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EDITORIAL
DISASTER MANAGEMENT

The devastating cyclone, Hudhud, blasted the country's east coast with gusts of up to 195 km per hour, uprooting trees, damaging buildings and killing people much before the nation has recovered from the havoc caused by severe floods in Kashmir. The cyclonic storm dumped more than 24.5 cm of rain and surged of one to two meter-high tides resulting in flooding the low-lying coastal areas in Visakhapatnam, Vijayanagaram and Srikakulam districts of Andhra Pradesh. This hints at the need to know about the disasters and their management.

Disaster is a sudden and unexpected happening. The United Nations defines a disaster as a serious disruption of the functioning of a community or a society. "Disasters involve a widespread human, material, economic or environmental impacts, which exceed the ability of the affected community or society to cope using its own resources." Disasters interrupt essential services, such as health care, electricity, water, sewage/garbage removal, transportation and communications. The interruption can seriously affect the health, social and economic networks of local communities and/or countries. Disasters have a major and long-lasting impact on people and the society at large suffers.

Disasters can be *natural calamities, environmental emergencies, complex emergencies* or *pandemic emergencies.* Cyclones, hurricanes, tsunamis, earthquakes and volcano eruptions are *natural calamities*. Gusts of wind produced by cyclones and floods caused by downpour of water may blow of the roof tops and hoardings, damage the transport and communication systems, uproot the trees, inundate the crops, and may cause landslides and loss of life. Earthquakes damage the infrastructural facilities and cause loss of life. Volcano eruptions may cause fire. The loss depends upon severity of the disaster. Occurrence of a natural disaster can be predicted but cannot be avoided and the resultant loss can be minimized but cannot be eliminated. These are many a time endemic as certain areas/places are more vulnerable to these disasters.

Environmental emergencies include technological or industrial accidents, usually involving the production, use or transportation of hazardous material, and occur where these materials are produced, used or transported, and forest fires are caused by humans. *Complex emergencies* include a break-down of authority, looting and attacks on strategic installations, including conflict situations and war. *Environment and complex emergencies* are mostly caused by human failure or behavior. If due care is taken disasters caused by human negligence or behavior can be avoided. *Pandemic emergencies* include a sudden onset of contagious disease that affects health, disrupts services and businesses, and brings economic and social costs. These are called epidemics.

To mitigate the sufferings of the society disaster management is necessary. The Red Cross and Red Crescent societies define disaster management as the organisation and management of resources and responsibilities for dealing with all humanitarian aspects of emergencies, in particular preparedness, response and recovery in order to lessen the impact of disasters. Disaster management includes *predicting* the disaster, *planning* to effectively face the brunt of the disaster, *mobilizing the physical and human resources* necessary for the purpose, *organizing* them, *executing* according to the situation, and *restoring* or returning the society to normalcy.

Scientists *predict* the occurrence of a disaster. For the purpose experiments are be conducted, data are to be collected/generated, stored, processed and interpreted by the scientists concerned. This is not a onetime activity. For this lot of support is necessary from the Government. Relevant education and research are to be encouraged, research laboratories are to be established at different places, and latest methods are to be used for accurate prediction of occurrence of disasters well in advance.

Planning means thinking in advance. Depending upon type of the disaster, measures to be taken before, during and after the occurrence of the disaster for minimizing the damage and for mitigating the sufferings of the people during the occurrence of the disaster are to be planned.

Nothing can be done without *resource mobilization*. Resources include food necessary to feed the victims, drinking water, machines and machine operators to clear the debris, alternate sources of power to overcome power failure, alternate communication systems to cope with the problem of communication systems breakdown, boats to rescue water stranded people in case of floods, medical and paramedical staff to provide emergency medical aid, etc. If permanent structures are not there to use as rescue camps temporary structures are to be erected. During the disaster to save people and to move those to safer places army personnel are useful.

Organisation means deciding and defining the relationship between persons and persons and persons and things. Material and human resources mobilized are to be organized and arranged in such a way so that they reach the needy in no time even in adverse conditions.

Execution includes rescuing people, putting off fires, supply of food and water to the victims etc. For this well trained and well equipped personnel are required.

After the disaster one should see that the normalcy is *restored* as early as possible. For the purpose, clear the debris; drain the flood water; restore power and communication systems; ensure availability of necessities; and compensate the people, at least to some extent, the loss suffered by them for no fault of theirs. No single person or a few persons can do this. All the people should extend their helping hand for this purpose.

During this process, at any stage, the people and the organisations, responsible for predicting, planning, mobilizing the resources, organizing and executing the things, should see that victims of the disaster do not lose their confidence.

For effective management of the disasters one should know (a) possibilities of occurrence of different types of disasters at different places and times, (b) nature and extent of damage likely to be caused by them, and (c) the measures to be taken either for preventing the occurrence of the disaster or for minimizing the loss likely to be caused by the disaster.

The measures to be taken either for preventing the occurrence of the disaster or for minimizing the loss likely to be caused by the disaster can be classified on different bases. On the basis of permanency they can be classified as *permanent* and *temporary* measures. On the basis of time they can be classified into measures to be taken *before, during and after the occurrence of the disaster.*

Permanent measures include training the people in disaster management, constructing the protection walls; laying disaster-proof roads and railway tracks; strengthening bunds of the tanks, canals and rivers; laying underground power lines; developing alternate routes; removing encroachments that obstruct the free flow of water; preventing construction of houses in low lying areas, on slopes of the hills, and on banks of the canals and rivers; strengthening, deepening and widening the sewage/drainage systems; removing the dry leaves and wood etc.

A well planned, well-coordinated and well-executed system can minimize the loss and can mitigate the sufferings of the people in case of disasters. Disaster management committees are to be constituted and have to be federated at different levels. Training in disaster management should be given to all employees and to the members of the voluntary organisations. Disaster management has to be included in the syllabus of educational and training programmes.

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Impact of Employer Branding and Applicants' Intentions to Apply

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A B S T R A C T

Employer branding is defined as "a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees and related stakeholders with regards to particular firm" (Sullivan, 2004). Often, we can observe that the applicants have got some image or perception in their mind regarding their prospective employer. Hence it is very essential to match between these two. The present research attempts to explore various dimensions of recruitment marketing offers that may result in the applicants' intentions to apply. The target audience for the study was graduate business school students who are about to enter the labour market. Research was carried out in two phases to analyze qualitative and quantitative dimensions of the target audience. In the first phase, three Focus Group Discussions (FGDs) were carried out with an average duration of 70 minutes each. This qualitative data helped understanding various dimensions of the target audience and in designing the questionnaire. In the second stage, a survey was conducted where total number of 250 students was approached from which 220 responses were collected. The data analysis was done using SPSS for multi-dimensional scaling. Employer brand value proposition, company reputation and perceived job characteristics were observed to impact the applicant's intentions to apply.

Introduction

In service-dominant logic, the ultimate sources of value creation are operant resources- the employees' knowledge and skills employed on operand resources to create differentiated and valued service in the marketplace. Employees are the key in differentiating any market offering and often interact with customers; differentiation should ideally be approached with an eye on attracting the "right" and relating employees to the "right" customer in the co-creation process (Andreassen and Lanseng, 2010). Thus marketing of recruitment offers to the 'right' kind of candidates is a key to the success of final product or service. External marketing of employer brand is designed primarily to attract the target population, but is also to support and enhance the product or corporate brand (Backhaus, Tikoo, 2004).

Product branding considers how a product is represented to a customer and corporate branding considers how the organization is represented to the variety of external audiences, employer branding considers current and potential employees as branding targets (Edwards, 2010). Here while targeting the prospective employees through employer branding exercise; it is essential to understand what these prospective employees are looking for. Does 'employer branding' attracts them? What are the intentions of these applicants while applying for the job? Whether our offerings and matching with their expectations.

Background

Swystun (2007) argues "a brand is a mixture of attributes, tangible and intangibles, symbolized in a trademark, which if managed properly, creates value and influence." With employer branding this concept is applied to an HR setting, where the branded product is unique and particular employment experience. The employment experience is explicitly offered to current and potential employees by organizations that they make claim to provide a particular experience (Edwards, 2010). Such offerings while doing the recruitment marketing should be attractive enough so as to make the 'right' candidate apply. Employer branding is defined as "a targeted, long-term strategy to manage the awareness and perceptions of employees,

potential employees and related stakeholders with regards to particular firm" (Sullivan, 2004). Often, we can observe that the applicants have got some image or perception in their mind regarding their prospective employer. Hence it is very essential to match between these two. The present research attempts to explore various dimensions of recruitment marketing offers that may result in the applicants' intentions to apply.

Little conceptualization exists beyond borrowing models from consumer research in the area of employer branding and managing recruitment marketing offers. Empirical studies trying to explain how employees evaluate potential employers are fragmented in focus (Andreassen and Lanseng, 2010). Lievens and Highhouse (2003) found that prospective employee' perceptions of instrumental (e.g. pay, job security, and location) as well as symbolic (e.g. sincerity, innovativeness and prestige) attributes were positively related to an organization's attractiveness as employer. Various other researches analyze the factors impacting the applicant's intentions to apply on the one hand and employer attractiveness on the other hand in a fragmented manner.

Literature Review

The few existing studies can be broadly divided into two categories – effects of job and organization characteristics varying in level of abstraction and effects of fit between employees and organization. In addition to that, there are various attributes discussed in the prior researches that can explain employer attractiveness. Organizational attraction refers to the way employers strategically attempt to exploit their strengths in order to attract applicants (Gomes and Neves, 2011). They have investigated whether perceptions of organizational attractiveness mediate the path between applicant evaluation of a job vacancy and the intention to apply for the job. Intention to apply for a job vacancy is a strong predictor of behavior in the attraction stage of recruitment (Barber and Roehling, 1993), and is critical for understanding applicant job choice (Gomes and Neves, 2011). Drawing on brand equity literature (Keller, 1993), Backhaus and Tikoo (2004) theorized that functional job attributes (objective, tangible job-related features like salary and leave allowances) and symbolic ones (non-product-related features like prestige and social approval) combined with the benefits they provide to employees are positively related to employer attractiveness.

Some authors argue that an employer branding programme will involve clarifying what is referred to as the "unique organizational value proposition" (Knox et al., 2000). The presentation of the "package" of reward features or employment advantages and benefits offered to employees will go some way to presenting this and the presentation of organizational values, characteristics and attributes will also help clarify the employer brand value proposition (Edwards, 2010).

Cable and Turban (2003) showed the importance of the company reputation in increasing likelihood of potential applicants applying for the job at the organization.

Collins and Stevens (2002) assessed students' ratings of how favourable they were towards particular organizations and their intentions to apply for the job at these organizations. They showed that students tended to have more favourable attitudes towards organizations that were seen to sponsor events at their university and organizations that have generally higher perceived corporate profile.

Though research has investigated variety of applicant intentions in the attraction stage, the factors predicting intention to apply for job vacancy remains an important and open question in the organizational

attraction literature (Gomes and Neves, 2011). The present research attempts to answer some of these gaps.

Methodology

The target audience for the study was graduate business school students who are about to enter the labour market. Research was carried out in two phases to analyze qualitative and quantitative dimensions of the target audience. In the first phase, three Focus Group Discussions (FGDs) were carried out with an average duration of 70 minutes each. This qualitative data helped understanding various dimensions of the target audience and in designing the questionnaire. In the second stage, a survey was conducted where total number of 250 students was approached from which 220 responses were collected. The data analysis was done using SPSS using exploratory factor analysis.

Analysis and Findings

i. Qualitative study:

Since there was no established scale available to analyze the impact of employer branding on the applicant's intentions to apply, extensive FGDs were conducted to capture the underlying dimensions. The result of the three FGDs was greater understanding of the target audience's response. FGDs were conducted with the students of the graduating batch from various B-schools from across the country. These were the students appearing for their final placements and were about to join the job market. Equal proportion of male and female candidates was selected.

From FGDs it was observed that the company's brand image and perceived job characteristics were significant factors. In addition to these characteristics, some respondents emphasized on the employer's attributes like socially responsible, well known in the market. By and large the respondents were carrying clear idea about their prospective employer. Many of them were engaged in doing good amount of homework before applying for any job. Some group members also laid down emphasis on the social responsibility aspect of the companies. Some of the demographic factors like gender, parents' occupation were found to be influential.

ii. Quantitative study:

The practice of employer branding is predicted on the assumption that human capital bring value to the firm, and through skillful investment in human capital, firm performance can be enhanced (Backhaus, Tikoo, 2004). Prior researches have laid lot of emphasis on the importance of employer branding in attracting best talent for the company that would contribute to the overall growth. With this view in consideration, a questionnaire was prepared based on the feedback from the FGDs. 23 items were selected for the data collection on the five point Likert scale from 'strongly agree' to 'strongly disagree' in addition to few demographic questions. Exploratory factor analysis was used for data analysis in order to derive various psychographic dimensions.

Chronbach's alpha (0.91) indicated the high reliability of the questionnaire.

Table-1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.910	.916	23

Results of factor analysis helped in analyzing the underlying dimensions of applicants' behavior in terms of how they give importance to various aspects of employer branding. KMO value for the factor analysis was 0.779 along with the acceptable level of significance.

Table-2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.779
Bartlett's Test of Sphericity	Approx. Chi-Square	3.635E3
	df	253
	Sig.	.000

With the initial factor extraction using principal component method, six factors were found to be explaining 72.66% of variance. Taking these six factors, the factor analysis was done once again to understand the variable classification and categorization.

Table-3: 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	8.685	37.761	37.761	8.685	37.761	37.761	4.754	20.671	20.671
2	2.818	12.253	50.013	2.818	12.253	50.013	2.873	12.491	33.162
3	1.531	6.656	56.670	1.531	6.656	56.670	2.660	11.565	44.727
4	1.354	5.888	62.557	1.354	5.888	62.557	2.389	10.387	55.114
5	1.261	5.483	68.040	1.261	5.483	68.040	2.092	9.094	64.208
6	1.062	4.619	72.660	1.062	4.619	72.660	1.944	8.452	72.660
7	.853	3.710	76.370						
8	.804	3.495	79.865						
9	.680	2.954	82.819						
10	.621	2.699	85.518						
11	.526	2.287	87.805						
12	.451	1.961	89.767						
13	.438	1.905	91.672						
14	.366	1.590	93.262						
15	.317	1.378	94.640						
16	.266	1.156	95.796						
17	.212	.920	96.715						
18	.190	.827	97.542						
19	.169	.733	98.275						
20	.146	.634	98.910						
21	.115	.499	99.408						
22	.082	.357	99.765						
23	.054	.235	100.000						

Note: Extraction Method: Principal Component Analysis

Factor analysis of the six factors gave the following categorization.

Table-4: Rotated Component Matrix^a

While applying for the job…	Component					
	1	2	3	4	5	6
I look for good work culture	.809	.265	.106	.001	-.034	.064
I look for motivated staff where I will work	.773	.361	-.020	-.024	-.076	.352
I look for training and development opportunities while on the job	.769	.289	.179	.134	.084	-.048
My employee should be trustworthy in the eyes of customers	.693	-.063	.211	.389	.215	.042
My employee should be socially responsible	.669	.000	.081	.183	.421	-.005
Innovations should be encouraged in the company where I will work	.618	.271	.164	.065	.291	.372
I believe in loyalty towards organisation where I will work	.583	.215	.373	.520	.032	.162
My employee/organisation should be unique in terms of overall work experience	.579	-.083	.000	-.191	.448	.337
I look for career growth opportunities	.497	.337	.400	.023	.246	-.154
I do good homework about the company when I intend to apply for the job	.300	.790	.105	.106	.238	.200
I thoroughly go through the website of the company before applying for the specific job	.257	.723	.287	-.008	.142	-.118
I have a clear idea about how my employee / organisation should be	.145	.671	.121	-.059	.219	.416
I have clear ideas about my 'dream company' where I would like to work	.091	.527	.335	.108	.073	.459
I look for the company with well-known brand name	.209	.191	.849	.021	.197	.006
I look for company which has high regards in the market	.094	.177	.699	-.204	.267	.344
While applying for the job I look forward for reputed organisation	.414	.298	.565	.339	-.072	.180
I believe in frequently changing jobs for career growth	-.030	.021	.161	-.851	-.030	.246
I intend to stick to the company for long period of time once I am employed	.257	.139	.171	.722	.137	.201
I look for the job advertisement where I can relate myself with the company	-.098	.083	.455	-.504	.188	
I look for higher pay package	.355	.303	.360	-.405	.048	
I apply for those companies where in think that I will be right fit	.153	.226	.226	.158	.785	
I would apply for the company with which I can associate	.143	.358	.150	-.038	.766	
I go through testimonies of the current employees where I am going to apply	.151	.123	.073	-.026	.038	
I look for the job advertisement where I can relate myself with the company	-.098	.083	.455	-.504	.188	
I look for higher pay package	.355	.303	.360	-.405	.048	

Note:

1. Extraction Method: Principal Component Analysis.
2. Rotation Method: Varimax with Kaiser Normalization.
3. ^a Rotation converged in 9 iterations.

With the help of the variables coming under each of the factors we can indicate the following reasoning:

1. **Employee value proposition**: This emerged as a major factor that attracts the potential employees. The value proposition would include the organization level attributes like work culture, level of motivation, encouragement to training and development and various other organization related aspects. Thus it will be beneficial for the company to build its brand and brand communication around these attributes.

2. **Image congruence**: According to Anderson and Lang (2010), the higher congruency a prospective employee perceives between her/his ideal image and a company's image, the more likely it is that this employee will have a positive attitude towards seeking employment with that company. Image congruency gets reflected in the clear idea about the 'dream company' where the potential employee is seeking employment. This would come from the thorough homework about the company from various sources of information including web portals, newspaper as well as from friends and peer group.

3. **Company image and reputation:** The company's image helps attract employees because they identify with the brand and their perception of other employees working there (Anderson, Lang 2010). If a prospective employee is attracted to a company due to its corporate image, that employee is likely to internalize the corporate image and become motivated to project it to customers and (Sirgy, 1982; Sirgy et al., 1997) other stakeholders. On a more abstract level, some researchers suggest that organizational or corporate image influences how prospective employees evaluate prospective employers (Ambler and Barrow, 1996; Backhaus and Tikoo, 2004; Balmer and Greyser, 2002; Lievens et al., 2007). According to the theorizing of Backhaus and Tikoo (2004), image is an amalgamation of perceptions about functional and symbolic attributes and benefits. Specifically, image is thought of as an outcome of certain job and organizational characteristics, mediating their effect on employer attraction.

4. **Job attributes**: Job and organizational characteristics have been proposed as a source of variables to explain prospective employees' attitudinal judgments about an organization as potential employer. Lievens and Highhouse (2003) found that prospective employee' perceptions of instrumental (e.g. pay, job security, and location) as well as symbolic (e.g. sincerity, innovativeness, and prestige) attributes were positively related to an organization's attractiveness as employer. Cable and Turban (2003) reported that prospective employees' beliefs about job attributes (e.g. promotion opportunities, future salary, and work challenges) positively influenced their job pursuit intentions.

5. **Association**: Association is a concept close to the 'image congruency' from the literature review. Here the prospective employee looks for the association with the company that he/she is intending to apply. This association may be based on the candidate's self-image as well as image of the company.

6. **Social influence**: Social influence is also one of the important dimensions in the applicant's behavior and intention to apply. This can

come from the fact that the decision to apply for the company is influenced by the testimonies of the existing employees.

Implications

Firms appear to be expending considerable resources on employer branding campaigns, indicating that they are finding value in practice (Backhaus, Tikoo, 2004). The research served two-way purpose. First, it helped in developing the scale for measuring the impact of recruitment marketing on the intentions to apply. It also helped in the overall understanding of the employer branding and its underlying dimensions. Second, it identified the distinctive preference pattern among the students who are about to enter the job market in terms of the demographics and psychographics. The 'intentions to apply' were observed to differ significantly based on the psychographic profile.

