ETHOS

A Journal of research articles in management science and allied areas (refereed)

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Contents

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Contents

Research Articles

From the Desk of Editor …..

It is a moment of pride to place before you the second issue of fifth volume of Ethos. The journal has completed its five years of publishing the research articles in the management and allied areas. In the last editorial it was written that the age of journal matters to determine the quality of journal. The issue can be discussed and debated on its relativity of age and quality.

Time and again at Ethos we are raising issue of quantity and quality of research article. We have experienced over five years that numerous researchers contribute to Ethos of which most article are either rejected or send for revision with referee comments. Unfortunately the articles send for revision does not come for resubmission. The entire experience arouses towards need of providing scientific training to upcoming researcher's via-a-vis refreshing the guides.

Present volume envelops eight articles only. The added sections for case study, bibliography and book review was proposed but Ethos does not receive the quality papers in this category for this volume. It is an earnest request to all research scholars to contribute in this section also.

Corporate have started looking at the bottom of pyramid as potential market. Prof. P.S. Rao and Divakar Kamath has contributed a study of innovative approaches by telecom service providers in rural telecom market. Present Ethos contributed with five articles on the functional area of marketing and three article from financial area of management.

India is still known as agricultural economy. Majority of population stays in rural area. The fianancial reforms of government viz. inclusive financing are focused on rural sector of the economy. Dr. Shrikrishma Mahajan and Sagar Walvekar has coined the issue of financial management with respect to sugarcane cultivators. Divya Lakhani and Puja Bhardwaj studies financial inclusion aspects. The studies contributed by Dr. Sudhir Patil and Pravin Jadhav on Plus size clothing is worth talking of niche market. Sachin Borgave and Rajendra Badale discussed the involvement of Business Owners in MLM at Amway.

I hope that the articles contributed by research scholars and academicians would be immensely readable and beneficial to stakeholders. I look forward to your valuable feedback to enable us enthrall readers and ensure continuous improvement.

Dr. B.S. Sawant
Editor-in-Chief

A Study of Innovative Approaches by Telecom Service Providers in Revolutionalizing Rural Telecom Market in India

Prof. P.S. Rao, Divakar Kamath B.

Abstract :

Today, India has become the fastest growing Telecom markets in the world and has surpassed US to become the second largest wireless network in the world after China. The mobile phone revolution is sweeping across India and has the potential to dramatically transform the lives of the nation's rural population. Although Rural India accounts for 70 percent of India's population, and 54% of its GDP, rural average per capita income is 56 percent lower than the urban average. Millions of people in rural India still live below the poverty line. There is immense potential for Telecom Sector to grow in Rural areas, where Telecom services are yet to make significant in-roads. However, unlike the urban masses who were familiar with the telephone even prior to liberalization, the majority of the potential hundred million new rural subscribers will be first time users and therefore, special efforts through awareness programme, customized value addition, innovative marketing & pricing will be required

An attempt is made in this paper to present various innovative approaches by Telecom Service Providers. This research paper further explains the revolutions happening in Rural Telecom Market in India. In conclusion some useful suggestions are made to further revolutionalize Rural Telecom Market in India.

Keywords: Telecom Service Providers, Innovative approaches, Rural areas

Introduction :

"Information is critical to the social and economic activities that comprise the development process. Telecommunications, as a means of sharing information, is not simply a connection between people, but a link in the chain of the development process itself." Hudson, 1995.

Indian Telecommunication Industry:

Even though telephones were introduced in the major towns and cities across the country during the British period, total number of telephones in India in 1948 was merely 80,000. The growth was negligible even after independence and the telephone was used as a status symbol by the rich despite being an extremely essential device of public utility. This sluggish rate of growth continued till 1991 when the number of telephones was mere 5.07 million. The period post 1975 saw the resurgence in the India Telecom Market by virtue of a series of fruitful decisions initiated by the Government which included the following initiatives:

1. The separation of Department of Telecom (DoT) from Post and Telegraph (P&T) in 1975.
2. The formation of Mahanagar Telephone Nigam Limited (MTNL) out of DoT to provide telecom services exclusively to Delhi and Mumbai in 1986.
3. In the 1990s, the telecom sector was opened up by the Government for private investment as a part of Liberalization-Privatization-Globalization Policy.

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4. On 1 st October, 2000, the Government corporatized its operations wing under the name of Bharat Sanchar Nigam Limited (BSNL).
5. To top it all, the introduction of mobile communication in 1995 and the growth thereafter is undeniably the biggest success story scripted by the Indian telecom industry.

Today, India has become the fastest growing mobile markets in the world and has surpassed US to become the second largest wireless network in the world. As per the report of Telecom Regulatory Authority of India (TRAI) released on 23rd February, 2010, the total number of Telecom Subscribers in India as on January 2010 is 58.18 Crores.

The overall teledensity (number of telephone connections per 100 people) has reached 49.50 at the end of January 2010. Total number of wireless subscribers base stood at 54.5 Crores at the end of January 2010. The wireline subscriber base stood at 36.76 million at the end of January 2010. Total Broadband subscribers base has reached 80 lacs at the end of January 2010.

Significance of the Study:

"What matters most about a new technology is not how it works, but how people use it and the changes it brings about in human lives…"-

Frances Cairncross

"The Soul of India resides in Rural India".

-Mahatma Gandhi

There is a huge digital divide between Urban and Rural India. As per data published by TRAI, the urban teledensity (No of telephones per 100 persons) was 72.47 as against the rural teledensity of only around 12.72 as of September, 2008. During the last two decades, though several attempts have been made to extend the benefits of the telecom revolution to rural masses but the gap between urban and rural tele-density has widened. This has lead to an increasing awareness among all stakeholders about the immense growth potential that rural markets can offer.

As per census 2001, there are total 593,731 villages in India. Rural India has a population of 82.83 Crores and this amount to nearly 70 % of India's population. There are total of 15.1 Crores rural households. Rural India contributes to 54% of GDP and is higher than GDP of Switzerland. The population of rural India is about 12% of the world population, which makes it bigger than the size of Europe. Rural India presents a huge opportunity but it also represents a huge investment for Telecoms Service Providers. The key factor is the much lower population density of the rural areas as well as high cost which is driven largely by coverage and area, while revenue opportunity is driven by population. In order to bridge the growing digital gap between the urban and rural India, it is necessary that a good growth equation is created for rural India, both for the telecom service providers as well as for users.

To achieve this dream, all the stakeholders such as the Government, Telecom Service Providers, Mobile Handset companies, Mobile Value Added Service players (MVAS) would need to collaborate and work closely.

Objectives of the Study:

1. To study and analyze the current practices of Rural Telecom Market in India.
2. To study and analyze the innovative practices by Telecom Service Providers as well as the corresponding revolution in Rural Telecom Market in India.
3. To study the Innovative practices by Mobile Value Added Services (MVAS) as well as their corresponding revolution in rural telecom market in India.
4. To make suggestions on the basis of study and findings to Telecom Service Providers in further revolutionalizing the rural market in India.

Operational Definitions of terms and concepts:

Innovation and Innovative approaches:

Confederation of Indian Industry defines Innovation as a new idea or a new way of doing something that is value generating. Innovative Approaches mean new ways of doing something. It refers to incremental or emergent or radical and revolutionary changes in thinking, products, marketing, processes or organizations

Telecom Service Providers:

Telecom Service Providers in India mean providers of the following 3 main categories of Telecom Services and products:

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1. Wireline or Landline Telephone Services.
2. Cellular or Mobile Telecom Service Providers (includes both GSM & CDMA)
3. Broadband subscribers.

Definition of Rural Areas:

As per the Census of India 2001, the areas which do not fulfill the qualification of urban are classified as rural areas.

The urban area is defined as follows:

1. All statutory places with a municipality, corporation, cantonment board, town area committee, etc
2. A place satisfying the following three criteria simultaneously:

a. Minimum population of 5,000 ;

b. At least 75 % of male working population engaged in nonagricultural pursuits

c. Density of population of at least 400 per square Km (1,000 per sq mile).

Research Methodology:

Research is done based on exploratory design involving extensive survey of secondary data as well as primary research. Data was collected both from primary sources and secondary sources. Primary data was collected through survey mostly by administering questionnaires and also through personal interviews. The questionnaire had both structured as well as open ended questions. Secondary data was collected through extensive study of information available through archives comprising books, articles, magazines, databases etc. to understand the current practices of Rural Telecom Business.

The research aims at evaluating the following Hypothesis:

Research Hypothesis:

Innovative practices by Telecom Service Providers in revolutionizing Rural Telecom Market in India.

Null Hypothesis- H0:

Innovative approaches by Telecom Service Providers are not vital for revolutionizing Rural Telecom Market in India.

Alternative Hypothesis-Ha:

Innovative strategies by Telecom Service Providers are vital for revolutionizing Rural Telecom Market in India

Sampling:

Deliberate sampling (Non-probability sampling) was used while selecting the villages. However quota based random sampling was used while surveying rural people within these selected villages. Total of 330 respondents were surveyed in 9 villages which fall under Western Zone (Maharashtra) , Northern Zone (Punjab) as well as Southern Zone (Karnataka) in India.

Table 1.1: Profile of villages surveyed

Sr.	Name of the village	Population of the village	Taluka	State
1	Moodubelle	3600	Udupi	Karnataka
2	Kattingere	2300	Udupi	Karnataka
3	Padubelle	1700	Udupi	Karnataka
4	Goindwal	4200	Tarn Taran	Punjab
5	Akbarpur	2100	Tarn Taran	Punjab
6	Dhunda	2800	Tarn Taran	Punjab
7	Gangawalan	950	Indapur	Maharashtra
8	Kalashi	3200	Indapur	Maharashtra
9	Kothure	4100	Niphad	Maharashtra

Source: Compiled by researchers on the basis of primary data

The following are the 3 categories of respondents surveyed based on random sampling.

1. Mobile Phone Subscribers
2. Non subscribers of Mobile Phone Services
3. Retail outlets selling Mobile Phone Services in these villages

Table 1.2: Break up of sample size

Sr.	Description	Karnataka	Punjab	Maharashtra	Total
1	Number of Mobile Subscribers	70	62	71	203
2	Number of Non-subscribers	36	30	35	101
3	Number of Retailers selling Telecom services	11	5	10	26
	Grand Total	117	97	116	330

Source: Compiled by researchers on the basis of primary data

Tools and Techniques of Data Analysis:
Analysis was done based on both qualitative and quantitative techniques of analysis. This helped the researcher to find out various innovations as well as revolution happening in rural market. Statistical tools such as Chi Square test of Independence as well as One proportion and Two proportions tests were used for Hypothesis testing of Proportions.

Variables:
Dependent Variable used is Revolution in Rural market in India and independent variable is Innovative Practices by Telecom Service providers.

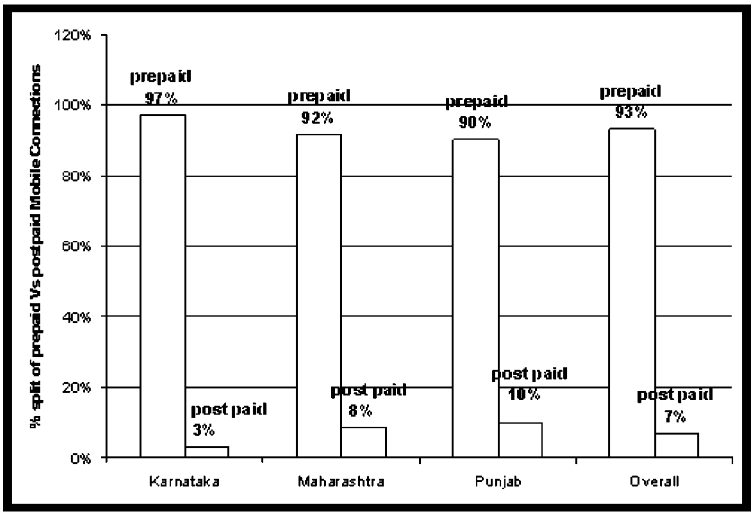
Limitations of the Study:

1. The primary research did not cover villages in Eastern region of India. This was because of time and financial constraints and also because the eastern region constitutes less than 10 % of the Indian telecom market.
2. Difficulty in getting 100% transparent data by various Telecom companies in sharing their specific marketing strategy for rural market.
3. This study was limited mostly to existing Pan India Telecom Service Providers and did not cover the new telecom operators who are either yet to launch or are just beginning their services in the country(eg :Infotel Broadband Services, Etisalat,, S-Tel, By Cell, Datacom, Loop Telecom).
4. Availability of adequate published data in the area of research was one of the limitations.

Analysis of Data, Observations and Findings:
Following Innovative approaches as well as revolutions were observed by the researcher in rural market:

1. **Innovation of Prepaid SIM**
   Survey findings reveals that Innovative Prepaid SIM cards have revolutionalized Rural Market as 93 % of the respondents used these Prepaid Mobile Connections as shown in Chart1. These "Innovative Prepaid SIM cards" have no monthly rentals to be paid unlike Postpaid Mobile Connections and can be recharged in smaller denomination at regular frequencies depending on need and savings of rural consumer.

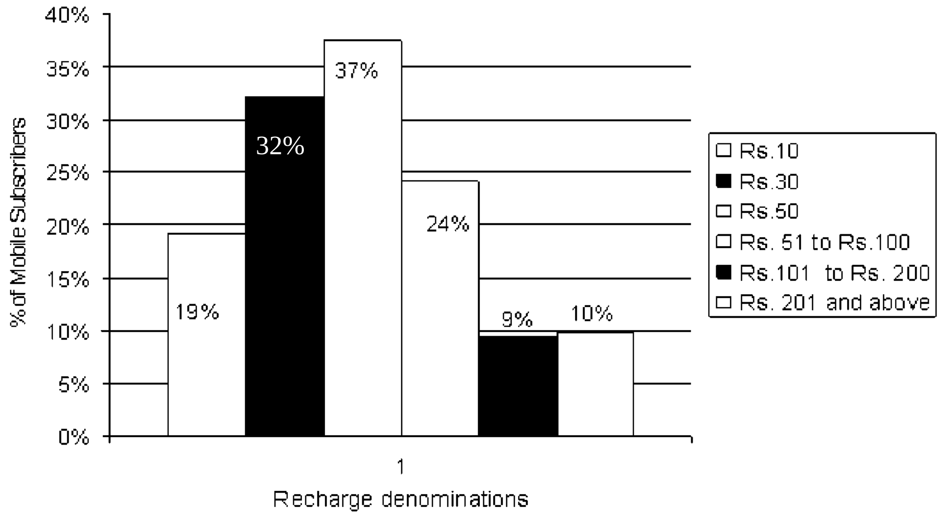
Chart 1.1: Types of Mobile connections used by Mobile Subscribers



Source: Compiled by researchers on the basis of primary data

2. **Innovation of Small denomination Mobile Prepaid Recharge Packs**
   Survey findings reveals that Prepaid Mobile Recharge Pack of Rs. 50 had highest preference as this Pack was bought by 37% of Mobile Phone Subscribers. Smallest recharge denomination of Rs. 10 was bought by 19% of Mobile Phone Subscribers. Chart 1.2 also reveals that Mobile Recharge Pack of Rs. 30 was 2nd highest Recharge denominations used by Mobile Phone Subscribers(32%).Hence it is evident that Telecom Service providers offered flexible innovative Prepaid Mobile Recharge Packs to suit the savings or seasonal earnings and usage of Mobile Phone Subscribers.

Chart - 1.2 Prepaid Mobile Recharge Packs bought by Mobile Subscribers



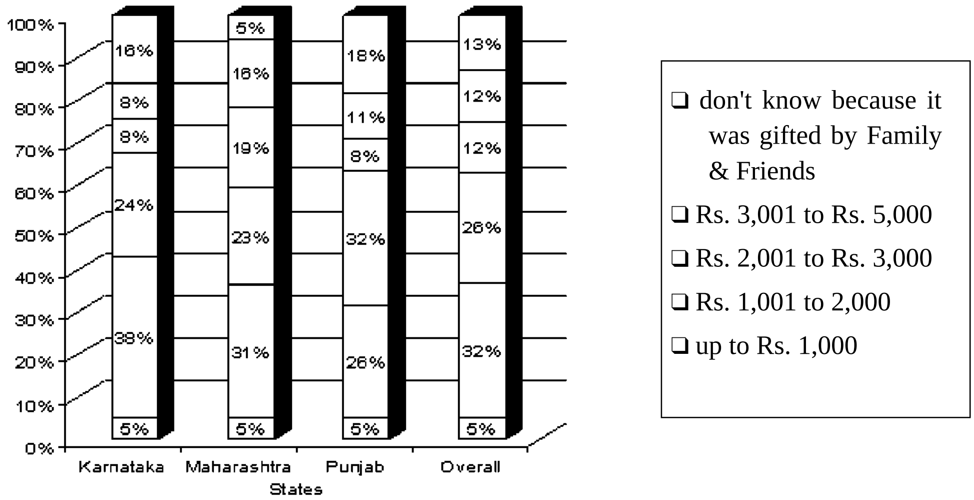
Source: Compiled by researchers on the basis of primary data

3. **Innovative approach of multiple options of Mobile Handsets with attractive pricing**
   Survey findings reveal that Telecom companies offered multiple models of Mobile Handsets which are attractively priced to revolutionalize the Rural Telecom Market. 63% of the respondents bought Mobile Phones for less than Rs. 3,000 and 37% of the Mobile Handsets were bought at a price less than Rs. 2,000.

   Detailed analysis of all the 3 states in Chart 1.3 also show similar trends as prices of 67 % of Mobile handsets bought in Karnataka are below Rs. 3,000 where as in the state of Maharashtra 59% of the Mobile

Handsets bought are in the price of below Rs.3,000 . In Punjab, 63% of Mobile Handsets were bought at price of below Rs. 3,000.

Chart 1.3: Prices paid for Mobile Handset by Mobile Subscribers

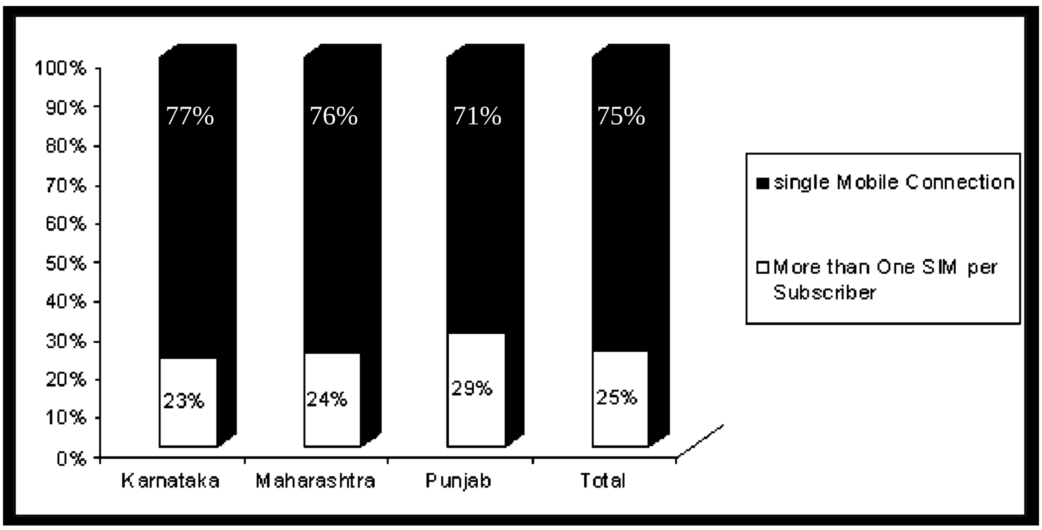


Source: Compiled by researchers on the basis of primary data

4. Revolution of Multiple SIM cards per Mobile Phone Subscriber

Research findings reveals that that 25% of the Mobile Phone Subscribers surveyed had more than one SIM per subscriber as shown in Chart 1.4. This is used by Mobile Phone Subscribers to take advantage of various attractive call rate plans launched from time to time by various Telecom Service providers as well as to switch between better network coverage.

Chart 1.4: Mobile Subscribers having multiple Mobile Connections

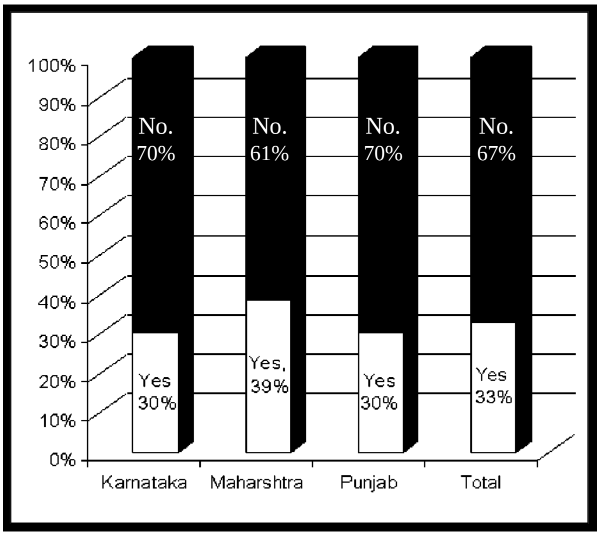


Source: Compiled by researchers on the basis of primary data

1. Revolution of "Mobile Phone used as Family Phone at residence"

Chart 1.5 reveals that 33% of the respondents used Mobile Phone as their Family Phone at their residence as Mobile call rates were perceived to be cheaper than Landline call rates. More over no monthly rentals are to be paid on these Prepaid Mobile Phones unlike Landline Phones.

