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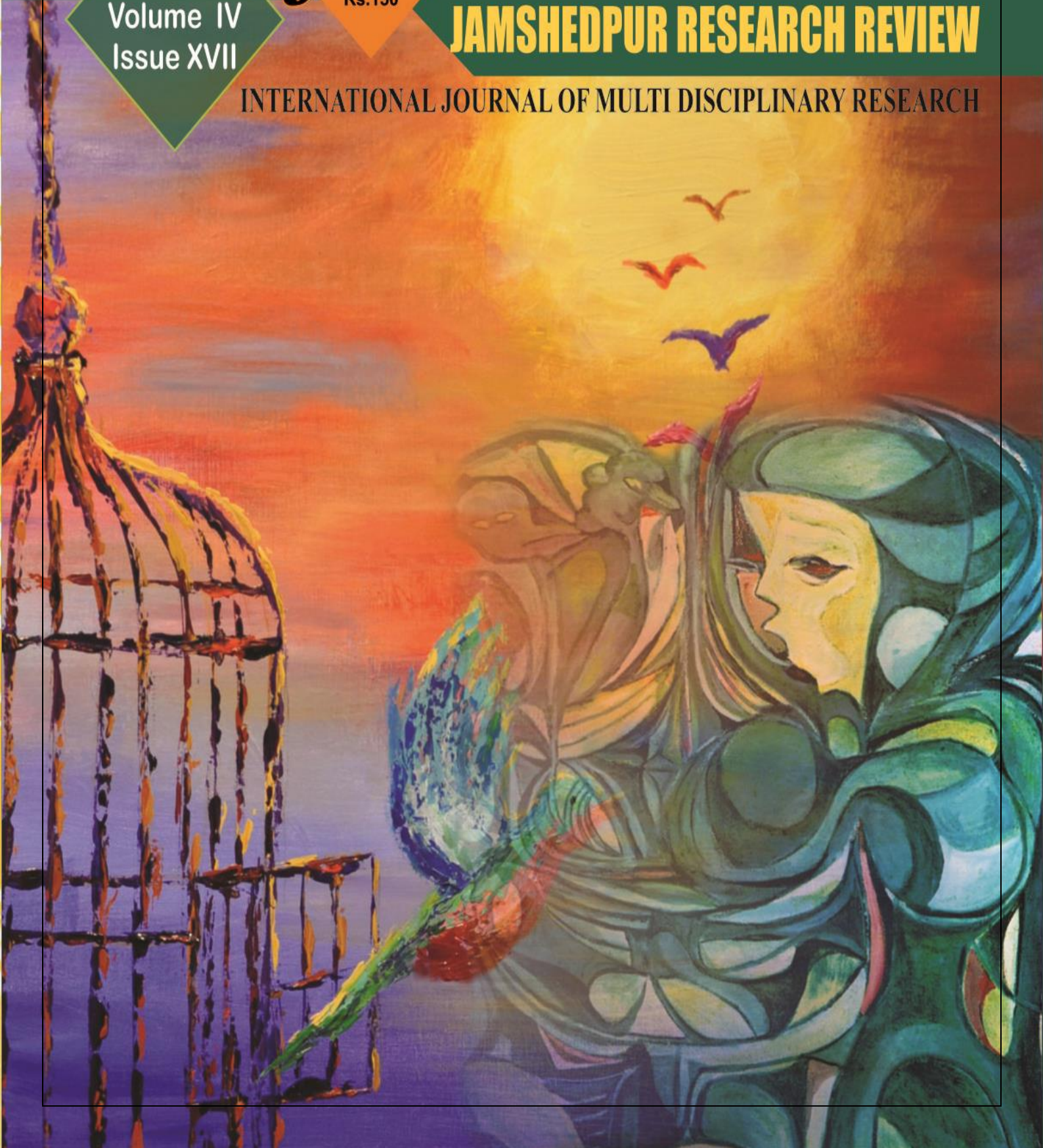
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September - November 2016

Year IV  
Volume IV  
Issue XVII

# JAMSHEDPUR RESEARCH REVIEW

INTERNATIONAL JOURNAL OF MULTI DISCIPLINARY RESEARCH



# JAMSHEDPUR RESEARCH REVIEW

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# JAMSHESPUR RESEARCH REVIEW

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YEAR VI VOL. IV ISSUE XVII

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## Special Issue on **SOCIO- ECONOMIC EQUITY**

A Publication of  
Gyanjyoti Educational & Research Foundation  
Jamshedpur-831005

**Dr. R. P. P Singh**

Vice-Chancellor, Kolhan University,  
Jharkhand, India



## Message From The Guest Editor s Desk.....

*It is my great privilege and pleasure to introduce the Vol IV, Issue XVII of Jamshedpur Research Review.*

*This special issue of JRR is focused on 'Social and Economic Equity. Social equality is a state of affairs in which all people within a specific society have the same status in certain respects. The concept of economic equity aims to provide all citizens with a basic and equal minimum of income, goods, and services or to increase funds and commitment for redistribution.*

*The first article of the issue 'Women Empowerment in Rural Palamu: An Empirical Analysis' empirically studies the current status of women empowerment in rural Palamau district of Jharkhand. Trafficking of human beings, especially of women and children, is an organized crime that violates basic human rights. This problem has taken a very dangerous shape in Jharkhand now. The paper titled 'Trauma and Ego Strength among Tribal Trafficked Girls and Women' is an honest attempt to compare and assess the socio-demographic characteristics among tribal trafficked girls and, 'women trauma' among tribal trafficked girls and women in Ranchi, Gadhwa and Daltonganj towns of Jharkhand. 'Empowering Women through Self Help Groups: Issues & Challenges' is another paper on 'Women Empowerment'. The paper reports the present status of self-help groups, their role in empowering rural women, and, the challenges faced by the members of such group in the state of Chhattisgarh.*

*Impact of industrialization on the tribal areas of Jharkhand is highly debatable topic today. The paper titled 'Impact of Industrialization of West Singhbhum District of Jharkhand: An Empirical Investigation' presents the views of local people of West Sighbhum district of Jharkhand on this burning issue. More than 50 present population of West Singhbhum is tribal.*

*Banking sector is the growth engine of economic development. Without economic development social development is just another dream. The papers titled 'Customers perception towards the use of e-banking system in West Shewa Zone: Ambo town' and 'Internet Banking in Jamshedpur -A Study of Public and Private Sector Banks in Jamshedpur' gives very comprehensive reports on customers' perceptions on e-banking in two distant continents. In this issue there are many more papers on 'banking sector' and 'financial inclusion'.*

*Cover page of this special issue is based on the oil painting of UK based eminent painter and author- Durlabh Singh. His article 'Central African Mythology' and poems 'MOKELE-THE BEAST' and 'OBETAKA-THE MAGICIAN' epitomizes a very colourful picture of Central Africa.*

*I am pretty hopeful that the reading would be rewarding to the readers of "Jamshedpur Research Review" as it would serve as a verdant landscape of scientific and literary outpourings that support teaching and research for the sake of social and economic empowerment and national integrity.*

With Best Wishes

05th Sept. 2016



**Dr. R. P. P Singh**

Vice-Chancellor, Kolhan University,  
Jharkhand, India



## Message From The Editor In Chief's Desk

Let me first of all take this opportunity to wish all our readers a happy Independence Day! On the occasion of our 70<sup>th</sup> independence day I cannot stop to recall the famous lines of the Maya Angelou 's poem 'I Know Why the Caged Bird Sings' (1969) she says:

*"A free bird leaps on the back of the wind  
and floats downstream till the current ends  
and dips his wing in the orange suns rays and dares to claim the sky."*

*"The caged bird sings with a fearful trill  
of things unknown but longed for still  
and his tune is heard on the distant hill  
for the caged bird sings of freedom."*

Vol IV Issue XVII of JRR is focused on **Social and Economic Equity**. A total of nineteen articles have been presented in this issue of JRR. I sincerely hope that each one will provide insightful stimulation to a reasonable segment of our community of readers.

Jamshedpur Research Review is also available on Internet for some time now, helping us penetrating international readers' segment far deeply. Now we're receiving more and more research papers from the other parts of the world. In this special issue we have published two foreign papers.

This issue has been edited by Dr. R.P.P Singh, Vice- Chancellor of Kolhan University, Jharkhand. On behalf of the entire team of Jamshedpur Research Review I would like to thank him for his valuable contribution in making this issue worthwhile.

I am also very thankful to Mr. Durlabh Singh, who has sent us his beautiful oil painting from United Kingdom. His insightful painting 'The Cage' is the central theme of our cover page.

I would like to express my considerable appreciation to all authors of this issue. It is their generous contributions of time and effort that made this issue possible. At the same time I would like to encourage all our readers to consider sharing their special insights with the JRR community by sending their feedbacks.

With Best Wishes.

**Date: 05-9-2016**

Jamshedpur

A handwritten signature in black ink, appearing to read 'Mithilesh'.

(Dr. Mithilesh Kr. Choubey)  
Editor-In-Chief

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RESEARCH  
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# WOMEN EMPOWERMENT IN RURAL PALAMU: AN EMPIRICAL ANALYSIS

**Anita Sinha**

Head, Political Science Department, Janta Shivratri College, Daltonganj, Palamu

## Abstract

Women's empowerment, referring to the empowerment of women in our present society, has become a significant topic of discussion in regards to development and economics. In this paper I have discussed the present status of women empowerment in rural areas of Palamau district of Jharkhand. Palamau is one of the twenty-four districts of Jharkhand state, India. It was formed in 1892. The administrative headquarter is Daltonganj, situated on Koel river. Palamu district consists of 21 Blocks. To study the degree of women empowerment in rural Palamau, I randomly picked up 357 samples across the rural areas of Palamau district.

**Key words:** Women empowerment, Palamau District of Jharkhand, decision making power, financial independence, involvement in electoral process, Gram Sabha, Health check-up, raising voice against male dominance, exploitation and social evils.

**Women's empowerment**, referring to the empowerment of women in our present society, has become a significant topic of discussion in regards to development and economics. Often, women in India are legally restricted from economic decision making on the sole basis of gender. When women have economic empowerment, it is a way for others to see them as equal members of society. Through this, they achieve more self-respect and confidence by their contributions to their communities. Simply including women as a part of a community can have sweeping positive effects. In the states like Jharkhand tribal women have greater decision making power than other contemporary Indian societies. Women participation in social, economic, political activities have been argued to be the most beneficial form of gender empowerment. Political participation, be it the ability to vote and voice opinions, or the ability to run for office with a fair chance of being elected, plays a huge role in the empowerment of peoples. Participation in the household, in schools, and the ability to make choices for oneself. It can be said that these latter participations need to be achieved before one can move onto broader political participation

The main objective of this paper is to explain the present status of women empowerment in Palamau district of Jharkhand.

## Socio Economic Profile of the Respondents:

All the respondents were carefully selected from across the district. The selection was done in accordance to the relative population across the blocks and villages. It was made sure that respondents were selected from across the district. Following table has the details:

**Table1: Localities of the respondents**

Place	No. of Respondents
Panki	43
Lesliganj	41
Haidarnagar	19
Hussainabad	25
Mohhamadganj	18
Bishrampur	38
Pandu	37
Manatu	24
Tarhasi	25
Chainpur	49
Daltonganj	18
Others	20
<b>Total</b>	<b>357</b>

**Table 2- Age Group of the respondents**

Age Group	Number of Respondents
10-20	3
20-30	158
30-40	123
40-50	59
>50	14

**Table 3- Religion of the respondents**

Religion	Number of Respondents
Hindu	275
Muslim	37
Christians	20
Sarna, Tribal	15
Others	10

**Table 4- Marital Status**

Marital Status	Number of Respondents
Married	307
Unmarried	23
Estranged, Husband Missing	17
Divorced	8
No Response	2

### Women Empowerment in Rural Palamau- A Statistical Analysis

**Freedom in Taking Decisions:** The ability to take decisions in affairs within and without the household has an empowering effect on an individual as it serves as a learning experience and a reminder to one to take responsibility of one's decisions. One therefore has to take a lot of factors into consideration before making a decision and this enables one to develop a wholesome understanding of issues one deals with. Lived experiences of females in the rural areas narrate a different story however. A Woman is not allowed to make important decisions independently and the consultation process is also not very effective and usually the male member takes the decision. This study asked women about their decision making ability in four particular fields.

**Table 5- Decision Making Power**

Area	Fqn	Percentage
Child Education	210	59%
Family Planning	62	17.6
Purchase/Disposal of land and other immovable items	5	1.4
Purchase of other costly items	26	7.3
All of these	30	8.5
None of these	19	5.39
Total	352	100

As it can be seen from the above table the ability to take independent decisions or whether or not the female has considerable influence in the decision making process is skewed towards aspects in which the male typically shows no interest and such areas are considered as the preserve of women. For example, more than half of the women surveyed agree that decisions which had to do something with the education of a child was or could have been taken by them without any external pressure. This includes selection of school, choice of tuitions amongst others. This is clearly a result of male apathy and should not be seen as an indicator of women being able to take household decisions on their own. The response in case of family planning, for example, is low indicating that women still have limited control over their sexual lives and reproductive health. This clearly is something which must be looked after by the social engineers. The right to spend money, not so surprisingly, is entirely in the male domain, exhibiting the sad state of affairs. This is especially ironic since more than half of the females surveyed work and have their own source of income. But, as is clear from their response, they do not exercise much control over how they spend that money. Land and other immovable property being something which has been traditionally passed on to sons, is kept out of their control totally, as expected.

**Freedom of Movement, Gender Discrimination and Freedom to Communicate:** As per my survey findings 61 percent of the total respondents were allowed to communicate with the outsiders. The respondents were unequivocal that they exercise their freedom to go about on their

own and communicate with people outside the household on a frequent basis. This has to be studied in consonance with the fact that most of the respondents were earning members of the household and therefore have to commute and interact on a regular basis with people around them. The ability to move freely and interact with people outside the household is known to have a positive impact on women empowerment and this has been clearly brought out by research works across the globe.

**Table 6-Freedom to commute with external environment**

Option	Frequency	%
Yes	216	61.5
No	101	28.5
Can't Say	37	10.5
N	354	100

The ratio is in line with our assumption that working females exercise the freedom to commute on a regular basis when compared to females who do not work. This clearly shows that the freedom to move about is tied closely with the value it brings to the family and is decided by the male head of the household. In this particular case, it can be said that since working women added income to the household, it was acceptable for them to defy social norms.

**Table 7- Freedom to Communicate-external environment**

Option	Frequency	%
Yes	228	64.5
No	90	25.5
Can't Say	35	10
N	353	100

As is clear from the table above, the freedom to communicate is again highly correlated to the number of women who work. The ability to get out of the house and earn for oneself and family can thus be understood as a significant contributor to the empowerment process and is both a result and a factor in empowerment. Surprisingly 58.20 percent of the respondents did not experience any gender based discrimination. This response, however, is not in sync with the above responses when asked about whether they have been discriminated against due to their gender. It is clear from the answers that a lot many women do not

understand discrimination and have accepted the state of affairs as natural.

**Table-8- Faced Any Gender Discrimination**

Option	Frequency	%
Yes	129	36.5
No	206	58.20
Can't Say	19	5.30
N	354	100

A significant majority have reported that they do not and have never felt discriminated against by their male counterparts at either home or at workplace. Surprisingly a review survey produced similar results. This, then, if at all, could be taken as a supporting evidence that working women feel lesser discriminated against relative to women are confined to their house in day to day lives. However, this could also taken to reflect the poor awareness among women about discrimination and women empowerment.

#### **Knowledge of Panchayati Raj, Active and Meaningful Participation and Political Empowerment:**

Political Empowerment implies that an individual is aware of the value of his or her own independence when it comes to choosing a representative or even forming a political opinion. In the rural areas of Palamau district of Jharkhand, 68 percent women are familiar with the term “ Panchati Raj’ It also means that they realize the potential of Politics as a tool for Social Change. Mobilizing around a common cause which concerns them all, women can mould the outcome of the results and impact the outcome of elections choosing candidates who seek to alleviate the plight of rural women.

**Table 9-Knowledge of Panchayati Raj**

Option	Frequency	%
Yes	243	68
No	105	29.50
Can't Say	9	2.50
N	357	100

The fact that almost one third of the women surveyed did not know about Panchayati Raj is a sad reflection on the level of political empowerment in rural areas. The questions asked were very basic in nature and mostly related to the setup and functions of the Panchayats. Almost everyone, however, had heard about the term Panchayati Raj.

**Table 10-Active Participation in Panchayat work**

Option	Frequency	%
Yes	189	53.25
No	143	40.50
Can't Say	24	11.25
N	356	100

Out of the 243 people who had a general level of understanding of the workings of the panchayati system, 189 had attended at least one Gram Sabha meeting in the last 1 year (Active Participation). The data for attendance during the past 3 years shows that 230 people out of 243 had attended a Gram Sabha meeting. The participation rate is greater than 70 percent and is certainly more than the national average. **But mere attendance does not mean participation** and many psychological and social barriers need to be overcome before women gain a voice in the Gram Sabha meetings.

**Table 11-Participation rate- in Panchayat work**

Option	Frequency	%
Yes	150	42
No	169	47.33
Can't Say	38	10.66
N	357	100

The women who participated in the meetings were asked whether or not they could present their ideas or express their opinion in the meeting. A majority responded in negative. This means that despite their presence, women are not being able to press their ideas on the agenda and gather any support for it. This could be due to various reasons such as caste barriers, presence of male spouse or relatives in the meeting, social customs among others. Of the women who did speak out on various issues in the meeting, only 46 thought that their voice influenced the decision of the Panchayat. That is, an overwhelmingly large percentage of women are **disenchanted by the process and feel that their voice is being neglected**. It is interesting to see the issues which appeals to the women when it comes to voting, the questions were related to the last National, State and Panchayat election held in

the past five years. **Although maximum number of the respondents said that they voted for development. However it was not the majority.** Religion and Caste are still a determining factor in Rural India and is evident by the Table below. Identity politics is a reality as well. Worse, perhaps, was the influence of a family member, mostly Husband or Father on the vote of the women as around 14 percent of the respondents said that the male member in the house decided their votes.

**Table 12- Key factor in voting decision**

Option	Frequency	%
Development	142	39.77
Religion	10	2
Caste	49	13.72
Persuasion of any Family member	42	11.76
Regional Issues	55	15.40
Identity Politics	46	12.88
Others	13	3.64
N	357	100

It can be therefore argued that the Political Empowerment of women in rural areas of Palamau is still in its nascent stage and yet there are some clear signs of progress. More importantly there are certain identifiable driving forces such as community mobilization, contesting election, independent voting and active participation in Gram Sabha meetings that can further this process and even expedite it.

**Community Participation and Mobilization:**

Group formation and mobilization builds capacity in an individual member and enables one to build linkages which one can leverage during times of crisis. Community Participation has a direct linkage with empowerment as shown by various researches in the field. Many Government programs utilize the network of Self Help Groups to achieve the intended outcomes. Around fifty percent of women surveyed have been or are a part of one or more SHG's. This is line with the percentage of women who are employed outside their household. It is abundantly clear by correlation analysis that working women, women organizing themselves, women enjoying financial independence and making

political decisions on their own are highly correlated.

**Table 13-Women in any community organization including SHG's under NRLM**

Options	Frequency	%
Yes	174	49.44
No	173	49.14
Can't Say	5	1.42
N	352	100

The communities are also instrumental in giving the women voice as a collection of individuals. The groups which are not related to finance are politically and socially active. Moreover, the surveyed women meet at a regular basis and discuss various issues amongst them. Surprisingly, a few of the community organization had taken out a procession sensitizing people on various issues in the past one year.

**Table 14-Women who have participated in any agitation or procession in the last one Year**

Options	Frequency	%
Yes	111	31.35
No	204	57.62
Can't Say	39	11
N	354	100

Although only around one third of the women have been in any agitation or procession, it is still a good number for rural population. A comparative study could not be drawn due to the lack of data from other regions. It is interesting to know the diversity of topics discussed during these meetings. As is clear from the Table below, the topics range from Politics to various social ills and even issues such as drug abuse among the youth. This clearly indicates that women are somewhat more aware of the surroundings and have an opinion on things which they think are important. These include anything which has an impact on their wellbeing in a broader sense.

**Table 15- Issues/Topics at a meeting or in a procession**

Option	Frequency	%
Child Marriage	103	27.91
Domestic Violence	98	26.55
Violence against Widow, Children	25	6.70
Girl Trafficking	35	9.40
Drug Abuse among Youth	30	8.13
Alcoholism	54	14.63
All of these	24	6.50
N	369	100

It is heartening to see that women in rural are waking up to the evil practice of child marriage. An empowered woman in the family can go a long way in stopping her children from being married at a young age. Domestic violence is another issue which has been constant discussion as evident from the Table above. On being questioned further, it was found that marital rape, which is still legal in India, was a frequent topic of discussion. It is therefore clear that women are starting to rise against such subtle issues which were earlier not talked about. In recent years the trafficking of girls from Jharkhand has increased. Most of the times, the family is duped into sending the girl child away from home. Therefore processions and rallies which sensitize people and make them aware of the issue were taken up by some women group in the past year. Alcohol abuse by husbands and drug abuse among the youth was also a subject of discussion. The fact that women in groups are discussing about issues which are relevant for a better society and a better lives for them is an indicator of empowerment. Indeed, the revision survey revealed that the activities of the groups had increased. News reports indicated that they had started taking errant Husbands to the police stations. A big step forward indeed. In fact successive survey showed that the awareness related to domestic violence grew over the years between the surveys.

**Community participation and group mobilization then emerges as one of the major driving force of women empowerment** in rural areas of Palamu. The reasons for it are not so difficult to comprehend. The loss of identity and therefore

the associated shame and shyness when one becomes a part of a larger whole could be the primary reason for it. Apart from it, the strength and confidence one derives from fellow members of the group is also one of the reasons, among others.

**Domestic Violence, Legal awareness and Health issues:** Similarly, the avenues to address the issue of domestic violence have changed over the years. Taking data from a previous survey, it is wonderful to see that institutionalized grievance redressal mechanism is taking hold and an increasing number of women are going to police stations and courts. The increased presence at avenues of mediation and conciliation such as the Panchayats has increased the collective voice of women as the numbers have crossed a critical threshold. Police stations in two areas (in the survey region) reported an increased number of women coming in groups to complain about incidents. A recent data put out by the women commission also indicate that more number of cases are being brought forward and women are more upfront and less ashamed to go public with their sufferings.

The percentage of women claiming to understand that they were a victim of Domestic Violence showed a clear upward trend in the successive surveys conducted in the span of a year. This trend is highly correlated with the number of women working outside their homes and with the increase in ownership of any medium of communication including mobile phones. The above trend is also seen in the way women perceive domestic violence. Indeed, women have started to associate lack of disposable money available to them as a form of domestic violence. Similarly women were prompt to identify the lack of conversation or harsh and rude conversation as a form of mental violence. This clearly shows that the awareness related to various forms of discriminatory violence has come a long way and has empowered women and enabled them to take their problems to a proper forum.

**Table 16-Number of women claiming to understand and discern violence at Home and Outside**

Options	2015( Early September)		2014( late October)	
	Frequency	%	Frequency	%
Yes	253	70	219	62
No	85	23.80	107	30
Can't Say	19	5.32	28	7
N	357		354	

**Table 17-Women identifying themselves to have been a victim of different kind of violence**

Options	Frequency	%
Physical Violence	135	38
Economic Violence	65	18.25
Verbal or Emotional Violence	53	15
All of these	103	29.00
N	356	100

This is indeed a very healthy development as it has huge implications for correct grievance redressal and data collection in general.

Health is an important aspect of empowerment and control over the sexual and reproductive health is an indicator of women empowerment. The freedom to see a doctor on one's own is an indicator of the awareness level about the issues surrounding health and the ability to exercise the option of seeing a doctor.

**Table 18-Freedom to see the doctor**

Options	Frequency	%
Regular (thrice or more in the last year)	119	33
At least once in the last Year	73	20.27
Once in the last few Years	81	22.5
Never	87	24.16
N	360	100

The above Table indicates that the women who have seen a doctor at least once in the past year are in a majority. The concern however is the number of women who have never met a doctor regarding problems of any sort. There could be various other factors driving this behavior including poverty and the distance of the doctor from the home amongst others. Other factors impacting health of a woman and her physical safety do not fare well however. The number of households with toilets for example is below the national average meaning women have to defecate in the open before sunrise and after sunset. In fact 265 women reported having to defecate in the open while only 91 women had a toilet in their house. This could and does have serious impacts on the health of a woman. It also means that women living in households without toilets do not have enough voice to get a toilet built and that their health is not a priority form the male earner and spender. This clearly, therefore indicates a lack of empowerment.

Palamau is a dry region of Jharkhand and is susceptible to droughts in case of failure of monsoons. The level of groundwater has consistently fallen over the years and this has meant that the usual sources of easily available fresh water are decreasing in numbers. This has huge implications on the day to day life of a woman as they are forced to go out for searching potable water. In fact a study put out by UNDP stated that women in Jharkhand have to walk for around two hours on a daily basis just to meet the needs of water for the family. This again, like the absence of toilet is the inability of women to convince the male member to spend for her convenience and indicates a lack of power equation in the home.

**Economic Empowerment:** A person with his/her own disposable income is far more empowered in taking decisions about his/her life than a person who is financially dependent on someone else. With that in mind, an analysis of the financial autonomy including assets owned and independence in disposing off the assets and spending the income as per will is an important indicator of the level of empowerment.

More than three fourth of the surveyed women had a bank account in their own name. Of the remaining one fourth around twenty

percent had a joint account with their husband. The picture however, turns dismal when one looks at the number of women who regularly access financial services on their own. Although still high for a rural area, the number of women who went to a bank office themselves and initiated any kind of transaction is less than half of the total number.

**Table 19- Use of the money withdrawn from self-account**

Options	Frequency	Percentage
Husband	99	27.73
Children	111	31.09
Self	7	1.96
Remaining Family Members	94	26.33
Can't Say	46	12.89
N	357	100

As is clear from the table above, only about 2 percent of women spend the money they withdraw on their own selves. Most of the expenditure is on the family including Husband and Children. This means that while women have been earning on their own, they are unable to spend a substantial amount on themselves. It can be argued that the spending will be of benefit to the family and therefore to her. Lack of data on the part of spending by male also restricts a comparative analysis. Nonetheless, it can be said that women are not empowered economically. This has implications for the policy makers as the opening of bank accounts and earning does not translate to being financially better off at an individual level.

**Meaning of Empowerment:** The meaning of empowerment is bound to differ dependent on the socio economic background, the surroundings, the family members and company of an individual. People at every level of empowerment seek upward mobility and have different barriers which they seek to break and therefore their understanding of being empowered differs. The diversity in response of the rural women with broadly similar background is a testament to the fact that empowerment is personal to one and subjectivity is inbuilt in the concept.



**Table 20 Meaning of Empowerment**

Options	Frequency	%
Education	263	73.66
Economic Freedom	31	8.68
Autonomy of Decision	56	15.68
Political Empowerment	3	1.1
No Response	4	1.5
N	357	

The above table shows that most of the people associate empowerment with being educated. This is probably because the age group and the gender of the surveyed group meant that they could not access education in their lives. Hence, education, or the lack thereof, according to them has been something that has held them back. Lack of decision making power and freedom of making such decisions is the second most popular response. It is a reflection of an unequal power division and status even at the household level in which the male member exercises control over financial resources and by implication has the authority to make decisions. Political Empowerment ranks very low in the choice as the respondents would have realized that they exercise their own choice at the day of the election.

### **Key findings and conclusions**

My study shows that women of rural Palamau are not much empowered. However, signs of gradual improvement in their empowerment level is quite clearly visible. Their role as an important decision maker is still minimal. Male members of the family make all the decisions regarding sales and purchase of land and other precious items. Even family planning related decisions are mostly taken by the male counterparts. But at the same time women have become are main decision maker in their children education.

Most of the women are well aware of Panchayati Raj. Their attendance in Gram Sabha meetings is also very high but they are not the active participates. They attend meetings but their participation as a decision making body is not far from satisfactory. Women who live in house and do not work outside are generally not allowed to communicate freely with outsiders. But situation is litter better in case of working women. Because of their financial

independence they are allowed to interact with outsiders.

It seems that women of Palamau district have gradually begun to believe that Panchyati Raj might be instrumental in uplifting their status. They participate in voting. They claim that they vote for development. But in many cases, they shyly admit that their husband/ father decide who should they vote for. That means the exercise their voting right but they vote for their husband/ father's favourite candidate.

Womanhood and personal identity etc are still a far dream in the rural Palamau. Community participation has a direct linkage with empowerment as shown by various researches in the field. Many Government programs utilize the network of Self Help Groups to achieve the intended outcomes. Those women who are a member of any self-help group and financially independent, vote more independently. Many of them participate in elections as a candidate as well. That means their financial independence and voting autonomy are positively co-related only 31 percent women of the district participated in participated in any agitation or procession in the last one Year.

In Jharkhand Girl trafficking is emerged as a serious anti-women challenge. My study shows that a fair percentage of women are now taking up this issue in Gram Sabha. In fact, Community participation and group mobilization then emerges as one of the major driving force of women empowerment in rural areas of Palamu. My study shows that a fair percentage of women are now gearing up against Domestic Violence. Now they are more aware of legal and constitutional rights. They and also they are more health conscious Police stations in two areas (in the survey region) reported an increased number of women coming in groups to complain about incidents. A recent data put out by the women commission also indicates that more number of cases are being brought forward and women are more upfront and less ashamed to go public with their sufferings.

The percentage of women claiming to understand that they were a victim of Domestic Violence showed a clear upward trend in the successive surveys conducted in the span of a year. It is observed that women have started to associate lack of disposable money available to them as a form of domestic

violence. Similarly women were prompt to identify the lack of conversation or harsh and rude conversation as a form of mental violence. This clearly shows that the awareness related to various forms of discriminatory violence has come a long way and has empowered women and enabled them to take their problems to a proper forum. Health is an important aspect of empowerment and control over the sexual and reproductive health is an indicator of women empowerment. The freedom to see a doctor on one's own is an indicator of the awareness level about the issues surrounding health and the ability to exercise the option of seeing a doctor. My study shows as much as 33 percent of the respondents never / rarely visit doctor. During the pregnancy period visiting doctor on regular basis is important. But in rural Palamau, this practice is not very popular. Majority of women visit doctors only once in a year or two. The number of toilets in the rural Palamau is less than the national average. It mean women have to defecate in the open before sunrise and after sunset. In fact 265 women reported having to defecate in the open while only 91 women had a toilet in their house. This could and does have serious impacts on the health of a woman. Entire issue becomes more serious when we come to know that in Palamau district the level of groundwater has consistently fallen over the years and women are forced to go out for searching potable water. This again, like the absence of toilet is the inability of women to convince the male member to spend for her convenience and indicates a lack of power equation in the home. More than three fourth of the surveyed women had a bank account in their own name. Of the remaining one fourth around twenty percent had a joint account with their husband. As per my survey findings only about 2 percent of women spend the money they withdraw on their own selves. Most of the expenditure is on the family including Husband and Children. This has implications for the policy makers as the opening of bank accounts and earning does not translate to being financially better off at an individual level. My study shows that most of the people associate empowerment with being educated. Lack of decision making power and freedom of making such decisions is the second most popular response. Political Empowerment

ranks very low in the choice as the respondents would have realized that they exercise their own choice at the day of the election.