A key finding from the research work in the area is that potential recruits are more likely to apply for a job at a particular organization that has existing positive company reputation. The greater a company's reputation, the more attractive it tends to be seen by potential recruits (Edwards, 2010). An example of such research is a study by Cable and Graham (2000), which investigated factors predicting job seekers perceptions of an organizations' reputation. In research on employer "brands" Ambler and Barrow (1996) have shown the importance of recruitment outcomes of the image of the organization as an employer.

Other research has called attention to organizational reputation (Cable and Turban, 2001), which refers to public and social evaluation of an organization, and has also been related to attractiveness (Turban and Greening, 1997).

The present research outcomes are helpful for the academicians to carry out further research in the area of employer branding. It is also useful for the practitioners for understanding the impact of recruitment marketing offers on the applicants' intentions to apply. Employer brand value proposition, company reputation and perceived job characteristics impact the applicant's intentions to apply. Intended to be a true representation of what the firm offers to its employees, the value proposition provides a central message that is conveyed by the brand (Eisenberg et al., 2001). Further research can be carried out to find the association between recruitment marketing offers and job search behavior in case of those who are presently working.

Our study has some limitations which must be addressed. First, we use a student sample. This issue is pointed out in several articles. Despite being aware of this we decided on a student sample because students were getting close to situation in which they would have to make choices regarding an employer. Further studies should include other respondents, particularly people already employed from different age groups.

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Attitude towards Corruption among the Students of Higher Learning

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A B S T R A C T

This study investigates the attitudes of young students towards the causes of corruption, which is now wide-spread in India. It also investigates how corruption can be curbed down and controlled effectively from the society. Factor analysis was used to find out the causes of corruption and how to curb it down. Seven factors were found to be the causes of corruption and three factors were found for curbing the corruption down.

Introduction

Students of modern India are very much concerned about their education, career and wellbeing of their family and above all about their country. In the last few years, they were quite affected by the shrinking of the job opportunities. Governments at national level as well as at state level are not doing enough to create job opportunities for this young generation. They are blaming national and state governments for corruption and lack of vision in bringing India to the International scenario as one of the developed countries. The country is still having the status of developing country. According to international watchdog, Global Financial Integrity (GFI), 'more than Rs. 4 lakh crore worth of black money was illegally siphoned out from India in 2011, which is seven times higher than they spend on education, fourteen times higher than they spend on health and one third of the Centre's total budgeted expenditure in 2011' (Verma, Times of India, 2013).

Corruption is commonly defined as 'The use/abuse/misuse of public office for private gain' (Treisman, 2000, Tanzi, 1998). The attitudes of people towards corruption are moulded by the social, political, legal and economic systems of a country where they live in, and the experience of corruption they have every day. When people see corruption all around themselves it becomes more acceptable to them. Such acceptance of corruption may contribute to its further spread and sustenance (Dey, 1989). In recent presidential election in India, the Electoral College comprises 4120 members of legislative assemblies and 776 members of parliament (Lok Sabha & Rajya Sabha). Out of total 4,896 MPs and MLAs, 31 percent (1517) have declared criminal cases pending against them in their affidavits filed with Election Commission and 44.21 percent of these tainted persons have serious criminal cases like murder, rape, attempt to murder, kidnapping etc. against them (Times of India, July, 2012). Sixty seven years after our independence, the nobility of politics in our country have been replaced by criminality. If honest men and women do not take the plunge, criminality will take over entirely. A survey conducted by MODE for The Times of India, covering, 1,554 adults in six metropolitan cities founded that 92 percent of the public believe that politicians and ministers are more corrupt followed by policemen, government servants and businessmen (Balakrishnan and Chatterjee, 1995). Corruption violates the Fundamental Principles of democracy such as accountability, equality and openness. Some research studies have suggested that corruption causes political distrust among citizens which leads to legitimacy crisis in the political system. In India, few families are dominating the political

arena in the National as well as in the State levels over a long period of time. Allegation of corruption against them is mounting every year among the general population, especially among the young generation. They are looking forward to a change and also a new leader who can create job opportunities, transparency and pull out India from a developing country to a developed country status.

India has ranked 94th out of 176 countries in Transparency International's Corruption Perception Index in 2012 (Transparency International, 2012). In the last few years, the people of India have seen a series of exposures of mega-scams like 2G spectrum (Rs.1.76 Lakh crore), Commonwealth Game scam (Rs.70,000 crores), Telgi scam (Rs.30,000 crores) etc. A report made by the Washington based Global Financial Integrity in 2010 estimates that over a 60 years period, India lost $462 billion in illicit financial transactions. The same report also estimated that India's underground economy is roughly 50 percent of the Nation's GDP (Dev, 2010).

In India, criminals get the opportunity to contest and win elections due to a moribund judicial system. The judicial procedures are so slow that hardly any resourceful person gets convicted quickly. Many of them will die due to their old age before exhausting appeals. So, general public would not know for sure who is a criminal and who is an innocent victim of false accusations. Times of India on 20th December, 2011, reported that around 3.2 crore cases are pending in high courts and subordinate courts across the country while 56,383 cases are pending in the Supreme Court. A country, where justice cannot be obtained in a reasonable period of time will be a country where law breakers beat law-abiders. This is not only true in politics but also applicable in all walks of life such as in business, professional life and everything else. There is a well-known saying that 'justice delayed is justice denied'.

Religion plays a very significant role in one's life. It is very common to see that many people, from all walks of life derive their moral and ethical values from their religion. It is a general belief in Indian society that religious people are honest and not corrupted. But the evidence suggests that relations are not straight forward.

In India, all sorts of development programs in rural as well as urban areas, are controlled and maintained by the different government agencies and bureaucrats. There is no transparency and accountability as such of these projects. So, corruption is rampant. Gray and Kaufman (1998), in their survey of 150 high level officials from 60 third World countries, found that, public sector corruption was the most severe obstacle for their countries development process. In India, we are also experiencing corruption as a major constraint to our economic growth, political and social development.

Review of Literature

General observation of a country suggests that poverty and corruption moves hand in hand. The consequences of corruption in any country hinder the countries' development. It is observed that corruption has a negative effect on growth and investment (Mauro, 1997; Kaufman et.al. 1999), allocation of public spending on education and health (Mauro, 1997), and more generally on the efficient allocation of resources (Krueger, 1974). The empirical analysis of Mo (2001) reveals that 1 percent increase in the corruption level reduces the growth by about 0.72 percent. In his research Mauro (1995) finds that an improvement in the corruption index by one standard deviation would increase investment by as three percent of output. The other research findings also suggest that corruption plays as a deterrent factor for foreign direct investors (Wei, 2000; and Habib & Zurawicki, 2001). The empirical study of Bahmani-Oskooee and Nasir (2002) covering 65 countries pointed

out that countries with higher levels of corruption tend to have a real depreciation in their currency. Gupta, Davoodi and Alonso-Terme (1998) in their research find out that a high rate of corruption increases income inequality and poverty by reducing economic growth. Saleck Akcay (2006), in his research, finds that by impeding growth and reducing social spending such as those on education and health, corruption adversely affects human development. Rose-Ackerman (1997), argues that corruption distort the allocation of economic benefits between 'have or have not', in the society, where the category of 'have's enjoy more benefit over the category of 'have not's.

In different research articles on corruption, one may find two opposing approaches regarding the impact of corruption. The first approach is called 'efficiency enhancing' and the second approach is known as 'efficiency reducing'. In efficiency enhancing approach the researchers (Huntington, 1968; Friedrich, 1972) argued that corruption greases the wheel of business and commerce and facilitates economic growth and investment. On the contrary, in efficiency reducing approach other researchers (Krueger, 1974; Tanzi and Davoodi, 1997; Mauro, 1995) claimed that corruption slows down the wheels of business and commerce. As a result, it hinders economic growth and distorts the allocation of resources. Therefore, it has a damaging impact on efficiency. Al-Marhubi (2000) in his investigation founded that there is a positive relationship between corruption and inflation. Long periods of high inflation are associated with higher levels of corruptions (Getz and Volkema, 2001).

The economic costs of corruption are immense for a country. The World Bank has estimated the cost of corruption all over the world is about 1 trillion dollars ($ 1000 billion) per year in a total global economy of 30 trillion (Kaufmann, 2005).They mentioned that 'one-standard deviation increase in the growth rate of corruption reduces income growth of the poor by 7.8 percentage points per year'. Gupta, Davoodee and Tiongson (2000) points out that corruption may increase the cost of health care and education services as well as it may lower the quality of these services. Some other researchers (Kaufmann, Kraay and Zoidolobaton, 1999) also find that corruption reduces life expectancy and literacy and increases infant mortality rates of a country. It is the middle class and poor people of a country suffer most due to the cost of corruption. In India, cost of education has increased manifold, such as 433% up between March 2004 and March 2013 in rural areas (Thakur, 2013). Unlikely, the trend will be very different between rural and urban areas.

Remedial Measure to Combat Corruption

A growing number of literatures have identified effective policy instruments to combat the corruption. Freedom of press (Treisman, 2000), higher degree of business competition (Ades and diTella, 1999, high degree of economic growth (Triesman, 2000; Paldam, 2002) and more variable inflation (Braun and diTella, 2002) contribute significantly to curb down the corruption. Gatti et. al. (2003) founded that there is a correlation between the degree of education and corruption. He also mentioned that richer people are more likely to accept some degree of corruption. As people aged more and more with passing time, they appear to be more averse to corruption. Gatti also found that unemployed people display less aversion towards corruption. Corruption has been found to be lower in countries where there is a high degree of female employees in public life (Dollar et. al, 2001; Swamy et. al. 1999; Gatti et al. 2003).

Objectives of the Study

When systematic corruption takes hold of a country, corruption becomes a way of life. Individual's attitudes towards corruption then

are shaped by social, political, legal and economic system of their countries. Higher levels of exposure to corruption in daily life may promote a tolerance of corruption. Indian students have been living with high corruption for a long period of time and they have also experienced the movement against it by some handful of righteous people. These people have received huge public support from all corners of the country. The present research wants to investigate:

- The attitude of students towards the corruption

- To find out the factors that influence people to be corrupted

- To find out the remedial actions that can be used to curb down the corruption

Methodology

The questionnaire used in present research consisted of three parts: the first part consisted questions regarding socio-biographical variables of the respondents; the second part enclosed 16 questions regarding the different aspects of corruption and the third part enclosed 7 questions regarding 'how to curb the corruption'. Five point Likert scale with anchors using strongly agree (5), fairly agree (4) , do not know (3), fairly disagree (2) and strongly disagree (1) were used in second and third part of the questionnaire. The respondents were requested to tick where their feelings were more appropriate. The data were collected from students of different institutes of higher learning in West Bengal. Students were chosen randomly from different branches of engineering, management studies, general degrees and professional courses. Out of 300 questionnaires distributed only 242 were measured complete and used for analysis. Out of 242 students, 128 were boys and 114 were girls' students. Social demographic variables such as gender, age, area of study and residence of the students were considered in this research.

To explore which factors are significantly playing dominant role to measure the attitudes of young students towards corruption and how to curb it from the society, Factor analysis was carried out. Factor Analysis is a multivariate statistical procedure which reduces a large number of variables into a smaller set of variables (referred as factors or components). The form of Factor Analysis used was Principle Component Analysis with Varimax Rotation. To justify the Factor Analysis, Kaiser-Meyer-Olkin (KMO) test for sampling adequacy and Bartlett's Test of Sphericity were used for both the cases.

Results and Discussion

The social demographic characteristics of the respondents are shown in Table 1. The percentage of male and female students was 52.89 and 47.11 respectively. They were classified as undergraduate (61.16%) and post-graduate students (38.4 %). The majority of the students (60.33%) were in the age group of 18 to 22. About one fifth of the students only came from rural back ground.

Table-1: Respondents Characteristics Background

Particulars	Particulars	Frequency	Percentage
Sex	Male	128	52.89
	Female	114	47.11
Age	18-22	146	60.33
	22-26	83	34.30
	>26	13	5.37
Course pursuing	Undergraduate	148	61.16
	Postgraduate	94	38.84
Residence	Urban	199	82.23
	Rural	43	17.77

Attitudes of students towards corruption

To find out the attitudes towards corruption, Factor Analysis was carried out. It produced seven factors/components from a large number of variables (16) which were capable of explaining the observed variance. In our research Bartlett's Test was significant (Chi-square= 613.203, p < 0.000) and Kaiser-Meyer-Olkin (KMO) Test was 0.690, which justified the Factor analysis (Hair et.al. 2013). The Eigen values of all the significant components and the variance explained by each component were calculated and shown along with the name of each component (Table-2). To determine how many components to retain several procedures have been suggested such as use of Eigen values, Scree plot and Percentage of variance (Malhotra, 2007). The Eigen value approach suggests that components with Eigen values greater than one should be retained. The present study indicates that only seven components have Eigen values greater than one and together contribute 57.356 percent of the total variance. The first component accounts for 17.268 percent of variance, while the second, third, fourth, fifth, sixth and seventh components interpret 8.772, 7.356, 6.443, 6.16, 5.874, and 5.482 percent respectively of the total variance. All the remaining components are not significant.

An important output from Factor Analysis is the component matrix which contains the co-efficient that express the standardized variables in terms of the components. A co-efficient with a large absolute value indicates that the components and the variables are closely related. The co-efficient of the component matrix can be used to interpret the components. We have used the Rotation Method (Varimax with Kaiser Normalization) to identify the variables that have a large loading on the same component. In our study variables 2, 14 and 16 co-relate and combine with component 1 after rotation because of their common nature and may be labeled as 'bribe influence to get the contract'. It is a very common practice in India to get a contract of any project; one has to bribe the officials. Component 2 is related with variables 7, 11 and15 and it may be named as 'corruption as a part of daily life'. Component 3 is related to two variables, namely 6 and 10 and may be labeled as 'taxes can be reduced by bribing the officials'. Similarly component 4, 5, 6, and 7 are related with variables (3, 13); (8, 12); (4, 5) and (1, 9) respectively and these component may be named as 'no big money was ever made by honest way', 'rich and powerful in the society oppose transparency', 'poor socio-economic conditions do not influence people to be corrupted', and 'modern living & consumerism do not influence people to be corrupted'. The rotated component matrix for corruption is shown in Table-2.

Discussion

The present research findings suggest that young generations of modern India think that corruption is deeply rooted in the society. To get a government contract, one has to bribe the officials. 2G spectrum scam, Commonwealth game scam, Telgi scam are the very few examples of these kinds. It also influence the terms of contract as well as terms of subcontract. It speeds up the granting permission of different licenses and permits controlled by the different government offices. The business culture in India is so corrupted, that everybody experiences this in their daily life. Vittal (2003), the former central vigilance commissioner of India, observed that 'the average Indian citizen cannot go to any public organization or office today and get the services which they are supposed to get without paying bribe'. A study conducted by Transparency International (2005) in India revealed that common citizens pay a bribe of Rs. 21,068 crores while availing one or more of the eleven public services in a year. The same study mentioned that more than 62 percent of the people have had first-hand experience of paying bribes or peddling influence to

get the job done in public office. The amount of taxes, custom duties, electricity consumption and other public utility charges can be reduced by bribes. Corruption has gone international i.e. millions of dollars are siphoned out from one country to another country. Indian business men and politician have siphoned out $344 billion during 2002 to 2011 through different unfair means (Verma, 2013). So, it supports the finding that 'no big money was ever made by honest way'. In India, rich and the politicians do not want transparency, accountability, free and fair competition in the country. With the existing system, they can exercise their power through unfair means and can make them richer every day. The rich and powerful believe that there will be negligible or no consequences for their corrupt behavior. Our respondents believe that poor socio-economic conditions of people do not influence people to be corrupted. The vast majority of Indian people still live in rural areas and they maintain their old values, ethics and culture. They work hard for their living and they believe to live in honest way.

Table-2: Rotated Component Matrix (Causes of Corruption)

S. No.	Variables	Component						
		1	2	3	4	5	6	7
1	Do you agree 'corruption is a major problem in our country'							-0.609
2	Do you agree 'bribes can influence who gets the contract, the terms of the contract as well as terms of subcontract'?	0.702						
3	Do you agree 'corruption is part of the business culture in our country'?				0.648			
4	One does not need to have well connection and sources to get a Government job						0.555	
5	Poor socio-economic conditions (low income, poverty etc.) do not influence people to be corrupted.						0.818	
6	Do you agree 'bribes can be used to reduce the amount of taxes, custom duties, electricity and other public utility charges '?			0.766				
7	In our society most of the people accept corruption as a part of our daily life.		0.725					
8	Bribes can be used to influence regulatory authorities to refrain from taking action, and to look the other way, when private parties engage in activities that are in violation of existing laws, rules and regulations.					0.518		
9	Modern living and consumerism do not influence people to be corrupted in India.							0.726
10	Do you agree 'most of the political parties in our country maintain 'Mastan Bahini' and with their help, they get vote during election and cut money from the local resources'?			0.633				
11	Under the corrupt system, the privileged and the well-connected people enjoy economic benefits.		0.527					
12	Rich & powerful in the society, the main gainer of a corrupt system oppose economic reforms'? (Because reforms require greater transparency, accountability, free and fair competition, deregulation and reliance on market forces and private initiatives).					0.854		
13	Do you agree with the statement that 'no big money was ever earned by honest means'?				0.729			
14	Lengthy & cumbersome procedures in judiciary system are the real weakness of our judiciary system. Justice delayed—justice denied.	0.611						
15	High corruption leads to high violence		0.678					
16	It is very common in our country to bribe the public official to get the job (legal job) done quickly	0.566						

Component: 1-bribe influence to get the contract (Eigen value = 3.281; Variance Explained = 17.268 %)
Component: 2-corruption as a part of daily life (Eigen value =1.667; Variance Explained = 8.772%)
Component: 3-taxes can be reduced by bribing the officials (Eigen value = 1.398; Variance Explained = 7.356 %)
Component: 4-no big money ever made by honest way (Eigen value =1.224; Variance Explained = 6.443 %)
Component: 5- rich & powerful in the society oppose transparency, accountability, free & fair competition (Eigen value = 1.17; Variance Explained = 6.16 %)
Component: 6- poor socio-economic conditions do not influence people to be corrupted (Eigen value = 1.116; Variance Explained = 5.874 %)
Component: 7- modern living & consumerism do not influence people to be corrupted (Eigen value = 1.042; Variance Explained = 5.482 %)
Total variance Explained = 57.356

After globalization, consumerism has increased rapidly in India. New shopping malls with new products are spreading very rapidly in Indian cities. But at the same time the socio-economic status of the people has not increased at that speed. As a result, some people want to increase their buying power by any means. But, a vast majority of the Indian population lives in rural areas and they are not influenced by the modern consumerism. They hold a firm belief in religious teaching and lead a simple life. So, our young respondents believe that 'consumerism do not influence people to be corrupted'.

Curbing the Corruption

To find out the factors which can curb down the corruption, we have also used Rotation Method (Varimax with Kaiser Normalization) to identify the variables that have a large loading on the same component. Variables 1, 2 and 3 co-relate and combine with component 1 after rotation because of their common nature and may be labeled as 'public spending should be transparent'. Variables 6 and 7 co-relate and combine with component 2 after rotation and may be named as 'social value, ethics, education & media have positive role to curb the corruption'. Component 3 is related with variables 4 and 5 and it may be named as 'religious people are less corrupted'.

Discussion

Corruption becomes a way of life, when systematic corruption takes hold of a country. In this situation, business houses have a good idea of whom they have to bribe and how much to offer them. When government officials are caught for corruption and punished quickly, this message goes a long way to control the corruption of a country. The students of higher learning in our country believe that if public spending is transparent, corruption could be controlled.

Quality of education, adherence to the social values and ethics become the moral fabric of our young generation, which has got direct and indirect impacts on the society to control the corruption. Media plays an important role to raise public awareness about corruption and their consequences in a country and shows possible remedies of it. It also investigates and reports incidents of corruption. Some researchers have also suggested that a high level of press freedom are associated with low levels of corruption (Ahrend, 2002; Brunetti and Weder, 2003; Chowdhury, 2004).The two factors, corruption and the role of media move in opposite direction.

