 2. TIME AND RESOURCE

Time and resources are also significant barriers to innovation. Employees are often so busy with just doing their regular work that there is insufficient time and incentive to generate new ideas. When ideas are generated, they are not taken any further due to the potential risks associated with developing the idea. Generally, innovation is also

seen to be too expensive for small businesses to get involved in. However, there are cost effective ways to generate new ideas and managers need to look at the potential benefits that come as a result of investing in innovation. The challenge is not that an organization has insufficient resources to invest in innovation; the challenge, instead, lies in where to most effectively funnel those resources, and how to do it.

### 3. PLANNING

Organisations with the inability to implement and commercialise new ideas are the biggest barrier to innovation. After spending the time, resources and effort to develop an idea, they fail at the final step and the product is never successful in the market. It takes careful management and planning, as well as commitment from an organisation, to generate profitable returns from good, innovative ideas.

### 4. RELUCTANCE TO EXPERIMENT

This “all or nothing” rather than “experiment and decide” mindset reflects technology/product innovation paradigm in which a company cannot afford not to launch a full-scale support of one innovation because it requires a strong marketing message across all channels. But business models are different: they often can be prototyped on the cheap by creating a “minimal viable business model” and experimenting with it.

## BUSINESS MODEL INNOVATION

Business model innovation is a powerful driver of value and a surer way to succeed than technology, product, or service innovation. Large companies have the resources and capabilities to create and exploit business model innovation ideas on an extraordinary scale. But their failure rate is nonetheless unacceptably high because so far too many have not shown enough commitment and flexibility in the way they develop and roll them out.

### P&G MODEL

By 2000, Proctor & Gamble (P&G), one of the world's largest consumer product companies, was under immense pressure. For decades the company was known for its innovation. The consistent growth of the company was largely driven by innovation from within the organization, relying heavily on in-house R&D for a long time, this centralized innovation model worked well for P&G. However, by 2000, it realized that an internally focused model of innovation was not sustainable as

the success rate of new products was around 35% . Besides,the R&D expenses were escalating faster,increasing by \$500 million between1996 and 2000 to reach \$ 1,899 million.Bt mid 2000,the company'd share price fees by more than 50%.Warned by the situation,the company'd newly appointed CEO, Alan G Lafley,decided to reinvent P&G'd innovation model.He felt that outside connections could discover new ideas from around the world which could quickly be turned into innovative products by using the company'd own R&D,manufacturing and marketing skills.Thus,he began to focus on internal collaborations to bring in innovations ideas and then applied internal capabilities to develop new products.This model was termed as ' connect & develop ' (C&D) innovation model. The basic principle of the model was that promising ideas were available throughout the global and by using then the company could create superior and cheaper products,faster.Company clearly differentiate its C&D from outsourcing,emphasising that it was about identifying innovation ideas from outside and bringing them into the organization to capitalize on its own R&D capabilities.In order for C&D to work,the company first identified what it was looking for and then decided to look for ideas that were already in use somewhere.After the ideas was identified the company then focused on those ideas and products that could be turned into successful product using its own R&D capabilities.For searching ideas the identify top the consumer need, adjacencies and technology game branches. Closed proprietary networks comprise of technology entrepreneurs, suppliers etc. while open networks included individuals, organization, educational and research institutions, government and private labs, competitors , trade partners etc. P&G develop various closed propioritor networks for undertaking C&D activities. The most important of them were technology entrepreneur and suppliers. Technology entrepreneur were senior P&G manager who were responsible for preparing technology brief defining the problem to be solved. They established external connection and communicated those connection to the companies.business unit heads. The technology entrepreneur combine scientific literature and pattern database with physical hunt for ideas since searching ideas electronically alone was not sufficient. The company had network of 70 technology entrepreneur who worked out of 6 C& D hubs in the US, Latin America, Western Europe, Japan, China and India. All the hubs focused on finding products, concepts or technology that were the specialties of their respective region. By early 2006 technology entrepreneur has identified around 10,000 products, ideas and technology. The suppliers base of the company form another network for C& D activities. The top 15 suppliers to the company had a combined R&D staff of

approximately 50000 when the company began to embrace C&D model it relies that the huge researcher base of its suppliers could be potential source of innovation. Subsequently P&G develop a highly secure IT platform that enable it to share its problems with its suppliers. The company even when to the extend of sending its researcher to suppliers laps to work with theirs and inviting suppliers researcher to work with its own.

After an idea was identified by any external connection, it when through an internal screening. The screening process was employed to assess which idea, product or technology the company was seeking. If the decision was positive , the product, idea acquired from outside when into development process just like any other product develop in the companies on R&D lab.

#### BENEFIT OF C&D MODEL

C&D model has many benefit to company like

1. Acquiring ideas from external world , the company marketed internal intellectual property to outside clients.
2. R&D spending as a percentage of sales was down to 3.42% from 4.75% in 2000.
3. R&D productivity has increased by almost 60% since adopting the new model.
4. By applying the new model, the company considerably reduced its product development time.

#### BARRIERS TO THIS MODEL

1. It confronted the commonly held notion that everything must be invented within P&G
2. There was a resistance from the employees to adopt the C&D model since they were anxious that the new model would eliminate jobs. They also fear that by adopting this model the company R&D would lose its competency.

#### INDIAN RAILWAY MODEL

Despite the important socio-economic role of the IR, the organization witnessed certain structural and operational challenges that served not only as impediments to growth but also had a negative effect on the organization finances. Being a medium of mass transport the railways found it increasingly difficult to maintain stable fares to buffer the increasing expenses. There was an urgent need to look for ways to cut down expenses increase efficiency and search for additional sources of revenues. The continual increase in population coupled with the liberalisation policies of the government significantly effected the operations of the railways. The growing passenger traffic and the competitive threats from alternative modes of transports like roadways put mounting pressure on IR to revamp its operations and build up its capacity. In order to meet its social

requirements, IR compromised on its profit ability. Besides it also faced other problems like its efficiency in service delivery, over crowding in train, subsidised fare to certain categories of passenger, ticket -less travels, improper management of coaches etc. these problems were not only functional in nature but also had strong social and political underpinning.

In order to remain profitable the railways started investing in cost-cutting technology that helped the organization to economised on resources and also facilitated streamlining of its varied functional operations.

Centre for railway information systems(CRIS) was established in 1986. As an umbrella for all IT activities and IR with its on in house R&D efforts, CRIS was highly instrumental in the implementation and expansion of various IT project undertaken by the organization. One noticeable achievement of CRIS was the development and implementation of concert was first implemented at the sikandrabad PRS in September 1994. The networking of the five PRS centers was complete by April 1999, when the PRS centre at chennai also came under the concert platform. All the five sites were initially network with the modest internet speed of 64 Kbps on leased communication lines from the department of telecommunication. By July 2004, IR head over 2500 terminal at nearly 1100 locations throughout the country. This covered more then 94% of the total reservation esquire meant of IR. CRIS actively work to expand its computerised reservation facilities so as to cover more stations, satellite location, city booking office and other known rail had state capital. The implementation of the concert yielded substantial benefits. The reservation procedure became less labour intensive and more technology based there was significant increase in the number of transaction handled per day. The new applications could prepare charts that gave well defined layout of passenger and their seating arrangements. These charts were posted outside the railway coaches and were also placed at respective platform for convenience of the passenger.

#### ONLINE TECHNOLOGY IN IR

the railways launched the online reservation system in August 2002 under the aegis of IRCTC ( Indian railway catering and tourism corporation), the organisation marketing arm that handle the catering and tourism related functions. The online reservation system was an extension of the PRS system and served as an interface between the users and PRS. With its web - based interface, passenger could enquiry information about trains, find out their reservation status also book tickets online. The service was initially offered at chennai, Delhi, Hyderabad, Kolkata and Mumbai and in the vary first month department sold 3343 tickets. By the end of December 2003 IRCTC sold more than

70000 ticket and extended its service to more than 120 cities all over the India

#### Difficulties in implementations

The workload on the PRS enormous. It handled more than 1.3 million queries on roughly 14300 trains. To overcome these snags, their to payment gateways, ICICI bank and city bank upgraded their services to higher bandwidth. The department also reduced the response by implementing Xeon and pentium procedure that power the different application and database management modules through four separate four way servers. As a sequel to these improvement, the IR website become a hub for a perpetually increasing no of online enquiries from varied categories of passengers.

#### OTHER INNOVATION IN IR

the IT stratifies of IR did not remain confined to the implementation of passenger reservation system or the online internet system. The organization kept on investing in several state of the art technology that apart from being user friendly also emerged and as avenues for higher profits. Integrated voice response system Unreserved ticketing system National train enquiry system Tel booking service Wireless service/E- ticketing system

### PROCESS OF INNOVATION

#### 1.SOURCES OF INNOVATION

In business, innovation can be originate from a various sources. Sometimes innovation can be the result of specifically focusing on creating new ideas or spontaneous reaction to a particular need. whereas other times it can be unexpected. The sources of innovation are employees, customer and competitors.

#### Employees

The main source of business innovation is directly from employees. The employees know the specific part of the business that they are involved with very well. Therefore, innovations come naturally to them. As they go about day to day operations, employees identify areas that are in need of improvement or could be done differently. Often, they will have their own ideas about solutions to problems or ways to address certain needs. Encouraging employees to bring these ideas forward and then supporting their development can significantly increase the amount of successful innovation in business. Employees can also be asked to specifically focus on innovation. Many businesses set aside time and conduct group 'brainstorming' sessions to encourage the creativity and the generation of new ideas that the business can investigate and pursue further.

### Customer

Another important source of innovation are customers. The customers know what they want and often have innovative ideas about how their needs could be better met through new products and services. Taking the time to listen to what customers are saying can greatly increase the amount of innovative ideas that flow into business.

### Competitors

The business competitors can also be a source of innovation. The important thing to remember is not to simply copy the products your competitors are successful with, but to analyse them and work out what you could do better. Consider what makes their product a success and try to innovate on that so that you have some form of market advantage over the competition.

The Organisations invest large amounts of resources into research and development in order to come up with a new idea that they can make commercially successful. Understanding how to identify and utilise the potential of these sources of innovation is important to the success of any business in a competitive market.

## 2. SCREENING OF IDEA

The first step is to screen all of the ideas. Idea screening will help to eliminate non relevant concepts and ideas with limited potential, allowing to focus on ideas with the greatest chance of success. This process can be done in following stages

A) Proof of concept:- In terms of innovation in business, proof of concept refers to demonstrating the feasibility of an idea. The purpose of this is to show that a concept or new idea has the potential to be utilised in a practical and successful way. Some background analysis of the intended market will also be useful at this stage. As the idea is still only in the early phase, this research just needs to cover factors such as market needs, potential customer base, possible product lifecycle and foreseeable risks.

B) Research and forecasting:- As the idea gains support and momentum, a business should aim to conduct some research and forecasting into the specifics of the project. This is particularly important if resources are limited or if it would be expensive to move onto the prototyping stage without sufficient back up and support for the concept.

C) Prototyping stage :- If an idea can be proven as a viable concept, it moves to the prototyping stage. This part of the innovation process involves developing and building an actual working model or representation of an idea. A prototype can be a complete, full scale, functional model or may simply demonstrate a small component of an overall idea. Prototypes may or may not be designed to look like the final product, depending on the scope of the design. The modern trend in proving concepts and developing prototypes is to use computer modelling and simulations.

## 3. DEVELOPMENT STAGE OF PRODUCT

The development stage is crucial for idea because it is the stage where many great ideas lose momentum and fail to make a significant impact on the success of a business. This can be due to a range of contributing factors, but is often caused by a lack of support and resources. It is important to carefully manage the development stage to ensure that innovative ideas are able to reach their potential. The development stage generally requires the biggest investment of resources. This is because it takes a significant amount of effort to turn an idea and a basic prototype into something that is actually commercially viable. Many great ideas fail simply because of their poor execution and delivery in the market. Product development involves taking the original concept and any available prototypes and improving and adjusting them until they are ready to be released into the market. As each version of the product is developed, it needs to be tested and evaluated for reliability, consistency, quality, effectiveness and other advantages and disadvantages such as simplicity of design and cost of manufacture. It is important to avoid cutting costs at this stage as any mistakes or oversights during development can cause major problems later on. The development stage also require market research to know the consumer behaviour and viability of product. This research can be done by interview of potential consumers or by surveying targeted consumers on what they would be looking for in a potential product.

Once a final design is decided upon, development should focus on making the final version of the product ready for commercialisation.

## 4. EXECUTION AND COMMERCIALISATION

The difficult stages of generating an idea and making it work are over, however many organisations fail to perform when it comes to the commercialisation of new products and services. At this stage, the operations and salespeople have

great role in the process. You should be consulting with your marketing and sales team all through the innovation process as they are the people who know what the market needs and are often the most honest about an idea's true marketability. Encouraging them to take ownership of the project at this stage is important as organization will need their support if the innovation is to be successful.

Advertising and promotions can make the difference between success and failure in the market. Depending on the type of product and the reputation of the business, some new products will require a greater investment in marketing than others. The market positioning of a new product in the market is also important to its success. While executing this stage, marketer should consider the price level, accessibility to customer, online marketing and supply chain of product.

## 5. EVALUATION AND IMPROVEMENT

This stage is critical in getting a return on investment in innovation. Firstly, Organization has to work out whether or not a product is working in the market. Organization can evaluate the success or failure by interaction or interview with customer. The continuous improvement of products is vital if organization wants to remain in market as a leader. For this purpose organization need to be identify area for improvement. By continuously coming up with new ideas for existing products, organization can help them to stay ahead of the competition and remain market leader.

## PRACTICES OF INNOVATION

The elements of innovative products and services already exist in most organizations. The challenge is to create an environment that permits those pieces to quickly align into a coherent whole.

All organizations face the challenge of combating the inherent reluctance of people in different roles to align around critical opportunities to work together.

1. Create culture for innovation. Find and communicate examples of people who have successfully created innovative ways of doing things. One of our top salespeople told us, *"Nothing motivates a salesperson more than hearing about another salesperson's sale."* The same is true for stimulating innovation throughout an organization. For example BCLs invest in creating an environment that allows innovation to thrive while encouraging employees to feel comfortable taking

calculated risks. At Walmart, a group called @WalmartLabs provides a supportive environment for testing new ideas. Similarly, Toyota encourages innovation by removing some of the pressure for short-term returns. Toyota's decade-long investment in its Prius sub-brand ultimately succeeded in strengthening the company's reputation as a respected product innovator while allowing Toyota to capture first-mover advantage in the fast-growing hybrid category.

2. Enable organizational agility. At most innovative organizations, job definitions tend to be flexible and fluid. These companies recognize that the roles their employees play must adapt to the changing needs of the marketplace. For example, at FedEx, the company actively assists executives in moving between functions in order to accumulate a diverse range of experiences that improve their overall adaptability. P & G is another firm that encourages employees to move functionally and geographically to gain new perspectives on the business and build capabilities for independent thinking and problem-solving. By giving employees room to explore their full potential and range of interests, P&G also gain a competitive edge in the talent market.

3. Broaden perspectives. For instance, P&G recently unveiled its C&D model that solicits new ideas for designs and technologies to tackle a range of challenges around health, hygiene and the environment. The company's Many product were developed using this open innovation model.

4. Promote and reward collaboration. The studies have shown that the vast majority of important innovations actually spring from collaborative, team efforts. P&G not only have innovative leaders like Alfred (CEO of P&G ), but more importantly they have leaders who create conditions that facilitate innovation by encouraging, measuring and incentivizing collaboration.

5. Celebrate success and learn from setbacks. The companies to celebrate innovation and to see any performance problems as opportunities to learn and improve. Recognizing innovators sends other employees a powerful signal that innovation is something that the company greatly values. But employees will be reluctant to take the risks inherent in innovation unless they know that their leadership team is willing to accept a certain amount of failure as an inescapable component of the innovation process.



## 6. Align and Integrate the Solution Process and the Implementation Process

Innovation is often stymied when the people who develop solutions work separately from those who implement them. For example One of the organization developed a 32-step process for creating new products that after two years failed to succeed because they separated the two aspects of innovation. Those that created the process were separate from those responsible for its implementation. The implementers never understood the how and why of the process. A combined team was able to reduce the 32 steps to 6 and reduce the time for new product introduction to six months.

## 7. Be ready for failure - give the chance even to be failure

Perhaps this is the greatest challenge to leaders that are trying to stimulate innovation. Namely, granting employees who try to innovate permission to fail. When Alfred implemented the new model of innovation then he has given chance and responsibility to employee that they will be equally responsible for failure and success.

## THE ROLE OF INTELLECTUAL PROPERTY RIGHTS( IPR) IN CREATING INNOVATION

The actual role of IPRs for industrial R&D, innovation and diffusion has been debated for centuries, with little consensus emerging. Intellectual property helped make possible the conditions for innovation, entrepreneurship and market-oriented economic growth that shaped the 20th Century. In the 21st Century, IPRs increasingly will define these conditions, and will dictate the pace and direction of innovation, investment and economic growth around the world.

Today era, innovation helped in economic growth and increase standards of living. To promote the innovation, governments must create appropriate incentives for continued growth in innovation and technology development. A critical enabling tool increasingly is intellectual property protection.

The role of IPR include:

### 1. Stimulating Innovation

Intellectual property rights play crucial role in developing innovation and expanding information. By stimulating innovation, information and creativity, IPRs directly affect economic

performance and create economic growth through increased productivity, increased trade and investment, and expanded economic activity that enhances consumer welfare. IPRs Create Incentives for Invention and Creation. A principal source of market failure is the inability of individuals and firms to prevent others from making use of the new knowledge they generate. In economic terms, innovation will be suboptimal. Strong and effective IPR protection is a particularly powerful incentive that will permit firms to invest in generating new technology in sectors where the returns to technological or product investment are longer term and involve significant risks, and where the invention may be easy to copy or imitate. Such protection, in turn, is a highly effective way to promote the diffusion of knowledge in the long term.

Research is only one critical component of innovation. Studies confirm that research constitutes only about 25% of the cost of commercializing a new technology or technique and substantial up-front additional resources are needed to bring most products or processes to the market. The exclusive rights granted a patent holder for a limited time provide the incentive for encouraging all the up-front investments needed to develop an idea and to generate a marketable product or technology.

### 2. IPRs promote the disclosure of inventions and pioneering information

Intellectual property rights are not a mechanism for hiding knowledge. They are a powerful market-based mechanism for disseminating knowledge. The diffusion of IPRs, and the bundle of rights that often go with them, can serve as a central policy tool in shaping the knowledge economy. The public disclosure of information is one of the most important functions of IPRs but, often, one of the most neglected by policymakers.

### 3. IPRs promote risky, uncertain and costly investments

Forward-looking IPR protection provides the incentives for firms and individuals to invest in generating new technology and new products, including incremental improvements. This is especially important where the returns from investment are longer-term, where the investment involves significant costs or risks, and where the invention or creation may be easy to copy or imitate.

-IPRs enable technology transfer : IPRs increasingly facilitate the operation of markets.

Strong and effective intellectual property rights are an essential tool for technology transfer. They encourage private and public enterprises to transfer technology not only through voluntary licensing and other contractual arrangements but also through the development of innovative approaches for promoting technological development, direct investment, technology sales and dissemination, and cooperative ventures.

- IPRs help stimulate and focus the process of knowledge creation and innovation through the necessity of finding legal means to “invent around” or “reverse engineer” patented inventions:

By providing exclusive rights to an invention, the patent system frequently spurs others to innovate by developing alternative solutions to technical problems or new and improved inventions. Innovators are stimulated to “invent around” or “design around” the original invention in order to avoid infringing the applicable patent(s). While this may, in some circumstances, lead to “me-too” innovation, it most often leads to the emergence of different technologies and competing pathways that promote competition and spur innovation. The circumvention of existing patents means that new technological solutions put market pressure on the exploitation of existing technologies. History also provides a number of examples about inter-industry technology “leaps.” Perfume sprayer mechanisms influenced the development of the carburetor, while various e-commerce innovations have come from the banking industry rather than the computer industry. Such technological convergence among industries is enabled by an intellectual property system that creates a public pool of knowledge, allowing companies to look beyond their own industry boundaries for R&D innovation.

#### 4. Empowering consumer protection in the global economy

The increase in cross border trade has promoted a growth in trade of trademarked / branded products that also incorporate copyrighted content and patented innovations. As a result, recognition of famous brands exists around the world. Moreover, international efforts to harmonize patent and trademark acquisition procedures have made it possible for companies to seek IPRs in more countries, in turn promoting the introduction of new products into markets around the world.

The new global economy increasingly depends on the international recognition and dissemination of IPRs related to branded products. Trademarked brand names, copyrighted systems and patented inventions define the multinational marketplace as

products and services are negotiated, shared and transferred with little regard to jurisdictional barriers or related to the country from where they originated. With increased trade and investment, and the concomitant growth of branded products, IPRs increasingly serve as trade facilitators.

Nevertheless, counterfeiting and digital piracy are booming. Innumerable fake products, ranging from pirated software and copied CDs to counterfeit medicines and aircraft parts, plague global trade and harm consumers. Counterfeiting increasingly poses a direct and serious threat to public health and safety. The market in fake pharmaceuticals and healthcare products is thriving in both developed and developing countries, too often putting the health and even the lives of consumers at risk. Counterfeiting also threatens legitimate trade and economic growth. The best estimates suggest that companies are losing more than \$ 200 billion annually to counterfeiting and piracy. In addition to lost sales, counterfeiting damages the reputations of legitimate manufacturers because the quality of fake products usually is inferior and can taint consumer perception of the genuine product. Moreover, counterfeiters pay no taxes or duties, thus costing governments as well. Counterfeiting causes global job losses of more than 200,000 jobs per year. In this way, counterfeiting, which counts for approximately 5 – 7 % of world trade, threatens economic growth as a whole.

#### 5. Supporting and enhancing competition

Both intellectual property and competition policy are vital to maintaining competition in a market-driven society because each, in its own way, encourages innovation and enhances consumer welfare. In protecting the rights of inventors and allowing innovators and creators to profit from their ideas and inventions, IPRs also depend on a legal and policy framework that ensures competitive markets.

#### 6. Securing the benefits of IP for the digital economy

Computers, telecommunications, semiconductors, entertainment and educational content, and other information-based sectors depend on IPRs as the legal and economic backbone of these industries. Intellectual property protection for these sectors -- especially digital-related copyrights, software patents and other computer-implemented inventions -- are the essential tools that create new businesses, new jobs and new markets that drive the digital economy.

## 7. Creating New Technology Markets because IPRs are Tradeable and Transferable

At the center of the innovation process and technological change today is information and its application, knowledge. Estimates suggest that more than one-half the store of human knowledge was produced in the second half of the 20th Century, more than one-half of all patents have been issued in the last 30 years, and the number of marketable new products, services and innovations has tripled in the last 20 years. An important component of this explosive growth is the role played by IPRs in creating new markets for technology and accelerating the pace of future innovation. The principal reasons for this are the market-oriented characteristics of IPRs; they are tradeable, transferable and transparent.

## CONCLUSION

The innovation is the generation of fresh ideas, the ongoing development of products, services and processes and their commercial. A innovation has great importance in improving productivity, fulfil customer expectation, responding to trend and competition, improve the living standards, utilise the existing resource and crating unique selling points. Although innovation has great role in success of business organisation but it has to face some barriers like mindset of organisation, time and resource , planning, reluctance to experiment. Innovation is really about economically valuable novelty. Innovation is complex and risky. P&G and Indian Railway has achieved great success in their respective business sphere through innovation in their business model. Huge amounts of money are invested in innovations, with companies like P&G, HUL, Indian Railways sometimes betting the company in their belief in new products. Investments like this are risky because innovations fail more often than not. Worldwide, only one in ten new products succeed in the market. Of the roughly 6000 new chemical substances currently on trial for their potential as new pharmaceuticals, perhaps only one will become a successful new drug. Innovation can originate anywhere. Increased education and economic growth have improved the capacity of developing countries to offer new products and services. Modern communications and transportation technologies allow these countries to share advances with consumer across the globe. As a result ,great ideas-regardless of where they originate-are less likely to be lost in our increasingly interconnected world. Finally IPR has great role in flourishing the innovation in business world.

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**INNOVATION IN BUSINESS: INTRODUCTION OF CORPORATE SOCIAL RESPONSIBILITY  
- A CASE STUDY OF CSR  
AT  
GAS AUTHORITY OF INDIA LTD.**

DR.PRIYA SRIVASTAVA

### ABSTRACT

Organizations today are experiencing increased pressure from their surrounding environments to act as good social citizens while still being profitable. Acting social and ethical responsible has become an expectation rather than a differentiation strategy to obtain organizational legitimacy.

Over the past several decades, the corporate world has experienced a pronounced increase in focus on organizations' ethical behaviors and responsibilities towards their environments. This is evident in the shift in focus from shareholder value (i.e. maximizing profit) to stakeholder value, where companies are striving at balancing people, planet and profit.

### KEY WORDS

Social & Ethical Responsibility, Ethical Behaviour, Environment, Shareholder Value, Stakeholder Value, but also to stakeholders such as employees, consumers, suppliers, local communities, policymakers, and society-at-large.

### PURPOSE

Importance and significance of CSR is described in the light of case study of GAIL.

### RESEARCH METODOLOGY

Content analysis technique has been used to assess CSR practices by GAIL.

### LIMITATIONS

While preparing this paper, legal aspects like corporate governance, labour and employee welfare, and related laws have not been covered.

### MEANING

The term "corporate social responsibility" is often used interchangeably with corporate responsibility, corporate citizenship, social enterprise, sustainability, sustainable development, triple-bottom line, corporate ethics, and in some cases corporate governance. Though these terms are different, they all point in the same direction: throughout the industrialized world and in many developing countries there has been a sharp escalation in the social roles corporations are expected to play. Companies are facing new demands to engage in public-private partnerships and are under growing pressure to be accountable not only to shareholders,

### *The Importance of CSR*

"It's all about the bottom line". There are few people, whether in the private or public sector, who haven't heard this phrase. Because the bottom line refers to the last line of a financial statement – profit or loss – it has traditionally been the ultimate measure of short and long-term organizational decisions, referring to the economics of costs and revenue.

While economics is still important, the increased complexity of global markets and sophistication of consumers, as well as the increased importance of environmental and social impact, have changed the way successful organizations look at what positively impacts their bottom line.

Today, organizations that want to achieve long-term success must consider what is known as the Triple Bottom Line: Economic, Environmental and Social. This **Triple Bottom Line** is also known as the 3Ps: Profit, Planet and People.

*Corporate Social Responsibility ("CSR"), as a strategic practice, is the key to organizational success because it is one of the few practices that can positively impact all three elements of the Triple Bottom Line, contributing to a healthy bottom line and long-term sustainability.*

### Objectives & Principles of CSR at GAIL

In alignment with vision of the company, GAIL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfilment its role as a Socially Responsible Corporate, with environmental concern.