Finally it can be said that the present status of Women Empowerment in Rural Palamau is relatively better when compared to other areas of the state but much is left to be done. As the above analysis has shown women have an understanding of what empowerment means, although the meaning they attach to the word is very personal and depends on the socio economic background of the person in question apart from others. It can be also said that women are more aware of their political rights and the power of voting en bloc. An average woman in rural area is more aware of her rights and the discrimination she has to suffer within and without the house. The good thing is that she is now raising her voice against it and is evident by the increasing number of cases filed by women even against their own families.

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## TRAUMA AND EGO STRENGTH AMONG TRIBAL TRAFFICKED GIRLS AND WOMEN

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### Abstract

Human trafficking is one of the most attentions seeking issue in today's world. Trafficking of human beings, especially of women and children, is an organized crime that violates basic human rights. Various aspects of Trauma and poor ego strength are overt manifestations of the victim of tribal trafficked girls and women. **Objectives:** The objectives of the present study were: 1. To find out and compare socio demographic characteristics among tribal trafficked girls and women 2.To find out and assess trauma among tribal trafficked girls and women. 3. To find out and assess ego strength among tribal trafficked girls and women **Participants:** The study was conducted on 200 subjects from Daltonganj, Garhwa and Ranchi city in the age range of 18 to 40 years. The sample was selected on the basis of purposive sampling technique. **Tools:** Trauma Assessment Scale, Hasan's Ego Strength Scale, Upadhyay and Saxena socio demographic Scale were used as tools. **Result:** 1. Lower group of people in terms of socio economic status (85% with average income.) were more victim of trafficking. 2. Lower age girls and women (60%) were more victim of trafficking.3.Out of 200 participants, 60% percent had showed the high level of trauma experience and rest 40% had showed the low level of trauma experience whereas 62% had high negative consequences and rest38% had showed low level of negative consequences.4. It further showed that majority of women suffer from low ego strength.(65%).

**Key Words:** Trauma, Ego strength, Trafficked girls and women, Tribal, Trauma and ego strength among tribal trafficked girls and women.

**Background:** Human trafficking is one of the most attentions seeking issue in today's world. Trafficking of human beings, especially of women and children, is an organized crime that violates basic human rights. As per the UN Protocol (2000) to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children, supplementing the UN Convention against Transnational Organized Crime, Trafficking in persons" shall mean:

- the recruitment, transportation, transfer, harbouring or receipt of persons,
- by means of the threat or use of force or other forms of coercion, of abduction, of
- The consent of a victim of trafficking in persons shall be irrelevant where any of the means above have been used;
- The recruitment, transportation, transfer, harbouring or receipt of a child for the purpose of exploitation shall be considered "trafficking in persons" even if this does not involve any of the means set forth above.

fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person for the purpose of exploitation. (Article 3, paragraph (a))

- Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs;

Thousands of girls and women are trafficked each year from Jharkhand which gives the state a top ranking in India. Nearly 10 lakh tribal girls have been trafficked since Jharkhand was formed while seven cases of girl trafficking are reported everyday nationwide. The State's present data still sparks concern with 100 per cent rise in trafficking cases from 2010 to 2012. (The Times of India 2012).According to data

released by the NCRB, cases of sexual exploitation of minors has recorded a 186.5 per cent increase. In many cases, the girls commit suicide or they are sexually exploited and murdered. The Centre has for long been concerned at the trafficking

situation in Jharkhand, particularly in the six districts of Santhal Pargana, Palamau, Garhwa, Chaibasa, Lohardaga, Khunti, Dhanbad, Bokaro and Ranchi. According to Action against Trafficking & Sexual Exploitation of Children (ATSEC), an NGO working among women, most of Jharkhand's victims often children, too belonged to the Oraon, Munda, Santhal and Gond tribes. Of the total number girls trafficked in the state, 77 per cent were from Scheduled Tribes.

The word "trauma" primarily describes the damage or injury that is caused by experiencing and/or witnessing threatening events such as abuse (sexual, physical, and emotional), war, illness, drug addiction, loss of a loved one, and disaster (e.g., natural disasters, terrorism). These negative events are often accompanied by negative effects that have been categorized in diagnosis manuals and are referred to as posttraumatic stress disorder (PTSD; e.g., Joseph & Linley, 2006;). Traumas are often linked with negative outcomes (i.e., posttraumatic stress disorder or PTSD), but can also be accompanied by positive aspects, that is, PTG, whereby a person undergoes a change in their personal development that extends beyond their previous functional level (Va'zquez, Herva's, & Ho, 2007). It should be noted that the word "posttraumatic" implies that growth is caused by an extreme event and is not initiated by other minor stressors, and is not part of a natural process of personal development (Zoellner & Maercker, 2006). Posttraumatic stress disorder (PTSD) refers to an anxiety disorder that develops in response to a severe trauma in which an individual experienced, witnessed, or was confronted by actual or threatened death, injury, or loss of physical integrity of self or others. The essential feature of PTSD is the development of characteristic symptoms following exposure to an extreme traumatic stressor (American Psychiatric Association [APA], 2000). These events elicit responses of intense fear, helplessness, or horror and trigger three clusters of PTSD symptoms: re-experiencing the trauma (through nightmares, flashbacks, and intrusive

thoughts), persistent avoidance of reminders of the trauma (i.e., avoidance of situations, numbing of general responsiveness, and restricted range of affect), and persistent increased arousal (sleep difficulties, hyper vigilance, and irritability). The character of a traumatic event is perceived as the factor that has the strongest impact on the victim's mental health (Galea et al., 2002). Numerous studies have revealed a direct positive relationship between objective exposure to a traumatic event and levels of PTS and global distress (e.g., Norris et al., 2002). It is a common observation that individuals do differ in the efficiency of performing the set of functions attributed to ego. The concept of ego-strength "is an important factor in determining the capacity of an individual to perceive a challenging situation realistically and to execute the response effectively". (Ali 1975). Maslow (1954) self-actualization and psychological health seems to have much in common with the concept of Ego-strength. Ego strength is an important personality factor influencing level of aspiration under stress (Ali 1975). It was found that when the self-esteem of persons with high ego strength was threatened by subjecting them to high stress situation, their refusal to yield was expressed in the form of higher level goals. In Contrast low scores on the E-S Scale was found to set their goals defensively even in the condition where stress was not severe. Ego strength then has potentially important implications with regard to mental health. An IOM (2002) study involving trafficked women in Kosovo showed that individuals also may experience a sense of apathy/resignation, extreme forms of submissiveness to any authority, maladaptation in all social situations, and loss of personal initiative or autonomy. However, this study also highlighted that victim of trafficking often possessed resilience and a quest for meaning that facilitated their healing and adaptation. Many of the current guidelines for assistance to victims of trafficking highlight the significance of psychological help (e.g., Anti-Slavery International 2005). The criteria clusters for PTSD are the witnessing or experiencing of a life threatening event or a threat of serious injury to oneself or others; the response involves anxiety, fright and helplessness, intrusion, avoidance of stimuli associated with the trauma, numbing,

and hyper arousal (DSM-IV) (American Psychiatric Association, 2000).

### **Objectives.**

Present study was conducted with following aims and objectives.

- To find out and compare socio demographic characteristics among tribal trafficked girls and women.
- To find out, compare and assess trauma among tribal trafficked girls and women.
- To find out, compare and assess ego strength among tribal trafficked girls and women.

### **Hypotheses:**

For the purpose of study the following hypotheses were formulated.

- 1: There is significant difference on different level of socio economic strata among tribal trafficked girls and women.
- 2: Tribal trafficked girls and women have traumatic symptoms.
- 3: Tribal trafficked girls and women have low ego strength.

### **Method:**

#### **Participants:**

Participants consisted of 200 trafficked girls and women who were chosen through purposive sampling technique. Their age range was between 18 to 40 years. Venue of the study was Daltonganj, Garhwa and Ranchi city in Jharkhand.

#### **Inclusion criteria:**

- The age varied from 18 to 40 years.
- Significant history of trafficking among tribal girls and women.
- The tribal's included Christian tribal and sarana.
- Only victims of Sex trafficking were included.

#### **Exclusion Criteria:**

- Physically challenged girls and women were excluded.
- Those girls and women were excluded who were not cooperative for study.
- Victims of trafficking such as labor trafficking, domestic servitude and organ trafficking were excluded.

**Materials:** The study consisted of socio-demographic information and also included the following inventories to measure trauma, and ego strength.

1. **Trauma Assessment Scale:** - It is available in Hindi. It is developed by Dr. J.D.Moorjani, Dr.Manik Mohan Saxena & Dr.Lovely Goyal. This comprehensive Trauma Assessment Scale measures a variety of traumatic life events as a result of spouse abuse, rape, physical assault, combat, major accidents and natural disasters. It also aims to capture the lasting impact of childhood abuse and other traumatic events. This scale is intended to capture a broad array of traumatic events, spanning the interpersonal, intrapersonal and physical functioning domains.

The present test (TAS) has been divided into two parts i.e. part- A and Part-B where, part- A consists of 20 items related to experiences that are traumatic while Part- B comprises of 25 items related to consequences of the traumatic experiences. It is a 'five point Likert' scale (fully disagree- 0 score, disagree- 1 score, uncertain- 2 score, agree- 3 score and fully agree- 4 score). One has to choose one alternative out of five for part – A and one alternative out of three in part B here 0 score for fully disagree, 1 score for never as well as 2 score for sometimes.

Thus the maximum score would be 80 for part- 'A' and 50 for part- 'B'. Higher score indicates the greater amount of traumatic experiences and lesser would show less experiences. While in part- B higher scores would manifest higher effect of traumatic experiences and less scores would denote lesser effect of traumatic experiences. The odd-even reliability of this test was 0.80 for part- A, and .79 for part- B and validity was .52 for part- A, and .66 for part- B.

2. **Hasan's Ego Strength Scale:** It is available in Hindi. It is adapted by Dr. Q. Hasan for original ego-strength scale developed by Barron (1963) to predict the responses of psychoneurotic patients to psychotherapy. It consists of 32 items. One (1) mark is given for each of the "NO" responses. The odd-even reliability of the adapted scale was found to be 0.78, test-retest reliability was .86 and in a factor

analytic study, the adapted E-S scale was found to have a loading of 0.619 on a factor labeled as psychological health (Hassan 1970:74).

**3. Socio Demographic Scale:** This scale is developed by Sunil kumar Upadhyay and Alka Saxena .It is available in Hindi. This scale consists of 31 items divided in five parts related to (a) Personnel information (b) Family (c) Education (d) Income (e) others (cultural& material possessions). The reliability of the SES scale was found to be 0.83, and validity was 0.78.Responses are scored according to the scoring key provided.

**Procedure:** - Prior Permission was taken by the appropriate institution. A proper rapport was established and then subject were exposed and briefed to above mentions tools. After administration of Questionnaire data was obtained and the response sheets were scored individually for each subject. It is of important to note here that moderate level is considered as cut off for high and low level of trauma.

**Statistical Treatment:** - Statistical Analysis was performed using the statistical package for social science (SPSS) version 17. The chi-square, percentage was used on need basis.

## RESULT AND DISCUSSION

**Table 1:- Personal Characteristic of trafficked girls and women.**

**Table 1:- Personal Characteristic of trafficked girls and women.**

Characteristics	No. of Trafficked Girls & Women	Percentage
Age		
18-28	120	60%
29-40	80	40%
Gender		
Female	200	100%
Marital Status		
Unmarried	160	80%
Married	40	20%
Religion		
Sarana	130	65%
Christian	70	35%
Education		
Uneducated	80	40%
Primary School	62	31%
Above Primary	58	29%

The Personal characteristics of the study sample are summarized in above table. Out of the 200 trafficked girls and women, 60% of them were between 18 to 28 years old, 40% were between 29 to 40 years old. This indicates that lower age girls and women were more victim of trafficking. In addition, 80 % were unmarried and 20 % were married. It was also found out that 65% of the respondents

were sarana and rest 35% were Christian. Needless to say that sarana population was mainly uneducated. In terms of education 40% were uneducated, 31% had received primary education, and 29% of respondent had above primary education. It indicates that total 71% of victims had received education till primary level.

**Table 2:- Performance of sample on SES scale.**

Level of SES	No. of Trafficked Girls & Women	Percentage
High	8	4%
Above Average	22	11%
Average	34	17%
Below Average	46	23%
Low	90	45%

The socio demographic characteristics of the study sample are summarized in above table. Socio Economic status was obtained by using an questionnaire on (a) Personnel information (b)Family (c)Education (d)Income (e) others (cultural& material possessions). Out of the 200 trafficked girls and women, 45% of them were belongs to low strata. This indicates that lower group of people in terms of socio economic status were more victim of

trafficking.23 % were belongs to below average. 17 % were belong to average level, 11% were belong to above average level.4% victim belongs to high socio economic status. Findings revealed that near about 85% victim was associated with average income. Here, the first hypothesis 'There is significant difference on different level of socio economic strata among tribal trafficked girls and women' is accepted

**Table-3: Performance of sample on traumatic symptoms scale.**

Sl.no	Level of Trauma experience(Part- A)	No. of Trafficked Girls & Women	Percentage
1	Extremely High Trauma Experience	6	3%
2	High Trauma Experience	14	7%
3	Above Average Trauma Experience	20	10%
4	Moderate/ Average Trauma Experience	80	40%
5	Below AverageTrauma Experience	40	20%
6	Low Trauma Experience	28	14%
7	Extremely Low Trauma Experience	12	6%

Above table showed that 40% of participants had experience of moderate level of trauma, Similarly 10% had experience of above average level of trauma, and 7% had high level of trauma, and 3% had extremely high level of trauma Experience. This further denotes that near about 60% had high level of trauma. On the contrary, 20% of participant had

experience of below average level of trauma, 14% had experience of low level of trauma and 6% had experience of extremely low level of trauma. This further indicates that near about 40% had low level of trauma. It further indicates that majority of women suffer from trauma experience. Here, the second hypothesis 'Tribal trafficked girls and women have traumatic symptoms' is accepted

**Table-4: Performance of sample on traumatic symptoms scale**

Sl.no	Level of Trauma Consequences (Part-B)	No. of Trafficked Girls & Women	Percentage
1	Extremely High Negative Consequences	5	2.5%
2	High Negative Consequences	13	6.5%
3	Above Average Negative Consequences	24	12%
4	Moderate/ Average Negative Consequences	82	41%
5	Low Negative Consequences	40	20%
6	Very Low Negative Consequences	32	16%
7	No Negative Consequences	4	2%

Above table showed that 41% of participants had experience of moderate negative consequences of trauma, similarly 12% had experience of above average level of negative consequences, 6.5% had high level of negative consequences, and 2.5% had extremely high level of negative consequences. This further denotes that near about 62% had experience of negative consequences of trauma. On the

contrary, 20% of participant had experience of low negative consequences of trauma, 16% had experience of very low level of negative consequences, and 2% had experience of no negative consequences of trauma. This further indicates that near about 38% had low level of negative consequences. It further indicates that majority of women suffer from negative consequences of trauma.

**Table-5: Performance of sample on ego strength scale**

Options	No. of persons	Percentage(N=200)
Below cut-off	70	35%
Above cut-off	130	65%

Above table showed that 65% of participants had low ego strength since they were above cut off point. On the contrary, 35% of participant was below cut off point although they had high ego strength. It further indicates

that majority of women suffer from low ego strength. Here, the third hypothesis 'Tribal trafficked girls and women will have low ego strength is accepted.

**Table 6:- Comparison of High and low groups on age & education variable with respect to traumatic Experience. (part 1)**

Groups	Age		X <sup>2</sup>	df	P
	18-28 yrs	29-40yrs			
High	90	30	28.12	1	<0.01
Low	30	50			

Groups	Education			X <sup>2</sup>	df	P
	Illiterate	Primary	Above Primary			
High	58	44	18	28.57	02	<0.01
low	22	18	40			

It is evident from above table that the high and low groups differ significantly on age variable. The obtained chi-square value 28.12 is

significant at 0.01 level of significance. Data showed that age range of 18-28(Group1) had more traumatic experience than 29-



40((Group2).Similarly both groups differ significantly on education variable. The obtained chi-square value 28.57 is significant at 0.01 level of significance. Here illiterate

group had more traumatic experience, followed by primary education group and least by above primary group.

**Table 8:- Comparison of High and low groups on age & education variable with respect to ego strength.**

Groups	Age		X <sup>2</sup>	df	P
	18-28 yrs	29-40yrs			
High	90	40	13.18	1	<0.01
low	30	40			

Groups	Education			X <sup>2</sup>	df	P
	Illiterate	Primary	Above Primary			
High	65	37	28	17.17	02	<0.01
low	15	25	30			

Table showed that both groups differ significantly (X<sup>2</sup> 13.18) on age variable. Data showed that age range of 18-28 (Group1) had more low ego strength than 29-40((Group2).Similarly both groups differ significantly (X<sup>2</sup> 17.17) on education variable. Here illiterate group had more low ego strength , followed by primary education group and least by above primary group.

**Conclusion**

Conclusion analysis showed that events of trafficking made negative impact on ego strength and trauma. It further indicates that tribal trafficked girls and women had more traumatic experience and negative consequences as well as low ego strength. High and low groups also differed significantly on age and education variable. Different level of socio economic strata was also found responsible for tribal trafficking.

**Limitations**

Further research is suggested to make a comparison with the normal population. A Longitudinal study can be taken in this regard. Personality dimensions of trafficked women can be studied.

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## EMPOWERING WOMEN THROUGH SELF HELP GROUPS: ISSUES & CHALLENGES

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### Abstract

Swarnajayanti Gram SwarozgarYogna (SGSY) is a programme launched by Government of India which encompasses for self-employment. The concept of Self Help Groups (SHG) is an important revolution towards poverty alleviation and empowerment of women especially in the rural areas. With SHG women will be empowered, or they will have to remain in house for household work. They are not able to go outside to earn. SHG helps to start business in rural areas. The finance is provided with very reasonable rate of interest and flexible repayment facilities. Poverty alleviation can be expected by giving them easy loans and work opportunities. Women can work from home and earn a living which ultimately will empower them. Thus participation of women in these groups contributes significantly in improving their socioeconomic condition and changing their role in the society. This paper is an attempt to describe the present status of self-help groups, their role in empowering rural women, and challenges faced by the members of such group. This paper also highlights the coverage of Self Help Groups in the state of Chhattisgarh and the challenges faced by rural women in becoming member of such groups. Secondary sources of data have been used for the purpose of this study.

**Keywords:** Women Empowerment, Poverty Alleviation, Self Help Group (SHG), SGSY, Socio-economic Status.

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### Introduction

India is a country where a vast majority of its population resides in rural areas (72.18%, as per census 2011). The socioeconomic status of rural residents is very poor and condition of women is pathetic. Women are suppressed miserably by the male dominant society since ages. Hence for overall development of the nation it is imperative to uplift this section of the society. Several policies were framed for the upliftment of women, for providing them equal opportunity,

access to resources, right to education, freedom for taking decisions, for improving their financial status, for their recognition and respect in society and the like. With the continuous efforts and interventions of the government and other social agencies the status of women has improved considerably. The formation of Self Help Group is one such important measure undertaken by the Government of India towards women empowerment and poverty reduction. The table below depicts the urban and rural poverty ratio compared for two different time periods.

**Table 1. Poverty in India**

Year	Poverty Line (Rs) Rs Per Capita Per Month			Number of Poor (Million)			Poverty Ratio (%)	
	Rural	Urban	Rural	Urban	Total	Rural	Urban	Total
2004-05	446.7	578.8	326.3	80.8	407.1	41.8	25.7	37.2
2011-12	816.0	1000.0	216.5	52.8	269.3	25.7	13.7	21.9

**Source: NABARD Annual Report 2014-15.**

Considering the country as a whole, there has been a decline in the poverty incidence from 37.2 percent in 2004–05 to 21.9 per cent in 2011–12. The number of rural poor has remarkably declined during this period from 326.3 million poor to 216.5 million. This shows that the efforts of government through various rural development programmes are helpful in alleviating poverty in these areas.

### **Concept of Women Empowerment**

On July 15-26, 1985 The Third World Conference on Women was organized at Nairobi, Kenya. This conference introduced the concept of women empowerment for the first time. Women Empowerment means giving power to the women to take decisions affecting her own life, her family and her country as a whole. It is such a holistic concept which aims to strengthen the condition of women in all spheres of life viz. social, economic, political, spiritual, etc. This concept has received due consideration all over the world especially with regard to underdeveloped and developing nations where women have lived their lives miserably for years. Through worldwide conferences on women and intervention of international agencies like UN, this section of the society is realizing their inner potential, their self respect, self confidence and esteem and also about their roles as key contributors for development of the nation.

### **Women Empowerment Scenario in India**

The status of women in India too is changing. Women have spent hundreds of years in a male dominated society. But with enhancement in women's education and realization about her rights and roles in the

society, the scenario is continuously changing. Educated women are ready to accept the challenges and are bringing about a visible positive transformation in the society by justifying the roles they play as an important and equal contributors in the developmental process. They endeavor to become financially independent and advance in their career to improve their socio-economic status. More and more women entrepreneurs are emerging today. Women are serving higher official positions like that of President, Prime Minister, Speaker of Parliament, and CEO of multinational firms. Smt. Pratibha Patil, Smt. Sumitra Mahajan, Smt. Indira Nooi, Smt. Arundhati Bhattacharya are a few examples.

The first prime minister of independent India Pt. Jawaharlal Nehru has rightly said that the status of women depicts the condition of a nation. Hence the socioeconomic development of any nation has a direct link with the socioeconomic status of women. The government has realized the importance of women empowerment and has introduced several schemes to promote women entrepreneurs in the country. Self Help Group is one such important tool facilitating her empowerment and satisfying a women's urge to have access to resources, controls over her decisions and for achieving economic independence. The Government of India has declared the year 2001 as 'the year of Women's Empowerment'. This paper describes the importance of Self Help Groups in women empowerment.

### **Self Help Group promoting Women Empowerment**

As per the census of 2011 women make up 48.46% of total populace of India. These resources should be utilized optimally for development of the nation in general and her family in particular. Self Help Group plays a vital role for the welfare and interest of women particularly in rural and backward areas. Abdul, 2007, describes Self Help Groups as a viable structured arrangement that helps to disburse micro credit to the rural women and encourage them to take up entrepreneurial activities. It is also an effective way to achieve the rural development objectives through community participation. Recognizing this significant role of women in poverty diminution, microfinance programs and other livelihood support interventions were started and implemented throughout the world. Self Help Groups work as a catalyst for bringing about a change in the status of women socially and economically, raising their self-confidence and self-assurance. It stresses on group ownership, control and management over activities having similar objectives and outcomes. Mayoux, 1998 argues that the very process of making decisions within the group is an empowering process and can lead to broader development outcomes such as the greater participation of women in local governance and community structures.

Self-help groups (SHGs) are small voluntary group of people mostly women that are more informal and homogenous, formed with a reason, to support each other through credit delivery system for socio-economic empowerment. Generally the group consists of 10 to 12 members (but not more than 20, otherwise then has to be registered under Indian legal system) who want to improve their livelihood by setting up their own reserves and credit fund and taking up developmental activities for income generation. They are also known as mutual aid

or support groups. The members of the group meet every week to collect their savings and to give the loans to the needy ones. SHG undeniably brings awareness, sense of belongingness, self confidence and self-esteem among women. In fact, what she cannot achieve as an individual can accomplish as a member of group with sufficient understanding about her own rights, roles, privileges and responsibilities as a dignified member of society in par with man.

Prof. Mohammed Yunus in 1975 founded Grameen Bank of Bangladesh which is pioneer in the origin of Self Help Groups (SHGs) as a new approach to rural credit. NABARD initiated SHGs in India in the year 1986-87. In the year 1991-92 SHGs were linked with the banks. Two decades hence the SHG-Bank Linkage Programme (SHG-BLP) continues to be the foundation of the Indian microfinance scene with 74 lakh SHGs covering over 10 crore households saving with the formal banking system with savings balance of over Rs. 7, 000 crore as on 31 March 2011. About 49 lakh of these SHGs have also accessed bank credit and have over Rs 31,000 crore as outstanding credit from the banking system. In other words, the SHG-BLP has so far been the most preferred and viable model for financial inclusion of the hitherto unreached poor.

### **SHG model in India**

- Model I- SHGs Formed by NGOs & Other Agencies but Financed by Banks (72%)
- Model II- SHGs Formed and Financed by Banks (20%)
- Model III- Banks Finance SHGs with NGOs & Other Agencies as Financial Intermediaries (8%)

**Table 2(A).Overall Progress under SHG-Bank Linkage for 3 years**

(Amount Rupees in Crore/Numbers in lakhs)

Particulars		2011-12		2012-13		2013-14	
		No. of SHGS (Lakh)	Amount	No. of SHGS (Lakh)	Amount	No. of SHGS (Lakh)	Amount
<b>SHG savings with banks as on 31<sup>st</sup> march</b>	Total SHGS	79.60 (6.7%)	6551.41 (-6.7%)	73.18 (-1.8%)	8217.25 (25.4%)	74.30 (1.53%)	9897.42 (20.45%)
	Of which NRLM/SGSY/OTHER Govt. Spons. Programmes	21.23 (5.0%)	1395.25 (-23.2%)	20.47 (-3.6%)	1821.65 (30.6%)	22.62 (10.46%)	2477.58 (36.08%)
	% OF WHICH NRLM/SGSY/OTHER Govt. Spons. Programme Groups To Total	26.7	21.3	28.0	22.2	30.45	25.03
	ALL WOMEN SHGS	62.99 (3.3%)	5104.33 (-3.7%)	59.38 (-5.7%)	6514.86 (27.6%)	62.52 (5.27%)	8012.89 (22.99%)
	Percentage of women groups	79.1	77.9	81.1	79.3	84.15	80.96

*(Figures in the paranthesis indicates growth/decline over the previous year)**Source: NABARD: Status of Microfinance in India 2013-14*

There has been a gradual increase in the number of SHGs which are linked to banks for savings from the time when the programme was launched. This trend noticed a little decline during 2012-13 which again in the succeeding year 2013-14 showed a marginal increase of 1.53% with 74.30 lakh SHGs savings linked to Banks as on 31.3.2014 as against 73.18 lakh during the previous year.

From the table it is also clear that the number of Women Groups is continuously increasing from 79.1 lakh in 2011-12 to 81.1 lakh in 2012-13 to 84.15 lakh in 2013-14. This again reflects that the rural women are coming out of their homes to join SHGs and engage in income generating activities to improve their socioeconomic status.

**Table 2(B).Loans Disbursed to and Loans Outstanding against SHGs for 3 years**

(Amount Rupees in Crore/Numbers in lakhs)

Particulars		2011-12		2012-13		2013-14	
		No. of SHGS (Lakh)	Amount	No. of SHGS (Lakh)	Amount	No. of SHGS (Lakh)	Amount
	Total SHGS	11.48 (-4%)	16534.77 (13.7%)	12.20 (6.3%)	20585.36 (24.5%)	13.66 (12.02%)	24017.36 (16.67%)

<b>Loans disbursed to SHGS during the year</b>	Of which NRLM/ SGSY/	2.10	2643.56	1.81	2207.47	2.26	3480.60
	Other Govt. Spons. Programmes	(-12.9%)	(6.6%)	(-13.8%)	(-16.5%)	(24.56%)	(57.67%)
	% of which NRLM/ SGSY/other Govt. spons. Programme groups to total	18.3	16.0	14.8	10.7	16.52	14.49
	All women SHGS	9.23 (-9.2%)	14132.02 (12.0%)	10.37 (12.4%)	17854.31 (26.3%)	11.52 (11.02%)	21037.97 (17.83%)
Percentage of women groups	80.4	85.5	85.1	86.7	84.3	87.6	
<b>Loans outstanding against SHGS during the year</b>	Total SHGS	43.54 (-9.0%)	36340.00 (16.4%)	44.51 (2.2%)	39375.30 (8.4%)	41.97 (-5.71%)	42927.52 (9.02%)
	Of which NRLM/ SGSY/other Govt. Spons. Programmes	12.16 (-5.4%)	8054.83 (2.9%)	11.93 (-1.9%)	8597.09 (6.7%)	13.07 (9.55%)	10177.42 (18.38%)
	% of which NRLM/ SGSY/OTHER Govt. Spons. Programme groups to total	27.9	22.2	26.8	21.8	31.1	23.7
	All women SHGS	36.49 (-8.4%)	30465.28 (16.6%)	37.57 (2.9%)	32840.04 (7.8%)	34.06 (-9.34%)	36151.58 (10.08%)
	Percentage of women SHGS	83.8	83.8	84.4	83.3	81.2	84.2

(Figures in the paranthesis indicates growth/decline over the previous year)

Source: NABARD: Status of Microfinance in India 2013-14

There has been a continuous increase in the amount of loan sanctioned by banks to SHGs as revealed by the data with 13.66 lakh SHGs getting fresh loans during the year 2013-14, a 12.02% increase over 12.20 lakh SHGs getting fresh loans during 2012-13. There is also an increase of 17.83 percent in the quantum of fresh loans issued by banks to Women SHGs in 2013-14 as compared to previous year. This is a sign that more number of women are joining these help groups and taking up loans for stating their work. The confidence of banks has also increased in lending to SHGs. The number of SHGs with outstanding loans has declined by 5.71 percent with 41.97 lakh in 2013-14 as compared to 44.51 lakh in the previous year. This again reveals that the members of SHGs are also returning the loan amount to the banks (although the amount has gone up by nearly 9

percent, if compared with increase in the number of SHGs being extended fresh loans and quantum of such fresh loans, can be considered a normal phenomenon).