Table-3: Rotated Component Matrix (Curbing down the Corruption)

S. No.	Variables	Component 1	Component 2	Component 3
1	Do you agree 'those who are in power in National and State level they are not serious enough to control corruption'?	0.568		
2	If public money is spent in a transparent manner corruption could be controlled.	0.771		
3	Improved legal framework reduce corruption from the society	0.600		
4	Do you agree faithful adherence to religion will refrain people from corruption?			0.733
5	The offenders from both sides of a corrupt deal must be convinced that the Govt. is serious about fighting in corruption.			0.586
6	Do you agree 'media can play vital role to create greater public awareness and to provide the momentum for undertaking reforms to overcome corruption'?		0.688	
7	Do you agree social value, ethics & education have got a role to play to curb the corruption		0.751	
Component: 1-public spending should be transparent (Eigen values= 2.102; Variance Explained= 26.279%)				
Component: 2-social value, ethics, education & role of media influence to curb corruption ((Eigen values= 1.136; Variance Explained= 14.203%)				
Component: 3-religious people are less corrupted ((Eigen values= 1.045; Variance Explained= 13.058%)				
Total Variance explained = 53.54%				

The young generation of India believes that religious people are less corrupted. India is the birth place of Gautama Buddha, Vivekananda and so many Vedic Saints who gave India a very rich philosophy of life. Their teachings have great impact in the minds of the Indian people. Guiso et al. (2002) also founded that religious people are generally law abiding and trust others more easily.

Conclusion

Corruption is a universal phenomenon. It exists with a varying degree all over the world, far and wide in both developed and developing countries, in private and public sectors, as well as in non-profit and charitable organizations. In India it is wide spread in all walks of life. The present research findings suggest that one experiences corrupt behaviour in his or her daily life through business contract, official work and public services. The rich and powerful corporate world gets away from the corrupt dealings due to our moribund judicial system. They have enormous stakes in the current system of non-transparency, rigidity and non-accountability and they prefer to maintain the present system. There is a tendency in our society to blame on modern consumerism, modern living and poor socio-economic conditions of Indian people for escalating the scale of corruption. But all the big scams in recent years indicate the other way round. All the powerful and rich people are involved in these scams. Our younger generations do not believe that consumerism and poor socio-economic conditions are responsible for the widespread corruption in Indian society.

To curb down the prevalent large scale corruption, our respondents believe that all public dealings should be transparent and fair as well as, it should make officials accountable for their corrupt behaviour. Transparency and fair play should be the integral part of all transactions relating to the disposal and acquisition of national resources and the government procurement process. India has to undertake reforms in her economic and political system by reducing institutional weaknesses. If the government can introduce a map of work flow from allocation to completion with time bounding, the present culture of non-accountability and corruption may start to change. Above all, media can play a very important role in exposing corruption and raising awareness among the public about its detrimental effects upon education, health and society as a whole. As a result, public pressure will be build up which is a potent weapon in compelling reform.

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Resource Productivity, Return to Scale and Resource Use Efficiency in Rice (Paddy) Farms: A Study in Cuttack District, Odisha

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ARTICLE INFO

ABSTRACT

To mark rice production lucrative it is dominant to control the price tag of inputs. Sometime the available resources are over utilized or underutilized results lowering the productivity. It is a great worry for a state like Odisha where the real income of farmer is very low. The efficient use of resources through proper allocation and control not only increase the productivity but also cost-effectiveness of the farms. Since paddy is most important crop in Cuttack district of Odisha and in all the three villages under study, an effort has been made to estimate resource productivity, return to scale and resource use efficiency so as to suggest for productivity improvement through adjustment of substantial resources.

Introduction

To make rice production profitable it is crucial to control cost of inputs. Sometime the available resources are over utilized or underutilized results in inefficiency and lowering of productivity. It is a great concern for a state like Odisha where the real income of farmer is very low. The efficient use of resources through proper allocation and control not only increase the productivity but also profitability of the farms. Since paddy is most important crop in Cuttack district of Odisha and in all the three villages under study, an attempt has been made to estimate resource productivity, return to scale and resource use efficiency so as to suggest for productivity improvement through adjustment of significant resources such as chemical, fertilizer etc. considered for this study.

Review of Literature

Large farms are found to be technically more efficient than small

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farms (Thapa, 1979). This implies that given the same level of inputs, large farms produce more output than small farms. Sain and Chattopadhyaya (1977) found that the Marginal Value Products (MVP) of human labour in all cases is less than its factor cost. Similarly the MVP of fertilizer, irrigation and capital in most cases were greater than its cost constant. They also observed that return to scale prevailed for both and increasing returns to scale for all groups of farmers in paddy cultivation. In the case of both local and High Yielding Verity (HYV) paddy decreasing returns to scale is observed for farmer in the size group of below one hectare, increasing returns to scale for farmers in the size group of 1-2 hectares and 2 hectares and above. Ramamurthy (1973) studied the effect of farm size on resource productivity. The Cobb-Douglas production function is used to analyse the data. They have found that all the variables such as manures, fertilizers, seeds, plant protection and management significantly influenced gross income in all the size groups of farm. The large size farms are found to have used resources more efficiently than small size farms.

The linear regression models have been fitted by Kumar (1989) to study the input output relationship of paddy enterprise. It is found that the elasticity of production is highest for land which ranged from 0.452 to 0.894 pre-cent which is followed by those of manures and fertilizers which ranged from 0.205 to 0.334 per cent in both irrigated and non-irrigated villages. He also found that more than 85% of variation in yield is explained by explanatory variable, i.e. land, human labour, bullock labour, manure and P.P. measures (plant

protection measures). The MVP of land, human labour, bullock labour and working capital were by and large higher on the package farms than non-package farms (Choudhury, 1970). The MVP of land was lower on the package farm of Odisha whereas that of bullock labour, it is negative in Andhra Pradesh. The MVP of fixed capital for package farm of Punjab and Odisha is negative.

Radhakrishna (1964) has found that the marginal value product of land has a positive relationship with irrigation. The marginal value product of land irrigated and non-irrigated lands are Rs.108.90 and Rs.86.49 per acre respectively. But the marginal value product of human labour and a pair-day of bullock labour in irrigated region are less than those in dry region.

Research Methodology

The present study deals with the productivity management of agricultural produces (with special reference to rice production) in one of the districts of Odisha with the total system perspective. The primary data from the villages with different level of development has been collected with the help of a pre-designed questionnaire. For this study the survey design and characteristics of sample farms along with certain related aspects of productivity such as farm size and productivity relationship, adoption of modern technology, cost of production and profitability etc. have been described.

Survey Design

The district selected for the study is basically comprised of two blocks of agro climatic zones – one with irrigated and the other zone is rain-fed farms. Further, the irrigation zone is divided into two parts – canal irrigation & irrigation by lift and Minor irrigation Project (MIP). Data have been collected on the agronomic and socio-economic characteristics of both the zones - Two villages from irrigation zone (one from canal irrigated and another from lift &other source of irrigation) and one village from rain-fed zone have been selected for the present study. These villages are purposively selected to understand the differential pattern of behaviour among these villages and across the farm sizes of each of the village under study regarding the productivity syndrome of rice and is management aspects. Since rice (paddy) is the main crop in the selected villages, almost all the households are cultivating rice (paddy) by utilizing all the area at maximum level for this crop. Even though there exists variation in irrigation status among the villages which ultimately attributed to the variation in cropping intensity in these villages, all size group of farms accepted the rice cultivation as their mainstay not because it is their staple food but for their livelihood too.

The Villages

Out of the three villages chosen for the purpose two villages are in irrigated area. One of the villages namely Vatimunda, is in the canal irrigated area and enjoys virtually 70 to 75 per cent coverage from the High Level canal system and the second village namely Sardala irrigated by lift & other sources enjoys 40 to 45 per cent coverage. Rice (Paddy) is the dominant crop in these villages. The use of tractor is fairly high. Despite formal credit, Private money lenders are also still playing an active role in these villages. Further, traders provide fertilizer to the farm households especially to marginal and small farmers, to medium and large farmers in order to purchase paddy from them after harvesting.

The third village namely, Godisahi is situated in the dry tract of the district. In this village there is virtually no irrigation facility except some Gadias and Ponds system to store water. As virtually there is no irrigation, small farmers use these Gadias and Ponds

supply water during the Kharif crop for a week or so. Large farmers do keep farm servants to supplement their work. Rice (Paddy) is the dominant crop during Kharif season only in this village, because this is a single rice-cropped area being the dry village like other villages under study the crops like pulses, oilseed, vegetables and other are found quite less. The extent of tenancy is also low in this village. The use of tractor for cultivation is very low. Private money lenders do their business actively in this village. The traders providing output linked credit in this village in the Kharif season are much inactive compared to irrigated village. Most of the farmers sold their surplus paddy to the private traders in the village only at the prevailing price in and around the village.

We are interested in understanding the behaviour of different farms in the specific environment in which they find themselves capable of managing the productivity of rice by using their best possible strategy. Thus, in order to study the various aspects of productivity management of different farms in different agro climatic zones, a fairly large sample of farms in each village must be drawn. Hence instead of going for a stratified random sampling we have taken the whole farm households (as total sample) i.e. on census basis from each of the three villages.

Size of Farm Defined

Further, to study the observed behaviour of different farm sizes, the whole farms in each village were divided into three groups of holdings on the basis of operated area as follows:

1. Small farms   Up to 5.00 acres
2. Medium farms   5.01 acres to 10 acres
3. Large farms   10.01 acres and above

The information from all the farms in each village has been collected. Altogether 400 farms from the three villages under study are studied for this purpose. The information on the various aspects of Rice productivity (both socio-economic and technical aspects) for one agricultural year 2012-2013 (i.e. July 2012 – December 2012 for Kharif and January 2013 – June 2013 for Rabi) has been collected. From the irrigated villages the information for both crops and from the non-irrigated village the information for Kharif crop only regarding different aspects of rice productivity have been collected respectively.

Method of study

Cobb-Douglas has been used to estimate the resource-productivity and resource use efficiency as it was found most suitable functional form in explaining the observed behaviour of most of the variables. The Cobb-Douglas type production function is specified as follows:

$$Y = a\, X_1^{\beta_1} X_2^{\beta_2} X_3^{\beta_3} X_4^{\beta_4} X_5^{\beta_5} X_6^{\beta_6}\, e^{ui}$$

Where,

Y = Production of Rice (Paddy) per acre (in Rupees)

X_1 = Bullock-Machine labour used per acre (in Rupees)

X_2 = Human labour used per acre (in Rupees)

X_3 = Quantity of Seeds used per acre (in Rupees)

X_4 = Chemical- Fertilizer used per acre (in Rupees)

X_5 = Agricultural Credit (from both formal and informal sources) per acre (in Rupees)

X_6 = Total Area under Rice (in Acre)

a = constant

u = stochastic disturbance term

e = base of natural logarithm.

$\beta_i = \beta_1 \ldots \beta_6$ are the (partial) elasticities of output(Y) with respect to the $X_1 \ldots X_6$ inputs.

The logarithmic transformation of the function is:

Log Y = log a + β_1 log X_1 + β_2 log X_2 + β_3 log X_3 + β_4 log X_4 + β_5 log X_5 + β_6 log X_6 + u_i

$= A + \beta_1$ log X_1 + ... + β_6 log X_6 + u_i

Where $L_n a = A$ i.e. constant.

This equation was fitted with the help of Ordinary Least Square (OLS) method. The individual production elasticities were summed up to find out the returns to scale i.e. $\sum_{i=1}^{6} \beta_i$. The calculated "t" values of the elasticity coefficients for different variables were compared with the corresponding tabulated values.

Based on the Cobb-Douglas functional specification the regression results for the above stated function was worked out for selected villages (V-1, V-2 and V-3) under study and compared with the pooled data of combined villages (All-V). To observe the behaviour of a particular village whether it is significantly different from other village or not popularly used "Chow test" was undertaken and 'F' value was found out from the test.

Given the assumptions of the Chow test procedure can be shown as follows:

$$F = \frac{S_6/K}{S_5/(N_1 + N_2 + N_3 - 3K)}$$

Follows the 'F' distribution with d.f = (K, $N_1+N_2+N_3$-3K).

For instance, where, K = number of parameter estimated (i.e. 7) and N_1, N_2 & N_3 are no. of observations of the various villages such as V-1, V-2 and V-3 respectively.

$S_6 = S_1 - S_5$,

Where S_1 = Residual sum of square (RSS) for pooled data (All-V)

S_2, S_3 and S_4 are the RSS for V-1, V-2 and V-3 respectively.

$S_5 = S_2 + S_3 + S_4$.

d.f is degree of freedom, i.e. (K, $N_1+N_2+N_3$-3K).

If the 'F' computed from Chow test exceeds the critical 'F' value at the chosen level of α, reject the hypotheses that the regressions of V-1, V-2 and V-3 are the same, that is, reject the hypothesis that there exists significant difference in the regression lines of different villages. Alternatively if the 'P' value of the 'F' obtained from Chow test is low, the null hypothesis (i.e. significant difference among villages) can be rejected.

The 'F' value based on Chow test has been calculated for the above stated villages and the 'F' value found significant for the villages under study. For instance, the Null hypothesis i.e., there exists significant difference among villages is accepted as the 'F' value found by Chow Test is found significant ($F_{7, 379}$ = 7.44 at 5% level of significance against the tabulated value $F_{7, 379}$ = 2.06).

The Marginal Value Products (MVP) and Factor Cost (FC)

A resource or input factor is considered to be the most efficient if its marginal value product is just sufficient to affect its cost. In other words if the ratio of MVP of a factor to its factor cost is equal to unity, that resource is considered as most efficient.

The marginal value product (MVP) of each resource was worked out by using the following formula.

MVP with reference to resource $X_i = \beta_i \dfrac{\overline{Y}}{\overline{X}_i}$

Where, i = 1 . . . . 6.

$\overline{Y}$ = Geometric mean of production of rice per acre (in Rupees)

$\overline{X}_i$ = Geometric mean of ith independent variable

β_i = the regression coefficient of ith independent variable (i.e. $\beta_1 \ldots \beta_6$) found out from Cobb-Douglas production function.

The estimated value of the MVP to FC ratio to analyse the resource-use efficiency is shown in Table–2. The geometric means of Y & Xi are also shown in Table-2(a).

After computation of marginal value product of a variable, the same is to be compared with its acquisition cost or factor cost. If the variable in the production is taken in rupee terms, then the acquisition cost of unit of that input will be in rupee. When the input is expressed in physical units then the MVP must be compared with actual acquisition cost of one physical unit of that input.

The significant difference between marginal value products of resources and their acquisition costs are tested by computing "t" value and comparing with the tabulated value.

While analysing the MVP/FC ratio in order to know the resource use efficiency of the area under rice is not considered, even though its marginal productivity has been calculated because the land input is taken in physical unit in the production function analysis.

Analysis and Interpretation

The resource productivity, returns to scale and resource-use efficiency were estimated for Rice (Paddy) farms under three different agrarian situation (such as in V-1, V-2 and V-3 are irrigated, semi-irrigated and non-irrigated villages respectively) and overall situation i.e. whole sample based on the Cobb-Douglas type production function as discussed in the methodology. The regression coefficients/production elasticities and related statistics for Rice farms are presented in Table- 1.

Resource productivity and Return to scale

Resource productivity

It is observed from Table-1 that the variables included in the function explained 30%, 24%, 30% and 40% in the production of rice per acre for V-1, V-2, V-3 and All -V respectively (that is the R-square value). The regression coefficients of agricultural credit and area under rice were 0.134 and 0.083 respectively and these were significant in the case of V-1 (irrigated village).

The positive coefficients indicate that it could be possible to increase production of rice per acre by 0.134 and 0.083 percent respectively by increasing agricultural credit per acre and area under rice respectively.

Similarly the negative coefficient found for bullock -machine labour, human labour, seed and chemical-fertilizers i.e. -0.017, -0.026, -0.041 and -0.011 respectively reveal that these inputs were excessively used and warrants rationalizing the input. It was suggested that the use of these resources should be curtailed. This implied that production of rice per acre would fall by 0.017, 0.026, 0.041 and 0.011 percent if the expenditure on bullock-machine labour, human labour, seeds and chemical fertilizer increased by one percent.

In V-2 the regression coefficient of seeds and area under rice were 0.107 and 0.038 respectively and these were significant.

The positive coefficient indicates that it would be possible to increase the production of rice per acre by 0.107 and 0.038 by increasing the expenditure on seed and area under rice respectively.

Similarly positive coefficient found for bullock-machine labour, human labour, chemical fertilizer and agricultural credit i.e. 0.027, 0.006, 0.053 and 0.004 respectively. It reveals that the average production of rice per acre will increase by 0.027, 0.006, 0.053 and 0.004 percent respectively by increasing the bullock-machine labour, human-labour, chemical fertilizer and agricultural credit by one percent. In case of V-3 the regression coefficient of seeds and area under rice were 0.224 and 0.151 respectively and these were significant indicating the fact that 1% increase in the input will lead to increase of productivity by 0.224 and 0.151 percent respectively. Similarly the positive coefficients found for human labour, agricultural credit were 0.005 and 0.021 respectively indicating the fact that average production of rice per acre will increase by 0.005 and 0.021 percent respectively by increasing the human labour and agricultural credit by one percent.

Further it was found that the variable like Bullock- machine labour and chemical fertilizer have negative coefficient with respect to productivity of rice (i.e. -0.122 and -0.024 respectively). It reveals that every one percent increase in Bullock- machine labour and chemical fertilizer will reduce the productivity by 0.122 and 0.024 percent respectively so excess use of these resources should be curtailed.

In case of all villages the regression coefficient found for bullock- machine labour and human- labour are negative and significant (i.e. -0.122 and -0.015 respectively). Further it is found that the regression coefficient of seed and area under rice are positive and significant i.e. 0.116 and 0.136. Regression coefficient of chemical fertilizer is found negative but not significant. Similarly the regression coefficient found for agricultural credit is positive but not significant.

This result can be interpreted as every one percent increase in bullock- machine labour and human- labour reduces the production of rice by 0.122 and 0.015 percent respectively. Excess use of bullock or machine labour should be curtailed. Negative coefficient of human labour indicates the problem of employment disguise that means excess human labours are used in the land which reduces the productivity similarly the cost incurred on the use of bullock-machine labour also proved to be excess, may be due to the constraint of area under rice.

As the coefficient of seeds and area under rice is +ve and significant it indicates that every one percent increase in cost of seeds and area under rice would increase the production by 0.116 and 0.136 percent respectively.

From the table-1 it is also found that every one percent increase in chemical fertilizer reduces the production by 0.002 percent. And one percent increase in agricultural credit will increase the production of rice per acre by 0.046% respectively.

Return to scale

It is observed from the table -1 that the summation of the regression coefficient (partial elasticity coefficients of Cobb-Douglas function) of the independent variables considered for the study is found less than unity for each of the three villages under study indicating the fact that decreasing return to scale is prevailing in the area under study.

Resource use efficiency

A comparison of marginal value product (MVP) with factor cost (FC) shows the efficiency of resources use. If the ratio of MVP to FC is less than one, it indicates much of the particular input is being used and vice versa. Maximum efficiency of resource occurs when the returns from the additional unit of input is equal to cost of that additional input i.e. MVP/ FC is equal to unity. MVP and FC are presented in table-2 for all inputs for different villages.

It is observed from the table that the utilization of bullock/ machine labour, human labour, seed, chemical fertilizer, agricultural credit were not optimum because the ratio MVP to FC of these inputs are not equal to one (-0.1847, -0.57277, -0.73141, -0.11843, 0.28678) in the case of V-1 .Expenditure on bullock / machine- labour, Human-labour, seed and chemical fertilizer need to be curtailed to get higher returns per acre. If more credit is given to the farmer it will increase return per acre by Rs. 0.28678.

In case of V-2, the expenditure on bullock/ machine-labour, human-labour, seed, chemical-fertilizer, agricultural credit per acre were not at optimum as indicated by the ratio of MVP to FC (0.302511, 0.10895, 2.45129, 0.555878, 0.007978) respectively. Because the ratios were not equal to unity thus the expenditure on bullock-machine labour, human -labour, seed,chemical- fertilizer, agricultural credit per acre should be increased, as every one rupee spent on each of the above inputs would increase the output of rice per acre by (0.30, 0.10, 2.45, 0.55 and 0.0079 per acre respectively).