The objective of the GAIL CSR Policy is to: Ensure an increased commitment at all levels in the organisation, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of all its stakeholders.

To directly or indirectly take up programmes that benefit the communities in & around its work centres and results, over a period of time, in enhancing the quality of life & economic well-being of the local populace.

### Funding & Allocation for CSR at GAIL

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, GAIL will allocate 2% of its previous year's Profit after Tax (PAT), as its Annual CSR budget.

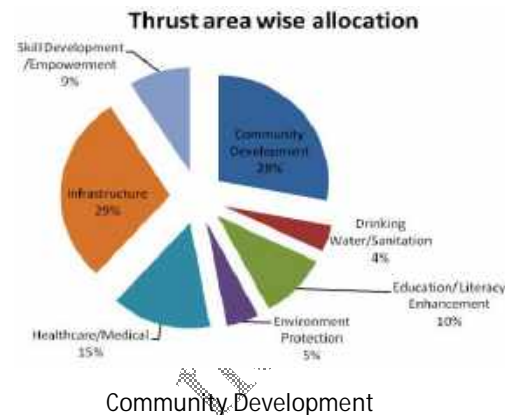
### Contribution towards Corpus of GAIL Charitable and Education Trust

An amount of Rs. 5 Crores will be earmarked each year, as contribution towards the corpus of the GAIL Charitable and Education Trust, till the corpus reaches a figure of Rs. 50 Crores. (The GAIL Charitable and Education Trust have been constituted for award of scholarships to meritorious and needy students and for grant of awards to the top ranking performers in select National competitive examinations as specified in the documents of the Trust.)

### Contribution towards Relief for Natural Calamities or Disaster

About seven thrust areas

CSR programmes are carefully identified through a diligent process of Need Identification at the grass root level and cover a wide spectrum of welfare and developmental activities, which fall under these seven broad 'Thrust areas'



For the year 2010-11 under the thrust area Community Development, programmes worth Rs. 15.68cr are endorsed and the implementation of these projects is in progression.

GAIL (India) Ltd. extended its support for reconstruction & renovation of numerous public utilities/building which provided a better condition of living for not only a person or family but whole of the villages where this project was implemented. For the sustainable development of the whole community GAIL is also supporting integrated livelihood programmes in villages especially for small and Marginal farmers. This would be considered as a drop in the vast ocean but GAIL along with other Oil PSU's is contributing towards provision of LPG connections to BPL families under Rajiv Gandhi Gramin LPG Vitrak Yojana. This collaborative combined effort of the Oil PSUs would be able to generate a huge wave in the ocean in UP region. GAIL believes that for providing better tomorrow for the community where it has its working the focus should be on the future of the community i.e. CHILDREN & STUDENTS. So in view of this belief GAIL is providing vehicles for distribution of Mid-Day Meal for underprivileged children of Government schools so as to encourage the young girls and boys to educate themselves for their better & secured life. GAIL in the miniscule of its efforts have tried to

touch every aspect of life by providing Night shelters and blankets to villagers, adoption of destitute tribal children of the orphanage in the tribal area, generating Aids awareness & Behaviour Change Communication programme for truckers of national highways and providing school bus for physically challenged students.

#### Drinking Water & Sanitation

Recognizing that the availability of potable drinking water is a clearly identified need in many villages of rural India, GAIL has been taking up a number of programmes in this area. Providing bore-wells, tube-wells, hand-pumps, overhead tanks as well as storage facilities, are some of the efforts taken in this direction. GAIL has taken up head-on projects for improving local hygiene & sanitation practices by construction of nallas and improvement in drainage system at different rural areas where GAIL has its presence. GAIL is also extending its resources for the development of sanitation system including installation tube well, pipeline, submersible pump, sanitary line etc.

#### Literacy Enhancement & Empowerment

GAIL has attempted to address the issues of unemployment through skill development and vocational training programmes undertaken at several locations. Significant measures have been taken for the creation of livelihood opportunities and facilitating forums for effective empowerment and self-reliance. Empowerment of differently-abled and physically challenged persons has also been promoted through several means, such as providing them with necessary medical aids, equipment and infrastructural support. GAIL with the help of its implementing partners gives Training (Sewing & tailoring training) & Special education (procurement of computer based visual speech training equipment & Audio Visual Projector) for the Neglected Disabled children and backward people. GAIL with the aim of providing self-sufficiency in the lives of the differently-abled people distributes specialised

motorized vehicle for making them self-reliant. With its project Padho-Badho GAIL envisages to mainstream at least 3000 rag picker children government schools through its Non formal Education Centres for out-of-school children. Emphasising on women empowerment GAIL has started projects for learning for women empowerment against poverty and imparting training on stitching and carpet weaving.

#### Environment Protection

GAIL's commitment towards the Environment forms an implicit part of its Vision statement and through its CSR initiatives it has promoted this cause through specific environment-friendly programmes. GAIL is putting its tiny steps in the field of Environment protection by plantation of saplings and trees in various areas where it has its installation. Projects related to Rain water harvesting, water Recharging and Ground water reuse system have been supported aptly by GAIL. Out spreading its support for green energy GAIL is in the process of building a Gas based Crematorium at New Delhi and provision of solar lights in the rural areas where electricity is not yet reached. Congregating environment and hygiene factors together GAIL is also installing Sulabh Sauchayala & Bio Gas Plants and development of Environment Parks for thousands of poor labourers' livings in slums where GAIL supplies gas.

#### Health Care / Medicine

GAIL is up gradating of existing Telemedicine Centre, physiotherapy units as well as setting up a community hospital in the villages of U.P. Other small programmes that are carried out for the general awareness about health are the family planning camps, Eye-camps, health awareness, T.B. thalassemia, cancer detection camps, and camps for physically handicapped persons (distribution of artificial aids and appliances) in the numerous rural areas where the organisation has its existence. In the field of mobile connectivity, GAIL has supported

various projects by providing ambulances, mobile health outreach programmes and distribution of medicines Nishulk Chikitsa Kendra, GAIL

As part of its routine healthcare programmes in communities around its townships and projects, GAIL has undertaken several healthcare projects like Reconstructive surgery for leprosy patients, Eye care cataract surgeries with IOL implants, Cancer screening camps, family planning camps, T.B. eradication programmes, malaria camps with treatment and free medicines and, health check up camps. GAIL's own hospitals & dispensaries in its townships extend medical care & treatment to the local villagers.

#### Infrastructure

In the area of Infrastructure, construction of village roads, culverts, community toilets, & other facilities in identified villages have helped to bring a facelift to these villages and improve the quality of life of its people. For the past many years GAIL has been constructing Community Centres and approach roads with an aim to provide long lasting and permanent development for the villages surrounding GAIL installation. GAIL is also in the process of setting up of a specialized training centre at Assam and Guna. Majority of the infrastructure works are carried out in the field of Education and health with the sole objective of creating a long term impact.

#### Skill Development / Empowerment

Out of all socio- economic interventions, education has always been considered the most powerful tool & GAIL has been regularly and consistently active in rendering contributions towards education, either by means of providing infrastructure support for classrooms, playgrounds, lab equipments to the under-equipped schools, or through direct scholarships, etc., it has taken this thrust forward by way of setting up a Trust to carry out the programmes in this area in a focused manner. The GAIL

Sponsoring students belonging to the lower societal strata for specialized coaching for IIT & Engineering

entrances under its project "Utkarsh Superb-30" & setting up of 50 non formal education centres for slum children of Delhi & Noida under project "Padho Aur Badho" , "E-Shiksha" programme for computer literacy, participation in "Mid-day Meal" programme of Govt. of Delhi and Corporate sponsorship of orphan children of SOS homes at Ahmedabad, Chandigarh and Delhi are some of the very successful and satisfying programmes undertaken over this year for supporting & promoting education among the rural and urban poor

One of GAIL's most satisfying interventions in education has been the E-Siksha programme; wherein computer labs have been set up in a self sustained, power equipped mobile Vehicle along with one qualified instructor and teaching aids. This has been implemented in Vijaipur and Pata as a pilot project, reaching computer education to government schools and facilitating these students to accomplish their regular computer school curriculum through this mobile computer aided labs. GAIL has undertaken several other projects in this area, for example, creation of infrastructure, providing equipment, furnishings, stationery, mid-day meals among other things. These support activities have not only helped to enhance creativity and independence among the students and improved the attendance of children in schools. Our support to special children through hearing aids and by providing computer with special software for visually challenged school children has also helped such special children to join the main stream of education.

#### Conclusion

There is a need to develop a more coherent and ethically-driven discourse on corporate social responsibility. CSR is still sometimes seen as "green wash" to clean the sins of pollution, or "white wash" to provide a facelift to the company's public image. It is often seen as old wine in a new bottle -- just another trendy name for good old philanthropic initiatives by companies. There is need to move beyond such transitory illusions about corporate social responsibility.

Corporate social responsibility offers a two-way street to companies, on the one hand stimulating innovative business and technological initiatives which would open up new avenues for company operations and focus on the prospect of touching new market zones.

On the other hand, it would give a cleaner societal reputation and socially responsible identity to companies, involving the companies and their employees in the long-term process of positive social transition.

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**Impact of Innovative Marketing Strategies: An Indian Experience**<sup>1</sup>Arun Kumar Singh\* and <sup>2</sup>Prof. Vinay Jha<sup>1</sup>Research Scholar, Department of Management/Mewar University, Chittorgarh, Rajasthan, INDIA<sup>2</sup>Assistant Professor, Accurate Institute of Management & Technology, Greater Noida, Uttar Pradesh, INDIA

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**Abstract:**

Innovative marketing is the only key to un-tap the vast ocean of market which belongs to the bottom of pyramid, those 6 million customers, who earn about \$2 per day, India specific answers are needed to solve this problem, like the marketing in small quantities, this alone can ensure inclusive growth, which aims to take along the less privileged consumers, who have till now been ignored by the marketing process, as their purchasing power was considered too low to tap. The developed nations and the prosperous parts of developing nations account for less than 15% of the world's population, organizations need new strategies to tap 85% of the market not yet tapped, the less privileged, LIG or the low income group, and to realize that, the real potential is not the wealthy few at the top, but the billions of aspiring poor, who are joining the market economy for the first time.

Terms: Annapurna, Amul, Aravind hospital, e-chaupal, Casas Bahia, Grameen Bank, mandi, SHG.

**Introduction**

The less privileged markets present a prodigious opportunity for the world's wealthiest companies - to seek their fortunes and bring prosperity to the aspiring poor. This is a time for organizations to look at globalization strategies through a new lens of inclusive capitalism. For companies with the resources and persistence to compete at the bottom of the world economic pyramid, the prospective rewards include growth, profits, and incalculable contributions to humankind. Countries that still don't have the modern infrastructure or products to meet basic human needs are an ideal testing ground for developing environmentally sustainable technologies and products for the entire world. This is also lifting billions of people out of poverty and desperation, averting the social decay, political chaos, terrorism, and environmental meltdown that is certain to continue if the gap between rich and poor countries continues to widen. Doing business with the world's less privileged, 4 billion poorest people - two-thirds of the world's population - will require radical innovations in technology and business models. It will require organizations to reevaluate price-performance relationships for

products and services. It will demand a new level of capital efficiency and new ways of measuring financial success. Companies will be forced to transform their understanding of scale, from a "bigger is better" ideal to an ideal of highly distributed small-scale operations married to world-scale capabilities. Size of the market: Around 4 billion people two-thirds of world population form the less privileged market, who earn about Rs. 100-150 per day, and needs radical innovations in technology and business models, to reevaluate price-performance relations for products and services and change the mindset of bigger being better highly distributed to small scale operations.

**Strategies for the less privileged: Creating the Buying Power**

Commercial credit historically has been unavailable to the very poor. Even if those living in poverty had access to a bank, without collateral it is hard to get credit from the traditional banking system. The vast majority of the poor in developing countries operate in the "informal" or extralegal economy, Local moneylenders in Mumbai, India, charge interest rates of up to 20 percent per day. This means that a

vegetable vendor who borrows Rs. 100 in the morning must return Rs.120 in the evening. Extending credit to the poor so they can elevate themselves economically is not a new idea. Consider how I.M. Singer & Company, founded in 1851, provided credit as a way for millions of women to purchase sewing machines. Very few of those women could have afforded the steep \$100 price tag, but most could afford a payment of \$5 per month. The same logic applies on a much larger scale in this market. Consider the experience of the Grameen Bank Ltd. in Bangladesh, one of the first in the world to apply a micro lending model in commercial banking. Started just over 20 years ago by Muhammad Yunus, then a professor in the Economics Department at Chittagong University, Bangladesh, Grameen Bank pioneered a lending service for the poor that has inspired thousands of micro lenders, serving 25 million clients worldwide, in developing countries and wealthy nations, including the United States and Great Britain. The e-Choupal model has been specifically designed to tackle the challenges posed by the unique features of Indian agriculture, characterised by fragmented farms, weak infrastructure and the involvement of numerous intermediaries, among others. 'e-Choupal' also unshackles the potential of Indian farmer who has been trapped in a vicious cycle of low risk taking ability - low investment - low productivity - weak market orientation - low value addition - low margin - low risk taking ability. This made him and Indian agribusiness sector globally uncompetitive, despite rich & abundant natural resources. Such a market-led business model can enhance the competitiveness of Indian agriculture and trigger a virtuous cycle of higher productivity, higher incomes, and enlarged capacity for farmer risk management, larger investments and higher quality and productivity. Further, a growth in rural incomes will also unleash the latent demand for industrial goods so necessary for the continued growth of the Indian economy. This will create another virtuous cycle propelling the economy into a higher growth trajectory.

The Model in Action: Empowering the poor

Appreciating the imperative of intermediaries in the Indian context, 'e-Choupal' leverages Information Technology to virtually cluster all the value chain participants, delivering the same benefits as vertical integration does in mature agricultural economies like the USA. 'e-Choupal' makes use of the physical transmission capabilities of current intermediaries – aggregation, logistics, counter-party risk and bridge financing – while dis-intermediating them from the chain of information flow and market signals. With a judicious blend of click & mortar capabilities, village internet kiosks managed by farmers – called sanchalaks – themselves, enable the agricultural community access ready information in their local language on the weather & market prices, disseminate knowledge on scientific farm practices & risk management, facilitate the sale of farm inputs (now with embedded knowledge) and purchase farm produce from the farmers' doorsteps (decision making is now information-based). Real-time information and customized knowledge provided by 'e-Choupal' enhance the ability of farmers to take decisions and align their farm output with market demand and secure quality & productivity. The aggregation of the demand for farm inputs from individual farmers gives them access to high quality inputs from established and reputed manufacturers at fair prices. As a direct marketing channel, virtually linked to the 'mandi' system for price discovery, 'e-Choupal' eliminates wasteful intermediation and multiple handling. Thereby it significantly reduces transaction costs.

Upwardly mobile less privileged

Sustainable product innovations initiated in LIG, and promoted through consumer education, will not only positively influence the choices of people at the bottom of the pyramid, but may ultimately reshape the way Americans and other rich people live. Indeed, in 20 years, we may look back to see that this segment, provided the early market pull for disruptive technologies that replaced unsustainable technologies in developed countries and advanced the fortunes of MNCs with foresight.

### Raising the BOP level

To convert the less privileged into a consumer market, we have to create the capacity to consume. Cash-poor and with a low level of income, this consumer has to be accessed differently. The traditional approach to creating the capacity to consume among the poor has been to provide the product or service free of charge. This has the feel of philanthropy. As mentioned previously, charity might feel good, but it rarely solves the problem in a scalable and sustainable fashion.

### New Distribution format

The number of products sold in the single-serve format is rapidly increasing. The format is so popular that even firms producing high-end merchandise have to adopt it to remain viable long-term players in the growing markets. For example, the shampoo business, in India, CavinKare was one of the few companies that forced Unilever and P&G to get into the sachet business. But Ranganathan is glad they didn't enter the business earlier. Ranganathan admits that the growth has been gradual but focused. His story of shampoo sachets capturing the market and attention of FMCG giants Unilever and Procter & Gamble is a case study in many B-schools. By selling shampoo in sachets priced for 50 paise, Ranganathan had hit the jackpot at the bottom of the pyramid—a theory made popular later by management guru C K Prahalad. Because the poor are just as brand-conscious as the rich, it is possible to buy Pantene, a high-end shampoo from P&G, in a single-serve sachet in India. The entrepreneurial private sector has created a large market for the less privileged; the penetration of shampoo in India is about 90 percent. A similar approach to creating capacity to consume is through innovative purchase schemes. More poor consumers in Brazil are able to buy appliances through Casas Bahia because the firm provides credit even for consumers with low and unpredictable income streams. Through a very sophisticated credit rating system coupled with counseling, Casas Bahia is able to provide access to high-quality appliances to consumers who could not

otherwise afford them. At the same time, the firm ensures that its consumers are not overstretched. The default rate is very low at 8.5 percent, compared to over 15 percent for competitor firms. Casas Bahia has also created a new pool of repeat customers. Cemex, one of the world's largest cement companies in Mexico, follows a similar approach in its "do-it-yourself" business focused on this segment of market. The idea is to help the consumers learn to save and invest. By creating a pool of three women who save as a group and discipline and pressure each other to stay with the scheme, Cemex facilitates the process of consumption by bundling savings and access to credit with the ability to add a bathroom or a kitchen to their homes.

Creating the capacity to consume is based on three simple principles best described as the "Three As":

**Affordability.** Whether it is a single-serve package or novel purchasing schemes, the key is affordability without sacrificing quality or efficacy.

**Access.** Distribution patterns for products and services must take into account where the poor live as well as their work patterns. Most of them must work the full day before they can have enough cash to purchase the necessities for that day. Stores that close at 5:00 PM have no relevance to them, as their shopping begins after 7:00 PM. Further, these consumers cannot travel great distances. Stores must be easy to reach, often within a short walk. This calls for geographical intensity of distribution.

**Availability.** Often, the decision to buy for these consumers is based on the cash they have on hand at a given point in time. They cannot defer buying decisions. Availability (and therefore, distribution efficiency) is a critical factor in serving them.

Of course, the ideal is to create the capacity to earn more so that the poor consumers can afford to consume more. The ITC e-Choupal story illustrates how farmers with access to the Internet and thereby access to the prices of commodities around the world can increase their incomes by 5 to 10 percent. These farmers can decide when and how much to

sell based on their understanding of the likely price movements for their products. Modern technology not only allows them to realize better prices, but also to improve their logistics. The aggregation of food grains allows for efficiencies for both the farmer and the buyer. By focusing on these consumers' capacity to consume, private-sector businesses can create a new market. The critical requirement is the ability to invent ways that take into account the variability in the cash flows of the consumers that makes it difficult for them to access the traditional market for goods and services oriented toward the top of the pyramid.

#### The Need for New Goods and Services

The involvement of the private sector for this target market, provides opportunities for the development of new products and services. Amul, a dairy cooperative in India, has introduced good quality ice cream at less than \$0.05 per serving, affordable by all. This product is not only a source of enjoyment; the milk in it is also a source of nutrition for the poor. Now, Amul is planning to introduce a natural laxative-laced ice cream called "isabgol-enriched." It is too early to tell whether the product can be a success. Casas Bahia not only sells appliances, but has also introduced a line of good quality furniture oriented toward the LIG markets. Furniture has become one of the fastest growing businesses for the company as well as a source of pride and satisfaction to its consumers.

#### Respect & freedom to choose

When the poor are converted into consumers, they get more than access to products and services. They acquire the dignity of attention and choices from the private sector that were previously reserved for the middle-class and rich. The farmers we interviewed at an ITC e-Choupal were very clear. The traditional auctioning system at the government-mandated markets (mandis) did not offer them any choices. Once they went to a mandi, they had to sell their produce at the prices offered on that day. They could not wait for better prices or haul their produce back to their villages. More important, the local

merchants who controlled the mandi were not very respectful of the farmers. One farmer remarked, "They make rude comments about my produce. They also raise the prices in the auction by 1-2 rupee per ton. It is as if they have already determined the price you will get and they go through the motions of an auction. It used to be very demeaning." Not any longer. Now, the same farmers can access information on the Web across all the mandis and can decide where, when, and at which prices they want to sell. Similarly, women in self-help groups (SHGs) working with ICICI Bank in India also have had their dignity restored. As a group, they decide which borrowers and projects will receive loans. This involvement of women in leadership development and in learning about finances and bank operations has given them a new sense of personal worth. The single-serve revolution has created a revolutionary level of choice for consumers at this level. For example, the "switching costs" for the consumer are negligible because she can buy a sachet of shampoo or detergent or pickles; if she is not satisfied with her purchase she can switch brands the next day. Firms must continuously innovate and upgrade their products to keep customers interested in their brands, thereby improving quality and reducing costs.

#### Technology not only for rich, but for poor

Annapurna iodized salt - the simplest solutions can make the biggest impact. Annapurna is refined iodised salt sold in small, affordable sachets that would not last long enough to degrade in the sun.

Iodine Deficiency Disorder is a global health issue Iodine Deficiency Disorder (IDD) is a global health issue. According to UNICEF, 740 million people are iodine deficient. The United Nations has identified that 30% of children under the age of five in Africa suffer from IDD. Goitre, an enlargement of the thyroid gland, is a visual consequence of IDD. Children with IDD will never reach their full mental or physical potential.

Low-cost, hi-tech solution: Annapurna iodised salt although the prevalence of iodine deficiency is high and the potential solution, iodisation of salt, may seem simple, public awareness campaigns on using iodised salt had not been successful in countries such as Ghana. In this country, where 30% of the population lives on less than a dollar a day, it was difficult to persuade people to switch to iodised salt that was twice as expensive as non-iodised salt. In 1999, Unilever launched Annapurna iodised salt in India, followed with a launch in Ghana in 2001. It is the first product ever endorsed by the International Council for Control of IDD. To be able to offer Annapurna at a price that was affordable for even the lowest-income families, Unilever Africa scrutinized all the costs. This resulted in the development of a cost-efficient system whereby the production was outsourced, creating 200 local jobs, new retail distribution channels were created and 100 gram sachets were offered at an affordable price. Road shows with information supplied by the Ghana Health Service raised awareness on the benefits of iodised salt and built consumer confidence in the Annapurna brand.

Over 50% of consumers switched to iodised salt

Three years after the launch of Annapurna, over 50% of consumers had switched to iodised salt. The Unilever Food & Health Research Institute and the Unilever Nutrition Network Africa are now working together with UNICEF and the Ghana Health Service to 'convert' the rest of the population. We have also launched Annapurna in Nigeria and are making plans to launch it in other African countries as well. In just two years, sales of iodine-enriched Annapurna salt in Ghana have captured 35% of the market and helped increase distribution of iodised salt – a key requirement in the fight against iodine deficiency – by 50%

Jaipur foot

For decades the Jaipur Foot – not only in India where it is made but also in many other countries – has helped people living a normal life despite losing

their limbs. It is now being further improved by using new technology and material.

For over 30 years, it has been changing people's lives, helping them stand on their feet. Bhagwan Mahaveer Viklang Sahayata Samiti (BMVSS), a non-governmental organisation (NGO) that makes the famous life-like foot, is collaborating with the Indian Space Research Organisation (ISRO) to improve the prosthesis by using new technology and material. A polyurethane foot will soon replace the rubber foot the BMVSS has been manufacturing since 1975. The new foot made of the synthetically produced polymer will be cheaper and lighter.

A social innovation

However, to view the foot as merely a technological marvel will be a mistake. "The foot became famous because it is a social innovation," says D.R. Mehta, an Indian Administrative Officer who had started BMVSS, making it possible to reach the foot to the poor. While the foot has remained unchanged, its footprint has grown over the years. Since 1975, the organization has provided artificial limbs to 310,220 people. The foot has been a great success in war-torn areas where landmines cause loss of limbs. The Jaipur Foot is available in 21 countries other than India, including Afghanistan, Bangladesh and Nigeria. Mehta is trying to find ways of taking the foot to people in the rest of the world. In September, BMVSS, provided training in fitting the foot in Islamabad and Karachi. Soon it will start supplying. Similar efforts are on to increase access to the foot across India so that people do not have to travel to Jaipur. The fact that the Jaipur Foot technology is in public domain — it was not patented — means it is still available to the poor. It costs around Rs 1,500 compared to the Rs 8 lakh a similar foot costs in the United States. People from all over the country come to Jaipur to get the foot. All the more because along with the foot, help in setting up a business and other assistance is provided free of cost. The BMVSS even employs some of those who come seeking aid.

Trust Is a Prerequisite

Both sides the large firms and these consumers have traditionally not trusted each other. The mistrust runs deep. However, private-sector firms approaching this market must focus on building trust between themselves and the consumers. MNCs often assume that the default rate among the poor is likely to be higher than that of their rich customers. The opposite is often true. The poor pay on time and default rates are very low. In the case of ICICI Bank, out of a customer base of 200,000, the default rate is less than 1 percent. The default rate at Grameen Bank, a microfinance pioneer in Bangladesh, is less than 1.5 percent among 2,500,000 customers. The lessons are clear. Through persistent effort and the provision of world-class quality, private-sector businesses can create mutual trust and responsibility between their companies and the less privileged. Trust is difficult to build after 50 years of suspicion and prejudice based on little evidence and strong stereotyping.

Place: The critical factor

Because the less privileged communities are often physically and economically isolated, better distribution systems and communication links are essential to development of the bottom of the pyramid. Few of the large emerging-market countries have distribution systems that reach more than half of the population. (Hence the continued dependence of the poorest consumers on local products and services and moneylenders.) As a consequence, few MNCs have designed their distribution systems to cater to the needs of poor rural customers.

Customizing Local Solutions

As we enter the new century, the combined sales of the world's top 200 MNCs equal nearly 30 percent of total world gross domestic product. Yet these same corporations employ less than 1 percent of the world's labor force. Of the world's 100 largest economies, 51 are economies internal to corporations. Yet scores of Third World countries have suffered absolute economic stagnation or decline. If MNCs are to thrive in the 21st century,

they must broaden their economic base and share it more widely. They must play a more active role in narrowing the gap between rich and poor. This cannot be achieved if these companies produce only so-called global products for consumption primarily by rich consumers. They must nurture local markets and cultures, leverage local solutions, and generate wealth at the lowest levels on the pyramid. Producing in, rather than extracting wealth from, these countries will be the guiding principle.