#### **Self Help Groups in Chhattisgarh**

There are approx. 75,000 SHGs in the newly formed state of Chhattisgarh. Most of the members are women that too adivasis, dalits and people below poverty line. These women majority of who are uneducated, are determined to work for sustaining their livelihood and giving their children a better education which they could not avail. Competing with man at par, these rural women are engaged in works such as cattle rearing, running mines and fisheries, cultivating land, selling dairy products, engaged in construction of roads and buildings

and so on. The district of Rajnandgaon has led the way for the formation of Self Help Groups in the state of Chhattisgarh. The Maa Bamleshwari Janhit Kare Samiti is an umbrella organization under which all the Self Help Groups of Rajnandgaon district work. Social activist and Padmashree awardee Phoolbasan BaiYadav is leading a group of 200,000 women organized in 12,000 Women Samitis in almost all the districts of the state. The group contribution varies from as low as Rs 2 to upto Rs 100 per member month. She is just seventh class pass out but has set an example by creating such a feasible business model which many entrepreneurs are taking an example of. Although there are success

stories from some parts of the state, still there some districts with less than 50 percent coverage of SHGs like Raipur, Korba and Korea. As per NABARD's data on Women Self Help Groups, there are almost 10 districts in the state which are identified as backward districts. Considering the country as a whole the data in Table 1 shows that there has been an increase in the number as well as SHG savings linked to banks since the programme was launched. But this data has not increased considerably in the state of C.G. The average savings as well as the average credit disbursed per SHG is low compared to the national average. The table below depicts the data for the 3 consecutive years.

1.	Potential rural households to be covered	27.24 lakh		
2.	Rural households covered* (SHG: savings linked)	12.80 lakh		
3.	Districts with low coverage of SHGS	12 out of 18 districts		
4.	Average savings / SHG (Rs)	6230 National average : 11230 Highest priority state : West Bengal : 12388		
5.	Average credit disbursed / SHG (Rs)	87756 National average : 168757 Highest priority state : Uttar Pradesh : 136085		
		<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
6.1.	Loans issued no. of SHGS (Lakh)	0.09	0.10	0.08
6.2.	Loans issued (Rs crore)	58.99	92.59	70.13
7.	Loans outstanding (Rs crore)	187.93	202.60	213.76
8.1	Gross npa (Rs crore)	17.91	10.51	17.50
8.2	Sgsy (Rs crore)	11.10	4.45	6.92
8.3	Shg (non-SGSY) (Rs crore)	6.81	6.06	10.58
9.	No. of WSHG districts	10		

\* No. of SHGs x 13 members / SHG

The Mapping is based on coverage of Savings linked SHGs vs Potential SHGs; Data as reported Source: NABARD: Status of Microfinance in India 2012-13

From the analysis of the above table it is clear that the coverage of SHGs is still lagging behind in the state of Chhattisgarh. This calls for understanding the underlined causes which are hindering the rural poor especially rural women in joining these groups and stepping towards improving

their socio-economic condition and hence the empowerment process.

#### Challenges faced by SHGs

- **Family constraints:** Rural women lacks support of their family members especially their husbands and in laws to join various



SHGs. Looking after the children, cooking food and taking care of other household affairs is considered to be the primary responsibility of women. Therefore women do not get enough support from family to enter into business activities. The main reason behind this is lack of education and resistance to change among the rural population.

- **Social Taboo:** The constitution of our country speaks of equality of gender. But a large section of the society is still dominated by male member of the family. He takes all the decisions for women. This section of society does not give respect to women who go out to take up economic activities, to attend training programmes or participate in group meetings.
- **Lack of conveyance facilities:** Many a times the banks are located at far places from the village. This distance and lack of proper transport facility creates a big problem for the self help group women. They have to cover the distance by walking which wastes time and affects their daily work and wages. The problem increases many folds in case of pregnant women and old ladies.
- **Indifferent attitude of Bankers:** There is apprehension among the bankers whether the women of self-help groups taking the loans will be able to return it or not. They are doubtful whether the members will be successful in taking up and sustaining income generating activities. Due to this reason the bankers hesitate to give loan to the women members easily. Therefore women have to visit the banks again and again to get their loans sanctioned. A lot of time is wasted in processing of the applications and disbursement of loans.
- **Defaulters in the family:** Banks play a vital role in forming and encouraging the SHGs to initiate entrepreneurial activities. Some banks realize this important role of theirs and always welcome women to provide with loan and other banking facilities. But there are women whose family members have taken loan in the past and did not return it. Their names are listed as defaulters with the banks. This creates problem for women in opening up of accounts in the bank.

- **Lack of awareness:** The members of the self help groups are not fully aware about the different governmental schemes and programmes implemented for them and how they can derive its benefits. Ignorance on their part results in failure of the ultimate objective of such programmes.
- **Lack of training and capacity building:** The members of SHGs lack training in basic skills and other capacity building activities needed to start any entrepreneurial work. They often lack motivation and leadership qualities to face the prevailing challenges and gain victory over them. They also face difficulty in maintaining proper records such as accounts book, loan register, attendance record, pass book etc. Even the office bearers and other members of the group who have received training does not consider it sufficient and feel the need for attending more training programmes. Emphasis is to be given to provide training in the field of accounting, marketing, entrepreneurship, team building, personality development, role and responsibility of and such other topics.
- **Lack of adequate marketing facilities:** The SHG members market and sell their products through melas or exhibitions organized by DRDA at district and block level every six monthly. The members get very limited opportunity to market their products. There is a need to explore more markets for their products. Also the members should be trained in areas like product designing, packaging, labeling etc so that their products appear more attractive and arouse interest in customers.

### Conclusion

Self Help Group plays a significant role in changing the way women live in the society. It is indeed the most feasible option to help improve the socioeconomic status of rural women. In a developing country like India it becomes imperative to develop this poor and downtrodden section of the nation in order to cope with the pace of development. SHG helps women to become independent by acquiring employability skills, gaining access to self-employment and

entrepreneurship, and thus provides them an opportunity to earn their livelihood on a sustainable basis. Promotion and formation of SHG is an important tool to women empowerment in India. The key towards success of these effort lies in overcoming the challenges involved in forming and sustaining these groups, training them in various field like accounting, administration, marketing, raising awareness and literacy level and monitoring their progress. Author believes that if proper awareness is spread and women are strongly motivated then our 45% population, of which at present only 6-7% are employed, will come forward and start taking up works which will definitely raise their earning capacity. Given proper financial support, along with required knowledge, skills and training in income generating activities, the rural poor have abilities to utilize labor and capital in a better way and contribute in economic growth by emerging as micro entrepreneurs.

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## RECENT SCENARIO OF ECONOMIC JUSTICE IN THE INDIAN SOCIETY: A CRITICAL ANALYSIS

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### Abstract

Economic justice denotes non-discrimination between people with regard to economic factor. It involves the elimination of glaring inequalities in wealth, income and property. Over the years, the provisioning of economic justice to the people of India vis-à-vis the nations of equivalent stature has not been upto the mark. In today's India, policies and politics of economic justice have reached a deed end. In 2013, comparison of data on household spending patterns for 1999-2000 and 2011-12 collected by the NSSO showed that income disparity is growing and at a rapid space. Every third poor person and every second malnourished child in the world is an Indian. Despite economic reforms in the early 1990s, India continues to struggle with poverty, poor infrastructure and economic inequality. A primary manifestation of the insignificant decline in the incidence of poverty is reflected in the rising level of under-nourishment, child under-weight and child-mortality rate. Recent data for 2015 showed that the total proportion of under-weight children in India is 29.4% and stunted children are 38%. The incidences of diseases are very high in rural areas leading to high mortality rate. Recent data showed that approximately 2 million expired, due to preventable causes such as diarrhea, dengue, typhoid, and malaria. More than 70% of children under the age of 5 suffer from anemia and 80% of them don't get vitamin supplements. Another vital social parameter where gross inequality occurred is in the education sector. Every third illiterate person in the world comprises an Indian. Approximately 200 women died for every one lakh childbirth as per latest report. In 2010, the UN recorded one maternal death at childbirth every ten minutes in India, with a maternal mortality rate higher than that of Sudan, Ethiopia and Bangladesh.

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### Introduction

Classical moral philosophy, since the time of the Greek Philosopher Plato, talked of four 'cardinal virtues' considered being the basic essential for a virtuous life. These are 'Precedence' defining our ability to judge amongst actions and identifying appropriate actions to be implemented at a given time. 'Justice' implying 'fairness', that render amongst individuals, his/her rights in a perpetual and constant manner. 'Temperance' or 'restraint' defining the practice of self-control, abstention, and moderation amongst all individuals and finally 'Courage' meaning fortitude, strength, forbearance, endurance, and the ability to confront fear, uncertainty, and intimidation. It is noted that virtues or 'good habits' help individuals to develop fully their human potentials, thus enabling them to serve their own self-interests as well as work in harmony with others for their common good. The ultimate purpose of all the virtues is

to elevate the dignity and sovereignty of the human person.

Amongst these four virtues, that of justice has been the most frequently praised and quoted one in the Sacred Scriptures. All the Ten Commandments are concerned with justice. Moreover, the popularity of 'justice' stems from its ubiquitous presence in all the classes and divisions of society, unlike the others each of which is specified for a particular class. Looking at justice from a practical and present day perspective, one can define it as a set of universal principles providing guidance to people in their judgement for what is right and what is wrong, irrespective of the culture and society they live in. Again, for justice to prevail, the moral principles that guide the economic institutions, considered indispensable for sustenance of the basic minimum subsistence of a human being have to be ensured. These moral principles form the crux of economic justice.

Economic justice, which touches the individual person as well as the social order, encompasses the moral principles which guide us in designing our economic institutions. These institutions determine how each person earns a living, enters into contracts, exchanges goods and services with others and otherwise produces and independent material foundation for his or her economic sustenance. Economic justice denotes non-discrimination between people with regard to economic factors. It involves the elimination of glaring inequalities in wealth, income and property. The ultimate purpose of economic justice is to free each person to engage creatively in the unlimited work beyond economics, that of the mind and the spirit.

In India, 'Economic Justice' has been one of the foremost objectives of the Indian Constitution with the Preamble and the Directive Principles of State Policy framing its domain. While the Preamble talks of securing economic justice for all the citizens of India, the means or the tools for securing the same lie with the Directive Principle of State Policy. In common parlance, what is brought out by the Constitution through economic justice is to ensure equality of status and making life worth living at its best besides removing inequality of opportunities and of status – social, economic and political. However, over the years, the provisioning of economic justice to the people of India vis-a-vis the nations of equivalent stature has not been up to the mark.

### Section – I

#### **Economic Justice: Theoretical Perspective and Basic Principles**

From a theoretical perspective, Economic Justice encompasses both a set value and the policies utilized for furthering those values. Hence, the sole focus of economic justice is to enhance the welfare of individuals, groups and nations within the realm of national, international apart from intra and inter-generational contexts. However, in such activities, the domain of economic justice is liable to get narrowed down to conceptualizing of an intuition or of an issue of distribution of resources, including endowments.

From a functional perspective, the system of economic justice comprises input and output, with a feedback mechanism for restoring harmony or balance between input and output. For effectuation of such a system, the requisite framework or interdependent principles within the system of economic justice as defined by Louis Kelso and Mortimer Adler, are primarily of three types: Participative Justice (the input principle), Distributive Justice (the output principle), and Social Justice (the feedback principle). Like the legs of a three-legged stool, if any of these principles is weakened or missing, the system of economic justice will collapse.

- I. **Participative Justice:** Through 'Participative Justice', the process of provisioning 'input' to the economic process in order to make a living is ensured. It requires equal opportunity in gaining access to private property in productive assets as well as equality of opportunity to engage in productive work. Though the principle of participation does not guarantee equal results, it ensures for each individual within the society, equality of human rights so as to make a productive contribution to the economy, both through one's labour (as a worker) and one's productive capital (as an owner). Thus, this principle rejects monopolies, special privileges, and other exclusionary social barriers to economic self-reliance.
- II. **Distributive Justice:** Distributive Justice ensures the distribution of 'output' of an economic system in accordance with the labour and capital inputs of every person. The principle of distributive justice ensures the sanctity of property and contracts. However, in doing so, the free and open marketplace, not government, is given credence for determining the just price, the just wage and the just profit. In ensuring the distributive justice of private property within a free and open marketplace, its lineage with participative justice gets established. Many confuse the distributive principles of justice with those of charity. Charity involves the concept "to each according to his needs", whereas distributive justice is based on the idea "to each according to his contribution". However, the system

of distributive justice breaks down when all persons are not given equal opportunity to acquire and enjoy the fruits of income-producing property.

- III. **Social Justice:** Social Justice is the 'feedback' principle for detecting any distortions of the input and/or output and guiding the corrective stance needed to restore a just and balanced economic order for all. This principle is violated by unjust barriers to participation, by monopolies or by some using their property to harm or exploit others. Moreover, social justice offers guidelines for controlling monopolies, building check and balances within social institutions. It is noted that the first two principles of economic justice flow from the eternal human search for justice in general, which automatically requires a balance between input and outtake, i.e. "to each according to what he is due". Social Justice, on the other hand, reflects the human striving for other universal values such as Truth, Love and Beauty. It compels people to look beyond what is, to what ought to be, and continually repair and improve their systems for the good of every person.

In Indian context, Social Justice means availability of equal social opportunities for the development of all the people in society, without any discrimination on the basis of caste, sex or race. No one should be deprived, by these differences, those social conditions that are essential for social development. The issue of social justice is associated with social equality and at the time of independence, our Constitution makers were highly influenced by the ideas of social equality and social justice. For the same reason, they incorporated the words Socialist, Secular, Democratic, and Republic in the Preamble. However, Social Justice denotes the equal treatment of all citizens without any social distinction. It means absence of privilege being extended to any particular section of society, and improvement in the conditions of backward classes (SCs, STs and OBCs) and women. A combination of Social Justice and economic justice constitutes what is known as distributive justice. Thus, all three forms of justice guarantee the system of

economic justice. Hence, collapse of one leads to total breakdown of the entire system.

## Section – II

### **Economic Justice: The Indian Perspective**

Ensuring 'Economic Justice' to the citizens of India has been one of the foremost objectives of the Indian Constitution with the Preamble and the Directive Principles of State Policy frame-working its domain. When Indian society seeks to meet the challenge of socio-economic inequality by its legislation and with the assistance of the rule of law, it seeks to achieve economic justice without any violent conflict. It also means that if any group in society has suffered from structural inequalities inherent in the social system, special care should be taken to remove such structural inequalities. The preamble and various provisions of the Constitution of India ensure to all citizens justice – social, economic and political. But, in today's India, policies and politics of economic justice have reached a dead end. However, examination of the impact of equality in contemporary India revealed gross and astonishingly 'long' preserved inequalities than in any other parts of the world. A look at inequality from different angles validates the point.

### **Prevalence of Stark Income Inequality:**

India is a well-established middle-income country in terms of its gross GDP: at US \$ 1.95 trillion in 2012, India is the tenth richest country in the world. According to a 2011 report published by the Organization for Economic Cooperation and Development (OECD), income inequality has doubled in India since the early 1990s. The richest 10 per cent of Indians earn approximately 12 times as much money as the poorest 10 per cent, compared to roughly six times in 1990. Interestingly, India's economy is one of the fastest growing emerging economies of any newly industrialized nation in the world, but other countries have made significantly more progress in addressing income inequality. While Brazil, Indonesia and Argentina have recorded significant decline in inequality over the past 20 years, India along with China, the Russian Federation and South Africa failed to keep up with the momentum. According to the

International Monetary Fund (IMF), in a 15 years span, there had been a 12 fold-rise in the net worth of India's billionaire community. The statistics is significant taking the fact that if such rise in wealth of the billionaires were allowed to allocate, a complete elimination of absolute poverty could have occurred.

In 2013, comparison of data on household spending patterns for 1999-2000 and 2011-12 collected by the National Sample Survey Organization (NSSO) showed that income disparity is growing and at a rapid pace. Spending and consumption by the richest 5% zoomed up by over 60% between 2000 and 2012 in rural areas while the poorest 5% saw an increase of just 30%. In urban areas, the spending of the richest segment increased by 63% while the poorest saw an increase of 33%. The effect of inflation was removed while making these comparisons. As a result of such income disparity, India's Gini coefficient, the official measure of income inequality, rose from 0.32 to 0.38, with 0 being the ideal score during the same period.

According to the Forbes list of billionaires 55 Indians figure in the list. Amongst them, the estimated net worth of the top ten amounts to \$102.1 billion which is equivalent to 5.5 per cent of India's gross domestic product. Paradoxically, every third poor person and every second malnourished child in the world is also an Indian.

### ***Skyrocketing Incidence of Poverty:***

India is the world's largest democracy, with a population of more than 1.2 billion people. India's income per capita ranks at 149 in the world, and the country is home to the largest number of poor in the world. Using the most parsimonious definition of the poverty line, there are at least 300 million extreme poor in India (living on less than a dollar a day), and more than 500 million if a broader definition of the poverty line is used. Despite making substantial financial gains since the introduction of market-based economic reforms in the early 1990s, India continues to struggle with poverty, poor infrastructure and economic inequality. However, as a result of widening income inequality, the ability of the poorest to come out of the vortex of poverty declined significantly. Thus, for the major section of the population in the lower economic strata, the concept of a 'meaningful

life' worth living, as inscribed in the Constitution remained a distant dream. As on 2010, an estimated 29.8% of Indians lived below the poverty line as per the world Bank's standard of survival on less than \$ 1.25 a day (Rs. 56 a day or Rs. 1,680 a month). As per the World Bank and McKinsey Global Institute analysis on the trend in the incidence of poverty of 'poverty stricken' nations, over a period from 1981 to 2010, Indian population surviving on less than \$ 1.25 a day declined by a meagre 35 million(8%) against 678 million (81%) for China. Such a decline is considered insignificant given the fact that between the same period, the population growth of India had not at all been moderate. Between 1981 and 1991, the average annual exponential rate of population growth was estimated at about 2.16 per cent that fell slightly to 1.97 per cent in the next decade (1991 to 2001) and thereafter, to 1.64 per cent in the decade 2001-2011. A primary manifestation of the insignificant decline in the incidence of poverty is reflected in the rising level of under-nourishment, child under-weight and child-mortality rate. Global Hunger Index (GHI) by International Food Policy Research Institute combines these three equally weighted indicators into one index. In 2011, India was placed 73 rd out of 88 countries listed in the annual Global Hunger Index, twenty one places down from 2009 and six places down from 2010, indicating decline in all the three mentioned parameters. Another index, Multi-dimensional Poverty Index (MPI) developed for the Human Development Report of the United Nations measures the multiple deprivations that a poor person faces with respect to education, health and living standards, as a result of poverty. The Multi-dimensional Poverty Index (MPI) for 2013 places India uncomfortably above 29 nations, most considered dwarfs vis-a-vis India, from an economic angle. It also put India's poverty headcount ratio at 54%, higher than that of Bangladesh and Nepal. The downswing of the mentioned parameters assumes weight, taken the fact that in the same phase, the economic parameters of India moved upward. India and China doubled output per capita in less than 20 years, at a scale the UNDP said was 'unprecedented in speed and scale' and 'never in history have the living conditions and prospects of so many people changed so

dramatically as so fast'. A country-wise comparison showed Britain to have taken 150 years to achieve the same growth from the time, when the seeds were sown during the industrial Revolution and United States taking 50 years.

### Section –III

#### **Inequality and Social Development:**

A glimpse of the inequality prevalent in Indian society can be had from the Social Progress Index (SPI). It measures the social progress made by countries on the basis of three aspects – basic human needs, foundations of well-being, and opportunity. In 2014, India's rank was 102nd among 132 countries on the SPI scale. Furthermore, all the three aspects of SPI showed low grades over a 100 point scale. On basic human needs dimension, e.g., shelter, India's count was 39.77, on access to information in the foundations of well-being dimension, India's score is 39.87 while in tolerance and inclusion in the opportunity dimension, it is 21.54.

Examination of specific parameters of social progress revealed the same trend. A primary indicator, development of health care status in India and its level of accessibility brought forth a dismal state. Analyzing healthcare data between the period 1995 – 2000, the Human Development Report 2002 brought out by UNDP found that lower than 50% of the population has access to essential drugs, 31% do not have access to adequate sanitation facilities. According to data from UNICEF, 28% of Indian children born between 2006 and 2010 were under-weight at birth, and approximately 48% of our children under the age of 5 were affected by moderate to severe growth stunting as a result of malnutrition. Recent available data for 2015 showed that India's worst performing states regarding malnutrition among children are UP (35%), Bihar(37%), Jharkhand(42%), Odisha(34%), Chhattisgarh(34%) , Gujarat (34%), and Madhya Pradesh (36%). Surprisingly, malnutrition in the state of Gujarat, one of the richest states, is worse than the average level of malnutrition in sub-Saharan Africa. And, infant mortality as a result of malnutrition in the state of Madhya Pradesh, one of the poorest states, is higher than in Senegal or Eritrea. The total proportion

of under-weight children in India is 29.4%. On the other hand, stunting among children in the states are UP(51%), Bihar(49%), Jharkhand(47%), Assam(41%), Gujarat(42%), Chhattisgarh(43%) and Madhya Pradesh(42%). The total proportion of stunted children in India is 38.7%. According to the health minister's figures, every second child in the country is stunted. These deficiencies arose as a result of declining expenditure on healthcare facilities by the government coupled with extremely low medical insurance penetration (around 11%). In 2007-08, public medical expenditure was 0.9% of India's GDP. Five years later (2011-12), combined expenditure on health had doubled in absolute terms, but as a share of GDP it remained at 1% of GDP. These deficiencies get manifested in the recent World Health Organisation (WHO) report that states that India as a whole accounts for almost 21% of the world's global burden of diseases. As almost 75 per cent of the Indian population, still live in rural areas, the incidences of diseases are very high in rural areas leading to high mortality rate, a major portion of which could have been averted, if correctly diagnosed and given access to proper treatment. Data for 2008 showed that approximately 2 million expired, due to preventable causes, such as diarrhea, dengue, measles, typhoid and malaria. Data for 2009 showed that more than 70% of children under the age of 5 suffer from anaemia and 80% of them don't get vitamin supplements. According to the report, the proportion of anaemic children has actually increased by 6% in the past six years with 11 out of 19 states having more than 80% of its children suffering from anaemia.

Besides, a skewed health care system prevailing in India, another vital social parameter where gross inequality occurred, is in the education sector. Extreme disparities spreading across geographic regions, gender and socio-economic religious groups characterize accessibility of education in India. From a geographical perspective, the southern and northern Indian states offer better educational opportunities than the rest of the country. Coupled with it, de-regulation of the education system entailed high cost negatively affecting the quality, thus, causing a majority to opt out of the same. Thus, every third illiterate person in the world comprises an

Indian. Out of an approximately 200 million children in the age-group of 6-14, only about 120 million get enrolled in school. Those opting-out cite inadequate budget allocation, dismal school infrastructure in rural area, high dropout rates, caste-bias, gender-bias etc. Moreover, budgetary allocations for education have not only been unplanned but consistently regressive. As a result of such unplanned allocation in education, real per capita allocation declined from a meagre INR 15.40 to INR 14.68 between 2002 and 2003 with vital educational schemes like the National Programme for Women's Education being scrapped.

In the field of higher education also, India's declining trend remained. India's Gross Enrolment Ratio (GER) of 16% was much below the world average of 27% as well as that of other emerging countries such as China (26%) and Brazil (36%) in 2010. Also, there exists wide disparity in Gross Attendance Ratio (GAR) terms of rural-urban, gender and across communities. Available data for 2007-08 showed the GAR in urban areas was almost three times that in rural areas. In the same period, male to female GAR was 19% and 15.2% respectively.

A primary reason for the declining trends envisaged in education expenditure is the acute shortage of government funds. Data showed that education expenditure went down from 4% in 1991/1992 to 3% in 1996/1997. The alarming fact is the 'less than half of the total' amount being spent on primary education, considered ubiquitously as the backbone of social progress.

Apart from health and education inequality, the acute inequality persisting in the sphere of gender also makes a mockery of the social progress made by India. Numerous research findings point towards the adverse impact on development goals as a result of gender inequality. As per the Human Development Report (HDR) 2013, India ranked a miserable 132<sup>nd</sup> position out of total 187 countries on the Gender Inequality Index-performing behind almost all nations in South Asia, except Afghanistan. Some neighbouring countries like Pakistan at 123<sup>rd</sup> position, Bangladesh at 111<sup>th</sup> position, Nepal at rank 102<sup>nd</sup> while Sri Lanka was at 75<sup>th</sup> position. Looking at other reports of Multi-national Agencies, the same picture emerges.

According to the Global Gender Gap Report released by the World Economic Forum (WEF) in 2013, India was ranked at 105<sup>th</sup> position on the Gender Gap Index (GGI) amongst 136 countries polled. Apart from the overall low- down position in GGI, what was found to be most disappointing in GGI, is the dismal performance of its vital component – health and survival in which India's ranking was 135 out of 136 with a score of 0.9. Again, on the OECD's new Social Institutions Gender Index (SIGI), India was ranked at 56<sup>th</sup> out of 86 in 2012. As per latest Census data, a highly skewed sex ratio with 914 females every 1000 males were observed. The British medical Journal *Lancet* brings forth the fact that twelve million Indian girls have been aborted in the last three decades. Again, in terms of absorption in labour force of the country, UNDP report opines that only 29% of Indian women are above the age of 15 in 2011. Only 26.6% women above 25 years of age received a secondary education in 2010. There also exists a dismal availability of healthcare facilities for women. Approximately 200 women died for every one lakh child births as per latest report. Percentage of women with chronic energy deficiency is stagnant at 40% over six years with the proportion in fact increasing in Assam, Bihar, Madhya Pradesh and Haryana. In 2010, the UN recorded one maternal death at childbirth every ten minutes in India, with a maternal mortality rate higher than that of Sudan, Ethiopia and Bangladesh.

Finally, the prevalent caste system perpetrates inequality. In such a system, the incidence of inequality varies proportionately with the level of ritual impurities presumed to be within a typical caste, with the SC/ST or the OBC, considered to be aliens in terms of the societal opportunities, e.g., access to food, education and health, etc., to be received. Moreover, these groups are often subjected to physical, psychological, emotional and cultural abuse. With these sections of the society receiving unequal treatment comprising roughly one-sixth of the Indian population, the incidence of inequality assumes considerable weight.



## Section – IV

### Root Causes of Inequality

At the core of economic injustice prevailing in India, lay the inequality of status and lack of appropriate opportunities for the common folk. As to delving deeper into practical causes of such inequalities, a structural deficiency in the economic framework is laid bare. Such deficiency was the handiwork of the liberalization of economic policy implemented since 1991, wherein the service sector growth was at a much faster rate vis-a-vis others during the post- reform period and propelled India to a higher growth path. Such skewed growth of the service sector led to a number of anomalies in the Indian economy. At the first instance, the present state of education system is not geared-up to take care of the requirement of high quality individuals at the scale necessary to sustain.

Secondly, analysis of available data revealed that almost 70 per cent of India's population continues to be engaged in agriculture that contributes around 14 per cent of GDP. On the other hand, with less than 30 per cent of the population working in the service sector, the contribution to GDP is more than 67 per cent. In such a dichotomous state, average wage in the service sector went up manifold vis-a-vis agriculture sector over the years. Despite this huge contribution of service sector, it failed to wean away people from agricultural and manufacturing sector, thus, exacerbating jobless growth and causing a lop-sided distribution of employment in India.

Apart from the prevalence of sectoral inequality in employment, pseudo weights on policies of the government that reaped only short-term benefits and entailing political gain led to abnormal priorities being assigned. On some of such assigned priorities like subsidies which failed to reach the lowest strata of the society, interest payments on various loan, the government allocation amounted to as high as 5-6% of GDP, whereas, the basic minimum requirements of healthcare delivery system and provisioning of education were curtailed as a result of siphoning of funds. On account of such skewed vision, inequality prevailed and hampering capacity building thereby blunting future growth potential.

The primary causes of caste-based inequality are the lack of enlightenment amongst the people. Furthermore, implementation of several caste-based advancement schemes launched by the government lacks the necessary regulatory framework, needed indispensably for eradication of caste-based discrimination.

The acute incidence of gender inequality is primarily due to the persisting conservatism in Indian society manifested by preference for boys to girls, thereby, increasing the incidence of female feticide.

## Section –V

### Remedial Measures

The Mckinsey Report, "From Poverty to Empowerment" talks of a huge 'Empowerment Gap' as the one that is the cause of all evils thus denying economic justice to a sizeable section of the population. The report also opined that to narrow down the gap, channeling of appropriate resources in the form of creating efficiencies in the delivery of current services, where till date 50% of government spending failed to reach its intended recipients. Also, there needs to be a radical increase in social spending from 21% to 50% of the budget. And, finally for proper implementation, reduction of bureaucratic red tapism is opined as a must to drastically raise the productivity of manufacturers and the agriculture sector through innovation, efficiencies and investment.

Inclusion of the backward castes within the mainstream flow, through appropriate policy measures can be effectuated in the following way:

- I. Inclusion by targeting through which the authorities consciously target the backward classes and women through a process that takes care of the most vulnerable sections of the community, and thereafter, consciously involving the entire community for whole-hearted support of the endeavour.
- II. Inclusion through empowerment involves backward castes and their leaders to institute, support and lead their own projects, coordinate the response efforts and ensure that the government agencies are made accountable for their rights.

III. Inclusion by transparency ensures that the humanitarian agencies and government institutions commit themselves in ensuring transparency in data collection, requisite assessments and information sharing so as to have greater awareness about the realities of caste discrimination amongst the general population.

It has been found that gender skewness characterizes our societal framework. Almost among all communities, e.g., Hindu, Muslim, Christianity or Parsi, personal laws prevalent are found to be gender-skewed. Some of their personal laws provide lesser rights to women than their men folk, in the same situations. For example, the Family Law of Usage and Customs of Gentile Hindus of Goa permit a second marriage for the husband when there is no son from the first marriage. Under the Hindu Succession Act, the property of a Hindu women dying intestate devolves first upon her children and husband. Then, it devolves not on her own family, but upon the heirs of her husband. There are also laws in some states which do not allow daughters and widows to inherit land. These personal laws need to be appropriately moulded upon so as to ensure the true spirit of social equality.

### Section – VI

#### In Lieu of Conclusion

In order to implement real change in results, drastic changes in the existing methods, are to be implemented. That implies building of requisite opportunities within the realm of existing system by embodying the accrued knowledge about the root causes of inequalities. Only then shall society progress in the real sense in line with the maxims of economic justice. That again can happen only if, appropriate changes in the existing administrative machinery besides making and incorporation of strict laws following the basic framework of the Directive Principles of State Policy. Only then can we be a step nearer towards establishing a welfare state where acceptable level of economic justice shall flourish.