In case of V-3 the expenditure on bullock-machine labour, human labour, seeds, chemical-fertilizer, and agricultural credit per acre were not optimum because MVP/ FC ratio were not equal to one. The expenditure on bullock/ machine labour and chemical-fertilizer should be curtailed as it was used excessively. And expenditure on human labour, seed and agricultural credit per acre should be increased as every 1 rupee spent on each of the said input would increase the return per acre by Rs. (0.061632, 3.94503, and 0.03 respectively).

As it is a non-irrigated village availability of agricultural credit may be increased to set tube well, well and pond, to improve the irrigation system and return per acre.

In the case of all villages the expenditure on bullock/ machine labour, human labour, seed, chemical-fertilizer and agricultural credit in Rupees per acre were not optimum as the MVP / FC ratio were not equal to one. However the expenditure on seed and availability agricultural credit per acre should be increased and expenditure on bullock/ machine Labour, human labour and chemical-fertilizer are to be curtailed to increase the return per acre.

As it is found from the table that everyone rupees increase in bullock / machine labour, human labour and chemical-fertilizer will reduces the return by (Rs. 1.22, 0.24, 0.01) respectively and every one rupees increase on seed and agricultural credit per acre will increase the return per acre by (Rs. 2.2 and 0.08 respectively), hence it is suggested that quality of seed and agricultural credit influence the return per acre. Banks should provide easy access to loan to improve productivity and in terms return.

Conclusion

It can be inferred from the analysis that in all the villages under study a farm size effect is observed in a significantly positive way. It means there exists a direct relationship between the area under rice and production of rice. This could be possible only by using the full potential of cultivated and cultivable area intensively in all the villages under study either by way of group's efforts of farmers or by the policy makers. Similarly may be due to the irrigated nature of village-1, the intensity of adoption of modern technology is high for which the agricultural credit requirement is found to be less than the cost needs to be incurred. So this credit deficient should be taken care of by the farmer's effort or by the government through making the formal credit available and accessible to the farmers. The cost incurred on seeds is also found to have a positively significant impact on production of rice, it means the use of HYV seeds has a role in productivity improvement in all the villages under study irrespective of the status of irrigation. Thus, the qualitative seeds at reasonable rate should be made available with easy accessibility to the farmers so that they can have better productivity. Similarly other resources as per the findings of the Cobb-Douglas function have to be adjusted and readjusted for better productivity. As per the findings of MVP/ FC ratio, it can be inferred that the input cost of certain inputs needs to be increased and some other have to be reduced. It means a strategic resource adjustment measures have to be taken care of by the farms under study in all the villages to arrive at the optimum input output combination.

The decreasing returns to scale is an inherent features of Indian agriculture and the villages under study are not an exception from this scenarios. This may be due to the constraints of cultivated area, intensive cultivation methods, irrigation and other factors of production affecting the production and productivity of rice. Steps should be taken by the government and farmers at different levels and degree towards the resolution of these problems.

Table-1: OLS estimates of the Cobb- Douglas production functions

Sl. No	Variables/ firms	V-1 (Irrigated)	V-2 (semi-Irrigated)	V-3 (Non-irrigated)	All-V
1	Constants	3.844*	3.479*	3.712*	3.932*
		(8.963)	(7.805)	(3.427)	(10.241)
2	Bullock-machine labour (Rs/ Acres)	-0.017	0.027	-0.122	-0.122*
		(0.459)	(0.388)	(0.88)	(2.549)
3	Human-Labour (Rs./ Acre)	-0.026*	0.006	0.005	-0.015**
		(2.301)	(0.402)	(0.211)	(1.384)
4	Seeds (Rs./Acres)	-0.041	0.107*	0.224*	0.116*
		(0.772)	(1.745)	(3.199)	(3.335)
5	Chemical-Fertilizer (Rs./ Acres)	-0.011	0.053	-0.024	-0.002
		(0.812)	(0.587)	(0.155)	(0.025)
6	Agricultural credit (all sources) (Rs./ Acres)	0.134**	0.004	0.021	0.046
		(1.432)	(0.070)	(0.096)	(0.684)
7	Area under rice (in acres)	0.083*	0.048*	0.151*	0.136*
		(6.960)	(5.121)	(5.615)	(13.585)
8	R^2	0.30	0.24	0.30	0.40
9	D.F.	121	121	155	399
10.	Chow Test (F Value for $F_{7, 399}$)				**7.44**
11.	Return to scale	0.121	0.282	0.255	0.159
12.	N	122	122	156	400

Note: 1. Figure in bracket indicate the 't' value

2. * Significant at 5% level of significance for 't'-tabulated value at d.f.121 = 1.645, ** Significant at 10% level of significance for 't'-tabulated value at d.f. 121 = 1.282

Table-2: Marginal value product (MVP) factor cost (FC) ratio of MVP to FC

Variables/ firms	V-1 (Irrigated)			V-2 (Tailed Irrigated)			V-3 (Non Irrigated)			All- V		
	MVP	FC	MVP/FC	MVP	FC	MVP/FC	MVP	FC	MVP/FC	MVP	FC	MVP/FC
Bullock- machine labour (Rs./ Acre)	-0.1847	1	-0.1847	0.302511	1	0.302511	-1.06442	1	-1.06442	-1.22829*	1	-1.22829
Human-Labour (Rs./ Acre)	-0.57277*	1	-0.57277	0.10895	1	0.10875	0.061632	1	0.061632	-0.2484**	1	-0.2484
Seeds (Rs./Acres)	-0.73141	1	-0.73141	2.45129*	1	2.45129	3.94503*	1	3.94503	2.22225*	1	2.22225
Chemical- Fertilizer (Rs./ Acres)	-0.11843	1	-0.11843	0.555878	1	0.555878	-0.21573	1	-0.21573	-0.01991	1	-0.01991
Agricultural credit(all sources) (Rs./ Acres)	0.28678**	1	0.28678	0.007978	1	0.007978	0.037094	1	0.037094	0.089403	1	0.089403
Area under rice (in acres)	130.0339*	1	130.0339	188.697*	1	188.697	532.0873*	1	532.0873	327.2881*	1	327.2881

Note:
1. Figures in the bracket indicate the "t" value
2. * Significant at 1% level of significance, ** Significant at 5% level of significance, *** Significant at 10% level of significance
3. For MVP/ FC ratio for land input (i.e. area under rice) was not explained as it has taken physical unit i.e. area in acres.

Table-2 (a): Geometric mean of selected parameters

Variables / firms	V-1 (Irrigated)	V-2 (Semi-Irrigated)	V-3 (Non-Irrigated)	All -V
Production (Rs./ Acre)	13865.06	13299.74	11452.21	12706.48
Bullock-machine labour (Rs./ Acre)	1276.16	1187.04	1312.41	1262.07
Human-Labour (Rs./ Acre)	629.38	732.43	929.08	767.29
Seeds (Rs./Acres)	777.322	580.54	650.26	663.27
Chemical-Fertilizer (Rs./ Acres)	1287.78	1268.06	1274.05	1276.39
Agricultural credit (all sources) (Rs./ Acres)	6478.54	6668.44	6483.37	6537.78
Area under rice (in acres)	8.85	5.85	3.25	5.28

Table-2 (b): MVP for V-1

	GM	β_i	MVP
Y	13865.06		
X_1	1276.16	-0.017	-0.1847
X_2	629.38	-0.026	-0.057277
X_3	777.22	-0.041	-0.73141
X_4	1287.78	-0.011	-0.11843
X_5	6478.54	0.134	0.28678
X_6	8.85	0.083	130.0439

Table-2 (c): MVP for V-2

	GM	β_i	MVP
Y	13299.74		
X_1	1187.04	0.027	0.302511
X_2	732.43	0.006	0.10895
X_3	580.54	0.107	2.45129
X_4	1268.06	0.053	0.555878
X_5	6668.44	0.004	0.007978
X_6	5.85	0.003	86.37147

Table-2 (d): MVP for V-3

	GM	β_i	MVP
Y	11452.21		
X_1	1312.61	0.122	1.06442
X_2	929.04	0.005	0.061632
X_3	650.26	0.224	3.94503
X_4	1274.05	0.024	0.21573
X_5	6483.37	0.021	0.037094
X_6	3.25	0.151	532.0873

Table-2 (e): MVP for All-V

	GM	β_i	MVP
Y	12706.48		
X_1	1262.07	0.122	1.22829
X_2	767.29	0.015	0.2484
X_3	663.27	0.116	2.22225
X_4	1276.39	0.002	0.01991
X_5	6537.78	0.047	0.089403
X_6	5.28	0.136	327.2881

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Corporate Social Responsibility Awareness of Employees of Small Scale Industries: An Empirical Study

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A B S T R A C T

Corporate Social Responsibility (CSR) has become an inevitable priority for business leaders across the globe in recent times. More and more Indian business organizations embrace the practice of CSR under different names such as corporate sustainability, social responsibility, and corporate citizenship. CSR is concerned with treating the internal and external stakeholders of the firm ethically or in a socially responsible manner and the wider aim of corporate social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for its stakeholders (Hopkins 2003). The Amended Companies Act, 2013 and has obtained legal sanctity. Clauses 134 and 135 of the Act specifies that companies with net worth more than Rs. 500 crores, or turnover more than Rs. 1000 crores, or net profit more than Rs. 5crores are required to constitute a CSR committee to formulate CSR policy for the company. Companies are now obliged to spend a minimum of 2 percent of average net profit earned during preceding three years before formulation of the policy (Singh and Agarwal, 2013).In this article researcher would like to examine the CSR practices and the extent of awareness among employees of small scale industries in Krishna District of A.P.

Introduction

Corporate Social Responsibility (CSR) enjoys plenty of attention in media and in academia and does now appears to be widely accepted as an integral part of business. Indian government also took initiatives to increase CSR activities. Till the enactment of The Amended Companies Act, 2013 companies used to count, funds given to political parties and money spent on employees as corporate responsibility activities. But government listed out permitted CSR activities in latest amendment. So, companies have to create awareness among their

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employees regarding companies CSR policies. The aim of this paper is to bring some light on demographical factors which influence awareness of employees of small scale industries. So as to facilitate planning of CSR awareness programs.

The concept of CSR first emerged in the 19th century in Great Britain (Asongu, 2007). However, it was in the United States (US) which experienced the growing interest in CSR in the 1960s and 1970s (Vogel, 2005). Being as the chief architect of neo-liberal economic model, the responsibility to deliver social services such as, pensions and medical are primarily performed by corporate sector. Later the scope of CSR was widened in the 1980s which integrated corporate objectives with the social responsibility of business thereby making it responsible to care for environment, employees and also make good profits. The globalisation of economy further highlighted the importance of corporate responsibilities in other developed countries of the world.

In India, corporate social responsibility began in the form of charity and traditional philanthropy which was predominantly influenced by Gandhian Ethical economic model. The Ethical model was followed by Statist model of Nehru. The Statist economic model

emphasised on the state ownership and legal requirements to decide the corporate responsibilities. After 1970, the Liberal model supported by Milton Friedman focused on adherence to law and creation of wealth and fulfilling CSR through taxation and private charitable choices.

The post-1990 period experienced more direct engagement of corporate in mainstream development and concern for disadvantaged groups of society. This was evident from a sample survey conducted in 1984 reporting that of the amount companies spent on social development, the largest sum 47 percent was spent through company programmes, 39 percent was given to outside organizations as aid and 14 percent was spent through company trusts (Prabhakar and Mishra, 2013). More importantly, the recently passed Companies Bill 2013 which replaced 1956 Companies Act has made CSR spending and reporting more stringent. The Bill makes the provision to constitute a Corporate Social Responsibility Committee of the Board for companies with having a specific profit layer.

The Amended Companies Act, 2013 and have obtained legal sanctity. Clauses 134 and 135 of the Act specifies that companies with net worth more than Rs 500 crores, or turnover more than Rs 1000 crores, or net profit more than Rs 5crores are required to constitute a CSR committee to formulate CSR policy for the company. Companies are now obliged to spend a minimum of 2 percent of average net profit earned during preceding three years before formulation of the policy (Singh and Agarwal, 2013). Furthermore; Section VII of the Companies Bill has considerably widened the ambit of CSR activities which now includes:

- Poverty eradication.
- Promotion of education, gender equality and women empowerment.
- Reducing child mortality and improving maternal health.
- Combating AIDS/HIV, malaria and other diseases.
- Ensuring environmental sustainability.
- Employment-enhancing vocational skills and social business projects.
- Relief and funds for socio-economic development such as for welfare of SC/ST, OBCs, minorities and women.

Review of the Literature

Since Corporate Social Responsibility (CSR) has become an inevitable priority for business leaders across the globe in recent times. It has attracted plentifully the attention of researchers, business people, policy makers and the Government alive. Several research studies have been conducted in the area of CSR. An attempt is made to review some of the latest research studies to identify the research gap.

Shah, Bhaskar (2010), has taken a case study of public sector undertaking i.e. Bharat Petroleum Corporation Ltd. in their research work. The research has discussed that there is a broad relationship between the organization and society. Organization has its existence only with the society. Organization used the resources/inputs of the society like materials, men etc. In reverse, the organization provides services to the society. From the case study of the BPCL, it was found that company has taken a lot of initiatives in order to serve the society.

Hartman (2011), article "Corporate social Responsibility in the food sector" in European review of agriculture economics journal, analyzed the importance of CSR in food sector, particularly those companies which have high brand. CSR is an important part of these companies. But SME"s are less capable in discharging their obligation towards society. Further, the research found that food sector always tries to improve the controlling and discharging its services towards

consumers. Consumers also prefer those brands or food firms which give preference to CSR activities and provide good product and services.

Shariff, Zohar Ali (2011), an article published in Tripple Bottom Line Magazine entitled "Initializing CSR: The top three essential elements" presented CSR according to changing time period. It has revealed through the article that CSR should be at the core of business goals. Sometimes, companies escaped because of social activities in which they engaged but in reality they suffered from financial problem at that time, or may be fraud. The paper has taken an example of Lehman brothers. The article also suggested some variables for initializing CSR. In these variables, it was firstly discussed that CSR can drive through efficient corporate governance. Secondly, through savings and increase in operating profits, so that investment in CSR can be upgraded. Thirdly, according to article, corporate volunteers believe to be an important variable to ensure that corporate responsibility can be fulfilled through the volunteer's strategy.

Agunis, Glovas (2012), in his paper entitled "what we know and don't know about corporate social responsibility: A review and research agenda" in Journal of management, based on 588 journal articles and 102 books. The study provided a framework of CSR actions which affects external as well as internal stakeholders and outcomes of such actions. The paper also enhanced the knowledge regarding levels, forms of CSR; need to understand CSR with outcomes etc. further the researcher also suggested a framework of research design, data analysis and measurement for future research of CSR.

According to former President of India Dr. APJ Abdul Kalam (2012) companies should devote some part of its goal to corporate services. It should make mandatory for all the companies to spend a percentage of its profit on corporate social responsibility. Dr. Kalam also highlights about the proposed bill on corporate spending on CSR. He assumed greater importance of CSR in building the lives of the country's citizens.

Bhattacharyya & Chaturvedi (2012), in their article entitled "CSR looks set to emerge as an independent stream with measurable output" on India CSR site, stated about the proposed bill of CSR that how the bill will affect the company's policies. The researchers presented their views and said that due to this bill, company's activities will change a lot the companies who has not engaged in CSR activities till now, will start investing on society. Further, who has already engaged in these areas will get a strong foundation or bond with the society.

Bibhu Parshed (2012), in article presented that CSR is the face of industry and face of doing trade. Bibhu said that today, corporate houses took CSR as a medium fulfillment of profit greed of corporate houses. Further the article explored that companies today invests in a lot of areas like child labour, ground water, food, education, employment etc. but nobody is aware about the essential need of world's poor. The article suggested that profit earning is a natural fact of companies but CSR is beyond the natural and statutory obligation of the companies. At last it was concluded in the article that sustainable development is the development of society as well as the company in a balanced way.

Responsibility towards Stake Holders

Stakeholders are those people who directly or indirectly influence the product of the company and those who are influenced by the company's product. According to the classical view, business has only economic objectives and no other responsibility beyond that. Milton Friedman, a Nobel economist and proponent of this view, argues that

"there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game". But environment changed gradually and today's companies cannot sustain simply with this classical view. Recent companies have to satisfy all stakeholders involved. Here are some important responsibilities of companies towards some important stakeholders.
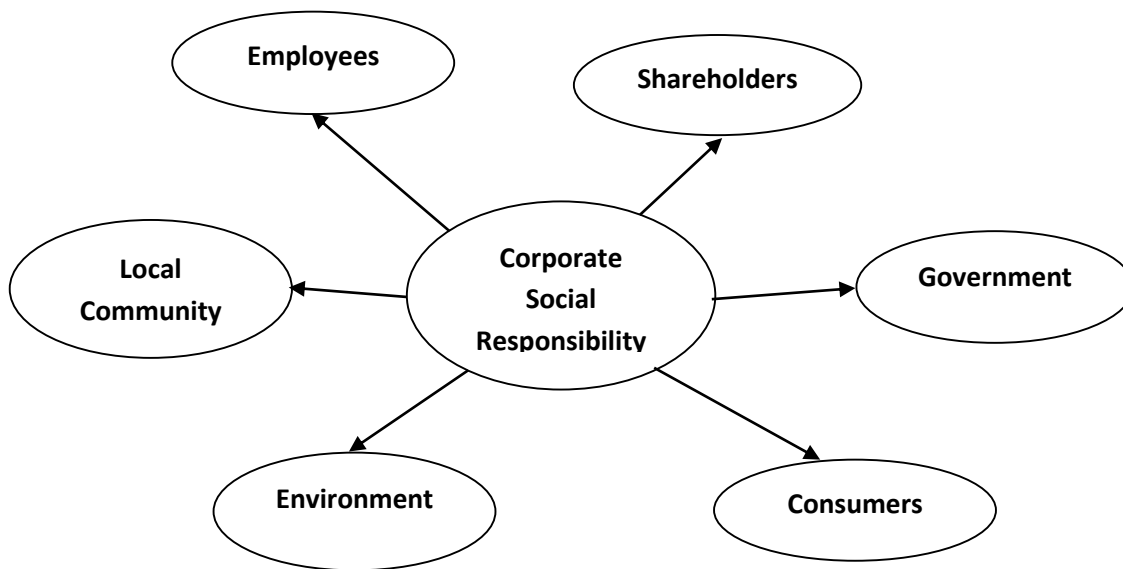
Fig. 1: Stakeholders of Corporate Social Responsibility

Responsibility to Shareholders:

The primary responsibility of company is towards Shareholders, who are the owners. The fact that the shareholders have taken great risk in making investment in the business. So, they should be adequately recognized.

- To safeguard the capital of the Shareholders
- To provide reasonable dividend
- To strengthen and consolidate companies position
- To increase goodwill of the company
- To build image of the company

Responsibility to Government

The second responsibility of the company is towards government concern. The concern government phrases rules and regulation to safe guard the interest of the stakeholders. The company has to fulfill the norms to avoid legal risks from government.

Responsibility to Consumers:

The customer is the foundation of a business and keeps it in existence.

- To understand customer's needs and to take necessary measures to satisfy these needs
- To do research and development, to improve quality and introduce better and new products
- To supply goods at reasonable prices
- To provide the required after-sale services
- To avoid syndicates to prevent unjustified price increases
- To avoid misleading advertisements.

Responsibility to Employees:

- The payment of fair wages.
- The provision of the best possible working conditions.
- The provision of labour welfare facilities to the extent possible and desirable.
- To arrange proper training to the workers.
- To establish appropriate performance appraisal system to avoid conflicts.
- To install efficient grievance handling system.
- To increase personality development skills, along with technical skills.

Responsibility to Local community:

- Assisting in overall development of the locality.
- Development of backward areas.
- Contribution to promotion of education.
- Contribution to the national interest groups.