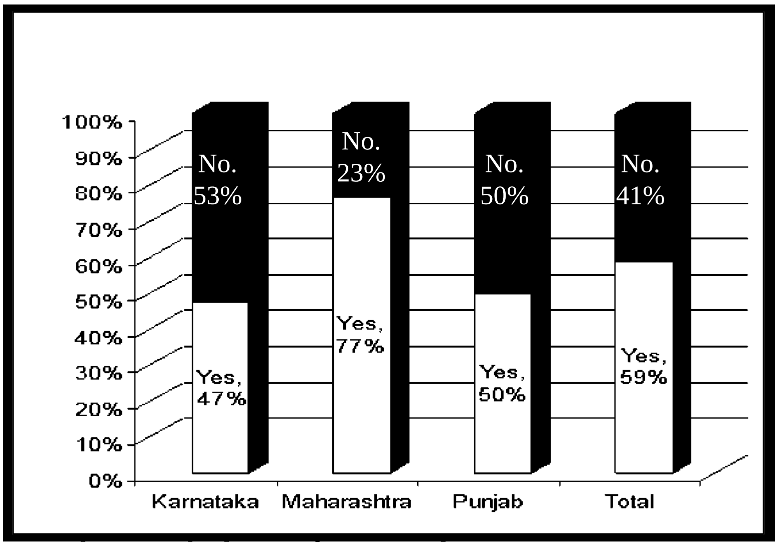
Chart 1.5: Villagers having "Mobile Phone as Family Phone"



Source: Compiled by researchers on the basis of primary data

2. **Revolution of surrendering of Land line phones**
   Chart 1.6 shows that Mobile Phones are revolutionalizing Rural Market as 59% of respondents surrendered their Landline Telephones because they found Prepaid Mobile Phone services to be more cheaper and affordable and no monthly rentals is charged in case of Prepaid Mobile Connections

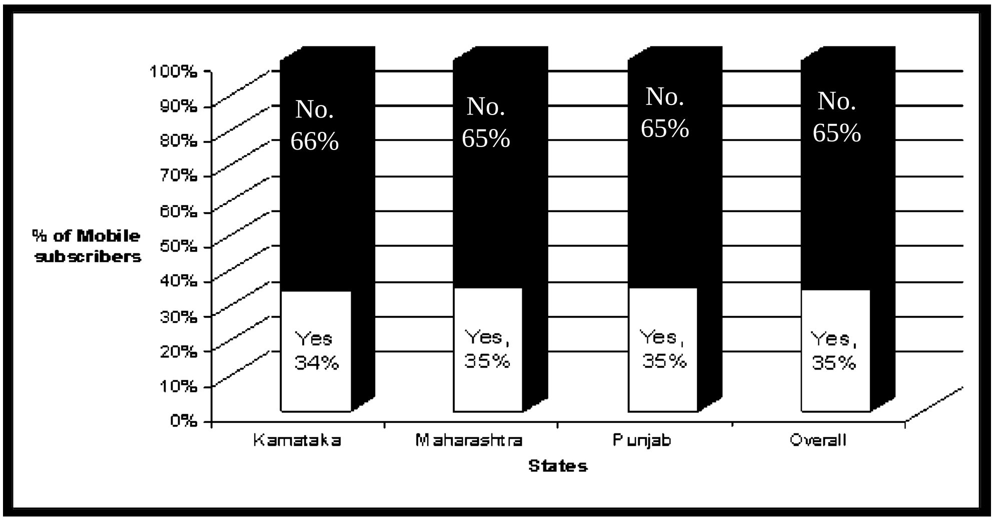
Chart 1.6 : Mobile Subscribers who surrendered land line and replaced the same with "Mobile Phone as their family Phone" at their residence



Source: Compiled by researchers on the basis of primary data

7. **Innovation of Prepaid Mobile Internet**
   Survey findings shows that Prepaid Mobile Internet services have revolutionalized the Rural Market as 25% of the Mobile Phone Subscribers who never owned a PC or Internet connection at home found it very attractive to use Mobile Phone for internet access and the same is reflected in Chart 1.7. These respondents found these Mobile Internet services as more affordable and convenient since these packs are available in cheaper denominations with flexible days of validity such as Rs. 7 for 73 MB with 1 day validity , Rs. 14 with 150 MB for 2 days validity, Rs. 16 for 200 MB with 3 days validity as well as Rs. 98 for 2 GB with 1 month validity

Chart 1.7: Usage of Mobile Internet

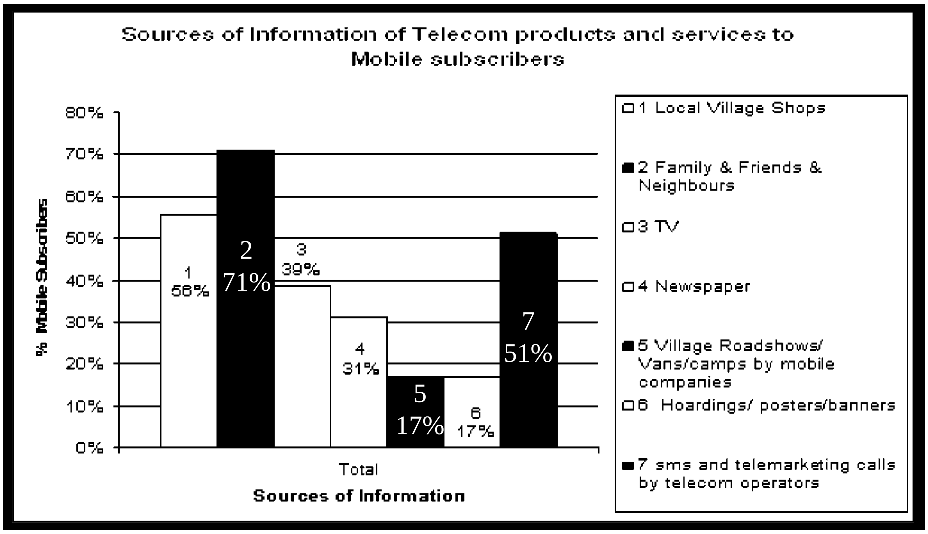


Source: Compiled by researchers on the basis of primary data

8. Innovative channels for increasing awareness

Chart 1.8 reveals that, in addition to conventional media of TV and Print media, Telecom companies have used innovative alternative channels for increasing awareness of their products and services. Research findings reveal that "Family and Friend and neighbours" was the top most source of information about Telecom Products and Services for respondents. In addition to the conventional medium of TV and Newspapers, Mobile Phone Subscribers came to know about new products and services from other non-conventional media such as Local village shops, Village Roadshows , Company vans with loudspeakers as well as Hoardings, Posters and Banners in the villages.

Chart 1.8 : Sources of information of New Telecom Products and Services



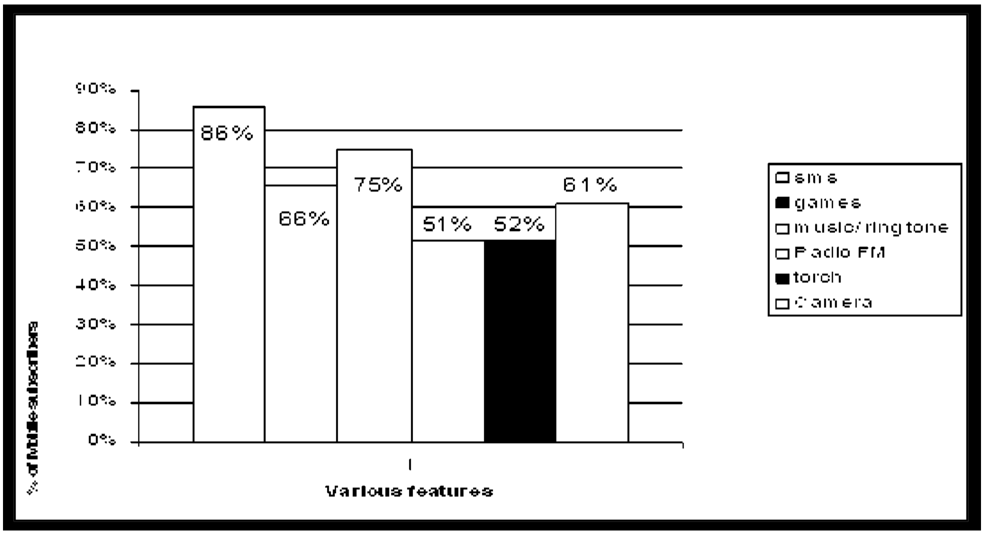
Source: Compiled by researchers on the basis of primary data

9. Innovative approach of positioning of Mobile Phone as a Multi Purpose Device

Survey findings reveals that telecom companies have used Innovative approach of positioning Mobile Phones as " Multi Purpose Device". Survey findings reveal that "SMS or text messaging" was used by 86% of Mobile Phone Subscribers. Chart 1.9 also shows that 75% of the Mobile Phone Subscribers used " Music & Ring tone" feature of Mobile Handsets. "Games" feature is the 3rd most used feature of Mobile

Handsets as the same is used by 66% of the respondents. "Torch" feature of the Mobile Handsets was used by 52% of the Mobile Phone Subscribers where as 51% of the respondents used "Radio" feature of the Mobile Handsets.

Chart 1.9: Features of Mobile Handset used by Mobile Subscribers

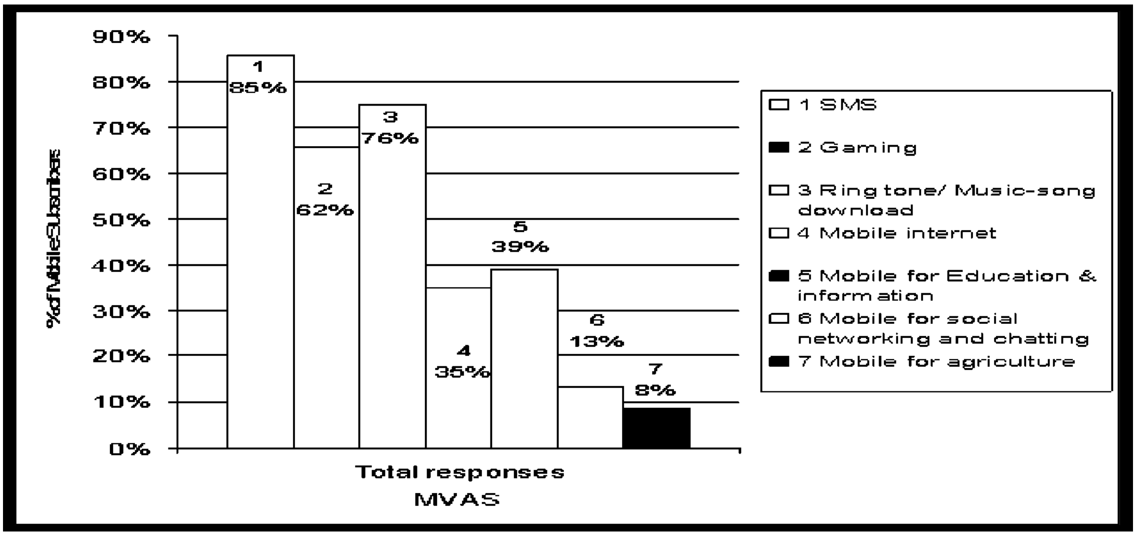


Source : Compiled by researchers on the basis of primary data

10. Promotion of Innovative Mobile Value Added Services (MVAS)

According to the survey findings, SMS had highest usage level as 85% of total 203 respondents used SMS. Mobile for "Music and ring tone download" is used by 76% out of total 203 respondents and Gaming applications were used by 62% of respondents. Chart 1.10 also reveals that Mobile based agriculture application is used by 8% of respondents. MVAS for social networking & chatting is used by 13% of the Mobile Phone Subscribers. Mobile Internet and Mobile for Education applications are used by 35% & 39% of respondents respectively.

Chart 1.10: Usage levels of MVAS by Mobile Subscribers

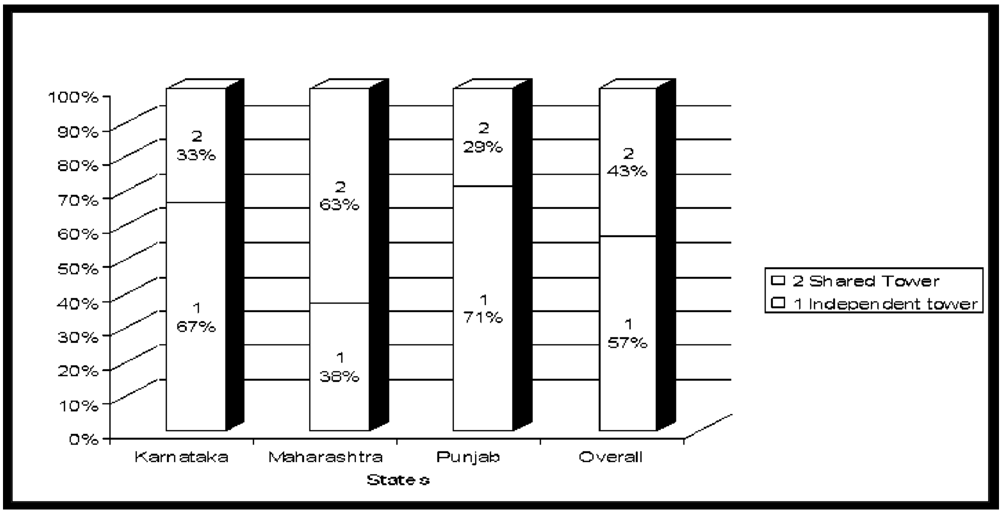


Source : Compiled by researchers on the basis of primary data

11.Innovative practice of Telecom Tower sharing by Telecom Service providers

Researcher also observed the Innovative practice of Telecom Tower sharing by few telecom towers in these 9 villages. It was found that 9 out of 21 towers in these 9 villages were shared towers and this helped them bring down cost of installing telecom towers in these villages. Research findings in chart 1.11 reveals that 43% of Telecom Towers installed in 9 villages surveyed are " Shared Telecom Towers" . The state wise analysis of types of Telecom Towers reveals that 63% of the Telecom Towers installed in the villages of Maharashtra are "Shared Telecom Towers" where as in the villages of Karnataka , 33% of the Telecom Towers installed are of Shared type. In the villages of Punjab , 29% of the Telecom Towers installed are " Shared Telecom Towers".

Chart 1.11: Types of Telecom Towers in the villages

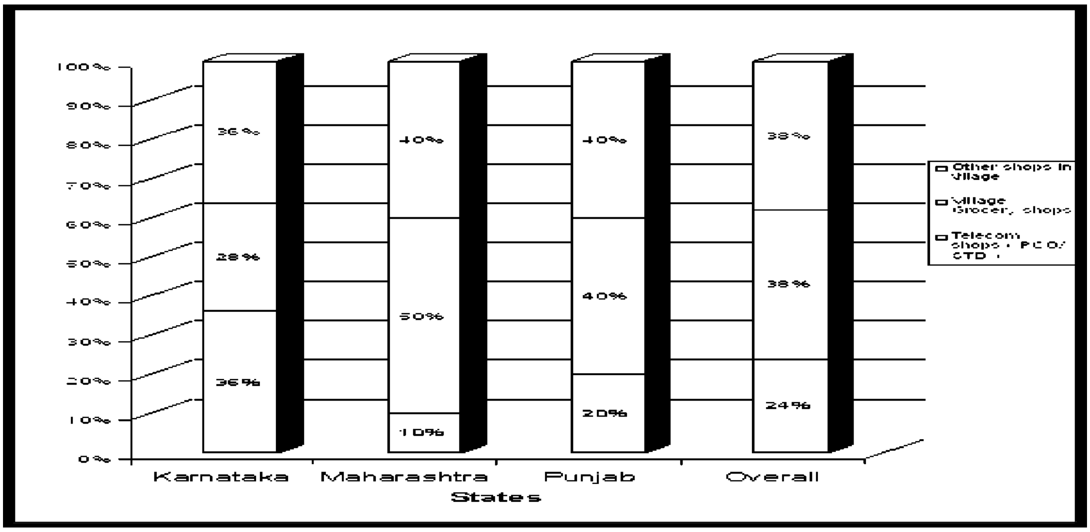


Source : Compiled by researchers on the basis of primary data

12. Innovative approach of using unconventional channel partners for selling various telecom products and services in the rural market

Survey findings reveals that 38% of the shops which sold Telecom Products and Services in the 9 villages surveyed are Village Grocery shops. The other 38% of the shops selling Telecom products in these villages were other category of village shops such as "Stationary shops, laundry, medical stores, Paan beedi shops, Restaurants etc". As per Chart 1.12, in the villages of Karnataka, 36% of the retail shops were exclusive Telecom shops where as villages in the state of Maharashtra, 50% of the shops selling Telecom Products were Village Grocery shops. Hence it is evident that Telecom Service providers have used innovative unconventional channel partners for selling various telecom products and services in the rural market

Chart 1.12: Types of Retail outlets selling Telecom Products & Services

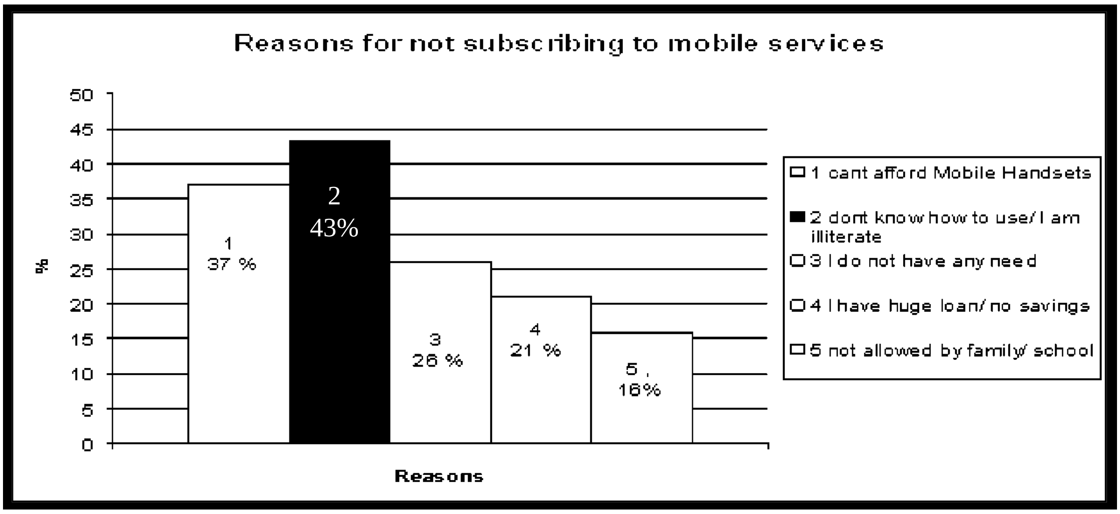


Source : Compiled by researchers on the basis of primary data

13. Reasons for Not subscribing to Mobile Phone Services

Survey results reveals that 43% of Non-subscribers did not subscribe to Mobile Phone Services because they do not know how to use them and they are illiterate. Chart 1.13 reveals that 37% of Non-subscribers did not subscribe to Mobile Phone Services because they could not afford to buy Mobile Handsets where as 26% of Non-subscribers did not subscribe to Mobile Phone Services as they did not feel the need for Mobile Phone Services.

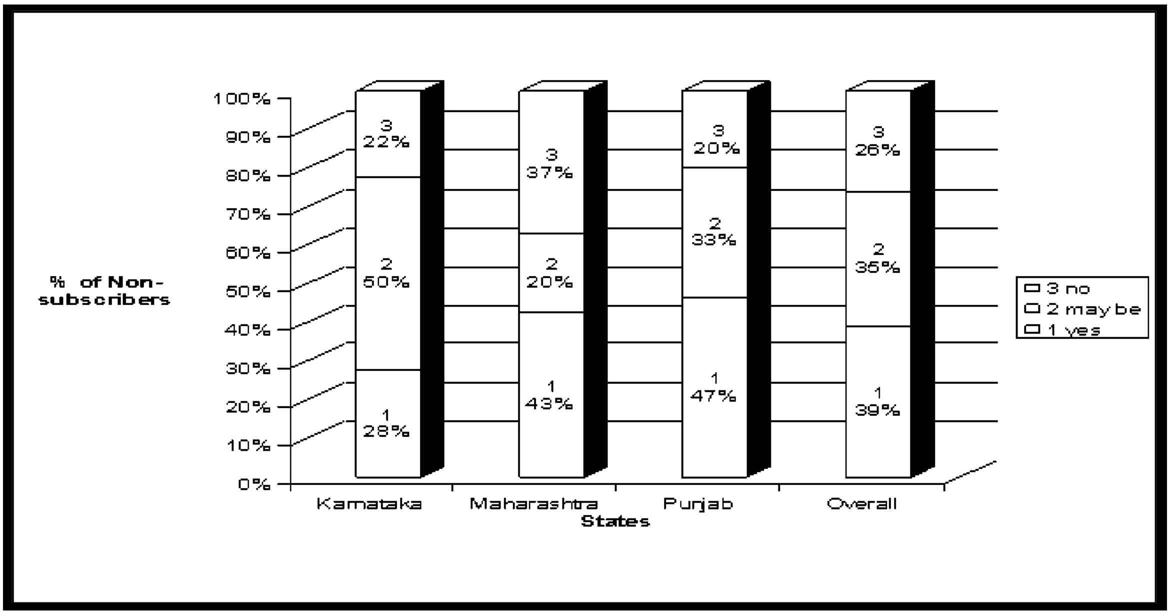
Chart 1.13 Reasons for not subscribing to Mobile Phone Services



Source : Compiled by researchers on the basis of primary data

As per Research findings shown in Chart 1.14, total of 39% of the Non-subscribers were willing to buy Mobile Handsets if they are offered under "Easy Monthly Installment Scheme or Micro Financing Scheme" where as 35% of the Non-subscribers may consider buying the Mobile Handsets if offered under "Easy Monthly Installment Scheme or Micro Financing Schemes".

Chart 1.14 : Willingness to buy Mobile Handsets if offered under easy Monthly Installment Scheme



Source : Compiled by researchers on the basis of primary data

Conclusions and Suggestions:

Conclusions:

This research paper demonstrates that Telecom Service Providers along with Mobile Handset companies are indeed using innovative approaches in revolutionalizing the rural market. The success mantra for the rural mobile market in India lies in Telecom Service Provider's innovative pricing models coupled with the availability of low-cost handsets that support affordable access for rural areas. Attractive handset prices along with innovative Mobile Value Added Services (MVAS) available at extremely competitive prices can make Telecom services accessible to the lower strata of the rural population, which has mostly remained untapped.

Mobile Value Added Services (MVAS) will play an important role in revolutionalizing Rural market by converting a mobile phone into a multi purpose device and thus improving the Average Revenue Per User (ARPU) per month which is lower in rural telecom market. There is immense scope to develop Utility based MVAS services market in rural areas such as Mobile Banking & Mobile Commerce, Mobile Internet , Mobile for education & learning (M-Education), Mobile based Agriculture applications (M Agriculture) , Mobile for Healthcare (M- health) as well as Mobile based e-Governance applications (M-eGovernance) etc.