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# IMPACT OF INDUSTRIALIZATION OF WEST SINGHBHUM DISTRICT OF JHARKHAND: AN EMPIRICAL INVESTIGATION

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## Abstract

West Singhbhum district of Jharkhand is famous all over the world for dense Saranda Forest, primitive tribes and wild animals. West Singhbhum is also famous for abundance of high quality iron ore and minerals. West Singhbhum district is the richest district of India in terms of ore and minerals but the, people of this world famous tribal land are still among the poorest in the country. More than 50 percent population of the district is tribal and more than 40 percent population is below poverty line in the district. **As per 2011 census report the population of the district was 1,501,619**, density was 80/km<sup>2</sup> (730/sq mi), 59 percent population is literate and sex ration was 1001. Now government desires to improve the socio-economic condition of people of this hilly area through heavy ore and mineral based industrialization. In last 15 years, many MOUs have been signed between the state government and private investors, but most of these MoUs could not materialized due to local protests against land acquisition. It is believe that a significant part of local population of the district is against the ore and mineral based heavy industrialization. I surveyed 20 villages and 16 blocks of West Singhbhum and consulted more than 180 persons with the help of formally designed question and tried to understand their views, attitude and perception regarding the long-term and short-term impact of industrialization on the socio –economic condition of West Singhbhum. Findings are very interesting. Most of the respondents believe that industrialization would bring wealth in the district but its cost might be very heavy in long run, and lead to more serious kind of poverty huge environmental threats in future. But it is not the end of the road. If government plans the heavy industrialization in a sustainable manner, negative impacts of industrialization can be minimized and positive impacts can be optimized

**Key Words:** Jharkhand, socio-economic condition, West Singhbhum, Tribal population, ore and mineral based heavy industrialization

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## Introduction:

West Singhbhum of Jharkhand is a land of wild animals and India's densest forests. More than 50 percent population of the district is aboriginal and majority of tribal population is live below poverty line. Improving the socio economic condition of this most deprived population of the country is a big challenge. Development related challenges are more serious because unplanned and careless development may lead to ecosystem disaster and more importantly annihilation of one of the worlds most primitive cultural. In last 70 years nothing is changed in the lives of the inhabitants of dense forests of Saranda. They are still very poor,

uneducated and full of superstitions. They kill female members of their own society declaring them 'the witch'. They consume local wine called 'Hadia' irrationally. Infant mortality rate is very high. Their female members are trafficked to the cities like Mumbai, Delhi, Kolkata and other parts of country where they work as sex workers, bounded housemaid and daily wages labour. Male members are unemployed. As forests are shrinking rapidly they are unable to get their livelihood from the forest. The district is one of the richest region of the world in terms of ore and minerals. The greater part of West Singhbhum district is covered by Carmelite, chromite Magnetite, lime Stone, Asbestos, and many other precious

ore and minerals. But poverty level is very high. Due to government initiatives literacy rate is increased. New schools have been opened in remote areas. But quality of education is still a big question mark. Sex ratio is positive in favour of girl. But child mortality rate is still very high. There are very few good health centres. In case of any serious illness, patients are taken to Jamshedpur and Ranchi. Unemployment rate is very high. Major part of local population is unorganized labour. Women also work as daily wages worker in local factories. After the supreme court order, many iron ore mines are closed down forcibly by the state government- has further worsened the unemployment problem. State government has been consistently inviting investors to invest in Heavy industry in the district. But land acquisition is a very big challenge due to local protests and naxal insurgency. In deed it is not a very happy picture for industries in the district altogether. For my doctoral level research I decided to look in to the ground realities of the West Singhbhum and talked directly with the locals on this matter. Purpose was to mind mapping of the tribes and others on the matter of heavy industrialization.

In this paper I have studied the impact of ore and mineral based industrialization on the socioeconomic condition of West Singhbhum by mind mapping the local communities. To meet this objective I personally collected data from 119 respondents. Respondents were essentially the local villagers of West Singhbhum comprised of both tribal and non-tribal. Respondents were requested to give their opinion on a five point scale. '1' represented the extremely negative and '5' represented extremely positive impact on the various socio-economic factors. Factors chosen for study the influence level were income level, employment generation, business opportunities, local industries, overall economic development, democratic system, tribal life, family structure, family life style, traditional life style, tribal culture, relationship between tribal culture & surrounding environment, relationship between tribal community and non-tribal community, overall forest area, wild life, water resources, air, ore & mineral resources, naxalite incidents, tribal migration, education level, standard of living, national & international contacts.

**One-way** analysis of variance (abbreviated **one-way ANOVA**) technique used to compare means of three or more samples (using the F distribution). For the analysis of variance is used for comparing the means of short-term and long term impact of heavy ore and mineral based industrialization on west singhbhum district of Jharkhand.

- **Null hypothesis ( $H_0$ ):** There is no significant difference between the short term and long term impact of industrialization on the income level, employment generation opportunities, business opportunities, standard of living, local industries, overall economic development, democratic system, tribal life, family structure, family life style, traditional life style, tribal culture, relationship between tribal culture & surrounding environment, relationship between tribal community and non-tribal community, wild life, water resources, air, water resources, ore & mineral resources, rate of Naxalite incidents, rate of tribal migration and education level of West Singhbhum district of Jharkhand incidents, rate of tribal migration, and education level of West Singhbhum district of Jharkhand
- **Alt hypothesis ( $H_1$ ):** there is no significant difference between the short term and long term impact of industrialization on the income level, employment generation opportunities, business opportunities, standard of living, local industries, overall economic development, democratic system, tribal life, family structure, family life style, traditional life style, tribal culture, relationship between tribal culture & surrounding environment, relationship between tribal community and non-tribal community, wild life, water resources, air, water resources, ore & mineral resources, rate of Naxalite incidents, rate of tribal migration and education level of West Singhbhum district of Jharkhand incidents, rate of tribal migration, and education level of West Singhbhum district of Jharkhand.

- Null hypothesis:  $(H_1) F < 3.64$
- Null hypothesis:  $(H_1) F \geq 3.64$

**P value based calculation**

- Null hypothesis:  $(H_1) p \geq 3.645$
- Null hypothesis:  $(H_1) p < 3.645$

**TABLE 1- COMPARISON BETWEEN SHORT TERM AND LONG TERM IMPACT OF ORE AND MINERAL BASED HEAVY INDUSTRIALIZATION ON WEST SINGHBHUM (ANNOVA)**

Short term and long term Impact of industrialization on the people of West Singhbhum	F	P Value	Remarks
Income Level	1.449	.230	Difference is not significant
Employment Generation Opportunities	19.034	.000	Difference is significant
Business Opportunities	1.350	.246	Difference is not significant
Local Industries	4.123	.044	Difference is significant
Over All Economic Development	8.843	.003	Difference is significant
Democratic System	9.577	.002	Difference is significant
Tribal Life	5.480	.020	Difference is significant
Family Structure	6.016	.015	Difference is significant
Traditional Life Style	.696	.405	Difference is not significant
Tribal Culture	.641	.424	Difference is not significant
Relationship Between Tribal Culture & Surrounding Environment	37.072	.000	Difference is significant
Relationship Between Tribal Community And Non-Tribal Community	8.737	.003	Difference is significant
Overall Forest Area	7.945	.005	Difference is significant
Wild Life	6.095	.014	Difference is significant
Water Resources	3.429	.045	Difference is significant
Air	7.387	.007	Difference is significant
Ore & Mineral Resources	6.838	.010	Difference is significant
Rate Of Naxalite Incidents	1.206	.273	Difference is not significant
Rate Of Tribal Migration	8.142	.005	Difference is significant
Education Level	4.194	.042	Difference is significant
Standard Of Living	4.316	.039	Difference is significant
National & International Contacts	5.199	.024	Difference is significant

Degree of freedom (df) 1, 223

**t- test**

**Null hypothesis I (Ho)**-Short term impact of ore and mineral based industrialization has positive impact on the income level, employment generation opportunities, business opportunities, standard of living, local industries, overall economic development, democratic system, tribal life, family structure, traditional life style, tribal culture, relationship between tribal culture & surrounding environment, relationship between tribal community and non-tribal community, wild life, water resources, air,

water resources, ore & mineral resources ,rate of Naxalite incidents , rate of tribal migration and education level of West Singhbhum district of Jharkhand incidents , rate of tribal migration, and education level of West Singhbhum district of Jharkhand

**Alternative hypothesis 1(H1)**

- SHORT TERM impact of ore and mineral based industrialization has NO positive impact on the income level, employment generation opportunities, business

opportunities, standard of living, local industries, overall economic development, democratic system, tribal life, family structure, family life style ,traditional life style, tribal culture, relationship between tribal culture & surrounding environment, relationship between tribal community and non-tribal community, wild life, water resources, air, water resources, ore & mineral resources ,rate of Naxalite incidents , rate of tribal migration and education level of West Singhbhum district of Jharkhand incidents , rate of tribal migration, and education level of West Singhbhum district of Jharkhand

#### **Null hypothesis II (Ho)**

Long term impact of ore and mineral based industrialization has positive impact on the income level, employment generation opportunities, business opportunities, standard of living, local industries, overall economic development, democratic system, tribal life, family structure, traditional life style, tribal culture, relationship between tribal culture & surrounding environment, relationship between tribal community and non-tribal community, wild life, water resources, air, water resources, ore & mineral resources ,rate of Naxalite incidents, rate of tribal migration and education level of West Singhbhum district of Jharkhand incidents , rate of tribal migration, and education level of West Singhbhum district of Jharkhand

#### **Alternative hypothesis II(H<sub>1</sub>)**

Long term impact of ore and mineral based industrialization has NO positive impact on the income level, employment generation opportunities, business opportunities, standard of living, local industries, overall economic development, democratic system, tribal life, family structure, family life style, traditional life style, tribal culture, relationship between tribal culture & surrounding environment, relationship between tribal community and non-tribal community, wild life, water resources, air,

water resources, ore & mineral resources, rate of Naxalite incidents , rate of tribal migration and education level of West Singhbhum district of Jharkhand incidents, rate of tribal migration, and education level of West Singhbhum district of Jharkhand

#### **HPOTHESIS TESTING (Left tailed t test )**

Test statistics: 3.5

- Ho:  $\pi \geq 3.5$
- H<sub>1</sub>:  $\pi < 3.5$

Ho:  $t \geq -1.645$

(0 .05 significance level and 118 degree of freedom)

H<sub>1</sub>:  $t < -1.645$

(0 .05 significance level and 118 degree of freedom)

#### **Short Term and Long Term Impact Of Industrialization on West Singhbhum (HYPOTHESIS TESTING)**

My study shows that according to local population of West Singhbhum short- term and long term impact of heavy ore and mineral based industrialization will be positive on income level, employment generation activities, other business opportunities, standard of living and family life style. It has also very positive impact on the overall economic condition of the district. But majority of the respondents also believe that short term and long term impact of industrialization will be Not positive on Tribal Culture, Relationship between Tribal Culture & Surrounding Environment Relationship Between Tribal Community And Non-Tribal Community Overall Wild Life Forest Area Water Resources, Ore & Mineral Resources . They further believe that ore and mineral based heavy industrialization will farther increase the Rate Of Naxalite incidents and also Tribal Migration rate. On the basis of further analysis of table 1 and 2 following inferences can be drawn:

**Table 2**  
**LEFT TAILED T TEST (.05 DEGREE OF SIGNIFICANCE AND 121 DEGREE OF FREEDOM**

FACTORS	Test Value = 3.5			
	t Short Term	Null hypothesis (Ho)	t Long Term	Null hypothesis (Ho)
Impact of industrialization on the INCOME LEVEL of people of West Singhbhum	2.772	Accepted	5.827	Accepted
Impact of industrialization on employment generation opportunities for the people of West Singhbhum	1.387	Accepted	11.644	Accepted
Impact of industrialization on other business opportunities in West Singhbhum	1.361	Accepted	3.492	Accepted
impact of industrialization on the local industries of West Singhbhum	-2.914	Rejected	-.515	Accepted
Impact of industrialization on overall economic development of West Singhbhum	.359	Accepted	5.672	Accepted
Impact of industrialization on the democratic system of West Singhbhum	-1.431	Accepted	3.166	Accepted
Impact of industrialization on the tribal life of west Singhbhum	-4.287	Rejected	-1.868	Rejected
Impact of industrialization on family structure of West Singhbhum	-.232	Accepted	4.067	Accepted
Impact of industrialization on traditional life style of West Singhbhum	-1.110	Accepted	-.046	Accepted
Impact of industrialization on tribal culture of West Singhbhum	-5.837	Rejected	-5.577	Rejected
Impact of industrialization on relationship between tribal culture & surrounding environment of West Singhbhum	-9.227	Rejected	-1.821	Rejected
Impact of industrialization on relationship between tribal community and non-tribal community of West Singhbhum	-5.172	Rejected	-1.855	Rejected
Impact of industrialization on overall forest area of West Singhbhum	-10.799	Rejected	-7.689	Rejected
Impact of industrialization on wild life of West Singhbhum	-11.912	Negative	-9.292	Rejected
Impact of industrialization on the water resources of West Singhbhum	-9.187	Rejected	-7.348	Rejected
Impact of industrialization on air and water of West Singhbhum	-11.848	Rejected	-8.903	Rejected
Impact of industrialization on ore & mineral resources of West Singhbhum	-9.140	Rejected	-6.584	Rejected
Impact of industrialization on the rate of naxalite incidents of West Singhbhum	-6.038	Rejected	-5.561	Rejected
Impact of industrialization on the rate of tribal migration of West Singhbhum	-6.996	Rejected	-4.890	Rejected
Impact of industrialization on the education level of West Singhbhum	3.232	Accepted	8.980	Accepted



Impact of industrialization on the standards of living of West Singhbhum	1.076	Accepted	6.211	Accepted
Impact of industrialization on the national & international contacts of the people of West Singhbhum	3.378	Accepted	9.515	Accepted

**Table 3**  
**SHORT-TERM AND LONG-TERM IMPACT OF INDUSTRIALIZATION ON THE PEOPLE OF WEST SINGHBHUM DISTRICT OF JHARKHAND**

FACTORS	Short Term	Long Term
Income level	Positive	Positive
Employment generation	Positive	Positive
Other business opportunities	Positive	Positive
Local industries	Not Positive	Positive
Overall economic development	Positive	Positive
Democratic system	Positive	Positive
Tribal life	Not Positive	Not Positive
Family structure	Positive	Positive
Traditional life style	Positive	Positive
Tribal culture	Not positive	Not positive
Relationship between tribal culture & surrounding environment	Not positive	Not positive
Relationship between tribal community and non-tribal community	Not positive	Not positive
Overall forest area	Not positive	Not positive
Wild life	Not positive	Not positive
Water resources	Not positive	Not positive
Air and water	Not positive	Not positive
Ore & mineral resources	Not positive	Not positive
Rate of naxalite incidents	Not positive	Not positive
Rate of tribal migration	Not positive	Not positive
Education level	Positive	Positive
Standard of living	Positive	Positive
National & international contacts	Positive	Positive

My survey findings clearly shows that impact of ore and mineral based heavy industrialization will have both positive as well as negative impact on West Singhbhum district of Jharkhand . As per my survey findings majority of people of West Singhbhum district believe that industrialization would bring prosperity in the

region because it can increase per capita income, generate new business opportunities and also help in increasing education level in region. They expect that industrialization would intensity CSR activities in the region. Majority of the respondents also believe that industrialization might lead to more employment generation opportunities.

**Table 5**  
**INFERENCES OF SHORT-TERM AND LONG-TERM IMPACT OF INDUSTRIALIZATION ON THE PEOPLE OF WEST SINGHBHUM DISTRICT OF JHARKHAND**

<b>AREA</b>	<b>Impact</b>
Income level	Per capital income of West Singhbhum will be much higher in long term
Employment generation	Local have more employment opportunities in local industries- mostly in unorganized sector due to low educational level
Business opportunities	Ancillaries and small business will grow
Local industries	Not good for forest based traditional small and tiny industry. Likely to be replaced by big manufacturers.
Overall economic development	Economy will grow due to industrialization
Democratic system	Society will be more open and democratic due to increasing education and income level
Tribal life	Tribal life style will be hit adversely and it will move towards main stream pan indian culture
Family structure	More nuclear families and women have role in decision making
Traditional life style	Life style will be more modern and greater care for health, education and employment
Tribal culture	Tribal culture will be more negatively hit with interaction with rest of the world
Relationship between tribal culture & surrounding environment	Bond between Jal, Jangal & Jamin will be loosen.
Relationship between tribal community and non-tribal community	Gap between tribal and non-tribal communities will be intensified due to economic reasons
Overall forest area	Deforestation rate will be increased
Wild life	Risk will be higher
Water resources	More scarcity of drinking water and
Air	Higher level of air pollution
Ore & mineral resources	Very negatively hit the precious treasure of ore and minerals
Rate of naxalite incidents	Will increase in long term
Rate of tribal migration	Tribal migration rate will increase. They will be displaced from their native villages.
Education level	Modern education system will be more stent hen
Standard of living	Will be improved in terms of education, health, nutrition and job opportunities
National & international contacts	Tribal community will come closer to global community

But it is only one side of a coin. A very large percentage of respondents believe that impact of industrialization will bring new predicaments in the region. They believe that short and long term impact of industrialization will have very negative impact on public health and other aspects of human being and wild life. Clearly they are afraid of industrial pollution. They also believe that air and water resources will be over exploited that may bring

about scarcity of water and also huge environmental pollution.

They believe that in short-term as well as in long –term industrialization will be fetal for the wild life and forests of region. It is believed that 20% of the total forest area is already disappeared in last 20 years due to mining and construction of roads, rail lines etc Respondents further believe that short-term and long-term impact of industrialization

would negatively hit the tribal culture, tribal standard of living and overall tribal life. On economic point they believe that industrialization might boost the economic development in long run, But they also believe that heavy Industrialization will destroy the traditional local industries. So, it can be said that heavy industrialization of West Singhbhum might bring the economic prosperity in the life of local community but its impact on ecosystem, traditional tribal culture, family system, local industries, and public health might not be positive. The study further indicates that in long term rate of positive impacts of industrialization will be declined. I believe that safe and sustainable industrialization is indispensable for the speedy growth of Singhbhum. Because the district so poor that almost 50 percent of the population is still below poverty line. Appropriate measures can control the negative impacts of ore and mineral based industrialization on eco system, tribal life & culture of the region. My study shows that peoples' attitude towards heavy industrialization is not positive. They must have some acrimonious past experiences. Illegal and irresponsible mining has been the key reason behind. Hence, the government needs to think other modes of industrialization along with ore and mineral based heavy industrialization.

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# CUSTOMERS PERCEPTION TOWARDS THE USE OF E-BANKING SYSTEM IN WEST SHEWA ZONE: AMBO TOWN

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## Abstract

This study intends to assess customer's perception towards the use E- Banking in west shoa Zone; Ambo town. Mixed Research approach (both Quantitative and qualitatively) method particularly survey design approach was adopted for the study. Data was gathered from two purposely selected banks: Commercial bank of Ethiopia and Dashen bank. The sample used for this study consists of any person having an account in the commercial banks of Ethiopia Ambo branch and Dashen bank Ambo branch. The total sample is consisting of 370 respondents. In order to collect sufficient data that can answer the research questions, researchers designed questionnaire to get quantitative data and an interview was also conducted with the managers of both banks to triangulate data obtained through questionnaire. The data collected via questionnaires was analyzed with descriptive statistics using statistical package for social scientists (SPSS) version20 and data that was collected from interview was interpreted qualitatively. A research framework was developed based on technology-organization-environment framework and Technology acceptance model to guide the study. The result of the study indicated that, the major obstacles on the customer perception on using Electronic banking in Ambo town are security risk, lack of trust, and Lack of ICT infrastructure. The study also identified perceived ease of use is taken as positive factor for customer's perception to use E-banking system. The study suggests a series of measures which could be taken by banks in the study. These measures include: Providing training to customers regarding safe use of E-banking and giving special attention to deliver services to customers by using E- banking system.

**Key Words:** E-banking, Mixed research approach, ICT infrastructure, Technology acceptance model.

## 1. Introduction

Technological innovations play a crucial role in banking industry by creating value for banks and customers, that it enables customers to perform banking transactions without visiting a brick and mortar banking system. All banks in Ethiopia are too late to move with technological advancement and they should clearly chart out the time schedule for their integration and technological advancement. Almost, all banks operated in Ethiopia with some exemptions provide service to customers by using traditional systems that is why every bank customer is highly dissatisfied by the disappointing status of financial development in Ethiopia. Even the time wasted in travelling for search of bank branches and the long waiting time to access the account is really disappointing. This is particularly because of the non-integration of branches of the same bank, i.e. even within individual banks their branches are

not linked to each other and it is a must to physically visit the branch in which an account has been opened.

Despite the growth of E-banking worldwide, commercial banks in Ethiopia continue to conduct most of their banking transactions using traditional teller based methods. Banking operation is still under developed backed by low level of infrastructural development, lack of suitable legal and regulatory framework, high rates of illiteracy, frequent power interruption and security issues (Gardachew, 2010). As electronic banking is becoming more prevalent, the level of customer satisfaction is also changing the scenario of technological environment. Information technology in the form of E-banking plays a significant role in providing better services at lower cost. Several innovative IT based service such as Automated Teller Machine (ATM), Internet banking, Mobile banking, Phone banking, gives a number of convenient quality services to the

customers. The banks which are providing these services at large extent to customers are more reputed in the eyes of customers. The most general type of electronic banking is banking via the Internet, in other words Internet banking.

In general, E-banking has become an important method of carrying the banking transaction and increase customers satisfaction. With the present research effort has been made to analyses E-banking on customers Perception. The aim of this paper is, therefore, to examine customers' Perception towards the use E-banking service channels in West shoa Zone, Ambo town.

The remaining parts of the paper are organized as follows. The second section presents review of literature. The third section provides Methods of the study. The fourth section provides Findings, The final section, section five presents conclusion.

## 2. Literature Review

### Theoretical Issues

E-banking has a variety of definitions all refer to the same meaning, the following section show some of these definitions. E-banking is a form of banking service where funds are transferred through an exchange of electronic signal between financial institutions, rather than exchange of cash, checks, or other negotiable instruments (Kamrul 2009). E-banking, also known as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another, rather than by check or cash (Malak 2007).

The term of E-banking often refers to on line banking/Internet banking which is the use of the Internet as a remote delivery channel for banking services (Furst&Nolle 2002, p.5). With the help of the Internet, banking is no longer bound to time or geography. Consumers all over the world have relatively easy access to their accounts 24 hours per day, seven days a week. E-banking can be also defined as a variety of platforms such as Internet banking or (on line banking), TV-based banking, mobile phone banking, and PC (personal computer)

banking (or off line banking) whereby customers access these services using an intelligent electronic device, like PC, personal digital assistant (PDA), automated teller machine (ATM), point of sale (POS), kiosk, or touch tone telephone (Alagheband 2006, p.11).. In the United Kingdom, on line banking started in 1983 when Nottingham Building Society (NBS) started to deliver on line services. Different forms of E- banking system were discussed as follows:

- **Automated Teller Machines (ATM)** - It is an electronic terminal which gives consumers the opportunity to get banking service at almost any time. To withdraw cash, make deposits or transfer funds between accounts, a consumer needs an ATM card and a personal identification number (PIN).
- **Point-of-Sale Transfer Terminals (POS)** - The system allows consumers to pay for retail purchase with a check card, a new name for debit card. This card looks like a credit card but with a significant difference. The money for the purchase is transferred immediately from account of debit card holder to the store's account (Malak 2007).
- **Internet / extra net banking-** It is an electronic home banking system using web technology in which Bank customers are able to conduct their business transactions with the bank through personal computers.
- **Mobile banking-** Mobile banking is a service that enables customers to conduct some banking services such as account inquiry and funds transfer, by using of short text message (SMS).

### E-banking in Ethiopia

The appearance of E-banking in Ethiopia goes back to the late 2001, when the largest state owned, commercial bank of Ethiopia (CBE) introduced ATM to deliver service to the local users. In addition to eight ATM Located in Addis Ababa, CBE has had Visa membership since November 14, 2005. But, due to lack of appropriate infrastructure it failed to reap the fruit of its membership. Despite being the pioneer in introducing ATM based payment system and acquired

visa membership, CBE Lagged behind Dashen bank, which worked aggressively to maintain its lead in E-payment system. As CBE continues to move at a snail's pace in its turnkey solution for Card Based Payment system, Dashen Bank remains so far the sole player in the field of E-Banking since 2006. (Gardachew 2010). Dashen bank, a forerunner in introducing E-banking in Ethiopia, has installed ATMs at convenient locations for its own cardholders. Dashen ATM is available 24 hours a day, seven days a week and 365 days a year providing service to Debit Cardholders and International Visa Cardholders coming to the country. At the end of June 2009, Dashen bank has installed more than 40 ATM in its area branches, university compounds, shopping malls, restaurants and hotels. In the year 2011 the payment card services have witnessed significant strides, Dashens ATM service expanded to 70 and 704 POS terminals (Annual report of the bank 2011). Available services on Dashen Bank ATM are: Cash withdrawal, Balance Inquiry, Mini statement, Fund transfer between accounts attached to a single card and Personal Identification Number (PIN) change. Currently, the bank gives debit card service only for Visa cards. Dashen bank clients can withdraw up to 5,000 birr in cash and can buy goods and services up to 8,000 to 13000 birr per day. Expanding its leadership, Dashen Bank has begun accepting MasterCard in addition to Visa cards. Dashen won the membership license from MasterCard in 2008. Harnessing its leadership with advanced banking technology, Dashen Bank signed an agreement with I very, a South African E-payment technology company, for the introduction of mobile commerce in April 21, 2009. According to the agreement, I Very Payment Technologies has licensed its Gateway and Mi Card E-payment processing solution to Dashen Bank. Dashens Mod birr users can transfer 500 birr to other Modbirr users in 24 hours a day. This would make Dashen Bank the first private bank in Ethiopia to acquire E-commerce and mobile merchant transactions (Amanyehun 2011). Although

Dashens new technology is one step ahead in that it allows transfer of funds from ones account to others, the first ever E- banking gateway was signed between Ethiopian Commodity Exchange (ECX) and Dashen Bank and CBE.

### **E-Banking technology**

According to Ravi (2011:3), banking technology refers to the use of sophisticated information and communication technologies, together with computer science, to enable banks to offer better services to their customers in a secure, reliable and affordable manner, as well as to sustain a competitive advantage over other banks. In terms of banking technology, Ravi (2011:3) states that 'banking' refers to the economic, financial, commercial and management aspects of banking, while 'technology' refers to the information and communications technologies, computer science and risk qualification and measurement aspects of banking. During an earlier investigation of the implications of e-banking implementation, PIU (Performance and Innovation Unit) (1999) found that when a company has adopted a technology or application, the process of implementation is generally effected by three types of factors, namely technological, organizational and environmental. Technology-related factors are associated with the characteristics of the technology/application itself, including complexity, compatibility, and relative advantage. Organizational factors are primarily concerned with the people involved in the implementation within organizations, and impact on issues such as management support, user resistance and the level of expertise available. Environmental factors focus on the environmental context of the organization and include factors such as supplier-customer relationships and competitive pressure. E-banking relies heavily on information and communications technology (ICT) to achieve its promise of 24 hour availability (Bojanet al.,2010:2) Zaroyda (2009)observed that one key reason for the slow development of E-banking in

Africa is that there is no overall policy framework covering aspects such as technical, economic and political policy considerations, which help to create an enabling environment. Despite banks in developing countries having recently acknowledged the benefits of e-banking technology in terms of improving productivity and efficiency, some countries (i.e. Nigeria) have struggled to adopt and integrate e-banking within their existing banking system (Khalfan& Akbar, 2006).

### **Technology Acceptance Model (TAM)**

For understanding, predicting and explaining why individuals/consumers acknowledge or refuse using of information systems; scholars developed several models in that regard, by Marina (2009) one of the most useful model in that regard is given name of the technology acceptance model (TAM), actually this model helps a lot in identifying and categorizing the factors which affect individuals for accepting or refusing use of technology applications. Whereas Sheikhshoaei and Oloumi (2011) indicated two models, they are the Technology Acceptance Model (TAM) and the Task Technology Fit model (TTF) which is frequently used by entities/organizations for explaining the acceptance of e-banking by consumers, actually these models offer quite dissimilar but occasionally overlapping point of views on the utilization behavior of these electronic channels. By Sheikhshoaei and Oloumi (2011) the Task-Technology Fit model associates technology with performance and imagines that level of performance would go up when a given technology gives features and support that correspond with the requirements of the task. As a result for banks, they would take on e-banking technologies if it supports in delivering superior quality services to consumers. Technology Acceptance Model (TAM) By main objective offered by TAM model is to offer comprehensive clarification of factors which affect computer-applications' acceptance generally, and it also supports practitioners for identifying why a precise organism is intolerable and undesirable. Marina (2009)

proposed that utilizing any type of information system is in a straight line determined by the behavioral purpose of using it, which is in turn affected through the users' attitudes in the direction of utilizing the system and the perceived usefulness of the system, attitude and perceived usefulness are also affected by the perceived ease of use.

By Rosenberg (2011) in accordance with TAM model, bigger level of perceived usefulness and the perceived ease of using an information system would optimistically influence the attitude in the direction of this system, the attitude, in turn shows the way to a bigger intention of using the system, which optimistically influences one's authentic use of the system.

TAM model actually assumes that, other-thing being equal, perceived-usefulness is influenced through the perceived ease of use for the reason that the easier a technology system to utilize, the more constructive and helpful it can be. Perceived usefulness can be describe like the extent to which consumers believe that utilizing a precise system would help to a great extent in enhancing their job-performance. Perceived ease of use actually defines the extent to which consumers believe that utilizing the technology system will-be free of effort (Rosenberg, 2011). Attitude (ATT) gives details about consumer's positive or un favorable evaluation about the behavior in question, Intention (INT) can be define as a measure of the strength of consumers readiness for using effort while-performing a certain behavior. According to Marina (2009) constructs of TAM are almost measured in the same way in every context, in addition, TAM model is a consistent tool and empirically sound. Quite a few meta-analysis research works have given adequate amount of data regarding TAM to be extremely plausible and realistically explain up to forty percent of the behavioral intention to use. In addition, quite a lot of research works have applied TAM for evaluating consumer's adoption in diverse settings for example e-commerce (Hearn Y& Hearn, 2008)

### Empirical Evidence

Uppal R K (2008) has analyzed the quality of E- Banking services in the changing environment on the basis of 5 point liker type scale with different statistical tools such as rated average method and ranking. The study concludes that most of the customers of E- -banks are satisfied with the different E-Banking channels and their services, but the lack of awareness is a major obstacle in the spread of E-banking services.