Aravind Eye Hospital – Eye on Hope

The idea for telemedicine came after the hospital did a utilization study in 1996 to look at the efficacy of its rural eye camps – these had been organized periodically over 30 years in several rural locations. They discovered that these camps addressed only 7% of those who needed eye care as a camp was usually held only once or twice a year. Before the vision centers were set up, only 7% of those who needed eye care actually got it. The broadband connectivity enabled the hospital to put in place a sustainable, sophisticated, interactive model where health care delivery was broken down into two process – examination and dispensation of medicines at the vision centre while diagnosis is carried out by hooking up to a specialist online. With broadband becoming freely available across the state, Vision centres are coming up in many more locations. The momentum of the network-based model has accelerated ten-fold the pace at which the hospital can offer eye-care. In Alaganallur there were usually two camps a year, each catering to around 300 patients. Aravind's Eye Hospital's model offers a unique resolution to a conflicting scenario in a country which daily attracts medical tourists from around the world but where rural poor have no access to address very treatable health problems. Even more uniquely, technology and affordable connectivity options have made this model economically justifiable, and hence sustainable. Technology and affordable connectivity options have made Aravind's model economically justifiable, and hence sustainable. To do this, MNCs must combine their advanced technology with deep local insights.

Consider packaging. Rich consumers have the disposable income and the space to buy in bulk and shop less frequently. They use their spending money to "inventory convenience." The less privileged consumers, strapped for cash and with limited living space, shop every day, but not for much. They can't afford to stock up on household items or be highly selective about what they buy; they look for single-serve packaging. But consumers with small means also have the benefit of experimentation. Unburdened by large quantities of product, they can switch brands every time they buy. Already in India, 30 percent of personal care products and other consumables, such as shampoo, tea, and cold medicines, are sold in single-serve packages. Most are priced at Rs. 1 to 5. Without innovation in packaging, however, this trend could result in a mountain of solid waste. Dow Chemical Company and Cargill Inc. are experimenting with an organic plastic that would be totally biodegradable. Such packaging clearly has advantages in this market, but it could also revolutionize the total market. For MNCs, the best approach is to marry local capabilities and market knowledge with global best practices. But whether an initiative involves an MNC entering this market or an entrepreneur, the development principles remain the same. New business models must not disrupt the cultures and lifestyles of local people. An effective combination of local and global knowledge is needed, not a replication of the Western system. The development of India's milk industry has many lessons for MNCs. The transformation began around 1946, when the Khira District Milk Cooperative, located in the state of Gujarat, set up its own processing plant under the leadership of Verghese Kurien and created the brand Amul, today one of the most recognized in the country.

Conclusion: The less privileged forms a major chunk of the society and its interest has to be taken care of to lead a peaceful co-existence, and a profitable win-win engagement.

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**Linking Internal Marketing and Human Resource Management: Gaining Competitive Advantage**

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**ABSTRACT**

This paper will endeavour to describe the link between Internal Marketing (IM) and Human Resource Management (HRM). It states that marketing and human resource sections of an organisation should be co-ordinated and linked with each other in order to sense the market turbulence and competitive forces. To comply with the accomplishment of organisational targets and objectives, induction of the HR managers regarding the market conditions is necessary. An optimum reconciliation of HR and Marketing strategies shall take the organisation to new heights, thereby adding a competitive advantage. By projecting a model, this paper exemplifies the link between HRM and IM which finally directs to organisations synergistic performance.

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**Introduction**

In today's uncertain and competitive environment, organizations should try their best to apply all their resources effectively. It has been said that the most important assets of any business walk out the door at the end of each day (Boxall et al., 2007, p. 88). Indeed, people and the management of people are increasingly seen as key elements of competitive advantage (Boxall Purcell 2003; Pfeffer 1998; Gratton et al. 2000). Spurred on by increasing competition, fastpaced technological change, globalization, and other factors, businesses are seeking to understand how one of the last truly competitive resources, their human resources, can

be managed for competitive advantage (Boxall et al., 2007, p. 88) and for achieving organizational superior performance.

Past studies have revealed a strong linkage between employees' job satisfaction and organizational superior performance. Moreover, researchers found a significant positive relationship between employees' job satisfaction and customer perceptions of service quality performance (Hartline & Keith, 1996; Yoon et al., 2001). It is expected that satisfied employees deliver better services (Schmit & Allscheid, 1995) which affects customer confidence positively and contributes to achieving customer loyalty. Consequently, having a loyal base of satisfied



customers within such a competitive environment, increases revenues, decreases costs and builds market share (Halil & Cem, 2010). Thus, to have satisfied customers, the satisfaction of employees is necessary.

The idea of satisfied employees for the benefit of satisfied customers is developed through the concepts of internal marketing (IM). According to Berry (1981), the concept of internal marketing was based around viewing jobs as if they were “internal products” offered to employees. Moreover, the logic of IM states that employees are the internal

#### Internal Marketing

The crux point of internal marketing is prioritizing its employees; based on the notion that employees are its first customers. The Internal Marketing was first introduced by Berry et al. (1976). The IM refers to the use of marketing perspective for managing an organization's human resources (George and Gronroos, 1991). Sasser and Arbeit state that personnel are the first market of a service organization (Sasser & Arbeit, 1976).

customers of their organizations who had needs to be satisfied; and those needs were closely connected to their jobs.

Although people play a critical role in organizations, research has paid little attention to the link between IM and HRM. Thus, by reviewing the relevant literature, this paper attempts to

Demonstrate the important linkage between IM and HRM; which provides further insight for

Managers of organizations contribute to superior performance of organizations.

The concept of internal marketing is not limited to the ‘front-line’ customer service staff alone (De Bussy et al., 2003). Even the employees who do not interact directly with customers may impact upon perceived service quality because they directly influence the service providers (George, 1990 in De Bussy et al., 2003). If all employees perform their jobs well they are a value-added component of the service and product offering.

#### Four Categories of IM definitions

| Definition   | Authors   |
|--|---|
| The same as HRM  | MacStravic (1985, cited in Dunne & Barnes, 2000); Grönroos (1990, cited in Varey, 2001); Varey (2001); Kotler (2003). |
| As a usage of marketing techniques in internal marketplace | Reardon & Enis (1990); Gilmore & Carson (1995, cited in Varey, 2001); Ozretić (2004).                                 |
| As a precondition for satisfaction of external customers   | Ballantyne (2000); Varey (2001); Kotler (2003).   |
| As a source of competitive advantages                      | Hales (1994, cited in Varey and Lewis, 1999); Ballantyne et al. (1995, cited in Ballantyne, 2000).                    |

IM: Objectives

According to Tansuhaj et al. (1988) and Ahmed et al. (2002), there is a set of objectives that

3. Increasing employee involvement with the organizations.

IM should seek to develop. Which are as follows:-

4. Increase employee motivation.

1. Increase the effort that the employee is willing to do for the organizations.

5. Increased job satisfaction.

2. Increasing employee commitment with the organizations.

#### IM: Elements

| Authors                      | Elements   |
|------------------------------|--|
| Gronroos (1985)              | <ul style="list-style-type: none"> <li>➤ Motivation</li> <li>➤ Development</li> </ul>  |
| Tansuhaj et al. (1988)       | <ul style="list-style-type: none"> <li>➤ Recruitment</li> <li>➤ Training</li> <li>➤ Motivation</li> <li>➤ Communication</li> <li>➤ Retention</li> </ul>  |
| Gummeson (1991)              | <ul style="list-style-type: none"> <li>➤ Internal Communication</li> <li>➤ Training</li> <li>➤ Education</li> <li>➤ Information</li> </ul>   |
| Berry and Parasuraman (1991) | <ul style="list-style-type: none"> <li>➤ Fight for talent</li> <li>➤ Provide a vision</li> <li>➤ Prepare people for results</li> <li>➤ Team work</li> <li>➤ Freedom to work</li> <li>➤ Measurement and recognition</li> <li>➤ Meet internal customers</li> </ul>   |
| Rafiq and Ahmed (1993)       | <ul style="list-style-type: none"> <li>➤ Employee motivation and satisfaction</li> <li>➤ Customer orientation and customer satisfaction</li> <li>➤ Inter-functional coordination and integration</li> <li>➤ Marketing-like approach</li> <li>➤ Implementation of specific corporate or functional strategies</li> </ul>  |
| Foreman and Money (1995)     | <ul style="list-style-type: none"> <li>➤ Attraction</li> <li>➤ Recruitment</li> <li>➤ Retention</li> </ul>   |
| Saad et al. (2002)           | <ul style="list-style-type: none"> <li>➤ Strategic rewards</li> <li>➤ Internal communications</li> <li>➤ Training and development</li> <li>➤ Organizational structure</li> <li>➤ Senior leadership</li> <li>➤ Physical environment</li> <li>➤ Staffing, selection and succession</li> <li>➤ Inter-functional coordination</li> <li>➤ Incentive systems</li> <li>➤ Empowerment</li> </ul> |

## Human Resource Management

Human resource management as a specialized function in organizations began to grow around 1900s (Mathis & Jackson, 1988). HRM is commonly defined as a “process of acquiring, training, appraising, and compensation employees, and attending to their labor relations, health and safety, and fairness concerns” (Dessler, 2005), and as a “strategic and coherent approach to the management of an organization’s most valued assets – the people working there who individually and collectively contribute to the achievement of its goals” (Armstrong, 1999). Hall and Goodale (1986) add that HRM is a “process of bringing people and organizations together so that the goals of each are met,” with the aim of the “optimal degree of fit among the four components – the environment, organization, job, and individual”.

The overall goal of HRM is to enable organizations to be successful through their people. More extensively, HR aims are to (Armstrong, 1999):

- (1) provide a range of services which support the achievement of corporate objectives as part of the process of running the organization;
- (2) enable the organization to obtain and retain the skilled, committed and well-motivated workforce it needs;
- (3) enhance and develop the inherent capacities of people – their contributions, potential and employability – by providing learning and continuous development opportunities;
- (4) create a climate in which productive and harmonious relationships can be maintained between management and employees and in which feelings of mutual trust can be developed;

(5) develop an environment in which teamwork and flexibility can flourish;

(6) help the organization to balance and adapt to the needs of its stakeholders (owners, government bodies or trustees, management, employees, customers, suppliers and the public at large);

(7) ensure that people are valued and rewarded for what they do and achieve;

(8) manage a diverse workforce, taking into account individual and group differences in employment needs, work style and aspiration;

(9) ensure that equal opportunities are available to all;

(10) adopt an ethical approach to managing employees which is based on concern for people, fairness and transparency; and

(11) maintain and improve the physical and mental wellbeing of employees.

According to Armstrong (2010), the practice of Human Resource Management (HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as:

- a) Strategic HRM, Human Capital Management,
- b) Knowledge Management,
- c) Organization Development,
- d) Resourcing (Human Resource Planning, Recruitment and Selection, and Talent Management),
- e) Performance Management,
- f) Learning and Development,
- g) Reward Management,
- h) Employee Relations and Employee Well-Being.

Further, the overall aim of HRM is to enable organizations to be successful through their personnel.

#### Relationship between IM & HRM

According to Glassman and McAfee (1992), Dunne and Barnes (2000), and Varey (2001), considering human resources as internal customers would best be served through the contributions of both the marketing and human resources functions as it reflects the common roots of each discipline within psychological theory. The important role of internal marketing is to breed effective human resources, which imply IM and HRM are closely related to each other. Bansal et al. (2001), stated that some relevant aspects of HRM practices in achieving employees commitment, job satisfaction, and trust are related to the success of IM.

Some researchers are of the view that the important role of internal marketing is to foster effective human resource management (Ewing & Caruana, 1999), which implies the subordinate position of internal marketing in relation to HRM. On the contrary, there are researchers that consider HRM not proficient to ensure employees' feeling that management cares about them and their needs.

For figuring out the important linkage between IM and HRM, the relationship between HRM functions and IM rudiments should be realized as:

1. Job analysis is a detailed and systematic study of jobs to know the nature and characteristics of people to be employed for each job. It is a process of discovering and identifying the pertinent information relating to the nature of a specific job. The process of job analysis is essentially one of data collection and then analysing the data. It provides the analyst with basic data pertaining to specific jobs in terms of duties, responsibilities, skills, knowledge, degree of risk etc. Without a systematic process of job analysis, organizations will not be able to implement IM process properly; because, it provides necessary information about all factors related to successful implementation of IM in organizations.

2. Recruitment is the process of attracting and obtaining as many applications as possible from eligible job seekers. It is understood as the process of searching for and obtaining applicants for jobs; from among whom the right people can be selected. Thus, recruitment, as one of the HRM functions, contributes to better implementation of IM in organizations by selecting appropriate employees according to requirement as per organizational objectives.

3. Pynes (2009) stated that "accurate evaluations provide information and feedback to employees. Employees must be informed about the goals and objectives of the agency and the role they play in the agency's success. They must know what standards will be used to judge their effectiveness. Supervisors must communicate to employees their strengths as well as their deficiencies, thus providing the opportunity for employees to correct their weaknesses before serious problems emerge." Therefore accurate performance management contributes to better implementation of IM in firms.

4. Salary, perks and benefits play a crucial role in attraction, retention and motivation of employees. Employee's desire and demand fair remuneration in turn and appreciate intrinsic as well as extrinsic rewards are part of the job situation that is provided by others. Employees may induce motivation by the fair remuneration and benefits that he or she receives through being employed. Thus, fair compensation system contributes to better implementation of IM in organizations.

#### Research Proposed Model

Taking into account the above mentioned literature, figure below shows the research proposed model.

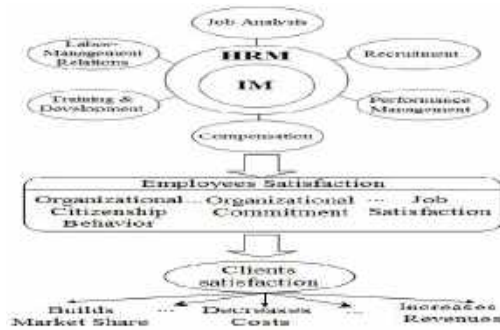


Fig:- Research Proposed Model

In the first step, HRM and HRM functions are illustrated. As can be seen they cover IM and its elements. Some researchers think that the important role of internal marketing is to foster effective human resource management (Ewing & Caruana, 1999), which implies the subordinate position of internal marketing in relation to HRM. As can be seen, the primary aim of IM and HRM is to meet employees' needs which lead to employees' job satisfaction, organizational commitment, organizational citizenship behavior and etc., which contribute to individual superior performance. This superior performance affects firms' service quality positively which leads to clients satisfaction. And having loyal base of satisfied customers within such a competitive environment, increases revenues, decreases costs, builds market share and have many more positive influences on organizations.

### Conclusion

This main purpose of the current paper is to clarify the linkage between IM and HRM in today's organizations. In today's competitive environment, organizations must meet the needs of their external customer to reach their goals which are efficiency, effectiveness, productivity, and market share. It is important to note that, the managers who are concerned with monitoring and improving external customer satisfaction need to meet employee's need as their internal customers. The key for reaching employee's satisfaction is Internal Marketing (IM).

The notion underlying the internal marketing is that managers have to concentrate on the internal market (employees) as much as on the external market (clients), if they want their strategies to be successfully and effectively carried out within their organization. Therefore, it is important to provide the appropriate internal environment to reinforce customer-consciousness. In doing so, Marketing and Human Resource management departments should be aligned and integrated with each other. In other words, it is necessary, to have a market-oriented HR managers in order to make an impact on the success of a company. HR managers should apply the same strategies that marketing managers use to promote products and services outside the organization. Therefore, the tools that are widely used in the external environment (e.g., market research, segmentation and targeting) could be employed internally to motivate the employees.

To sum up, the proposed model developed in this paper clearly shows the link between IM and HRM which helps organizations achieve competitive advantages. Although providing a foundation, future research is needed to build, augment, and refine this model. But, more researches are needed to identify the link between IM and HRM literature both theoretically and empirically. The model proposed here is an initial attempt to lay the groundwork for this needed alignment from a theoretical perspective.

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# MOBILE SHOPPING BEHAVIOUR IN INDIAN CUSTOMERS

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MBA II semester

Abstract

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The prime objective of the study was to understand the mobile shopping behaviour in Indian customers. This research paper aims to assess the factors which may affect the mobile shopping behaviour of Indian customers. The data was collected from the secondary sources and some observations were done by the investigator. The results found that there were several factors like price, brand name, durability, services and much more which affect the mobile shopping behaviour of Indian customers. A different trend was observed among different age groups for mobile shopping and gender also made difference in the behaviour for shopping mobiles. A younger generation was fascinated by the new apps, models, and also the peer pressure. But the elderly were stick to the price tag, which may fit in their budget. The boys seem to change mobiles frequently and prefer different qualities in mobile than girls.

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Keywords: Buying behavior, Mobile handsets, Factors, different age groups

## Introduction

India is the world's 12th largest consumer market. It is projected that by 2025, it will be ahead of Germany and will become the fifth largest economy of the world. There is an explosive growth in almost all the areas of consumer goods and services. Communication that accounts for 2 percent of consumer's spending today will be one of the fastest expanding categories with growth of about 13 percent. (McKinsey, 2007). Mobile telecommunication industry has shown a tremendous growth over the last few years and at present there are about twenty crore (1 crore = 10 million) subscribers of the mobile telecom services in the country. The market for the mobile handset is also growing with the growing demand for mobile telecom services. This demand will continue to grow in future also. India at present is the second largest market for mobile handsets (Indian Brand Equity Foundation, 2005). The growth in this sector has

been improved due to liberalization of telecommunication laws and policies. The consumers of both rural and urban areas, from college - going students to mature elders, of almost all income groups have started using mobile telecom services. The growth is fastest in mobile services as compared to fixed lines where it is modest (The World Factbook, 2008). Some of the consumers particularly college - going students have to rely on their parents for the buying of products like mobile handset and automobile. This is so because large majority of such people are not economically independent till the age of 22-24 years. Therefore, they have to satisfy themselves with what their parents buy for them. But now-a-days, these people have become more able to influence their parents in buying the products of their choice. This is probably due to small family size of one or two children these days, where parents comply more with the requests of their children as compared to the past.



Mobile phones are now inexpensive, easy to use comfortable and are equipped with almost every feature we desire. Mobile phones are a necessity, a style, a job compulsion and a lifestyle durable, all at the same time. They have become an indispensable commodity, reaching across age, sex, demographic and regional boundaries. There are some key trends driving the growth in this sector are:

- 1) Growth of disposable income
- 2) Products becoming increasingly affordable
- 3) Increasing share of organized retail.

A study was conducted namely "My next Mobile Phone" which analyzed buying behaviour in two phases: the first one was at individual level and second one at group level. The purpose of this study was to analyze market segment behaviour of the mobile phones. The study processes the personnel selection and analyzed the buying pattern and analyzes the thought process behind the mobile phone selection. Thus it proves that for a company it is very important to assess the trends and the demands of their customers. The increasing competition between the telecom service providers has increased demand for both mobile telecom services as well as the handsets. According to Indian Brand Equity Foundation (2005), the mobile handset market, which was worth about \$ 2 Billion two years ago, had shown a growth of 60% per annum. The GSM (Global System for Mobile Communications) handsets had 84% share and CDMA (Code Division Multiple Access) handsets has 16% market share. There are various players in the GSM market. Nokia was leading the market with 59% market share (Prashant, 2005). Among the other players, the prominent are Sony Ericsson, Samsung, Motorola and LG. They are offering wide range of models for the users of different preferences. The manufacturers are introducing newer and newer models in quick succession of time. They are motivated to do so because Indian mobile subscribers are prepared to pay for upgrades, value-based services, and advanced models. The cut throat competition between manufacturers has forced manufacturers to reduce their costs and therefore, they are thinking of manufacturing handsets in India. The low wage rates will help manufacturers to

reduce their costs (Indian Brand Equity Foundation, 2005). Besides this, the service providers and manufacturers are offering value added services to make up losses in revenues, which have resulted due to decrease in tariff rates. Thus mobile value added services has become an important element in the growth of mobile telephony in India.

Possibly the most challenging concept in the marketing is to deal with understanding the buyer behaviour. The attitude of Indian consumers has undergone a major transformation over the last few years. The Indian consumer today wants to lead a life full of luxury and comfort. He wants to live in present and does not believe in savings for the future. An important and recent development in India's consumerism is the emergence of the rural market for several basic consumer goods.

The Indian middle class has provided a big boost to the consumer culture during the recent past and it is hoped that their buying behaviour will continue to change in the coming future. Due to fast growth of the services sector per capita income of people of India is also increasing. The number of middle class is increasing due to another fact that people are fast shifting from agriculture to the services and industry sector where growth prospects are reasonably high as compared to the agriculture sector which is showing slow growth. The consumption pattern of a country depends on liberalization of economic policies, buying habits of the younger generation, financial independence at a young age, increase in number of nuclear families and increase in media exposure of the people. The tastes and preferences of the current generation are changing rapidly. The current generation does not mind paying extra for better facilities and ambience. Another major factor that has led to increased consumerism is the growth of credit culture in India. The Indian consumer does not feel shy to purchase products on credit and pay tomorrow for what they use or buy today. This tendency has led to a tremendous increase in purchase of homes, cars, two-wheelers and consumer goods. The market for luxury products in India is also climbing at an astonishing rate as compared to a decade ago when it was almost negligible. The reason behind this is that the purchasing power of people of India is rising very steeply. The Indian consumer today is highly aware about the product, price, quality and the options available with him. The purchasing is

done by keeping all these factors in mind. Today, price is not the only consideration as it was a few years back when prices played a major role in purchasing. Marketers are trying hard to capture this ever increasing Indian middle class as they form the bulk of Indian consumers.

#### Literature review

Consumer behaviour reflects the totality of consumer's decisions with respect to the acquisition, consumption and disposition of goods, services, activities and ideas by human decision making units. (Hoyer, Macinnis and Pinaki Das Gupta, 2008). Consumer behaviour means more than just how a person buys tangible products such as bath soap, digital music players and automobiles. It also includes consumer's use of services, activities and ideas such as going to the doctor, visiting a theme park, etc. (Source- Hoyer, Macinnis and Pinaki Das Gupta, 2008) David M Potter (1954) presented the situation of consumers with diverse nature and ambitions. Cyndee Miller (1995) has described the 80 different natures of women as a purchaser in different capacities. Fitzgerald (1994) has described the role of life style in deciding the consumer behaviour factor. The advertising age (1995) has given the reasons for developing different consumer images. Maxine Wilkie (1995) has advocated that Demographic plays a vital role for deciding the culture of consumer. Adweek's Marketingweek (1994) has given the scene of vanishing culture of housewives and replacement by working wives. Howard and Sheth (1969) explained how consumer's buying behaviour influenced by internal and external factors. They explained that human mind is "BLACK BOX" which receives stimuli. This stimulus creates perception in the mind of consumer which implied the kind of learning favorable or unfavorable. This will give the output in the form of acceptance or rejection. Basically this model is based on Stimulus -Response theory.

Sabnavis (2002) identified three different consumer types of three generations in India. Traditional consumers of pre-liberalization phase (1960-70s) were, stable, inward looking and had limited choices. They kept their family needs on the top and their own personal needs were subordinate to their family needs. They avoided risk. In the transient phase (1980-90s), the consumers were more risk taking than their predecessors. They had experienced

multi-choices and had a tendency to be better off than their parents. Economically, they had no fears or concerns. The new millennium consumer tends to enjoy life. He has greater self-control, and looks for personal style and pleasure. Exposures to variety of products and enhancement of economic status have changed the attitudes of the upper middle – class consumers towards brands. Indian society being hierarchical in nature is therefore, status conscious (Sahay and Walsham, 1997). Indians give very high value to brands. In India, a brand is a cue to quality because the quality of the unbranded products varies widely (Johansson, 1997). According to study conducted by Maxwell (2001) on testing of homogeneity versus heterogeneity of global consumption in a cross-cultural price/brand effect model; Indian consumers in comparison to Americans are tougher for the marketers to sell their products. However he found Indian consumers more price and fewer brands conscious.

#### Objective

The purpose of this research paper is

- To understand the buying behaviour of mobile users in India
- To identify the factors affecting the buying behaviour of mobile users
- To identify the future trends in buying behaviour of mobile users.

#### Methodology

The research design selected for this study is descriptive. The research paper explains the changes occurred in buying behaviour of mobile users in India. The synthesis of this research paper is based on secondary data sources and some purely observations by researcher. In this research we put an effort to find out what are factors affecting shopping behaviours of Indian customers.

#### Results

There are various factors affecting shopping behaviour like personal motivations, needs, attitudes, and values, personality characteristics, socio-economic and cultural background, age, sex,

professional status. We found these factors affect the shopping behaviour of mobile like price, social factors, durability, brand name, product features, after sales.

Price of the mobile is assumed to be the main concern for the population of India as maximum users of mobile come under the category of middle class status. So the price is the main factor which affects shopping behaviour of mobile users in India. The social factors which matters for mobile shopping among Indian users are they prefer mobile according to their social status and among the youngsters the peer group choice matters a lot. They prefer to have the same mobile as their close friends are having. The social factors include the current trend also. The durability of the mobile was also a factor which affects the shopping behaviour of mobile users in India and Nokia was mostly rated as the durable (in terms of battery backup etc). The brand name also matter for shopping behaviour as people prefer the famous brand. The mobile features were also important factor for the Indian population to select the mobile. The features like Bluetooth, net facilities, games application and much more were preferred. Based on observation of investigator a trend of shopping mobile was different for young and old; male and female. The difference was on the basis of choice, price, trend, peer pressure, lifestyle, competition etc. Moreover, there was no scientific research done but it was evaluated on the basis of observation.

#### Limitations of the study

The study was based on observations only; the research could have done on the prescribed population with survey method. The results cannot be generalized. The research further can incorporate variables like gender, age, socio-economic status etc.

#### Future researches

The study can be extended to more number of variables such as different income groups, different occupations, and different personality traits and

lifestyles of consumers. The future studies may further investigate reasons for differences between different consumer groups.

#### Implications of the study

India has become the second largest mobile handset market in the world. It is now worth about US\$ 2 billion, but will rush forward by over 60 percent (Indian Brand Equity Foundation, 2005). It is very important for the marketers to understand the preferences of the users belonging to different age and gender groups. The marketers must be very clear about their customer base while offering the products. Different customers value a product or a firm differently. Therefore, all products are not meant for all customers (Ganesh et al, 2000). Therefore, the companies must translate preferences of their target segments into the diverse models meant for different segments.

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## Music and Film Industry in India: concerns for IP

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### Abstract

Intellectual property rights provide the foundation upon which innovation is shared, creativity encouraged and consumer trust reinforced. But the digital world poses a new challenge — how to manage the balance when the consumer is the creator, when the marginal cost of copying is zero, when enforcement of existing law is extremely difficult, and when “free” access to information and content is considered by many to be a right. Lack of understanding of Intellectual Property (IP) is a very well known ailment for Indian Film Industry. On the Internet, one can make an unlimited number of copies, virtually instantaneously, without perceptible degradation in quality. And these copies can be transmitted to locations around the world in a matter of minutes. I recommend some robust measures to resolve these problems in this paper.