Suggestions:

Based on observations and findings the researcher has made the following suggestions for further revolutionalizing the rural telecom market.

1. With a telecom service there are two basic components of the service, one being the handset and second being the recharge coupons. Innovation is needed at both the ends to be able to tackle both the issues.
2. Many rural consumers survive on daily wages and have to use cash conservatively. They tend to make purchases only when they have cash and buy only what they need for that day in small quantities .Rural users earn small sums of money frequently and often daily.

   Hence the researcher suggests that Telecom Service Providers must offer products Prepaid SIM Cards as well as Prepaid Mobile recharge packs which can be bought in small denominations and with options to buy them more frequently depending on usage and savings .
3. Non-subscribers of mobile perceive mobile handsets as expensive. Hence manufacturers of Mobile Handsets must ensure that handsets are both economical and practical for the rural consumers. Ultra Low Cost Mobile Handsets should be introduced in the price ranges of below RS. 1000 as well as Rs. 1000 to Rs. 2,000.
4. Micro-financing could provide a possible solution for the problem of affordability. Tie-ups with Financial Institutions and Micro Financing Institutions (MFIs) could enable the rural consumers to purchase Mobile handsets and services at affordable rates by providing a loan package to purchase a handset.
5. Researcher also suggests that the Mobile Phone should be positioned as Family Mobile Phone at residences of rural consumers by showing that it is a more affordable option as there are no fixed rentals as compared to landlines for which rural subscribers have to pay fixed rentals and call rates in mobile phones are much cheaper and availability of recharge packs in denominations as low as Rs. 10. This strategy could be used for both non-subscribers of mobile as well as for landline subscribers.
6. Researcher suggests that Mobile Handset companies should focus on features of Mobile handsets that are specific to the needs of rural consumers and easy to operate. Mobile handsets should have features of long battery life, torch, easy text messaging, radio, games, music and ring tone etc. The ultimate objective should be to motivate rural consumers to use mobile phones more and more as a multi purpose device and not just for making and receiving calls..

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7. It is suggested to have Multi lingual support for Mobile handsets since majority of the current models of the handsets in rural market support only English. There is an urgent need to use the local language in the mobile handsets and they should support vernacular languages.

8. In order to appeal to the consumers of rural India, researcher suggests that telecom marketing should adopt very local strategies in its marketing and promotion schemes. Sponsoring and organizing sports activities and other rural events also help in establishing the brand as integral part of rural lifestyle. Researcher suggests that Non-conventional interactive media such as puppet shows, and live demonstrations in haats and rural fairs should be used for creating awareness and promotion in rural market.

9. Researcher suggests that Telecom Service Providers should locate influential people in the village community such as village elders, village sarpanch, head of the local primary / secondary school, doctors, postman and explore the opportunity to use them to market new Telecom Products and Services.

10. This study suggests the use of local entrepreneurs and local village shops as Telecom retailers. Local entrepreneurs are the heartbeat of rural areas and they can also be invaluable in providing local insight and operational and marketing support.

11. For increasing ARPU in rural market the researcher suggests that Telecom Service Providers and MVAS companies should develop innovative, Mobile value-added services (MVAS) to drive increased usage of Mobile. These should be made on Mobile phones in local vernacular languages and they should also largely be menu driven and user friendly as far as possible in order to overcome the issue of illiteracy. Researcher suggests that MVAS services such as Text messaging/ SMS, Ring back tone and Music, Games, Radio , Mobile based e-learning applications, Mobile based news in local languages, Mobile based agriculture applications should be positioned in rural markets as the same will help in increasing ARPU .

12. Researcher suggests that there should be continued efforts for promoting increased awareness and adoption of Mobile Internet and data services in rural market. These Mobile Internet packs should also be available in prepaid packs in such a way that students can buy them in small denominations and can also choose to buy them more frequently depending on usage and savings .

13. Researcher suggests that to increase network coverage in villages Telecom Service Providers should go for partnership arrangement for Sharing of Telecom Towers to increase coverage. Sharing such infrastructure can yield significant cost savings that are essential to boost the business case for rural telecom coverage.

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A Study on Consumer Preference for Life Insurance Companies in Pune City

Veerdhaval S. Ghorpade, Umesh M. Deshmukh

Abstract :

The insurance industry in India has seen an array of changes in the past one decade. The year saw an upraise in the Indian insurance sector as major structural changes took place with the ending of the government monopoly and the route of the Insurance Regulatory and Development Authority (IRDA) Bill lifting all entry restrictions for private players and allowing foreign players with some entry restriction and limits on direct investment ownership. With the fast changing liberalization, globalization and privatization policies, the changing and growing needs and demands of people have made the insurance industry more competitive. Both public and private players now offer greater choice in terms of products and services. They also make valuable efforts to create awareness about the benefits and significance of insurance although there is still a blocking point among the people.

This paper analyzes and rates all the life insurance companies by analyzing certain variables, the effect of privatization and measuring the customer perception, purchase behavior and consumer awareness regarding the life insurance industry.

Keywords : Consumer Preferences, Life Insurance, customer perception, purchase behavior and consumer awareness, privatization, policy awareness.

Introduction :

a) Brief History:

In 1818, the British government introduced life insurance to India, with the establishment of the Oriental Life Insurance Company at Calcutta. In 1950, non-life insurance made its first appearance with Triton Insurance Company Ltd. The Bombay Mutual Life Assurance started in 1870 is the first Indian-owned life insurance, and Indian Mercantile, started in 1907, is the first Indian non-life insurer. In 1912, only the Indian Life Assurance Companies Act was enacted to regulate the life insurance business. Most current insurance laws replaced the earlier Act in 1938. In 1956, life insurance became nationalized, and in 1999 LPG policies gave the right solution of privatization of insurance industry and allowed the foreign investors to enter into joint ventures with Indian insurance companies.

b) Product Portfolio:

Based on the objectives, plans offered by insurers can be classified under three categories: (1) Insurance products (term plans); 2) Pure investment products (pension plans) and (3) Investment cum Insurance products (endowment, money back, whole life and unit-linked insurance plans.

c) General Climate of Indian Insurance Industry and its Consumers:

The Indian insurance industry, taking advantage of positive conditions in the economy, has seen a fabulous growth in the recent years after passing LPG policies. It has undergone a significant transformation and emerged with noticeable trends. Conversely, it faces increasingly tremendous challenges because of changing customer demographics, technology know-how regulatory changes and emerging channels of distribution. In

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addition to that, with the increasing awareness of India's populace about the risks in daily life and importance of insurance policies, the entry of global players and their benefits have positively changed the insurance industry into a dynamic one. As a result of all this, at present, there are 13 major players in India (1 public sector and 12 private players) trying to capture their ranking by fulfilling the needs and wants of the customers. However, they continue to face big challenges in satisfying their customers. This study focuses on comparing these companies in the insurance industry and attempts to assess the consumer response rate for privatization and awareness of life cover and the new and existing policies.

Objectives of the Study:

1. To compare and rate all the life insurance companies by analyzing certain variables.
2. To measure the customer perception, purchase behavior and consumer awareness regarding the life insurance industry.
3. To study the privatization, policy awareness and life coverage awareness among the consumers.
4. To create a basic awareness about the policies and the other benefits of each life insurance company among the public.

Methodology:

This is an exploratory research which deals with the entire life insurance industry in India. The target population is the policy holders, which may be considered as an infinite one. In this research, we adopted stratified sampling. Here the age levels are considered as the strata. In life insurance policies, the most important factor is the age level, the premium, as well as changes according to the age level. Since the stratified sampling method is a probability sampling method may statistical tools and techniques can be used to analyze the data. Sample size was 500 and the research was conducted at Pune. Stratified sampling method focuses on the accuracy of the data, during the time of analysis. Both primary data and secondary data have been analyzed.

Data Analysis and Results:

Table 1: Average Premiums of all Life Insurance Companies

Sr.	Players	Average Premium in the year
1	LIC	5,249
2	ICICI Prudential	13,669
3	Max New York Life	8,366
4	HDFC Standard	9,311
5	Birla Sun Life	17,740
6	Allianz Bajaj	6,871
7	Om Kotak Mahindra	11,763
8	SBI Life	7,661
9	ING Vysya	5,720
10	MetLife	7,785
11	AMP Sanmar	4,665
12	Aviva Life	6,271
13	Tata AIG	7,963
14	Private Players	9,952
	Total	5,550

The total average premium is Rs.5, 550 and the average premium Rs.5, 249 is the nearest to this. From Table 1, it is evident that the average premium of the 12 private players is Rs.9, 952, i.e., there is a huge difference from the grand total average premium.

It is evident that LIC has maximum policy holders; and when questioned on the reason for the purchase of insurance products, out of the 500 respondents, 25.4% purchase policy as an investment to get return, as a risk cover of death- as a tax saving scheme (Table 2). Only 5.6% stated that purchases the policy as a risk cover of death only. From this, we can clearly know that consumers expect more benefits than the single benefit offering because customers are now beginning to incorporate insurance plan while drawing up their financial plans, as it now works as a good saving instrument and also it shows source of tax concessions. Hence, companies should plan and offer products which can assist their customers in building complete financial plan. Hence, insurance companies must move from selling insurance to marketing as essential financial products.

Table No. 2: Purpose of Purchasing a Policy

Sr.	Purposes of Purchase	Percentage
1	(a) As a tax saving scheme only	8.2
2	(b) As an investment to get return	12.2
3	(c) As a risk cover of death	05.6
4	Both (a) and (b)	16.4
5	Both (b)and (c)	19.6
6	Both (a) and (c)	12.6
7	(a), (b) and (c)	25.4
	Total	100.0

Table 3: Company Awareness of customers

Sr.	Company	Percentage
1	LIC	100.0
2	ICICI Prudential	71.2
3	HDFC Standard	62.4
4	Allianz Bajaj	61.6
5	Birla Sun Life	57.4
6	Max New York Life	56.2
7	Om Kotak Mahindra	54.8
8	AMP Sanmar	53.2
9	Tata AIG	51.8
10	SBI Life	50.8
11	ING Vysya	47.8
12	Aviva Life	46.8
	MetLife	45.6

Table No.3 clearly explains about insurance companies' awareness among Pune city respondents and we observed that out of 500 respondents of both public and private insurance policy holders, 100% of the respondents are aware of LIC and 71.20% of the respondents are aware of ICICI Prudential. This shows that awareness and growth prospects of LIC is considerably better than that of the private players; nevertheless LIC have to face tough competition among ICICI, HDFC, Allianz Bajaj, Birla Sun Life, etc., because across the Global, Information Technology has become increasingly popular with consumer these days and low rate of adoption of internet of LIC than the other players on the other hand private players feel that convenience, time savings and money saving schemes is the key factor to the success of business and now they clearly tapped consumers expectation.

The success of every service business depends upon the awareness about the products/service; service rendered by the company and also very important factors is consumer expectation and preference to buy products services.

Table 4: Consumer Preferences Rate a new Policy Purchase

Sr.	Company	Percentage
1	LIC	82.4
2	Private Players	17.6
	Total	100.0

From table No.4, it is observed that 82.4% of the respondents prefer to buy LIC's new policy and very limited (17.6%) customers preferred to purchase private players policy. However, private players like HDFC, ICICI Prudential, Birla Sun Life and Allinaz Bajaj are trying to fill up consumer preference by offering various new innovative plan but they have to think more effective channels of distribution to reach ultimate buyers.

Table No. 5: Consumer Preference Rate of Private Companies for New Policy Purchase

Sr.	Company	Percentage
1	ICICI Prudential	29.50
2	HDFC Standard	20.40
3	Allianz Bajaj	15.90
4	Tata AIG	05.70
5	Birla Sun Life	09.10
6	Max New York Life	02.30
7	Om Kotak Mahindra	04.60
8	AMP Sanmar	10.20
9	ING Vysya	0.00
10	SBI Life	2.30
11	Aviva Life	0.00
12	MetLife	0.00
	Total	100.00

Specifically, we analyzed consumers for policy preferability among Pune based 88 (17.6%) respondents (Table-5). Out of the 88 people 29.50% prefer ICICI

Prudential, 20.4% preferred HDFC, 15.9% preferred Allinaz Bajaj and rest, i.e., Tata AIG, Om Kotak, AMP Sanmar, SBI Life were preferred by few consumers ranging between 10.2% to 2.3%. From this table, we observed that Aviva Life and MetLife new policy are not preferred by respondents but it cannot be said that there is no chance of a new policy preference because our study is limited to Pune city and it may vary in another place, depending on the awareness, promotional activities and channels of distribution of private players. Here, information collected about the preference to the distribution of new policy. They clearly reflected that degree preference given to the agent channels than the Internet and other channels of distribution.

Table No. 6: Reason behind the Prefer ability of a Particular Company

Sr.	Variables	1st	2nd	3rd	4th	5th	6th	7th	Mean Value	Rank
1	More Awareness	31	103	197	74	57	38	0	4.73	3
2	Less Premium	213	136	95	31	25	0	0	5.06	2
3	Variety of Policy	20	69	83	189	91	35	13	4.16	4
4	More Benefits	0	7	32	109	204	84	64	2.96	5
5	Coverage Network	0	0	0	40	44	105	311	1.63	7
6	More Returns	236	182	82	0	0	0	0	6.31	1
7	Advertisement	0	3	11	57	79	238	112	2.25	6

Table No.6 presents the most preferable factors behind the consumer preferring a particular company. Here, consumer response goes to more returns from policy, less premium, more awareness created by companies, variety of policy and advertisement and these are ranked as 1st, 2nd, 3rd, 4th, 5th and 6th respectively, by using mean value calculation.

Table 7: Response Rate of Privatization & Satisfaction

Response Rate of Privatization			Response Rate of Satisfactions of Current Policies		
S.No.	**Response**	**Percentage**	**S.No.**	**Response**	**Percentage**
1.	Agree	60.8	1.	Satisfied	57.60
2.	Disagree	39.2	2.	Non Satisfied	42.40
	Total	100.0		**Total**	100.0

Table No.7 is an integrated table, which indicates the response rate of privatization and satisfaction of current policies with them. Out 500 samples, 60.8% of them are accepted and agreed the privatization of life insurance and rest of the 39.2% of the peoples were disagreed. During the survey we observed that only 50 and above age level customers only disagreed about privatization of the life insurance. On the other hand 56.6% of the respondent was satisfied and 42.6 of them not satisfied with current policies and schemes. They are in need of innovative schemes and riders.

Table 8: Awareness Rate of Policy and Life cover of the Customers

Policy Awareness			Life Cover Awareness		
S.No.	**Response**	**Percentage**	**S.No.**	**Response**	**Percentage**
1.	Yes	62.80	1.	Yes	35.2
2.	No	37.20	2.	No	64.8
	Total	100.0		**Total**	100.0

From Table No.8, it is evident that 62.8% and 35.5% of the respondents were well aware about the policies and life cover, how much they need for their life. Nevertheless, 37.2% and 64.8% of the peoples did not have any idea about the policy as well as life coverage. This indicates that they lack in basic knowledge of life insurance policies and life cover. Here, it can be suggested that companies should impart more awareness about policies and life coverage that are required for an individual in detail, than the brand campaign because almost all of them are well aware about companies, brands, function and activities.

Table 9: Rating of Companies based on the Purchase of 500 Policy Holders

Sr.	Company	Percentage	Ranking
1	LIC	78.2	1
2	ICICI Prudential	3.6	2
3	HDFC Standard	2.8	3
4	Allianz Bajaj	2.4	4
5	Birla Sun Life	2.2	5
6	Tata AIG	2.2	5
7	Max New York Life	1.8	6
8	Om Kotak Mahindra	1.4	7
9	AMP Sanmar	1.4	7
10	SBI Life	1.2	8
11	Aviva Life	1.2	8
12	ING Vysya	1.0	9
13	MetLife	0.8	10
	Total	100.0	

Table No.9 presents that the well established LIC is dominating with 78.2%, ICICI Prudential with 3.6%, HDFC standard with 2.8%, Allinaz Bajaj with 2.4% of policy holders. And out of the 500 respondents, only 0.8% respondents with MetLife. There are too many factors contributing to the successful purchase of a policy, and in that, the important factor is brand awareness and time of establishment of business. We can judge that LIC has maximum policy holders and ranked as 1st among other insurance companies, and ICICI Prudential, HDFC standard and Allianz Bajaj hold the 2nd, 3rd, 4th ranks, respectively, and Birla Sun Life, Tata AIG ranked 5th, Max New York Life as 6th, Om Kotak Mahindra and AMP Sanmar as 7th, and SBI Life and Aviva Life Insurance companies as 8th among other private players.

Table No. 10: Rank Correlation Analysis

Company	X	Y	di = x-y	di2
LIC	1	1.00	0.0	0.00
ICICI Prudential	2	2.00	0.0	0.00
HDFC Standard	5	4.00	1.0	1.00
Allianz Bajaj	4	3.00	1.0	1.00
Tata AIG	3	9.00	-6.0	36.00
AMP Sanmar	12	6.00	6.0	36.00
Max New York Life	6	7.00	-1.0	1.00
Birla Sun Life	7	5.00	2.0	4.00
Om Kotak Mahindra	11	8.00	3.0	9.00
Aviva Life	8	10.00	-2.0	4.00
SBI Life10	11.50	-1.5	2.25	
ING Vysya	9	11.50	-2.5	6.25
MetLife13	13.00	0.0	0.00	
Total			100.0	

Note : X: the ranks based on the market share on consumed policies (secondary variables):

Y : the ranks based on consumer rating and mean values (primary variable).

SIB and ING Vysya, both have the same ranks. Hence, [(11 + 12)/2] = 11.50 is the rank for both.

Rank correlation, R $= 1 - 6\Sigma di2 + 1/2\,[\Sigma\, mi\,(mi2 - 1)] / n\,(n2 - 1)$

$= 1 - 6 \times 100.50 + ½[2\,(22-1)] / 13\,(13 \times 2 - 1)$

$= 0.72$

Table No. 10 shows Rank correlation has been calculated between the ranks of primary and secondary data by considering the variables of consumed policies and consumer preferences.

Findings of the Study:

1. The total average premium is Rs.5, 5550 and the average premium Rs.5, 249 is the nearest to this. The average premium of the 12 private players is Rs.9, 952 which is a huge difference from the grand total average premium.

2. Out of the 500 respondents, 25.40% purchase policy as an investment to get return, as a risk cover of death as a tax saving scheme. Only 5.60% stated that they purchased the policy as a risk cover of death only. From this, we can clearly know that consumers expect more benefits than the single benefit offering.

3. Regarding insurance companies' awareness among Pune city respondents, it was observed that out of 500 respondents of both public and private insurance policy holders, 100% of the respondents are aware of LIC and 71.20% of the respondents were aware of ICICI Prudential. This shows that awareness and growth prospects of LIC is considerably good than the private players. Nevertheless, with the increasing use of Information Technology tools like Internet and e-commerce, LIC has to face tough competition among ICICI, HDFC, Allianz Bajaj and Birla Sun Life, as its use of this technology is lower compared to the private players. On the other hand, private players feel that convenience, time savings and money saving schemes are the key factors to the success of a business, and now, they have clearly tapped consumers' expectations.

4. 82.4% of the respondents preferred to buy LIC's new policy and very limited (17.6%) customers preferred to purchase private players policy. However, private players like HDFC, ICICI Prudential, Birla Sun Life and Allinaz Bajaj are trying to fill up consumer preference by offering various new innovative plans, but they have to think of more effective channels of distribution to reach the ultimate buyers.

5. Out of 88 people, 29.50% of the consumers preferred ICICI Prudential, 20.4% preferred HDFC, 15.9% preferred Allinaz Bajaj and rest, i.e. Tata AIG, OmKotak, AMP Sanmar, SBI Life were preferred by a few consumers ranging between 10.2% to 2.3%, and it was observed that Aviva Life and MetLife new policy were not preferred by the respondent.

6. The reasons behind the preferability of a particular company can be ranked as follows. More returns from policy, less premium, more awareness created by companies, variety of policy and advertisement as 1st, 2nd, 4th, 5th and 6th, respectively.

7. Out of 500 samples, 60.8% accepted and agreed for the privatization of life insurance whereas 39.3% disagreed. During the survey, it was observed that only 50 and above age level customers only disagreed about privatization of life insurance. On the other hand, 56.6% of the respondents were satisfied and 42.4% were not satisfied with the current policies and schemes. They are in need of innovative schemes and riders.

8. 62.8% and 35.5% of the respondent well aware about policies, life cover how much they need for their life on the other hand 37.2% and 64.8% of the peoples don't have idea about policy as well as life coverage. This indicates them lacking of basic knowledge of life insurance policies and life cover.

9. LIC is well-established and dominates with 78.2%, ICICI Prudential with 3.6%, HDFC Standard with 2.8%, Allinaz Bajaj with 2.4% and out of the 500 respondents' only 0.8% respondents with MetLife. It can thus be inferred that LIC has the maximum policy holders and ranks as 1st among other insurance companies, followed by ICICI Prudential, HDFC Standard and Allianz Bajaj, Birla Sun Life and Tata AIG, New York Life, Omkotak Mahindra and AMP Sanmar, and SBI Life and Aviva Life holding the 2nd, 3rd, 4th 5th, 6th, 7th and 8th ranks respectively, among other private players.

10. From rank correlation method, the rank correlation coefficient (0.72) was calculated by comparing consumed polices and consumer rating in mean value.

11. By using chi-square analysis the association between the type of the company and the satisfaction rate was tested.

Ho:The type of the company and the customer satisfaction rate are independent.

H1:The type of the company and the customer satisfaction rate are not independent (dependent).

Findings: It was found that customer satisfaction rate is strongly associated with the type of the company, hence null hypothesis is rejected.

1. By using chi-square analysis the independence between the acceptance of privatization and age level of the respondents was tested.

Ho : The acceptance rate of privatization and the age level of the respondents are independent.

H1 : the acceptance rate of privatization and the age level of the respondents are dependent (not independent).

Findings: The acceptance rate of the respondent is not independent of the age level of the respondent, i.e., null hypothesis rejected and alternative hypothesis should be accepted. Hence, the acceptance of privatization dependents upon the age level of the respondents.