According to Kotler, CRM principally revolves around marketing. It involves integrating information gathered from all the distribution channels and analyzing the data, with the help of IT, to understand customer behavior. The continuous analysis and improvements over a long period should result in enhancing customers' lifetime value with the firm. Banking, being a customer-oriented services industry, the customer is the center of attention and customer service has to be the distinguishing factor. The banking industry like any other financial services industries is facing a market that is rapidly changing; new technologies being introduced, fear of economic uncertainties, fierce competition and more demanding customers and the changing climate have presented an unparalleled set of challenges (Lovelock, 2001).

Uppal, R.K (2011) threw light on growth of information technology in various banks. The objective of this research is to analyze the extent of technological developments in various bank groups. Findings shows as compared to new private sector banks and foreign banks, in public sector banks very less IT has taken place. The maximum technology is taking place in new generation private sector banks and foreign. Safeena et al (2010) determines the consumer's perspective on Internet banking adoption. Finding shows that perceived usefulness, perceived ease of use, consumer awareness and perceived risk are the important determinants of online banking adoption and have strong and positive effect

on customers to accept on line banking system. Both behavioral attitudes and subjective norms lead to behavioral intentions which ultimately lead to actual behavior of individual. Internet Banking and Customer Perceptions Woldie, Hinson, Iddrisu and Boateng (2008) researched the influence of Internet services on the effective delivery of banking services. They discovered several dimensions of service quality of Internet banking such as accuracy, convenience, quality, complaint management, feedback, efficiency, customization, accessibility and queue management. All these service dimensions influence the acceptability of Internet banking services by the customers.

Customer attitudes towards Internet banking are driven by trust, which plays an important role in increasing usability within the Internet banking environment. The issue of trust is more important in online as opposed to offline banking, because transactions of this nature contain sensitive information and parties involved in the financial transaction are concerned about access to critical files and information transferred via the Internet (Alsajjan&Dennis, 2006).

### 3. Methods

In order to attain the objective of the study and answer the research questions; researcher adopts both quantitative and qualitative (Mixed) research approach. Research approach is selected by researcher(s) based on the research purpose, the nature of the research, the problem area, and research questions (Alhamdani et al. 2006). In order to collect sufficient data that can answer the research questions, researcher designed one survey and questionnaire to get quantified results aimed to collect data from customers. In addition to questionnaire and survey, data will be collected from different published and unpublished materials. Sample population used for this study consists of any person having the account in the commercial banks of Ethiopia Ambo branch and Dashen bank Ambo branch. With regard to survey, questionnaire was distributed to 370



customers of 2(two) purposely selected banks one state owned bank (commercial bank of Ethiopia) and one private commercial banks (Dashen bank) to identify their perception of using E-banking system in Ambo town. Finally the data collected via questionnaires was analyzed with descriptive statistics using statistical package for social scientists (SPSS) Version 20 and the data that was collected from questionnaires and reviews of documents were interpreted quantitatively and qualitatively. This analysis of Quantitative and Qualitative data and interpretation was combined to seek convergence among the results.

#### **4. Findings**

The data has been collected from 370 customers of one state owned bank (commercial bank of Ethiopia) and one private banks (Dashen bank) user of E-banking located in Ambo. The response rate achieved in this study was 94 % which was satisfactory for conducting a research. In this chapter of research, data collected through survey has been analyzed in an effective way. For data analysis, the research findings are reverted back to the literature review.

#### **Demographic back grounds of Respondents**

##### **Age of Participants**

The results of the survey explored that participants from different age groups were targeted in the sample. It was found that 46.3% of the participants were in the age range of 18 to 25 years. Only 35.9% of the total participants were in the age range of 26 to 35 old.

In the sample, 10.9% participants were between 36 to 40 years of age. In the sample, 6.9% participants were Above 40 years old. As we see from this survey, the participants between the age of 18-25 are more the user of E-Banking system than other user of different age group.

##### **Gender of Participants**

The outcome of a survey revealed that 28.4% of the total participants were females whereas 71.6% were males. The

purpose of asking the gender of the participants was to look into the perceptions of males and females towards E- banking system. There for the Male is more the user of E-Banking system than the Female.

##### **Qualification of Participants**

The respondents were also asked to mention their qualification. The purpose of asking this question was to assess that whether qualification influences the perceptions of customers to use E- banking. The results revealed that 12.5% were qualified with a college Diploma. 65.8% were qualified with a first Degree. 13.3% of the total participants were having Second Degree and 8.3% of the respondents were others (high school, pre-high school, ...). The results of the survey indicate that the perception of the customers on using E-banking is higher among first degree holder respondents.

##### **Marital status of Participants**

The respondents were also asked to mention their marital status. The purpose of asking this question was to assess that whether marital status influences the perceptions of customers to use E- banking. The results revealed that 63.1% were Single. 31.9% were married. 2.0% of the total participants were Divorced and 0.3% of the respondents were Widowed. From this we see that single Marital status participant are more user of E-Banking system than other marital status of respondents.

##### **Occupation of Participants**

The outcome of a survey disclosed that 48.6% of the total participants were government employee, 13.2% are NGO Employee, 2.6% are farmer, and 11.5% are self-employed. Whereas 19.8% were merchant. The purpose of asking the occupation of the participants was to look into the perceptions of occupation towards the use E- banking system. There for the governmental employee is more the user of E-Banking system than any other of occupation (NGO Employee, Farmer, self-

employed and merchant)

#### **Do you use E- Banking system?**

The results of the survey revealed that most of the participants (99.1%) are user of E-banking system. However, there were 0.9% participants those do not use E-banking services. Many earlier studies have revealed that E-banking system is still not completely adopted by the customers. In fact, many earlier studies noted that users of the traditional banking system are more than E- banking users.

#### **What kind of E – Banking you are currently using?**

The results of the survey revealed that most of the participants (96.8%) use ATM,(2%)Mobile banking, However, there were 0.9% participants use Internet banking services. From this we understand most E-Banking user are ATM user than other main service of E-Banking system in Ambo town.

#### **Do you think E-Banking has made your life easier?**

The results of the survey suggested that most of the respondents agreed that E-banking services have made their life easier (95.1% participants answered yes). However, 4.9% participants responded that E- banking has not made their life easier. The results of this question, when related to demographics of participants, further suggested that the people who had higher levels of education and are of below 30 years of age find convenience in E- banking services. Here it can be deduced that this group of participants might have awareness and knowledge about E- banking technology which facilitates them in using E- banking services.

#### **How many times do you visit your bank per month?**

The results of the research revealed that most of the participants (17.5%) visit their banks frequently (6 to 10 times). 2.6% participants visit their banks 11 to 15 times per month. There were 63.8% participants who used to visit their banks 2 to 5 times in one month. The same percentage of

participants visits banks for above 16 times per month. Only 12.4% participants said that they visit their banks for less than 1 time in one month.

#### **What is the main reason of your bank visit?**

The results of the research revealed that a large percentage of participants used to visit the banks for withdrawal of cash 63.5% of total participants. 25% of total participants pointed out that they visited their banks for making the deposits. 5.5% participants visit banks for inquiring about their bank balance. The percentage of participants that used to visit the banks for taking advice regarding investment options was only 2.3%. The rest of the participants visit the banks for some other purposes.

#### **4.2. Customers perception to use E-Banking system in west shoa Zone Ambo town (commercial banks of Ethiopia and Dashen bank)**

The perception of customers to use E-Banking system in west shoa Zone Ambo town in case of commercial bank(commercial banks of Ethiopia and Dashen bank),are influenced by different factors which influence implementation of the system. In case of Ethiopian banking industries, many private banks still using old banking system and don't have access to take advantage from electronic banking facilities. Wondwossen &T segai (2005) observed the following reasons which may be considered as hindrance factors for the use of electronic payment system in Ethiopia. Moreover, factors that can affect customer's perception to use E- Banking in west shoa Zone Ambo town (commercial banks of Ethiopia and Dashen bank) in the country regarding the technological factor, organizational factor, Environmental factor and Perceived ease of use were analyzed in the following sections.

##### **4.2.1. Technological factor**

The issues elevated in this study in relation with technological factor are the relative advantages (perceived benefit) the firm

gained from customer's perception to use E-Banking system and the relative disadvantages (perceived risk) which hinder banking industries from the creation of new technological innovations.

The technological factor which we can identify the customer perception are discussed as below. The result presented in the above table shows that, the respondents asked whether fear risk to use ATM, and the descriptive statistics result gives median 3.00 and mode of 2.00, that means the largest number of respondent were agreed on the issue, therefore fear of risk is one of the factor that affect the perception of customer to use of E-banking system in the country. Similarly the result shown on the above table revealed that lack of confidence with the security issue is considered as not the factor of customer perception to use E-banking system, were median 4.00 and mode 4.00 value for the second question. Also the result shown on the above table indicated that lack of trust on the use of technological facility provided by bank is another factor that can hinder perception Ethiopian banking industries. median of 4.00 and mode of 4.00 disagreed with the idea that trust is not basic factor in the perception of using E-banking system. The survey result show that security risk and Banking transactions regarding errors are not the factor that cause the perception customer in

using E- banking system and there median 3.00 and mode are 4.00.

#### 4.2.2. Organizational factor

One of the basic issue related with organizational factor is, the availability of financial as well skilled human resource to implement the system. In this study costs related with the use of E-banking instrument and technical or managerial skills required to implement E-banking system were considered as organizational factors are cost. The above table shows that ICT infrastructure in Ambo for internet access is not sufficient to use E-banking service, were the median and mode value for the all question is 2.00 & 1.00 respectively, which indicated that lack of available ICT infrastructure in the country bars to use E-banking system. Similarly, an interview script received from the CBE E-payment manager indicates that 'the poor quality of telecommunication network service, availability of getting ATM machine in different location and Electric power are the major obstacle for customer perception of using E-banking system in Ambo to effectively deliver some services such as internet banking, mobile banking and others. Therefore, one of the major obstacle factor identified in this study is lack of ICT infrastructure, to use E-banking service, such as internet banking, mobile banking, ATM and others.

**Table 4.1 Technological factor**

	I fear risk to use automated teller machine (ATM)	Lack of confidence with the security aspects considered as barrier for the use of E- banking system	I do not trust the technology provided by the banks	In the case of using mobile banking, ATM and others, security risk negatively affect my decision to use the system	There is high uncertainty in the bank's mode of E-Banking transaction s regarding errors
N	347	348	346	348	348
Missing	1	0	2	0	0
Median	3.00	4.00	4.00	3.00	3.00
Mode	2	4	4	4	4

Note: N-Number of responses; Response measurements, 1-strongly agree, 2-Agree, 3-Neutral, 4-Disagree and 5-Strongly disagree. Source: survey result, 2016

**Table 4.2 Organizational factor**

		Using E-banking increases cost to get banking services.	Relatively using of Internet to get banking service is expensive for customers.	Lack of sufficient government support will affect my willingness to use technological innovation.	I'm not familiar with service provided though ATM, Internet banking and mobile phone.	There is lack of provision of awareness creation on the use of E-banking in Ambo town.
N	Valid	348	347	348	347	347
	Missing	0	1	0	1	1
	Median	2.00	2.00	2.00	3.00	2.00
	Mode	2	2	2	5	2

**Note:** N-Number of responses; Response measurements, 1-strongly agree, 2-Agree, 3-Neutral, 4-Disagree and 5-Strongly disagree. **Source:** survey result, 2016

**Table 4.3 Environmental factor**

		Using Internet banking is difficult due to low internet access in the Ambo town.	Internet connection was not good enough to perform on line transactions in Ambo town.	E-banking services may not perform well because of network problems.	Frequently interruption of electric power reduces interaction of using E-banking system.	Difficulty of getting ATM machine in different location affects my decision of using the system.
N	Valid	346	348	348	348	348
	Missing	2	0	0	0	0
	Median	2.00	2.00	2.00	2.00	2.00
	Mode	1 <sup>a</sup>	1	1	1	2

**Note:** N-Number of responses; Response measurements, 1-strongly agree, 2-Agree, 3-Neutral, 4-Disagree and 5-Strongly disagree.

**4.2.3. Environmental factor-**Another factor which can affect the customer perceptions to use E-banking system are external environment: in this study basic environmental factors are considered, these

are access of internet infrastructure and interruption of electric power. The result obtained from survey, interview and literature regarding those issues were presented in the following sections. The

above table shows that ICT infrastructure in Ambo for internet access is not sufficient to use E-banking service, were the median and mode value for the all question is 2.00 & 1.00 respectively, which indicated that lack of available ICT infrastructure in the country bars to use E-banking system. Similarly, an interview script received from the CBE E-payment manager indicates that 'the poor quality of telecommunication network service, availability of getting ATM machine in different location and Electric power are the major obstacle for customer perception of using E-banking system in Ambo to effectively deliver

some services such as internet banking, mobile banking and others. Therefore, one of the major obstacle factor identified in this study is lack of ICT infrastructure, to use E-banking service, such as internet banking, mobile banking, ATM and others

#### 4.2.4. Perceived ease of use

One of the basic benefits related with the use of E-banking system is the perceived ease of use. On the other hand Robinson (2000) indicated that online banking provides convenience not only to bank and also to customers.

**Table 4.4 Perceived ease of use**

	I find E-banking facilities easiest way of financial transactions as compared with the traditional banking services such as ATM and credit cards	E-banking doesn't need technological complexity	On financial basis, on line transaction is easy	It is simple to use E-Banking system	Assessing my financial transactions over E-Banking is a secure process
N Valid	347	348	347	346	347
N Missing	1	0	1	2	1
Median	2.00	2.00	2.00	2.00	2.00
Mode	1	2	2	2	2

**Note:** N-Number of responses; Response measurements, 1-strongly agree, 2-Agree, 3-Neutral, 4-Disagree and 5-Strongly disagree. **Source:** survey result, 2016

Regarding ease of use of customer perception E-banking system, respondents were asked whether they 'strongly agreed, Agreed, Neutral, and Disagreed or strongly disagreed' based on questions shown in the above table. The result for all statements of the field indicated that, Median and Mode value is 2.00, which means that respondents of the sampled agreed with the idea that perceived ease of use in terms of, simplifying banking activity, is a good factor for the ability to use E-banking system. More over an interview result were also support the result of questionnaire that it indicated, it is an option less to implement E-banking to simplify the banking activity and improve customer satisfaction.

## 5. Conclusion

This particular research has been conducted to evaluate the perceptions of customers towards E-banking in Ambo. The research reflects the particular perception of customers towards E-banking. The primary research was conducted with a sample of 370 customers selected from Ambo town which generated a response rate of 94%. The perception of user to use E-banking system, such as ATM, mobile banking, internet banking and others were not well in Ambo town. This is due to low level of ICT infrastructure. Through appropriate analysis of the research data, research questions are answered as follows:

- a. Security concerns are highly important for the customers while dealing in financial transactions because of involvement of

money in the transactions. The literature findings have revealed that the customer may have uncertainty regarding delivery of reliable services and products. The security in E-banking also impacts the level of trust of customers on the E-banking system.

- b. The survey results revealed that most of the respondents agreed that the E-banking is convenient for them. However, some respondents (compared older) disagreed regarding convenience factor. It has been concluded that these respondents might not have enough knowledge to use the internet that creates difficulty for them to use E-banking. It was also found that most of the respondents perceived security while transferring money through E-banking. In addition, privacy and reliability in E-banking were also perceived by most of the respondents. This particular research has contributed to the existing literature by demonstrating different factors affecting the perceptions of customers towards using E-banking. Although several previous studies have also listed these factors regarding E-banking but these are not demonstrated in a single study. In this regard, this particular study adds knowledge in the field by elaborating privacy, security, convenience and trust perceptions of customers towards using E-banking.

Other statistically significant factors that enhanced the probability of customer perception to use E-banking were use of the Technology, educational level, Age, occupation and marital status. The frequency of ATM use and age were inversely related online banking. The negative coefficient on the age variable suggests that younger individuals are more likely to adopt these services. The coefficient on the frequency of ATM use, however, was somewhat surprising. However, it could indicate that individuals that have a high intensity of ATM use may be substituting this service for E-banking.

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# INTERNET BANKING IN JAMSHEDPUR -A STUDY OF PUBLIC AND PRIVATE SECTOR BANKS IN JAMSHEDPUR

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## Abstract

Online banking, also known as internet banking, e-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institutions conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. Jamshedpur happens to be the commercial capital of the State of Jharkhand. With the development of industries and business houses in the belt, the need for strengthening the financial infrastructure has been felt from the inception of the City itself. Jamshedpur hosts all the prominent government and private banks, which cater to the needs of all sections of society. The City is dotted with ATMs of various banks. There are many public as well as private sector banks in Jamshedpur which provide the e-banking facilities. Although, Jamshedpur is an industrial city and lot of business activities take place in and around the city, users of internet banking facilities are not many.

In this paper I have presented a comparative-comprehensive report on the degree of customer awareness about the internet banking, internet banking operations usages of internet banking and also degree of customer satisfaction among the public and private sector bank customers of Jamshedpur.

**Key words:** Internet banking, Jamshedpur, public and private sector banks, Customer awareness, customer satisfaction

In 2013, a survey was conducted by McKinsey & Company and revealed that as many as 7% of account holders in the country were using the Internet for banking transactions in 2011. Use of the Internet for banking had seen a massive rise in the 2010-11 survey, taking the overall number of bank consumers who use the Net to close 7% of the total bank account holders -- a seven-fold jump since 2007. When it comes to digital banking India leads growth in Asia in mobile and Internet usage for banking. According to another report 15 per cent bank account holders in the country now use internet banking facilities in urban area. In the metro cities this percentage is approximately 20 per cent. Clearly with growing penetration of android phones, users of internet banking are also on increase.

## Customer perception on e – banking: a study of public and private sector banks in Jamshedpur

Jamshedpur is an industrial city and lot of business activities take place in and around the city; users of internet banking facilities are not many. In course of a pilot survey in Jamshedpur city I found long queues of customers in bank counters for opening bank accounts, updating passbooks, money transactions and other banking operations. My pilot survey further revealed that concept of cashless banking is still not popular in Jamshedpur and only 20 percent of the public and private sector bank customers use internet banking services for money transactions. On the basis of pilot survey and personal observations I have drawn the following assumptions



- ✓ Public and private sector bank customers of Jamshedpur are not well aware of the concept of internet banking, usages of internet banking.
- ✓ Public and private sector bank customers of Jamshedpur are not satisfied with the internet banking products, services, and

**Methodology:** The methodology of my research work is primarily exploratory and empirical in nature. The research work is naturalistic & interpretive in nature as it relies heavily on gathering customers observations and behavioral aspects. In an interpretative approach it is the individual experience which is valid and important. Two types of data used for achieving the objectives and testing the hypotheses. Secondary data used to study the current status of e- banking in India in general and Jamshedpur in particular. To study the behavioral aspects and satisfaction level of customers, a survey with the help of formally

security measures etc. of their respective banks.

- ✓ Public and private sector bank customers have different level of customer awareness and, customer satisfaction level with respect to internet banking.

designed questionnaire was used. Sample size was 100 from both the sectors (public and private sector banks). Random sampling technique used for picking sample from different public sector bank and private sector bank Universe of the study. The entire research including survey was conducted in Jamshedpur city only. For the statistical analysis left tailed t test and one way Anova were used. The sources of secondary data was RBI websites, local bank websites journals, news-paper articles, magazines, library books etc.

#### Hypothesis testing

- **H<sub>0</sub>:** Degree of awareness about the term Internet Banking is satisfactory among private and public sector bank customers of Jamshedpur
- **H<sub>1</sub> :** Degree of awareness about the term Internet Banking is NOT satisfactory among private and public sector bank customers of Jamshedpur
- **H<sub>0</sub>:** Public and private sector bank customers of Jamshedpur are satisfied with Internet Banking services provided by their respective banks
- **H<sub>1</sub>:** Public and private sector bank customers of Jamshedpur are NOT satisfied with Internet Banking services provide

#### TEST HEURISTICS

- 1-Fully Unaware/ Fully dissatisfied,
- 2-Unaware/Dissatisfied
- 3-Moderately Aware/ Moderately satisfied
- 4- Well Aware/ Well satisfied
- 5- Fully Aware/Fully Satisfied

Table value of t at 99 degree of freedom and 95 % confidence level (one tailed test)=1.645

- Null hypothesis:  $\geq -1.645$
- Alternative hypothesis  $< -1.645$

**TABLE 2**  
**LEFT TAILED T TEST FOR DEGREE OF CUSTOMER AWARENESS**

**One-Sample Test**

Degree of customer awareness about	Test Value = 3.5 ( .05 Significance level)					
	Private Sector Bank			Public Sector Bank		
	t	df	P value	t	df	P value
Internet banking	-.853	99	.396	-3.335	99	.001
Internet Banking operations'	-3.920	99	.000	-4.071	99	.000
Online customer service	-4.172	99	.000	-8.314	99	.000
Online fraud & phishing	-3.461	99	.001	-8.132	99	.000
Cost of using online banking	-5.630	99	.000	-6.580	99	.000
Risks associated with online banking	-4.496	99	.000	-9.847	99	.000
Methods of dealing online fraud & phishing	-8.816	99	.000	-8.313	99	.000

**TABLE- 3**  
**ONE SAMPLE TEST (PRIVATE AND PUBLIC SECTOR BANKS)**

Degree of customer awareness	Test value =3.5 Table value of t at 99 degree of freedom and 95 % confidence level(one tailed test)=1.645 Null hypothesis $t \geq -1.645$ Alternative hypothesis $t < -1.645$			
	Private Sector Bank		Public Sector Bank	
	Ho	Conclusion	Ho	Conclusion
Internet banking	Accepted	Satisfactory	Rejected	Not Satisfactory
Internet Banking operations	Rejected	Not Satisfactory	Rejected	Not Satisfactory
Online customer service	Rejected	Not Satisfactory	Rejected	Not Satisfactory
Online fraud & phishing	Rejected	Not Satisfactory	Rejected	Not Satisfactory
Cost of using online banking	Rejected	Not Satisfactory	Rejected	Not Satisfactory
Risks associated with online banking	Rejected	Not Satisfactory	Rejected	Not Satisfactory
Methods of dealing online fraud & phishing	Rejected	Not Satisfactory	Rejected	Not Satisfactory
Internet banking	Rejected	Not Satisfactory	Rejected	Not Satisfactory

**TABLE 4(a)**  
**LEFT TAILED TEST – DEGREE OF CUSTOMER SATISFACTION IN PUBLIC AND PRIVATE SECTOR BANKS (E BANKING)**

Test Value = 3.5						
Table value of t at 99 degree of freedom and 95 % confidence level(one tailed test)=1.645						
Null hypothesis $t \geq -1.645$						
Alternative hypothesis $t < -1.645$						
Degree of Customer satisfaction	Private Sector			Public Sector		
	t	df	P Value	t	df	P Value
Internet banking services- Online products like savings, investments, etc	-35.29	99	.000	-37.79	99	.000
E tax payment, Bill payment	-3.786	99	.000	-.998	99	.320
Security from online fraud and phishing	4.342	99	.000	-.200	99	.842
Loan & mortgage	-3.650	99	.000	-3.002	99	.003
Quality of customer service	3.179	99	.002	-1.356	99	.178

**TABLE 4(b)- Conclusions**

Factors	Test value =3.5			
	Private Sector Banks		Public Sector Banks	
	Ho	Conclusion	Ho	Conclusion
Internet banking services- Online products like savings, investments, etc.	Rejected	Not Satisfactory	Rejected	Not Satisfactory
E tax payment, Bill payment	Rejected	Not Satisfactory	Accepted	Satisfactory
Security from online fraud and phishing	Accepted	Satisfactory	Accepted	Satisfactory
Loan & mortgage	Rejected	Not Satisfactory	Rejected	Not Satisfactory
Quality of customer service	Accepted	Satisfactory	Accepted	Satisfactory

**TABLE 5**  
**(ANOVA I)**  
**DEGREE OF CUSTOMER AWARENESS AND CUSTOMER SATISFACTION PUBLIC AND PRIVATE SECTOR BANKS OF JAMSHEDPUR**

df =1

df =198

F value at  $\alpha$  0.05 =3.910

FACTORS		Sum of Squares	df	Mean Square	F	p
Degree of awareness about the term 'Internet Banking'	Between Groups	3.920	1	3.920	2.934	.088
	Within Groups	264.560	198	1.336		

	Total	268.480	199			
Degree of awareness about 'Internet Banking operations'	Between Groups	.720	1	.720	.486	.486
	Within Groups	293.200	198	1.481		
	Total	293.920	199			
Degree of awareness about 'online customer service'	Between Groups	5.120	1	5.120	3.298	.071
	Within Groups	307.360	198	1.552		
	Total	312.480	199			
Degree of awareness about 'online fraud & phishing'	Between Groups	4.500	1	4.500	2.334	.128
	Within Groups	381.820	198	1.928		
	Total	386.320	199			
Degree of awareness about 'cost of using online banking'	Between Groups	.080	1	.080	.041	.839
	Within Groups	384.800	198	1.943		
	Total	384.880	199			
Degree of awareness about 'risks associated with online banking'	Between Groups	8.405	1	8.405	4.550	.034
	Within Groups	365.790	198	1.847		
	Total	374.195	199			
Degree of awareness about 'methods of dealing online fraud & phishing'	Between Groups	1.445	1	1.445	.768	.382
	Within Groups	372.430	198	1.881		
	Total	373.875	199			
	Total	336.195	199			
Degree of satisfaction of Internet banking services- Online products like savings, investments, etc	Between Groups	.080	1	.080	.220	.639
	Within Groups	71.920	198	.363		
	Total	72.000	199			
Degree of satisfaction of Internet banking services-E tax payment, Bill payment	Between Groups	15.680	1	15.680	4.435	.036
	Within Groups	700.000	198	3.535		
	Total	715.680	199			
Degree of satisfaction of Internet banking services- security from online fraud and phishing	Between Groups	4.500	1	4.500	6.359	.012
	Within Groups	140.120	198	.708		
	Total	144.620	199			
Degree of satisfaction of Internet banking services- User-friendliness	Between Groups	.000	1	.000	.000	1.000
	Within Groups	124.480	198	.629		
	Total	124.480	199			
Degree of satisfaction of Internet banking services- Quality of customer service	Between Groups	7.220	1	7.220	9.941	.002
	Within Groups	143.800	198	.726		
	Total	151.020	199			

**TABLE 5**  
**(ANOVA II)**  
**COMPARATIVE STUDY OF DEGREE OF AWARENESS AND SATISFACTION**  
**LEVEL AMONG THE CUSTOMERS OF PUBLIC AND PRIVATE SECTOR BANKS**  
**OF JAMSHEDPUR REGARDING INTERNET BANKING**

<b>DEGREE OF AWARENESS</b>	
Internet Banking	Difference is not significant.
Internet Banking operations	Difference is not significant
Online customer service	Difference is not significant
Online fraud & phishing	Difference is not significant
About cost of using online banking	Difference is not significant
Risks associated with online banking	Difference is significant
Methods of dealing online fraud & phishing	Difference is not significant
<b>CUSTOMER SATISFACTION LEVEL</b>	
Online products like savings, investments, etc	Difference is significant
Internet banking services-E tax payment, Bill payment	Difference is not significant
Security from online fraud and phishing	Difference is significant
User-friendliness	Difference is not significant
Quality of customer service	Difference is significant

### **Conclusion**

My study clearly shows that private sector bank customers of Jamshedpur are well aware of the term 'Internet Banking' but they are not much aware of concept of internet banking, operational process and usages of internet banking. My study shows that public sector bank customers of Jamshedpur neither well aware of the term 'Internet Banking' nor are they much aware of concept of internet banking, operational process and usages of internet banking.

My study further indicates that public and private sector bank customers of Jamshedpur are not well satisfied with the internet services provided by their respective banks.

My study further indicates that both in public as well as private sector banks, internet banking is not much acceptable due to lack of awareness, banks' poor services and customers' inability to use internet banking facilities due to lack of computer skill. Customer is also afraid of online banking frauds. So banks have the following major areas for improvement.

1. Apart from improving the quality of their overall product range & internet service and making them more suitable for local customers' need, banks require increasing customer awareness regarding the usages of online banking. Now banks need to make the online banking operations much easier and handy for layman also.

2. Need to take steps to control online bank frauds by increasing customer awareness and high tech interventions
3. Need to encourage customers for using online banking – for that need to be organizing special training programmer for customers in the banks
4. Need to give special focus on women and young girls. In India women have bank accounts but they are operated by male family members. Once women begin to use internet banking from their home, they will become more financially independent and empowered. It is more useful for the women working in unorganized sector or government poverty eradication programme like MANREGA.
5. Apart from above mentioned suggestions standardization, adaptation of best security methods, human relations in computerized environment, legal issues, technological up gradation, process re-engineering for controlling cost and increasing efficiency etc are major challenges that need to addressed to make the internet banking more acceptable, affordable, accountable and accessible to the millions and millions of people of India.

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## CHANGING PATTERN OF BANK DEPOSITS IN BIHAR

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### Abstract

Banks borrow for lending to its customers. They borrow money mainly by accepting deposits from the public including banks and the central bank. In this articles , various facets of deposits of scheduled commercial banks (SCBs) including regional rural banks (RRBs) in Bihar were revealed during the period under review 2001-02 to 2013-14. Among the various types of deposits, saving deposits absorbs a lion share in Bihar. It is the highest among its neighboring states. The high ratio of saving deposits in total deposits indicates lack of awareness among the depositors. There is a high need of financial literacy among the masses, especially in rural areas. In bank group-wise categories, nationalised banks have half of the total deposit while the share of private sector bank is also rising at the cost of RRBs and SBI and Associate banks. Region-wise, metropolitan and urban areas account for almost half of the total deposit. The share of male member is declining and that of female members has increased. Portion of individual ownership of deposits is also decreasing while deposit of 'Others' has risen. ATM density, which plays an important role in giving convenience to depositors to withdraw their money, measured in terms of number of ATMs per branch has increased.