### **I. Introduction**

The rapid growth of digital economy, enabled by broadband penetration, and coupled with increases in computing power and storage, creates global markets for content and rights holders. But it also creates a threat that — without adequate controls — piracy will damage the creative industries.

Intellectual property rights provide the foundation upon which innovation is shared, creativity encouraged and consumer trust reinforced. But the digital world poses a new challenge — how to manage the balance when the consumer is the creator, when the marginal cost of copying is zero, when enforcement of existing law is extremely difficult, and when “free” access to information and content is considered by many to be a right.

Lack of understanding of Intellectual Property (IP) is a very well known ailment for Indian Film Industry.

I.I India music and film industry: India is the largest producer of feature film in the world. Every year the Indian film industry produces in excess of 2000 films between the nine different regional film industries, twice as many movies a year as

Hollywood produces. The industry is worth about \$6.5 Billion (FICCI-PWC Report).

I.II IP Law in India: The protection of copyright and related rights covers a wide array of human creativity. Much of the creative content that fuels electronic commerce is subject to such protection. Main IP Laws in India are given in Annexure-1.

I.III Real Issue: India needs strict rules to safeguard the Film Industry. But it is India very hard to accept this could happen quickly. The system is totally corrupted. Old Hindi Songs and films are available free on internet, ok fine, but if a new movie released in a couple of days, one would find the movie on internet. The is the open face that is making loss for film industries in India

The Internet has been described as "the world's biggest copy machine". On the Internet, one can make an unlimited number of copies, virtually instantaneously, without perceptible degradation in quality. And these copies can be transmitted to locations around the world in a matter of minutes. In the music industry, for example, the emergence of Internet-based file swapping services such as

Napster and others have enabled a large-scale exploitation of music and recordings without the authorization of the rights-holders. That exploitation was further aggravated by the simultaneous broad commercialization of CD burners and portable MP3 players, adapted to the most commonly used file format.

The music industry has been at the vanguard of the intellectual property system in confronting the issues raised in the copyright field as a result of emerging digital technologies. This is largely because music is ideally suited to distribution over the Internet. Revenues from digital music are forecast to reach US\$2.1 billion by 2007, representing 17% of the music trade. The development of compression software, such as MP3 has enabled music files to be digitized and uploaded and downloaded freely from Web or file transfer protocol (FTP) sites. Estimates by KPMG for FICCI suggest that digital piracy accounted for about USD 7.5 billion in 2008, and project that it will reach USD 21.5 billion by 2015 in India. Music piracy is at the forefront of this activity, but peer-to-peer networks, coupled with higher broadband speeds, are increasingly being used to share television programmes and films.

While there is a need to protect the rights of artists as a reward for their work, there also is a need to encourage creation and innovation through affordable access to works. Many consider that the approach to stemming unauthorized downloading could be nuanced. Accessing content cheaply or freely is very often the only way for poor audiences to access cultural goods and information of which they would otherwise be totally deprived. According to a recent World Bank report, approximately 30 percent of the Indian population lives below the poverty line – which is 28.65 rupees per capita daily consumption in cities and 22.42 rupees in rural areas. In comparison, the average ticket price of a movie in India is 27 rupees (0.5 USD). By this measure, it is virtually impossible for a third of the Indian population to see the movies in theater.

## **II. Data Analysis and Real Impact:**

Indian Music Industry ('IMI') has gone all out against more than a hundred websites alleged to have been indulging in piracy of Bollywood music tracks. These data are presented in Annexure-2.

The launch of weeklong Indian film festival at the World Intellectual Property Organization (WIPO) last year brought together different speakers who stressed the importance of copyright protection for the safeguarding and development of the Indian film industry and who characterized unauthorized downloading as a danger for the industry. They stressed the complexity of factors that allow unauthorized downloading of movies and the negative consequences this has on the Indian film industry- both monetarily and with regard to creative ownership. Many opined that illegal downloading harms the revenues of the film industry and so, affects the quality of cinema that is produced by Indian directors. WIPO is regarded as the most appropriate forum to organize a festival of Indian films. This is the forum for protecting IP, for creating IP laws, and the film industry in India is the most creative industry in the country which provides entertainment around the world.

The film industry is very much dependent upon the copyright system as a means of financing and enabling returns to be given to investors in films. It is a large generator of employment. Films and creativity go together and without promoting the rights of the creators, the art of film making is not being promoted. Films are often copied and illegally showed on cable television channels the same day the film is released in theaters.

Mr. Schlesinger, an American based historian and writer, provided an overview of IP concerns in addition to patent rights. Alarming data was given, such as that 63% rate of software piracy in India and a loss of over \$430M suffered by the music industry due to piracy. Similarly, the film industry faces a major problem in India. Pirated movies are made and sold as quickly as three days after the movie

release, with over 50% of the world's pirated movies now coming from India.

The four members of so-called BRIC group of emerging economies - Brazil, Russia, India and China - have one more thing in common: they received the worst scores for protecting copyrights, patents and other intellectual property in a new index released by the U.S. Chamber of Commerce. The index prepared for the group's Global Intellectual Property Center scored 11 countries on a point scale from zero to 25, with the United States receiving the highest overall tally of 23.73 and Britain coming in second at 22.40. India was last with 6.24 points, reflecting its low scores in each of the five categories examined by Pugatch Consilium, an international research and analysis firm that specializes in the knowledge economy.

The following are the primary areas of violating concern for IP in Indian Music and Film Industry in India:

Social networking sites and user-generated content:

Social networking sites are widely used for publishing and sharing user-generated content. The opportunity for users to post copyrighted material — whether inadvertently or intentionally — is significant. For example, there are now 50 million Facebook users, 1 million tweets are sent per week via Twitter, and more than 4 hours of video are uploaded every minute on YouTube in India.

Under pressure from the creative industries, Google implemented a number of policies in December 2010 to help dissuade people from searching for illegal copyright material. MySpace has introduced a "take down stay down" service that not only removes improperly posted video or audio content, but also marks it with a digital "fingerprint". This prevents the user from simply reposting the content under a different user name. YouTube operates a similar content identification system, which not only filters content, but also offers rights holders the opportunity to monetize their content.

## Music

Commercial music piracy (generating income from unlicensed sales) and private copying of music are responsible for much of the copyright infringement. FICCI estimated the number of files illegally shared at more than 40 million in 2008, a piracy rate of about 95 per cent. Drawing on industry figures for retail pricing and the volume of illegal downloads; it has also estimated the commercial value of all recorded music digital piracy at between USD 17 and 40 million in 2008, representing a commercial loss to the industry of between USD 3.5 and 8 million annually.

## Film

The commercial success of legal online film services reflects the technological viability of delivering film over the Internet. It also tempts pirates. In July 2010, the Indian government shut down nine websites offering free access to films. The sites, some providing access to films just hours after their official cinema release, had nearly 7 lakh subscribers each month and — like many illegal music sites — made money from advertising revenue and donations

## Television and broadcast industries

Study by Screen Digest for the World Intellectual Property Organization highlighted four forms of "unauthorized access to broadcast signals": physical piracy; hardware-based unauthorized access; unauthorized re-broadcasting; and extra-territorial television access. In India, unauthorized rebroadcasting is a big problem. Commercial streaming of "live" sports events by pirated sites is an area of increasing concern for the industry, as it technically becomes more feasible for the pirates. They can now effectively transmit in real time, using unicast (one-to-one) or peer-to-peer transmission — they have the ability to compete directly with the rights holder. For consumers, it can be difficult to differentiate between legitimate and illegal services.

Unsatisfied with the court order, the Indian Music Industry ('IMI') recently obtained from the Calcutta High Court, granting an ex-parte injunction against

the website www.songs.pk, it has gone all out against more than a hundred websites alleged to have been indulging in piracy of Bollywood music tracks (Annexure-2).

#### RECOMMENDATIONS:

After a thorough research on the topic, following points are recommended in such a way that it can be implemented in the real life:

A. Blocking of websites is the most suitable method to curtail piracy. Method of blocking websites are suggested below :

1. Blocking by DNS name: This would involve blocking access based on the domain name itself. For example – “www.songs.pk” could be blocked. However, this can easily be bypassed by typing the IP address itself (a series of numbers, as opposed to letters) in browser’s address bar.
2. Blocking by IP address: A domain name represents an IP address. For example, the domain name www.songs.pk may have the IP Address “85.103.2.14” Thus ISP’s can block access to the IP address itself, but IP addresses can be changed, masked or anonymised.
3. URL blocking by Deep Packet Inspection (DPI): This is a more invasive form of blocking that actually examines the data being transferred.

B. The music industry should develop copyproof compact disc (CD) technology that prevents CDs being played on computer disc drives. Copy-proofing employs various technologies either by including errors in the data encoded on the CD, which allows the disc to be played on a standard CD player, but not on a CD-ROM, or by masking audio files as data files so that the CD-ROM drive cannot recognize the music. This step has already been taken in the US.

C. Telecommunication regulators are increasingly being looked to as the authority to implement rules that protect copyright,

while at the same time protecting consumer interests and encouraging investment and service innovation within the digital economy.

D. There should be appreciation for making efforts towards attempting to create an ecosystem that facilitates legal purchases of Bollywood tracks. Take for example the launch of Flipkart’s online music store called ‘Flyte’, which offers single-song downloads at a price ranging from Rs.6-15 based on their freshness in the market. Indian music labels should explore this option (borrowing the iTunes Store idea of allowing single-song purchases) and it is nice to see them warming up to the era of digital consumption of media and backing such initiatives. Industry people want ‘piracy sites to go legit by paying a license fee’. All of this is encouraging, but the current state of affairs is still worrying.

E. There should be more and more provision of computerized tickets in pan India level so that there is a transparency and accountability in the industry.

F. The Industry should become united and develop some technology to protect them from piracy.

G. Enacting laws such as the 2012 Indian Copyright Act – which makes authors and other artists the owners of their work in film and requires television channels to pay royalties to owners any time a work is broadcast – is not enough. In India, the general public does not perceive illegal downloading as a crime. The need of the hour is making awareness-raising and the necessity for stakeholders to develop business strategies to tackle piracy.

H. Releasing the official DVDs earlier, like a week after the films enter theaters, could bring a cheap and legal alternative solution for the viewers, and so diminish the incentive for the cable TV channels to illegally program the films on TV. However, it is unclear how this would address the underlying problem that many people lack the financial resources to buy the DVDs and own a DVD player. For the majority of the Indian population, watching the movies on



cable TV remains the only option to access them.

### CONCLUSION

The film industry in India is the most creative industry in the country which provides entertainment around the world. Lack of understanding of Intellectual Property (IP) is a very well known ailment for Indian Film Industry. The corrupt Indian film industry needs strict rules to safeguard it. The importance should be given of copyright protection for the safeguarding and development of the Indian film industry. While there is a need to protect the rights of artists as a reward for their work, there also is a need to encourage creation and innovation through affordable access to works. Illegal downloading harms the revenues of the film industry and so, affects the quality of cinema that is produced by Indian directors. The primary areas like social media, Music, film and broadcasting industries should be taken under full attention for not violating the prescribed rules in Indian IP Law. There are many ways by which such risks can be mitigated. The pointed out recommendations can be implied in order to reduce the cases of IP rule violation.

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3. <http://www.itu.int/net/itunews/issues/2011/07/38.aspx>
4. <http://www.ipindia.nic.in/>

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### Annexure-1

Main IP Laws enacted by the Legislature (Date of current version):

[The Patents Act, 1970 \(as last amended by Patents \(Amendment\) Act, 2005\)](#) (2013)

[The Copyright \(Amendment\) Act, 2012](#) (2012)

[The Trade Marks \(Amendment\) Act, 2010](#) (2010)

[Patents \(Amendment\) Act, 2005 \(Act No. 15 of 2005\)](#) (2005)

[Patents \(Amendment\) Act, 2002](#) (2002)

[Protection of Plant Varieties and Farmers' Rights Act, 2001](#) (2001)

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[The Semiconductor Integrated Circuits Layout-Design Act, 2000](#) (2000)

[The Designs Act, 2000](#) (2000)

[Copyright \(Amendment\) Act, 1999 \(Act No. 49 of 1999\)](#) (1999)

[The Geographical Indications of Goods \(Registration and Protection\) Act, 1999](#) (1999)

[The Trade Marks Act, 1999](#) (1999)

[Patents \(Amendment\) Act, 1999](#) (1999)

[Copyright Act, 1957](#) (1999)

[Copyright \(Amendment\) Act, 1994](#) (1994)

IP-related Laws: enacted by the Legislature (Date of current version)

[The Cable Television Networks \(Regulation\) Amendment Act, 2007](#) (2007)

[The Code of Criminal Procedure, 1973](#) (2006)

[Cable Television Networks \(Regulation\) Amendment Act, 2002](#) (2002)

[Biological Diversity Act, 2002](#) (2002)

[The Cable Television Networks \(Regulation\) Act, 1995](#) (2002)

[Cable Television Networks \(Regulation\) Amendment Act, 2000](#) (2000)

[The Information Technology Act, 2000](#) (2000)

[The Telecom Regulatory Authority of India \(Amendment\) Ordinance, 2000](#) (2000)

[The Telecom Regulatory Authority of India Act, 1997](#) (1997)

[The Arbitration And Conciliation Act, 1996](#) (1996)

[Drugs and Cosmetics Act, 1940](#) (1995)

[The Cinematograph Act, 1952](#) (1984)

[The Code of Civil Procedure, 1908](#) (1980)

[The Seeds \(Amendment\) Act, 1972](#) (1972)

[The Seeds Act 1966](#) (1966)

[The Customs Act, 1962](#) (1962)

[The Indian Wireless Telegraph Act, 1933](#) (1933)

Annexure-2

Blocked sites via order of Calcutta High Court-  
Mar'2012:

1. 22beats.com
2. absongs.com
3. apniisp.com
4. apunkabollywood.com
5. bollyextreme.com
6. bollymaza.com
7. bollywood-hits.com
8. bollywoodmp4.com
9. bollywoodstop.com
10. coolgoose.com
11. dacoolsite.com
12. desibajao.net/desihits.net
13. desifunda.net
14. desisong.com
15. dhakdhakradio.com
16. downloadming.com
17. freeindisongs.com
18. funmaza.com
19. gogrumogru.com/songs.ind.in
20. karachimag.com
21. koolfree.com
22. lovepaki.com
23. mastmag.com
24. mobraja.com
25. mp3fundoo.com
26. mp3paradise.com
27. musicduniya.com
28. musiqbuzz.com
29. muskurahat.com
30. netmasty.com
31. pakfellows.com
32. paktimes.com
33. playlist.pk
34. punjabcentral.com
35. radioreloaded.com
36. radiorhythmz.fm
37. radiatorrocking.com
38. rkmania.com
39. songbox.pk
40. songsinn.com
41. songsnonstop.com
42. songsrack.com
43. songsrip.com
44. songzila.com
45. topupmp3.com
46. town67.com
47. 100india.com
48. musicindiaonline.com
49. aflatune.com
50. bharatlover.com
51. cckerala.com
52. centralmusiq.com
53. chimatamusic.com
54. desimusic.com
55. desishock.net
56. dhool.com
57. dishant.com
58. filmicafe.com
59. filmimusic.com
60. fun1001.com
61. hindimirchi.com
62. sunomusic.com
63. telugufm.com
64. yolike.com
65. andhravilas.com
66. smashits.com
67. songdad.com
68. songslover.net
69. ragalahari.com
70. rameshmusic.com
71. freeplaymp3songdownload.com
72. freefundoo.com

73. desijammers.com  
74. thenisai.com  
75. mp3feelings.com  
76. mazafm.com/hindimirchi.com  
77. kjyesudas.com  
78. jaanfm.com  
79. gr8click.com  
80. funscape.com  
81. chirkutonorkut.com  
82. tamilmaalai.com  
83. tamilkey.info  
84. vmusiq.com  
85. sevanthi.com  
86. tamilwire.com  
87. a2ztamilsongs.com  
88. mymaza.com  
89. germantamilan.com

90. 123music.mobi  
91. desiden.mobi  
92. longmp3.mobi  
93. crazywap.com  
94. mobile-zon.com  
95. mymp3.mobi  
96. samwep.com  
97. spicyfm.com  
98. wapindia.net  
99. wapmaza.mobi  
100. waprocks.in  
101. mobidreamz.com  
102. waptamil.net  
103. zinkwap.com  
104. songs.p

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## **Important Factors for brand positioning of automotive lubricant for four wheeler segment customers.**

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### **Abstract**

This research paper focuses on the need of brand positioning for PSUs lubricant in Indian market. This study represents an approach of factor analysis to determine the effect of brand positioning of lubricant on consumer perception. An empirical study has been conducted in Delhi region to find out the perceptions of consumers towards the PSUs lubricants. Survey has been conducted with the help of structured questionnaire to determine the different attributes responsible for brand positioning lubricant oil. Factor analysis has been done to reduce the number of factors and identifying only the important factors for brand positioning of automotive lubricant of PSUs for four wheeler segments. Further, reliability test has been conducted to test the reliability of the important factors.

**Key words:** PSUs, Perception, Reliability, Brand Positioning.

### **Introduction:**

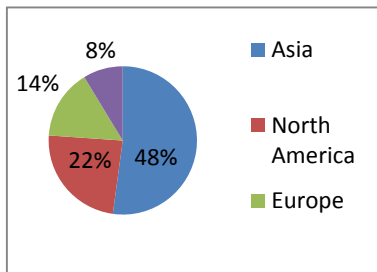
The demand of lubricant in India is third largest in the world after USA and China. In the decade of 1990s the Indian lubricant market was dominated by PSUs (IOCL, BPCL and HPCL). India produce around 8 to 10 percent of the total global lubricant production. The demand of lubricant in India is around 9.6% of the total global lubricant demand. The Indian lubricant market changed after 1992 when liberalization took place. After liberalization too many private lubricant manufacturers enter into the Indian market. Later on Indian government dismantled the administered pricing mechanism and free pricing policy allowed in the Indian lubricant market. The deregulation policy of Indian

government encouraged so many foreign lubricant manufacturers expand their business in India. Entry of multinational companies imposed too much competition between PSUs and Private players which benefitted the end consumers.

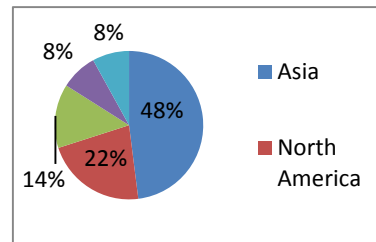
### **Types of Lubricant**

Lubricants are mainly classified into two parts: Automotive lubricants and Industrial lubricants. Industrial lubricants are further classified into two parts first is Industrial specialties and second one is industrial oils.

The world wide consumption of lubricants are following:

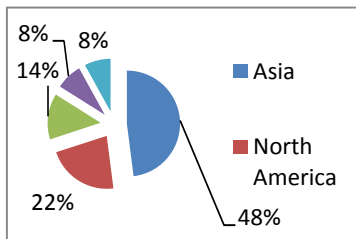


Source: Lubricant and Their Market (Theo Mang)



Source: Kline Blog

Lubricant Demand World wide (2013)

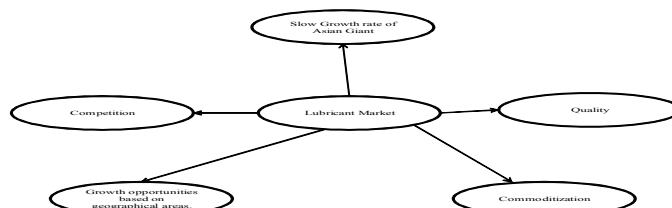


Source: Kline Blog

Expected Lubricant Demand World Wide (2020)

There are total 1380 lubricant manufacturer world wide. Earlier the percentage share of lubricant was very less for oil companies. But now a day's lubricant business play a crucial role for oil companies to increase their profits. Out of 1380 around 180 oil companies are manufacturing lubricants. There are 1200 lubricant companies where core business are is only manufacturing lubricants. These independent lubricants manufacturer generally purchase the raw materials from the open market. The lubricant manufacturer spent a very small amount of money on their research and development.

There are some important facts of the future of lubricants market.



Source: Kline Blog

Presented and Expected Consumption of Lubricant 2004-2020 in Kb)

| Year | Consumption (in KB) |
|------|---------------------|
| 2004 | 265                 |
| 2005 | 267                 |

|      |     |
|------|-----|
| 2006 | 272 |
| 2007 | 281 |
| 2008 | 264 |
| 2009 | 250 |
| 2010 | 270 |
| 2011 | 273 |

|      |     |
|------|-----|
| 2015 | 282 |
| 2020 | 284 |

#### Literature Review:

A comprehensive literature review has been conducted to determine the different variables for brand positioning of automotive lubricant.

According to Philip Kotler brand positioning is defined as the act of designing the company's offer so that it occupies a distinct and valued place in the mind of the target customers.

According to David Aaker brand positioning is defined as the part of brand identity and proposition of value that is communicated to the target customers. Bovee et al defined brand positioning as the 'Process of creating a mental impression in the mind of the consumers in comparison to the competitors.

The brand positioning can be mainly determine to answer the following four questions:

- 1- Why (What extra benefits consumers will get in the new brand).
- 2- When (Determine the correct opportunity time for the new brand).
- 3- For whom (Identify the target customers).
- 4- Against whom (Identifying the competitors in the market).

Positioning of a particular product is a very important strategy to achieve an advantages of differentiation over competitors.

The positioning of a particular product represent a place which product occupies in the market or in the mind of the consumers.

Differentiated advantages over competitors and benefits of consumers is a success of a positioning.



Source: Brand Management  
(Ajay Kumar)

A literature review has been done to identified that whether brand positioning is consumer perspective or a marketer perspective (Kalafatis and Blankson 2004). From the company perspective point of view brand positioning is the process of identifying the target consumers and create a positive perception of the brand in the mind of the consumers. The company desire is to create an association in the mind of the consumers. From consumers perspective point of view brand positioning is a process that how consumers perceive to a particular brand. The brand positioning is a complex combination of feelings, thoughts, Impressions and beliefs that consumers map in their mind (Harley, Kerin and Ellson 2004). According to Aaker, Myers and Batra (1992) perceived positioning is a set of associations that a consumer feels about the brand. The associations may be represents by physical attributes of the product, occasional use of the product, user image etc. A brand positioning a concept of relativity in consumers mind that target consumers assess that how a particular brand is similar or different from the other competitors. Imagine that every consumer have a mental map of the different category of the products. The location of a particular brand in the mental map of the consumers relative to the competitors represents the position of that particular brand and the position of all the other brands in the mental map of the consumers represents the associations of the brand to the consumers. The perceived positioning is dependent on the perception of each and individual target consumers because consumers

interpret same information in a different way.  
The association of consumers to a brand can also be effected by some external factors are media, promotional activity, competitors, word of mouth etc. Brand positioning is based on the perceptions of the consumers.

Relationship between Intended Brand Positioning, Actual Brand Positioning and Perceived Brand Positioning



Establishment of Brand Positioning is a very long term process (Reddy and Bhat 1998)

Credibility  
Innovativeness  
Reliability  
Reputation  
Commitment  
Quality  
Experience  
Extra Benefits  
Longevity

Factor Analysis:

Factor analysis has been used to determine the important factors:

The Kaiser Meyer Olkin's measuring of sampling adequacy and Bartlett's Test of Spharity.

KMO and Bartlett's Test

Research Methodology:

From the synthesis of literature following attributes have been identified for the brand positioning of automotive lubricants in Indian market:

Price

Packaging

Advertising

Purchasing

Availability

Superiority

Promotion

Factor Extraction

|  |                    |          |
|--|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |                    | .702     |
| Bartlett's Test of Sphericity                    | Approx. Chi-Square | 2090.789 |
|  | df                 | 120      |
| Sig.   |                    | .000     |

The value of Kaiser Meyer Olkin is greater than 0.5 i.e. 0.702 so it is acceptable.

The significance level of Barlett's Test is .000. It means that R- matrix is not an identical matrix and there are some relationships between different variables.



### 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         | 3.015               | 18.845        | 18.845       | 3.015                               | 18.845        | 18.845       | 2.971                             | 18.571        | 18.571       |
| 2         | 2.618               | 16.363        | 35.208       | 2.618                               | 16.363        | 35.208       | 2.408                             | 15.048        | 33.619       |
| 3         | 1.956               | 12.226        | 47.434       | 1.956                               | 12.226        | 47.434       | 2.110                             | 13.186        | 46.804       |
| 4         | 1.604               | 10.024        | 57.458       | 1.604                               | 10.024        | 57.458       | 1.655                             | 10.346        | 57.151       |
| 5         | 1.177               | 7.358         | 64.816       | 1.177                               | 7.358         | 64.816       | 1.226                             | 7.665         | 64.816       |
| 6         | .947                | 5.920         | 70.736       |                                     |               |              |                                   |               |              |
| 7         | .885                | 5.530         | 76.266       |                                     |               |              |                                   |               |              |
| 8         | .730                | 4.561         | 80.828       |                                     |               |              |                                   |               |              |
| 9         | .611                | 3.817         | 84.645       |                                     |               |              |                                   |               |              |
| 10        | .504                | 3.152         | 87.797       |                                     |               |              |                                   |               |              |
| 11        | .472                | 2.949         | 90.745       |                                     |               |              |                                   |               |              |
| 12        | .436                | 2.722         | 93.467       |                                     |               |              |                                   |               |              |
| 13        | .346                | 2.163         | 95.630       |                                     |               |              |                                   |               |              |
| 14        | .259                | 1.620         | 97.250       |                                     |               |              |                                   |               |              |
| 15        | .234                | 1.460         | 98.710       |                                     |               |              |                                   |               |              |
| 16        | .206                | 1.290         | 100.000      |                                     |               |              |                                   |               |              |

Extraction Method: Principal Component Analysis.

The above table gives the list of Eigen values associated with each linear component (factor) before extraction, after extraction and after rotation. SPSS has identified 16 linear components within the data set. The Eigen values associated with each factor represent the variance explained by that particular linear component and SPSS also displays the Eigen values in terms of the percentage of variance explained so as to factor explained (so, factor 1 explains 18.845 % of total variance). It should be clear that the first few factors explain relatively large amount of variance whereas subsequent factors explain only

small amount of variance. SPSS then extracts all factors with Eigen value greater than 1, which leaves us with 5 factors. The Eigen values associated with these factors are again displayed in the columns labeled extraction sum squared loadings. The values in this part of the table are the same as the value before extraction, except that the values for the discarded factors are ignored. In the final part of the table, the Eigen values of the factors after rotation are displayed. Rotation has the effect of optimizing the factor structure and one consequence for

these data is that the relative importance of the five factors is equalized.