Suggestions to the Insurance Companies:

1. The key strategy should be the return maximization and the premium minimization. Mainly private companies should refuse the premium and increase the return.
2. Tangibilization strategy should be strictly adopted so as to increase the sales by brand image building, etc. Private players have to build brand image in the minds of public to get established.
3. Any type of physical evidence should be used apart from the brochures as the tangibilization strategy. The insurers can put forward any physical evidence like credit card system for the insurance service and options like premium payment through the cards can also be made. It makes the identity for the particular brand or policy.
4. In order to ensure the reach of all insurance products and services to the ultimate consumers, private insurance companies should follow the understandable market segment strategy. Insurance companies should also make more consultancy services, intermediaries or agencies to channelize the distribution perfectly.
5. The coverage network should also be increased. More riders and benefits should be provided and awareness should be given. Quick settlement of claims should be provided to the consumers. Advertisements should focus on the features and benefit, and the service should get a tangible feeling of satisfaction from the minds of the consumers.

Suggestions to the Customers:

1. As far as possible choose the early mode of premium payment.
2. Stay buying life insurance during the healthy period.
3. Do not pay a markup in premium in temporary illness.
4. Attach a level term cover rider to endowment plans to increase the life cover.

Limitations of the Study:

1. In certain cases, the findings from the survey may contradict the facts. Biases may occur in the case of a Life Insurance Company, which has very good distribution coverage in all the places.
2. Some respondents were unwilling to give their address and name. The negative attitude of the respondents might have affected the study. Incorrect information received from the respondents is also considered as a limitation.
3. The respondents were from Pune city only.

Conclusion:

In many ways the entry of private players has marked a second coming for the sector. Within three years, the sector has undergone a makeover offering the market more choice, better service, quicker settlement, tighter regulations, and greater awareness. Furthermore, from this study, the author strongly believes that the purchasing decision of the consumer depends on quality, accessibility and promptness of services, which may lead a company acquire the top rank with a huge market share.

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Plus Size Clothing : An Emerging Trend In India

Sudhir A. Patil, Pravin S. Jadhav

Abstract :
The study investigates plus size fashion and its scope in retail stores in Mumbai. Eating habits, awareness, availability and comfort are the factors impacting on the plus size clothing fashion. Data was collected through self administered questionnaires. Data analysis included descriptive statistics and chi square goodness of fit test. The results indicate that there is wide scope in the plus size segment of the apparel market. However, the study identified one significant area of customer dissatisfaction which is finding plus size clothing is not easy for an average customer. Recommendation reveals to increase awareness of plus size clothing in the urban middle class segment.

Keywords : Plus size clothing, Apparel market, fashion, Eating habits, Comfort

Introduction :

Lifestyles are changing across the globe, becoming fast-paced and often less healthier, resulting in an unsaid and often unnoticed change - the body structure. Plus size fashion is not just about plus size waist, but plus size profits too. The plus size population is in excess of 150 million, while the market is currently selling less than three million units per annum .Not necessary that this entire obese population would constitute a market to five percent - 100 times the existing level. Plus size apparel entered the Indian market in the early 90s and is growing since then. But this sector has a huge potential. More than 12.1 percent of males and more than 17 percent females are over weight, according to the Third National Family Health Survey 2006.Also, a recent study of 10- 15 year olds in the country reveals that nearly 9.9 percent of the boys and 12 percent of the girls in this age group are over weight and five percent and 6.3 percent are respectively obese.

The study focused on the following objectives:

1. To investigate opportunity in the plus size fashion segment of the apparel market.
2. To investigate awareness regarding plus size clothing in the middle class segment.

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Concepts and Definition:

Plus-size clothing is a general term given to clothing sized specifically for men and women of large build. Plus-size refers specifically to clothing labeled size (US) 14/(UK) 16 and upwards for women, and for sizes over XL for men. Also called Outsize in some countries (predominantly British), this term has been losing favour since the 1990s.Garments over a size 28 or 5x are often referred to as 'Extended Size' or 'Supersize'.In common parlance, the term "plus" means an extra size over the usual "EXL" and "Double EXL" size in ready made garments. Plus size clothing is a general term given to apparel crafted specifically for men and women of large build. The plus size is meant for those who do not have that perfect figure, but still want to wear funky, trendy clothes.

In North America, Australia and many European countries, plus-size clothing is labeled either numerically (14,16,18, etc); by using the letters 'X' and 'XL' and a numeral together (i.e. X, 1X, 2X, XL, 1XL, 2XL, etc). The majority of brands employing the 'X' sizing policy produce garments up to size 3X/3XL. The 'XL' is an abbreviation of 'Extra Large'. Sometimes the letter 'W' appears after the numeral (i.e. 14W) as an abbreviation for 'Woman', denoting sizing for a more mature figure, however this is a trait of mainly U.S. designers and is not an internationally-adopted practice.

Literature Review:

Plus size apparel entered the Indian market in the early

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90s and is growing since then. But this sector has a huge potential. More than 12.1 percent of males and more than 17 percent females are over weight, according to the Third National Family Health Survey 2006.Also, a recent study of 10- 15 year olds in the country reveals that nearly 9.9 percent of the boys and 12 percent of the girls in this age group are over weight and five percent and 6.3 percent are respectively obese. This means that plus size population is in excess of 150 million while the market is currently selling less than three million units per annum. So, there is scope to increase the plus size share from 0.05 percent of the total apparel market .According to Nisha Somaia of Revolutionary clothing Pvt Limited, "There is a huge change, women don't want to hide their bodies in hideous sacks any more and are now willing to go funkier and not just wear loose, ill fitting clothes.

What really holds back the growth of this market, and in fact also the over all apparel market, is the absence of a proper study in body sizing and adoption of standardized sixes for the entire country.

According to the Mintel report, the plus size clothing in the global market is worth about 32 billion dollars and is likely to grow at more than 10 percent in the coming five years.

Obesity in the US increased from 13 percent in the 60s to 32 percent in 2004, and its estimated that by 2015, 75 percent of the adults will be over weight and 41 percent will be obese according to a study by Youfa Wang at John Hopkins university.

Although statistical data suggests that the average women's size in the United States is size 14 with over 60% of the female population wearing that size or higher, American retailers continue to predominately cater to smaller-sized customers. This exclusive attitude is beginning to change as companies realize vast growth in profits in the plus-size garment sector, and in year 2000 plus-size items were 30% of the total women's retail market.

Hypotheses:

H_1: Finding plus size clothing is easy for an average apparel customer.

H_1: There is widespread awareness of plus size clothing in the urban middle class segment

H_1: There is a wide range of colors, patterns and textures available in the plus-size apparel segment.

H_1: There is a wide scope for growth of this market segment in the next 5 years.

H_1: Customers are satisfied with fit preference of current sizes available.

H_1: There is association of fashion with plus size clothing.

Methodology:

Data collected for this study comprise of arbitrary choices of the graduate students involved in collecting the data analyses. The survey took approximately 15 minutes to complete. In the survey, 10 graduate students were used as interviewers and each was required to interview with ten customers from four different retail outlets. Three weeks later, the questionnaires were personally retrieved. There was a very high response rate of 82% and the statistical analysis was conducted on 100 responses.

Analysis and Discussions:

Data analysis is to be done by conducted using chi-square test for plus size and normal size clothing against different factors such as availability, awareness , color , pattern and texture ,size fitting ,fashion ,Comfort etc.

Calculated Chi-Square = N*(ad-bc)*(ad-bc)/(a+b)(c+d)(a+c)(b+d)

	Attribute I		
			Total
Attribute II	a	b	(a+b)
	c	d	(c+d)
Total	(a+c)	(b+d)	N

If Calculated Chi-Square is greater than 3.84 then H1 is accepted and if less than 3.84 then Ho is accepted at 5 % level of significance.

Table-1:

Sr.	**Factors**	**A**	**B**	**C**	**D**	**Calculated Chai-Square**
1	Scope	45	28	18	9	4.68768595
2	Size Fit	28	12	34	26	0.5521875
3	Eating Habits	44	30	14	12	4.018230453

Sr.	Factors	A	B	C	D	Calculated Chai-Square
4	Awareness	12	14	44	30	0.723378906
5	Availability	14	16	48	22	0.233818526
6	Color	17	12	3	3	2.32
7	Pattern & Texture					
8	Fashion	48	22	22	8	4.41
9	Comfort	42	31	17	10	4.164423967

There is a wide scope for growth of this market segment in the next 5 years. There is association of fashion with plus size clothing. Hence there is correlation in between eating habits and comfort which is related to plus size clothing.

Growth of Plus Size Fashion in India:

Today, India has a very large and growing "Plus size" readymade garment's market. The domestic market in India was valued at Rs 122,400 crore in 2007, as per the India Apparel Report 2008. In value terms, the apparel market grew at 5.9 percent in 2007 as against 4.2 in 2006.Plus- size apparel contribute approximately 188 crore to the Rs 122,400 crore domestic apparel market, which is a 0.15 percent share barely. But this minuscule share begins to look a lot more attractive considering the fact that the volume share of plus size apparel is just 0.05 percent of the over all market.

Some of the most prominent retailers and brands that specialize in plus-size apparels are Revolution, Plus S, Westside, Just My Size, Biba, Cadini, Pantaloons, Straps and Fab India.

Brand and Retailer Talk:

Brands and retailers have realized the intense need for plus size clothing and have addressed the issue, creating major strides within the market .A range of plus-size clothing can now be found on shops, boutiques and department stores that once did not offer a decent selection .There has also been a boom in plus size clothing lines that focuses only on the customer in need of large sizes particularly in the plus size lingerie sector. Revolution, launch its lingerie collection in May 2007.The plus size customers have also started asking for Indian wear in larger sizes. So brands/retailers offering plus size products now cater to this need of the consumer. But there are gaping inadequacies in this segment.

Consumer Demand:

There is huge change; women don't want to hide their bodies in hideous sacks any more and are now willing to go funkier and not just wear loose, ill-fitting clothes. They want what is contemporary and are in for comfortable fashion. Customers are seeking in more funky and causal styles rather than formalwear. The colors in plus size fashion are now sensitized to interpret the latest trends .A wider palette of bright colors , including fuchsia, turquoise, and greens besides whites and blacks, are now stocked as a regular drill. The customers also like seasonal colors such as soft and light shades in summer and darker in winter. They explore all types of fabric and many cuts and fits.

Consumer Preference on Fabric:

The fabric preference has more or less remained the same, with emphasis on cotton and various blends. Linen is now seeing a rising preference .Customers are preferring fabric that flows well, looks rich and is soft to handle. Products offering stretch have become very popular .There is demand for options in evening wear with an international look.

Garment Fit and Construction:

Plus-size clothing patterns have traditionally been graded up from a smaller construction pattern, however many retailers are using statistical data collected from their own measuring projects, and from specialized Body Scan Data collection projects to modernize the fit and construction of their garments. U.S. companies Lane Bryant and Catherines teamed up over a three-year period to source data to modernize the companie's garment construction. Fourteen thousand women were measured in what was the most extensive female sizing study in the U.S. in over 60 years.

The fastest growing sector of the plus-size garment industry is junior or youth designs and many brands are seeking ways to evolve into a younger customer base from what is traditionally viewed as a rather conservative and old-fashioned aesthetic and clientele.

The growing use of the internet for online apparel retailing is being explored by niche vendors of extended plus size fashions (sizes 4X and above) in the same sought-after styles that have been available to women in sizes 1X to 3X for years. Once considered an ignored sector within the plus-size market, the appeal and

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viability of extended sizing has become apparent via expansion into this market by high street retailers such as Old Navy.

Global Market:

United States

The longest-established and therefore most recognizable plus-size brand is Lane Bryant, part of the Charming Shoppes group which has four plus size brands serving the national market. In addition to their retail stores, Charming Shoppes produces The fastest growing sector of the plus-size garment industry is junior or youth designs, and many brands are seeking ways to evolve into a younger customer base from what is traditionally viewed as a rather conservative and old-fashioned aesthetic and clientele. Market-leader Torrid evolved from the Hot Topic company, and continues to sell products such as ironic slogan and musician t-shirts, and punk clothing that appeals to customers seeking to express themselves outside of mainstream popular culture.

Australia

The Australian plus-size clothing market has been growing since at least 1994, with major department stores such as David Jones, Myer, and Target producing their own brand ranges, and an increase in the number of individual boutiques and national chain store outlets across the country. Sizing in Australia is not synchronous with the US; plus size garments are considered to be size 14 and upward, which is the equivalent of a US size 12.

Major Australian brands for plus-size clothing include: Maggie T, My Size, City Chic (formerly Big City Chic), Sara, Autograph, Embody Denim, Taking Shape, Basque Woman, Be Me for Rockmans, and Free People.

United Kingdom

In the UK there are over sixty brands for plus-size women's clothing, with chain stores such as Elvi, Evans and Ann Harvey, and high street department stores carrying extended sizes in many of their brands. In the U.K. plus-size is generally thought of as beginning at size 16, which is roughly equivalent to a US14.

Plus Size Apparel Tips:

Some handy tips and tricks to use the right plus size apparel that will hide your figure flaws:

- Any color worn head to toe (monochromatic) in a clean, unbroken line will produce a dynamically slimming effect. Mix textures like knits with leather to make an interesting combination.
- Select dark print backgrounds, as it will help in creating a slimmer image.
- Select flat knit, fine rib and jersey tops.
- Choose pants with flapless pockets, flat fronts with just enough stretch for added comfort.
- If your legs are fuller inside, try a side slit. If your legs are fuller outside, a mid-front or back slit is a better choice.
- A slim v-neck makes the neck appear longer and is usually very flattering.
- Bottlenecks are great for minimizing waists and hips, while maximizing sexy shoulders. But they are a fashion no-no if you have broad shoulders.

Conclusion:

There is a huge opportunity in the plus size segment of the apparel market, which the retailers and brands need to realize, in order to fill the huge gap which at present is there in this segment.

Price range of plus size offering across all apparel categories are invariably higher than in the case of the overall category.

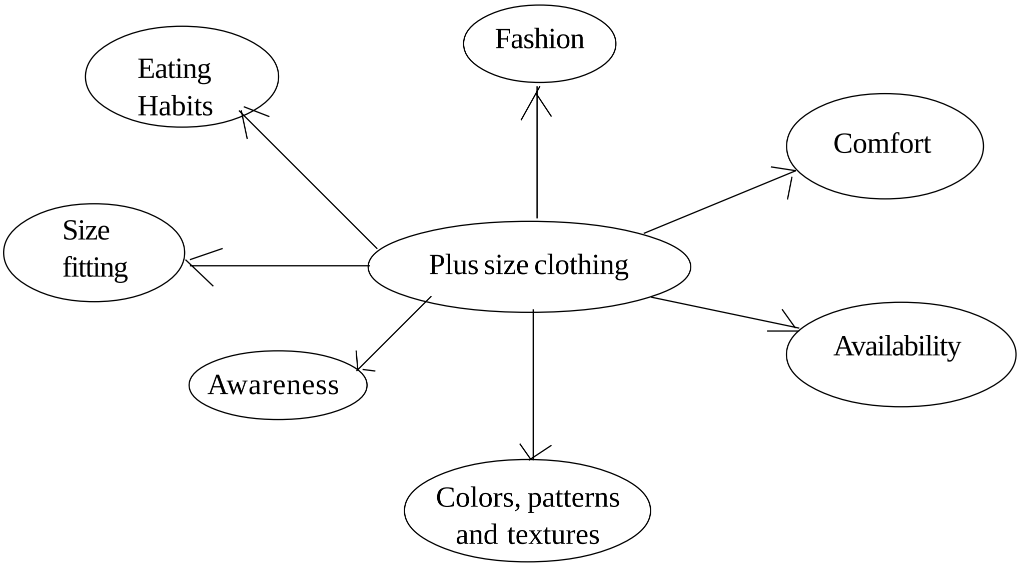
Finding plus size clothing is not easy for an average apparel customer.

A significant amount of attention is paid to the kind of fabric, cuts, prints, colors and the length of the garment. There is not a wide range of colors, patterns and textures available in the plus-size apparel segment. Customers are not satisfied with fit preference of current sizes available.

Plus size lingerie sector is yet not explored in the market. There is no widespread awareness of plus size clothing in the urban middle class segment.

The fastest growing sector of the plus-size garment industry is junior or youth designs and many brands are seeking ways to evolve into a younger customer base. There is good association between plus size clothing and fashion.

Appendix-1
Research model-



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"A Study on Marketing Mix in the Rayat Sevak Co-operative Bank Ltd. Satara, Maharashtra"

Vitthal K. Sawant

Abstract :

There are 24 Salary Earners (i.e. Employees) banks in the State of Maharashtra. All these banks are coming under Urban Co-operative Banks (UCBs) category. It is observed that, the Rayat Sevek Co-operative (RSC) Bank Satara is the unique bank of educational institution employees (i.e. Salary Earners) in the Maharashtra State. The RSC bank was established on the 16th August, 1940.

Innovation has become the backbone of marketing due to environment changes the customer's attitude and behavior and they expect novel products and augmented services. "Innovate or evaporate" is the watchword of today's competitive environment. Competition is the key factor that rules the business world. Marketing mix of any service industry consists of 7 Ps. viz.: Product, Promotion, Price, Place, People, Physical evidence and Process. Banking is a service industry and which is working under public gaze. The RSC bank has played very significant role in the mobilization of deposits from its members.

In the new environment, the RSC bank has required to think about its marketing mix and reinvent the marketing strategy for growth. Marketing of the services is a challenging task because of same service can be derived in various ways. The present study focuses marketing mix actually followed by the RSC bank for generating its income. This study also reveals segmentation focused by the RSC bank. The findings of this study may prove very useful to the UCBs in general and the RSC bank in particular. The present study consists of a set of suggestions for improving the effectiveness of marketing mix of the RSC bank.

Keywords : Bank, Marketing mix, RBI, RSC, Service(s), UCBs.

Introduction:

Marketing consists of identifying and meeting human and social needs. Marketing is also defined as the art of selling products and services.

Services are offering that are essentially in nature and may or may not be associated with physical products. Services cannot be stored and hence are perishable. The service industry differs from product marketing due to simultaneous production and consumption of services. Banking is a service industry and which is working under public gaze. Indian banking has aided the economic development in an effective way during the post independence period. Now our banking structure is quite solid and vastly expanded. Safety liquidity, profitability diversification of risks and social good are the basic principles of banking business. According to Banking Regulation Act 1949 "Banking Company is a company which transacts the business of banking in India."

Co-operative banks have been working as a separate entity in the Indian Financial System and have been performing their role successfully in a specific segment. Being local character they are close to the people in the areas of their operations have performed better in their respective areas in comparison to public sector banks.

The traditional 4 Ps of marketing: Product, Promotion, Price and Place remain but 3 additional variables - people, physical evidence and process are included to produce a 7 Ps framework. Lastly mentioned 3 Ps relate to services. In short, a marketing mix of any service industry consists of 7 Ps.

Urban Co-operative Banks (UCBs) are akin to commercial banks to their operations. In practice,

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UCBs are generally meeting the needs of particular types or groups of members, depending on their particular trade, profession, employment, locality and community. 'Regional Concentration' and 'Heterogeneity' these are two important features of UCBs. The Rayat Sevak Co-operative Bank Ltd., Satara is a Salary Earners Co-operative bank coming under the category of UCBs. The present study is concerned with marketing mix in The Rayat Sevak Co-operative Bank Ltd. Satara.

Review of Literature:

Researchers, scholars and banking experts have studied some previous literature related to this topic. Some of significant contributions of various authors are summarized below.

In the research article "Banks and Profitability" by Rangrajan C. [1991] explained that profitability is the sign of doing work by effective ways .To survive in the competition the UCBs have no option except providing excellent services to the customers .In this research article the author has expressed views regarding excellent services result found in profitability and it is the need of banking industry to do excellent for survive and growth. In the research paper "Independent Apex Bank" by Pujari B.B. [1993] pointed out that in the state of Maharashtra no apex bank is formed for UCBs. Some UCBs have idle cash, on the other hand some UCBs no more funds. With the help of an independent apex bank for UCBs it is possible to make balancing in funds at the state level. In the present research paper author demands a separate apex bank for UCBs.

Bawa[Giri] Rajendra [1996] in his research article titled as "Co-operative Movement: Success and Failure" revealed that,there are four important factors of Co-operative banks namely members, directors, employees and depositors. The members of Co-operative banks are not serious about their rights. Many directors have no any professional touch. Employees are far way from competitive knowledge.There is no any provision in the co-operative Act, in relation to the representation of depositors.The author has explained that the role of members, directors & employees of co-operative banks is not satisfactory in the present context. Rao Bhaskara G.S. [2000] in his research article titled as "Human Resource Management: An Integrated Approach to Employee Dynamics" depicts that, if human resources are properly managed, it may prove as dynamic motive force for running an organization as its level best.

Shinde B.S [2001] in his article entitled as "Problems of Salary Earners Co-operative Banks" advocated that, Salary Earners Co-operative Banks are more efficient than other co-operative banks.The Non Performing Assets of these banks being the lowest among all the co-operative banks.Now these banks have various problems viz.: decreasing membership, absence of NRI accounts ,lack current accounts etc. All problems mentioned by author are related to RSC bank; because of it is a Salary Earners Co-operative Bank. Ratnannavar M.B [2003] in his research article entitled as "Old is Gold" it is found that employees [i.e.Salary Earners] co-operative bank is a source of financial strength for employees to meet their financial needs. Employee's co-operative banks have played a significant role in the mobilization of deposits from their members. All such banks run on a sound financial footing.

R.Ushadevi (2006) in her research article titled as "Sales Promotion Techniques" remarked that, the aggressive sales can be gained by utilizing the various sales promotions which will facilitate the progress of the organization as a whole. The author has trace out aggressive sales is possible by applying the different sales promotion techniques and progress at organizational level can be achieve. A.Ananth and A. Arulraj [2011] in their research article entitled as "A Study on Banking Services Quality in Nagapattinam District, Tamilnadu" under this research work it has been found that encouragement to foreign banks and private sector Banks increased competition for all operators in banking sector. Banks in India prior to adoption of new economic policy were protected by the Government and were having assured market due to monopoly in the banking sector. However, in the new environment Indian banks need to reinvent the marketing strategy for growth. Personalized banking is the success mantra for banks. To attract customers from the unorganized sector, the most important factor is to provide the borrower the required finance of the right amount and the right time. From the above extract, it is clear that Indian banks need to reinvent marketing strategy for entire development.