**Key Words:** Bank deposits, Term deposits, Saving deposits, Current deposits, Customer awareness, Financial literacy

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### Introduction

Banks borrow for lending to its customers mainly by accepting deposits from the public including banks and the central bank. Deposits are the main source of funds for their lending to firms as well as individuals. For mopping up higher deposits, banks introduce various types of deposits schemes such as current deposits, saving deposits, fixed deposits and mix of these. The mobilization of funds through deposits helps the banking system to meet the growing demands from the economy [12, 13].

During the recent financial crisis, the risks to financial stability arose out from banks' reliance on certain types of short-term wholesale funding to expand asset growth mainly in the US and European countries. As a mitigating measure, banks around the world have increased their capital adequacy ratios, decreased wholesale funding, and in some

cases raised more deposits, all of which have improved their stability. Post crisis, the role of bank deposits became more prominent from the point of view of bank's ability to secure deposits from stable sources and lend to businesses and individuals.

In this article we explore the pattern of deposits in Bihar over the previous 10 years. Deposits are one of the important factor in loan disbursement and as we know bank loans are playing an important role not only in economic growth but also in upliftment of the weaker section of the society. In state like Bihar, having third largest population in the country with higher poverty ratio and literacy rate somewhat lower than the national average, the role of banks become more important to help poor and marginalized the save their valuable savings with them and not fall in the trap of high interest luring schemes. The Pradhan Mantri Jan Dhan Yojana (PMJDY)

has been instrumental in bringing the people in lower strata of society under the formal banking system. Now it's an important time for banks to aware people specially who are first time account holder to save their saving in their account for future needs. The overall growth of deposits in Bihar from 2009-10 Q1 to 2015-16 Q2 stood at 160.60 per cent as compared to 125 per cent nationally. The Compounded Annual Growth Rate (CAGR) of deposits for Bihar also scores better than the national average, 19.0 per cent for Bihar as compared to 15.9 per cent for India.

### Determinants of Deposit Growth

1. Higher income: Higher the income of the public higher will be their capacity to do deposit. Government should try to bring more working population in organized sector and to support those in unorganized sector.
2. Lower and stable inflation: Inflation not only kill the people's ability to save but also lowers their desire to save because of lower or negative real return which they get.
3. More banking outlet: If more bank branches are opened with greater penetration people will do more deposit because it would be convenient to them.
4. New banking alternatives: Several new alternatives like Business Correspondents may prove helpful in accruing more and more deposit.
5. Financial literacy: If people will become more aware about the benefits of thrift and saving more deposit can be accrue by banks hence it is important to aware people about savings.
6. New deposit schemes: If banks come with newer term deposit schemes then it will also lead to increased deposit.
7. Institutions back deposit insurance: Insurance on bank deposit like that of DICGC in India plays an important role in deposit harnessing. Steps can be taken to increase the insurance on quantum of deposit and on deposit of other channels like NBFCs.

### Methodology

For the purpose of our study we have taken the data for Quarterly Statistics of Credit and Deposits of SCBs in India published by RBI. In the following sections we will discuss the trends in deposit growth in Bihar vis-à-vis All-India over the years, ATM density in Bihar vis-à-vis All-India, analysis of deposits on the basis of its type, bank-wise, region-wise and according to gender.

The method of least squares is used to fit the regression line between deposits and time (year)

$$\text{Log (Deposits)} = a + b (\text{year})$$

Where a and b are constants to be estimated. The constant 'b' gives the instantaneous rate of growth (at a point in time) and not the compound (over a period of time). The compounded annual growth rate (CAGR) is the mean annual growth rate of deposits over a specified period of time longer than one year. The formula of Compounded Annual Growth Rate (CAGR) is as follows:

$$\text{CAGR} = (\text{Antilog } b - 1) * 100$$

Coefficient of variation (CV) is used to analyse the extent of variation in deposits. If it is less, means greater stability, more consistency, uniformity and homogeneity in deposits. CV is defined as follows:

$$\text{CV} = \frac{\text{Standard Deviation } (\sigma)}{\text{Arithmetic mean } (\mu)} * 100$$

Where  $\sigma$  = Positive Square Root of mean of square of deviations of the variable from their mean

$$\mu = \frac{\text{Sum of the variable}}{\text{Number of Observations}} = \frac{\sum x}{N}$$

In regression,  $R^2$  is a statistic, known as coefficient of determination, will give some information about the goodness of fit of a model.  $R^2$  measure statistically how well the regression line approximates the real data points. An  $R^2$  of 1 indicates that the regression line perfectly fits the data. A high  $R^2$ , between 85% and 100% generally treated as regression line approximates fit the real data well. A low  $R^2$  at 70% or less indicates the regression line does not fit well.

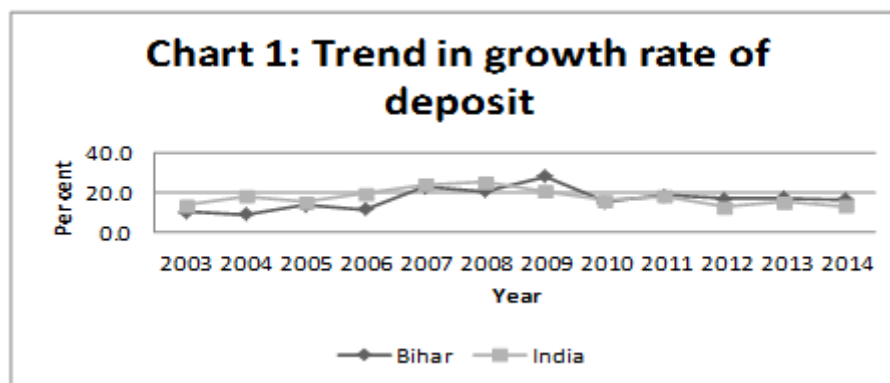


### Analysis of Pattern of Banks Deposits in Bihar

The study covered the annual data on deposits 13 years from 2001-12 to 2013-14.

### Trend in Deposits Growth

Deposit growth in Bihar and All-India level showed a decelerating trend over the last six years, while deposit growth in Bihar is higher than that of All-India level (Chart 1). However, its growth rate had an increasing trend from 2002-03 to 2013-14.



### Growth in ATM Density

The Table 1 presents ATM density measured in terms of number of ATMs per branch

increased from 0.79 in March 2014 to 0.93 in September 2015 in line with an All-India level from 1.38 to 1.47.

**Table 1: ATM Density measured as Number of ATMs per Branch**

Month	ATMs		Branches		ATMs per Branch	
	Bihar	All-India	Bihar	All-India	Bihar	All-India
Mar-14	4693	160055	5908	115822	0.79	1.38
Jun-14	4878	166894	5943	117847	0.82	1.42
Sep-14	5296	172460	6044	120345	0.88	1.43
Dec-14	5593	176410	6169	123184	0.91	1.43
Mar-15	5793	181398	6297	125863	0.92	1.44
Jun-15	5927	185484	6403	127343	0.93	1.46
Sep-15	6042	189844	6463	129151	0.93	1.47

### Deposits according to Type

This study analyses the share and growth of various types of deposits namely current, savings and fixed deposits over the five years 2001-02 to 2013-14. Current accounts are basically meant for businessmen and are never used for the purpose of investment or savings. These deposits are most liquid deposits and there are no limits for number of transactions or the amount of transactions in a day. Most of the current accounts are opened in the names

firm / company accounts. Cheque book facility is provided and the account holder can deposit all types of cheques and drafts in their name or endorsed in their favour by third parties. No interest is paid by banks on these accounts. On the other hand, banks charge certain service popular deposits for individual accounts. These accounts not only provide cheque facility but also have lot of flexibility for deposits and withdrawal of funds from the account. Most of the banks have rules the maximum number withdrawals in a period and

the maximum amount of withdrawal, but hardly any bank enforce these. However, banks have every right to enforce such restrictions if it is felt that the account is being misused as a current account. Till November 24, 2011, the interest rate on savings bank account was regulated by RBI and it was fixed at 4.0 per cent on daily basis. With effect from 25<sup>th</sup> October 2011, RBI has deregulated saving fund account interest rates and now banks are free to decide the same within certain conditions imposed by the RBI. Under RBI's directions, now banks are also required to open no frill accounts; this term is used for accounts which do not have any minimum balance requirements. Although public sector banks still pay only 4 per cent rate of interest, some private sector banks like Kotak Bank and Yes Bank pay between 6 to 7 per cent on such deposits. From the financial year 2012-13, interest earned up to Rs.10,000 in a financial year on saving bank accounts is exempted from tax.

Fixed deposits are a deposit of definite some of money for a fixed period at a fixed/floating rate of interest. The depositors agree to receive from the bank the principal amount after stipulated period. Interest may be received either periodically or on maturity. All banks in India offer fixed deposits schemes with a wide range of tenures for periods from 7 days to 10 years. The depositors are supposed to continue such fixed deposits for a length of time for which the depositor decides to keep the money with the bank. However, in case of need, the depositor can ask for closing the fixed deposit prematurely by paying a penalty (usually of 1 per cent, but some banks either charge less or no penalty). Some banks introduced variable interest rate fixed deposits. The rate of interest on such deposits keeps on varying with the prevalent market rates, that is, it will go up if market interest rates fall. However, such type of fixed deposits have not been popular till date. The rate of interest for fixed deposits differ from bank to bank (unlike earlier when the same was regulated by RBI and all banks used to have the same interest rate structure. The present trend indicate that private sector and foreign banks offer higher rate of interest. Recurring deposits are special kind term deposits and are suitable for people

who do not have lump sum amount of savings, but are ready to save a small amount every month. Normally, such deposits earn interest on the amount already deposited through monthly installments at the same rates as are applicable for Fixed Deposits. These are the best if you wish to create a fund for your child's education or marriage of your daughter or buy car without loans or save for the future. Under these type of deposits, the person has to usually deposit a fixed amount of money every month usually a minimum of Rs.100 per month.. However, some banks besides offering a fixed installment recurring deposits (RDs), have also introduced a flexible / variable recurring deposits. Under these flexible recurring deposits, the person is allowed to deposit even higher amounts of installments, with an upper limit fixed for the same, e.g., ten times of the minimum amount agreed upon. These accounts can be funded by giving standing instructions by which bank by which bank withdraws a fixed amount on a fixed date of month from the saving bank of the customer and the same is credited to RD account. Recurring deposit accounts are normally allowed for maturities ranging from 6 months to 120 months. In case installment is delayed, the interest payable in the account will be reduced and some nominal amount permitted is usually allowed. These accounts can be opened in single or joint names. Nomination facility is also available.

Table 2 represents the deposits mobilized in the form of current, savings and fixed deposits. It is observed that there was an increasing trend in deposits mobilized during the period. The composition of different types of deposits (current, savings and term deposits) in Bihar has mixed trend. While proportion of saving deposits increased during the period under review, the proportion of current account deposits and term deposits decreased. The proportion of current deposit first increased from 7.7 per cent in 2001-02 to 12.6 per cent in 2008-09 but then it declined and stood at 8.0 per cent in 2013-14. The proportion of term deposits in Bihar is 36 per cent of total deposits, in contrast with that in developed states like Maharashtra and Gujrat where more than 76 per cent and 64 per cent deposits, respectively, are in term deposit

accounts (Table 4, Chart 2). Saving deposits absorbs the share of around 56 per cent of total deposits of Bihar. This shows that people in the state of Bihar keep a significant portion of their savings in saving accounts and are

forgoing interest earning which they may earn by keeping in term deposit accounts instead. Hence lack of investors' awareness is evident among the investors of Bihar.

**Table 2: Composition to Deposits in Bihar during 2002 to 2014**

(Rs. million)

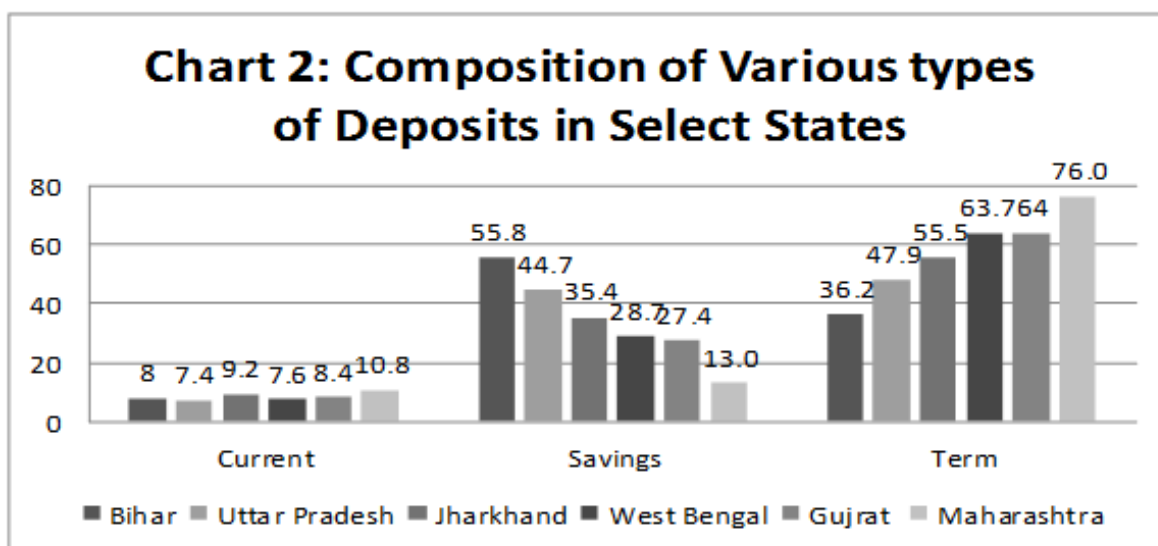
Year-ended March	Current deposits		Saving Deposits		Term deposits		Total deposits
	Amount	% of Total deposits	Amount	% of Total deposits	Amount	% of Total deposits	
2001-02	23039	7.7	125648	42.1	149638	50.2	298325
2002-03	30639	9.3	140626	42.7	158052	48.0	329316
2003-04	30461	8.5	168142	46.7	161404	44.8	360006
2004-05	41811	10.2	201715	49.2	166549	40.6	410074
2005-06	50606	11.1	240419	52.6	166202	36.3	457227
2006-07	75738	13.5	291983	52.0	194301	34.6	562022
2007-08	85022	12.5	359462	52.9	234760	34.6	679244
2008-09	110052	12.6	463059	53.2	296913	34.1	870023
2009-10	130413	13.0	544466	54.2	328789	32.8	1003668
2010-11	128761	10.8	676174	56.7	387284	32.5	1192218
2011-12	124228	8.9	776240	55.7	493030	35.4	1393498
2012-13	144195	8.8	925181	56.6	565535	34.6	1634911
2013-14	152493	8.0	1061804	55.8	690045	36.2	1904342

Table 3 shows the growth and variability in various deposits over the period of 2001-02 to 2013-14. While term deposits grew by CAGR of 14.31 per cent, saving deposits increased by CAGR of 20.57 per cent over the period under review. Current deposits grew by 18.13 per cent with overall deposits of Bihar growing by

CAGR of 17.76 per cent. Among the various deposits, saving deposits was highly variable with coefficient of variation (CV) of 68.4 per cent, followed by term deposits (58.0 per cent), followed by current deposits (54.8 per cent).

**Table 3: Compounded Annual Growth Rate and Magnitude of Variability in Various Deposits, 2001-02 to 2013-14**

Particulars	Trend Coefficients		R <sup>2</sup>	CAGR (Per cent)	C.V. (Per cent)
	a	b			
Current Deposit	10.02	0.1667	0.93162	18.13	54.8
Saving Deposit	11.49	0.1871	0.9972	20.57	68.4
Term Deposit	11.56	0.1337	0.9395	14.31	58.0
<b>Total Deposit</b>	<b>12.32</b>	<b>0.1635</b>	<b>0.9913</b>	<b>17.76</b>	62.7



### Distribution of Various Types of Deposits in different Population

The distribution of various types of deposits in different type of population in Table 4 shows that most of the deposits go to savings account in rural and semi-urban areas. In rural and semi-urban population, the share of savings account in total deposits in 2013-14 was 64.9

per cent and 65.9 per cent, respectively; it may mentioned that the shares were increased from 43.1 per cent and 47.4 per cent, respectively. However, in urban/ metro areas, share of savings account deposits in total deposit grew from 37.0 per cent in 2001-02 to 46.2 per cent in 2013-14.

**Table 4: Share of Various Type of Deposits according to Population**

(Per cent)

Year	Rural			Semi-Urban			Urban/Metro		
	Current	Savings	Term	Current	Savings	Term	Current	Savings	Term
2001-02	3.3	43.1	53.5	7.3	47.4	45.3	12.2	37.0	50.8
2002-03	3.1	44.2	52.7	8.2	48.5	43.2	15.7	36.9	47.4
2003-04	3.3	48.6	48.1	8.2	52.0	39.7	13.3	40.9	45.8
2004-05	3.6	52.7	43.7	9.5	56.5	34.0	16.3	40.7	43.0
2005-06	3.9	56.1	39.9	8.5	61.7	29.7	17.1	45.3	37.7
2006-07	3.8	58.7	37.6	9.7	62.9	27.3	20.7	42.7	36.5
2007-08	4.6	60.5	34.8	11.2	62.7	26.1	17.5	43.6	38.9
2008-09	4.9	64.0	31.1	13.1	63.0	23.9	16.5	42.7	40.9
2009-10	9.7	62.0	28.3	14.3	62.8	22.9	14.1	45.6	40.3
2010-11	7.0	64.8	28.2	10.6	65.5	23.9	12.8	48.2	38.9
2011-12	5.8	65.9	28.3	9.2	65.9	24.9	10.3	45.5	44.1
2012-13	5.4	65.5	29.0	8.5	66.5	25.0	10.7	47.2	42.2
2013-14	4.8	64.9	30.3	8.2	65.6	26.2	9.6	46.2	44.3

### Gender-wise Deposits

Gender-wise share of deposits of individuals reveal that declined dominance in the share of total deposits shows the increased role of females in the home management. As can be seen from Table 5, the share of accounts of male members in total accounts has seen a decline and that of female account holders

have increased. In term of outstanding amount also, the share of male member declined from 86.7 per cent in 2010 to 79.8 per cent in 2014 and that of female members have increased from 13.29 per cent in 2010 to 20.18 per cent in 2014.

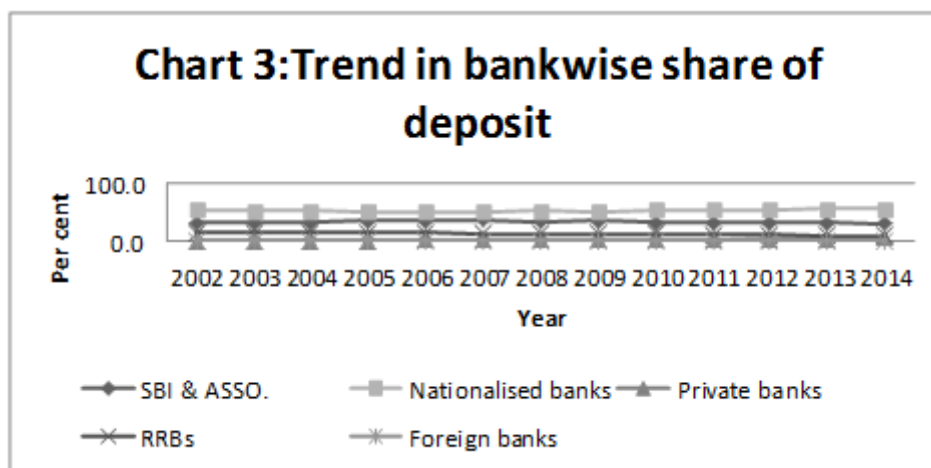
**Table 5: Share in pattern of deposit on the basis of Ownership & Gender**  
(Per cent)

Year	No. of accounts		Total deposit	
	Male	Female	Male	Female
2010	80.29	19.71	86.71	13.29
2014	72.81	27.19	79.82	20.18

### Bank group-wise deposits

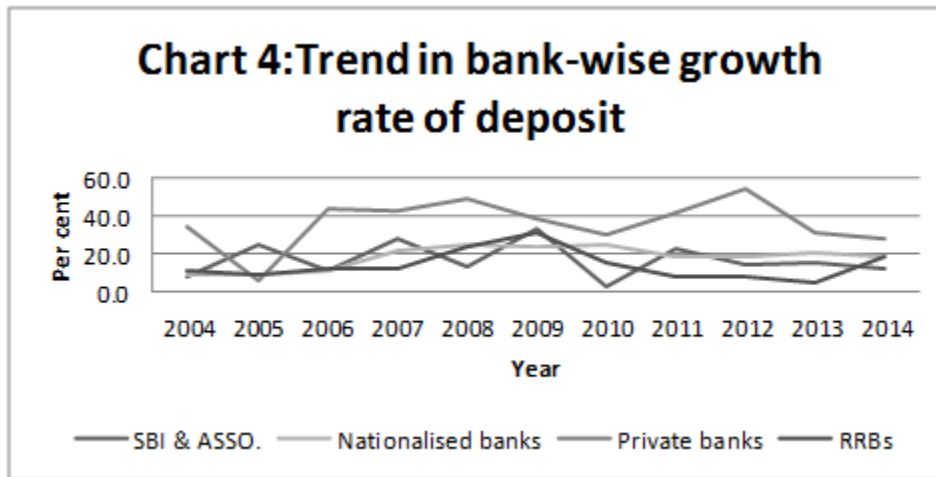
Chart 3 shows the share of various bank-groups in total deposits of Bihar. As can be seen the share of nationalized banks were about 55 per cent, followed by above 30 per cent share of SBI and associates and RRBs with nearly 10 per cent share. Share of Nationalized banks in total deposits has increased from 53.4 per cent in 2001-02 to

56.0 per cent in 2013-14 while the share of SBI and associates has seen decline from 32.0 per cent in 2001-02 to 29.5 per cent in 2013-14. Share of Private sector banks has shown a continuous rise from 0.5 per cent in 2001-02 to 4.8 per cent in 2013-14. For RRBs, the share of deposits has declined from 14.2 per cent in 2001-02 to 9.6 per cent in 2013-14.



As can be seen from Chart 4, the growth rates of private sector banks and SBI and associates has been very volatile over the years under review. The growth rates of the nationalized banks were very stable over the period under

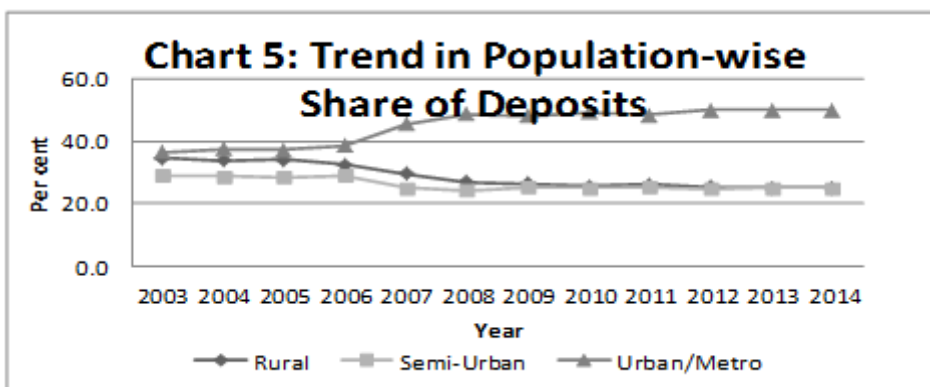
review. RRBs have recorded lower growth in comparison with other bank-groups in the recent five years.



### Region-wise Deposits

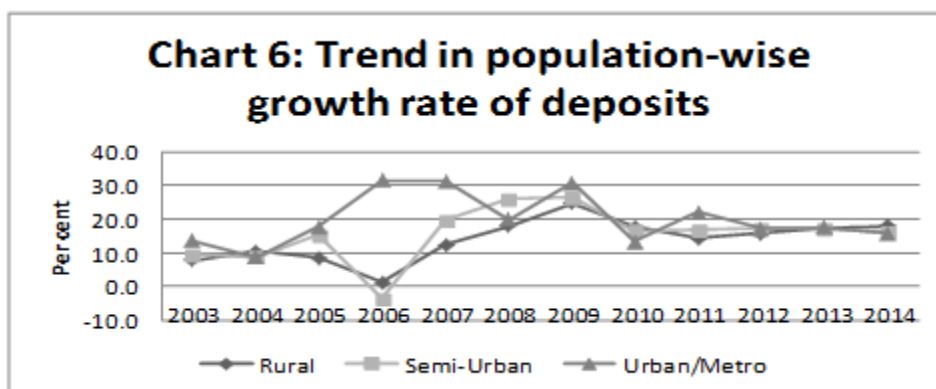
In region-wise, we divide the state of Bihar into four regions, i.e., Metropolitan, Urban, Semi-urban and Rural. Metropolitan/ Urban regions account for the highest share of deposits, followed by Semi-urban and rural areas. The share of metropolitan/urban area in

total deposits increased from 36.5 per cent in 2002-03 to 50.0 per cent in 2013-14. In semi-urban areas, the share declined from 28.9 per cent to 25.0 per cent. In Rural region, the share decreased significantly from 34.6 per cent in 2002-03 to 25.0 per cent in 2013-14.



As can be seen from Chart 6, growth rates in the region-wise deposits showed convergence in growth rate over the period under review.

Growth rates were more divergent in the first half of the period under review.



### Ownership-wise Deposits

Table 6 shows the composition of deposit in terms of ownership. Individuals include Hindu undivided families. In case of joint account under individuals, the gender of the first account holder is considered for classifying the account under Male/ Female category. The Category 'Others' include Government sector, corporate sector (non-financial

and financial excluding banks) and other institutions. Clearly the portion of individual ownership of deposit is decreasing gradually from 72.4 per cent in 2009-10 to 66.3 per cent in 2014-15 while deposit of 'Others' is on rise from 27.6 per cent in 2009-10 to 38.6 per cent in 2013-14 and however it declined to 33.7 per in 2014-15.

**Table 6: Composition to Deposits in Bihar on the Basis of Ownership during 2002 to 2014**

(Rs. million)

Year-ended March	Individual		Others		Total deposits
	Amount	% of Total deposits	Amount	% of Total deposits	
2001-02	266,436	89.3	31,889	10.7	298,325
2002-03	294,785	89.5	34,532	10.5	329,316
2003-04	330,628	91.8	29,378	8.2	360,006
2004-05	371,236	90.5	38,838	9.5	410,074
2005-06	388,560	85.0	68,667	15.0	457,227
2006-07	428,041	76.2	133,982	23.8	562,022
2007-08	536,052	78.9	143,192	21.1	679,244
2008-09	629,841	72.4	240,182	27.6	870,023
2009-10	705,037	70.2	298,630	29.8	1,003,668
2010-11	852,057	71.5	340,161	28.5	1,192,218
2011-12	907,451	65.1	486,047	34.9	1,393,498
2012-13	1,004,242	61.4	630,669	38.6	1,634,911
2013-14	1,262,548	66.3	641,794	33.7	1,904,342

The growth and variability in various deposits in terms of ownership over the period of 2001-02 to 2013-14 are set out in Table 7. While individual deposits grew by CAGR of 13.83 per cent, other deposits increased by CAGR of 34.59 per

cent over the period under review. Among the various deposits, other deposits was highly variable with coefficient of variation (CV) of 93.8 per cent, individual deposits with CV of 51.1.

**Table 7: Compounded Annual Growth Rate and Magnitude of Variability in Various Deposits, 2001-02 to 2013-14**

Particulars	Trend Coefficients		R <sup>2</sup>	CAGR (Percentage)	C.V. (Percentage)
	a	b			
Individual Deposits	12.30	0.1295	0.9892	13.83	51.1
Other Deposits	9.78	0.2956	0.9621	34.39	93.8
<b>Total Deposit</b>	<b>12.32</b>	<b>0.1635</b>	<b>0.9913</b>	<b>17.76</b>	<b>62.7</b>

- CAGR: Compounded Annual Growth Rate
- Others Deposits include deposits of Government sector, corporate sector (non-financial and financial excluding banks) and other institutions.

## Conclusion

Deposit growth in Bihar as well as at All-India level showed a decelerating trend over the years, while deposit growth rate in Bihar is higher than that of all-India. ATM density which is stimulating factor for deposit mobilization improved over the years in line with an all-India level. Saving accounts is one of the most popular deposits for individual accounts in Bihar vis-à-vis neighboring states. While the share of saving deposits in total deposits increased over the years, at the same time current deposits and term deposits shown a declining trend; the share of saving deposits increased to 55.8 per cent in 2013-14 from 42.1 per cent in 2001-02. While saving deposits in Bihar grew by 18.7 per cent CAGR over the period 2001-02 to 2013-14, current account deposits and term deposits grew by 16.7 per cent and 13.4 per cent, respectively. Among the select neighboring states, share of saving deposits in total deposits is at the highest level of 55.8 per cent in 2013-14, followed by Uttar Pradesh (44.7 per cent), Jharkhand (35.4 per cent), West Bengal (28.7 per cent), Gujrat (27.4 per cent) and Maharashtra (13.0 per cent).

Gender-wise, number of accounts of female members increased from 19.7 per cent in 2010 to 27.2 per cent in 2014. In terms of total deposits, the share of female members increased from 13.3 per cent in to 20.2 per cent in 2013-14. Bank group-wise, nationalized banks absorb a very high share of 55.5 per cent of total deposits, followed by SBI and associates (30 per cent), RRBs (10 per cent) and foreign banks almost negligible shares.

Region-wise, metropolitan area which included only one that is Patna, grabbed about 38 per cent of total deposits, followed by rural (26 per cent), semi-urban (25 per cent) and urban (21 per cent).

Ownership-wise, while the share of individuals which include Hindu Undivided Families declined from 89.3 per cent in 2001-02 to 66.3 per cent in 2013-14, the share of other institutions increased from 10.7 per cent to 33.7 per cent in 2013-14. While individual deposits grew by 12.9 per cent CAGR over the period 2001-02 to 2013-14, other deposits grew by 29.6 per cent.

## Policy Suggestions

The study suggests for enhancing the mobilization of banks deposits in Bihar, while taking care of the welfare of customers.

1. The banks have ample share of saving deposits at a very low cost.
2. High savings deposit ratio in total deposits indicates low financial education among the public in Bihar. There is need to create awareness about various products offered by the banks, so that people can take advantage to hedge against inflation.
3. Banks should open more branches to inculcate the habit of banking among masses along with credit facilities such as advances against fixed deposits so that welfare of the people may also be increased.