Component Matrix

Component Matrix<sup>a</sup>

|                | Component |       |       |       |       |
|----------------|-----------|-------|-------|-------|-------|
|                | 1         | 2     | 3     | 4     | 5     |
| Price          | .154      | .062  | .164  | .762  | .115  |
| Packaging      | .157      | .504  | .616  | -.289 | -.010 |
| Advertising    | -.022     | .472  | .599  | -.175 | .025  |
| Purchasing     | .088      | -.122 | .442  | .531  | .073  |
| Availability   | .035      | .209  | .297  | .650  | .081  |
| Superiority    | .278      | .687  | -.478 | .060  | -.108 |
| Promotion      | .078      | .506  | .574  | -.258 | -.023 |
| Credibility    | .798      | -.186 | .035  | -.076 | .182  |
| Innovativeness | .814      | -.362 | .040  | -.115 | -.018 |
| Reliability    | .225      | .718  | -.430 | .178  | -.108 |
| Reputation     | .797      | -.149 | -.033 | .063  | -.185 |
| Commitment     | .880      | -.114 | .045  | -.044 | .081  |
| Quality        | .324      | .690  | -.202 | -.042 | -.113 |
| Experience     | -.065     | .383  | -.195 | .127  | .537  |
| Extra Benefits | .073      | -.054 | .093  | -.216 | .623  |
| Longitivity    | .006      | .094  | -.266 | -.115 | .603  |

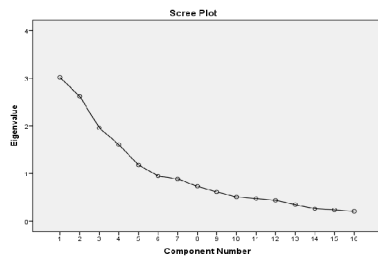
Extraction Method: Principal Component Analysis.

a. 5 components extracted.

This matrix contains the loadings of each variable onto each factor. By default SPSS displays all loadings; however we requested that all the loadings less than 0.5 be suppressed in the

output. At this stage SPSS has extracted seven factors. Factor analysis is an exploratory tool and so it should be used to guide the researcher to make various decisions.

## Scree Plot



The scree plot shows the point of inflexion on the curve. The curve begins to tail off after five

factors. Therefore it is justify retaining five factors.

The different factors after factor analysis are as follows:

| Factors  | Variables      | Correlation Coefficient | Factor Name             |
|----------|----------------|-------------------------|-------------------------|
| Factor 1 | Credibility    | 0.798                   | Product Trustworthiness |
|          | Reputation     | 0.797                   |                         |
|          | Innovativeness | 0.814                   |                         |
|          | Commitment     | 0.880                   |                         |
| Factor 2 | Quality        | 0.690                   | Product Quality         |
|          | Superiority    | 0.687                   |                         |
|          | Reliability    | 0.718                   |                         |
| Factor 3 | Advertising    | 0.599                   | Marketing Strategy      |
|          | Packaging      | 0.616                   |                         |
|          | Promotion      | 0.574                   |                         |

|          |                     |       |               |
|----------|---------------------|-------|---------------|
|          | on                  |       |               |
| Factor 4 | Price               | 0.762 | Accessibility |
|          | Availability        | 0.650 |               |
|          | Purchasing Location | 0.531 |               |
| Factor 5 | Experience          | 0.537 | Miscellaneous |
|          | Extra Benefits      | 0.623 |               |
|          | Longevity           | 0.603 |               |

## Conclusion

In this research researcher have identified four factors. First factor is product trustworthiness which is a combination of variables credibility, reputation, innovativeness and commitment. Second factor is product quality which is a combination of variables quality, superiority and reliability. Third factor is marketing strategy which is a combination of variables advertising, packaging and promotion. Fourth factor is accessibility which is a combination of variables price, availability and purchasing. Fifth factor is miscellaneous which is a combination of variables experience, extra benefits and longevity.

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**RETAIL MANAGEMENT  
POTENTIAL OPPORTUNITIES IN INDIAN  
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**ABSTRACT:**

Retail is a people-centric industry, and is one industry which simultaneously can expose you to many skills and disciplines. Today each and every nation is trying to liberalize its economic policies in order to attract FDI to enhance a substantial level of economic and social development. Indian retail sector is in a boom period and attracting global retail giants due to its market opportunities. Retail continues to grow at a rapid rate offering face-paced, people-oriented, and service based careers. Online retail or e-tailing is a part of the retail industry that is quickly growing. Like other branches of management, retail management is also developing in a promising and bright career option. In 2014, today in urban areas KIRANA SHOPS concept is developing into malls and retailing chains. Considering the huge potential of retail industry in India, it is necessary to research and comment on the career options in Indian retail sector. Against this background, the present paper discusses various aspects of retail management. The changing scenarios of Indian consumers give a proof to the potential opportunity in the retailing arena.

Key words: -FDI, EMPLOYMENT, INDUSTRY, RETAILING, CONSUMERS.

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**INTRODUCTION:** The retail sector is one of the fastest growing in India over the last few years. The Indian retail industry, which comprises organised and unorganised retail, is currently estimated at US\$ 490 billion. It has experienced high growth over the last decade with a noticeable shift towards organised retailing formats. The industry is moving towards a modern concept of retailing. "Demand from international and domestic brands as well as retailers continued to strengthen throughout 2013; with the second half of the year witnessing an increase in demand for quality retail space in Delhi NCR, Pune and Chennai," according to the findings of CBRE's latest report, India Retail Market View H2 2013.

*India has been a nation of 'dukandars' – around 12 million retailers – consisting of more retail shops than those in the rest of world put together. Retailing has been in our blood - as shopkeepers or as shoppers. But things are changing in the country in the way shopping is done, the way retailing is getting modernized and organized, and the way people are viewing this industry – as students, as shoppers and as academicians*

**REVIEW OF THE STUDY:** 'Bharat' is still shining for retailers. The next phase of growth is expected to come from rural markets with rural India accounting for almost half of the domestic retail market, valued over \$300 billion. Development of basic infrastructure, generation of employment guarantee schemes, better information services and access to funding are also bringing prosperity to rural households. "Overall there is a huge market which is waiting to be served, ready to splurge, willing to explore new products and services, and retailers can tap on their wallets," said Ramesh Srinivas, national industry director (consumer markets), KPMG India. In 1991 Indian economy opened FDI up to 51% allowed under the automatic route in select priority sectors. Then in 1997 – FDI up to 100 per cent allowed under Cash and Carry (wholesale). Next step was FDI up to 51% allowed with prior Government approval in 'Single Brand Retail' in 2006. Government mulled over the idea of allowing 100 per cent FDI in single-brand retail and 50% in multi-brand retail in 2008 and recently in 2011, Government considering allowing FDI in multi-brand retailing. (*India-Economy and Trends August 2011*)

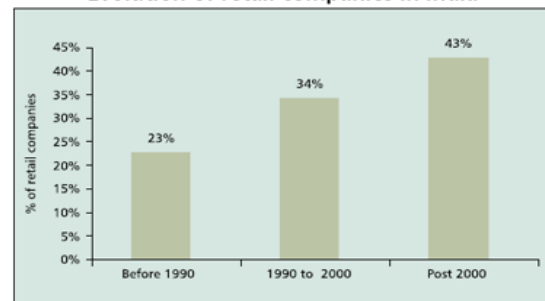
**WHAT IS RETAILING?** The word "Retail" originates from a French-Italian word. Retailer-someone who cuts off or sheds a small piece from something. Retailing is the set of activities that markets products or services to final consumers for their own personal or household use. It does this by organizing their availability on a relatively large scale

and supplying them to customers on a relatively small scale. For a retailer it is essential to see in which segment it is catering in the above division of villages. For example Shakti caters to villages with a population of 500 or above. Where in Eveready considers even the remotest of village as its target customer. It operates through more than thousand company-owned vans and has over 4,000 distributors to directly providing service to 6,00,000 retail outlets.

**THE EVOLUTION OF RETAIL IN INDIA:** While barter is considered to be the oldest form of retail trade, since independence, retail in India has evolved to support the unique needs of our country given its size and complexity. Haats, Mandis and Melas have always been a part of the Indian landscape. They continue to be present in most parts of the country and form an essential part of life and trade in various areas.

Public Distribution System (PDS) has its origin during WWII, when British introduced rationing of grains. The system was started in 1939 in Mumbai (previously named Bombay) and subsequently extended to other major towns and cities. By 1946, as many as 771 cities/ towns were covered. The system was abolished post war, however, on attaining Independence, India was forced to reintroduce it in 1950 in face of renewed inflationary pressures in the economy. Today, PDS would emerge as single largest retail chain in the country.

**Evolution of retail companies in India**



<https://www.dnb.co.in/IndianRetailIndustry/images/RetailInsight1.gif>

**JOB PROSPECT :** The job options in the retail field are quite interesting for a college graduate. You may start working as a sales executive or be directly employed as a sales manager or a marketing manager and even start a retail business of your own by becoming a franchisee of another big player in

the retail business! Jobs in the retail sector can bring handsome remuneration and good opportunity to move up the career ladder fast. With the tremendous growth of economy, retail management has emerged as one of the fastest growing career in the country. The enormous expansion in the retail sector during the past few years has thrown up a big demand for trained professionals in the field. It is an industry looking for people at all levels, from the school pass out with basic skills, to the well qualified supply chain and retail management professionals. One can take up a job depending on their interest and aptitude, since retail industry is an array of activities starting from marketing to branding. This makes retail profession one of the most demanding career of the era. The working time and atmosphere all depends up on the company one works for. One could start his career as a management trainee, and with hard work and right attitude, could reach the manager posts of different departments. Advertising agencies, Airlines, insurance companies, banks etc are some other areas where one can find jobs, apart from retail shops. One can even start their own business and be an entrepreneur.

**PAY PACKET :** The pay packet for a sales executive or a floor manager averages anywhere between Rs. 15,000 and Rs. 25,000 depending on the magnitude of business you handle. Your responsibilities would primarily include managing people on the floor and assisting them with purchases.

At a corporate level, you may work as business development officer as well.

**PROFILES IN RETAILING:** Management trainees. Department managers:. Regional managers Sales Personnel Store Manager,. Retail Manager, Retail Buyers and Merchandisers, Visual Merchandisers: Supply Chain Distributors Logistics and Warehouse Managers Marketing Executives etc.

**DEMAND AND SUPPLY:** The demand for floor personnel and retail managers is always high. This is primarily because the supermarkets and hypermarkets business is ever expanding. Sometimes, start up retail chains select freshers

from colleges or hire students for part-time jobs in order to handle customers who visit the market.

The educational requirement sometime is limited to just a twelfth standard with pass marks! However, for students who have completed MBA in Retail management, the demand is more on the side of business research, market research, and pricing and strategising perspective. The supply is optimal in India but there is always a huge demand for retail professionals.

**MARKET WATCH:** Companies such as Reliance, Big Bazaar, Vishal Mega Mart, and the newly started Star Bazaar make millions of rupees per day owing to the sheer volume of products and commodities they sell. Besides these companies, apparel leaders such as Westside and Pantaloons, shoemakers such as Regal, Metro and Bata use different strategies to market their products and come up with creative methods to sell their brands.

In this context, the summer, spring, winter sales and discounts hold much importance. The rise and fall of stocks and shares of these brands entirely depends on the monthly and annual sales.

**ONLINE RETAIL:**

India's online retail industry has grown at a swift pace in the last five years from around Rs 15 billion (US\$ 249.64 million) revenues in 2007–08 to Rs 139 billion (US\$ 2.31 billion) in 2012–13, translating into a CAGR of over 56 per cent.

*The nine-fold growth came on the back of increasing internet penetration and changing lifestyles, and was primarily driven by books, electronics, apparel, beauty and personal care.*

According to Crisil Research, the online retail business in India is expected to grow at a whopping 50–55 per cent annually to become a Rs 50,000 crore (US\$ 8.32 billion) business in the next three years. During the same period, ecommerce companies could capture around 18 per cent of the country's organised retail market, up from their current share of about 8 per cent.

India's urban population has contributed immensely to the growth of the online market in the country. Mumbai have left behind all other cities in India in

shopping online; Delhi ranks second and Kolkata ranks third in the preference for online shopping in 2013. In the next 7–10 years, around 30–40 per cent of the total retail in India's top 75 cities is expected to be carried out online, as per Mr Arvind Singhal, Chairman and Founder, Technopak Advisors.

In India, Flipkart and Snapdeal dominate the online marketplaces. Snapdeal brands itself as the biggest online marketplace in India and allows more than 20,000 businesses to sell on its platform. The growing online retail market has become a very lucrative business for international majors as well.

**INTERNATIONAL FOCUS :** The concept of supermarkets and hypermarkets has been borrowed by India from abroad from brand names such as Wal Mart. A company like Wal Mart uses advanced supply chain strategies to market and sell its products.

Much to the satisfaction of Indians, brands such as Ray-Ban, Bose, Gucci and Mango that sell fashion products have also entered the Indian market long time ago to provide a high end Indian customer with quality products. In this context, the job opportunities for students of retail management are quite encouraging.

**OBJECTIVES OF STUDY:** The main objective of this paper is „to examine the opportunities in the Indian retail market“

**METHODOLOGY AND TECHNIQUES:** The present study based on secondary data.

**THE CONCEPT OF ORGANIZED RETAIL:** According to the National Accounts Statistics of India the 'unorganized sector' includes units whose activity is not regulated by any statute or legal provision, and/or those, which do not maintain regular accounts. In the case of manufacturing, this covers all manufacturing units using power and employing less than 10 workers or not using power and employing less than 20 workers (PWC, CII Publication).

In the context of the retail sector, it could therefore be said to cover those forms of trade which sell an assortment of products and services ranging from fruits and vegetables to shoe repair. These product and services may be sold or offered out of fixed or mobile location and the number of people employed

could range between 10-20 people. Thus, the neighborhood kiriyana store, the paanwala, the cobbler, the vegetable, fruit vendor, etc would be termed as the unorganized sector. The primary purpose in defining the scope of the unorganized sector is to understand the formats or the forms of the trade that would be understood as unorganized and therefore, to further the understanding of the term organized.

Modern trade can be defined as any organized form of retail or wholesale activity (both food and non-food, under multiple formats), which is typically a multi-outlet chain of stores or distribution centers run by professional management (PWC, CII Publication). Organized retail in India is a new reality.

The retail sector comprises of establishments primarily engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The retailing process is the final step in the distribution of merchandise; retailers are therefore organized to sell merchandise in small quantities to the general public. The growth of organized retailing is thus expected to lead to value migration wholesale trade to retail trade.

**URBAN POPULATION AND RETAIL OPPORTUNITY IN INDIA:-** The urban market undoubtedly continues to grow but with most of the retail initiatives concentrated in the metropolitan and Tier-I and Tier-II cities, these markets are fast getting saturated. Realising this, most of the big retail companies have started targeting the Tier-III cities and the rural towns to spur their growth. The „bottom of the pyramid“ market is for sure now looking attractive for companies wanting to explore new turf. Hariyali Kisan Bazaars (DCM) and Aadhars (Pantaloons-Godrej JV) have already set up rural retail hubs, Choupal Sagar (ITC) has done the same and so have Kisan Sansars (Tata ), Reliance Fresh, and others like the Naya Yug Bazaar. More and more Indian business houses are planning to make a foray into rural markets while some of them are going to implement the organized retailing model.



**RURAL POPULATION AND RETAIL OPPORTUNITY IN INDIA:** Retail outlets have sprung up practically in all the villages. In interior villages retailing is a part time chore unlike the case of the retailer in town. In a part of their house, the villagers make retail counter. The maintenance costs for retail outlets in interior villages are also low with most of the cost spent on traveling and transportation. One of the principal reasons behind the explosion of retail outlets and its fragmented nature is that retailing is probably the primary form of disguised unemployment/underemployment. The overcrowded agricultural sector, stagnating manufacturing sector, the hard nature of jobs and low wages in both virtually force many Indians to the service sector. So, it is almost a natural decision to open a small shop or store depending on the available means and capitals due to the lack of opportunities. This phenomenon explains the million of kirana shops and small stores.

**CHANGE IN CONSUMER HABITS:** Through the 1990s, India introduced widespread free market reforms, including some related to retail. Between 2000 to 2010 consumers in select Indian cities have gradually begun to experience the quality, choice, convenience and benefits of organized retail industry. The following table clearly shows that the rural area is witnessing widespread changes in the shopper market. Rural market has outpaced India's urban market in demand for durable and non durable goods.

**Table-1 RURAL DEMAND FOR CONSUMER DURABLES (PERCENTAGE OF ALL INDIA)**

| Consumer Durables | 1995-96 | 2001-02 | 2009-10 |
|-------------------|---------|---------|---------|
| Scooters          | 33.1    | 39.4    | 39.9    |
| Motorecycles      | 47.3    | 39.8    | 48.3    |
| Mopeds            | 52.7    | 58.2    | 57.7    |
| Cars/ Jeeps       | 2.1     | 8.0     | 10.9    |
| Fans              | 50.0    | 56.9    | 56.7    |
| Low Cost items    | 58.1    | 60.1    | 61.3    |

**NDIAN RETAIL SCENARIO AT PRESENT:** The Indian retail industry at present is marked by the co-existence of both organized and unorganized

retailers. Though even till today the industry is strongly dominated by unorganized retailers with more than 90% market share, the sector has started facing stiff competition from the organized sector. The organized sector includes various retail formats like supermarkets, hyper-stores, chain stores, departmental stores which may be selling a single brand or multiple brands. The organized players follow well-defined selling and supply chain models and employ not only the meagerly educated workforce but the highly skilled and well-trained as well. The overall retail industry is currently valued at US\$ 450 billion (The Times of India, 2012) and its contribution to GDP and employment cannot be ignored.

**MARKET SIZE:** India's retail market is expected to touch a whopping Rs 47 trillion (US\$ 782.23 billion) by 2016-17, expanding at a compounded annual growth rate (CAGR) of 15 per cent, according to a study by a leading industrial body.

The total organised retail supply in 2013 stood at approximately 4.7 million square feet (sq ft), witnessing a strong year-on-year (y-o-y) growth of about 78 per cent over the total mall supply of 2.5 million sq ft in 2012.

The foreign direct investment (FDI) inflows in single-brand retail trading during the period April 2000-January 2014 stood at US\$ 98.66 million, as per data released by Department of Industrial Policy and Promotion (DIPP).

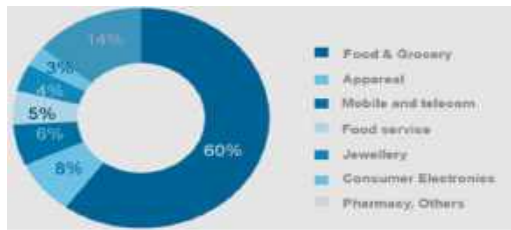
#### Market Size

By 2012, the total market size reached US\$ 518 billion, thereby registering a compound annual growth rate (CAGR) of 7 per cent since 1998.



#### Market Breakup

In 2012, Food and Grocery accounted for nearly 60 per cent of total revenues in the retail sector.



**THE FUTURE OF RETAIL SECTOR:-**Organized retail is a new phenomenon in India and despite the downturns, the market is growing exponentially, as economic growth brings more of India's people into the consuming classes and organized retail lures more and more existing shoppers into its open doors. By 2015, more than 300 million shoppers are likely to patronize organized retail chains. The growing middle class is an important factor contributing to the growth of retail in India. By 2030, it is estimated that 91 million households will be 'middle class', up from 21 million today. Also by 2030, 570 million people are expected to live in cities, nearly twice the population of the United States today. Consumer markets in emerging market economies like India are growing rapidly owing to robust economic growth. India's modern consumption level is set to double within five years to US\$ 1.5 trillion from the present level of US\$ 750 billion. Thus, with tremendous potential and huge population, India is set for high growth in consumer expenditure. With India's large 'young' population and high domestic consumption, the macro trends for the sector look favorable.

**CONCLUSION:** India's retail market is expected to touch a whopping Rs 47 trillion (US\$ 782.23 billion) by 2016–17, expanding at a compounded annual growth rate (CAGR) of 15 per cent, according to a study by a leading industrial body.

The total organized retail supply in 2013 stood at approximately 4.7 million square feet (sq ft), witnessing a strong year-on-year (y-o-y) growth of about 78 per cent over the total mall supply of 2.5 million sq ft in 2012.

The foreign direct investment (FDI) inflows in single-brand retail trading during the period April

2000–January 2014 stood at US\$ 98.66 million, as per data released by Department of Industrial Policy and Promotion (DIPP). We have also covered issues like the Foreign Direct Investment in the retail sector, the untapped opportunities that exist in the retail industry in India.

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### Abstract

The rise of rural market has been the most important marketing phenomenon of 1990s, providing volume growth to all leading companies. Many corporate have been trying to get a grip on the rural markets, but the challenges are many: how to make the product affordable, how to penetrate villages with small population, connectivity, communication, language barrier, spurious brands etc.

The present paper has been covered to know the rural market status in India, the identification of different Rural Marketing Strategies, to highlight the Opportunities and Challenges of rural marketing in India, to analyze Rural Marketing Strategies Adopted by stated business houses.

KEYWORD: Rural market, Rural consumers. Opportunities, Challenges

### INTRODUCTION

Indian economy is an agrarian economy. India is a country of villages and farmers. Most of its population lives in villages and rural areas and relies primarily on farming industry, including livestock or crops. As a rural population is economically backward, it is the duty of government to assist in their process of development so that the whole nation could achieve progress and prosperity. Rural development has always been the prime focus of our government since independence. All five years plans were focused towards the special benefit of the rural community. Some of the objectives have been achieved and others have failed but the effort for further development has not ceased. Rural sector accounts for a large share of GDP in the most

developed economies. And the rural sector forms a very strong component of the primary sector. Rural sector is not only an important aspect of the economy structure but very much a part of our lives. Thus we should give more focus on rural management. Rural management is the study of planning, organizing, directing and controlling of co-operatives, agribusiness and allied fields. It merges the knowledge of management studies and applying it in the rural context.

### RURAL MARKET:

Any market that exists in an area with less than 10,000 populations, low density of population and without significant infrastructure facilities is refers as rural market.

According to Census of India 2011- "A place where the population is more than 5000, the density is not more than 400 per square kilometre and at least 75% of male working population is engaged in agriculture, such place refers as a rural market. Most companies in the FMCG would define rural as any place with a population upto 20,000. Consumer Durable companies would consider any town with a population below 50,000 as rural.

**RURAL MARKET SIZE:** The total size of the rural market is estimated at Rs 123,000 crore, which includes FMCGs, Pharmaceuticals, Telecommunication, Automobiles and Durables. Rural India is not just witnessing an increase in its income but also in consumption and production. According to a McKinsey survey conducted in 2007, the rural India market would grow almost four times from its existing size in 2007, which was estimated at US\$ 577 billion.

- **RETAIL:** - The rural retail market is currently estimated at US\$112 billion, or around 40 percent of the US\$280 billion retail market. Major domestic retailers like AV BIRLA, ITC, GODREJ, RELIANCE and many others have already set up farm linkages.
- **FMCG:** - Rural consumers spend around 13 percent of their income, the second highest after food on FMCG as per RMAI study. The FMCG industry in India was worth around US\$16 billion in August 2008 and the rural market accounted for 57 percent share of the total FMCG market in India. The FMCG sector saw rural markets post 20 percent growth, ahead of the 17-18 percent growth from urban India.
- **PHARMACEUTICALS:** - According to a report by McKinsey, the rural and tier-II pharma market will account for almost half of the growth till 2015. This growth will be further augmented with the government increasing the allocation under National Rural Health Mission (NRHM) by US\$424 million over interim budget 2009-10.
- **TELECOMMUNICATION:** - The Indian cellular services revenue will grow at a rate of 18.4 percent annually to touch US\$35.6 billion by 2015, with most of the growth coming from rural markets. Confederation of Indian Industries (CII) report reveals that

of the next 250 million Indian users, approximately 100 million (40 percent) are likely to be from rural areas by 2012. Rural users will account for over 60 percent of the total telecom subscriber base in India.

- **AUTOMOBILES:-** For the auto industry, semi-urban and rural markets contributes close to 40 percent of sales, led by demand for two-wheelers, entry level cars and tractors. Mahindra and Mahindra is bullish on the rural and semi- urban markets, with its utility vehicle, Scorpio clocking 60-65 percent from the rural market.
- **CONSUMER DURABLES:-** A report carried out by RMAI has revealed that 59 percent of durable sales come from rural markets. Out of 87.4 crore units of durable assests sold in India till 1998-99, rural markets accounted for 54 percent of total durable ownership. Many leading consumer durable companies are now increasing their presence in rural India. Recently LG has outlined plans to invest around US\$40 million towards development of entry-level products targeted at rural markets.

#### **RURAL MARKETING:**

According to the national commission on agricultural: 'Rural marketing is a process which starts with a decision to produce a saleable farm commodity and it involves all the aspects of the market structure or system, both functional and institutional, based on technical & economic consideration & includes pre & post harvest operations, assembling, grading, storage, transportation & distribution.

According to Thompson: ' The study of rural marketing comprises all the operations & the agencies conducting them, involved in the movement of farm produced food, raw materials & their derivatives, such as textiles, from the farm to the final consumers & the effects of such operations on producers, middlemen and consumers.'

It is often said that markets are made, not found. This is especially true for the rural market of India. A two way marketing process that includes the flow of goods and services from rural to urban areas and the flow of goods and services from urban to rural areas as well as the flow of goods and services within the rural areas.

Rural marketing is defined as any marketing activity in which the one dominant participant is from a rural area. This implies that rural marketing consists of marketing of inputs (products or services) to the rural as well as marketing of outputs from the rural markets to other geographical areas.

#### EVOLUTION OF RURAL MARKETING

- **Phase I (Before 1960s):-** In this phase, rural marketing referred to marketing of rural products in rural and urban areas and agricultural inputs in rural markets, this was considered synonymous with 'agricultural marketing'
- **Phase II (1960s-1990s):-** During this phase, due to the advent and spread of the GREEN REVOLUTION, rural marketing represented marketing of agricultural inputs in rural markets and marketing of rural products in urban areas. This period saw the emergence of companies such as Mahindra and Mahindra, Escorts, Eicher, Sriram Fertilizers and IFFCO.
- **Phase III (Post-Liberalisation Period of the 20<sup>th</sup> Century):-** In this phase, rural marketing started after the Liberalisation of the Indian economy. In this period, rural marketing represented the emerging, distinct activity of attracting and serving rural markets to fulfil the needs and wants of rural households, people and their occupations.
- **Phase IV (21<sup>st</sup> Century):-** The objective of rural marketing in the current phase is the improvement of the quality of life by satisfying the needs and wants of the customer, not through attend-alone products and services, but by presenting comprehensive and integrated solutions which might involve a set of interrelated products and services.