Significance of the Study:

Today we are living in competitive age. "Do or Die" is the mantra of global economy. Marketing area is very wide in any sector. Marketing area helps to generate revenue to the organization. Marketing of the services is a challenging task because of same service can-be-derived in various ways. Services impact customers more directly than products do. Banking is a very sensitive service therefore a study of marketing mix especially in a co-operative bank is essential.

Marketing mix conveys the positioning of a service or a product. In cases of services all the traditional Ps (i.e. 4 Ps) are very flexible, many number of combinations of the 4 Ps are possible to arrive at a marketing mix. The present study is undertaken to know what marketing mix actually followed by The Rayat Sevak Co-operative Bank for generating its income. In actual practice, this is a bank of salary earners therefore segmentation criteria is found in the service of a bank. Segmentation is an essential aspects of marketing. This study reveals segmentation focused by the Rayat Bank.

The findings of this study may prove very useful to the UCBs banks in general and RSC bank in particular. The RSC bank is a bank of salary earners and is a segment of UCBs. But no systematic research occurred about marketing mix of RSC bank. Hence, the present study is a sincere effort to fill up this gap.

Research Methodology:

The present study is entitled as "A Study on Marketing Mix in The Rayat Sevak Co-operative Bank Ltd. Satara, Maharashtra."The problems to be investigated are: Does the services offering by the RSC bank are adequate as compared to its competitors? Which policy is framed for fixing prices by the RSC bank? How many places the RSC bank is working? Which promotional strategy is framed by the RSC bank? Does the RSC bank have well qualified and trained staff? Does the physical and working conditions available in the RSC bank are proper? Which processes are developed for better services by the RSC bank?

The research is undertaken to test hypotheses as, the RSC bank provides mostly traditional services rather than advanced services to customers, pricing policy of the RSC bank relates to RBI guidelines, the RSC bank is not trying to choose profitable new sites, the promotional policy followed by the RSC bank is adequate, there is a lack of standardized process in the RSC bank. On the basis of hypotheses present study purports objectives viz.:To study 7 Ps of services marketing with reference to RSC bank.To reveal products launched by the RSC bank.To identify marketing policies adopted by the RSC bank.To present observations and suggestions for improving the effectiveness of marketing mix of the RSC bank.

The data has collected basically is related to marketing mix of the RSC bank.The present study is primarily based on primary data. The secondary data is obtained from the annual reports of RSC bank, published books, journals and event smarnika of certain salary earners co-operative banks working in Maharashtra State. For descriptive research a structured questionnaire has been prepared. All questions in the questionnaire were open-ended. Questionnaire involves questions about general information and questions regarding market mix of RSC bank. For data collection random convenience sampling is adopted. On the basis of Questionnaire, primary data is collected by conducting survey of RSC bank. All questions are asked to the Management Personnel of RSC bank. The data pertains for the five financial years from 2006-07 to 2010-11.

In the present study a case study of the Rayat Sevek Co-operative Bank Ltd., Satara regarding its marketing mix is taken into consideration. The geographical scope of the study is confined to the boundaries of jurisdiction of the RSC bank. The topical scope focuses on the marketing mix of the RSC bank. The analytical scope covers the fulfillment of the objectives. The functional scope is confined to submitting a set of meaningful suggestions for improving the prevailing marketing mix of the RSC bank. The study is restricted to the Salary Earners Co-operative Bank i.e. one of the segments of UCBs. And which is related to Non-Agricultural Credit. Hence, the area of agricultural credit is not considered in the present study. The study is concerned with the 'Marketing Mix' of the RSC bank only and other aspects of management viz. Production, Personnel and Finance are not considered.

Data Analysis, Presentation and Discussion:

This section of research paper discusses data presentation and analysis.

Table 1: Interest Rate on Deposit & Loan Schemes in RSC Banks as on 31st March, 2011

Sr.	Particulars	Interest Rate in %	Sr.	Particulars	Interest Rate in %
A.	Type of deposit		B.	Type of Loan	
1	Current	Nil	1	Jaminki karz No.1	11.00
2	Saving	4.00	2	Jaminki karz No.2	11.00
3	Fixed		3	Jaminki karz No.3	11.00
i)	46 days to 90 days	6.00	4	Special Housing Loan i) Up to Rs. 10 Lac ii) Above Rs. 10 Lac	9.50 10.00
ii)	91 days to 180 days	6.50	5	Educational Loan	10.00
iii)	181 days to 1 year	7.00	6	Vehicle Security Loan	10.00
iv)	1 to 2 years	7.50	7	Gold Security Loan	11.00
v)	2 years to 3 years	8.00	8	House Mortgage Loan	11.00
vi)	Above 3 years	8.25			
vii)	Monthly fixed deposit scheme	8.25			

Source: (Field Data)

From the above analysis, it is clear that, the RSC bank is not offering interest on current deposits. The rate of interest on fixed deposits varies from 6 per cent to 8.25 per cent. It is also observed that the RSC bank is offering additional 0.50 per cent interest on fixed deposits of senior citizens and also on fixed deposits of Sanstha's or Credit Societies deposited amount up to Rs 5 per cent Lac or more in one time. The average rate of interest on deposits is 6.93 Per cent in the RSC bank. The rate of interest on monthly fixed deposit scheme and deposit above 3 years period is the same.

There are major eight types of loan schemes framed by the RSC bank. The rate of interest on loans ranges from 9.50 per cent to 11 Per cent in RSC bank. The rate of interest is the lowest on special housing loan subject to loan amount should not more than 10 Lac.

It is also found that same rate of interest (i.e .11 Per cent) is charged by the RSC bank in case of five types of loan. The average rate of interest on loans is 10.50 Per cent in the RSC bank.

After taking into account average rate of interest on loans and deposits, it is presented with the help of following formula:

Borrower at average interest rate=X, Lends at average interest rate =Y

Therefore X = 6.93 per cent, Y = 10.50 per cent

So Average Interest Earns = Y - X
= 10.50-6.93
=3.57

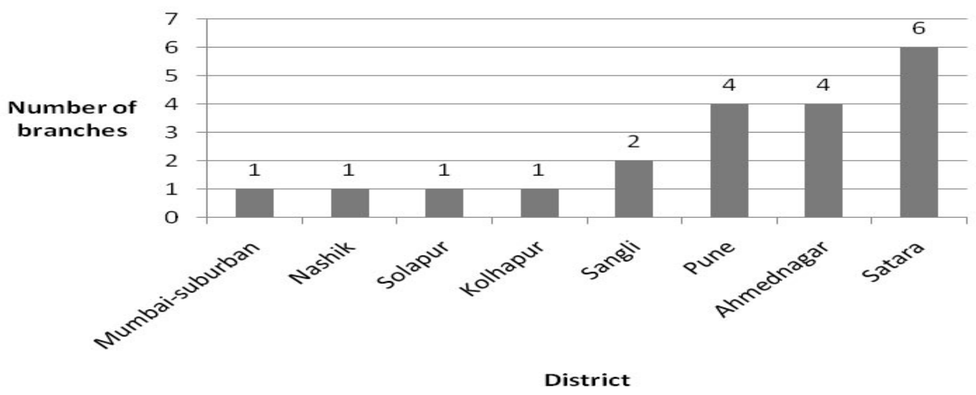
Hence, average interest income [i.e. spread] of the RSC bank is 3.57 per cent.

Table 2: Branches of the RSC Bank along with Places and Commencement Dates

Sr	Place of the Branch	Commencement	Sr	Place of the Branch	Commencement
1	Karmaveer Samadhi	16-08-1940	11	Shivaji College	18-08-1996
2	Ahemednagar	25-09-1983	12	Dahiwadi	24-08-1996
3	Sangli	02-10-1983	13	Manchar	27-10-1996
4	Aundhgaon-Pune	18-09-1993	14	Shrirampur	31-10-1996
5	Pandharpur	25-12-1993	15	Karad	26-12-1996
6	Kopargaon	01-01-1994	16	Kolhapur	27-06-1997
7	Vashi-Navi Mumbai	04-01-1994	17	Karjat	29-06-1997
8	Baramati	08-01-1994	18	Aadgaon-Nashik	03-01-2000
9	Vita	12-01-1994	19	Lonand	24-01-2000
10	Sadar-bazar,Satara	05-07-1994	20	Hadapsur-Pune	26-03-2000

Source: (Field Data)

Graph 1: Simple Bar Diagram Representing District-wise Branches of the RSC Bank.



The rate of establishment of branches of the RSC bank is not uniform. Majority of the branches are established in Satara , Ahmednagar and Pune districts. The number of branches in Mumbai -suburban, Nashik, Kolhapur and Solapur districts is the same. It is observed that 50 per cent branches of the bank in 2 districts [viz.: Satara and Ahmednagar] only. After the year 2000, not a single new branch of the RSC bank is opened due to various restrictions imposed by RBI.

Table 3: Advertisement and Publicity [A&P] Expenditure Incurred, Total Employees and Numbers of Employees Attended Training Programmes.

Sr.	Year	A & P Expenditure [Rs. in Lac]	Total Employees	No. of Employees Attended Training
1	2006-07	2.15	177	48
2	2007-08	2.55	174	38
3	2008-09	1.82	171	60
4	2009-10	1.25	166	08
5	2010-11	1.18	161	51

Source: (Field Data)

The RSC bank has incurred the highest amount on A& P in the year 2007-08 whereas the lowest amount in the year 2010-11 . The average amount of A & P expenditure of RSC bank is Rs.1.79 Lac. It is also Seen that , A&P budget of the bank was 2 Lac for the year 2006-07 and it increased up to Rs.3 Lac for every next year up to 2010-11. Hence, the RSC bank has incurred actual expenditure on A & P less (except the year 2006-07) than budgeted amount. Other promotional tools such as Public Relations Telemarketing, E-marketing, and Direct Mail are not being used in the RSC bank.

In the present research article the word 'people' is denoted as 'employees'. From the above Table 3, it is found that there is a gradual decrease in employee's numbers due to retirements from service. It is seen that, no recruitment is done in RSC bank during the study period. It also observed that the policy of RSC bank regarding deputing employees for training is varying from year to year. It is surprising fact that the RSC bank has been send less than 5 per cent of its total number of employees for training programmes in the year 2009-10. The percentage of deputing employees for training programmes varies from 21 to 35 for remained four years.

It is also noted that the RSC bank has been taken proper precaution about the training of its directors. During the study period the RSC bank has been send majority of directors for training programmes in order to develop their leadership style. Customer education and training is not found in the RSC bank. In addition to this, it is found that the RSC bank has not its own training centre.

Certain facts are observed during the survey of the RSC bank such as there are 20 branches of the bank of which premises of 13 branches are owned by the bank and 7 branches are working in the rental premises. Hence, the ratio of owned premises to rental is of 2:1. Exterior design is found to the premises owned but it is not found in case of rental premises .Sufficient open space is avail in RSC bank premises. Writing table with pen, notice board and suggestion box is available in every branch of the RSC bank. Moreover Guard \Watchman is not found in any branch of the RSC bank. Each branch has sufficient furniture, computers equipments and stationery. Brochures about deposit and loan schemes are availed by the RSC bank. Fire preventive devices are in RSC bank. The bank has provided clothes for uniform to class-IV employees only. Interior design of bank premises is found to some extent. Hence, the exterior interior ambience and décor of the RSC bank are matching to competitive but not exceed the competitive offering.

It is also observed that, the activities like time taken for withdrawals; deposits etc. are not displayed in the premises of the branches. So it is concluded that there is a lack of responsiveness about processes development in the RSC bank.

Findings:

1 The RSC bank is the unique bank of educational institution employees. (i.e. Salary Earners) in the State of Maharashtra. Due to formation status of the RSC bank, there is no scope for increase in regular membership numbers, because of restrictions on accepting members from the employees of Rayat Shikshan Sanstha only.

2 Easy loan disbursement procedure is followed by the RSC bank. All the branches of the RSC bank are computerized. It is found that the RSC bank (i.e. UCB/Salary Earners bank) came under income tax bracket from the financial year 2007-08.

3 It is respectful that the RSC bank is transferring 1 per cent of its net profit every year as a charitable donation to Rayat Shikshan Sanstha which is the mother institution. It has been observed that the RSC bank is working as per 'Branch Banking System.' All deposits with the RSC bank up to Rs. 100000/- are insured with 'Deposit Insurance and Credit Guarantee Corporation of India'.

4 The RSC bank has Maharashtra State Jurisdiction. But it is noted that, the bank has opened its branches in 8 Districts of the Maharashtra State. Products or services of RSC bank include deposit and loan schemes framed.

5 It is observed that, 'Monthly Deposits Scheme' pertains to regular members only in the RSC bank. And amount of this deposit will receive to members with interest at the time of his/her retirement from service.

6 Various loan schemes are restricted towards members only in the RSC bank. There are only 8 types of loan schemes in the RSC bank. And these loan schemes involve 3 types of Jaminki (Surety) Karz.

7 It is observed that, the RSC bank is providing traditional services and there is a lack of modern or advanced services. The RSC bank determines interest rates on various types of deposits and loans as per RBI direction.

8 The RSC bank pays interest on saving and fixed deposits. The RSC bank is offering 0.50 per cent more interest on fixed deposit of the senior citizens only. The average rate of interest on deposits is 6.93 per cent in the RSC bank as on 31st March, 2011.

9 The average rate of interest on loans is 10.50 per cent in the RSC bank as on 31st March, 2011.The average interest income (i.e. spread) of the RSC bank is 3.57 per cent as on 31st March, 2011.It is also found that, 'Differential Pricing' is not avail in the RSC bank.' Interest Rebate System' is introduced by the RSC bank from the financial year 2010-11.

10 The RSC bank has 20 branches (other than H. O.) After the year 2000, not a single new branch of the RSC bank is opened due to various restrictions imposed by RBI.

11 The RSC bank is incurring expenditure on advertisement and publicity. But other promotional tools like Telemarketing, Direct mail and E-marketing are not being used by the RSC bank. 'Personal Selling' one of the most important elements of promotion of services is not found in the RSC bank. Hence, 'Pigmy Agents' are not appointed by the RSC bank for collection of deposits.

12 The RSC bank is encouraging to its employees to do training from external agencies because the RSC bank has not its own training centre. The policy of RSC bank in respect of deputing employees for training programmes is not uniform. It is found that, the RSC bank has been taken proper precaution about the training of its directors. Majority of directors have completed training programmes in order to develop their leadership style. Customer education and training is not found in the RSC bank.

13 It is observed that, there is no provision in co-operative Act in relation to the representation of the depositors on the 'Board.'

14 Exterior design is found to the premises owned by the RSC bank but it is not found in case of rental premises. Slow and soft music system is not found in any branch of the RSC bank. Sufficient equipments and computers are available in the RSC bank.

15 Fire preventive devices are in RSC bank. Interior design of the RSC bank premises is found to some extent. The exterior, interior ambience and décor of the RSC bank are matching to competitive but not exceed the competitive offering.

16 It has been observed that the RSC bank has drafted various slips, forms, loan deeds, agreements and documents in state language i.e. Marathi and also in English language.

17 It is also surprising to note that the RSC bank did not provide innovative deposit scheme or loan scheme to its members. The activities like time taken for withdrawals, deposits etc. are not displayed in the premises of the branches of the RSC bank. There is lack of responsiveness about processes development in the RSC bank.

Suggestions:

1 There is an urgent need to reformulate existing marketing mix of the RSC bank in order to enhance its customers satisfaction according to changing circumstances and to adopt modern technology like ATMs and accept well and wide marketing culture and E - marketing. Efforts should be made for house-keeping issues in innovative manners. Computerization and overall up gradation of technology and improvement in productivity must receive its due attention.

2 The RSC bank should undertake a planned 'Marketing Development programme' and draw up plans for next five years. Such plans should include projections on manpower requirement also. There is need to induct technical staff for handle the complex banking operations.

3 Efforts should be made to acquire or construct own premises for branches having no premises by the RSC bank. The amount of 'Building Fund' can be applied for that purpose. The RSC bank should develop its physical evidence ability by offering attractive exterior and interior facilities along with employee uniforms and attractive brochures about services.

4 Efforts should be made for designing innovative deposit schemes like 'Smart Deposit' and loan schemes like 'Retail Loan' by the RSC bank. The RSC bank has required to adopt' Differential Pricing Strategy' to some extent in order to improve its earning capacity.

5 The RSC bank should undertake a planned 'Employee - Development Programme' and draw up plans for next five years which should include deputation of employees for various training programmes, arrange seminars and workshops and guest lectures for its employees. Training of employees must be regular feature because training and development cannot be separated. And motivation to employees from management side is necessary to increase their working performance. The RSC should provide customer driven training to its employees.

6 In order to increase in deposits from members and customers, there is an urgent need to appoint 'Pigmy Agents' in the RSC bank. Minimum 'One Pigmy Agent' for each branch should be the aim. At the time of appointment of 'Pigmy Agents' the management of the RSC bank should give preference to the needy female candidates at first for working as Pigmy Agents. 'Personal Selling' (Here appointment of Pigmy Agent) is one of the most important elements of promotion of service.

7 The RSC bank should design a programme for customer education and training. This programme should be implemented minimum 4 times (called as quarterly) in a year. It involves creation of awareness about banking, importance of thrift and accumulation of money, adverse effects of indebtedness, guidance for investments, documents required for deposit and loan schemes etc. The RSC bank has required to install 'Slow and Soft Music System' in its branches for improving productivity of its employees. Several non financial incentives to the 'Branch Managers' should be offered who secure the highest deposits e.g. merit certificates, rolling shields.

8 The RSC bank should actively participate in various types of social activities in its area of operation in order to increase relationship with all sections of the society. Such social participation would help them for increasing the clientele base.

9 In order to improve promotional strategy the RSC bank should touch with Direct mail, due to it has capacity to go to target audience directly and personal contact approach is possible. Telemarketing will also assist to personal contact ability to operate and convenient for customer.

10 In the RSC bank, it is necessary to display of 'Time' required for different activities like withdrawals, deposits etc, should not only display but adhered to ensure responsiveness. Changes in rates of interest should be known and made known to the customers without delay.

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An Analytical Study of Independent Business Owner's Involvement in MLM Business : A Case of Amway India in Pune

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Abstract :

Multilevel marketing or network marketing is escalating familiarity for its enhanced flourishing of business with the elimination of intermediaries. The purging of intermediaries reduces the costs of the product and services while the 'customer to customer' sales builds the rapport of the company. The companies like Amway, Tupperware, Herballife, Oriflame are doing well in network marketing worldwide. The study emphasize on the people involved in network marketing, their perceptions towards multilevel marketing, growth and job satisfaction. The data collected from existing members of Amway India in Pune city. It has been found there is elevated participation of females in network marketing. The youngsters in the age of 26 to 35 are plentiful and employed or engaged in other jobs. Despite Network marketing is a secondary earnings, members are earning handsome rewards.

Keywords: Network Marketing, Multi Level Marketing, Amway

Introduction :

Network marketing is a business form that originated in the United States during 1950's. From there onwards, network marketing companies have gained exceeding ground and have become widely spread and recognized, especially during the past ten years. Companies such as Tahitian Noni International, Herbal life, Oriflame, RCM, Mary Kay, Tupperware and Forever Living Products are all examples of well-known network marketing companies. Today 58 million people are involved in network marketing throughout the world and in 2006 the worldwide sales accounted for an estimated USD 109 billion[1].

Network marketing companies in many aspects are similar to any other type of company, they have customers, employees and sell goods or services and market their products. What makes network marketing companies unique is that their main asset is their distributors 'Independent Business Owners' (IBOs). The IBOs use the product, share it to their network of friends , relatives etc. and continuously recruit new persons as IBO to join the company and without this recruitment there can be no network, without network it turns in undercut of the entire business form.

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Traditional Large-scale sales prototype is the most familiar sales pattern for companies. Based on this Pattern, companies usually sell their products and services and give all the customers same sales promotion. However, this kind of sales promotions neglects the differences among customers. In most cases, these promotions cost a lot while reap only few real profits from customers. That means many promotions are waste or of no use. Network marketing is a new and vibrant business culture developing today. Nowadays the economics of customer relationships are changing in fundamental ways, and companies are facing the need to implement new solutions and strategies that address these changes. The concepts of mass production and mass marketing, first created during the Industrial

Revolution, are being supplanted by new ideas in which customer relationships are the central business issue.

In the traditional process, the marketing goal is to reach more customers and expand the customer base. But the high cost of acquiring new customers, it makes better sense to conduct business with current customers. Because of this the marketing focus shifts away from the breadth of customer base to the depth of each customer's needs. Businesses do not just deal with customers in order to make transactions; they turn the opportunity to sell products into a service experience and endeavor to establish a long-term relationship with each customer[2]. Actually direct marketing companies or organizations try to establish and maintain a direct relationship with their customers in order to target them individually for specific product offers.

Literature Review:

Robin Croft and Helen Woodruff1[3], 1996, with the help of Cateoria six strategic goals Concludes, Amway network marketing is by no means uniquely suited to the Japanese retail market. In some cases like cost, capital, control, and coverage network marketing has some advantages over conventional channels. In respect of continuity there is a severe problem of network marketing organization. In respect of character Amway seem to be successful because of unique nature of the Japanese retail environment, fundamental changes affecting Japanese society. Robin croft also suggested that Network marketing has potential in certain product areas in certain cultures and economic environments like where there are strong social and family bonds, where retailing is characterized by large numbers of small, independent outlets lacking specialized skills and where imported consumer goods have high perceived value. After all network marketing: The Ultimate in International Distribution is debatable.

Anne T. Coughlan and Kent Grayson[4], 1998, developed, analyzed, and calibrated a dynamic decision model of the growth of retail NMO. It shows how compensation and other model parameters affect distributor motivation, sales, and network growth and profitability. In short it is important for the distributor's point of view to have a good compensation and incentives plans to remain in the business and earn reasonable profit.

Pratralekha Bhattacharya and Krishna Kumar Mehta[5], 2000, revealed network marketing organization has been doing very well in recent times. However, their success is unpredictable. The average distributors get very less money and they have formed close knit and exclusive social groups. Different individuals give different weight to social satisfaction. Social output is generated by social efforts and the same time economic effort also has some social productivity.