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## CUSTOMER PERSPECTIVE OF SERVICE QUALITY GAP ANALYSIS IN PUBLIC SECTOR BANKS

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### Abstract

Service quality by the public sector banks in India and establishing a data base which can help the management improving the quality of services. Service quality is defined as a global judgment or attitude, relating to the superiority of the service. In today's increasing competitive atmosphere providing service quality is important for any service industry. The present study evaluates the customer perceptions of service quality in selected public sector banks. Measuring the quality of service provided by the commercial banks in India and a establishing database which can help the management improving the quality of services. The entry of new generation tech-savvy public sector banks the the banking sector has become too competitive. For comparative purposes, five service quality dimensions are used tangibility, reliability, responsiveness, assurance, empathy. The 22 items SERVQUAL scale based on gap model proposed by Parasuraman, Zeithmal and Berry was used. The quality of service was measured by applying the gap model (the difference between the customers perceived, and their expected quality) data required for this study has been collected by a questionnaire which was designed for this purpose.

**Keywords:** service quality, customer perspective, service quality Gap, service quality in public sector banks.

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### Introduction

Service quality has been identified as a critical success factor for banking organizations to build their competitive advantage and increase their competitiveness. For banking organization which provides services as its product, the most important things are customer relations, service quality and satisfaction. Commercial banks in India have a vital role in the socio-economic development process. They are the most influencing in the whole economic system than other institution, and they had positively contributed in all development efforts devoted by the Indian government. As the member of banks are increasing, customer's banking service quality expectation is growing. It has become crucial to measure the service quality of the bank, so that banking service provides can assess their level of service quality and identify the quality

gaps for improvement. This study has used SERVQUAL instrument to find out service quality gap. The five dimensions of SERVQUAL are tangibility, reliability, responsiveness, assurance, empathy.

Banking services worldwide can broadly classified in to investment banking and commercial banking is primarily concerned with helping corporate bodies raise funds at the best possible rates from various markets. Commercial banking is concerned with channeling savings to productive uses. Banking in an intermediary function but one that is very essential for sustained economic growth in India. Service quality is a concept that has a roused considerable interest and database in the research literature. Service quality is a comparison of expectations with performance. From the viewpoint of business administration, service quality is an

achievement in customer service. Service quality has become a popular area of academic investigation and has been recognized as a key factor in keeping competitive advantage and sustaining satisfying relationship with customer's (Zeithmal et al ...2000). Service quality can be defined as the difference between customer's expectations for service performance prior to the service encounter and their perceptions of the service received (Asubon teng et al...1996). A customer's expectation of a particular service is determined by factors such as recommendations by peers, personal needs and past experiences. The expected service and the perceived service sometimes may not be equal, thus leaving a gap. The service quality model or the „GAP model“ developed by the authors- Parasuraman, Zeithaml and Berry at Texas and North Carolina in 1985, highlights the main requirements for delivering high service quality. It identifies „gaps“ that cause unsuccessful delivery of service.

#### LITERATURE REVIEW

**Jain, V, Gupta, S and Jain, S (2012)** in their study “Customer Perception on Service Quality in Banking Sector: With Special Reference to Indian Private Banks in Moradabad Region” try to learn and understand the customer perception regarding service quality and to learn and understand the different dimension of service quality in banks. The Sample size used is 100 and the sample universe is Moradabad. The service quality model developed by Zeithamal, Parsuraman and Berry (1988) has been used in the present study. The analysis reveals that among the private sector banks all the dimensions of service quality are equally important.

**Singh, SP and Khurana, S (2011)** in their research “Analysis of Service Quality Gap and Customers“ Satisfaction in Private Banks” tried to examine Gender wise customers“ expectations and perceptions of service quality provided by the Private Banks in Hissar District. Secondly, to identify whether there is difference in expectation & perception of service quality of male & female customers. Lastly, to identify the

main attributes of service quality in which male & female (separately) are more satisfied or dissatisfied. The Sample Size is 300 with Sample Universe including Private Banks in Hissar. The Sampling Technique used was Quota Sampling. A question SERVQUAL model was administered on the sample. The results indicated that the quality of services private banks provide was below customers „expectations.

**Ananth, A, Ramesh, R and B, Prabakaran (2010)** in their paper “A Service Gap Analysis in Private Sector Banks- an Empirical Study of Customers“ Expectations vs. Perceptions” evaluate the Quality of Service in selected private sector banks (ICICI & CUB). They also tried to identify the gap between customer expectations and their perceptions. The Sample Universe is CUB and ICICI. The study followed SERVQUAL as a framework and one dimension (accessibility) was added to the previous dimensions to fit into the study. The gap analysis shows that empathy shows a bigger gap between customer expectation and perception of service quality. **Brahmbhatt, M and Panelia, D (2008)** in their study “An Assessment of Service Quality in Banks” Foremost aim of this research is to comparatively examine and measure of service quality and customer satisfaction among private sector, public sector and foreign bank and to offer suggestion based on results of the study. The Sample size was 246 and the Sample universe included Ahmedabad and Gandhinagar. The Sampling Technique used was stratified random. The five dimensions of SERVQUAL as proposed by Parasuraman et al. (1988), Othman and Owen (2001, 2002) and Jabnoun and Al-Tamimi (2003) were adapted and modified in this study. They conclude from the study that Foreign Banks is better than public sector banks and private sector banks.

**Gronroos, (2007)**, suggest that the Quality of service as provided by customers is the result of an evaluation process in which they compare their respective of service outcome against what they expected. This is referred to as the customer gap and what is going to be applied in measuring the quality of bank

service within the context of the present study. On the other hand, quality means zero detection. It has been described as keeping every customer the bank can profitably serve. When customers have a long –term relationship with the bank, their use of the service can be tracked on an individual account basis. It should be noted that both customer and employee retention can be built if loyalty is recognized by top management in the banks as a systematic challenge, not just a tactical course of action. It should be seen as standing at the core of sustained competitive success (Lovelock, 1994) **Hinson, R, Mohammed, A and Mensah, R (2006)** through their work on “Determinants of Ghanaian Bank Service Quality in a Universal Banking Dispensation” tried to compare service quality across these three banks and to determine the most important factors contributing to service quality. The sample size is 250 and Sample Universe was Ghana. An adaptation of the SERVQUAL model was used for this study. The study revealed that all the service quality dimensions contributed significantly to the prediction of service quality in Ghana. Among all the service quality dimensions, human element of service quality was found to be highly predictive of perceived service quality.

### Objective

- To identify the gap between customer expectation and perception of service quality provided by public sector banks
- To identify the main attributes of service quality in which customers are more satisfied or dissatisfied in public sector banks.
- To evaluate the quality of service in SBI & OBC banks in Bhubaneswar and Cuttack city.

### Research methodology

The data was collected for the study 120 from customers of SBI & OBC in Bhubaneswar city in Odisha, based on convenience and administered a modified SERVQUAL questionnaire containing two sections: Customer’s expectations and customer’s perceptions each consisting of 22 questions of 5 dimensions. Secondary data related to previous studies has been obtained from authentic sources like books, and online magazines and journals. A 5 point likert scale ranging from ‘highly disagree’ to ‘highly agree’ was used.

## DATA ANALYSIS

**Table 1: Service Quality Gaps score for Public Sector Banks**

EXPECTATION		PERCEPTION		GAP SCORE
Tangibility	P	Tangibility	E	P-E
Does the bank have modern looking equipment	3.68	Excellent banking companies will have modern looking equipment	4.86	-1.18
Are the Bank’s physical facilities visually appealing	3.59	The physical facilities at excellent banks will be visually appealing	4.61	-1.02
Are the Bank’s reception desk employees neat appearing	3.53	Employees at excellent banks will be neat appearing	4.76	-1.23
Are the physical facilities associated with the service (such as pamphlets or statements) visually appealing	3.55	Physical facilities associated with the service (such as pamphlets or statements) will be visually appealing at an excellent bank	4.69	-1.14
Total	14.35		18.92	-4.57
<b>Average Gap Score (Total of P-E/4)</b>				-1.14
Reliability	P	Reliability	E	P-E
When the bank promises to do something by a certain time, it does so	3.36	When excellent banks promise to do something by a certain time, they do	4.61	-1.25
When you have a problem, the	3.39	When a customer has a problem,	4.62	-1.23

bank is sympathetic and reassuring		excellent banks will be sympathetic and reassuring		
Does the bank performs the service right the first time	3.33	Excellent banks will perform the service right the first time	4.73	-1.40
Does the bank provide its service at the time it promises to do so	3.48	Excellent banks will provide the service at the time they promise to do so	4.74	-1.26
Does the bank insist on error free records	3.52	Excellent banks will insist on error free records	4.88	-1.36
Total	17.08		23.58	-6.50
<b>Average Gap Score (Total of P-E/5)</b>				-1.30
<b>Responsiveness</b>	<b>P</b>	<b>Responsiveness</b>	<b>E</b>	<b>P-E</b>
Do the Employees in the bank tell you exactly when services will be performed	3.51	Employees of excellent banks will tell customers exactly when services will be performed	4.58	-1.07
Do the Employees in the bank give you prompt service	3.63	Employees of excellent banks will give prompt service to customers	4.71	-1.08
Are employees in the bank always willing to help you	3.64	Employees of excellent banks will always be willing to help customers	4.69	-1.05
Employees in the bank are never too busy to respond to your request	3.28	Employees of excellent banks will never be too busy to respond to customers" requests	4.68	-1.40
Total	14.06		18.66	-4.60
<b>Average Gap Score (Total of P-E/4)</b>				-1.15
<b>Assurance</b>	<b>P</b>	<b>Assurance</b>	<b>E</b>	<b>P-E</b>
Does the behavior of employees in the bank instill trust in you	3.58	The behavior of employees in excellent banks will instill trust in customers	4.63	-1.05
Do you feel safe in your transactions with the bank	3.61	Customers of excellent banks will feel safe in transactions	4.76	-1.15
Are the employees in the bank area polite with you	3.53	Employees of excellent banks will be	4.79	-1.26
Do the employees in the bank have the knowledge to answer your questions	3.64	Employees of excellent banks will have the knowledge to answer	4.83	-1.19
Total	14.36		19.01	-4.65
<b>Average Gap Score (Total of P-E/4)</b>				-1.16
<b>Empathy</b>	<b>P</b>	<b>Empathy</b>	<b>E</b>	<b>P-E</b>
Does the bank give you individual attention	3.36	Excellent banks will give customers individual attention	4.62	-1.26
Does the bank have employees who give you personal attention	3.29	Excellent banks will have employees who give customers personal attention	4.67	-1.38
Do the employees of the bank understand your specific needs	3.48	The employees of excellent banks will understand the specific needs of their customers	4.65	-1.17
Does the bank have your best interest at heart	3.42	Excellent banks will have their Customer's best interests at heart	4.63	-1.21
Does the bank have operating hours convenient to all its customers	3.75	Excellent banks will have operating hours convenient to all their customers	4.73	-0.98
Total	17.30		23.30	-6.00
<b>Average Gap Score (Total of P-E/5)</b>				-1.20

**Table 2: Un-weighted Score**

	Categories	Gap score
1	Average gap score for Tangibility	-1.14
2	Average gap score for Reliability	-1.30
3	Average gap score for Responsiveness	-1.15
4	Average gap score for Assurance	-1.16
5	Average gap score for Empathy	-1.20
Total		-5.95
Un-weighted score (average total/5)		-1.19

The services offered by the public sector banks under study are presented in Table 1. Referring to the Table; the comparison of customer expectations and perceptions of public sector banks, it is observed that the sample customers have very similar opinion as indicated from the values of different dimensions. The gap (P - E) as shown in

the table, is negative for all the factors indicating dissatisfaction of the customers. Also from table 2 it can be understood the highest gap exists for reliability factor i.e. - 1.30 and next comes the empathy factor with a score of i.e. -1.20.

**Table 3: Descriptive for Perception**

Statements	Mean	Std. Deviation
P1 Does the bank have modern looking equipment	3.20	1.196
P2 Are the bank's physical facilities visually appealing	3.70	1.031
P3 Are the bank's reception desk employees neat appearing	3.55	1.050
P4 Are the physical facilities associated with the service (such as pamphlets or statements) visually appealing	3.50	0.945
P5 When the bank promises to do something by a certain time, it does so	3.40	1.046
P6 When you have a problem, the bank is sympathetic and reassuring	3.55	0.944
P7 Does the bank performs the service right the first time	3.45	1.099
P8 Does the bank provide its service at the time it promises to do so	3.30	0.978
P9 Does the bank insist on error free records	3.55	1.050
P10 Do the Employees in the bank tell you exactly when services will be performed	3.30	0.978
P11 Do the Employees in the bank give you prompt service	3.60	0.882
P12 Are employees in the bank always willing to help you	3.45	0.998
P13 Employees in the bank are never too busy to respond to your request	3.60	0.882
P14 Does the behavior of employees in the bank instill trust in you	3.75	0.786
P15 Do you feel safe in your transactions with the bank	3.40	1.046
P16 Are the employees in the bank area polite with you	3.35	0.933
P17 Do the employees in the bank have the knowledge to answer your questions	3.50	1.051
P18 Does the bank give you individual attention	3.00	1.256
P19 Does the bank have employees who give you personal attention	3.55	0.887
P20 Do the employees of the bank understand your specific needs	3.45	0.887
P21 Does the bank have your best interest at heart	3.65	0.988
P22 Does the bank have operating hours convenient to all its customers	3.20	1.239

From table 3 it can be seen that the value of mean for perception of various factors of service quality in public sector banks is

above the score of 3 which shows that majority of the respondents are in agreement with all the statements.

**Table 4: Descriptive for Expectation**

Statements	Mean	Std. Deviation
E1 Excellent banking companies will have modern looking equipment	4.09	0.811
E2 The physical facilities at excellent banks will be visually appealing	4.40	0.503
E3 Employees at excellent banks will be neat appearing	4.09	0.750
E4 Physical facilities associated with the service (such as pamphlets or statements) will be visually appealing at an excellent bank	4.13	0.833
E5 When excellent banks promise to do something by a certain time, they do	4.18	0.732
E6 When a customer has a problem, excellent banks will be sympathetic and reassuring	4.27	0.702
E7 Excellent banks will perform the service right the first time	4.27	0.767
E8 Excellent banks will provide the service at the time they promise to do so	4.22	0.751
E9 Excellent banks will insist on error free records	4.54	0.595
E10 Employees of excellent banks will tell customers exactly when services will be performed	4.36	0.726
E11 Employees of excellent banks will give prompt service to customers	4.27	0.767
E12 Employees of excellent banks will always be willing to help customers	4.18	0.732
E13 Employees of excellent banks will never be too busy to respond to customers' requests	4.27	0.882
E14 The behavior of employees in excellent banks will instill trust in customers	4.50	0.511
E15 Customers of excellent banks will feel safe in transactions	4.22	0.751
E16 Employees of excellent banks will be polite with customers	4.72	0.455
E17 Employees of excellent banks will have the knowledge to answer customers' questions	4.27	0.702
E18 Excellent banks will give customers individual attention	4.36	0.657
E19 Excellent banks will have employees who give customers personal attention	4.68	0.476
E20 The employees of excellent banks will understand the specific needs of their customers	4.40	0.503
E21 Excellent banks will have their Customer's best interests at heart	4.59	0.666
E22 Excellent banks will have operating hours convenient to all their customers	4.13	0.774

The means for expectation it was found that the value of expectation was higher than perception with the values being above 4

showing the higher levels of expectations among the respondents.

### Suggestion

- Research should identify expected antecedents and outcomes of service quality.
- Banks should have a strong customer relationship management system that would indicate the worth of the customer and the ability to understand his needs while interacting with him, so as to cross sell their products.
- Banks may follow a feedback system to know the customers' expectations for improving the level of customer satisfaction to the maximum level. Responses on service reliability should be continuously obtained from customers.
- This would expand our understanding of the adoption of service quality to those organizations.
- Suggest that more validation the conclusion derived from this study could prove to augment many of the managerial activities such as recruitment, selection, and training which would be reflected on the bank's profitability.

### Conclusion

The highest gap found in the dimension of reliability and empathy. The reliability factor is a positive factor for these banks. Therefore public sector banks should position themselves in the market on the basis of this dimension and promote themselves aggressively. The banks have to reduce this gap giving individual personal attention to understand customer specific needs.

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## CUSTOMER FOCUSES OF PUBLIC AND NEW GENERATION PRIVATE SECTOR BANKS IN INDIA: A COMPARISON

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### Abstract

The IT innovations along with the liberalization policies of government have shifted the banking sector to new heights, which lead to the customer focused banking in the country. Banks became centre of innovative investment avenues with the introduction of banking products such as new deposit schemes for poor, averages and high income groups stretched with investment linked with insurance schemes, different types of mutual funds and bonds for individual and institutional investors. Banks have considerably reduced customer weighting time by the introduction of computerisation and gone ahead in fund transfers through core banking solutions, RTGS, etc. However, a new level of competition era has been started between the traditional banks and new generation private banks in different aspects of customer service and facilities. The present study evaluates the customer focused strategies of old public sector banks and new generation private sector banks considering 16 aspects of banking in to three major factors such as 1) Upkeep of premises and facilities, 2) Staff attitude and behaviour and 3) Speed in rendering various services. In comparative analysis with the help of primary data collected in five point Likert's scale, it is seen that NGPB leads in all the three areas, which was substantiated by the one way ANOVA results.

**Key Words:** Customer focused banking, IT banking, banking premises, new generation private sector banks, staff attitude, banking facilities.

The depth of banking services in India has changed drastically over the last two decades due to technological innovation, deregulation of financial services, external financial liberalisation, and organizational changes in the corporate sector<sup>1</sup>. The traditional face of banks as mere financial intermediaries has altered because of the paradigm shift from balance sheet intermediation to off-balance sheet intermediation, capital adequacy to capital efficiency, traditional banking to technology-based banking, product and bank-centred banking to customer-focused banking and banking to financial service. The banking sector in India is adapting newer technologies and undergoing changes in the way it functions and delivers its services to customers. The traditional brick and mortar banking is substituted by click and transact banking. The structure of the banking sector has turned from a controlled system into a liberalised one. Banking sector reforms, prudential norms and internationalisation have improved the profitability, productivity and efficiency of banks<sup>2</sup>.

The advent of economic reforms and the opening up of banking industry to private

parties, many new private banks and foreign banks with most modern technology and global standards started functioning in India since 1992. At present, there are 90 scheduled commercial banks (excluding RRBs) in India, which consist of 27 public sector banks (State Bank group- SBI and five associate banks, other nationalized banks – IDBI, Bharathiya Mahila Bank and other 19 banks), 20 private sector banks (13 old private banks and 7 new generation private sector banks) and 43 foreign banks<sup>3</sup>. The entry of new banks, together with FDI relaxation and adoption of technology, shook the banking sector in India completely and created tougher competition between the existing players and the new generation banks. The public sector banks which controlled about eighty percent of the deposits, assets and credits, have been forced to come out of their laziness and stupor by changing their marketing strategies, diversifying products and services, adopting new technology, offering better customer service and allowing private investment; this has led to a retail boom in the banking sector in India. The new generation banks showed higher growth rate in branches (from 0.89% of the total branches in 2000 to 9% in 2014), deposits (from 5% to 13%),

advances (5% to 14%), assets (5% to 15%) etc.<sup>4</sup> and have been slowly capturing the market share of public sector banks and old private banks. Even though new private banks are few in number, they are a great competitor against all the other categories of banks in every respect. Indian banking industry has made exceptional progress in the last few years, with ₹.64 trillion asset bases, and are standing stiff even during the times when the rest of the world was struggling against financial meltdown. A statement from RBI has revealed that bank advances grew at 17.08 per cent annually as on 16<sup>th</sup> December, 2014, while bank deposits raised by 18.03 per cent.<sup>5</sup>

**Statement of the Problem-** Though we have 90 banks categorized in to SBI and associates, Other Public Sector Banks (OPSB), New Generation Private Sector Banks(NGPSB) and Foreign Banks, their customer performance are found varied in character. Some banks look good and attitude of the staff seem attractive but other may be different. A customer will be delight when he is getting services in time with speed and accuracy. Among the users of banks, there exists a strong belief that different category of banks vary in customer satisfaction levels. Therefore, the problem under study is to arrive the difference in the level of customer-focused strategies of different bank groups, when categorizing them into SBI Group (SBG), Other Nationalised Bank Group (ONB) and New Generation Private Banks (NGPB).

**Objectives of the Study-** Following are the precise aims of the study.

1. To observe the major practical ushered and changes in banking sector of India since post – liberalisation period.
2. To assess the customer-centeredness of selected bank groups of the country and compare them on the basis of selected indicators.

**Methodology, Sampling and Tools-** The present study is descriptive and analytical in nature. We have used Primary and secondary data to arrive and state the finding in logical manner. The primary data were collected from 100 customers each from three groups of banks totaling 300 samples. 10 samples were collected from each branch of a bank. A multi-stage random sampling procedure is used for arriving the customers for collecting samples. In first stage, the state of Kerala is divided in to three regions-northern, central and southern. One district has taken from each region namely-Kozhikode, Ernakulam and Thiruvananthapuram respectively. Secondly the sample branches have been arrived to locate the sample customers. For this purpose, a lottery sampling procedures was followed. Finally, sample customers are arrived in random manner. Statistical tools such as mean, ranking and one way ANOVA are used by using SPSS 17 version to arrive conclusions.

**Table 1 Sample banks**

Sl.No.	Sample Banks	Bank group	Sample	Bank sector
2	SBI	SBG (2)	100	PSB (6)
2	SBT			
3	PNB	ONB (4)	100	
4	BOB			
5	BOI			
6	CB			
7	ICICI Bank Ltd.	NGPB (2)	100	NGPB (2)
8	HDFC Bank Ltd.			

### Major Findings of the Study

- **Major banking sector changes in the post liberalization period** include the introduction Integrated Payment and Settlement System (IPSS), Real Time Gross Settlement System (RTGS), etc. These are introduced by banks since 1998 with the help of Indian Financial Network (INFINET). Banks have been connected with core banking technology and 24 hour banking. The SLR and CRR have progressively reduced. An increase is reported in priority lending by the public sector banks, whereas the private new

generation banks were seem to be a failure in sector, but they have shown much rated progress in total lending. In recent years, banks reduced the lending rates to an affordable rate , which otherwise made a sudden progress in industrial growth as well in housing and agriculture sectors.

- **Customer preference of the banks** Considering the occupation of the sample customers, the preference of the bank group is arrived and is given in Table 2.

**Table 2. Preference of bank group based on occupation**

Sl. No.	Occupational status	Preferred bank group
1	Employed	SBG
2	Professionals	ONB
3	Business/self employed	NGPB
4	Agriculture	ONB
5	Others (housewives, priests etc.)	ONB

**Source:** Field Survey

Among the employed group, the majority of the respondents prefer SBG, followed by NGPB, professionals prefer ONB, followed by NGPB, business- men prefer NGPB, followed by SBG; agriculturists prefer ONB, followed by SBG, and others prefer ONB. It is clear from Table No.2 that the employed group prefers SBG; professionals, agriculturists and others (housewives, priests etc.) prefer ONB, and the businessmen prefer NGPB more.

### 3. Assessment of the customer centeredness of different bank groups on the basis selected variables.

#### a. Upkeep of premises and facilities

As a result of the development of facilities and changing attitude of the people in the modern age, a customer gives prime importance before opening an account with the bank, or for his regular dealings to the facilities inside and outside the banking premises.

**Table 3. Upkeep of premises and facilities- Mean scores**

Sl. No	Bank	Mean value	Rank (based on Mean score)	Average scores Bank group-wise	ANOVA
1	SBI	3.2	3	SBG 2.99	<b>F 103.181 Sig. 0.000</b>
2	SBT	2.78	8		
3	PNB	2.88	6	ONB 3.007	
4	BOB	3.1	5		
5	BOI	3.15	4		
6	CB	2.9	6	NGPB 3.48	
7	ICICI	3.60	1		
8	HDFC	3.36	2		

**Source:** Field Survey

Table 3 shows the responses of customers of banks relating to the Upkeep of premises and infrastructural facilities, it is found that ICICI bank Ltd stands top with an average score of 3.48, followed by another new generation bank, HDFC Bank Ltd., with mean score of 3.36. Thus new generation banks are found better in this regard. The Anova results shows there is significant variation between bank groups in the values of upkeep of premises and facilities and substantiated that SBG stands forefront in the industry.

#### b) Staff attitude and behaviour

The second indicator to which a customer gives much importance is how he is treated inside the organisation. The behaviour of the staff of an organisation to its customers is one of the main factors that determine the success of an organisation. The responses with regard to the behaviour of the staff, punctuality, and presence of the staff during working hours, readiness of the staff to listen to the problems of the customers, the efforts taken by them to minimise the waiting time, competency and knowledge of the staff, and sufficiency of staff in each branch were collected from the customers.

**Table 4. Staff attitude and response – Mean scores**

Sl.No	Bank	Mean score Bank wise	Rank	Mean score group wise (S.D)	ANOVA	Sig.
1	SBI	2.97	6	SBG 2.91	<b>F 52.846</b>	<b>0.000</b>
2	SBT	2.85	7			
3	PNB	3.07	3	ONB 3.01		
4	BOB	2.99	5			
5	BOI	2.99	5			
6	CB	3.02	4	NGPB 3.41		
7	ICICI.	3.37	2			
8	HDFC	3.46	1			
<b>Average</b>		<b>3.09</b>		<b>3.09</b>		

Considering various elements with respect to the staff attitude and response to the customers, HDFC bank is found best as individual bank, while their counterpart ICICI stands second in this aspect. Considering the bank groups, NGPB is first and ONB stands second. The ANOVA table substantiated the difference is significant among bank groups in customer attitude and response

### c) Speed in rendering various services

The speedy service satisfies customers more. In this competitive era, no customer will be ready to stand in a long queue and do his transactions. The responses of customers

on the speed in rendering transactions such as payment of money, opening accounts, accepting deposits, completion of pass book, collection of cheques, issue of DD and telegraphic transfer were collected and analysed. Regarding the speed in rendering services to the customers also HDFC bank is found first, the other NGPB considered is second and the PNB is third in this respect. The NGPB are first in providing speedy services to the customers. The ANOVA Table with F Value 83.432, P =.000 shows significant difference between the bank groups.

**Table 5. Speed in rendering various services - Mean scores**

Sl. No	Bank	Mean Score Bank- wise	Rank	Mean score Group-wise (S.D)	ANOVA
1	SBI	3.44	5	SBG 3.37	F= 83.432 Sig= .000
2	SBT	3.30	7		
3	PNB	3.66	3	ONB 3.46	
4	BOB	3.43	6		
5	BOI	3.46	4		
6	CB	3.29	8	NGPB 4.12	
7	ICICI	4.09	2		
8	HDFC	4.15	1		
<b>Average</b>		3.60			

Source: Field survey

### Conclusion

While considering sixteen major indicators to assess the customer centeredness of three group of banks, it was seen that all the three factor indicators, the NGPB are ranked first. SBI group is behind in all aspects though they have score above average level in all three factor criterions. All these shows that the SBI group has to come forward with introducing customer-centred strategies and up keeping their premises and facilities. Similarly, other nationalised banks should also implement changes in providing services speedily and inculcate positive change of attitude among their employees so as to satisfy and retain their customers.

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## SIZE OR EFFICIENCY – WHAT WILL DRIVE THE FUTURE OF INDIAN BANKS

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### Abstract

India is becoming a major force in the world economy. Real GDP growth has averaged 7 percent over the past three years, and service and manufacturing exports are booming. As India develops it will need a strong financial system in order to sustain or exceed its rate of growth. The Indian banking industry suffers from various inefficiencies and irregularities. The paper explores the present state of the Indian banking industry by doing an external and internal environment analysis using Porter's diamond model and the SWOT. Priority sector lending, SLR requirements, high intermediation cost, major government influence, HR issues and technological laggardness are some of the major issues that are identified using the analysis. By and large the Indian market is an unbanked market. It will be important for domestic banks to tap the hidden potential in various sectors like rural loans, credit cards and trying to attract the savings of Indian households for investment in bank deposits which at present is just 47 % of the total savings. Based on my analysis and findings I have tried to show that the reforms in the Indian banking sector will continue though in a regulated manner. The Foreign banks will have to adopt the organic route only as it seems difficult that the regulations will allow acquisitions by foreign banks. Consolidation and innovation in addition to improved efficiency is the way forward. The domestic banks will continue to dominate the landscape but they will definitely be made more competitive with the entry of foreign banks.

It's truly said that only the fittest will survive!