#### OBJECTIVES OF THE STUDY:

- To know the Rural Market status in India
- To state different Rural Marketing Strategies
- To highlight the Opportunities and Challenges of Rural Marketing in India.
- To analyze Rural Marketing Strategies Adopted by stated business houses

#### LITERATURE REVIEW:

1. **Bhatta G. and Jaiswal M. (1986)** study conducted by the Authors to analyze reaction of the consumers towards washing powder advertising and purchase behavior of consumers in Baroda city. In most of the cases the study discovered that females are decisions regarding the purchases of a particular trade name considering some important aspects like good quality, less consumption, advertisement and low cost. Founded a maximum number of consumers watch television advertisements and are unconsciously affected by them.
2. **Rajgopal, (1991)** concluded that during his study that, in developing countries, rural economy is established through the marketing system prevailing in the region. The efforts of the Government to promote rural economy through income-generating schemes largely depend on the production and marketing efficiency. It is a complex phenomenon. In depth understanding of Rural Marketing for planners and programme implementers, therefore, is a challenging task. This book advocates participatory approach to understanding Rural Marketing. It presents management games in Rural Marketing for understanding trade channels, market infrastructure, institutional linkages, monitoring and evaluation and marketing of village industries products. This is a first attempt of its kind envisaging a new approach to the concept and issues pertaining to the subject.
3. **Jonathan R., (1998)** found in his study that, rural areas of the developing world are caused by the forces of economic and social changes. Agriculture is being squeezed by non agricultural aspirations, pursuits are increasingly informed by a wish to avoid farming and the household's being reorganized as the genders and generations contest and renegotiate their individual roles. Households shift between agricultural and industrial pursuits, cross between rural and urban areas are the diversification of the household economy and the interpenetration of rural and urban has created multiple hybrid ties. Farm is in thrall to nonfarm, and industry is often dependent on rural labor. Drawing largely on work from Southeast Asia, the article rural development discussion about impacts on agriculture and reflects on their implications which changes to rural life and livelihood.

4. **Srinivasrao G., (2002)** found in his study that, the Indian Rural Market with its vast size and demand potential offers great opportunities to the marketers. The Rural Market provides vast potential as many new products have already made their entry into the rural consumer basket. Growth of the rural marketing in magnitude for both traditional and modern consumer goods and services. In spite of its large size and high potential, many marketing firms are not able to avail the opportunities in rural market because of problems in selling the goods in rural areas.
5. **Lokhande D.M., (2004)** found in his study that, everyone needs a variety of goods and services from the birth. Marketing is a process through which both the buyer and seller give something (e.g. goods, services, money etc.) to each other for maximum possible satisfaction. Nowadays, Rural Marketing is gaining importance. Author put details the potential of rural markets. Rural consumption share in popular soaps is 48%, tooth pastes 24%, talcum powder-17%, cold medicines-42%, Batteries - 52% etc. The Market for Packaged food items of Rs. 20,000 crores is growing at 2.5% per year. It is interesting to understand the various aspects of the rural markets and consumption patterns.
6. **Sakkthivel A. & Dr. Mishra B.(2005)** found during study that , many rural youth usually go out of their places for higher education, which proves to be a leverage to face new life styles in semi-urban and metros. Not only F.M.C.G.'s but many consumer durable companies found rural markets very potential and made inroads into this lucrative market. This vividly shows the potential of rural markets that were long neglected which now came into limelight with a force to reckon with. Hence, rural marketing finds a prominent place in every company's marketing map and everyone wants to have a competitive edge in this arena. This paper was mainly developed on the basis of the primary survey conducted among the rural consumers in certain parts of Karnataka to analyze the role of F.M.C.G. products (in sachets) in boosting rural consumer's consumption pattern and the modification of their buying behavior.
7. **Arun Kumar S. and Madhvi C., (2006)** found during his work that, changes from domestic to global, economy is confirmed to two major and far-reaching. Corporate sector has already realized the vast opportunities. Existing in the rural sector and are trying to harness these with their strategies specially aimed at rural markets. Marketing in rural areas needs altogether different strategy as against the marketing in urban area.
8. **Sindhe R., (2007)** concluded that, according to the census of 2001, India's total population is 102crore of which 71.89crore was of rural India, constituting 70% of the total population. In spite of this fact, marketers earlier concentrated on the urban markets and scheduled their strategy accordingly. As the competition increased in urban areas, and taking into account the increasing demand for F.M.C.G. 's in rural areas, the marketers expanded their business in rural areas. Perhaps it has become a policy for their survival. Marketers found different strategies to penetrate in the rural segment.
9. **Biran A., et al (2009)** concluded in their study that, although the intervention evaluated in this study was suitable for implementation on a large scale, the current content of the intervention was not effective in bringing about changes in domestic hand washing practices at key times in the short term. However, the results provide some evidence suggesting that the intervention increased the use of soap, and do not exclude that changes in knowledge and social norms may have occurred laying the foundations for behavior change in the longer term.
10. **Bardia G., (2010)** suggested that in their study, it can be said that rural marketing is still in its initial stages and the rural population has shown a trend of wanting to move into a state of gradual urbanisation in terms of exposure, habits, lifestyles and consumption patterns of goods and services. The success stories of 502 Pataka Chai, Ghari Detergent and Britannia Tiger biscuits do indicate that realisation of specific needs of rural customers and differentiating their marketing strategies from those of the urban populace can work wonders for any company.
11. **Kulkarni and Dr. Hundal B.,(2011)** concluded in his study that, the rural market

in India is quite fascinating and challenging in spite of all the difficulties existing. The potential is enormous. Even though, these markets have weaknesses, they also have tremendous opportunities which should be availed by the marketers. It is well known that "Markets are created and not born". The market so created should be tapped effectively. The rural consumers are different than the urban one. It is important for the rural marketers to understand the rural markets and consumers to be successful in the rural markets. There are companies like H.U.L., ITC and LG which are successful in the rural markets. The rural tiger is awaking the companies need to work on the controllable factors to face the challenge successfully.

12. **Pirakatheeswari P. (2011)** studied that rural marketing is an evolving concept, and as a part of any economy has untapped potential; marketers have realized the opportunity recently. Improvement in infrastructure and reach, promise a bright future for those intending to go rural. Rural consumers are keen on branded goods nowadays, so the market size for products and services seems to have burgeoned. The rural population has shown a trend of wanting to move into a state of gradual urbanization in terms of exposure, habits, lifestyles and lastly, consumption patterns of goods and services. There are dangers on concentrating more on the rural customers. Reducing the product features in order to lower prices is a dangerous game to play.
13. **Singh V. and Bajaj A. (2012)** studied that, haats have gained a lot of importance in the rural market of India; this is a innovative marketing strategy that has helped in the development of the rural India. Each stall in the Haats creates a brand image and awareness among the villagers, due to which they purchase the products from Haats and many of the villagers sell their produced items. People who come to purchase items are able to have touch and feel experience of the products. From the above data it is clear that the rural people are inclined towards Haats, as they can purchase all the day to day items from haats and at a very reasonable price.

#### DATE COLLECTION

Secondary data- Data is collected from various Published & unpublished Journals, Articles available in various websites, popular Journals, Text Books etc.

#### RURAL MARKET STATUS

The market scenario in the rural areas today is changing very rapidly. The boundaries of nation are disappearing, technological changes are taking place at the flash of an eye, standards are undergoing changes in no time and so are the fortunes of various organizations. Rural families have shown no intentions of cutting down their expenditures on weddings, pilgrimages, construction or consumption. They have their own set of aspirations and are willing to pay right price for right product. CEO of a rural marketing firm says "The rural India has cash in hand and is not bound by EMIs or loans. With the majority of our population based in tier-III, tier-IV cities and villages, it is the right time to penetrate into rural markets". The consumer in the village knows his math and doesn't merely want the cheapest product. The way they define value is similar to the urban consumers." They have sufficient disposable income and are appreciating brands, customer service, aesthetics and products. There is a growing demand for television sets, two wheelers, cars etc. There are three fastest selling categories in rural market. - Rural-rural, i.e. products mainly used in rural markets eg. Tractors, seeds, fertilizers etc., Rural-urban, i.e. products like bicycle, transistors, soap, shampoo, battery, washing powder etc. and Urban- urban and the best penetration in this segment is mobile phones. Nokia have found that farmers are now getting more familiar with the handsets and it has become a tool of prosperity for them. Nokia has therefore, lined up various applications exclusively for non-urban population which will be providing entertainment, education and agricultural information to subscribers. The village folks previously have no televisions, but now they are skipping cables and going straight to DTH.

#### RURAL MARKETING STRATEGIES:

Dynamics of rural markets differ from other market types, and similarly rural marketing strategies are also significantly different from the marketing

strategies aimed at an urban or industrial consumer. This, along with several other related issues, have been subject matter of intense discussions and debate in countries like India and China and focus of even international symposia organized in these countries. Rural markets and rural marketing involve a number of strategies which includes following,

- Bundling of inputs
- Management of demand
- Developmental marketing
- Unique selling proposition
- Extension services
- Business ethics
- Partnership for sustainability.
- Client & location specific promotion.
- Joint or co-operative promotion.

#### CHALLENGES IN RURAL MARKETING

The rural market offers a vast untapped potential, but it should also be recognised that it is not that easy to operate in rural market because of several problems. Rural marketing is thus a time consuming affair and requires considerable investment in terms of evolving appropriate strategies with a view to tackle the problems. The problems are:

- **Underdeveloped people and markets:** People of rural market are still unskilled. Farmers are not familiar with new technology. The market of rural India is also underdeveloped. All basic facilities are missing in rural markets.
- **Lack of proper physical communication facilities:** Nearly 50 percent of the villages in the country do not have all weather roads. Physical communication to these villages is highly expensive. Even today, most villages in eastern part of the country are inaccessible during monsoon season.
- **Diversity of languages and dialects:** The languages and dialects vary from state to state, region to region and probably from district to district. Thus messages have to be delivered in the local language become difficult for marketers to design promotional strategies for rural areas.
- **Inadequate media coverage:** A large number of rural families do not have television set, majority own radios only. The medium of communication is rare in rural areas which create difficulties to communicate.

- **Dispersed markets:** Rural populations are scattered over a large land area. And it is almost impossible to ensure the availability of brand all over the places. Advertising in such a highly heterogeneous market is also very expensive.
- **Low levels of literacy:** The levels of literacy are lower compared to urban areas. This again leads to a problem of communication in these rural areas.
- **Economic and social backwardness:** Average per capita income and purchasing power in rural India is low. The village life is still governed by custom and tradition. We have also to face diversities relating to language, customs, and culture.
- **Different way of thinking:** The choice of brands that an urban customer enjoys is not available to the rural customer, who has usually 2-3 choices. As such the rural customer has a fairly simple thinking and his decisions are still governed by customs and traditions. It is difficult to make them adopt new practices.
- **SEASONAL MARKETING** The main problem of rural marketing is seasonal demand in rural areas, because 75 percent of rural income is also seasonal. For example, the demand for consumer goods will be high during the peak crop harvesting period, because this is the time at which the rural people have substantial high cash flow. Rural marketing depends upon the demand of rural people and demand depends upon income and consumer behaviour.

#### OPPORTUNITIES IN RURAL MARKETS

There are lots of opportunities in rural market:

- **Rising rural prosperity:** The rural consuming class is increasing by about 3-4% per annum, which roughly translates into 1.2 million new consumers yearly.
- **Lesser dependence on agriculture and monsoon:** There was a time when market predictions were made on the basis of the state of the monsoon but this trend has changed over the years, there is a large non farming sector investing in rural markets.
- **Larger population:** The rural population is very large and its growth rate is very high. This huge population has become an attractive market.
- **Increasing rural consumption:** As per RMAI report, rural consumption is more



than urban, with sales of FMCGs from the rural areas accounting for 53% and those of durables for 59%.

- **Increasing sale of branded products:** As per FICCI estimated, 1/3 of premium luxury goods were sold in rural markets in 2008. Sales of labelled goods have already been overtaken by those of non-branded products in villages.

#### IMPORTANCE OF THE STUDY

Villages are the heart of India. 75 per cent population lives in 6,83,365 villages. 90 per cent is concentrated in the village having population less than 2,000. Rural segment comprises 13.5 crore households which constitute 72 per cent of total households in India. The Indian rural market generates about 50 per cent of the country's gross domestic product (GDP). Rural India comprises around 840 million people, and growing income levels and greater ambitions are progressively driving demand there. In the period 2009–2012, rural consumption per person increased annually at 19 per cent, according to data from National Sample Survey Organisation (NSSO). The consumption habits of India's rural populace are gradually mirroring those of their urban counterparts. Due to this changing behaviour and the sheer size of the market, the hinterlands are a tremendous investment opportunity for companies. Today, premium products are penetrating the market and brands are no longer a novelty.

The following figures reflect rural India's significance to the country's economy:

- Rural India housed 75 per cent of all new factories built in India in the last decade. Also, factories in rural regions currently account for about 70 per cent of all new manufacturing jobs.
- In incremental terms, spending in rural India during the period 2009–2012 rose by US\$ 69 billion to urban India's US\$ 55 billion.
- HLL gets 50% of its sales turnover of Rs 11,700 crore from rural India.
- LIC sells 50% of its policies in rural India.
- FMCGs have a market worth Rs 64,800 crore in the rural India.

It is clear from the above mentioned facts that the rural market is not as poor as it is perceived to be.

#### INITIATIVES TAKEN BY SOME COMPANIES:

Nirma was the first FMCG Company which initiated and produced goods according to the rural consumers in 1970. Nirma's entry changed the whole Indian FMCG scene. It became a great success story and laid the roadmap for others to follow. A number of companies in FMCG have adapted to expand their base in rural market. Among these, that have made headway are Hindustan Lever, Coca Cola, LG Electronics, Britannia, Colgate Palmolive.

"Gaon Chalo" By Tata Tea: "Gaon Chalo is a distinctive rural marketing initiative started in the year 2006 in the Uttar Pradesh by Tata tea. For penetrating the rural market, the company partnered with NGO with wide reach among the UP rural masses. The Gaon Chalo project has created employment opportunities to the youth villages and small towns. It has brought steady income to those who are distributors of Tata Tea. Tata tea consolidated market share from rural areas rose from 18% to 26.6%.

Rural Market by Maruti: Maruti Suzuki has introduced various innovative schemes. Through its Wheels of India scheme, the company targeted India's State government employees. This scheme led to the sales of more than 5000 automobiles. One more scheme called "Ghar Ghar Me Maruti: Mera Sapna Meri Maruti" is targeted at the customer segment consisting of village panchayat members who are highly influential and respected in rural areas and nearby towns. This scheme increased Maruti sales by 16600 units. Other schemes Maruti are steel wheels for steel industry employees, 1 class officer for Indian Railways employees and Teacher Plus schemes for teachers. All these schemes have yielded good results.

Mahindra leading Brand in Rural India: After launching its super turbo DI Tractor, Mahindra wanted to create awareness about its new technology and high efficiency to farmers and

thereby sales the tractor. It therefore, identified opinion leaders and progressive farmers and organized interactive discussions between the company and its target audience. It gave free test rides and therefore sold the tractors initially to opinion leaders. This marketing activity was carried out in Maharashtra, Haryana, and Punjab. After using the tractor for reasonable time period, the initial buyers were glad to have the product and expressed their positive word of mouth about the tractor to their friends, relatives and neighbors.

#### SUGGESTIONS:

1. **DEVELOP NEW PRODUCTS FOR THE RURAL MARKET** Product redesign from the beginning can be done. Marginal changes to existing product will not work effectively. Product must work in hostile conditions in noise, dust and electricity blackouts etc.
2. **MORE EFFECTIVE COMMUNICATION** There is a need to find out the appropriate media, which could reach the hearts of the rural masses. This is required as none of the media like television, print, radio etc has absolute reach to the rural masses.
3. **PRICING** Products can be priced to build up volume in the rural market, especially for smaller pack size SKUs. 5. Marketing Research should be undertaken involving focus groups. Marketers should also build prototypes while strategizing for marketing.
4. **DISTRIBUTION NETWORK** It should be designed to reach highly dispersed rural markets as compared to highly dense urban markets.

#### CONCLUSION

Rural market has an untapped potential like rain but it is different from the urban market, so it requires the different marketing strategies and marketers has to meet the challenges to be successful in rural market. The rural market is very large in compare to the urban market as well as it is more challenging market. The consumer wants those products which are long lasting, good, easy to use and cheaper. The income level of rural consumers is not as high as the income level of urban consumers that's why they want low price of goods. It is one of the reasons that the sell of sachets is much larger in the rural area in all segments.

The lure of rural India has been the subject of discussion in corporate. And there is a good reason too. With urban markets getting saturated for several categories of consumer goods and with rising rural incomes, marketing executives are fanning out and discovering the strengths of the large rural markets as they try to enlarge their markets. Today, the idea has grown out of its infancy and dominates discussions in any corporate.

The rural industry in India is the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments. Thus looking at the challenges and the opportunities which rural markets offer to the marketers, it can be said that the future is very promising for those who can understand the dynamics of the rural markets and exploit them to their best advantages. The Indian rural industry is gradually inching its way towards becoming the next boom industry.

Thus "GO RURAL BE RULER".

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**Social media:  
An Innovative Educational Tool**

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Abstract

The topic “Social media: as an innovative education tool” was undertaken to study the relevance and importance of social media which is an in-thing among the educational sector and social media is also influencing human behavior in various domains including healthy living, environmental sustainability, collective action/activism, and other areas such as education/learning and consumer behavior. We are also seeing that social media as a design mechanism to promote behavior change. In an era, where the global is the word to define common platform for the people around the world to share and exchange their beliefs, culture, traditions, knowledge, views, etc. The study concludes that our education system needs change and social media should be widely utilized for the educational purposes. It is mainly used for the purpose of making presentations followed by assignment updates, better research and connectivity.

Keywords: Social media, Social learning, educator, innovative.

INTRODUCTION

Just as the Internet has changed the way Canadians buy music, organize vacations, and research school projects, it has also affected how they interact socially. Through the use of social media, people can exchange photos and videos, share news stories, post their thoughts on blogs, and participate in online discussions. Social media also allow individuals, companies, organizations, governments, and parliamentarians to interact with large numbers of people. The world is becoming ‘glocal’ from global and is squeezing its economic, social and political boundaries thus giving it a common platform for development. The convergence of the media has expanded the usage of internet that gave birth to social media. Social media, a concept that has given people a common platform for sharing their news, views and opinions regarding the happenings around them. Not only this, social media is also being used by the advertisers and companies for their promotions, professionals for searching and recruiting, students for internships, amateurs for professional work, parents and educators as social learning tools, etc. “Social Learning” tools is a phrase

that reflects main goal of using social networking functionality in the education setting. One simple way to define a social networking platform might be, “a tool that lets students, parents, and educators collaborate online”. The innovative use of social media doesn’t stop here; the students also use it for making blogs, making professional links, announcing and making class announcements, sharing information with students, parents and educators, etc. In conjunction with the increase in online activity, there are concerns about the ways in which the personal information that is shared by social media users may be collected and analyzed.

What is Social Media?

The term “social media” refers to the wide range of Internet-based and mobile services that allow users to participate in online exchanges, contribute user-created content, or join online communities. The kinds of Internet services commonly associated with social media.

- Social network sites. These have been defined as “web-based services that allow individuals to

(1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system.”<sup>7</sup> Among the most popular in Canada are Face book and LinkedIn.

- Status-update services. Also known as micro blogging services, status-update services such as Twitter allow people to share short updates about people or events and to see updates created by others.
- Virtual world content. These sites offer game-like virtual environments in which users interact. One example is the imaginary world constructed in Second Life, in which users create avatars (a virtual representation of the user) that interact with others.
- Media-sharing sites. These sites allow users to post videos or photographs. Popular examples include YouTube, Pinterest and Instagram.

These categories overlap to some degree. Twitter, for example, is a social network site as well as a status-update service. Likewise, users of the social network site Face book can share photographs, and users of the media-sharing site Pinterest can follow other people.

#### The Evolution of Social Media

In the late 1990s, as broadband Internet became more popular, websites that allowed users to create and upload content began to appear. The first social network site (SixDegrees.com) appeared in 1997. From 2002 onward, a large number of social network sites were launched. Some – such as Friendster – enjoyed a surge of popularity, only to fade. Others developed niche communities: MySpace, for example, appealed to teenaged music aficionados.

By the late 2000s, social media had gained widespread acceptance and some services gained huge numbers of users. For example, in November 2012, Face book announced it had 1 billion users worldwide, of whom 18 million were in Canada. In July 2012, Twitter had an estimated 517 million users, of whom 10 million were in Canada.

A number of factors have contributed to this rapid growth in social media participation. These include technological factors such as increased broadband availability, the improvement of software tools, and the development of more powerful computers and mobile devices; social factors such as the rapid uptake of social media by younger age groups; and economic factors such as the increasing affordability of computers and software, and growing commercial interest in social media sites.

Use of social media as an education tool:

1. Social media for student: Social media is the latest in thing that is being used in the innovative way for education purpose. Students should be taught to use this tool in a better way in the educational classes that just being used for messaging or texting rather they should learn to use media for good.

2. When student are engaged they learn better: Students just don't learn while writing on a piece of paper but it is also important to involve them into more practical work like blogging where they just not write for the teacher but for themselves to enhance their skills. When they are engaged better, they tend to learn more in practical classes by implementing their theory rules.

3. Safe social media tools for security: Social media is one of many free tools that allow teachers to control an online environment while still benefits from social media. The teachers or the mentors should educate the students to how to use the social media for better purposes

4. Student are connect with world through social media: It is generally seen that social media these days is being used for making their individuality felt

on the virtual world. Therefore, it is important for students and youth to understand that this entertainment mode can also be used for creating social awareness and connecting them to more professional and knowledgeable world.

5. Cell phones are very important for student: The latest stage of ICT has made us so technologically dependant that the cell phones has become the necessity these days. The cell phone is a parent-sponsored, parent-funded communication channel and schools need to wrap their mind around it to reach and engage the kids. Rather the students should be taught to make the best utilization of the technology towards their education as it can provide information available anywhere anytime.

6. Social media are also offered for the product: Through social media the student are buy and sell the products through social media because the social media are give the environment to students in one place of whole world advertisement information and facility to buy and purchase are available at all time in social media sites are available.

Objectives of the Study:

1. To evaluate the relevance of the social media.
2. To study social media as an educational tool.
3. Understanding of social media by the teachers/professors.
4. The need to include innovative teaching methods in the universities/ colleges.
5. The social media is also used in colleges and university as a project, college news update, exam syllabus update, class room time table update because many youth are engaged in the social media.
6. Today the world is global so some colleges/university are gives study and class room facility to the student in social media those who are out of country because through far distance many student are not go and reach to the

university like oxford, Cambridge, London business school.

Idea of the study:

- Social media is the in-thing these days
- Educators are not aware of its importance.
- The youth nowadays is not aware of its educational use.
- Students look out for more innovative ways of teaching.
- Social media can be used for various educational purposes.

Review of Literature

Jayme, Waddington (2011)

It concluded that Social networking among adolescents is not just a fad; it is part of their culture. While social networking can expose teens to danger, they are exposed to the same dangers in real life as well. A parent or teacher cannot expect a teen to abandon the internet and be able to thrive in modern society as computers, technology, the internet, and social networking is utilized in all aspects of modern life, even in the workplace. This is why social networking should not only be included as a valuable tool to enhance the classroom but should also be utilized as an opportunity to teach students the skills that ensure safe and enriching use of social media.

Hunde, Elizabeth (2012)

Before the seminar, participants were asked to create a Twitter account, and bring a laptop or smart phone if possible to the seminar. While giving the presentation on using social media in the geography classroom, the instructor is also demonstrating how to use social media in the classroom. Therefore, the presentation strategies are paramount to the success of the presentation and are included in each

section of the presentation. In this project the students learnt to use the innovative way of using social media like twitter, tumblr, Wikipedia, Poll Everywhere, Discussion boards, Face book and YouTube.

### Research Methodology

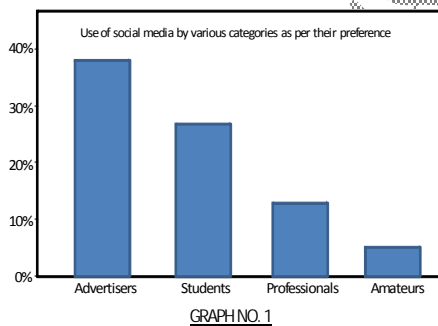
The primary data was collected through survey among the youth students (21 -26) year old and professor etc. For this, questionnaire was used as a tool and was filled by 100 respondents.

The secondary data was collected through magazine, online journals, internet, etc.

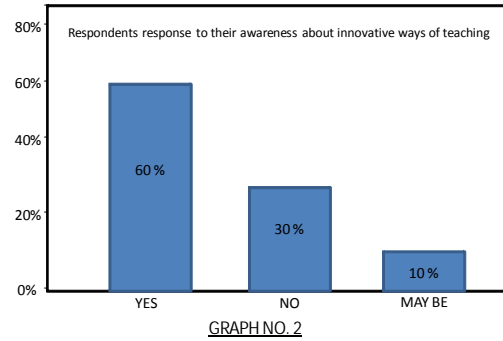
### Results

The data collected from the survey has been graphically represented below. Results can be summarized in terms of answers to the following questions:

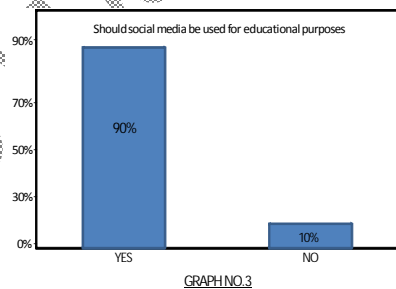
In this question “Social media is used mostly by the” asked to the representatives the following data has been collected which is shown graphically in Graph No.1



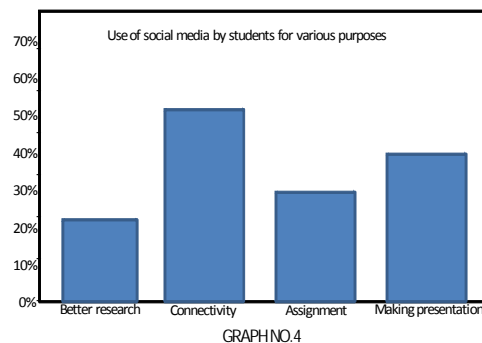
In this question “Are you aware of the innovative ways of teaching” asked to the representatives the following data has been collected which is shown graphically in Graph No.2



In this question “Do you think that social media should be used for the educational purposes?” asked to the representatives the following data has been collected which is shown graphically in Graph No.3



In this question “Why do students use social media?” asked to the representatives, the following data has been collected which is shown graphically in Graph No.4



### CONCLUSION

It is concluded that:

For a growing number of youth, social media provide a way of keeping in touch with friends, relatives and communities. Social media also allow companies, organizations, governments and parliamentarians to reach large numbers of people. At the same time, social media are changing the ways in which people interact with others, although the full impact of these changes is not yet clear.