Michael G Pratt[6], 2000,After analyzing the data, the researcher found that Amway as an organization that attempts to manage member's identification by managing how they make sense of themselves as well as their relationship with people within and outside of distributors.

Peter J. Vander and William W. Keep[7], 2002, enlightened A pyramid scheme is a non-sustainable business that involves the exchange of money, usually in the form of a sign-up fee, and usually has no product or service. The only people that are able to make money on a pyramid scheme are the people at the top of the pyramid.

Lawrence B. Chonko, Thomas R. Wotruba and Terry W. Loe,2002, explained, the executive feels that opportunities for unethical behavior in direct selling may have lessened. There is some feeling that opportunities for unethical behavior in direct selling is less frequent than in other industries. Researcher claims 55% executives agree that DSA member executives in direct selling do face opportunities to engage in unethical behavior.75% of executives say that DSA member companies as having high ethical standards.

Michael G Pratt and Jose Antonia Rosa[8], 2003, exposed how network marketing organizations provide strong commitment to their members in this age of network marketing trends. Network marketing organizations don't have the central business location and they spread all over the country. Members have to work independently taking support and guidance of their up lines. The researchers suggest that organization can help their members to manage the work family interface in ways that affirms the importance of family members and also increase their commitment to their work.

Ming Ouyang and E Stephen Grant[9], 2004, focused on a theoretical model of NMOs (Network Marketing Organizations) behavior rational and illustrated how NMOs convert social network into sales opportunity by incorporating the size of sales force with individual contacting rate and sales people's persuasive rate. The author tried to find out how NMOs capitalize social network into sales opportunities. Finally author developed the model which is capable of proving various real situations in NMOs practices.

The model suggests that, the successful NMOs are those with the contact rate and the persuasive rate dominating the quitting rate i.e. how many people you have contacted and you persuade them is higher than how many people quite the organization. Unsuccessful NMOs are those with the quitting rate is dominated the contact rate and the persuasive rate i.e. how many people leave the organization is higher than how many people contacted and perused.

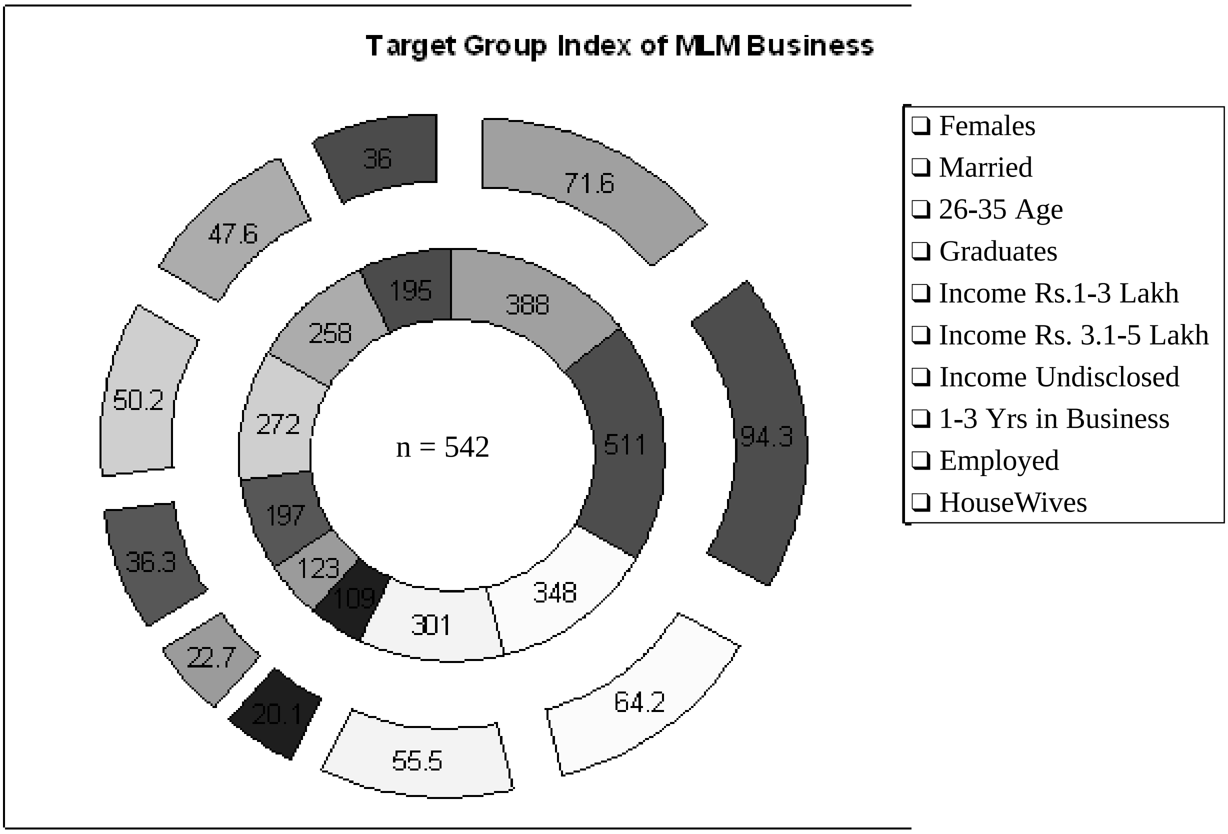
Research Methodology:

Objectives:

1. To study the IBO's perceptions towards MLM Business
2. To assess the growth of IBOs
3. To evaluate the IBO satisfaction towards their Business

The Primary data collected from 542 independent business owners who are actively or inactively doing there business and are registered with Amway India. There are total 6000 IBOs registered with Amway India under Pune chapter. The sample size calculated using formula of small size sample for finite population at 4 percent standard error to increase the accuracy.

Primary data as well as secondary data collected is segregated and disseminated appropriately and analyzed through various statistical tools for testing and verification. This enabled to put forth the proper inferences and clear cut interpretations. The conclusions are drawn on the basis of overall inferences and linkages. The graphical representations, statistical tools are executed by using MS Excel and SPSS.



Employed females and exclusively housewives are more inclined towards MLM network, the IBO's in the age of 26 to 35 are densely found doing MLM business. Almost of these people have minimum graduate qualified and are earning between 1 lakh to 6 lakhs. This indicates that MLM is a lucrative and sound business, however IBOs duration of involvement in this business has been found between 1 to 3years. This purports that the involvement of IBO declines timely, since the business is all about exploiting one's social network, similar to the kind of insurance business, once the insurance agent's network gets exhausted his business starts declining. However there are levels in MLM and the business can rely on other connected people's social network whilst it depends on the working of their networks.

Sr.	**Gender**	**No of Respondents**	**Percent**
1	Male	154	28.4
2	Female	388	71.6
Sr.	**Marital Status**	**No of Respondents**	**Percent**
1	Married	511	94.3
2	Unmarried	31	5.7
Sr.	**Age**	**No of Respondents**	**Percent**
1	26-35	348	64.2
2	36-45	194	35.8

Sr.	**Income (Rs Lakh)**	**No of Respondents**	**Percent**
1	03-Jan	109	20.1
2	3.1-5	123	22.7
3	5.1-8	83	15.3
4	8.1-10	16	3
5	Above 10	14	2.6
6	Missing	197	36.3

Sr.	**Education**	**No of Respondents**	**Percent**
1	UP TO 10TH	57	10.5
2	10TH - 12TH	57	10.5
3	Graduate	301	55.5
4	Post Graduate	78	14.4
5	Diploma	49	9

Sr.	**Occupation**	**No of Respondents**	**Percent**
1	Employee	258	47.6
2	Self Employed	40	7.4
3	Engineer	33	6.1
4	Doctor	16	3
5	House Wife	195	36

Sr.	**Years In Business**	**No of Respondents**	**Percent**
1	1-3	272	50.2
2	3.1-5	129	23.8
3	5.1-8	82	15.1
4	8.1-10	35	6.5
5	Above 10	24	4.4

To analyze the growth of IBO's business in terms of their income, earnings from MLM business and their preferences and satisfaction levels towards income from the business the following statements were asked and recorded in five point likert scale.

IL1	My income level has been increased because of Amway business.
IL2	I am able to meet the basic needs and necessities of my family with the income from Amway.
IL3	I am satisfied with the current income which I am getting from Amway.
IL4	I feel that incentive plan, bonus and other non monetary benefits are appropriate.
IL5	I am more concerned about Promotion and Benefits in this business.

The factors extracted applying principal component matrix to understand the intensities of responses towards four statements concerned to the Income.

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	Variance	Cumulative	Total	Variance	Cumulative	Total	Variance	Cumulative
1	1.606	40.144	40.144	1.606	40.144	40.144	1.532	38.303	38.303
2	1.058	26.458	66.602	1.058	26.458	66.602	1.132	28.299	66.602
3	.874	21.853	88.455						
4	.462	11.545	100.000						

Extraction Method: Principal Component Analysis.

Component Matrix

	Component 1	Component 2
IL1	.784	-.331
IL2	.470	.538
IL3	.198	.793
IL4	.855	-.176

Rotated Component Matrix

	Component 1	Component 2
IL1	.851	-.020
IL2	.240	.673
IL3	-.107	.810
IL4	.860	.150

Component Score Coefficient Matrix:

	Component 1	Component 2
IL1	.569	-.111
IL2	.086	.580
IL3	-.160	.742
IL4	.556	.041

The eigen values highlighted in the component matrix indicates that the responses are high on appropriate incentive plans, bonus and promotional benefits in MLM business while in comparison of statements regarding income there are varied responses on income generation and meeting necessities from MLM business. However the eigen values in IL1 and IL2 are also on higher side, this explains the satisfactory income can be generated through MLM business.

To evaluate the growth of IBO's business in terms of the number of IBOs existing and recruitment under the active participant, three years data (2008, 2009 and 2010) has been considered for analysis with ANNOVA test.

Anova Result: Level of Significance: 5%

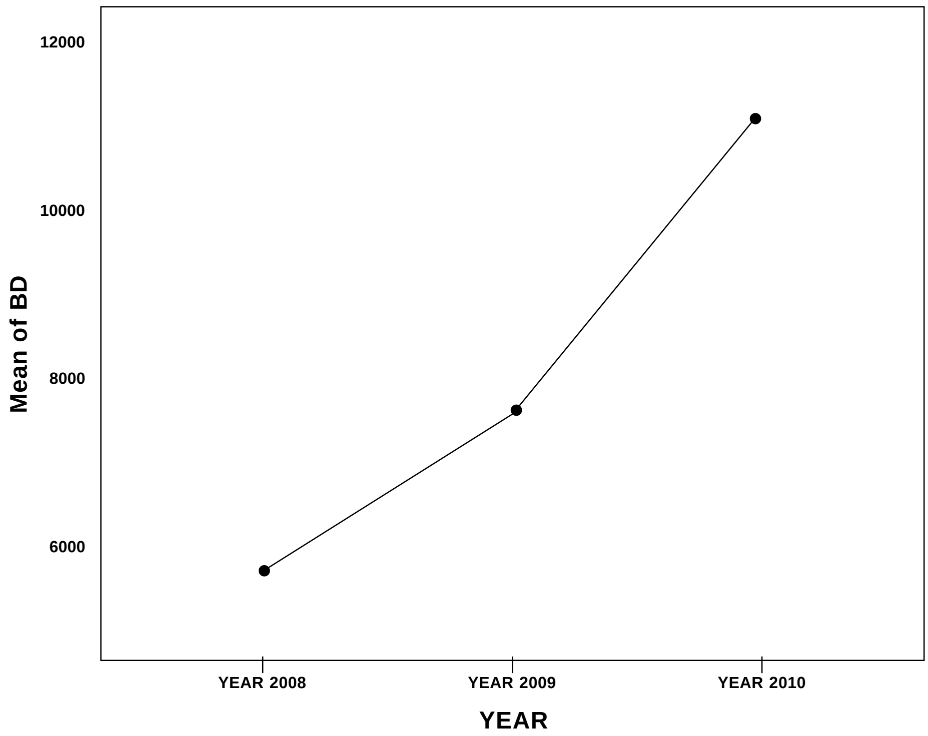
	Sum of Squares	df	Mean Square	F	P-Value
Between Groups	51374.617	2	25687.309	2.634E3	.000
Within Groups	15829.528	1623	9.753		
Total	67204.145	1625			

The one tailed p - value is 0.000 which is less than that of 0.025. This indicates that there is significant differences between numbers of IBOs joined the business year wise. If we compare the results independently using multiple comparison tests (sidak test). The results are below in the subsequent section.

Thus one can conclude that Number of IBO'S are more in 2009 than that of 2008 while the number of IBOs are greater in 2010 than that of 2009 and 2008. The sidak test results also showed that the number of IBOS when compared independently year wise.

Sidak Multiple Comparison Test:

(I) Year	(J) Year	Mean Difference (I-J)	Std. Error	P-Value
2008	2009	-6.240*	.190	.000
	2010	-13.749*	.190	.000
2009	2008	6.240*	.190	.000
	2010	-7.509*	.190	.000
2010	2008	13.749*	.190	.000
	2009	7.509*	.190	.000



The multiple comparison test (sidak test results) in the above table shows that, when the years are compared independently with each other it shows significant difference (P-Value < 0.05). This means the no of IBOS present at any point of the time of the year differ significantly to all the others independently. It can very well understand from the following graph.

Conclusion:

The MLM business is commission and incentive earning oriented which can be expanded in the group by exploiting the social networks of the people. It benefits to the MLM companies by elimination of intermediaries and low at promotional cost while the IBOs can opt as an additional income through the profit margins on sales of the product as well as through the commission /incentives on points making (recruiting IBOs)and ultimately consume the products for themselves. In Indian context social networking is considered as a prominent factor and people find happiness through networking as well as developing their business through it. MLM business expounds on social network building, the business proved beneficial to females, working as well as housewives in the age of 25 to 40. the IBOS in the first three years found increasing their business substantially through sale of product as well as recruiting/expanding the members. It is also found that most of the IBOs have down turn within three years that is on exhausting their social network. The IBOs shall use Turbo marketing strategies and keep upgrading the social network expansions.

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Farmers' Awareness of Sugarcane cultivation and its Financial Management : A Micro Level Study of Selected Villages of Sangli District

Shrikrishna S. Mahajan, Sagar B. Walvekar

Abstract :

Sugarcane Farming is one of the important segments of Indian Agriculture because it is raw material to sugar industry for which India ranks second in the world economy. Indian sugar industry provides employment opportunity to nearly 50 million growers (Mangala & Shrinivasa, 2012:21) Hence, sugarcane farming has significant role in the agro economy as a whole. The present study covers the farmers' awareness regarding financial aspects of sugarcane farming with reference to selected villages in Sangli district: Ankalkhop, Bhilavdi, Ghogoan. The farmers' attitude towards the cultivation of sugarcane and financial management of its farming was needed to be studied. This paper has made an attempt to study the farmers' attitude towards some aspects like sources of finance, managing resources, measuring performance and their system for this purpose. The present study explores the different financial aspects of the sugarcane farming that will help to understand their different problems. This study is also helpful to sugar factories and Government authorities to make appropriate policies and it will help to uplift the life of poor farmers.

Keywords: Financial Management, Sugarcane Cultivation, Farmers, Government.

Introduction :

Sugarcane is known from the earliest times and is referred to in historical records going back in the remote days in ancient civilization, which flourished long before the Christian era. However, the actual extraction of sugar has been discovered with later. Sugarcane Farming is one of the important segments of Indian Agriculture because it is raw material to sugar industry where India ranks second in the world economy. Indian sugar industry provides employment opportunity to nearly 50 million growers (Mangala & Shrinivasa, 2012:21). Hence, sugarcane farming has significant role in the agro economy as a whole. The present study covers the farmers' awareness regarding financial aspects of sugarcane farming with reference to selected villages in Sangli district: Ankalkhop, Bhilavdi, Ghogoan. But farmers' attitude towards the cultivation of sugarcane and financial management of its farming was needed to be studied. This paper has made an attempt to study the farmers' attitude towards some aspects like sources of finance, managing resources, measuring performance and their system for this purpose.

Review of the Literature:

There are few studies, which have covered some issues related to sugarcane farming. Ullah et.al. (2011) have compared the yield, total cost and net revenues of sugarcane production on farm and research station. In this study an effort has been made to investigate the problems and hurdles faced by sugarcane growers in the study area. The problems confronted by sugarcane growers, investigated through direct interview. The empirical analysis using dummy variable approach indicates that the yield of sugarcane at research station was 9024 kg more than

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the farm level sugarcane. The reason for higher yield of sugarcane at research station is the use of improved management practices and use of optimum levels of inputs. The cost per acre incurred in the production of sugarcane at research station was Rs.11513.12 more than the cost incurred in the production of sugarcane on farm. Similarly the net revenue generated per acre from sugarcane production at Mardan research station was Rs.20245.984 more than the net revenues generated from sugarcane production on farm level in the study area. It has been suggested to improve their yield, production and net revenues from sugarcane production by adopting improved management practices. Kamruzzaman and Hasanuzzaman (2007) the production practices and labour utilization pattern of producing sugarcane both as monoculture and as intercrop. In this situation, if intercropping in sugarcane is popularized then the unemployment situation may be improved as well as optimum utilization off family labour may be ensured.

Amre (1999) have investigated the risk of lung cancer among sugar cane farmers and sugar mill workers. Jamdar (2009) studied the sugar production of Maharashtra in the light of export-import laws & policies. He intended to address problems in the sugar industry sector such (i) challenge of becoming competitive in terms of efficiency and quality of sugar production for export, (ii) inflexibility of Government policies and (iii) complicated legal framework. Ortmann and Ferrer (2008) have pointed out that the sugar industry is an important contributor to the South African (SA) economy, with average annual production estimated at 2.5 million tons of sugar. This study aims to quantify actual use of management instruments by a sample of commercial sugarcane farmers in KwaZulu-Natal (KZN) that are commonly associated with risk management and uses factor analysis to investigate the extent to which these farmers bracket their management decisions. Farmers need to search for information more proactively and develop management strategies that reduce barriers to efficiency. Kamble (2005) by his study came to the conclusion that sugarcane harvesters and cane transporting labourers are one of the most deprived and under privilege segments in Indian sugar factories. He has evaluated the socio-economic problems of sugarcane harvesters and cane transporting labour and studied the role of Government and NGOs. A study of the pricing of sugarcane has always been a controversial issue because it concerns cane cultivators sugar factories, the sugar consumers and even the Government. At present the minimum prices of sugarcane are fixed by agricultural costs and price commission of India. Agricultural price policy is a very sensitive and complex problem in developing countries like India. There is further need for intensive research of quantifying various implicit inputs in terms of financial management of sugarcane cultivation, in the economic interests of the farming community. After review of earlier studies on agricultures it is found that very few studies considered the financial aspects of sugarcane cultivation and other studies are mostly on problems of seasonal workers and financial performance of sugar factories. It reveals the need of research on farmers' awareness of financial management of sugarcane farming. So the same issue has been analysed in this paper.

The Statement of the Problem:

Though the loan is available at 6% rate of interest from banks as per government policy, the farmers are taking loan from banks, financial institutions or money lenders at higher rates, for their personal needs. The main problem with sugarcane farming is of availability of credit, problem of apportionment of cost and resources utilization in important manner. It is also difficult to measure the financial performance of sugarcane farmers because they are not maintaining proper accounting record. In lack of information farmers do this so it is need to investigate the farmers' awareness of financial management of sugarcane cultivation.

Objectives of the Study:

The main objective of the paper is to study the financial management of sugarcane farming and specific objectives are as follows:

1. To study the growth in production of sugarcane in Maharashtra and India.
2. To assess the attitude of farmers towards cultivation of sugarcane and Financial Management of its farming.

3. To offer suggestion for the problems in sugarcane farming.

Hypotheses:

1. There is significant growth in production of sugarcane in India and Maharashtra.
2. Sugarcane farmers are aware of cultivation and financial management of farming.

Methodology:

In first stage of sampling, Palus taluka has been selected out of 11 talukas of Sangli district. Palus Taluka is one of the well irrigated (73%) talukas in Sangli district. In this taluka, the field of sugarcane crop is 16000 hector out of 27486 hector. But 6824 hector land is salty land.

Table 1: Brief Profile of Sangli District & Palus Taluka

Field	Area (Sq.Km.)	Population	Literacy	Area under Irrigation (Hector)	Area under Horticulture (Hector)
Sangli District	85,77	25,81,835	17,31,579	1,20,302	29,381
Palus Taluka	27,486	1,58,000	1,09,279	16000	18,866

Source: Table complied with the data from Discussion with the agricultural field officers.

In second stage of sampling, three villages from Palus Taluka have been selected for the present study on the basis of sugarcane cultivation as these villages are first three largest villages cultivating sugarcane in this Taluka. These villages are Ankalkhop, Ghogoan and Bhilavdi.

Table-2: Selection of Villages

Taluka	Selected Villages	Population	Sugarcane Farmers
Palus	Ankalkhop	10,900	1,970
	Ghogoan	3,463	800
	Bhilavdi	11,749	640

In third stage of sampling, farmers have been selected from each selected village by adopting cluster quota sampling (convenient sampling).

Table-3: Selection of Sample Farmers Cultivating Sugarcane

Villages	Universe	Sample	Percentage
Ankalkhop	1,970	55	3%
Ghogoan	800	40	5%
Bhilavdi	640	32	5%
Total	3,410	127	3.72%

The survey method has been adopted for data collection. A structured Interview schedule was prepared keeping in view the objectives of study and it was administered in selected three villages to gather the data required. Likert type 5 point scale has been used to collect the responses. The secondary data have been collected by going through books, research papers, articles, different web-sites etc.

This study has been divided into two sections as far as analysis and interpretation is concerned. In first section the growth of sugarcane production in India and Maharashtra has been analysed and in second section, the analysis has been done on the basis of primary data collected from farmers from three selected villages of Palus taluka to explore farmer's attitude towards the cultivation of sugarcane and

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financial management of its farming. Regression equation and Chi-square test have been applied for testing of hypotheses.