Responsibility to Environment

- Waste minimization
- Energy conservation
- Pollution prevention measures
- Efficient usage of resources
- Focus on environment friendly product development

The fact is that business is not merely a profit making occupation. But it is a social function, which involves certain duties and required to follow appropriate ethics. A business should fallow all laws, ensure smooth supplies at competitive prices, pay taxes, pay fair wages to employees, and pay fair dividend to shareholders. In addition to its

commercial activity, business also should play a role in promoting social welfare activity as well.

Objectives of the Study

- To examine the extent of awareness among stakeholders regarding Corporate Social Responsibility.
- To correlate the demographic factors with the awareness of Corporate Social Responsibility.
- To put forth certain suggestions and conclusions based the findings that have been arrived.

Hypotheses

H_{o1}. There is no association between the level of CSR awareness of employee policies and Psycho demographic variables of employees of the Small Scale Industries with 2-5 Crores investment.

H_{o2}. There is no association between the level of CSR awareness of Consumer policies and Psycho demographic variables of employees of the Small Scale Industries with 2-5 Crores investment.

H_{o3}. There is no association between the level of CSR awareness of Local Community policies and Psycho demographic variables of employees of the Small Scale Industries with 2-5 Crores investment.

H_{o4}. There is no association between the level of CSR awareness of Environmental policies and Psycho demographic variables of employees of the Small Scale Industries with 2-5 Crores investment.

Research Methodology

To fulfill the aforesaid objectives the data have been collected from two sources of data i.e. primary and secondary sources. The secondary data were collected from various journals, periodicals, magazines, books and unpublished documents. The primary data was collected directly from the sample respondents with pre - designed questionnaire.

Research Approach

A quantitative approach was followed in this exploratory study. The primary data were collected by using the questionnaire. Results were presented by means of descriptive group statistics and correlations.

Research Method

The participants selected for this study consisted of employees of different small scale industries with Rs. 2 to 5 crore capital investment in Krishna District. There are about 37 small scale industrial units with Rs. 2 to 5 crore capital investment in Krishna District. The total number employees working in those industrial units are about 2,362. Out of that 5 per cent were selected (i.e.118) for the purpose of this study by using convenience sampling technique. Care has been taken to all industries. The participants were solicited to complete the CSR awareness survey questionnaire. The resultant response rate of usable questionnaires was 85.2%. This rate can be considered acceptable, taking into account that low response rates are common in small business research (Sorenson, 1999).

Data Analysis

Reliability and Validity Analysis:

Reliability can be defined to the extent to which a variable is consistent in what it is intended to measure. In the present research, the reliability of questionnaires was determined by using Cronbach's Coefficient alpha.

Table-1: Reliability Statistics

Cronbach's Alpha	N of Items
.606	25

The reliability coefficient indicated that the scale for measuring is quite reliable. An alpha value of 0.60 or above is considered to be the criterion for demonstrating internal consistency of new scales and established scales respectively.

To arrive at pertinent analysis, the collected data were put to statistical analysis using SPSS package. The tools, which were employed to test the drafted hypothesis for analysis included: Correlation Analysis. After scoring the questionnaire the data were tabulated for each variable being studied separately.

H_{o1} Hypotheses testing

There is no association between the level of CSR awareness of employee policies and Psycho demographic variables of employees of the Small Scale Industrial units with Rs. 2 to 5 Crores investment.

Table-2: Correlations between CSR awareness of Employee Policies and Psycho demographic variables

Psycho demographic variables		Develops Skills	Health and Safety	Good Work Life Balance	Steps against Discrimination	Consults Important Issues
Age	Pearson Correlation	.085	-.022	-.127	.049	-.058
	Sig (2-tailed)	.399	.827	.208	.626	.564
	N	100	100	100	100	100
Educational Qualification	Pearson Correlation	-.003	.056	-.244*	-.113	-.130
	Sig (2-tailed)	.973	.581	.014	.263	.198
	N	100	100	100	100	100
Work Experience	Pearson Correlation	.219*	.207*	.215*	.198*	.204*
	Sig (2-tailed)	.029	.039	.032	.049	.042
	N	100	100	100	100	100

*. Correlation is significant at the 0.05 level (2-tailed).

There is significant negative correlation between educational qualification and Good work-life balance(r =-.244, p =.014). There is significant positive correlation between Work experience and employee policy variables. The correlation values were as follows:

Develops Skills(r =.219, p =.029); Health and Safety(r =.207, p =.039); Good work-life balance(r =.215, p =.032); Steps against Discrimination(r =.198, p =.049); Consults Important Issues(r =.204, p =.042). Therefore null hypothesis is rejected.

H₀₂ Hypotheses testing

There is no association between the level of CSR awareness of Consumer policies and Psycho demographic variables of employees of the Small Scale Industries with 2-5 Crores investment.

Table-3: Correlations between CSR awareness of Consumer Policies and Psycho demographic variables

Psycho demographic variables		Honest and Quality	Clear and Accurate	Timely Payment	Effective Feedback	Resolve Complaints
Age	Pearson Correlation	-.015	.139	.246*	.007	.654**
	Sig (2-tailed)	.886	.166	.013	.941	.000
	N	100	100	100	100	100
Educational Qualification	Pearson Correlation	.211*	.219*	.206*	.227*	.214*
	Sig (2-tailed)	.035	.028	.040	.023	.033
	N	100	100	100	100	100
Work Experience	Pearson Correlation	-.096	-.419**	-.086	-.303**	.245*
	Sig (2-tailed)	.344	.000	.394	.002	.014
	N	100	100	100	100	100

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

There is significant correlation between Age and Timely payment(r =.246, p =.013); Resolve Complaints(r =.654, p =.000). There is significant correlation between Educational qualification and Consumer policy variables. The correlation values were as follows: Honest and Quality(r =.211, p =.035); Clear and Accurate(r =.219, p =.028); Timely payment(r =.206, p = .040); Effective Feedback(r =.227, p =.023); Resolve Complaints(r =.214, p =.033). There is significant positive correlation between Work experience and Resolve Complaints(r =.245, p =.014), and negative correlation between Work experience and Clear and Accurate(r =-.419, p =.000); Effective Feedback(r =-.303, p =.002). Therefore null hypothesis is rejected.

H₀₃ Hypotheses testing

There is no association between the level of CSR awareness of Local Community policies and Psycho demographic variables of employees of the Small Scale Industries with Rs. 2 to 5 Crores investment.

Table-4: Correlations between CSR awareness of Local Community Policies and Psycho demographic variables

Psycho demographic Variables		Apprenticeship to Community	Controversy with Locality	Purchase Locally	Local Community Activities	Financial Support to Local People
Age	Pearson Correlation	.348**	.268**	.166	.234*	.481**
	Sig (2-tailed)	.000	.007	.099	.019	.000
	N	100	100	100	100	100
Educational Qualification	Pearson Correlation	.216*	.254*	.201*	.241*	.215*
	Sig (2-tailed)	.031	.011	.045	.016	.032
	N	100	100	100	100	100
Work Experience	Pearson Correlation	.062	-.214*	-.141	-.157	.152
	Sig (2-tailed)	.542	.033	.161	.118	.130
	N	100	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

There is significant correlation between Age and Local Community policy variables. The correlation values were as follows: Apprenticeship to community(r =.348, p =.000); Controversy with locality(r =.268, p =.007); Local Community Activities(r =.234, p =.019); Financial Support to local People(r =.481, p =.000).There is significant correlation between Educational qualification and Local Community policy variables. The correlation values were as follows: Apprenticeship to community(r =.216, p =.031); Controversy with locality(r =.254, p =.011); Purchase Locally(r =.201, p =.045); Local Community Activities(r =.241, p =.016); Financial Support to local People(r =.215, p =.032).There is significant negative correlation between Work experience and Controversy with locality(r =-.214, p =.033). Therefore null hypothesis is rejected.

H₀₄ Hypotheses testing

There is no association between the level of CSR awareness of Environmental policies and Psycho demographic variables of employees of the Small Scale Industries with Rs. 2 to 5 Crores investment.

Table-5: Correlations between CSR awareness of Environmental Policies and Psycho demographic variables

Psycho demographic Variables		Energy Conservation	Waste Minimisa-tion	Pollution Prevention	Protection of Environment	Environmental Impact	Environmental Impact of New Product	Sustainability of Environmental Products
Age	Pearson Correlation	.080	-.208*	-.178	.105	-.103	-.132	.181
	Sig (2-tailed)	.427	.038	.077	.301	.309	.190	.071
	N	100	100	100	100	100	100	100
Educational Qualification	Pearson Correlation	-.038	-.191	-.180	-.018	-.156	-.145	.018
	Sig (2-tailed)	.708	.057	.073	.858	.122	.151	.861
	N	100	100	100	100	100	100	100
Work Experience	Pearson Correlation	.197*	.198*	.213	.208*	.201*	.205*	.205*
	Sig (2-tailed)	.049	.048	.033	.037	.045	.041	.041
	N	100	100	100	100	100	100	100

*. Correlation is significant at the 0.05 level (2-tailed).

There is significant negative correlation between Age and Waste minimization($r = -.208$, $p = .427$) There is significant correlation between Work experience and Environmental policy variables. The correlation values were as follows: Energy Conservation($r = .197$, $p = .049$); Waste Minimization($r = .198$, $p = .048$); Pollution Prevention($r = .213$, $p = .033$); Protection of Environment($r = .208$, $p = .037$); Environmental Impact($r = .201$, $p = .045$); Environmental Impact of New product($r = .205$, $p = .041$); Sustainability of Environmental Products($r = .205$, $p = .041$).Therefore null hypothesis is rejected.

Findings

This study examined influence of the Psycho demographical factors on awareness of employees regarding Corporate Social Responsibility. From the above analysis we can observe that psycho demography has significant influence on employee awareness.

- Age has significant influence on timely payment to consumers, resolving consumer complaints, apprenticeship to local people, handling conflicts with local community, providing financial support to local people. Age has negative influence on waste minimization.

- Education has significant influence on honest and quality products to consumers, clear and accurate information to consumers, timely payment to suppliers, effective feedback from consumers, resolving consumer complaints, apprenticeship to local people, handling conflicts with local community, local purchase of raw materials, providing financial support to local people. Education has negative influence on good work life balance.

- Work experience has significant influence on developing skills to employees, health and safety of employees, good work life balance, steps to avoid discrimination, consultation on important issues, resolving complaints, energy conservation, waste minimization, pollution prevention, environmental impact of existing products, environmental impact of new products, sustainability of environmental products. Work experience has negative influence on handling conflicts with local community, clear and accurate

information to consumers, effective feedback from consumers.

Suggestions

- When compared with well experienced and old age employees, younger employees are not able to realize the importance of timely payment to suppliers and resolving consumer complaints. Consumers and suppliers are important stakeholders who influence and are influenced by the company's products directly. So younger employees should be educated in the matters relating to consumer and suppliers policies to full fill Corporate Social Responsibility.

- Experienced and old age employees are giving preference to local people while giving apprenticeships and are extending financial support to local people, subsequently they are able to handle conflicts with local people. Local community is the one which companies influence predominantly. Releasing industrial waste in to environment, acid rains, industrial dust, signal towers etc., are some of the variables which effect physical and mental status of the local people. So younger employee's awareness has to be increased to make them responsible towards local community.

- Due to work monotony experienced and old age employees are not able to focus on waste minimization. Companies are using limited and non-renewable resources, so responsibility of the companies is to use them most efficiently. Conducting workshops on effective manufacturing practices, waste minimization policies and most importantly job rotation practices will give quick results in this regard.

- As Gandhiji said customers are most important persons on the premises. Highly educated employees understand the importance of customers. But it is not enough in today's customer dominant market. Now-a-days customers are expecting high quality services both from educated and under educated employees. Standard phrases and standard operating procedures have to be tough to under educated employees.

- Employees with good educational background also failed to acquire good work life and personal life balance, it is a serious problem. In olden days there used to be big families, where senior members of the family use to handle some of the responsibilities of the wage earners. But now-a-days employees have to balance both the responsibilities, so companies have to provide counseling sessions for making efficient usage of limited number of human resources available.

- Employees with good work experience fail to handle conflicts with local people; this may be due to not trying to solve the problem as quickly as possible (or) due to underestimating importance of local community. So these employees have to start relation with new outlook to cope with community intensive corporate policies.

Conclusion

Man is a social animal. Being part of the society each and every one has to contribute to the society to the possible extent. Corporate companies which are also part of society should take their initiative voluntarily. Government of India started taking CSR activities seriously. Though till now they concentrated on few larger companies, it will not take much more time to extend same to other companies as well. So it is good for other companies to follow the same rules to the possible extent. Good CSR reporting practices, less employee turnover ratio, developing environment friendly products, healthy local community relation will create unique reputation in the market. Today's companies are no more a sole trader ships, to sustain in business companies need large amount of money which is only possible through share markets, people are interested only in those companies which are good at CSR. Finally companies have to adopt good CSR practices not only in societal point of view but also Government and economical point of view as well.

Limitations and Future Scope of the Study:

There are certain limitations of the study that must be acknowledged. First the sample selected for the study involves only the employees and there no involvement of management. Secondly, when compared to employees of male the female percentage is very low. Thirdly, the sample size 100 is very low. The data collected from the respondents is through convenient sampling which restricts the generalization of findings to other groups. In future the study may involve more number of management participants, and involvement of equal number of female employees.

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Role of Insurance in Economic Growth and Inclusiveness – the case of India

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ABSTRACT

Indian economy has witnessed a turning point from the traditional low growth to the modern high growth since 1980's. The changing growth rates of GDP have impact on saving. In most of the life policies elements of saving predominates. With traditional forms of life insurance, the savings element is considered a by-product of the level premium method of payment. With universal life and some other newer policy forms, the savings element is often considered as a more independent part of the policy, specifically designed to build a savings fund. The policy reserve (a liability for the insurer) is considered as a fund held on behalf of an individual policy owner. Economists and marketing personnel tend to view a level premium whole life contract as a divisible contract providing financial protection to the policy owners beneficiaries, with other contract benefits available, including cash surrender and loan values arising from the mandatory premium contributions, hence the need for this study. This paper analyses the trend in GDP growth rates and its impact on saving. It studies changes in the financial saving as composition of the total saving and changes in savings with life insurance as a composition of financial savings. The paper by studying the percentage of insured population to total population evaluates the extent of inclusiveness, as it is one of the major social security tools available for the population in the absence of other social security benefits available from the government agencies.

Introduction

Beginning with the late 1980s, the Government of India changed the basic strategy of development radically, to achieve the objective of growth with justice. The import substituting inward looking strategy and regulatory regime of 1950 to 1980 had landed the

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country into a severe balance of payments crisis. The targets of poverty reduction and increase in the growth rates, set in the five year plans were not achieved completely, resulting in continuing poverty and low growth rates. Towards the end of 1980s the changing dynamics of global trade and the increasing pressure from the international financial institutions particularly International Monetary fund (IMF) and International Bank for Reconstruction and Development (IBRD) to bring about basic restructuring of Indian economy led the Government of India to announce the new economic policy in 1991 with the components of liberalization, privatisation and globalisation. Under the new economic policy, crippling restrictions on economic activity were liberalized, the role of public sector in different fields got reduced and the domestic economy was allowed increasingly to integrate with the World Economy. Since 1991, the Government liberalized to various extent, industry, trade and finance. This has resulted in increased growth rates (See Table-

1). Indian economy has witnessed a turning point from the traditional low growth to the modern high growth since 1980s.

Table-1: Growth Performance in the Five Year Plans

Plan Period	Growth Rate of GDP at Factor Cost (% per annum)	Plan Period	Growth Rate of GDP at Factor Cost (% per annum)
First Plan (1951-55)	3.5	Sixth Plan (1980-84)	5.5
Second Plan (1956-60)	4.2	Seventh Plan (1985-89)	5.6
Third Plan (1960-65)	2.8	Annual Plan (1990-91)	3.4
Annual Plans (1966-68)	3.9	Eighth Plan (1992-96)	6.5
Fourth Plan (1969-73)	3.2	Ninth Plan (1997-2001)	5.5
Fifth Plan (1974-78)	4.7	Tenth Plan (2002-06)	7.7
Annual Plans (1979-80)	-5.2		

Source: Eleventh Five Year Plan 2007-2012, Volume I, Inclusive Growth, Planning Commission, Government of India.

Indian insurance sector

Since opening up, the number of participants in the industry has gone up from six insurers (including Life Insurance Corporation of India, four public sector general insurers and General Insurance Corporation as the national reinsurer) in the year 2000 to 48 insurers operating in the life, non-life and reinsurance segments (including specialised insurers, viz., Export Credit Guarantee Corporation and Agriculture Insurance Company). Three of the non-life insurance companies, viz., Star Health and Alliance Insurance Company, Apollo Munich Health Insurance Company and Max Bupa Health Insurance Company function as standalone health insurance companies. Of the twenty two insurance companies which have set up operations in the life segment post opening up of the sector, twenty are in joint venture with foreign partners. Of the seventeen insurers (including health insurers) who have commenced operations in the non-life segment, sixteen are in collaboration with the foreign partners. The three standalone health insurance companies have been set up in collaboration with foreign joint venture partners. Thus, as on date, thirty six insurance companies in the private sector are operating in the country in collaboration with established foreign insurance companies across the globe.

Penetration and Density

The potential and performance of the insurance sector is universally assessed with reference to two parameters, viz., Insurance Penetration and Insurance Density. Insurance penetration is defined as the ratio of premium underwritten in a given year to the gross domestic product (GDP). Insurance density is defined as the ratio of premium underwritten in a given year to the total population (measured in USD for convenience of comparison). As depicted in table 2, the insurance penetration was 2.32 per cent (Life 1.77 per cent and Non-life 0.55 per cent) in the year 2000 when the sector was opened up for private sector. It had increased to 5.20 per cent in 2009 (Life: 4.60 per cent and Nonlife: 0.6 per cent). Whereas the insurance density stood at USD 54.3 in 2009 (Life USD 47.7 and Non-life USD 6.7) from USD 9.9 in 2000 (Life USD 7.6 and Non-life USD 2.3)

Table-2: Insurance Penetration and Density in India

Year	Life		Non-Life		Industry	
	Density (USD)	Penetration (%)	Density (USD)	Penetration (%)	Density (USD)	Penetration (%)
2001	9.1	2.15	2.4	0.56	11.5	2.71
2002	11.7	2.59	3	0.67	14.7	3.26
2003	12.9	2.26	3.5	0.62	16.4	2.88
2004	15.7	2.53	4	0.64	19.7	3.17
2005	18.3	2.53	4.4	0.61	22.7	3.14
2006	33.2	4.1	5.2	0.6	38.4	4.8
2007	40.4	4	6.2	0.6	46.6	4.7
2008	41.2	4	6.2	0.6	47.4	4.6
2009	47.7	4.6	6.7	0.6	54.3	5.2

Insurance density is measured as ratio of premium (in US Dollar) to total population.

Insurance penetration is measured as ratio of premium (in US Dollars) to GDP (in US Dollars).

Source: Swiss Re, Various Issues.

Role of Insurance in Indian Economic Development

For economic development, investments are necessary. Investments are made out of savings. A life insurance company is a major instrument for the mobilization of savings of people, particularly from the middle and lower income groups. These savings are channeled into investments for economic growth. The insurance act has strict provisions to ensure that insurance funds are invested in safe avenues, like government bonds, companies with record of profits and safety.

All good life insurance companies have huge funds, accumulated through the payments of small amounts of premiums from individuals. These funds are invested in ways that contribute substantially for the economic development of the countries in which they do business. The private insurers in India are new and have accumulated funds equal to about one-eighth of the LIC's. But even their investments in the various sectors and contributing directly and indirectly to the country's economic development, would be of similar proportions.

Life insurance encourages savings: Focus on insurance as a savings vehicle

In most of the life policies elements of saving predominates. These policies combine the programs of insurance and savings. The saving with insurance has certain extra advantages the insurance will pay the policy money irrespective of the premium deposited while in case of bank deposit; only the deposited amount along with the interest is paid. The insurance, thus, provides the wished amount of insurance and the bank provides only the deposited amount. For the preservation of the policy, the policy holder has to try his level best to pay the premium. After a certain portion, it would be a part of necessary expenditure of the insured (an expenditure amounting to forced saving). In absence of such forceful compulsion elsewhere life insurance is the best media of saving, M N Mishra and S B Mishra (2007).