- Educators are becoming aware so the hypothesis 'Educators are not aware of its importance' is rejected.
- The youth is now aware about social media's educational use so the hypothesis 'The youth nowadays is not aware of its educational use' is rejected.
- Students opt and are interested in innovative way of teaching so hypothesis 'Students look out for more innovative ways of teaching' is accepted.
- Social media has opened vast platform and can be used for many educational purposes so hypothesis 'Social media can be used for various educational purposes' is accepted.

#### Discussion of the result

- Majority of students believe that social media is used by advertisers than the students and companies for the promotion of their products, followed by its usage by educators, professionals and students.
- Most of the respondents are aware about innovative way of teaching and expect the same.
- Most of the respondents believe that there should be change in the existing education system and more innovative methods like social media should be used for education purposes.
- The use of social media for making connectivity be the first priority among students and then getting

the presentation after making the assignment are the third priority.

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## Technological Innovation In Financial Services (Banks): A Challenge

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### ABSTRACT

"We are always saying to ourselves... we have to innovate. We've got to come up with that breakthrough." Bill Gates, Chairman, Microsoft Corporation

It is commonly said, both within and outside the sector, that financial services are especially poor at innovation. How do financial services innovate? Traditional innovation literature would suggest that organizations innovate by getting new and/or improved products to market. However, in a service sector, the product is the process. Thus, innovation in financial services lies more in process and organizational changes than in new product development in a traditional sense. The financial services sector in the India is experiencing an era of rapid innovation. These changes are fuelled by the rapid improvements in the two technologies – data processing and telecommunications – that are at the heart of financial services.

This paper will provide an overview of these interactions between financial innovation and financial regulation. Regulation clearly can be a hindrance to innovation; sometimes it may be a motivation for innovation.

Key Words : Financial Innovation, Technological innovation, ATM, RBI Guidelines, NEFT.

### INTRODUCTION

Innovation is defined as the development and implementation of new ideas by people who over time engage in transactions with others within an institutional order. This definition focuses on four basic factors (new ideas, people, transactions, and institutional context). An understanding of how these factors is related leads to four basic problems confronting most general managers: (1) a human problem of managing attention, (2) a process problem in managing new ideas into good currency, (3) a structural problem of managing part-whole relationships, and (4) a strategic problem of institutional leadership.

First, there is the human problem of managing attention because people and their organizations are largely designed to focus on, harvest, and protect existing practices rather than pay attention to developing new ideas. The more successful an organization is the more difficult it is to trigger peoples' action thresholds to pay attention to new ideas, needs, and opportunities.

Second, the process problem is managing ideas into good currency so that innovative ideas are implemented and institutionalized. While the invention or conception of innovative ideas may be an individual activity, innovation (inventing and implementing new ideas) is a collective achievement of pushing and riding those ideas into good currency. The social and political dynamics of

innovation become paramount as one addresses the energy and commitment that are needed among coalitions of interest groups to develop an innovation. Third, there is the structural problem of managing part-whole relationships, which emerges from the proliferation of ideas, people and transactions as an innovation develops over time. A common characteristic of the innovation process is that multiple functions, resources, and disciplines are needed to transform an innovative idea into a concrete reality-so much so that individuals involved in individual transactions lose sight of the whole innovation effort. How does one put the whole into the parts?

Finally, the context of an innovation points to the strategic problem of institutional leadership. Innovations not only adapt to existing organizational and industrial arrangements, but they also transform the structure and practices of these environments. The strategic problem is one of creating an infrastructure that is conducive to innovation.

Innovation consists of firms' developing new products (or services) and/or new production processes. Often, but not always, the new products are based on new processes; sometimes also new organizations -- organizational innovations -- are involved. In essence, innovation involves new ways of doing things.

The conditions that spawn or encourage innovation are multi-faceted. Among the important influences are

- the nature of the technology underlying the industry and the rate of change of that technology;
- the structure (e.g., firm size) and competitiveness of the industry;
- the economic environment of the industry; and
- the regulatory environment of the industry.

#### APPLICATIONS OF INNOVATION TO THE FINANCIAL SECTOR

Innovation -- product and process -- is not new to the financial services sector. Firms in the various subsectors of finance (e.g., banking, securities,

insurance, etc.) have a long history of developing new instruments and services and of developing improved "back office" processes to reduce the costs of existing services and to support the offering of new ones. Further, even the electronics-based technological innovations that have attracted much attention recently are not new to financial services. This paper limited to Innovation in . Banking Sectors.

#### CLASSIFICATION OF FINANCIAL SERVICES PROVIDERS.

The first categorise of firm- Financial intermediaries are firms that hold financial assets (e.g., loans, mortgages, bonds, equity securities) and issue liabilities (such as deposits, insurance policies, pension obligations, mutual fund shares, etc.) on themselves. Familiar types of financial intermediaries include banks and other depository institutions (such as savings banks, savings and loan associations, and credit unions); insurance companies; pension funds; mutual funds; mortgage conduits; finance companies; leasing companies; and venture capital firms.

The second categories of firm-financial facilitators that facilitate the financial transactions between the primary issuers of financial liabilities -- e.g., governments, enterprises, and household borrowers -- and the investors who purchase these instruments (and in whose hands they are financial assets). In this category are stock brokers, securities underwriters, market makers, dealers, investment bankers, mortgage bankers, mortgage brokers, financial advisers, rating agencies, and financial analysts.

#### REVIEW OF LITERATURE

Jabnoun and Al-Tamimi (2003) examined perceived services quality in commercial banks in the United Arab Emirates, emphasising the importance of service quality to maintain market share, concluding that customers value human skills the most in service quality. Many studies have been conducted on measuring the service quality of Internet Banking also.

Liao and Cheung (2005) present a user-based core framework for evaluating service quality of e-

banking. Empirical results suggest that perceived usefulness, ease of use, reliability, responsiveness, security and privacy and continuous improvement of e-banking services significantly influence customer attitudes towards Internet e-banking.

Ammayya (1996), along with Godse (1997), while appreciating the introduction of information technology in banks, stressed on training needs of people who play crucial role in turning the hardware and software and networking tools into a powerful combination to aid the bank in improving the service quality and performance.

Boon and Ming (2003) concluded that banks in Malaysia should concentrate on enhancing their operation and product management through a mixture of branch banking and e-channels, like ATMs, phone banking and PC banking.

White and Nteli (2004) conducted a study that focused on why the increase in Internet users in the UK had not been paralleled by increases in Internet usage for banking purposes. Their results showed that customers still have concerns with the security and the safety aspects of the Internet.

Nancy et al.'s (2001) study found that customers' complain about computer logon times which are usually longer than making a telephone call. In addition, respondents felt that they have to check and recheck the forms filled in online, as they are worried about making mistakes.

Yakhlef (2001) pointed out that banks are responding to the Internet differently, and that those which see the Internet as a complement and substitute to traditional channels achieved better communication and interactivity with customers.

Mols, 1998, Sathye, 1999 study found that, Competitive pressure that non- bank institutions enforce on the financial markets by means of providing financial services, has affected so many banks to accept Internet- based banking, and, in other words, remain competitive.

Lajevardi, HajiAsgari, 2012 pointed out that Increasing use of Internet and financial innovation in the e-banking has attracted the attention of researchers to Internet- based banking. In recent

years, Internet- based banking has progressed hugely as a means to preserve customers and increase market share.

## OBJECTIVE

- To study the impact of financial and technological innovations in banking sectors.
- To study the role of RBI in Technological innovation.
- To study the challenges of banks in changing banking scenario.

## METHODOLOGY

This is a theoretical study. The data used is secondary. i.e. data is collected from various sources such as magazines, journals, research papers; newspapers etc. different websites are also being studied to collect the required data.

## TECHNOLOGICAL AND FINANCIAL INNOVATION IN BANKING SECTORS IN INDIA

It is the era of innovative banking. Information technology has given rise to new innovations in the product and process designing and their delivery in the banking. Customer services and customer satisfaction are their prime work. Banking through internet has emerged as a strategic resource for achieving higher efficiency, control of operations and reduction of cost by replacing paper based and labour intensive methods with automated processes thus leading to higher productivity and profitability. Financial innovation associated with technological change and it is totally changed the banking philosophy and that is further tuned by the competition in the banking sector which became a challenge for banking system itself. The various innovations in banking and financial sector are ECS, RTGS, EFT, NEFT, ATM, Retail Banking, Debit & Credit cards, free advisory services, implementation of standing instructions of customers, payments of utility bills, fund transfers, internet banking, telephone banking, mobile banking, selling insurance products, issue of free cheque books, travel cheques and many more value added services. The introduction of Net Banking, Mobile Banking and ATMs in banks has transformed banking by providing banking services ANY TIME &

ANYWHERE BANKING to the customer. The customer is saved the risk or bother of carrying hard cash or travellers' cheque while travelling. It has also given cost savings to banks.

#### AUTOMATED TELLER MACHINE (ATM)

The penetration of ATMs across the country increased in 2012-13 with the total number of ATMs crossing 1, 00,000, clocking a double digit growth during the year. While ATMs are an innovative means to provide basic banking services to customers in a much faster and cost-efficient manner, within these, off-site ATMs are particularly more cost efficient since they operate without the paraphernalia of a bank branch. Over the years, the relative growth in off-site ATMs has been much more than that of on-site ATMs. As a result, by 2012-13, off-site ATMs accounted for more than half the total ATMs in the country

Table I: ATMs of Scheduled Commercial Banks

(As at end-March 2013)

| Sr. No. | Bank group                  | On-site ATMs  | Off-site ATMs | Total number of ATMs |
|---------|-----------------------------|---------------|---------------|----------------------|
| 1       | 2                           | 3             | 4             | 5                    |
| I       | <b>Public sector banks</b>  | <b>40,241</b> | <b>29,411</b> | <b>69,652</b>        |
| 1.1     | Nationalised banks*         | 20,858        | 14,701        | 35,559               |
| 1.2     | SBI Group                   | 18,708        | 13,883        | 32,591               |
| II      | <b>Private sector banks</b> | <b>15,236</b> | <b>27,865</b> | <b>43,101</b>        |
| 2.1     | Old private sector banks    | 4,054         | 3,512         | 7,566                |
| 2.2     | New private sector banks    | 11,182        | 24,353        | 35,535               |
| III     | <b>Foreign banks</b>        | <b>283</b>    | <b>978</b>    | <b>1,261</b>         |
| IV      | <b>All SCBs (I+II+III)</b>  | <b>55,760</b> | <b>58,254</b> | <b>1,14,014</b>      |

Note: \*: Excluding IDBI Bank Ltd.

Source: Report on Trend and Progress of Banking in India 2012-13, RBI

#### PLASTIC CARDS

Plastic Card is also a great innovations i.e. Debit Card and Credit Card. Debit card have been witnessing a slow and steady growth. It has made a delayed entry into India during 1998. The growth is phenomenal today. the present Debit Card base in India is estimated to be more than 331 million. During 2012-13, the number of debit cards grew at the rate of 19 per cent over the previous year. The Credit card is a monetary instrument that enables the card holder to obtain goods and services without actual payment at the time of purchase. This is also known as plastic money. So far, debit

cards have been a more popular mode of electronic money than credit cards in India. The public sector banks have been frontrunners in issuing debit cards, new private sector banks continue to lead in the number of credit cards issued.

Table II: Credit and Debit Cards Issued by Scheduled Commercial Banks

(As at end-March 2013)

| Sr. no | Bank group                  | Outstanding Number of Credit Cards |             | Outstanding Number of Debit Cards |              |
|--------|-----------------------------|------------------------------------|-------------|-----------------------------------|--------------|
|        |                             | 2012                               | 2013        | 2012                              | 2013         |
| 1      |                             | 2                                  | 3           | 4                                 | 5            |
| I      | <b>Public sector banks</b>  | <b>3.1</b>                         | <b>3.5</b>  | <b>214.6</b>                      | <b>260.6</b> |
| 1.1    | Nationalised banks*         | 0.8                                | 0.9         | 97.7                              | 118.6        |
| 1.2    | SBI Group                   | 2.2                                | 2.6         | 112.0                             | 136.4        |
| II     | <b>Private sector banks</b> | <b>9.7</b>                         | <b>11.1</b> | <b>60.9</b>                       | <b>67.3</b>  |
| 2.1    | Old private sector banks    | 0.04                               | 0.04        | 13.9                              | 15.4         |
| 2.2    | New private sector banks    | 9.6                                | 11.1        | 46.9                              | 51.9         |
| III    | <b>Foreign banks</b>        | <b>4.9</b>                         | <b>5.0</b>  | <b>3.8</b>                        | <b>3.3</b>   |
| IV     | <b>All SCBs (I+II+III)</b>  | <b>17.7</b>                        | <b>19.5</b> | <b>278.4</b>                      | <b>331.2</b> |

Notes: 1. \*: Excluding IDBI Bank Ltd.

2. Figures (in Million) may not add up to the total due to rounding off.

Source: Report on Trend and Progress of Banking in India 2012-13, RBI

#### ELECTRONIC FUNDS TRANSFER (EFT)

Electronic Funds Transfer is a system whereby anyone who wants to make payment to another person/company etc. can approach his bank and make cash payment or give instructions/authorization to transfer funds directly from his own account to the bank account of the receiver/beneficiary. Complete details such as the receiver's name, bank account number, account type (savings or current account), bank name, city, branch name etc. should be furnished to the bank at the time of requesting for such transfers so that the amount reaches the beneficiaries' account correctly and faster.

## ELECTRONIC CLEARING SERVICE (ECS)

Electronic Clearing Service is a retail payment system that can be used to make bulk payments/receipts of a similar nature especially where each individual payment is of a repetitive nature and of relatively smaller amount. This facility is meant for companies and government departments to make/receive large volumes of payments rather than for funds transfers by individuals. The ECS facility is available in 47 centres across India operated by RBI at places where it manages the clearing houses and by SBI and its associates in other centres. The ECS is further divided into two types – ECS (Credit) to make bulk payments to individuals/vendors and ECS (Debit) to receive bulk utility payments from individuals.

## NATIONAL ELECTRONIC FUNDS TRANSFER (NEFT)

National Electronic Funds Transfer (NEFT) is a nation-wide system that facilitates individuals, firms and corporate to electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country. In order to issue the instruction, the transferor should know not only the beneficiary's bank account no. but also the IFSC (Indian Financial System Code) of the concerned bank. There is no limit to the amount that can be transferred under NEFT. However, for transfers above Rs1lakhs, RTGS (discussion follows) is a superior form of funds transfer.

## REAL TIME GROSS SETTLEMENT SYSTEM (RTGS)

RTGS stands for Real Time Gross Settlement system. It is a fund transfer mechanism where transfer of money takes place from one bank to another on a real time and on gross basis. This is the fastest possible money transfer system through the banking channel. It is different from EFT and NEFT. It is primarily for large volume transaction. There has been sustained growth in both the volume and value of all types of electronic transactions of SCBs in general and debit transactions in particular in recent years, a trend that continued in 2012-13. Both RTGS

(meant for large value payments system, processing both customer and inter-bank transactions of `2,00,000 and above) and NEFT (a retail system) consistently posted double digit growth in terms of the volume of transactions routed through these systems.

Table III: Volume and Value of Electronic Transactions by SCBs

(Volume in million, Value in ` billion)

| Type of transaction | Volume  |         | % change | Value    |          | % change |
|---------------------|---------|---------|----------|----------|----------|----------|
|                     | 2011-12 | 2012-13 | 2012-13  | 2011-12  | 2012-13  | 2012-13  |
| ECS Credit          | 121.5   | 122.2   | 0.6      | 1.838    | 1.771    | -3.6     |
| ECS Debit           | 165     | 177     | 7.2      | 834      | 1.083    | 29.9     |
| Credit cards        | 320     | 397     | 23.9     | 966      | 1.230    | 27.3     |
| Debit cards         | 328     | 469     | 43.2     | 534      | 743      | 39.1     |
| NEFT                | 226     | 394     | 74.3     | 17,904   | 29,022   | 62.1     |
| RTGS                | 55      | 69      | 24.5     | 5,39,308 | 6,76,841 | 25.5     |

Note: Percentage change could be slightly different as absolute numbers have been rounded off to million or ` billion.

Source: Report on Trend and Progress of Banking in India 2012-13, RBI

## POINT OF SALE (POS)

The Point of Sale (PoS) is a new financial innovation. To use smart cards/debit cards/credit cards for the purchase of an item or for payment of a service at a merchant's store, the card has to be swiped in a terminal (known as Point of Sale or POS terminal) kept at the merchant's store. As soon as the card is put on the terminal, the details of the card are transmitted through dial-up or leased lines to a host computer. On verification of the genuineness of the card, the transaction is authorised and concluded. It is thus a means to 'check out' whether the cardholder is authorized to make a transaction using the card. POS terminal is a relatively new concept. PoS terminals are predominantly used for sale and purchase transactions. The PoS terminals have proved to be

very effective in combating fraudulent transaction by on-line verification of cards. Also, the RBI is expected to permit cash withdrawal transactions to cardholders from PoS terminals installed with shopkeepers, mall stores, etc.

#### SOCIETY FOR WORLD-WIDE INTERBANK FINANCIAL TELECOMMUNICATIONS (SWIFT)

In an era of information technology SWIFT (Society for World-Wide Interbank Financial Telecommunications) offers unique message processing services and provides a very fast, accurate and authenticated transfer of financial messages on global basis. It is a cooperative society of international banks and operates a computerized telecommunication system, which allows rapid, economical, secure and accurate transmission system for essential financial data. SWIFT services enable the retail as well as corporate customers to transfer funds around the world.

#### RBI GUIDELINES (REGULATORY) FOR TECHNOLOGICAL INNOVATION

##### RBI guidelines for ATM

Precautions have to be taken to reduce robbery and vandalism to the machines e.g. through installation of CCTV etc. The manufacturers of these devices and the ATM network providers supply general public security guidelines for the use of ATMs. These guidelines should be kept in view while deciding on the location of ATM and use thereof.

- To prevent unauthorized transactions, caused by guessing the PIN of a card being used by an unauthorized person, it has to be ensured to limit the number of attempts for the entry of a PIN to three attempts only.
- To prevent the unauthorized modification of the information transmitted to and from the ATMs, it has to be ensured to use a Message Authentication Code (MAC) for each such transmission.
- To prevent unauthorized access to information during the maintenance and the servicing of the ATMs, the following steps have to be taken:

(a) ATMs as placed “out of service” to customers, prior to any maintenance being performed.

(b) Establish dual control procedures for the servicing of the ATMs involving opening of the vault

##### RBI guidelines for Cards

- To protect against the destruction, disclosures or modifications of transaction card information during the processing stages, it has to be ensured to locate the local facility in an area regularly, patrolled by the public law enforcement services and by fire protection services. Further, it has also to be ensured that the local facility should be protected by an intrusion (detection) alarm system with auxiliary power.
- To prevent losses through the use of PINs having been intercepted by unauthorised persons, it has to be ensured to handle the PINs, Personal Identification Number (PIN) Management and Security, as appropriate and required.
- To prevent fraudulent transactions being made through access to card information, the following steps have to be taken:
  - (a) Store all media containing valid account information, including account numbers, PIN numbers, credit limits and account balances in an area limited to selected personnel.
  - (b) Keep the production and issuing function for cards physically separate from the production and issuing function for PINs.

##### RBI guidelines for Payment system

RBI has also been constantly ensuring that the existing systems are upgraded/refined to increase their efficiency and to meet the requirements of customers. Taking advantage of advancements in technology, the RBI has brought in additional safety measures in these systems to make them secure and also to maintain the integrity of such transactions.

Besides operating the various components of payments systems, RBI also participates in these systems as a user. RBI acts as a service provider and after the system stabilises, the responsibility is handed over to other banks/institutions for further development. RBI also has the role of regulating and supervising the various payment systems.

The Board for regulation and supervision of Payment and Settlement Systems (BPSS) is a sub-committee of the Central Board of the RBI and is the highest policy making body on payment system. The Board is assisted by a technical committee called National Payments Council (NPC) with eminent experts in the field as members. The Board as well as the council are assisted by a newly created department – the Department of Payment and Settlement Systems (DPSS).

Regulatory and supervisory issues of Net Banking

It is advised that:

1. Only such banks which are licensed and supervised in India and have a physical presence in India will be permitted to offer Internet banking products to residents of India. Thus, both banks and virtual banks incorporated outside the country and having no physical presence in India will not, for the present, be permitted to offer Internet banking services to Indian residents.
2. The products should be restricted to account holders only and should not be offered in other jurisdictions.
3. The services should only include local currency products.
4. The „in-out“ scenario where customers in cross border jurisdictions are offered banking services by Indian banks (or branches of foreign banks in India) and the „out-in“ scenario where Indian residents are offered banking services by banks operating in cross-border jurisdictions are generally not permitted and this approach will apply to Internet banking also. The existing exceptions for limited purposes under FEMA i.e. where resident Indians have been permitted to continue to maintain their accounts with overseas banks etc. will, however, be permitted.
5. Overseas branches of Indian banks will be permitted to offer Internet banking services to their overseas customers subject to their satisfying, in addition to the host supervisor, the home supervisor.

Thus from above discussion we can say that RBI and Banking regulatory not only prevent the

customer interest but also give chance for financial innovation. The Regulatory body also making rules and regulation to help the banking system to provide more and more services to customer in safe and good manner.

#### CHALLENGES TO BANKING SECTORS IN INDIA

Since use of technological in banking sector in India is in its earliest stage of development. Most of them are basic services. Indian banking sector adopting the new technology very slowly. The emergence of new banking technology is enabling new competitors to enter the financial services markets quickly and efficiently. However it needs to be recognized that perception norms and an improvement in functioning of banking sectors. The main obstacle of banking sectors are-

- **Customer Acceptance:-** The computer literacy and Financial literacy in India is still very low and is barrier in fast acceptance of internet. Mindset of the Indian customer needs to be changed by giving awareness about technical and banking terms.
- **Customer Retention:-** Since a large segment of customers believe that Traditional banking is better than net banking .Another segment believe in more advance technology. Thus these customers migrated quickly to new technology and the new processes that were accompanied by supportive technology worked effectively.
- **Update The Level Of Employee Competencies:-** The skills deficits raised further issues .There are lack of training of Bank employee. They take more time to operate the any activities on computers or on net banking. Even some employees are unaware about the new technology. They feel themselves friendly with traditional banking operations. Training was critical to the success of the implementation
- **Security:-** There are various instances of hacking and phishing attacks reported throughout India. The cyber crimes prove that Net -banking or Mobile Banking has several loopholes that can be easily exploited and users need to be extra cautious while making online transactions.
- **Restricted Business:-**There is a few services available on Net –banking which are just basic facilities. Some deposits and



some withdrawals require the use of physical services of Bank. However some private sector bank giving some more services to remove the queue in the banks but public sector bank is still lagging.

- **Lack of Call Centres :-**The telephone call center raised a new set of challenges. Branch redesign, therefore, also required the construction of new call centers, staffing them as the customers began to be directed toward them, and developing an organizational structure not simply to run the call centers but to manage the relationship between the call centers and the branches.
- **Slow implementation of technology:-**Many of the new features of the technology needed to support the new design, simply we are not ready or did not work as promised. The implementation team, finding it necessary to push forward and being uncertain as to when these features would be ready, moved ahead with the new design anyway, once they were assured that there would be not critical gaps or stoppages in the provision of services.

## CONCLUSION

The prime goal of innovation remains high quality revenue growth. The continuous impact of a global economic challenging environment presents growth challenges in particular for mature markets such as Hong Kong, Singapore, Korea and Taiwan, achieving quality growth is key in emerging markets such as India. Most banks follow a tactical innovation approach which is needs-based, reactive and considerably smaller in scope than strategic innovation. While strategic innovation is unique and exceptional, it is found mainly in international banks or in small niche players. Since the cost of market entry is relatively high and retail financial services markets are tightly regulated by RBI and Government, often favouring domestic banks, domestic players do not see a threat from innovative new players.

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## ABSTRACT

After independence in 1947, the Indian government adopted Land Acquisition Act 1894 which was used as an instrument for land acquisition. Ever since then various modifications have been made to the Land Acquisition Act 1894 from time to time. Despite these amendments the governmental actions have remained the same.

Key words - Land acquisition, Cooperative societies, Human rights, Compensation.

## INTRODUCTION

The legislative entries in respect of acquirement and take over of land had been distributed between three lists, in the original constitution. The Seventh Amendment to the Constitution in 1956, omitted items 33, 36 and 42 from list I, II and III respectively.

## RATIONALE OF LAND ACQUISITION

The Land Acquisition Act 1894 was created with the purpose of facilitating the government's acquisition of privately held land for public purposes. The word 'public purpose' meaning will be for benefit of general public at large of the Nation.

The word 'government' refers to the central government if the purpose for acquisition is for the union and for all other purposes it refers to the state government. It is not necessary that all the acquisition has to be initiated by the government alone. Local authorities, societies registered under the Societies Registration Act 1860 and cooperative societies established under the Cooperative Societies Act can also acquire the land for developmental activities through the government.

## HISTORY OF LAND ACQUISITION

Regulation I of the land acquisition act was first enacted by the British government in 1824. Its application was throughout the whole of the Bengal provinces immediately subject to the Presidency of Fort William. The rules empowered the government

to acquire immovable property at, what was deemed to be, a fair and reasonable price for construction of roads, canals or other public purposes.

In 1850 some of the provisions of regulation I of 1824 were extended to Calcutta through Act I of 1850, with a view to confirm the land titles in Calcutta that were acquired for public purposes. At that time a railway network was being developed and it was felt that legislation was needed for acquiring land for the purposes of the railways. Building act XXVII of 1839 and act XX of 1852 were introduced to obviate the difficulties pertaining to the construction of public buildings in the cities of Bombay and Madras. Act VI of 1857 was the first full enactment, which had application to the whole of British India. It repealed all previous enactments relating to acquisition and its object. Subsequently act X of 1870 came in to effect which was further replaced by land acquisition act 1894, a completely self contained act, in order to purge some of the flaws of act X of 1870.

After independence in 1947, the Indian government adopted Land Acquisition Act 1894 as a tool for land acquisition. Since then various amendments have been made to the 1894 act from time to time. Despite these amendments the administrative procedures have remained same.

## THE PROCEDURE OF ACQUIRING THE LAND

For the purposes of Land Acquisition, proceedings are carried on by an officer appointed by the government known as Land Acquisition Collector. The proceeding carried out by the Land Acquisition Collector is of an administrative nature and not of a judicial or quasi judicial character.