Analysis of Data:

In India agriculture has been treated as a life style or livelihood. But it is not treated as a business to farmers' point of view. Hence they do not concentrate more on financial management sugarcane farming. It has been analyzed in two sections. In first section, the growth of sugarcane production in India and Maharashtra has been analysed and in second section, the analysis has been done on the basis of primary data collected from farmers from three selected villages of Palus taluka to explore farmer's attitude towards the cultivation of sugarcane and financial management of its farming. For this analysis and interpretation, data have been collected from 127 farmers through structured interview schedule.

Growth of Sugarcane in India:

India is the second largest producer of sugar in the world. If allows to operate in a free and fair manner, the sugar industry would have become number one in the worlds and changed the face of Indian villages as well.

Table-4: Area and Sugarcane production in India

Year	India	
	Area (Lakh ha.)	Production (Lakh tones)
2000-01	43.2	2959.6
2001-02	44.1	2972.1
2002-03	45.2	2873.8
2003-04	39.3	2338.6
2004-05	36.6	2370.8
2005-06	42.0	2811.7
2006-07	51.5	3555.2
2007-08	50.6	3481.9
2008-09	44.2	2850.3
2009-10	41.7	2923.0
2010-11*	49.4	3391.7
2011-12*	50.3	3422.0

*Source: National Federation of Co-operative Sugar Factories Ltd., New Delhi, Co-operative Sugar, Vol. 40, No.7, March 2009-10 *First Advance Estimates released on 14.09.2011.*

Growth of Sugarcane in Maharashtra:

As compared to other areas of the country, Maharashtra is one of the largest states in India contributing to production of sugarcane. Rural Maharashtra's economic and political base is sugarcane which is raw material being required for sugar factories.

Table-5: Area and production under Sugarcane in Maharashtra

Year	Maharashtra	
	Area (Lakh ha.)	Production (Lakh tones)
2000-01	5.95	495.89
2001-02	5.78	451.40
2002-03	5.73	421.67
2003-04	4.43	256.68
2004-05	3.24	204.75
2005-06	5.01	388.53
2006-07	10.49	785.68
2007-08	10.88	805.99
2008-09	7.70	606.50
2009-10	7.60	641.60

Source: National Federation of Co-operative Sugar Factories Ltd.,New Delhi, Co-operative Sugar, Vol. 40, No.7, March 2009-10.

Table-4 and 5 shows that the area under sugarcane cultivation in India grew at rate of 1.34 percent per annum. Therefore above seen the area and production of overall India continuously increased. But wide variation in the production of sugarcane was noticed as could be observed from the above table. The above table shows production of sugarcane in Maharashtra recording maximum variation. In ninth year production in India and Maharashtra was positive. Therefore compare with the variation observed in respect of area and production of sugarcane in India and also major contribution in state of Maharashtra is positively.

Farmers' Awareness of Financial Management:

The demographic Profile of sample farmers has been described in Table 6 in terms of age, education, family size, area of field, pattern etc.

Table-6: Demographic Profile of Sugarcane Farmers in Three Villages

Sr.	Demographic variable	Classification	Ankalkhop	Ghogoan	Bhilavdi
A	Age	20-30	2 (3.64%)	1 (2.50%)	2 (6.25%)
		30-40	12 (21.82%)	10 (25.00%)	5 (15.63%)
		40-50	22 (40.00%)	23 (57.50%)	17 (53.12%)
		50-60	19 (34.54%)	6 (15.00%)	8 (25.00%)
	Total		55 (100%)	40 (100%)	32 (100%)
B	Education	0-10std	43 (78.18%)	30 (75.00%)	27 (84.38%)
		10-12std	5 (9.09%)	9 (22.50%)	4 (12.50%)
		Graduate	7 (12.73%)	1 (2.50%)	1 (3.12%)
	Total		55 (100%)	40 (100%)	32 (100%)
C	Family Size	0-5	25 (45.46%)	5 (12.50%)	12 (37.50%)
		5-10	28 (50.91%)	32 (80.00%)	18 (56.25%)
		10-15	2 (3.63%)	3 (7.50%)	2 (6.25%)
	Total		55 (100%)	40 (100%)	32 (100%)
D	Area of field (Acre)	2-4	36 (65.45%)	16 (40.00%)	16 (50.00%)
		4-6	13 (23.64%)	17 (42.50%)	15 (46.88%)
		6-8	6 (10.91%)	7 (17.50%)	1 (3.12%)
	Total		55 (100%)	40 (100%)	32 (100%)

Sr.	Demographic variable	Classification	Ankalkhop	Ghogoan	Bhilavdi
E	Pattern	Seasonal	0 (0%)	0 (0%)	0 (0%)
		Half yearly	3 (5.45%)	0 (0%)	2 (6.25%)
		Annual	52 (94.55%)	40 (100%)	30 (93.75%)
	Total		55 (100%)	40 (100%)	32 (100%)

Table 6 shows that maximum farmers are from the age group of 40 to 50 years in sample. The education of most of the farmers is limited up to 10th standard. Therefore range of farmers' family 5 to 10 members. It reveals that most of the farmers are from the families having size of 5 to 10 family members. Most of the farmers have area of land confined to the land up to 6 acre. Most of the farmers have annual pattern of sugarcane crop.

The hypothesis about farmers' awareness has been developed as follows:

H_0 "There is no significance difference in awareness among the farmers from Ankalkhop, Ghogoan and Bhilavdi.

H_1 "There is significance difference in awareness among the farmers from Ankalkhop, Ghogoan and Bhilavdi

To test this hypothesis the analysis has been made in Table 7.

Table-7: Attitude of Farmers in Ankalkhop Ghogoan Bhilvdi Village.

Sr.	Statement	Mean Ankalkhop	Mean Ghogoan	Mean Bhilavdi	Chi-square 5% level of significance	df	Results
1.	Bank gives loan to sugarcane farmers	2.16	2.50	2.22	13.47566	8	H_0 accepted
2.	Government schemes are useful to sugarcane farmers	2.27	2.60	2.03	51.9659	8	H_0 rejected
3.	We do financial Mgt. in sugarcane farming	3.22	3.03	1.97	50.75379	8	H_0 rejected
4.	Decrease in price of sugarcane affects profit & loss	1.53	1.50	1.56	4.542346	8	H_0 accepted
5.	Production is not getting proper time	2.18	1.63	1.63	14.7894	8	H_0 accepted
6.	Sugarcane bill is timely paid by the factory	1.96	2.28	2.03	33.41673	8	H_0 rejected
7.	Part of profit should be retained in sugar cane farming it self	1.45	1.53	1.63	4.615558	8	H_0 accepted

Sr.	Statement	Mean Ankalkhop	Ghogoan	Bhilavdi	Chi-square 5% level of significance	df	Results
8.	Control on cost is required in sugarcane farming	1.65	1.63	1.63	4.311874	8	H_0 accepted
9.	Cost increase due to traditional way of sugarcane farming	2.75	2.43	2.38	11.64601	8	H_0 accepted
10	It seems that production of sugarcane is increased due to increase in sugarcane price in 2008-09	1.75	2.03	2.03	4.056071	8	H_0 accepted
11	There is effect of power cut on sugarcane production	1.58	1.73	1.75	12.43922	8	H_0 accepted
12	There is effect of change in price of sugar on price of sugarcane.	1.84	1.73	2.06	13.65644	8	H_0 accepted
13	During season the recovery of sugar is not uniform, so profit fluctuates.	1.84	1.43	1.81	12.3597	8	H_0 accepted

1. The critical value of chi-square at 5 per cent level of significance with 8 degrees of freedom is given by 15.507. The sample value of chi-square falls in the acceptance region. Therefore, the null hypothesis is accepted and it concludes that there is a significant difference between three selected villages in terms of the farmers' awareness about availability of loan from banks.
2. The critical value of chi-square at 5 per cent level of significance with 8 degrees of freedom is given by 15.507. The sample value of chi-square is high in the reject region. Therefore, the null hypothesis is rejected and it concludes that there is significant differences between three selected villages in terms of the farmers' awareness about Government schemes are not useful to sugarcane farmers.
3. The sample value of chi-square high (50.75379) in the acceptance region. Therefore, the null hypothesis is rejected and it concludes that three village farmer's are not financial Management in sugarcane farming.
4. The sample value of chi-square falls in the acceptance region. Therefore, the null hypothesis is accepted and it concludes that there is a significant difference between three selected villages in terms of the farmers' awareness about decrease in price of sugarcane affects profit & loss.
5. The sample value of chi-square falls in the acceptance region. Therefore, the null hypothesis is accepted and it concludes that there is a significant difference between three selected villages in terms of the farmers' awareness about Production is not getting proper time.
6. The sample value of chi-square is high in the reject region. Therefore, the null hypothesis is rejected and it concludes that there is significant

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differences between three selected villages in terms of the farmers' awareness about sugarcane bill is timely paid by the factory

7. The sample value of chi-square falls in the acceptance region. Therefore, the null hypothesis is accepted and it concludes that there is a significant difference between three selected villages in terms of the farmers' awareness about profit should be retained in sugarcane farming.

8. The sample value of chi-square falls in the acceptance region. Therefore, the null hypothesis is accepted and it concludes that there is a significant difference between three selected villages in terms of the farmers' awareness about Control on cost in sugarcane farming.

9. The sample value of chi-square falls in the acceptance region. Therefore, the null hypothesis is accepted and it concludes that there is a significant difference between three selected villages in terms of the farmers' awareness about cost increase is in traditional way.

10. The sample value of chi-square falls in the acceptance region. Therefore, the null hypothesis is accepted and it concludes that there is a significant difference between three selected villages in terms of the farmers' awareness about production of sugarcane is increased due to increase in sugarcane price.

11. The sample value of chi-square falls in the acceptance region. Therefore, the null hypothesis is accepted and it concludes that there is a significant difference between three selected villages in terms of the farmers' awareness about face the problem of power cut on sugarcane production.

12. The sample value of chi-square falls in the acceptance region. Therefore, the null hypothesis is accepted and it concludes that there is a significant difference between three selected villages in terms of the farmers' awareness about effect of change in price of sugar on price of sugarcane.

13. The sample value of chi-square falls in the acceptance region. Therefore, the null hypothesis is accepted and it concludes that there is a significant difference between three selected villages in terms of the farmers' awareness about during season the recovery of sugar is not uniform, so profit fluctuates.

Findings:

1. The production of sugarcane in Maharashtra and India has shown significant growth during 2000-01 to 2011-12.

2. Sugarcane farmers are aware of cultivation and financial management of farming. But there is significance difference between their awareness within the villages selected.

Conclusion:

The sugarcane farming has significantly contributed the economic development of the people at Ankalkhop, Bhilavdi and Ghogoan. The sugarcane is one of the important cash crop in these particular places. Therefore the effective financial management is the key to have the ultimate benefits of sugarcane farming to farmers. The farmers are facing different problems relating to finance which has made bad impact on sugarcane farming. Therefore young generation of farmer community is not attracted towards this crop. It will affect the future growth of sugarcane farming. The sugarcane crop has tremendous potential which give the instant economic benefits to the farmers. It has provided different opportunities to the farmers. It has positive impact on the life of farmers it will help to uplift the life of poor farmers. There is needed to take proper financial investment decision by the farmers. The proper financial management will increase economic value of the sugarcane crop which ultimately gives benefit to the sugarcane farmers. The farmers' increasing awareness of financial management will sustain their farming and it will be made financial feasible activity.

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A Study of Financial Inclusion in Select Areas of Pune City

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Abstract :
Financial power of a country is judged through the financial status and capacity of people at the grass root level. This set the premise of bridging the gap between rich strata and poor strata of society. A study funded by the Asian Development Bank found that by early last year India had 50 dollar billionaires who together controlled wealth equivalent to 20 per cent of gross domestic product and, reportedly, 80 per cent of the stock market capitalization. One of the solutions to bridge the divide is to give access to finance to poor and vulnerable groups. Reserve Bank of India has started the reform process in financial structure to include the disadvantaged section of society and aim for 100% Financial Inclusion.

The objective of this paper is to examine the penetration level of financial inclusion in Pune city and find out its relation with factors like education level, income brackets etc.

Primary data was collected from 178 respondents through a structured questionnaire. Four hypotheses had been framed which were tested through chi-square test. The major finding of the study was that EWS and LIG category of people have access to bank services and insurance, however, they were not aware about social security benefit schemes announced by the government.

Keywords : Financial Inclusion, Social Security Schemes, Financial Exclusion, Financial Services, Money lenders

Introduction :

With advent of technology banking and financial services are restricted to only sophisticated segments of the society. There is a growing divide, with an increased range of personal finance options for a segment of high and upper middle income population and a significantly large section of the population who lack access to even the most basic banking services. This is termed "financial exclusion".

These people, particularly, those living on low incomes, cannot access mainstream financial products such as bank accounts, low cost credit, remittances and payment services, financial advisory services, insurance facilities, etc. In its landmark research work titled "Building Inclusive Financial Sectors for Development" (2006), more popularly known as the Blue Book, the United Nations (UN) had raised the basic question: "why are so many bankable people unbanked?" An inclusive financial sector, the Blue Book says, would provide access to credit for all "bankable" people and firms, to insurance for all insurable people and firms and to savings and payments services for everyone. "Financial inclusion, thus, has become an issue of worldwide concern, relevant equally in economies of the under-developed, developing and developed nations. Building an inclusive financial sector has gained growing global recognition bringing to the fore the need for development strategies that touch all lives, instead of a select few.

One of the path-breaking initiatives by the government and the Indian Bank's Association is "Swabhiman". It attempts to cover the economic distance between rural and urban India. This campaign plans to bring basic banking services to 73, 000 unbanked villages with a population of 200 and above by March 2012.

Financial Inclusion:

Financial inclusion means delivery of banking services and credit at an affordable cost to the vast sections of

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disadvantaged and low income groups. The various financial services include savings, loans, insurance, payments, remittance facilities and financial counseling / advisory services by the formal financial system.

The scope of the term Financial Inclusion differs in different contexts. At basic level it means availability of credit services and at the broader level it includes all the financial services provided by financial institutions. At the developmental level the various schemes offered by central and states government, level of indebtedness accountable to non-institutional sources and reasons for financial exclusion are also included.

The Government of India's committee on financial inclusion defined financial inclusion as "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as the weaker sections and low income groups at an affordable cost" (Rangarajan Committee, 2008).

Review of Literature:

Kodan, Garg and Kaidan (2011) observed that the North Eastern Region of India has a very low level of financial inclusion on all parameters like C-D ratio, number of current and savings a/c per 100 adult population, bank-linked SHG etc. The NER has some serious limitation towards the growth of banking and financial sector like topography of the region, low population density, infrastructural bottleneck (transport, communication and power), low level of commercialization, lack of entrepreneurship etc. the paper concluded by saying that the increased role of NGO and SHG will help the region to prosper.

Sankaramuthukumar and Alamelu (2011) developed an index for insurance inclusion for India. The study ranked the states according to insurance inclusion index, and compared it with the latest financial inclusion index for Indian states. The authors suggested that a comprehensive financial inclusion measurement with all financial services including banking, insurance, micro finance institutions, cooperatives, payment and remittance must be developed to track financial inclusion targets and achievements in the country.

Swamy (2011) critically analyzed the issues and challenges involved in financial inclusion for inclusive growth and attempted to highlight the factors that can aid in achieving financial inclusion for inclusive growth in India. The paper has also suggested some policy choices for successful implementation of financial inclusion like strategizing the provision of bank credit, extensive use of cooperatives, procedural/documentation changes, proactive role of government, enhanced role of post offices, etc.

Chaudhuri (2010) observed that the infrastructure development of a country encompasses the development of physical, social and financial infrastructure. Financial infrastructure includes the banking sector, NBFCs, insurance companies, mutual funds, developed stock exchanges and the presence of a strong regulatory framework. The paper examined the spread of banking as part of infrastructural growth of the Indian economy. It concluded by stating that the growth of commercial banking sector has done a commendable job through priority sector lending, increasing its rural reach, granting of low amount advances, etc. This indirectly helps in achieving the objective of financial inclusion.

Pandey et al (2010) stated that the efforts for financial inclusion need to be designed with a vision beyond just the percentage of the country population with access to a bank account or a no frills account. The growth of ICT industry and mobile telecom revolution in India has provided immense opportunities for targeting various nodes in an agricultural value chain; and in linking small and marginal farmers. By leveraging on the available technology, payment systems such as mobile based and card-based can extend the convenience and will revolutionize the transaction environment with the agricultural value chain. These new payment mechanisms aim not only at introducing cashless payments but also at greater financial inclusion by being more affordable and easily available to everyone.

Priyadarshee, Hossain and Thankom (2010) examined evidence from three Indian states that suggest financial inclusion strategies may be inefficient if they are designed without accounting for the government social protection programmes, which generate additional needs for financial services among the poor. They observed that India Post may be most suitably located to implement such synergistic strategies as it is government department and the largest financial service-providing network. In addition the delivery of financial services through post offices, built around social protection, may contribute to financial inclusion in rural areas while at the same time improve revenues of India Post.

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Agrawal (2009) brought to light underpinning problems of financial inclusion, which are briefly stated as under:

- Poverty: being on a low income, especially out of work and on benefits.
- Ignorance: low levels of awareness and understanding of products caused by lack of appropriate marketing or low levels of financial literacy.
- Environment: lack of access to financial services caused by several factors, including geographic access to bank branches or remote banking facilities; affordability of products such as insurance, where premiums often price out those living in the most deprived and risky areas; suitability of products like current accounts, which offer an overdraft and an easy route to debt.
- Cultural and psychological barriers, such as language, perceived / actual racism and suspicion or fear of financial institutions.

The lack of access by certain segments of the society to appropriate, low-cost, fair and safe financial products and services from mainstream providers actually results in Financial Exclusion. This is a critical policy concern, because the options for operating a household budget, or a micro/small enterprise, without mainstream financial services can often be expensive. This process becomes self-reinforcing and can often be an important factor in social exclusion, especially for communities with limited access to financial products, particularly in rural areas

Barman, Mathur and Kalra (2009) examined the relationship between the level of indebtedness to moneylenders and the type of microfinance model through a case study in Varanasi, U.P. They observed that microfinance intervention is considered an important component of development strategy to mainstream the poor rural households with the formal financial system in India. However, there was some evidence for the reverse that microfinance would in fact, increase informal money lending, if clients needed to 'top up' micro loans, or borrow to repay according to the installment schedule.

Minakshi Ramji (2009) found that the number of households with bank accounts doubled over the duration of the financial inclusion drive. However, 36% of the sample remained excluded from any kind of formal or semi-formal savings accounts. She concluded that while government programmes like NREGP have the potential to include large numbers of low-income households, access to accounts does not often lead to usage. More needs to be done in the realm of financial literacy and marketing so that the bank accounts are optimally used.

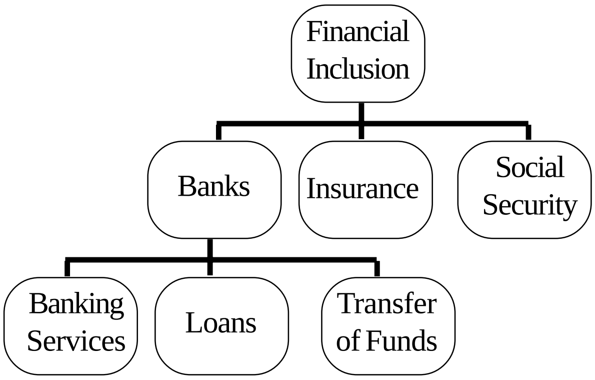
Shetty and Veerashekharappa (2009) found that SHG-bank linkage and Micro Finance Institution models are the two dominating microfinance approaches in the post-financial reforms in India. The study also found that the microfinance sector in India was growing with the genesis of new institutions on the one hand and, on the other hand, the NGOs were transforming themselves into financial institutions and entering the business of microfinance. The study concluded that the suitable regulatory environment was the prime concern for sustainable delivery of microfinance in India.

Goyal (2008) looked into the circumstances that led to the growing consensus about financial inclusion/ exclusion in recent years. It attempted to make a comparative analysis of the status of financial inclusion in Assam, Northeastern Region (NER), and India as a whole. Addressing the issue of financial inclusion from the perspectives of both supply and demand, the paper concluded by suggesting various means to deal with these constraints on financial inclusion. These measures include using mass-media to increase awareness, co-ordination between banks and SHG and NGO, imparting financial education, development of need based financial instruments.

Dymski (2005) reiterated that Social exclusion in the financial realm-that is, 'financial exclusion'-refers to the failure of the formal banking system to offer a full range of depository and credit services, at competitive prices, to all households and/or businesses. The systematic exclusion of households and/or businesses from 'financial citizenship'-on the basis of race or ethnicity, geographic area, gender and so on-compromises their ability to participate fully in the economy and to accumulate wealth

Methodology:

For the purpose of this research study, Financial Inclusion is restricted to three main categories Banks, Insurance and Social Security Benefits. Banking and allied services is further classified into Bank Account, Savings, Advisory Services, Transfer of Funds, Credit/Loans.



The definition of Economically Weaker Sections (EWS) and Lower Income Groups (LIG) as given in the 'Guidelines for Interest Subsidy Scheme for Housing the Urban Poor' in February 2009 by Ministry of Housing & Urban Poverty Alleviation Government of India is considered. The economic parameter of EWS is defined as households having an average monthly income up to Rs.3,300 and the economic parameter of LIG is defined as households having an average monthly income between Rs.3,301 up to Rs.7,300.

Thus the objectives of the study are:

1. To study the extent of Financial Inclusion.
2. To determine the penetration level of Financial Inclusion.
3. To find out the relation between Financial Inclusion and income brackets.

Keeping in view the above objectives, four hypotheses have been framed. They are:

H01 = EWS & LIG Category of people do not avail Banking Service

H02 = EWS & LIG Category of people do not avail loan from Financial Institutions but approach the private money lenders for the same.

H03 = EWS & LIG Category of people do not avail of Insurance Services

H04 = EWS & LIG Category of people are not aware about Social Security Benefit Schemes

To study the penetration of financial inclusion the researcher collected primary data through non-probability sampling. Purposive sampling was used to select 178 respondents from Pimple Gurav, Khadki, Kothrud and Gokhale Nagar area of Pune city. The schedule was administered to them and the responses were recorded by the researchers themselves. The data has been tabulated and analyzed. The tools used are Percentage analysis and Chi-square test using MS EXCEL 2007.