Kenneth Black Jr. and Harold D. Skipper Jr., consider that an insurance product behaves as saving instrument. With traditional forms of life insurance, the savings element is considered a by-product of the level premium method of payment. With universal life and some other newer policy forms, the savings element is often considered as a more independent part of the policy, specifically

designed to build a savings fund. The policy reserve (a liability for the insurer) is considered as a fund held on behalf of an individual policy owner. Economists and marketing personnel tend to view a level premium whole life contract as a divisible contract providing financial protection to the policy owners beneficiaries, with other contract benefits available, including cash surrender and loan values arising from the mandatory premium contributions (as it is a contractual obligation).

C L Tyagi and Madhu Tyagi present insurance as an indirect method of investment, leading to savings. They further argue that insurance as a savings vehicle can be linked to inflation, because for those who take long term life insurance policy, inflation will affect the future value of the present savings. The amount which insured receives in future will not have same purchasing power. In some countries, not in India, policies are issued under which benefit can vary from time to time with cost of living. The Tyagi's, emphasises that insurance makes business people secure. So business flourishes and foreign trade increased. It also develops the habit of saving money. Further they mention that, except for life insurance, personal accident and sickness insurance, a contract of insurance of fire, burglary, or any other is a contract of indemnity.

This means that the assured, in case of loss against the policy has been issued, shall be paid the actual amount of loss not exceeding the amount of policy C L Tyagi, Madhu Tyagi (2007), which is a way leading towards a conclusiveness that insurance is a savings vehicle in almost all its forms and can be said affirmatively that it is "the laws attempt to socialize responsibility.

If actual expenses incurred were less than those assumed in the premium loadings, the insurer could include such expense savings in that year's dividend payments. Also, any savings arising from paying fewer death claims than had been assumed could be passed to policy owners through dividends. A typical demonstration of this phenomenon is presented in Fig 1.

Kenneth Black Jr. and Harold D. Skipper Jr., argue that the savings component of Unit linked policies is a direct function of the premium payments made by the policy owner. Participating insurance policies (called with profit policies in many markets) give their owners the right to share in surplus funds accumulated by the insurer because of deviations of actual from assumed experience. The distributable surplus is paid to policy owners as dividends (called bonuses in many markets). Dividends are paid on policies that base experience participation on deviations of actual from assumed operating experience relative to the mortality, interest, and loading assumptions built into the premium.

Fig. 1
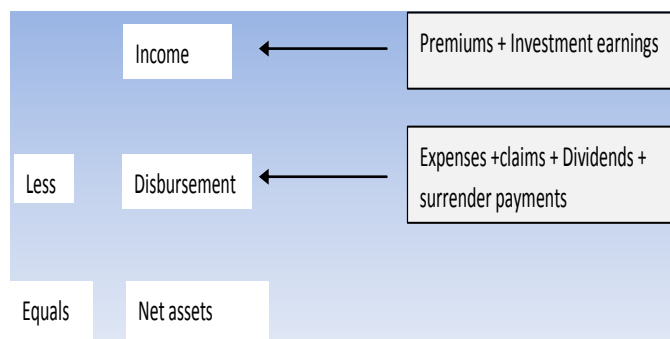
Adopted from: Kenneth Black and Harold D. Skipper, Life and health insurance, Prentice Hall, P.40

According to Black and Skipper, insurance can be used as a savings vehicle to create savings, such as an education fund for children or an emergency fund for the family, on the death of the person who otherwise would have created it had he or she lived (Kenneth Black Jr. and Harold D. Skipper Jr., 2000).

According to Rejda (2008), the purchase of life insurance is economically justified if the insured earns an income, and others are dependent on that earning capacity for at least part of their financial support. If the bread winner dies prematurely, life insurance can be used to restore the family's share of the deceased breadwinner's earnings, whereas according to Treshman at. al. (2008), estate liquidity can be enhanced through the use of life insurance. Unless sufficient liquidity exists within an estate, other assets will need to be sold to pay estate taxes and other transfer costs. It those assets are not readily convertible into cash, forced sale of the estate (full or part) may result in unnecessary losses for the heirs. However, if the life insurance proceeds are payable in an amount approximately equal to the transfer costs, and then the estate will have liquid resources available precisely at the time that they are needed, making forced sales unnecessary, *ibid*.

George E Rejda (2008), proposed a model for how much insurance to be owned by an individual, wherein he identifies three approaches such as 1.Human life value approach, 2.Needs approach and 3.Capital retention approach. The first is the human life value approach, he argues that the family's share of the deceased breadwinner's earnings is lost forever if the family head dies prematurely. This loss is called the human life value, which otherwise could have been the required savings component. Therefore human life value can be defined as "the present value of the family's share of the deceased breadwinner's future earnings": the second method of estimating the amount of life insurance to own is the needs approach. The various family needs based on the current and immediate needs and long term aspirations, which needs to be met if the family head should die are analysed, and the amount of money needed to meet these needs is determined. The total amount of existing life insurance and financial assets is then subtracted from the total amount needed. The difference, if any, is the amount of new life insurance that should be purchased. As proposed by Rejda, the most important family needs are (a). Estate clearance fund, (b). Income during the readjustment period, (c). Income during the dependency period, (d). Life income to the surviving spouse and Special needs such as i. Mortgage redemption fund, ii. Education fund, iii. Emergency fund and iv. Retirement fund. The third method, Capital retention approach, also called capital needs analysis says Rejda, is another method of estimating the amount of life insurance to own. Unlike the needs approach, which assumes the liquidation of life insurance proceeds, the capital retention approach preserves the capital needed to provide income to the family. The income producing assets are then are available for distribution later to the heirs. The amount of life insurance needed is based on the capital retention approach can be determined by i. Preparing a personal balance sheet, ii. Determining the amount of income-producing capital, iii. Determining the amount of additional capital needed (if any). Fulfilment of all such needs necessarily indicates that insurance is a necessary savings vehicle and the knowledge of such savings component is very essential propagation *ibid*.

In the process of the premiums being collected, the insurance companies also get benefited. By attracting these savings from the policy owners, insurance companies generate income. The income so generated is pooled into life fund (Explained in Exhibit "A"), which in turn gets its pathway leading to investment in economic activity

(see Annexure "B" and "C", which details the investment portfolio of both life and non-life insurance companies in India). According to Mishra M N and Mishra S B (2007), savings in expense loadings, bonus loadings or mortality savings are also contribute to the funds of the insurers. Savings from loading: a certain amount is added to the net premium to obtain the office premium for meeting the expenses of the insurance business.

Insurance-Economic Growth Linkage

This review provides the importance and role of the insurance sector in financial intermediation and vis-à-vis the economy. Theoretical models that touch on the topic by investigating specific elements of the intermediation process, like focusing on the legal framework, or research works that can help to trace back performance figures to attributes of insurers that contribute to growth, such as efficiency measures.

Theoretical Focus

Holsboer (1999) presents an argument that the change of importance of insurance services in the economy is dependent on the growing amount of assets and the increasing competition between the financial sectors, services sector plays a prominent role which is denoted by insurance sector development as a determinant for economic growth. Holsboer (1999) builds on a model developed based on Aaron (1966): interest rate (r), growth of the working population (n), the economic growth rate (g) superior benefits of the pay-as you-go pension system (r < n + g); superior benefits of the funded pension system (r < n + g); and both pension systems providing equal benefits (r = n + g). As population aging and the move from a pay-as-you-go (PAYG) system to privately funded schemes favors the growth of the insurance industry and facilitates capital market development with increasing supply of long-term savings, Holsboer, (1999) sees the interaction between the insurance and economic growth as bi-directional. Catalan, et al. (2000) argue that contractual savings and the rigid liquidity level of the households drive the capital market development, which is evident from the growth of Indian capital markets. Catalan et al. (2000) support the insurance-growth linkage by emphasizing the institution's intermediary function, either by direct channel usage (portfolio set-up) or by using other channels, mainly capital market development, connected to the insurance linkage.

With respect to development of the Indian insurance sector, Ranade and Ahuja (2001) analyze the impact of softening regulatory constraints, in line with recommendations made by Market capitalization Kinnon (1973) and Shaw (1973) to increase savings, improve assets allocation and hence promote growth, they have suggested a model in which (1) an additional accessible financial service for the private households should increase asset allocation, and (2) enhanced competition on the insurance sector is facilitating efficiency. To validate this model, they have compared bankruptcy and insolvency characteristics of insurers and banks. In the short run, where no income or efficiency improvements have emerged yet, savings (asset allocation) decline and due to lesser credit constrain resource dissipation rises. Estimation two is negated and results may include implications for policymakers because the equations suggest that insurance bankruptcies cause more volatility, funds intermediation and consumer welfare is lower than those of banks, according to their model. In another model by Das et al. (2003) identified contagious functions and properties of insurances. They further developed new financial soundness indicators for insurance companies by joining their experiences gained under the Financial Sector Assessment Program (FSAP) and from a review of recent

failures in the sector. In their model, the insurances' role as a risk pass-through mechanism, the asset allocation and the insurer's ability to alter the behavior of clients and the public contribute to economic growth. Das et al. (2003) argue that (a) financial deregulation and liberalization that allowed bank-type activities, (b) large macroeconomic fluctuations in output and price, and (c) close linkage between banks and insurers could be the main indicators for a possible insurance failure with repercussions to the economy at large.

Empirical focus

According to a study conducted by Catalan et al. (2000) applying Granger causality of insurance assets for 14 OECD (Organization for Economic Co-operation and Development) and five developing countries over the 1975-1997 period vis-à-vis GDP growth (among others). The analysis made by them presents that contractual savings seem to have some connection to Market Capitalization and Value Traded in the majority of the OECD and non-OECD countries. In the work done by Catalan et al. (2000), nine OECD countries support the life insurance – market capitalization link, the results for the developing countries are mixed. Evidence for the connection life insurance to value traded is not so strong in OECD countries, whereas the majority of non-OECD countries show this linkage. The impact of the non-life business is almost equal to the impact of the life business for market capitalization and less for value traded.

Ward and Zurbruegg (2000) have also analyzed Granger causality between total real insurance premiums and real GDP for nine OECD countries over the 1961 to 1996 period. They have conducted a bivariate analysis with causality both ways. For two countries (Canada, Japan) the authors found the insurance market leading GDP and for Italy they found a bidirectional relationship from the VAR (Value at Risk) model. The results for the other countries showed no connection. Results from the Error-Correction model depict similar results and adding Australia and France to the group of countries giving evidence for some kind of connection. In interpreting the findings, the authors refer to cultural predispositions towards uncertainty avoidance, Hofstede (1995); and Fukuyama (1995) and resulting propensity for insurance and the effects of regulation. Furthermore, they offer differing insurance density and its dynamic growth as another possible explanation. Beenstock, et al. (1988) apply pooled time series and cross-section analysis on 1970-1981 data, covering mainly 12 countries. They regress premiums for property liability insurance onto Gross National Product (GNP), income and interest rate development. They find that premiums are correlated to interest rate and GNP; marginal propensity to insure (short and long run) rises with income per capita and is always higher in the long run. Beenstock et al. (1988) argue that insurance consumption is not affected by economic cycles or cyclical income variations. According to the study conducted by Browne et al., (2000) applied a pooled cross-sectional panel model to motor vehicle and general liability insurance in the OECD over the 1986-1993 periods. As per this study, income and the legal system are positively correlated to insurance consumption, while loss probability and wealth are negatively correlated with insurances consumption. Browne et al. (2000) argue that income is affecting insurance consumption.

Growth of Population and Per Capita Income:

For India, a populous economy, it is not GDP and growth rates of GDP alone, which are important, but per capita income. The relationship of population growth to economic development is very complex. An increasing population means an increasing supply of basic factor of production, i.e., labour. A growing population almost

invariably leads to an increasing total output, but it also makes for a greater number of persons among whom this output must be divided. There are more productive hands, but there are also more mouths to feed. When population growth is associated with high fertility and increasing number of children relative to adults, number of consumers will be growing more rapidly than the number of producers resulting in heavy burden of dependency[i]. If there is a rise in life expectancy, which extends the productive years of the workers of the society then the problem of an increased burden of dependency may be at least partially offset (Gill R T 1992, pp.7-8). Increase in population means, increase in the consumers and increase in the producers.

The per-capita income gives the average level of overall performance of the economy when the effect of the growth of population is eliminated. It is the measure of annual average output per head. High growth rate in per capita income is difficult to achieve because of high rate of growth of population. For India till 1970s the growth rate of per capita NNP was not even half of growth rate of NNP (Roy C 1995, pp.265-267). This is because the rate of increase in population decreased only from 1980s for India. The rise in NNP did not result in a considerable rise in per capita NNP due to the increase in population (see Table-2). The decrease in the rate of increase in population contributed to the increase in per capita income.

Table-2: Growth of Population and Per Capita NNP at Factor Cost for the period 1951-2009

| Year | Growth of Population | | Growth of Per Capita NNP | |
	Total Population	Growth Rate of Population	Per Capita NNP at factor cost at 1999-2000 prices (Rs.)	Growth Rate of Per Capita NNP at factor cost at 1999 - 2000 prices (Rs.)
1951	361,088,090		5708	
1961	439,234,771	21.64%	7121	24.75%
1971	548,159,652	24.80%	8091	13.62%
1981	683,329,097	24.66%	8594	6.22%
1991	846,302,688	23.85%	11535	34.22%
2001*	1,028,737,436	21.56%	16172	40.20%
2009	1,154,000,000	12.18%	25494	57.64%

[1] The OECD is a unique forum where the governments of 30 democracies work together to address the economic, social and environmental challenges of globalization.

Source: http://censusindia.gov.in/Census_Data/Population since 1951 to 2001.

*The total population and rural population include estimated population of 127,108 for Mao Maram, Paomata and Purul sub-divisions of Senapati district of Manipur. India's population without the estimated population of these areas is 1,028,610,328 (532,156,772 males and 496,453,556 females). For a time series comparison of per capita income, NNP at factor cost at constant prices is taken.

The rate of increase in per capita income has its impact on consumption and saving. Given the population, increase in income will result in increase in absolute consumption and saving. A continuous increase in income leads to increased proportion of saving

to that of income. *"This means that, if employment and hence aggregate income increases, not all the additional employment will be required to satisfy the needs of additional consumption. ... Thus a rising income will often be accompanied by increased saving, and a falling income by decreased saving, on a greater scale at first than subsequently"* (Keynes J M, 1936, p.97).

The population explosion aggravates the difficulty of saving. High fertility can depress private savings in two ways: (i) by reducing the volume of savings by individual families, when such savings are an important component of the national total; (ii) by increasing the proportion of national income that must accrue to non-savers if standards of consumption play any part in determining the earnings of the low-income families. (Coale A J 1968, pp.74-75). For India, the reduced growth rates of population since 1980s led to a continuous increase in the GDS, as a proportion of GDP (see Table - 3). Hence, the rapid rate of population growth tends to impose a strong constraint on per capita income, standard living, and saving for the people. On the other hand increasing incomes result in increased savings.

Table-3: Trends in GDP and GDS

Year	GDP at current market prices (Rs. Crs)	GDS (Rs. Crs)	GDS as % to GDP at current market prices
1951	10085	871	8.6
1961	17407	1952	11.2
1971	46249	6571	14.2
1981	145370	26881	18.5
1991	569624	130010	22.8
2001	2102314	495986	23.7
2008-09	5574449	1811585	32.5

Source:
1. *Economic Survey 2009-10 (Table -1, A1 (data from 1950-51 to 2000-01 and 2005-06 to 2008-09),*
2. *Economic Survey 2008-09 (Table -1, A1 (data of 2004-05),*
3. *Economic Survey 2004-05 (Table -1, A1 (data of 2001-02 to 2003-04)*
4. *NAS Back series 2007 (1950-51 to 1999-2000), Statement-1, pp.2-7*
5. *NAS 2008, Statement-1, p.2*
6. *NAS 2010 Statement-1, p.2*

The secular uptrend in growth is clearly associated with consistent trends of domestic savings over the decades. An empirical exercise conducted in RBI (2001) showed that the impressive growth story of India particularly in the aftermath of reforms seems to have been facilitated by the improvement in the rate of aggregate domestic saving. Empirical relationship between the changes in GDP and incremental savings provides the evidence of bi-directional causality – highlighting the role of the feedback effects emanating from savings to economic growth and vice versa (*Report of the High Level Committee on Estimation of Saving and Investment, 2009, pp 13-14*). The increase in GDP leading to increase in savings, creating employment and income through growth of financial sector operations might have led to further increase in GDP. This is evident from the growth of financial sector saving as a proportion of household sector saving over a period of time (see Table - 4). The decrease in financial sector saving as a proportion of household sector saving, between 2001 and 2008 could be attributed partly to the soft interest regime in recent years and booming construction activities mainly of housing (*cited*. pp.16-17). It is clear that in India,

household sector occupies a position of dominance over the other institutional sectors like private corporate sector and public sector in terms of saving. Within the household sector savings, the rate of savings held in financial assets significantly increased between 1951 and 2008-09.

In the financial savings there is a continuous increase in the share of Life funds between 1961 and 2008-09, and there is a significant jump in life funds, between 2001 and 2008-09. As per the related literature, the house hold savings responds to changes in economic environment as well as to structural changes like financial liberalisation. Household saving is also a function of theoretically

well-established determinants like growth and per-capita income, favourable demographics, low wealth effects on consumption, greater opportunities for diversification across financial assets and market related returns in addition to financial liberalisation (*Report of the High Level Committee on Estimation of Saving and Investment, 2009*, p.26). The greater proportion of Life funds during 1951 may be attributed to lack of other financial products. The spread of financial sector, of bank branches in particular, post office savings and the like helped in mobilising household financial savings. Their financial liabilities did not grow correspondingly since there were few financial products for household credit.

Table - 4: Trends in Composition of GDS

Year	GDS (Rs. in Crores)	Household sector (Rs. in Crores)	Share of Household Sector in GDS	Financial Saving (Rs. in Crores)	Share of Financial Saving in Household Sector	Life Insurance funds (Rs. in Crores)	Share of Life Insurance funds in Financial Saving
1951	871	578	66.3605	62	10.7266	20	32.2581
1961	1952	1136	58.1967	456	40.1408	50	10.9649
1971	6571	4371	66.5196	1371	31.3658	189	13.7856
1981	26881	18724	69.6551	8610	45.9838	859	9.97677
1991	130010	104789	80.6007	49640	47.3714	5338	10.7534
2001	495986	458215	92.3847	222721	48.6062	32679	14.6726
2008-09	1811585	1261332	69.6259	581428	46.0963	139764	24.0381

Source: As in Table – 3.

This situation has changed in recent years with the introduction of new private sector banks, and the public sector banks following the suit (Mohan Rakesh, 2008, pp. 382-383). Hence, the growth of financial savings is the result of growth of financial sector. The changes in the composition of financial savings reflect the growth of that sub sector and changing demand for particular products of the financial sector. Twenty one Life Insurance companies with their foreign partners were opened between 2000-01 and 2008-09 in India (*Handbook on Indian Insurance Statistics - 2007-2008*, p.3). This led to a significant jump in life funds, between 2001 and 2008-09.

Inference on Inclusiveness in India life insurance industry

Humans have always sought security. Humans are exposed many serious perils, such as property losses, from fire or windstorm, and personal losses from incapacity and death. Although individuals cannot predict or completely prevent such occurrences, they can provide for their financial effects. The function of Insurance is to safeguard against such misfortunes by having contributions of the many pay for the losses of the unfortunate few (Black Kenneth Jr. & Skipper Harold D Jr., 2005, pp.20-21). In India we define life insurance business as: "life insurance business" means the business of effecting contracts of insurance upon human life, including any contract whereby the payment of money is assured on death (except death by accident only) or the happening of any (*The Insurance Act, 1938 - Arrangement of Sections*). Hence, Insurance, Life Insurance in specific, is a social security tool to safeguard against insecurity.