When a government intends to occupy a land in any locality, it has to issue a notification under Section 4 in the official gazette, newspaper and give a public notice of at least even days which entitles anyone on behalf of the government to enter the land for the purposes of digging, taking level, set out boundaries, etc. The notification puts forward the intention of the government to acquire and entitles government officials to investigate and ascertain whether the land is suitable for the purpose.

All disputes to insufficiency of amount lie to the collector. Under Section 5(a) of the Land Acquisition Act of 1894. Any person interested in land which is notified under section 4 (who is entitled to claim an interest in compensation) can raise an objection either in writing or in person. The collector after making inquiry to such objections has to forward the report to the government whose decision in this respect would be final.

After considering such report made by the collector under section 5(a) the government may issue a declaration within one year of the notification under section 4 to acquire land for public purposes or company, this declaration is a mandatory requirement of the acquisition.

After the declaration under Section 6, collector has to take order from the appropriate government whether state or central for the acquisition of land under section 7. The next step in the process of acquisition is that collector has to cause land to be marked out, measured and appropriate plan to be made accurately, unless it is already done.

Requirement of this section deals only with approximation and does not require exact measurement. An important process that takes place under this section is demarcation which

consists of marking out boundaries of land to be acquired, either by cutting trenches or fixing marks as posts. Object is to facilitate measurement and preparation of acquisition plan, but also let the private persons know what land is being taken. It is to be done by requiring body that is the government department or company whichever be the case.

Obstruction under Section 8 and Section 4 are offence punishable with an imprisonment not exceeding one year and with fine not exceeding fifty rupees.

Section 9 requires the collector to cause a public notice at convenient places expressing government's intention to take possession of the land and requiring all persons interested in the land to appear before him personally and make claims for compensation before him. In affect this section requires collector to issue two notices one to the locality of acquisition and other to occupants or people interested in lands to be acquired, and it is a mandatory requirement.

Next step in the process of acquisition requires a person to deliver names or information regarding any other person possessing interest in the land to be acquired and the profits out of the land for the last 3 years. The object of this step is to enable the collector to ascertain the compensation by giving him a vague idea.

The Final set of collector's proceedings involve an enquiry by the collector into the objections made by the interested persons regarding the proceedings under section 8 and 9 and making an award to persons claiming compensation as to the value of land on the date of notification under section 4. The enquiry involves hearing parties who appear with respect to the notices, investigate their claims, consider the objections and take all the information necessary for ascertain the value of the land, and such an enquiry can be adjourned from time to time as the collector thinks fit and award is to be made at the end of the enquiry.

Section 11 makes it obligatory on the part of the collector to safeguard the interests of all persons interested, even though they might not have appeared before him. In awarding compensation the Land Acquisition Collector should look into estimate value of land, give due considerations to the other specific factors. Value of the property in the neighborhood can be used as criteria. The award should be made within 2 years.

#### THE CONSTITUTIONAL PROVISION

The Indian Constitution does not recognize property right as a fundamental right. In the year 1977, the 44th amendment eliminated the right to acquire, hold and dispose of property as a fundamental right. However, in another part of the Constitution, Article 300 (A) was inserted to affirm that no person shall be deprived of his property save by authority of law. The result is that the right to property as a fundamental right is now substituted as a statutory right. The amendment expanded the power of the state to appropriate property for social welfare purposes.

Article 31, clauses (1) and (2) provided for the doctrine of eminent domain<sup>2</sup> and under clause (2) a person must be deemed to be deprived of his property if he was substantially dispossessed or his right to use and enjoy the property was seriously impaired by the impugned law. According to this interpretation, the two clauses of Article 31 dealt only with acquisition of property in the sense explained by the court, and that under Article 31(1) the state could not make a law depriving a person of his property without complying with the provisions of Article 31(2).

#### THE LAND ACQUISITION AND APPROACH FOR HUMAN RIGHTS

##### 1. Right to get a just & reasonable compensation

Bidyadhar Mahalik Vs. Land Acquisition Officer, Land can be acquired by the State Government for public purpose, but at the same time it is also the duty of the State Government to see that the land losers are awarded with proper compensation, which is not

only a constitutional right guaranteed to the citizens but also a human right.

Chakas Vs. State of Panjab and Ors, Supreme Court held that appellant is entitled for proper, adequate, just & reasonable compensation. Once the industry is set up, it would be for the financial benefit and gain of respondent year after year. Thus looking to the matters from all angles respondent corporation would be a great beneficiary at the cost of depriving the appellant (land owner) of his sole livelihood of agriculture.

##### 2. Right to Property

Bishamber v. State of Uttar Pradesh, Right not to be deprived of property save by authority of law is no longer a fundamental right, though is still a constitutional right. Indian Handicrafts Emporium and others verses Union of India and Others, Article 300A of the Constitution of India are important. It is provided that people not to be deprived of property save by authority of law. By this time, right to property is recognized and accepted to be human right though it is not a fundamental right.

##### 3. Right of being heard

Land rights are very important human rights that need the state's protection. The principle of land rights cannot be taken by anyone without the approval of the land holders. In the United States this principle is regulated in the Fifth Amendment to the United States Constitution, which states that property cannot be taken for public purposes without just compensation.

Thus, the United States Constitution justifies the negation of people's land rights without the land owners' approval provided that it complies with the due process of law and provides just compensation.

The same principle is also found in Article 28 H (4) of Indonesia's 1945 Constitution, which states that property rights must be respected and should not be seized by anyone arbitrarily. In order to overcome this controversy, the internationally accepted provision is that land rights can be taken without the

approval of holders of the rights provided that they meet specific requirements, namely, to go through the process in accordance with the principle of the law and as regulated in the law. This requirement is also known by the term in accordance with the due process of law.

Based on this stipulation, the land acquisition process should be transparent to provide sufficient information to the parties affected. Communities can ask questions and submit objections concerning a project site and the amount of compensation.

#### 4. Right to Livelihood

It must be remembered that the land is just like mother of the people living in the rural areas of the country. It is the only source of substance and livelihood for the land owner and his family. If the land is acquired, not only the present but the future generations of the landowner are deprived of their livelihood and the only social security. They are made landless and are forced to live in slums in the urban areas because there is no mechanism for ensuring alternative source of livelihood to them. Mindless acquisition of cultivable land may also lead to serious food crisis in the country. Eminent domain is a right inherent in every sovereign to take and appropriate property belonging to citizens for public use. Though, in exercise of the power of eminent domain, the Government can acquire the private property for public purpose, it must be remembered that compulsory taking of one's property is a serious matter. If the property belongs to economically disadvantaged segment of the society or people suffering from other handicaps, then the Court is not only entitled but is duty bound to scrutinize the action/decision of the State with greater vigilance, care and circumspection keeping in view the fact that the land owner is likely to become landless and deprived of the only source of his livelihood and/or shelter.

#### A STUDY CONDUCTED IN NOIDA

Over the past ten Years, New Delhi and its environs have been rapidly developing and changing. Many

modern shopping malls stand in Gurgaon, which is located south of Delhi.

Noida, which is located on the eastern side of Yamuna River, is also experiencing rapid development as a commuter town of the capital, as can be seen by many industrial complexes being built one after another. The Noida is now experiencing chaos.

On July 6, the Supreme Court set aside land acquisition (156.3 hectares) carried out in 2009 at Shahberi Village of Uttar Pradesh State, Greater Noida, Gautam Budh Nagar District by the UP government and Greater Noida Industrial Development Authority (GNIDA), which is an UP government body. Based on this judgment, land was returned to the original owners (most of them are farmers).

A Development Authority prepared a plan for Greater Noida 2021 (for short "Development Plan") covering a total area of 21570 hectares. This area has been described, as Phase I of Greater Noida. The Land use specified in the Development Plan is as under:

| Land use       | 2021 (ha) | %age |
|----------------|-----------|------|
| Residential    | 5000      | 23.2 |
| Industrial     | 4227.3    | 19.6 |
| Commercial     | 1200      | 5.6  |
| Institutional  | 3502.7    | 16.2 |
| Green areas    | 5000      | 23.2 |
| Transportation | 2600      | 12.1 |
| SEZ            | 40        | 0.2  |
| Total          | 21570     | 100  |

The land use of village Shahberi has been shown in the Development Plan as "Industrial". These farmers, who were unilaterally evicted from their land without being given an opportunity to file objections and waged a campaign against the acquisition, of

course celebrated this judgment. However, about 6,500 people, who had booked flats to be built in the district, were disappointed by the loss of their long-awaited dreams. Further, residents of other villages in Greater Noida (Noida Extension), where land acquisitions were conducted concurrently with Shahberi Village, are also filing similar suits. This situation has raised developers' and builders' fears of bankruptcy and of failure to reimburse deposits to those who booked flats and houses in this area. While reports heat up on how financial institutions, who provide companies with funds for construction and buyers with housing mortgages, will address this issue, there are concerns over what judgment the High Court and the Supreme Court will deliver next.

Why did such a situation occur? The land acquisitions were originally carried out by the UP State (ruled by Bahujan Samaj Party – BSP – government) as a part of the Greater Noida's Industrial Development Plan, pursuant to the emergency clause (Article 17) stipulated in the 1894 Land Acquisition Act, whereby procedures for residents' objections (Article 5A) are dispensed with.

The grounds for the judgment of the Supreme Court were: (1) such urgency was not likely to be present, and (2) GNIDA changed the purpose of land use from industrial use to residential use without the prior approval of the State.

In the entire Greater Noida area including Shahberi Village, land totaling 2,000 hectares (mostly farmland) was acquired by the UP government in 2009. A total of 16 villages were affected by the acquisitions. The land was acquired at Rs. 850 per square meter from farmers. GNIDA then resold the land at Rs.10,000 to Rs.12,000 to private developers for the planned construction of residential buildings (2,50,000 flats) in the area.

The Supreme Court criticized GNIDA, stating: 'In the name of public interest, the Greater Noida Authority was serving private interest'. In response to developers who asserted that they did not know the land had been resold without prior clearance of the change of land use and that consideration must be

given to the interests of those who have already purchased flats, the Supreme Court dismissed them, stating 'You were behind the curtain when Greater Noida transferred the land for residential purposes without approval'. With regard to payments made by those who purchased flats to be constructed in Shahberi Village, the Supreme Court ordered developers and builders to reimburse the amounts plus interest. At the same time, the Supreme Court stated that the buyers did not suffer as much as those who lost their land to acquisitions executed through illegal procedures.

On July 6, when the judgment of the Supreme Court was delivered, only about 3% of purchase agreements (6,500 of 250,000 units) or about 8% of the land area (150 of 2,000 hectares) were affected. Companies who sold flats at first showed an inclination to respond to the issue with reimbursement or provision of alternative flats. However, following this case, former landowners in other villages, including Patwari, Rauja-Yakubpur, Bisrakh, Haibatpur, Changhola, Devla, and Iteda, where land acquisitions were carried out concurrently with Shahberi Village, filed a total of 220 writ petitions to the Allahabad High Court, seeking to quash the land acquisitions. As a result, the situation has become more serious.

Under such turbulent circumstances, the Allahabad High Court set aside on July 19 the land acquisition (589 hectares) at Patwari Village. This judgment affected about 20,000 flat buyers and 4,250 people who had bought plots of 120 to 240 square meters (winners of lotteries held in 2009 and 2010 by the Greater Noida authority). Considerable amounts of construction work, such as for water supply, sewage and roads, had already begun in the district.

With regard to Noida District, the issue of land acquisition has been present for a long time since 1976. To legalize the status of former land owners residing in a form of illegal occupation (encroachment), it is reported that the UP government reached an agreement with a representative of the former land owners on July 30 to provide each with residential plots within three

months and rehabilitation, in exchange for giving up demands to increase compensation. However, the negotiations are still underway because some former residents oppose the agreement.

Regarding villages in the Greater Noida District, other than the Shahberi area for which the Supreme Court has already given its judgment, on July 26 the Allahabad High Court issued an instruction to settle the problem through discussions between GNIDA and a representative of each village by August 12. On August 6, GNIDA announced that it had reached an agreement with the representative of farmers of Patwari Village. However, reportedly, some residents do not accept this agreement, leaving a chaotic situation for future negotiations. Similarly, no solution is close at hand in other villages.

Those who booked flats that were to be constructed are facing an uncertain and stressful situation as to whether or not they can purchase the flats as planned; if not, whether or not they are entitled to be reimbursed the money they paid; and, even if they have the invested amounts reimbursed with interest, they will be obliged to change their life plans significantly.

As land disputes are taking place not only in Noida but also throughout India, we often find the headline 'Land Wars' in major newspapers now days. Confrontations have occurred at many places between governments and residents over land acquisition for the development of mines, dams, steel works, power-generation plants and SEZs (special economic zones), as well as for residential areas and highways.

## CONCLUSION

In particular, public concern has intensified since the media reported on the Kalinganagar Firing, which occurred in Orissa State in 2006, and the tragic Nandigram Violence, which occurred in West Bengal State in 2007, during which police shot a number of residents who were protesting against the land acquisition. More recently, police confronted residents who lost their land and other protesters

demonstrating against construction, in Jaitapur this April, where the world's biggest nuclear power plant is planned to be constructed, and one resident lost his life. In May, the state government confronted farmers over land acquisition for constructing highways in Noida (Bhatta Parsaul Village) and four farmers were reported dead.

In contrast, after economic liberalization, firstly, there has been a growing sense of distrust about the idea that land acquisition is being forced in the interests of a few private companies and in the interests of corrupt central and state governments, in lieu of sacrifices made by many residents and farmers. Secondly, farmers and residents who surrendered their land have very little chance of being employed in the public sector. This is partly because of policy changes triggered by the economic liberalization of 1991, as the role of the public sector in economic development was significantly lessened since then. Therefore, in general, people are increasingly disinclined to lose their livelihoods to land acquisition. Thirdly, although land acquisition issues were basically considered as a matter of property rights (Article 300A of the Constitution), they are also being understood as an issue of 'right to life' (Article 21 of the Constitution), as broadly interpreted and recognized by the Supreme Court from the 1980s, on the grounds that residents would lose their livelihoods and social ties in the case of large-scale land acquisitions. In other words, there has been a change in society's awareness of rights. Fourthly, as interstate competition to attract private investment has been intensifying since economic liberalization, state governments increasingly take hasty and forcible procedures for land acquisition. This may also contribute to the increase in the number of confrontations over land.

In every case, Land acquisition must take place in a manner that fully protects the interests of land owners and also of those whose livelihoods depend on the land being acquired.

## SUGGESTIONS

1. Land is not an item of property but is a productive asset. The government should treat land as property before deciding compensation. A man's livelihood is linked with his dignity. Snatching livelihood from a man means snatching from him his right to livelihood which is linked with his dignity. A farmer is emotionally attached with his land. Not only a farmer but in fact the entire village depending on his employment unit. Whole village deserts with the desertion of farmers. The Acquisition takes place at the cost of their livelihood. Normally farmer knows no profession other than agriculture, nor does he know money management. So, after few years of land acquisition, land owner (farmer) becomes landless laborers. Therefore, farmer's rehabilitation should precede acquisition.

### 2. Alternative options:-

More options kept for compensation and rehabilitation and project effected person be given right to negotiation

a) Land be taken on lease, farmers ownership right remain in fact on land he should be given monthly rent a equivalent to interest on land price and it may increase on year to year basis under rent laws.

b) The farmers should be given cultivable land at other places in exchange of framers cultivable land and he should be given dividend out of future projects.

c) On acquiring residential land of village for a project, better residences are to be provided to the affected persons.

d) Economic status should be studied along with social status of farmer so that people may not suffer economic injustice they should be placed in better economic position.

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Saumaya Srivastava- Scholar, Indraprastha College for Women, D.U

### SUCCESSION PLANNING

Succession planning is a systematic approach to:

- Building a leadership pipeline/talent pool to ensure leadership continuity
- Developing potential successors in ways that best fit their strengths
- Identifying the best candidates for categories of positions
- Concentrating resources on the talent development process yielding a greater return on investment.

Succession planning recognizes that some jobs are the lifeblood of the organization and too critical to be left vacant or filled by any but the best qualified persons. Effectively done, succession planning is critical to mission success and creates an effective process for recognizing, developing, and retaining top leadership talent.

### SUCCESSION PLANNING PROCESS

- STEP I: Identification of Organizational goals and structure.
- STEP II : Identification of strategically essential posts depending upon the organization's goals and structure.
- STEP III : defining skills to be possessed by employee holding those posts.
- STEP IV : assessing these skills in the employees.
- STEP V : making a pool of talented people and conducting training sessions in order to harness their talents.
- STEP VI : depending upon the training results deciding on not only the best but the perfect fit.

### NEED FOR SUCCESSION PLANNING

- Retention of talented manpower
- Increase the pool of talented employees to fill key positions

- Add value to the organization's strategic plan and contribute to ongoing business strategies
- Fully access the intellectual capital of employees
- Improve employee morale and commitment to the organization
- Reducing organization uncertainty
- Design appropriate training and employee development programs

Succession planning is achieved primarily with the help of assessment centers.

Assessment centre is a process through which we judge various competencies and skills of the employees in our organization.

Hence succession planning can be achieved through assessment centers. We try to find the best fit for the vacant position by analyzing the potential and performance of our employees.

### ASSESSMENT CENTRES

#### What is it?

An Assessment Centre consists of a standardized evaluation of behaviour based on multiple inputs. Several trained observers and techniques are used. Judgements about behaviour are made, in major part, from specifically developed assessment simulations. These judgements are pooled in a meeting among the assessors or by statistical integration process. In an integration discussion, comprehensive accounts of behaviour, and often rating of it, are pooled. The discussion, results in evaluation of performance of the assessee's on the dimensions/competencies or other variables that the assessment centre is designed to measure. Statistical combination methods should be validated in accordance with professionally accepted standards. - 'Guidelines and ethical considerations for assessment centre operations.' -



### ASSESSMENT CENTRES USAGE

**1. Selection** – ACs help organizations in getting the right people in.

**2. Career development** – The identification of the competencies possessed by the individual helps organization decide his career plans.

**3. Potential appraisal** – ACs help organizations identify if the person can handle the challenges offered in the next higher position.

**4. Identification of high potential managers** – This creates a pool of managerial talents & multifunctional managers that would be available across the business group etc.

**5. Succession planning** – Identifying the right individual for critical positions such as CEO, CFO etc is very important for the success of the organization. ACs reduces the risk of such wrong identification.

**6. Allocations of challenging assignments** – ACs provide the organization with the strengths and weaknesses of every participant. This helps the organization in deciding the candidates who would have the necessary abilities to undertake the proposed challenging assignments

**7. Management development** – ACs provide ample opportunity to its participants to reflect on one's capabilities and to improve by observing others perform in the AC.

**8. Identification of training needs** – Assessment centres provide candidates and organization with concrete data on the improvement areas, which can be utilized, for training.

**9. Identification of a global pool of talented managers -**

Adjusting oneself in the global scenario is a critical requirement of some positions in the organization. ACs help organizations to identify such managers.

### ESSENTIAL ELEMENTS OF AN ASSESSMENT CENTRE

**1. Job Analysis** – To understand job challenges and the competencies required for successful execution of the job.

**2. Predefine competencies** - Modelling the competencies, which will be tested during the process.

**3. Behavioural classification** - Behaviours displayed by participants must be classified into

meaningful and relevant categories such as dimensions, attributes, characteristics, aptitudes, qualities, skills, abilities, competencies, and knowledge

**4. Assessment techniques** – These include a number of exercises to test the assesses' of their potentials. Each competency is tested through at least 2 exercises for gathering adequate evidence for the presence of particular competence.

**5. Simulations** – The exercises should simulate the job responsibilities as closely as possible to eliminate potential errors in selection.

**6. Observations** – Accurate and unbiased observation is the most critical aspect of an AC.

**7. Observers** – Multiple observers are used to eliminate subjectivity and biases from the process. They are given thorough training in the process prior to participating in the AC.

**8. Recording Behaviour** – A systematic procedure of recording must be used by the assessors for future reference. The recording could be in the form of hand written note, behavioural checklist, audio-video recording etc.

**9. Reports** – Each observer must make a detailed report of his observation before going for the discussion of integration of scores.

**10. Data Integration** – The pooling of information from different assessors is done through statistical techniques.

### Exercises in Assessment Centres

Following are the most widely used exercises in ACs. Every exercise unveils presence/absence of certain competency in the participant . some of these exercises are:

Tool: Group exercise

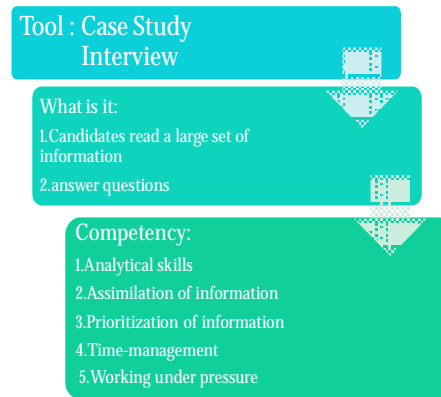
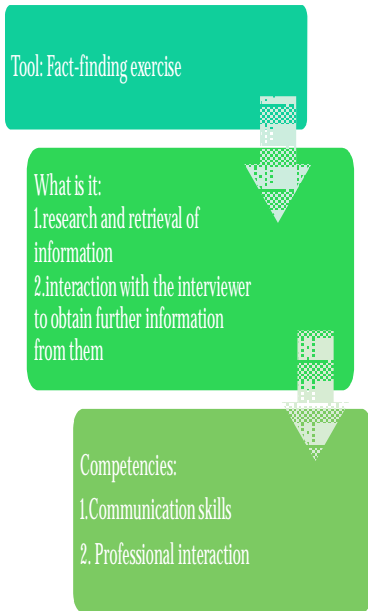
What is it:  
problem solving within a  
committee or team

Competencies:  
1. Personal assertiveness,  
2. Teamwork  
3. Interpersonal effectiveness  
4. Drive for result

Tool: In-tray Test

What is it:  
1. Prioritizing documents  
2. Drafting replies to letters  
3. Delegating important tasks

Competency:  
1. Time-management  
2. Analytical skills  
3. business acumen

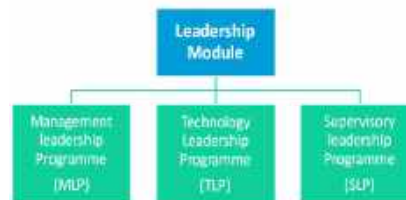


#### Disadvantages of Assessment centers

1. ACs are very costly and time consuming.
2. ACs requires highly skilled observers as the observers may bring in their own perceptions and biases while evaluating.
3. Those who receive poor assessment might be demotivated and might lose confidence in their abilities.
4. Experts are called from outside the organization and may charge a lot of fee.
5. The process generally last for two days this leads to a lot of productivity losses.

who prefer to remain close to technology throughout their careers.

#### MANAGEMENT LEADERSHIP PROGRAMME



#### Case Study LARSEN AND TOUBRO ASSESSMENT CENTRE

Larsen and Toubro limited use instruments that have been internationally validated besides taking the services of reputed members of academia and industry.

Their approach to leadership assessment is unique and unparalleled as a benchmark HR practice. L&T's leadership practices were ranked 6th in the study conducted by Hewitt associates on the top companies for leaders 2003 -- Asia pacific. Companies from seven markets in Asia pacific participated in the 2003 study.

As an organisation, they are sensitive to the aspirations of their employees. To address these needs, we have developed a unique leadership module. The module offers two sets of leadership role paths- one for the would-be managers (MLPs), and another for technologists (TLPs)

1. Assessment centre: In this process the prospective MLPs undergo a variety of tests such as the:

- Written tests
- Case study
- In tray tests
- Psychometric tests

2. Business Leader Interview with a senior panel: The assessment centres are followed by 'Competency Based Interviews' with a senior panel. The interactions provide a basis to re-confirm the results so generated through the assessment process.

Various Qualities that are searched in prospective MLPs

##### 1. Communication

Conveys information and ideas in a clear, structured, interesting and credible manner, both orally and in writing. Accurately interprets and simplifies business information. Extracts meaning and makes recommendations.

## 2. Customer Focus

Maintains frequent customer contact, understands customer requirements and defends their interests within L&T. Seeks to exceed customer expectations.

## 3. Problem Solving

Overcomes problems and obstacles through systematic analysis and balanced decision making. Seeks all relevant information, draws accurate conclusions and inferences and finds the optimal solution.

## 4. Functional Knowledge

Has a good grasp of his subject and related processes. Keeps abreast of changes and developments and can evaluate information for its practical application.

## 5. Interpersonal Skills

Involves others, interacts effectively and is a committed team member. Understands other people and is able to utilise them effectively. Shares information and ideas and seeks to resolve conflicts.

## 6. Creativity

Can think of innovative, multiple options, suggest new ideas for improvements

## 7. Networking:

Collects, interprets and shares information effectively. Interacts, liaises and builds relationships with a diverse range of parties both internal and external to the organisation.

### Technology Leadership Programme

| Technology Leadership Programme         |   |
|---|---|
| Tier 2 and 3 band                       | Tier 1 band                             |
| 1. Technology assessment centre         | 1. Technology assessment centre         |
| 2. Tech talk                            | 2. Tech talk                            |
| 3. Technology Business leader Interview | 3. Technology Business leader Interview |

#### 1. Technology Assessment Centre:

This assessment centre focuses on evaluating the leadership competencies as applicable to the Technology Leader. The TLP assessment centre is similar to the MLP centre in terms of the tools used. The tools include group exercise, presentation, role-play and interview.

#### 2. Tech Talk!

As a part of the assessment process, they have a technical presentation termed as 'Tech Talk', to assess the candidate's competencies related to Technology. Each candidate is asked to make a presentation on his/her role in the technology development in his/her department. This panel probes the candidate on specific competencies and assesses the depth and breadth of technical knowledge. It consists of senior persons from different ODs and also eminent personalities from academia and reputed institutes.

#### 3. Technology Leadership Interviews:

The TLP assessment concludes with the Technology Leadership Interview by a two-member panel consisting of persons from a different Operating Division. The candidates at Tier 3 & 2 make a brief presentation to the panel focussing primarily on leveraging Technology for gaining competitive advantage

### Supervisory Leadership programme

#### Supervisory Leadership Programme

##### Supervisory band

1. Written test
2. Psychometric test

### CONCLUSION

- Succession planning is one of the most essential elements of modern Human Resource Management.
- It ensures continuity of business
- It helps in retaining talented employees in the organization
- Improves the morale of the employees and ensures their personal growth.
- Given the competitive business environment it has become extremely essential to assess the employees, knowing their strengths and weaknesses and working on their weaknesses in order to turn them into a perfect fit for a relevant role
- assessment centers play an important role in judging the skills of employees

and thereby selecting a perfect fit to succeed .

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