Sample Profile:

The dataset covered a total of 178 respondents of which 78.65 percent are male. A large majority of them i.e. 88.76 percent are Hindus. Around 45 percent of the respondents belong to the SC/ST/OBC category. 64.61 percent of the respondents belong to LIG and EWS category. 3.93 percent of the respondents were uneducated and 32.5 percent had completed SSC. 25.28 percent were unskilled and this is supported by the fact that 25.28 percent earn on a daily/seasonal basis. 24.71 percent of the respondents have three or less than three members in their family, thus showing that 75.28 percent have a large family to take care of.

Result and Analysis:

The database contained information on various parameters of financial inclusion like banking services, insurance and social security schemes. It was found that 81.46 percent of respondents have bank A/c of which 60 percent have it with nationalized banks. 40.45 percent have approached the formal financial institution for availing the loan, the most popular being home loan. However only 66.67 percent were able to secure it and the remaining were rejected on account of eligibility issue, lack of providing a guarantor etc.

H01 = EWS & LIG Category of people do not avail Banking Service

For testing the above hypothesis cross tabulation was done. It was done by considering income group on the one hand and the respondents having a bank a/c as well as having applied for loan from financial institutions. This is shown in Table 1.

Out of 178 respondents, 145 have a bank a/c and 72 have applied for loan. The definition of Bank includes the bank services, loans and transfer of funds. Hence for the purpose of testing the hypothesis cross tabulation was done on the basis of only those respondents who have a bank a/c as well as have applied for a loan from financial institutions.

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Table 1: Relationship between Income and Banking Services

Income of Respondents	Availed Banking Services (α)	Do not avail Banking Services (β)	Total
EWS & LIG Category	32	27	59
Earning above Rs. 7301	38	4	42
Total	70	31	101

Source: Survey Data

χ^2 = 15.15 (at 5% LOS and 1 df). It is more than the tabulated value of 3.841, hence the hypothesis is rejected.

Thus, it can be said that EWS and LIG category are availing the banking services.

H02 = EWS & LIG Category of people do not avail loan from Financial Institutions but approach the private money lenders for the same.

It would be interesting to see whether there is any relation between the respondents not availing any loan from banks/financial institutions and their approaching the private money lenders for it.

59.55 percent of the respondents (i.e. 106) do not approach the formal banking network or the financial institutions for the loan. Thus Table 2 shows whether these 106 respondents have approached the private money lenders or not for availing a loan.

Table 2: Relationship between Income and Loan availed from private lenders

Sr.	Income of Respondents	Loan taken from Private Lenders (α)	Loan not taken from Private Lenders (β)	Total
1	EWS & LIG Category	39	42	81
2	Earning above Rs. 7301	9	16	25
	Total	48	58	106

Source: Survey Data

*The cross tabulation is done on the premise that the respondents do not approach the formal banking network or the financial institutions for the loan and to see whether they approach the private money lenders or not.

χ^2 = 1.14 < 3.841. Hence the hypothesis is accepted.

Thus, it can be said that EWS and LIG category prefer to take loan from private money lenders rather than approaching the bank for their requirements.

H03 = EWS & LIG Category of people do not avail of Insurance Services

57.30 percent of respondents have an insurance policy, the most popular being life insurance followed by vehicle insurance. The relation between income group and respondents availing insurance is shown in Table 3.

Table 3: Relationship between Income and Insurance Penetration

Sr.	Income of Respondents	Have Insurance (α)	Do not have Insurance (β)	Total
1	EWS & LIG Category	51	64	115
2	Earning above Rs. 7301	51	12	63
	Total	102	76	178

Source: Survey Data

χ^2 = 22.29, it is more than the tabulated value of 3.841, hence the hypothesis is rejected.

We can say that there is sufficient insurance penetration among the EWS and LIG category.

H04 = EWS & LIG Category of people are not aware about Social Security Benefit Schemes

As far as social security schemes are concerned majority i.e., 70.79 percent are unaware about them. Also it was found that only 14.61 percent of all the respondents are availing the benefits, the most popular being National Family Benefit Scheme. The relation between income group and awareness about social security schemes is shown in Table 4

Table 4: Relationship between Income and Awareness about Social Security Benefit Schemes

Sr.	Income of Respondents	Aware (α)	Not Aware (β)	Total
1	EWS & LIG Category	28	87	115
2	Earning above Rs. 7301	24	39	63
	Total	52	126	178

Source: Survey Data

$\chi^2 = 3.72 < 3.841$, the hypothesis is accepted.

Hence it can be said that the people earning below Rs. 7301 are not aware about the social security schemes.

Recommendation and Conclusion:

The definition of financial inclusion that covered insurance and social security schemes besides banks, found that penetration of banks and insurance is good. However, the people are not aware about the social security schemes and still prefer to take loans from their friends/ relatives and even the money lenders rather than approaching the banks for it. Thus it is recommended that banks should simplify the loan procedures and offer relaxation to LIG and EWS category. The banks can offer to open 'zero balance' accounts, a recent policy adopted by State Bank of India across all savings account. This would go a long way in increasing the penetration of banks among the masses. It is truly said one who provides loans at the time of crisis to the lower sections of society assumes a high pedestal; banks have a challenging task to remove the private moneylenders from it. For this they have to take the necessary initiative in the form of simplified documentation, increasing the number of branches, creating awareness about various schemes.

As regards the social security schemes the government should increase awareness about it by taking the help of NGOs, SHG, panchayats and social workers. There is a need for coordinated action between the banks, the government and others to facilitate access to banks, insurance and social security schemes amongst the financially excluded. Then only we can achieve 100% financial inclusion.

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A Study of International Financial Reporting Standards (IFRS)

Prakash M. Herekar

Abstract :

Multiple accounting standards around the world create confusion, encourage errors and facilitate frauds. Hence they prove detrimental to public interest in the international financial markets. To cure these problems a single set of high quality global standards was essential. IFRS fulfill this deficiency by providing a single set of quality global standards that are universally acceptable allowing investors to compare the performance of business entities across geographic boundaries. It would boost the confidence of investors and agencies making decisions on the basis of such data. As global capital markets become increasingly integrated, many countries in the world are forced to adapt IFRS in place of their local standards or to converge their local accounting standards to IFRS. International analysts and investors would like to compare financial statements based on similar accounting standards. This has led to the growing support for an internationally accepted set of accounting standards for cross-border filings of financial statements for various purposes. IFRS represents the most commonly accepted global accounting framework as it has been adopted by more than 120 countries of the world. While the Core Group of Ministry of Corporate Affairs (MCA) has recommended convergence to IFRS in a phased manner from 1 April, 2011, Indian corporate having global aspirations should consider earlier voluntary adoption. The convergence with IFRS standards is set to change the landscape for financial reporting in India. There are several similarities between Indian GAAP and IFRS, still there are differences which can have significant impact on the financial statements. This paper is aimed to highlight the significant features of IFRS and do the comparative analysis of on Indian Generally Accepted Accounting Principles (Indian GAAP) vis-à-vis IFRS. After analyzing the data from the various secondary sources the paper reveals that Accounting standards reduce to a reasonable extent confusing variations in the accounting treatment used to prepare financial statements. Moving from Indian GAAP to IFRS has significant accounting consequences and far reaching business implications. Some of the major areas affected due to convergence are: and Presentation of Financial statements, Business Combinations, Group Accounts, Fixed Assets and Investment Property. Suitable amendments need to be brought into the Laws governing the entities like Joint Stock Companies, Banking and Insurance companies, Partnership Firms etc. enabling them to converge to IFRS. Application of FVA to the assets and liabilities may cause evil effects on their working triggering of contagion effect on the entire banking industry and economy. Hence the convergence has to be done with a reasonable caution and care.

Keywords : IFRS, GAAP, APB, FASB, IAS

Introduction :

In the recent past Indian Economy is growing fast and simultaneously it is integrating with the global economies. Indian companies are also increasingly raising the capital from the international financial markets and have listed their stocks on the international stocks exchanges. Under the circumstances, it would be obligatory for Indian companies to adopt IFRS for their financial reporting. India has set a roadmap for convergence with International Financial Reporting Standards (IFRS) commencing from 1 April, 2011. The convergence with IFRS standards is set to change the landscape for financial reporting in India. IFRS represents the most commonly accepted global accounting

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framework as it has been adopted by more than 120 countries of the world. While the Core Group of Ministry of Corporate Affairs (MCA) has recommended convergence to IFRS in a phased manner from 1 April, 2011, Indian corporate having global aspirations should consider earlier voluntary adoption. While there are several similarities between Indian GAAP and IFRS, still there are differences which can have significant impact on the financial statements. This paper is aimed to highlight the significant features of IFRS and do the comparative analysis of on Indian Generally Accepted Accounting Principles (Indian GAAP) vis-à-vis IFRS.

Objectives of Study:

The paper has following objectives:

1) To understand the concept of Accounting Standards.
2) To study the objectives, need and benefits of Accounting Standards.
3) To review the evolution of International and Indian Accounting Standards.
4) To appreciate the need for the adoption of IFRS by India.
5) To do the comparative analysis of Indian GAAP and IFRS.

Methodology:

The present study is exploratory cum descriptive in nature. It is based on the analysis of secondary data. The secondary data is availed from various journals, internet, and books. The data collected from these various sources has been analyzed and interpreted.

Meaning and need of Accounting Standards:

Accounting Standards (ASs) refers to a written policy documents issued by an expert accounting body covering the aspects of recognition, measurement, presentation and disclosure of accounting transactions in the financial statements. They provide a set of standard accounting policies, valuation norms and disclosure requirements so as to reduce the accounting alternatives in preparation of financial statements within the bounds of rationality, thereby ensuring inter-firm and intra-firm comparability of financial statements of different enterprises. Accounting standards reduce to a reasonable extent confusing variations in the accounting treatment used to prepare financial statements. There are certain areas where it is not mandatory to disclose some significant information. Standards may call for such information.

Evolution of Accounting Standards:

In the year 1932-34, the American Institute of Accountants (now known as American Institute of Certified Public Accountants), collaborated with the New York Stock Exchange in the formulation of five 'rules or principles' of Accounting to narrow down the variations in accounting policies, recommend disclosures for significant items, and suggest improvement in disclosures required by accounting standards keeping in view the company law and other regulatory requirement. In 1959, the American Institute of Certified Public Accountants (AICPA) established Accounting Principles Board (APB) with the objective of carrying on research so as to provide a solid base for its opinions. In 1973 APB was replaced by Financial Accounting Standards Board (FASB). Currently, standard setting boards or committees are active in number of countries including the United States, United Kingdom, Australia, Canada, India etc. In June 1973 the International Accounting Standards Committee (IASC) was established at London and assigned with the task of developing International Accounting Standards. (ICAI 2009).

In the year 2001 the International Accounting Standards Board (IASB) replaced the IASC. The IASB's mandate is to develop International Financial Reporting Standards (IFRS). IFRS are high-quality, compatible accounting standards that could be used for both domestic and cross-border financial reporting. In 2005 the U.S. Security Exchange Commission (SEC) announced that it will accept form foreign filers in United States financial statements of listed companies prepared in accordance with IFRS, as issued by the IASB, without reconciliation to U.S. GAAP. . Also, the SEC issues a Concept Release asking if U.S. public companies should be given an option to follow IFRS instead of U.S. GAAP. From 2011 Canadian and Indian companies begin using the global standards, and Japan is stated to have eliminated all major differences between Japanese GAAP and IFRS. (AICPA IFRS.com).

The Accounting Standards Board of the Institute of Chartered Accountants of India ('ICAI') was constituted on 21 April, 1977, to formulate Accounting Standards applicable to Indian enterprises. Initially, the Accounting Standards were recommendatory in nature and gradually the Accounting Standards were made mandatory. The legal recognition to the Accounting Standards was accorded for the companies in the Companies Act, 1956, by introduction of Section 211(3C) through the Companies (Amendment) Act, 1999, whereby it is required that the companies shall follow the Accounting Standards notified by the Central Government on a recommendation made by the National Advisory Committee on Accounting Standards (NACAS) constituted under section 210Aof the said Act.

The Reserve Bank of India ('RBI') in case of banks, the Insurance Regulatory and Development Authority (IRDA) in case of insurance companies and the Securities and Exchange Board of India (SEBI) in case of all listed companies, requires compliance with the Accounting Standards issued by ICAI.

ICAI, being a full-fledged member of the International Federation of Accountants (IFAC), while formulating the Accounting Standards (ASs), the ASB gives due consideration to International Accounting Standards (IASs) issued by the International Accounting Standards Committee or International Financial Reporting Standards (IFRSs) issued by the IASB, as the case may be, and try to integrate them, to the extent possible. However, where departure from IFRS is warranted keeping in view the Indian conditions, the ASs have been modified to that extent. (www.astuteconsulting.com)

The need for the adoption of IFRS by India:

IFRS are increasingly being recognized as Global Reporting Standards for financial statements. 'National GAAP' is becoming rare. As global capital markets become increasingly integrated, many countries are moving to IFRS. International analysts and investors would like to compare financial statements based on similar accounting standards. This has led to the growing support for an internationally accepted set of accounting standards for cross-border filings of financial statements for various purposes. Multiple accounting standards around the world create confusion, encourage errors and facilitate frauds. Hence it is detrimental to public interest. To cure these problems a single set of high quality global standards was essential. IFRS fulfill this deficiency by providing a single set of quality global standards that are universally acceptable allowing investors to compare the performance of business entities across geographic boundaries. The harmony in financial reporting around the world though IFRS would raise authenticity of accounting data displayed in the financial statements. It would boost the confidence of investors and agencies making decisions on the basis of such data. If accounting for the same events and information produces divergent reported financial statements due to adoption of different set of accounting standards, then reliability of accounting in the users of financial statement would be at stake. Also for the companies listing in both domestic and foreign countries, the convergence to IFRS is essential.

Following are some of the benefits of adopting IFRS -(IFRS - Indian Context)

1. Improved access to international capital markets
2. Lower cost of capital
3. Benchmarking with global peers
4. Enhanced brand value
5. Avoidance of multiple reporting
6. Reflecting true value of acquisitions
7. Transparency in reporting

Presently more than 130 countries such as European Union, Australia, New Zealand and Russia currently permit the use of IFRS in their countries. ICAI / MCA has also expressed their view that IFRSs should be adopted in India for the public interest entities such as listed entities, banks and insurance entities and large-sized entities from the accounting periods beginning on or after 1 April, 2011. As a consequence the Indian entities will need to start preparing for convergence to IFRS, preferable much earlier. The next few years will be exciting, but challenging at the same time (www.astuteconsulting.com).

Phases for Implementation:

On 22nd January, 2010, the Ministry of Corporate Affairs (MCA) issued a press release setting out the road map for convergence with IFRS. Accordingly, timelines of convergence to IFRS in India are as under:

Phase I - 1 April 2011*

a. Companies which are part of NSE Index -Nifty 50.
b. Companies which are part of BSE Sensex - BSE 30.

c. Companies whose shares or other securities are listed on stock exchanges outside India.

d. Companies, whether listed or not, which have a net worth in excess of Rs. 1,000 crores.

Phase II - 1 April 2013*

The companies, whether listed or not, having a net worth exceeding Rs. 500 crores but not exceeding Rs. 1,000 Crores.

Phase III - 1 April 2014*

Listed companies which have a net worth of Rs. 500 crores or less.

However, in view of several difficulties in the implementation of aforesaid schedule some changes in this schedule are expected.

Impact of Convergence with IFRS in India:

The financial statements to which the IFRS apply are directed towards the common information needs of a wide range of users like the shareholders, creditors, employees and public at large. The IFRSs comprises of following: (Krutika Fadnis 2011)

International Financial Reporting Standards (IFRSs)	9
International Accounting Standards (IAS)	29
Interpretations issued by International Financial Reporting Interpretations Committee (IFRIC)	16
Interpretations issued by Standing Interpretations Committee (SIC)	11

Moving from Indian GAAP to IFRS has significant accounting consequences and far reaching business implications. Some of the major areas affected due to convergence are as under: (M. Subramanyam, 2011)

Presentation of Financial Statements:

IAS 1 (Revised) is significantly different from Indian GAAP in respect of Presentation of Financial Statement. While the former sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their contents etc. the latter offers no standard outlines in respect presentation of financial statements. For example, in case of companies' format and disclosure requirements are set out under Schedule VI to the Companies Act, 1956.For banking companies the format of Financial Statements is given in Banking Regulation Act. For partnership firms the Indian Partnership Act does not lay down any specific format of financial statements. Suitable amendments need to be brought into the Laws governing these entities enabling them to converge to IFRS.

With the introduction of IFRS the nomenclature of financial statements is going to change. A Balance Sheet shall be addressed as *A Statement of Financial Position* and Profit and Loss shall be addressed as *A Statement of Comprehensive Income.* The financial statements shall be comprised of following:

1. a statement of financial position as at the end of the period
2. a statement of comprehensive income for the period;
3. a statement of changes in equity for the period;
4. a statement of cash flows for the period;
5. notes, comprising a summary of significant accounting policies and other explanatory information; and
6. a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements

As per IAS 1 (Revised) a Statement of *Comprehensive Income* presents all items all items of income and expense recognized in Profit and Loss Account together with several other items of recognized income and expense displayed in the form of *Other Comprehensive Income*. The concept of Other *Comprehensive Income* does not prevail under Indian GAAP.

Business Combinations:

IFRS 3 (Revised) requires the net assets taken over, including contingent liabilities and intangible assets to be recorded at fair value, unlike Indian GAAP which requires, (in the cases of subsidiaries, associates and joint ventures) the recording net assets at carrying cost. Contingent liabilities of the vendor firm are not recorded as liabilities under Indian GAAP. Likewise, there are differences in treatment of amortization of goodwill, reverse acquisitions (Indian GAAP does not deal with reverse acquisitions), measurement of contingent consideration and other areas. The changes brought in by IFRS-3 (Revised) will affect all stages of acquisition process, from planning to presentation of the post deal results. The implications primarily involve providing greater transparency and insights into what has been acquired, and allowing the market to evaluate the management's explanations of the rationale behind a transaction.

Group Accounts:

There are several crucial differences with regard to accounting for Group Accounts under IFRS. Under IAS 27 (Revised), Consolidated and Separate Financial Statements, the preparation of group accounts is mandatory, subject to few exemptions, whereas preparation of Consolidated Financial Statements (CFS) is required only for listed entities under Indian GAAP. Both IFRS and Indian GAAP require use of uniform accounting policies for preparation of CFS. However, Indian GAAP provides an exemption on the ground of impracticability.

IFRS allows a 3 month's time gap between financial statements of parent and its subsidiary, associate or jointly controlled entity. Indian GAAP allows a 6 months' time gap for subsidiaries and jointly controlled entities. For associates there is no time gap prescribed.

IFRS requires losses incurred by the subsidiary to be allocated between the controlling and non-controlling equity investment in the subsidiary. Under Indian GAAP, excess losses attributable to minority shareholders over the minority interest are adjusted against the majority interest unless the minority has a binding obligation to and is able to make good the losses.

Fixed Assets and Investment Property:

As per the provisions contained in IAS 16, Property, Plant and Equipments (PPE) mandates component accounting, whereas AS10 recommends, but does not require component accounting. IFRS requires depreciation to be based on useful economic life of an asset. In Indian GAAP, depreciation is based on higher of useful life or Schedule XIV rates. Major repairs and overhaul expenditure are capitalized under IFRS as replacement costs, if they satisfy the recognition criteria, whereas in most cases Indian GAAP requires these to be charged off to the Profit & Loss Account as incurred. IFRS requires estimates of useful lives and residual values to be reviewed at least at each financial year end. In Indian GAAP, there is no need for an annual review of estimates of useful lives and residual values.

Both IFRS and Indian GAAP permit the revaluation model for subsequent measurement. If an asset is revalued, IFRS mandates revaluation to be done for the entire class of property, plant and equipment to which that asset belongs, and the revaluation to be updated periodically. In Indian GAAP, revaluation is not required for all the assets of a given class. It is sufficient that the selection of the asset to be revalued is made on systematic basis. For example, a firm may revalue a class of assets of one unit and ignore the same class of asset at other location. Also, there is no need to update revaluation regularly under Indian GAAP.

Under IFRS, depreciation on revaluation portion cannot be recouped out of revaluation reserve and will have to be charged to income statement over the useful life of the asset whereas, Indian GAAP permits depreciation on revaluation portion to be recouped out of revaluation reserve to the income statement.

IFRS provides detailed rules for classification of an asset as an investment property and allows subsequent measurement of investment property at cost or at fair value. Indian GAAP requires investment property to be recognized at cost less diminutions other than temporary diminutions in value.

Under IFRS, intangible assets can have indefinite useful life. Such assets are required to be tested for impairment and are not to be amortized. Under Indian GAAP, there is no concept of indefinite useful life.

Application of Fair Value Concept:

Further the IFRS are principle based standards and their application requires the increased use of Fair Value Accounting (FVA) for valuation and measurement of assets and liabilities. Fair Value is defined as "An estimate of price an entity would realize if it had sold an

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asset or paid if it had been relieved of a liability on the reporting date in an arm's length exchange motivated by normal business considerations." Evidence shows that FVA would result in added volatility in earnings and equity especially for banking and financial institutions. Application of FVA to the assets and liabilities may cause evil effects on their working triggering of contagion effect on the entire banking industry and economy.

Conclusion:

Multiple accounting standards around the world create confusion, encourage errors and facilitate frauds. Hence it is detrimental to public interest. To cure these problems a single set of high quality global standards was essential. IFRS fulfill this deficiency by providing a single set of quality global standards that are universally acceptable allowing investors to compare the performance of business entities across geographic boundaries. It would boost the confidence of international investors and agencies making decisions on the basis of such data. Moving from Indian GAAP to IFRS has significant accounting consequences and far reaching business implications. Some of the major areas affected due to convergence are: Business Combinations, Group Accounts, Fixed Assets and Investment Property and Presentation of Financial statements. Suitable amendments need to be brought into the Laws governing the entities like Joint Stock Companies, Banking and Insurance companies, Partnership Firms etc. enabling them to converge to IFRS. Application of FVA to the assets and liabilities may cause evil effects on their working triggering of contagion effect on the entire banking industry and economy. Hence the convergence has to be done with a reasonable caution and care.

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