India is an economy with 92% of the workers engaged in unorganised sector. *"Working in the unorganised sector means working without legal protection, without job security, and for low wages"* ((Lebra J and Paulson J 1984, p.287). A comparison of the overall rates of growth of employment with those in the organized sector shows that unorganised sector employment has expanded faster than organized employment (Papola T S and Sharma A N 1996, p.598). India as in 1996 spends only 2.6 % of GDP on social security (*Social Security: A New Consensus, International Labour Office,* 2001, p.212). In the context of predominance of labour force in the unorganised sector of India, and government spending only

2.6% of GDP on 92% of the workforce, Insurance is a necessary social security tool.

The comparisons of insurance density and insurance penetration of India with that of the world give the picture of inclusiveness. Insurance density is measured as ratio of premium (in US Dollar) to total population, is 41.2$ for India and for the world it is 369.7$ in life insurance (*Annual Report 2008-09*, p. 70). This shows life insurance density is very low in the sense, premium collected in relation to the population of the country is very low. On the other hand insurance penetration is measured as ratio of premium (in US Dollar) to GDP is 4% for India, and 4.1% for the world in life insurance (*cited*, p.71). This shows life insurance premium collected in relation to the GDP is on par with the world standards. It can be concluded that there is lot of inequality of income reflected by similar rates of saving in terms of life insurance on par with the world, and lesser premium per capita. If there was an equitable income there should not have been a large gap between insurance density and insurance penetration, when compared with the rest of the world. Low density reflects lesser percentage of population included in life insurance or lesser premium per person. But, the former seem to be the fact as insurance penetration is on par with the world average. This shows there is lack of inclusion in life insurance density, indicating that a greater portion of population is without any social security and life insurance in specific.

Another conclusion which can be drawn from the study is that the expected high growth rate of GDP is going to give further boost to the insurance industry. The inclusive growth strategies of the 11th plan including MNREGA have the potential to increase incomes and savings. The insurance industry has to tap the resource by extending the insurance net to the majority of population.

Conclusion

Through this article evidence is drawn on the role of the insurance sector in the economic growth-linkage, i.e., whether and how insurance influences economic growth. It is observed that on the one hand, the importance of the insurance sector within total financial intermediation rose overtime, and the magnitude and intensity of

links between insurance, banking and capital markets also rose; thus the likely impact of insurance on the economy should have gone up.

While from a theoretical point of view the insurance sector should contribute to economic stability and growth, empirical evidence seems to be mixed at best. The role of the insurance sector in Indian economic growth has hardly been investigated empirically, compared to the vast literature focusing on banking, stock markets and other sectors. The few works devoted to the insurance-growth linkage concentrated on a few countries over fairly short or distant time horizons (e.g., Catalan et al., 2000; Ward and Zurbruegg, 2000), are concerned with various possible negative effects the insurance sector can transmit onto the economy (Das et al., 2003) or relate to specific insurance product lines only (Beenstock et al., 1988; Browne et al., 2000) or treat the insurance growth-link rather as a side issue (Holsboer, 1999). As many works noted, there is a lack of appropriate time series for a sufficient number of countries. The majority of researches face problems when trying to find an appropriate proxy for insurance expenses per year, insurance assets and disposable income per capita to avoid biases. Also observed that total Gross premiums and GDP Per capita are the most frequently used indicators.

The strength of the link between the insurance sector and economic growth, however, is not static. As the relationship between bank and capital market finance and economic growth varies with the level of economic development (e.g., Rousseau and Wachtel, 1998; and Rioja and Valev, 2004), so does the insurance-growth relationship. The insurance sector in developed countries offers a whole bunch of specialized products, services rendered to educated and experienced clients and insurance coverage is recognized as an important value. Financial interlocking between institutions is high and sophisticated and international investment and relationships are taken for granted. The potentiality of growth contribution is much higher than in developing countries where the insurance sector merely reaches some importance and evolutionary stage.

Overall, income or GDP per capita seems to bear the most significant impact on insurance consumption, followed by interest rate and inflation rate. The importance of the insurance price for insurance demand is ambiguous, but the majority of studies found insurance to be a superior good, implying an income elasticity of more than unity.

There seems to be a causal and strong relationship running from the insurance sector onto economic growth, and/or if the insurance muscle weakens formerly important bank and capital market channels for growth, this would lead to numerous policy recommendations.

The general inference that insurance services cause GDP or income growth is only backed perhaps by seemingly weak empirical evidence. It is essential to acknowledge the pioneering works of Catalan et al. (2000), Ward and Zurbruegg (2000) or Davies and Hu (2004) and their suggestions that further investigation should be conducted to comprehend the meaning of the insurance sector for the general economy and its contribution to economic growth leading towards inclusiveness.

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Annexure A

Notes: Saving: Saving represents the excess of current income over current expenditure and is the balancing item of: the income and outlay accounts (as per 1968 SNA) and use of disposable income account (as per 1993 SNA) of producing enterprises and households, government administration and other final consumers. For preparation of the estimates of domestic saving, the economy has been divided into three broad institutional sectors viz., (i) public sector (ii) private corporate sector and (iii) household sector.

Household Sector: The household sector comprises, apart from individuals, all non-government, non-corporate enterprises like sole proprietorships and partnerships owned and/or controlled by individuals and non-profit institutions which furnish educational, health, cultural, recreational and other social and community services to households. The saving of the household sector is taken as the sum of its investments in various instruments of financial saving and in the form of physical assets. Since direct annual data on household income expenditure of households are not available, the saving of the household sector is worked out by following the residual method except saving in the form of life insurance funds and provident & pension funds.

Financial Saving: The investment in financial saving comprises currency, net deposits, shares and debentures (including mutual funds), net claims on government in the form of small saving, investment in central and & State government securities, life insurance funds and provident & pension funds.

Life insurance funds: The life insurance business is primarily considered as a conduit of saving of the household sector and as such the saving of the LIC arising strictly out of its life insurance business (net of the transfer to government) is regarded as accruing to the policy holder and,

therefore, included in the estimates of saving of the household sector. Households' saving in the case of LIC is estimated as net accruing liability or an increase in the life funds of the LIC and bonus to policy holders excluding government share in profit, capital gains and old claims. Similarly Households' saving in the case of private life insurance companies is estimated as an increase in the life funds. Loans given to the policy holders and to the households against mortgage of property in India and also loans given by the General Insurance Companies to its staff etc. are subtracted to arrive at the estimates of the households' saving (net of loans and advances). Data on loans to households are obtained directly from the LIC & General Insurance Companies.

Annexure "B"
Investment Portfolio of the Indian Insurance Companies (Instrument -Wise)

Particulars	Life Insurance (Amount in Crore Rs.)							
Traditional Products-	2012	2011	2010	2009	2008	2007	2006	2005
Central Government Securities	468082	420952	361520	316010	297533	275099	238089	201550
State Government & Other Approved Securities	214515	173733	136998	107190	83568	60088	58288	51187
Housing / Infrastructure & Social Sector	97320	89181	72439	66673	68600	69837	49638	45521
Approved Investments	385107	304977	245987	202569	142808	102057	88549	122667
Other Investments	46262	42159	56592	51260	36149	30049	26699	26377
Total A	1211286	1031002	873536	743702	628658	537130	461263	447302
ULIPS-								
Approved Investments	346340	371899	293114	151490	111511	57587	23401	6732
Other Investments	23632	27217	38505	21273	21871	9462	2487	796
Total B	369972	399116	331619	172763	133382	67049	25888	7528
Grand Total (A+B)	1581258	1430118	1205155	916465	762040	604179	487151	454830

Annexure "C"
Investment Portfolio of the Indian Insurance Companies (Instrument -Wise)

Traditional Products-	Non-Life Insurance (Amount in Crore Rs.)							
	2012	2011	2010	2009	2008	2007	2006	2005
Central Government Securities	242421	19865	16038	14591	14054	13231	11670	10366
State Government & Other Approved Securities	9339	8191	6971	6077	6133	5635	5070	14964
Housing / Infrastructure & Social Sector	23377	19189	15163	13224	11551	9844	8087	7036
Approved Investments	38563	31769	24256	21031	20201	17787	13414	15410
Other Investments	3749	3506	3944	3971	4342	3884	4078	4025
Total A	317449	82520	66372	58894	56281	50381	42319	51801

Evaluation of Effectiveness of Training Programme in Indian Steel Industry

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A R T I C L E   I N F O

A B S T R A C T

Training, like any other organizational aspects, requires commitment of organizational resources in the forms of time, energy, managerial efforts and money. Organizations therefore need to know whether an investment made on training is producing the desired results, i.e., whether training imparted is effective. The class-room learning is more of theoretical in nature. Unless theory is integrated into practice, the learning remains incomplete and static. Generally, training evaluation determines a training programme's effectiveness in meeting its intended purpose, which mainly produces competent employees. Programme evaluation focuses on the results of the training programme and not on the process of training programme. Training programmes invariably inherit expectations in terms of demonstrated benefit to the organization. The purpose of this study is therefore to make an in depth analysis of the training programmes being practiced in Rourkela Steel Plant, vis-à-vis other standard organizations in Steel manufacturing business namely, SAIL, Tata Steel, and JINDAL so as to evaluate and judge their effectiveness.

Introduction

Organizations often fail to realize the need to evaluate the training programmes once the session ends. The apparent reason for ignoring this 'evaluation' is lack of time, resources and tools. As organizations are increasingly adopting training programmes, there is a great need to evaluate the same. The process of examining a training programme is called training evaluation. Training evaluation ensures that candidates implement their learning in their respective workplaces, in the regular work routine. Training programme is a transforming process that requires some inputs and in turn produces output in the

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form of knowledge, skills and attitudes (KSA). Now-a-days, training programme is an investment because the departments such as marketing and sales, human resources, production, finance etc. depends on training for its survival. Training programme provides the opportunity to raise the profile development activities in the organization. The primary responsibility of an organization is to assure that its people perform the assigned jobs safely and effectively. So training personnel must be responsive to the needs of the organization, working hand-in-hand with line managers and supervisors to ensure that training needs are properly analyzed and accordingly those training programmes are developed and implemented in the most efficient and effective way. Generally, evaluation is done at *four* levels: reaction, learning, behavioural change and result in terms of application of learned behavior in the job and resultant benefits to the organization. Training effectiveness is judged from different angles such as knowing how much learning has been acquired by the learners after the training intervention; how much of those learning objectives have been put into practice on their jobs; and with what results for the organizations. Measuring learning

just after completion of training and impact of training on the job are important aspects for effectiveness of a training programme. Trainer, learner and beneficiary organization must use their knowledge expertise in stating training objectives clearly, objectively and in line with the specifications of writing a good objective. Designing a training programme involves an investment of creativity, hard work and money. So, training practitioners justify such investment in the belief that training makes a real difference in the workplace contributing to organizational effectiveness that means it is 'Return on Investment (ROI)'. The contribution of a training programme to the organization is arrived at through the process of evaluation. The principles of effective training are intended to assist organizations in establishing and maintaining effective training programmes that produce well-qualified, competent personnel to operate and maintain the organization in a safe and reliable manner. Training evaluation is a critical component of analyzing, designing, developing and implementing an effective training programme. The persons responsible for evaluation of training programmes are the senior management, trainer, line management, the training manager, and the trainee.

Importance of Training Evaluation and its Effectiveness

As organizations need to invest in the development of human capital through training programmes, it is important to develop a tool that will help the organization to improve the training effectiveness. If a training programme is proved to be effective, it will definitely yield the positive results that are desired by the company. The effectiveness of training programme can be maximized by following ten steps as under:

1) Training-needs identification

2) Pre-training activities

3) Planning and organizing the program properly

4) Designing the module

5) Feedback on the faculty

6) Feedback from the external faculty

7) Training plan and budgets

8) Development of In-house faculty

9) Nomination to external seminars and training programs

10) Focus on quality training.

Evaluation of Effectiveness of Training Programmes in Practice in the Indian Steel Industry

A. Public Sector

1. Training Evaluation and Effectiveness in Rourkela Steel Plant (RSP)

The assessment of in-house training is carried out for faculty competence and programme content on the basis of a programme evaluation pro forma filled up by the participants at the end of each programme. The feedback information is analyzed by using statistical methods as follows:

a) Based on the feedback sheet received from the individual participant, if the 'Average general rating of the programme' is less than 3 for a particular programme, then the

programme module is relooked and redesigned by the Head of Department, HRD Centre.

b) Based on the feedback sheet received from the individual participant, if the 'Average rating of the faculty' is less than 3 for a particular programme, then the faculty concerned is communicated for improvement. If average rating of the same faculty for the same topic in the next programme is less than 3, then faculty member is reviewed by the programme in charge /Head of HRD Centre.

c) The effectiveness of basic engineering skill programmes and multi-skill programmes are evaluated by using 3-tier 'Training Evaluation System' with the help of the following three questionnaires:

- Training course evaluation pro forma
- Post training feedback pro forma
- Effectiveness/implementation on actual work situation pro forma.

d) Competence evaluation of employees is done by respective department based on questionnaire, interview and observation.

  i) Competence of faculty engaged by HRDC is also evaluated.

  ii) Assessment of training is done by administering questionnaire and competency checklist by line manager through specific formats.

Prior to 2005-06 training effectiveness was measured only at the learning level through pre and post training tests. During 2005-06, for the first time the effectiveness of training at the learning level and application level was carried out in technical areas also. For the first time efforts are also being made to analyze effectiveness of foreign training. All the 15 young engineers who have been sponsored for training at UK and Austria have submitted a report on their visit giving a detail of action plan of the activities that they shall carry out in the organization. They are also presenting the same before their Heads of the Departments and the Executive Director (works).

RSP provides a conducive climate for the enhancement of knowledge, skills and capabilities of its employees. The RSP training programmes are designed by keeping career progression and employee performance into consideration. RSP also provides training to employees for sister units. RSP briefed about the workings of an integrated steel plant. Facilities are being provided to its employees like township, medical and health care, social amenities and corporate social responsibilities through class room inputs and plant/township visits. Moreover, RSP also provides adequate time to time training programme like a high performing organization. RSP provides a systematic approach to training programme done at all levels on a continuous and on going basis. RSP also ensures that there is proper linkage among organizational, operational and individual training needs. RSP is doing well today and looks after the training needs of employee and provides full of training facility which will open the way of great success.

2. Training Evaluation and Effectiveness in SAIL

The evaluation of training and its effectiveness is also conducted at SAIL and its different units. These programmes have been selected by taking into consideration the duration, frequency, organization wide programmes and usefulness in imparting critical skills. The

programmes are being evaluated for training effectiveness at Reaction level, learning level and Application level while assessment of performance improvement workshops is done at Result level also.

SAIL through MTI conducts training related to management subjects and such training influences thought and behavioral process of the participants. MTI gives due importance to quality of training. To assess relevance and process of training, the training department has Quality Management System (QMS) in place. The audit of quality of training is done every quarter by internal auditors. Annual audits are conducted by external auditors. The Management Review Committee (MRC) meets every quarter to look into deviations and thereby decides about corrective action. By using various parameters, the committee also reviews the trend and variation over a period of each quarter.

i) Effectiveness of Training at Reaction Level

For assessing training at reaction levels following three indices are used:

- Customer Satisfaction Index(CSI)

- Support Service Index(SSI)

- Content and Process Rating (CPR) of individual sessions.

After each programme, the reaction level assessment is obtained from the participants. Based on responses, the CSI and SSI are also calculated. Each session of the programme is assessed by the participant for its content and the process adopted by the concerned faculty.

ii) Effectiveness of training at Learning Level

A lot of importance is given to the second level of assessment that is learning. What do they learn and what learning they apply at workplace is an important piece of information to assess effectiveness of any management training programme. A system of learning sheet has been introduced in every training programme. A well-structured format of learning sheet is distributed to all participants. Participants are requested to record learning points against each session of the programme. They are also expected to list down those proposed applications for which the progress can be monitored by them.

iii) Effectiveness of training at Application Level

Assessing effectiveness of training at result level is a long process. There are various methodologies and each methodology requires collection of primary data from the workplace of the participants.

B. Private Sector

1. Training evaluation and effectiveness in Tata Steel

Safety is a high priority area in Tata Steel. Several movements towards culture of safety have been practiced in the company. The Technical Education Advisory Committee guides employee training in line with strategic goals of the company and its long-term objectives. The in-house training centers impart majority of the training programs. Tata Steel recognizes the importance of continuous enhancement of knowledge, skills and capabilities of its employees and has invested greatly in education, training and development.

At Tata Steel quality programmes are also rolled out in-house by TMTC, XLRI and IIMs for its officers. Development in managerial competencies and leadership elements, especially for the officers is now also being addressed through on-the-job assignment, rotation, working in task forces and committees. At Tata Steel, the employee need identification form is available with the various departments. Then the concerned employee fills in whatever training he feels he needs which is approved by the immediate superior and the department head also gives a list of training needs that he feels is required for the employee. The department HOD then fills a needs identification form. This form indicates the number of employees who will be participating in various training programmes from that department. The department HOD compiles all the individual employee need identification forms and then fills up the group needs identification form. All the HODs send their forms to the training department. The training department compiles all the forms and prepares a final document consisting of the various training programmes and the number of people will attend these programmes from the various departments. The training calendar is thereafter prepared. Then the training programmes are now conducted as per the calendar and recorded into the 'Training Program Particulars' form. This form consists of the list of participants, the venue and the training department co-coordinator etc. of a particular training programme. In some cases when the announced programme could not be conducted, the concerned HOD is informed for onward communication to all the participants. The details are recorded in the 'Training Program Cancellation' record. The training department coordinator is in-charge of the smooth running of the training programme. He has to ensure that all the participants are present for the training; all the instructional material is present and ready for use. After the training programme is over, evaluation of the programme is carried out based on the 'participant feedback' forms received. Corrective action is taken by the training department in case of programmes where feedback rating is very poor. The results are recorded into the 'Program Evaluation' form. The immediate superior of the employees assess training effectiveness within a few days of imparting training for all technical programs. Sometimes, the effectiveness of the training programme is generally assessed by interviewing the employee. During this, the employee is judged on the parameters such as initiative taken by participant, relevance of objectives taught and support from supervisor.

Tata Steel also uses the Kirkpatrick model for measuring training effectiveness, i.e., on the line of Reaction, Learning, Reinforcement and Outcome. The respective HODs do the 'Competency Mapping' for all permanent employees whose work affects quality and performance. Training need is identified from the gaps found. But evaluation of training is of no value if training has not been conducted systematically. At Tata Steel, the aim of training is to provide potential knowledge and skills of trainees to carry out defined tasks and responsibilities and working systematically and efficiently that develop a systematic way of performing duties and assigned tasks. Tata Steel well established Human Resource Division and has invested in the development of a talent pool with number of qualified engineers and a large skilled work force. The company lays special emphasis on integrity and competence and regularly monitoring. After providing the training, the right-skilled employees are placed on the job and feedback on performance is taken from the internal sources. Based on the requirements specified by internal employees (i.e., the Departmental Chiefs & Heads) and the existing skill gaps, a new approach of 'man to position mapping' has been introduced. For each position, the skill requirement has been

analyzed and a specific training programme is provided for development.

The qualified talent in the non-officer category sought further growth opportunities in line with the industry growth. Tata Steel also decided to create a new Officer's level (IL-6) to which its employees could progress. This new level handles transactional jobs where the majority of the responsibility is routine in nature and this can be performed by Diploma holders who have some experience in the organization.

2. Training Evaluation and Effectiveness in JINDAL

At JINDAL, the Human Resource Department is also ensuring to get the feedback form from the employee after his completion of the course. A half-day session for the employee by a few managers to transfer the learning should be organized by the Human Resource Department after the days of the return from training programme. The employee shall submit the course material to the Human Resource Department for the purpose of maintaining the library and is so required to retain a copy of the same. Then the evaluation/feedback from the trainee indicates appropriate changes that have to be made in the programme and contents design which will improve the effectiveness of the programme. The feedback also consists of an action plan by the concerned employee with a specific time frame to implement the learning to the actual performance. The feedback forms are available with the Human Resource Departments. It is the responsibility of the Head of the Department and the Human Resource Department to work together to assess the effectiveness of the training attended by the employee. This will also help in updating the training records of the individuals and in conducting an analysis of various training programmes.

Literature Review

Garrett J. Endres and Brian H. Kleiner (1990) in their research study 'How to Measure Management Training and Development Effectiveness' have observed that successfully measuring effectiveness in management training and development can be a difficult task. So they designed a valid measurement programme that includes evaluation in key areas such as emotional reaction and knowledge gained after training interventions.

In order to know the gap between training and work practices, it is necessary to evaluate training programmes. Current scenario concerning evaluation of training through sophisticated research design is not very encouraging in the Indian context. In this context Sayeed (1998) in his study, 'Factors Affecting Training Effectiveness: Meta-Analysis and Revision of Learning Effort Model', pointed out that Indian organizations have mostly restricted themselves to the reaction of trainees towards various features of the programme. So he concluded that there is a need to bridge the gap between training and work practices.

Elangovan and Leonard Karakowsky (1999) have undertaken a study titled 'the role of trainee and environmental factors in transfer of training: an exploratory framework'. They observed that organizations have focused attention on the effectiveness of the transfer of training to the job-site.

Kaye Alvarez, Eduardo Salas and Christina M. Garofano (2004), in their work titled 'An Integrated Model of Training Evaluation and Effectiveness', have pointed out that evaluation measures found to be related to post training attitudes are cognitive learning, training performance, and transfer performance. They concluded that training effectiveness variables are pre training self-efficacy, experience, post

training mastery orientation, learning principles, post-training interventions, and post training attitudes.

Bergenhenegouwen (2006) in his research, 'The management and effectiveness of corporate training programmes', has concluded that the education manager sees corporate training programmes from the overall policy of the organization. In dialogue between the corporate management and the education manager, a training policy is developed so as to ensure effectiveness of the training programmes. As a consequence, there is an increasing trend for the practical and corporate benefits of training to be evaluated in the light of the organization's policy. Evaluation of the effects of training programmes should therefore lay more emphasis on the assessment of their practical results and applications in the work situation.

James S. Russell, James R. Terborg and Mary L. Powers (2006), in their study titled 'Organizational Performance and Organizational level Training and Support' have pointed out that the relations among retail sales training, organizational support, and store performance and to examine whether training interacts with organizational support to predict store performance. The study is unique in that it presents an example of the analysis of the relationship between organizational level measures of training and performance, as opposed to more traditional individual level measures. Archival data in a co-relational design were analyzed for 62 stores belonging to the same international merchandising firm. Two measures of training and two measures of support were used to predict two measures of store performance. Results indicated that training and organizational support were significantly correlated with both measures of store performance, although the relationship between training and organizational performance was stronger. In contrast to predictions, there were no significant interactions between the training and support variables.

John E. Mathieu (2006) in his study, 'individual and situational influences on the development of self-efficacy: Implications for training effectiveness', has proposed a model that included individual and situational antecedents of self-efficacy development during training. Initial performance and self-efficacy levels, achievement motivation and choice were examined as individual variables. Constraints, operationalized at both the individual and aggregate levels of analysis were examined as situational influences. The study concluded that there are positive linear relationships with training reactions and subsequent performance and an interactive relationship with performance when training reactions were considered as moderator.

In the study 'Human Resource Development and Organizational Values', Arif Hassan (2007) has examined the relationship between HRD practices and organizational values. He has established that HRD practices like training and development were positively related to organizational values of collaboration, creativity, quality, delegation and human treatment.

Objectives

This piece of work has been carried out with the following objectives:

- To study about the training evaluation and effectiveness practices in major steel industrial units namely, RSP, SAIL, Tata Steel and JINDAL.
- To analyse the views of management respondents regarding the evaluation of training programme implemented at RSP.

Methodology

Data Collection

The data were collected by using the following methods:

1. The primary data were collected through questionnaires.
2. The Secondary data were collected from records, circulars, leaflets, magazines and journal of Rourkela Steel Plant.

The questionnaire consisting of 12 statements were distributed among the respondents at random and collected back upon being filled up by the respondents. Secondary data collected from magazines, annual reports of different years, leaflets, journals etc. of major steel industrial units namely, RSP, SAIL, Tata Steel and the JINDAL.

Tools and Techniques Used

The important statistical tools and techniques used in the study: two way ANOVA and F-test.

Sample Size

The sample consists of 60 respondents from different hierarchy levels in different department of RSP. Proper attention has been paid in selection of the sample.

Analysis

In order to study the interrelationship among three variables i.e., training provided, employees' attitude towards training programmes, and organizational performance that a null hypothesis was formulated as 'there is no significant difference between training provided, employees' attitudes towards training programmes, and the organizational performance'. Validity of the said hypothesis has been tested through a two-way ANOVA and F-test the result of which has been presented in Table 1.

Table-1: Interrelationship between Training Provided, Employees' Attitude towards Training Programmes, and Organizational Performance

Performance[*]	Training provided[**]	Attitude[***]	ANOVA	Result
-1	8.5	3.8		
-0.5	9.3	3.7		
-0.1	8.5	1.8		
1	8.6	4.2		
0.4	9.7	3.6	F = 0.057 (calculated) tabulated value=3.3852	Not significant
1.3	8.8	3.5		
1.4	9.0	1.8		
1.0	9.1	1.7		
1.3	9.0	4.1		
0.8	10.5	3.9		
	12.4	3.9		
	12.2	2.0		

Notes: *Performance= Profit/1,000; ** Training provided = Number of employees receiving training/1,000; *** Attitude= Employees' perception towards training programmes/100. The figures have been divided in order to reduce their size without diluting their ultimate values.

It is apparent from Table 1 that the calculated value of F is 0.057 against its tabulated value of 3.3852. The calculated value being less than the table value leads to acceptance of the hypothesis. It is therefore concluded that the training provided, employees' attitudes towards training programmes, and organizational performance are on the same line. It further implies that the training programmes of RSP have been accepted by the employees which also have got transformed into its enhanced performance.

Findings

Considering the above mentioned objectives, following results have been observed:

Comparison of training evaluation and effectiveness in practice

RSP is engaged in a better way in the process of developing a workforce, which continuously strives for excellence in all spheres of competence-knowledge, skills and attitudes leading towards the achievement of goals. Whereas its patent organization, SAIL has witnessed a steady rise in production, productivity and profitability.

Tata Steel recognizes the importance of continuous enhancement of knowledge, skills and capabilities of its employees whereas the basic objective of imparting training to the employees in JINDAL is 'improving performance of the company through people'.

When compared organization wise, the views of different levels of employees in different organizations differ in their views on effectiveness of training evaluation practices. A quick comparison of training evaluation and measurement at RSP, SAIL, Tata Steel, and JINDAL has been given in Table 2 which makes an effort to analyze the views of management respondents regarding the effectiveness.

Table-2: Training evaluation and effectiveness at RSP, SAIL, Tata Steel, and JINDAL: A Comparison

Parameters	RSP	SAIL	Tata Steel	JINDAL
Measuring training effectiveness	Y	Y	Y	Y
Systematic training valuation	Y	Y	Y	Y
Four levels of evaluation	Y	Y	Y	Y
Productivity	Y	Y	Y	Y
Unit efficiency	Y	Y	Y	Y
Adequacy of talent reservoir	Y	Y	Y	Y

Note: SAIL - Steel Authority of India Limited, **RSP-** Rourkela Steel Plant, Y - Yes

Source: Compiled by author.

Views of management respondents towards training evaluation and effectiveness

Training activities of an organization is measured by number of training programmes conducted per year or number of training programmes per employee which does reflect quality of the training programme. In addition to the quantity, quality needs to be taken as a measure of evaluating training activities of the organization. Theoretically, there should be proper matching between the training output and expectations from the training which yields benefits to the organization. When there is a wide gap between the two, effectiveness of the training programme decreases. This gap is mainly because in many organizations training is imparted routinely and for the fulfillment of the good figures to come out without proper assessment of its impact on the organization. It is common that for the execution of a function nicely attached more significance than evaluating the positive impact of the training programme. At RSP training is considered as an effective tool to assist the organization for the achievement of the desired objectives. Effective training

programme refers to the process that occurs before, during, and after the programme. The value of training programmes not only come from individual learning but also from employee interaction and knowledge sharing. Communication of ideas improve manufacturing, service and interdepartmental processes. Effective training programme focuses on both the design and the attitudes of the trainers in the organizational context.

Suggestion

Planned training programme will return values to the organization in terms of increased productivity, greater organizational stability and flexibility to adapt to changing external requirements. So, training programme must be systematic and organized on the basis of organizational and individual levels that means training is an organized procedure for increasing the knowledge and skill of people for a definite purpose. In order to make the training programme more effective in improving organizational as well as individual performance, it is important that perception regarding effectiveness of training be made positive which can be done by employees involvement in training and development related activities, by creating good learning environment, by providing encouragement in terms of promotion or increment and by linking training more closely to work practices.

Conclusion

Organizations like RSP, SAIL, Tata Steel, and JINDAL are reconsidering their investments in training programmes as they recognize that knowledge, skill and attitude of employees give an advantage to face competitors and to meet changes in environment. Based on the information gathered from evaluating training programmes that they can make important decisions on modifying the training programmes by reducing the shortcomings and to come out with a better approach. The above companies can use appropriate employee surveys and propose models based on the ideas from Kirkpatrick's four levels for developing the employees to work in this challenging and highly competitive environment. Organizations like SAIL and RSP have marked considerable expense for the training programmes whether provided by in-house or off-the-job. They use training to facilitate the learning skill to retain employees, improve their culture and to create reward system for their good performance. Although, the process of training evaluation in other competitive firms like the Tata Steel and JINDAL are broader when compared to that of SAIL or RSP, training evaluation done in RSP also indicates its remarkable impression. The evaluation of training programme and measurement of effectiveness at RSP is in line with other competing organizations namely Tata Steel and JINDAL.

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Money Management Skills among the Youth in Mumbai

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A B S T R A C T

The financial preparedness of our nation's youth is essential to their wellbeing and of vital importance to our country's economic future. A person having the right financial knowledge and understanding will be in a position to survive through any sort of difficult times and will be in a better position to overcome the adverse effects of global depressions and meltdowns. It is the need of the hour today, to increase financial literacy and awareness especially among the youth. The result of the 50-questions questionnaire survey reveals that the youth of Mumbai city's knowledge of important financial concepts is not satisfactory. To probe further how well equipped the youth population in Mumbai is to make financial decisions, the researcher did a more detailed analysis. This piece of primary research tries to probe into the level of financial literacy among the youth in Mumbai. The actual fieldwork was conducted from April to November 2011. The survey was administered through face-to-face interviews at the respondents' place of work, residence or study. The quality and consistency of the survey was further assessed using Cronbach's alpha. The reliability of the 50-questions survey is 0.78. The large Cronbach alpha indicates that the questionnaire is reliable, which further increases its validity.

Computation of Financial Literacy Scores

A mean score of financial literacy has been devised by evaluating the knowledge of the respondents in five main areas of financial literacy:

1. Basic money management
2. Savings and investment knowhow
3. Credit cards and Debit cards
4. Insurance
5. Basic knowledge of the Indian financial system

A series of 50 questions on financial literacy were tested in the survey. The number of questions in each of these key areas is given in the table below:

Table-1: Format of the Questionnaire Administered to Assess the Level of Financial Literacy of the Youth in Mumbai

Indicator of Financial Literacy	Number of Questions
Basic money management	12
Savings and investment knowhow	12
Debit cards and credit cards	12
Insurance	2
Basic knowledge of the Indian financial system	12
Total questions	**50**

The survey was administered to the youth in Mumbai dividing the city into three zones - South Mumbai, Western Mumbai and Central Mumbai. The sample size is given below:

Table-2: District-wise Division of the Respondents

District	Number of Respondents
South Mumbai	262
Western Mumbai	245
Central Mumbai	143
Total	**650**

Out of the completed questionnaires received with some replacements from the original sample which have actually been used for this study (while the researcher took every effort to achieve a balance between male and female youth respondents) 346 of the respondents (53%) were males and 304 respondents (47%) were female.

To analyze the real determinants of financial literacy, it was attempted to ensure that the sample size was representative of the youth population in Mumbai. The researcher divided the respondents into the following categories:

- Unmarried Undergraduate students and not working
- Unmarried Undergraduate students and working
- Unmarried Postgraduate students and not working
- Unmarried Postgraduate students and working
- Working married having no children
- Working married having children

At the end of this questionnaire, the opinion of the respondents was asked whether they knew the answers to the questions asked in the survey. The final assessment does not tally strictly with these opinions.

Table-3: Opinion of the Respondents whether they Knew the Answers to the Questions Asked in the Survey

Response	Total Responses	Percentage of Responses
Knew all the answers	07	1.07
Knew majority of the answers	171	26.32
Knew some of the answers	308	47.38
Did not know several answers	164	25.23
Total	**650**	**100**

The respondents were asked to do a self-evaluation whether they knew the answers that were posed to them in the Financial Literacy survey devised by the researcher. Surprisingly 164 respondents out of 650 (25.23%) admitted that they did not know the answers to several of the questions. Just 7 of the respondents (10.76%) opined that they knew all the answers. 171 respondents (26.30%) said that they knew majority of the answers.

The dataset collected by the survey of 650 youth respondents in Mumbai city was used to study the relationship between financial literacy and various characteristics of the respondents like socio-demographic characteristics, educational attainment, family characteristics, employment status, and marital status and whether they had any offspring.

Table No. 4 shows mean percentage of correct responses for Basic money management, Savings and investment knowhow, Debit cards/credit cards/ ATMs, Insurance and Basic knowledge of the Indian financial system.

Table-4: Final Literacy Scores of Mumbai Youth by Region (Mean Scores)

Indicator	Mumbai	Mumbai Suburban	Central Mumbai	Average Score
Basic money management	54.5	46.2	43.2	47.96
Savings and investment know how	55.1	41.4	47.8	48.10
Debit cards/credit cards/ ATM	80.6	74.4	70.2	75.06
Insurance	71.8	68.7	63.4	67.96
Basic knowledge of Indian financial system	62.5	65.1	60.1	62.56

The table shows mean percentage of correct responses for Basic money management, Savings and investment know how, Debit cards/credit cards/ ATMs, Insurance and Basic knowledge of the Indian financial system. As is seen, the overall level of financial literacy is not high. The highest mean score is obtained in the field of debit cards and credit cards with a mean score of 75.06%, which is followed in the second rank by knowledge of insurance with a mean score of 67.96%. The respondents have relatively low financial knowledge in the spheres of basic money management (47.96%) and savings and investment know-how (48.10%).

Based on the scores under each heading, the aggregate scores of financial literacy of the sample under study have been worked out as under:

Table-5: Final Financial Literacy Scores of Mumbai Youth by Region (Mean Scores)

Region	South Mumbai	Western Mumbai	Central Mumbai
Aggregate financial literacy scores	64.90	59.16	56.94

Thus the table shows that the overall financial literacy score for Mumbai as a whole is worked out to be 60.33%. The findings suggest that the knowledge of the youth on personal finance is inadequate.

This figure has partially been swollen because of the good scores achieved in the field of debit cards/credit cards and insurance.

Implications Seen from further Statistical Treatment of Data

It has been discovered from this research that female respondents have less knowledge of financial literacy topics. Fairly large differences in financial literacy between male respondents and female respondents are documented by this research. Females appear less likely to respond correctly to the questions, and there is an 8 to 12% gap for the correct response rates to the questions in each of the five categories. The differences are the highest in knowledge of basic money management (12.3%) and knowledge of the Indian financial system (12.4%). These differences between females and males are statistically significant. Many of the females did not have a firm grasp particularly over questions on money management and on the Indian financial system. Gender differences remain significant even after controlling for many other factors like education, work experience, education of parents etc.

For the entire section the male respondents performed better than the female respondents and the difference is statistically significant. Men earned a score of 68.2% while females earned a score of 52.5%. The value of the f-stat shows that the difference is significant at 0.01 level.

Respondents of both genders performed badly in the section of basic money management and saving and investment know-how.

Our analysis also reveals differences to some extent according to the district of residence. The respondents who reside in South Mumbai are more likely than those who reside in Mumbai suburban regions to answer most of the categories of financial literacy questions correctly. The gap in the correct response rate between respondents who reside in South Mumbai and those who reside in Mumbai Western Suburban regions is in the range of 5.7% to 7.3%. The gaps are even larger when we compare the scores of respondents who reside in South Mumbai with those who reside in Central Mumbai, in the range of 5.3% to 10.2%. Across the suburban regions also there are differences in the level of financial knowledge in the realm of 3.2% to 6.5%. The differences are statistically significant.

Education and experience play a significant role in financial literacy. Correct response rates increase substantially for higher levels of educational attainment. The difference between those who had completed graduation compared to those who had studied up to the HSC level or a lower level was particularly notable: almost 10%. When a comparison is made between the financial literacy levels of postgraduates with undergraduates the correct response rates are about 7% higher. Thus it appears that educational attainment is strongly linked to financial literacy.

Parental information was missing for approximately 11% of the sample. Since there were many missing observations for mother's education, reliance was placed instead on father's education for which the missing data problem was less. A dummy was added for the missing data in the regressions. It was found that father's education is associated with financial literacy, especially if the respondent's father is a post-graduate and is into a high level position.

There is also an association between financial literacy and marital status. Those who are married are more likely to respond correctly to questions. Also large differences are noticed depending on whether the respondent had any offsprings.

Conclusions

a) It is the need of the hour today, to increase financial literacy and awareness especially among the youth. If the youth is not financially literate, it will pose serious issues for the future of the nation.

b) There is a wide gap between the level of financial literacy perceived by the respondents and the actual level of financial literacy. When the respondents were asked to do a self-evaluation whether they knew the answers that were posed to them in the Financial Literacy survey devised by this researcher, it was discovered that they had they tended to overestimate their knowledge

c) Large differences are noticed in financial literacy between male respondents and female respondents. Females appear less likely to respond correctly to the questions, and there was an 8 to 12 % gap for the correct response rates.

d) The youth covered in this survey only knew general not specific facts on money management topics that explained their low levels of knowledge in overall financial management areas.

e) The respondents who reside in South Mumbai are more likely than those who reside in Mumbai suburban regions to answer most of the categories of financial literacy questions correctly.

f) There are differences in financial literacy according to educational levels with postgraduate students who were also working scoring better than the others and the differences are statistically significant.

g) The model shows that among all the variables having children is positively correlated (+0.327) with financial literacy. This shows that as people shift to the later stages of the family life cycle and have offsprings, they have to shoulder more responsibilities and hence give more importance to managing their finances.

h) The parenthood of the respondents was positively related to his/her level of financial knowledge at 1% significance level. This implies that as people have offspring, there is a corresponding improvement in his/her financial literacy level.

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ARTICLE INFO

ABSTRACT

Performance of the organisation depends on proper utilization of the resources including human resources. Performance management assists in establishing an environment of performance-oriented culture and helps in improving the performance of the human resources. Because of its importance lot of research has been carried on in the past. Though lot of research has already been carried on in this area, it offers lot of scope for further research. To facilitate the young researchers working on this subject a brief but important bibliography on performance management has been collected, compiled and given in this article.

Introduction

In the modern business context, organizations are operating in a highly competitive environment. To withstand competition it is imperative for the organisation to continuously strive to improve the performance. Performance of the organisation depends on proper utilization of the available resources including human resources. In the present competitive environment, given the technology, organisations attach greater importance to human resources and human resource practices, to gain competitive edge. "Performance Management" plays a major role in this respect and facilitates adoption of right approach at the right time. The aim of performance management is to establish an environment of performance-oriented culture so as to suit the vision and mission of the organisation.

Performance management is a continuous and flexible process that involves all the employees, irrespective of cadre, to work as partners contributing their best for the organisation to achieve the desired goals. Because of its importance lot of research has been carried on in the past on "Performance Management". Though lot of research has already been carried on in this area, though several methods have been developed for appraising the performance of human resources, because of complexities involved in the human behavior, it gives lot of scope for further research. Hence many scholars choose this area of human resource management for further research. To facilitate the young researchers on this subject an attempt is made to present a brief but important bibliography on performance management.

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