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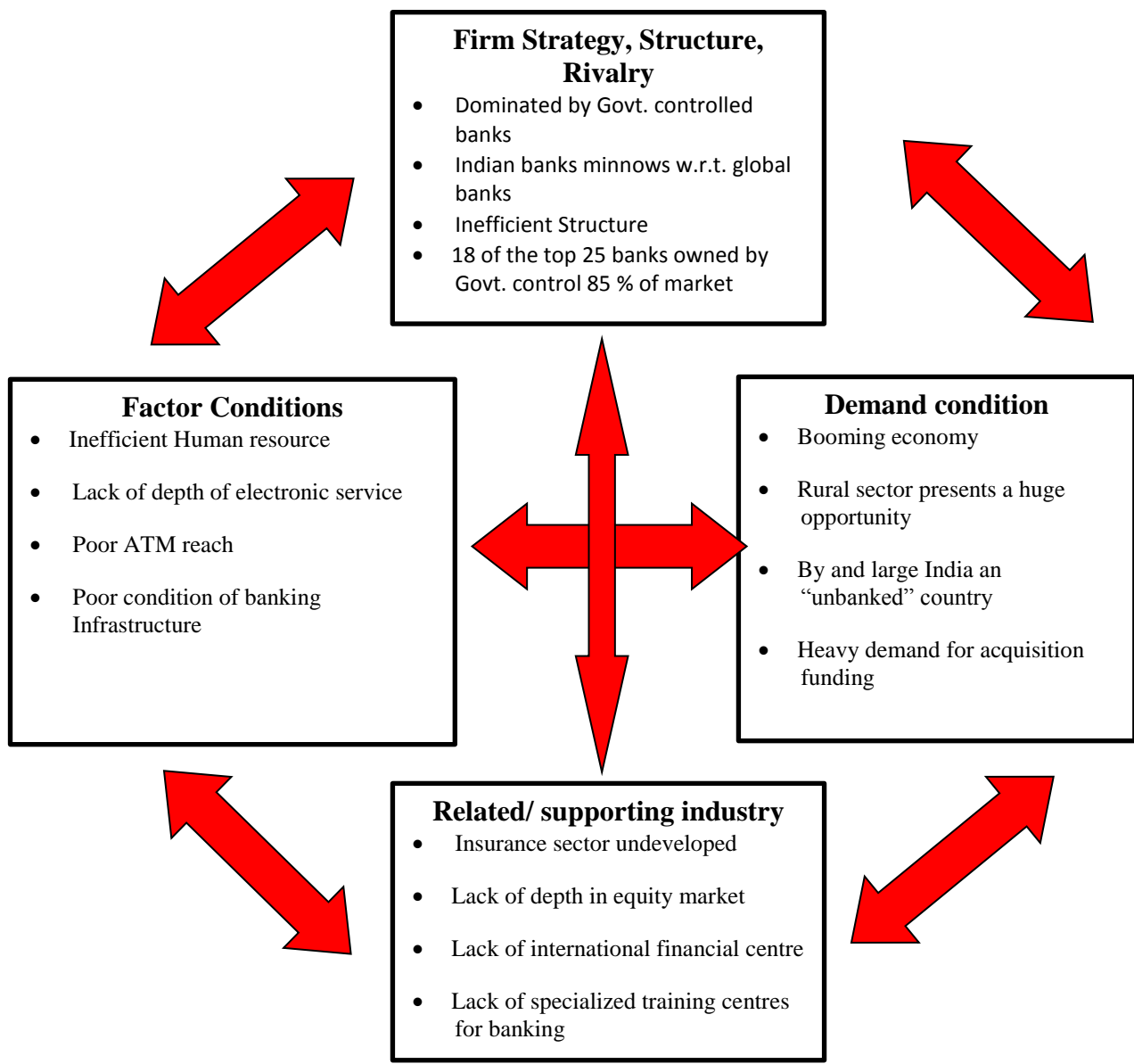
### Size or Efficiency What will Drive the Future of Indian Banks

India is becoming a major force in the world economy. Real GDP growth has averaged 7 percent over the past three years, and service and manufacturing exports are booming. As India develops it will need a strong financial system in order to sustain or exceed its rate of growth. It is important to note that on several counts the Indian financial system falls short and there are major inefficiencies in the Indian financial sector. The system intermediates only half of the country's total savings and investment and more importantly they lend a

very little portion of deposits in comparison to other banks. In the wake of increased acquisitions of Indian firms through leveraged buy outs Indian banks lose in a big way due to their inability to finance such deals.

These shortcomings are a major setback to the Indian economy. The Indian financial system needs reforms which will have large benefits. The Indian banks will also need to gear up for the increased competition posed by opening up of the sector in 2009. The Indian banks will have to reduce the role of government, increase their size through consolidation and improve the value chain efficiency. Truly said, it is the time for survival of the fittest.

**Porter’s Diamond Analysis (self analysis)**



**Major Issues in Indian Banking Environment**

**Priority sector Lending requirements**

Indian banks have restriction in terms of Priority sector lending policies which states that 36% of the loans go to so called priority sectors like agriculture, small industries identified by government to improve access for small borrowers. Priority sector loans often become non- performing and lower overall

bank lending. The SLR requirements imply that banks keep 25 % of their asset in terms of Government bonds and securities rather than loans. Also a CRR of 5 % needs to be essentially maintained.

**Low banking sector penetration-** The penetration of the banking system into india’s population is quite low, and banking activity remains concentrated in the urban areas. India has only 12 ATMs per million of population



compared to 48 in China and nearly 600 in south Korea. Lack of bank penetration limits the system's ability to mobilize savings and thus contributes to India's low financial depth.

Out of the top 25 banks in India 18 are owned by Indian Government which owns about 85% of total banking operation in India. This leads to reduced competitiveness in Indian banking environment and leads to inefficiencies. ICICI and HDFC who are the domestic private sector banks own just 7 percent and 2 percent of market share respectively. Foreign banks too own just 5 % of the total market. The saving rate in Indian household is 28 % but the investment in bank deposits is just 47 % of the savings. The rest is invested in physical assets. This is a major bottleneck for Indian banking industry.

The bank personnels are not trained for modern banking operations. The main problem is the sheer lack of the necessary skills among PSBs. These banks have an ageing workforce. There has been virtually no recruitment, much less recruitment of officers, for years. The Chairman and directors are often changed which hampers the growth.

Indian banks are still far from technological upgradation. Computerisation has slowly started but the lack of adequate training slows the advance. Even the ATM density is very poor. The growth of credit card market and internet banking is also in the nascent stage. Foreign banks and the new private sector banks have embraced technology right from the inception of their operations and therefore, they have adapted themselves to the changes in the technology easily. Whereas the Public Sector Banks

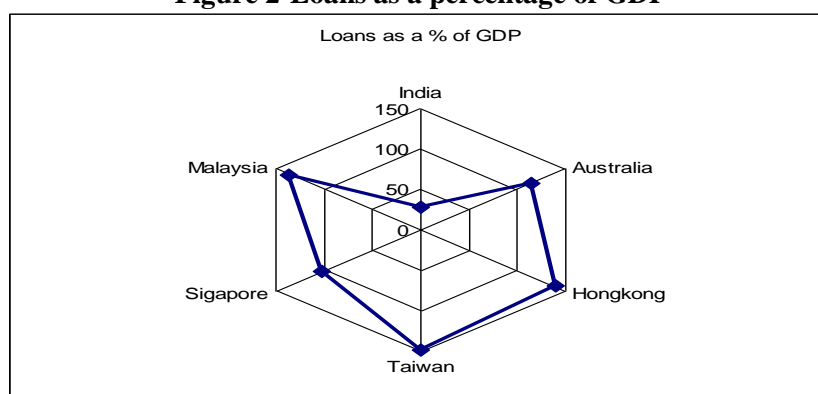
(PSBs) and the old private sector banks (barring a very few of them) have not been able to keep pace with these developments.

**Indian banks vs. foreign banks-**Indian banks clearly need to build scale. The fifth largest bank in China probably is bigger than the top five Indian banks put together in terms of assets. It means that the ability of the Chinese banks to do business, whether domestically or globally, is significantly more than any one of the Indian banks. The exhibit below gives a comparison of capital base and the pre tax profits.

Indian banks need engines of finance which can meet the growth aspirations. We need to come up with a structure wherein the banks and other intermediaries which have the ability to marshal large amounts of cash and put forward a large ticket sized item. For example, the State Bank of India is three times the size of Bank of America in terms of customer base. The State Bank is probably reaching 90 million to 100 million customers. Bank of America has 30 million customers. But, if one look at assets, Bank of America has more than a trillion dollars of assets. So it has the financial power and as such its ability to cut costs is significantly higher because it is earning that much more. In fact for many such comparisons the asset base of foreign banks is clearly 10-12 times more than the Indian banks which is certainly a big challenge.

Take the case of loans given by banks as a percentage of GDP which clearly depicts a major lag in the Indian banking scenario. The figure below gives the comparison.

**Figure 2-Loans as a percentage of GDP**



The comparison clearly brings out the condition of under-banking in India. As the banks are not lacking in the number of branches, it is important for them to introduce new products range and reach new people.

One major aspect of Indian banks is the way they give their loans. Indian banks mostly give their loans depending on the asset base of a company while foreign banks give on the basis of cash flows of the company. This mentality has to be changed to sustain in the long run. The product portfolio of Indian banks is quite low in comparison to foreign banks and a major reason cited for this is lack of effective delivery channels. The exhibit below shows the comparison.

#### Major issues in Consolidation

a.) **Resistance from employee unions:**

The mergers in PSBs face a major roadblock from the employee unions who feel that such mergers will hamper the compensation for employees. In such a scenario the best the PSBs can do at this moment is forming loose alliances like that of Corporation bank.

b.) **Non- uniformity on technological front:** There is a major difference on the technological front in banks like the computerization, online banking and the concept of nationalized banking through internet which is a challenge.

c.) **HRD:** The employees of public sector banks are ageing. Almost 35 to 40 per cent will be natural attrition of people in coming years. That would mean that there are a larger number of people prepared to take VRS in case it is offered and the cost also would be much lower than if the employees were younger. But the banking system needs a better staff training and equipping with advance technology basics.

d.) **Legal Aspects:** There are a lot of issues around our present legislation on the banking system. The banks are governed by various Acts. One set of banks is governed by the Bank

Nationalization Act; the State Bank is governed by the State Bank of India Act, private banks are governed by the Companies Act and Banking Regulation Act. Sometimes there are overriding provisions. There is a need to do some kind of harmonization. Corporatisation of most of the public sector banks can be a viable solution. If the government can do this, by and large, the issue can be resolved.

e.) **Leadership:** For consolidation to be effective, it needs to be led by the leader. It cannot be led from the bottom up as a process of the weak consolidating with the weak. The leaders have the least incentive currently in India to lead consolidation.

f.) **Apprehensions:** Many argue that consolidation will lead to poorer customer service because branches will be rationalized to enforce efficiencies. Others argue that because of banks' inability to reduce staff, there will be no synergies on cost but increased complexity in operations, which will lead to poorer service and higher cost.

The Reserve bank of India is acting as a facilitator for the consolidation process. Some of the measures taken by RBI are:

a.) **Increased capital requirements of banks:** The capital requirement is increased to Rs. 300 crore for all banks in the private sector which will force the small banks to merge.

b.) **BASEL II:** The revised Basel framework seeks to arrive at significantly more risk-sensitive approaches to capital requirements. It provides a range of options (by way of ratings) for determining the capital requirements for credit risk and operational risk to allow banks to select approaches that are most appropriate for their operations and financial markets.

- c.) **CAR:** Capital Adequacy requirements will be in compliance to BASEL II norms.
- d.) **GAAP:** RBI is in a move to standardize all accounting practices of banks according to GAAP. This will bring uniformity in the accounting methods.

The strategies need to be followed by Indian banks are listed as under. The most important will be consolidation as already discussed. We have tried to rank these strategies in the order of importance based on our discussion with some of the bank managers and internet blogs.

- Consolidation
- Strict Corporate Governance Norms
- Regional Expansion
- Higher FDI limits
- FTA's

Some other strategies that will help the Indian banking system are:

- Government should create 5 -6 banks of the size of SBI
- Need to give good competitive compensation packages at all levels for better productivity
- Implementation of Basel II norms

### Conclusion

With India becoming a major force in the world economy, the Indian Financial sector need to stable and efficient to sustain or increase the growth rate of the economy.

Banking environment in India is marked with many irregularities and inefficiencies owing to increased government role and regulations, lack of depth and reach in banking operations and technological laggardness. The reforms in the Indian banking sector will have a major effect on the banking operations.

With the opening up of the banking sector the Indian banks face increased competition. In

the wake of such developments the various strategies that need to be followed in the order of preference level are:

1. Consolidation
2. Strict Corporate Governance Norms
3. Regional Expansion
4. Higher FDI limits
5. FTA's

In addition the Indian banks will have to improve their efficiency with respect to clients, product portfolio, and distribution & compliance.

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## INSURANCE PENETRATION IN RURAL HOUSEHOLDS: BIHAR MODEL TO BE REPLICATED

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### Abstract

Insurance Regulatory and Development Authority (IRDA) has created a special category of insurance policies called micro-insurance policies to promote insurance coverage among economically vulnerable sections of society. The concept of Micro Insurance is considered as an integral part of Financial Inclusion. But still insurance products coverage extends to only 27 per cent in rural areas of India. However, the costs involved in serving the rural market pose major challenges. Further the Saradha ponzi scam in West Bengal has been viewed as a setback for the financial sector in the rural areas. But the other side of the coin opines that expanding their rural footprint can be an effective strategy for insurance firms, from a growth as well as equity perspective. In this context, it is relevant to note that a little more half of India's GDP still comes from rural areas. At the same time, programmes like the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) have had significant impact on rural wages and incomes. In this context, it would be relevant to look at promoting life insurance products in rural households. In this paper, we will explore the penetration of insurance products in rural households of Bihar. The analysis has several limitations that should be kept in mind when giving the conclusion. One of such limitation is limited availability of authentic data on rural insurance market. We expect that the basic intuition developed in this paper will offer an opportunity to more research on the concerned topic.

### Introduction

Insurance is about people each 'pooling' a small amount of their money to reduce the risk of them being financially impacted if, for example something valuable to them is damaged, destroyed or stolen or if anyone is injured at work or in a car accident. Life insurance and general or non-life insurance companies offer a variety of products covering different types of risks. Life-based contracts tend to fall into two major categories: Protection policies (Term policies) and Investment policies. Some categories of general insurance policies are: vehicle, home, health, property, accident etc. A micro-insurance policy can be a general or life insurance policy with a sum assured of Rs.50,000 or less. The concept of micro insurance is considered as 4<sup>th</sup> pillar of financial inclusion. The IRDA Micro-insurance Regulations, 2005 defines and enables micro-insurance - a special category of insurance policies called micro-insurance policies to promote insurance coverage among economically vulnerable sections of society.

Micro-insurance business is done through intermediaries like Non-Governmental Organisations, Self-Help Groups and Micro-Finance Institutions. Most of the entities appointed as BCAs, including companies registered under Companies Act, have also been permitted by IRDA for appointment as MI agents to sell Micro-insurance products by a separate circular. There is flexibility in the regulations for insurers to offer composite coverage or package products that include life and general insurance covers together. Micro Insurance companies can play a significant role in helping develop sustainable communities. It makes good sense for an insurance company to help the community reduce social, environmental and economic risks.

India's insurance penetration is lower than the world's average. Several factors are responsible for the low levels of insurance penetration in the country. These include low consumer preference, untapped rural markets and constrained distribution channels. In urban areas, life insurance penetration in the market

is approximately 65 per cent, and is considerably lesser in the low-income unbanked segment. In rural areas, life insurance penetration in the banked segment is estimated to be approximately 40 per cent, and at best is marginal in the unbanked segment. Although the level of penetration has increased after the entry of other private players (besides Life India Corporation), it is still low compared to other countries. According to consumer feedback, the problem has been exacerbated due to: - agents' inability to clearly explain the features of the products; lengthy documents that are not user friendly; and the perception that agents are only concerned with their commissions.

### **Micro Insurance sector in Bihar**

It is interesting to note that except for the primary sources, there is a complete dearth of documentation in the area of insurance at regional level particularly in Bihar. The aggregated data for the total number of policies sold and actual premium accrued is not available. Hence to analyze the actual number of people insured becomes an interesting area of primary research.

Bihar is a region where there is a need for the mechanism where a rural poor is protected in monetary terms against the loss of livestock, human lives, crops and other assets which provides him a source of livelihood. This becomes all the more important as the state has 56% of the total flood affected people residing. Taking cognizance of the enormity of problem, government of Bihar has initiated a project in 2007 (known as JEEViKA) on rural livelihood promotion with support from World Bank for helping people come out of the vicious cycle of poverty. This project would be implemented through Bihar Rural Livelihood Society (BRLPS). The project aims to improve rural livelihoods options and work towards social & economic empowerment of the rural poor and women. The life insurance penetration in rural households of Bihar is very low, but the picture is not so clear due to unavailability of authentic data. However, the penetration has been marginal as far as the non-life insurance sector is concerned. Very few private insurance companies are functional in life insurance besides some governmental insurance companies. No private player was available for non-life insurance in

Bihar till 2005-06, and then ICICI Lombard and Bajaj Allianz initiated it. A NGO-MFI "NIDAN" has an outstanding position with around two lac life insurance in Bihar. AVARAN is an organization which has made efforts to sensitize 20 implementing agencies for rural and micro insurance. But still there was a very high need of intervention in the micro insurance sector at scale because the state has a very high proportion of 89.5% of rural population. When AAM ADMI BIMA YOJANA (AABY) was launched on 2nd October, 2007, a Social Security Scheme for rural landless household was initiated. The head of the family or one earning member in the family of such a household is covered under the scheme. The premium of Rs.200/- per person per annum is shared equally by the Central Government and the State Government. The member to be covered should be aged between 18 and 59 years. On natural death, Rs.30000/-; On Death due to accident/on permanent total disability, Rs.75000/- and On partial permanent disability due to accident (loss of one eye or one limb), Rs.37500/- will be A separate fund called "Aam Aadami Bima Yojana Premium Fund" has been set up by Central Govt. to pay the Govt. contribution. Fund is maintained by LIC. A free add-on benefit in the form of scholarship to children is also available under the Scheme. From 1<sup>st</sup> January 2013, Janshree Bima Yojna (JBY) has been merged into Aam Aadami Bima Yojana (AABY). Now the MNREGA workers who have worked for at least 15 days in a year and are in the age group of 18 years to 59 years are eligible for coverage under the AABY. The specific model of Micro Insurance intervention adopted by JEEViKA is in collaboration with LIC (AABY). The core concept of the intervention lies with the partnership model that has built the system to roll out policy level mechanisms. A constant effort to improvise the process has proved itself beneficial to the community in both short term and futuristic perspectives. The insurance coverage has been provided to around 2.2 lakh poor women from the rural domain. From the service delivery viewpoint there has been settlement of 245 death claim cases and the claim settlement ratio has been more than 95%.

### **JEEViKA model of Micro Insurance**

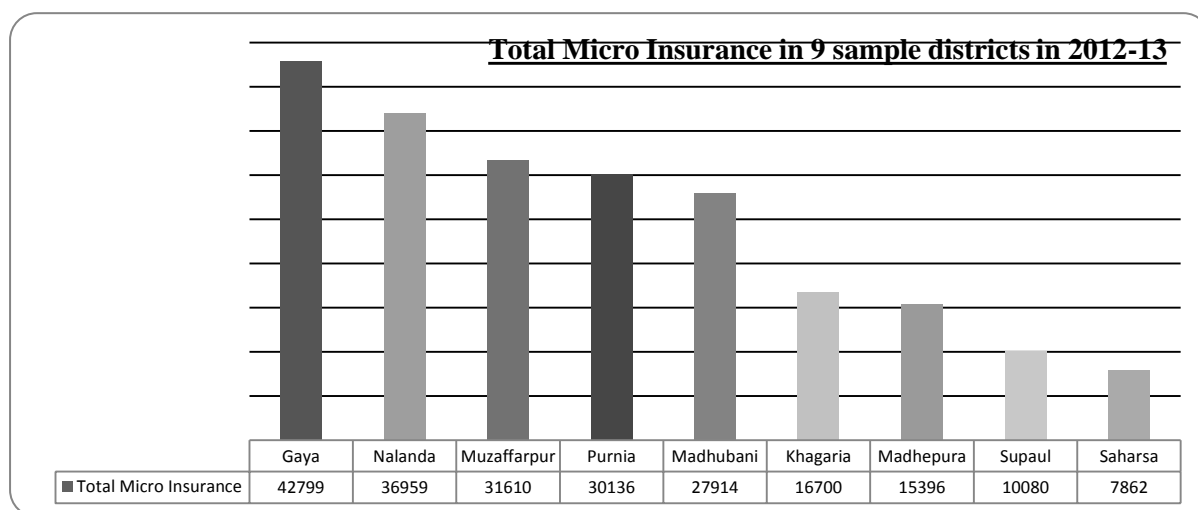
The mandate given to BRLPS (JEEViKA) is to form around 10 lakhs of women SHGs and bring 1.25 crores of women and their households under its fold. One of the salient features of the operations under JEEViKA is the robust institution building and capacity building. The Self Help Groups has been formed targeting the poorest of the poor in the selected Blocks and aspires to saturate the areas under operation. Each of these SHGs has ten to fifteen members and out of ten or fifteen of these SHGs, a Village Organization (VO) is formed. The Village Organizations have been further apprised to federated societies called Cluster Level Federations. The community institution has been strengthened further through thematic pillars which exclusively took care of aspects like financial inclusion, livelihood and social development. The SHG members essentially maintain the discipline of coordinating and conducting weekly SHG Meetings where a basic savings is done. The other activities inducted and promoted to the SHG members are credit availability through Initial Capitalisation Fund which was meant to bring in the rotational fund to be used by the members. The SHG Meetings conducts the Micro Planning of the group to analyze the credit needs and explore the livelihood opportunities. The groups are further credit linked with banks to avail more credit as per the need of the members. The primary requirement of credit for the members is for investing in livelihood options. The network and capacity building that has been growing further over the last seven years has created much scope for an array of financial services to be catered. With further scaling up in the rest of the Districts of Bihar and deepening in the existing Districts, the extent of JEEViKA's impact would be improving. The community oriented approach leaves much opportunity to be explored and build on a model which provides the risk measures. Since the product chosen itself is designed to cater to a group, it certainly makes one of the best fit to be plugged in the community institutions looping

in all the SHG members of a particular area. This ensures the sensitization in the group takes place simultaneously thus instilling a confidence in the insurance services. While the entire project is being managed by the staff of JEEViKA, the institution is also nurturing and forming their community cadre who looks into the field level management. The capacity building of the community institution has created the dedicated cadre who are called Community Mobilizers who looks into the implementation and sensitization of the members in the Micro Insurance product. The cadre (CM) is trained by the project staff on the relevant areas and the knowledge is further disseminated to each of the SHGs. The constant education on relevance of the risk measures and method of insurance enrolment are discussed in details with community through the community cadre only. **The idea is to make the financial instrument of Insurance as a risk mitigation tool for community members over a period of time.** To achieve this, the method of reaching out to the community through their help only, has been proved to be much more effective than an external agency doing the same. The idea of Insurance has caught the attention of women members and they are largely supporting the endeavor. It is envisaged to be a community driven model in partnership with the Insurance Company, LIC.

### **Implementation**

The implementation of the insurance scheme has been carried out covering all the eligible SHG members across the first phase 55 Blocks of BRLPS Project. The study carried out in sample nine districts namely Gaya, Nalanda, Muzaffarpur, Purnia, Madhubani, Khagaria, Madhepua, Supaul and Saharsa. A total of 219456 community members have been included under the AABY in collaboration with LIC in FY 2012-13. Break-up of coverage in all nine districts are given in the fig. 1.

Figure 1 –AABY Enrollment status in FY 2012-13



Out of nine districts, six districts (Gaya, Nalanda, Muzaffarpur, Purnia, Madhubani and Khagaria) are old districts where JEEViKA has piloted its project. Other three districts (Madhepura, Supaul and Saharsa) are

comparatively very new. The AABY was launched in two phases after an interval of six months. Break-up of coverage in both phases in all nine districts are given in the fig. 2 and 3 respectively.

Figure 2 –AABY Enrollment status in FY 2012-13 [Phase I]

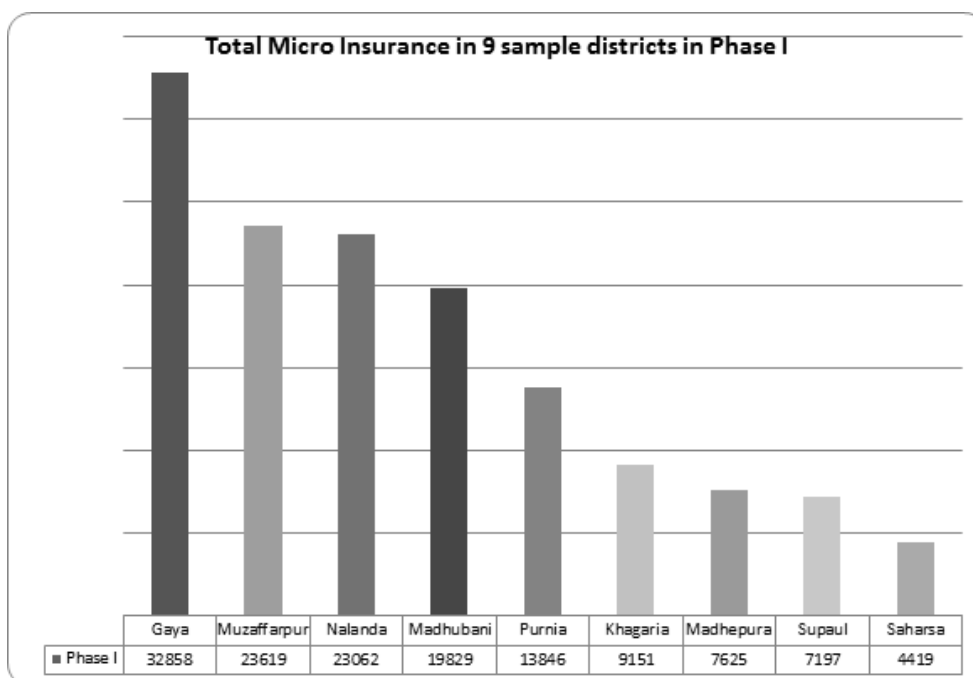
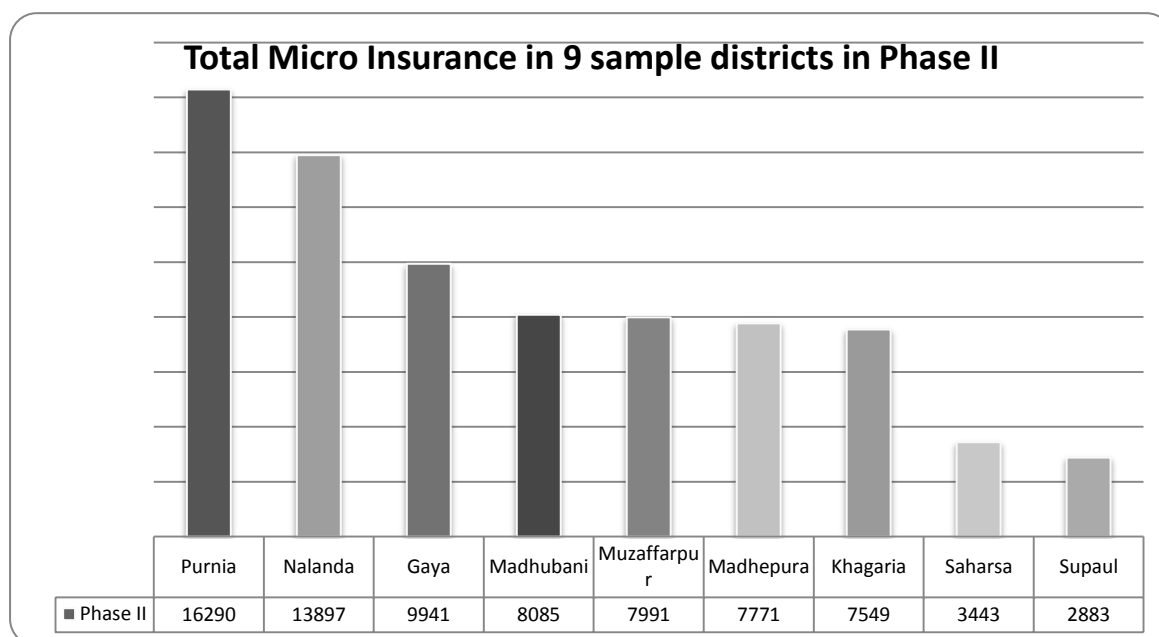


Figure 3 –AABY Enrollment status in FY 2012-13 [Phase II]



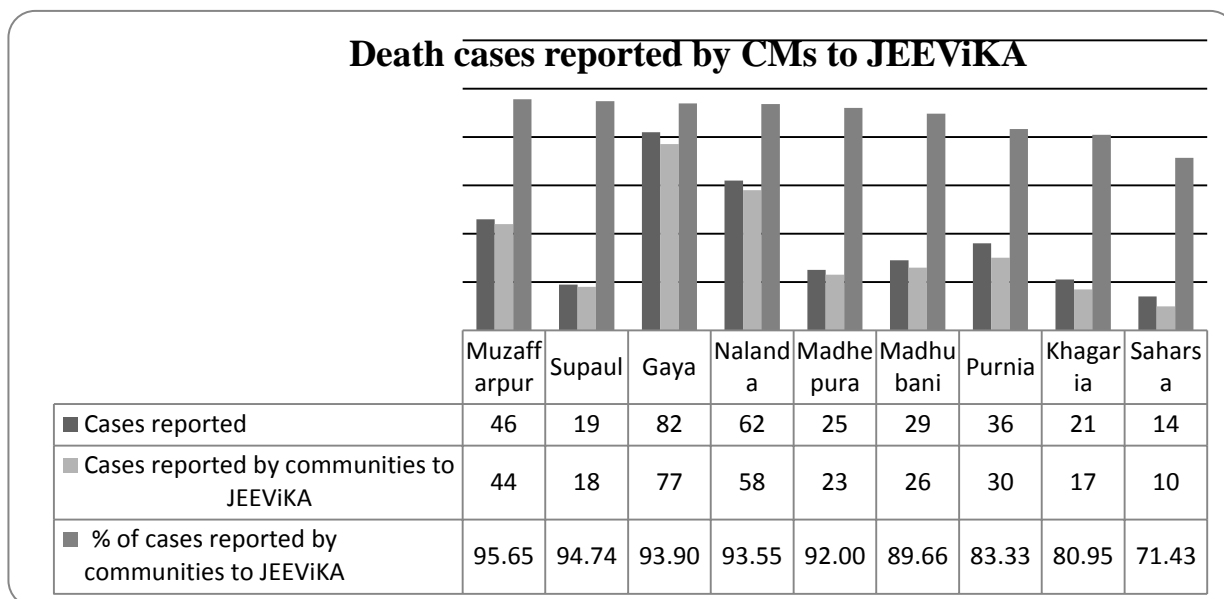
Out of nine districts, six districts (Gaya, Nalanda, Muzaffarpur, Purnia, Madhubani and Khagaria) are old districts where JEEViKA has piloted its project. Other three districts (Madhepura, Supaul and Saharsa) are comparatively very new. The AABY was launched in two phases after an interval of six months. Break-up of coverage in both phases in all nine districts are given in the fig. 2 and 3 respectively.

**Analysis of penetration of micro insurance in sample districts-**In this study, the penetration and success has been analysed on two variables – the death cases reported by the cadres at community level to JEEViKA and Death claim settlement percentage. By seeing the vast history of Insurance sector, we can conclude that insurance products are sold to customers without explaining (in brief) about the benefits and death claim reporting formalities & its settlement process. That is why we have taken into consideration the above mentioned two variables for our

analysis. Along with two more additional variables will help us to know about the pending cases at the service provider level (i.e; LIC) and at the facilitator level (i.e; JEEViKA). Death cases reported back by cadres (CMs) to JEEViKA for claim settlement is ranging in between 71% to 96%. In all six old districts, the average reporting percentage is more than 92% while in two new districts, the average reporting percentage is around 75%. Supaul as a new district is an exception with having the same percentage at 95%. The grand success of all old districts is due to the availability of strong community structure in all sample panchayats while in comparatively new districts, the strengthening of community structure is in process. Supaul has outperformed due to additional pain taken by District program management unit. Break-up of case reporting in all nine districts is given in the fig. 4.



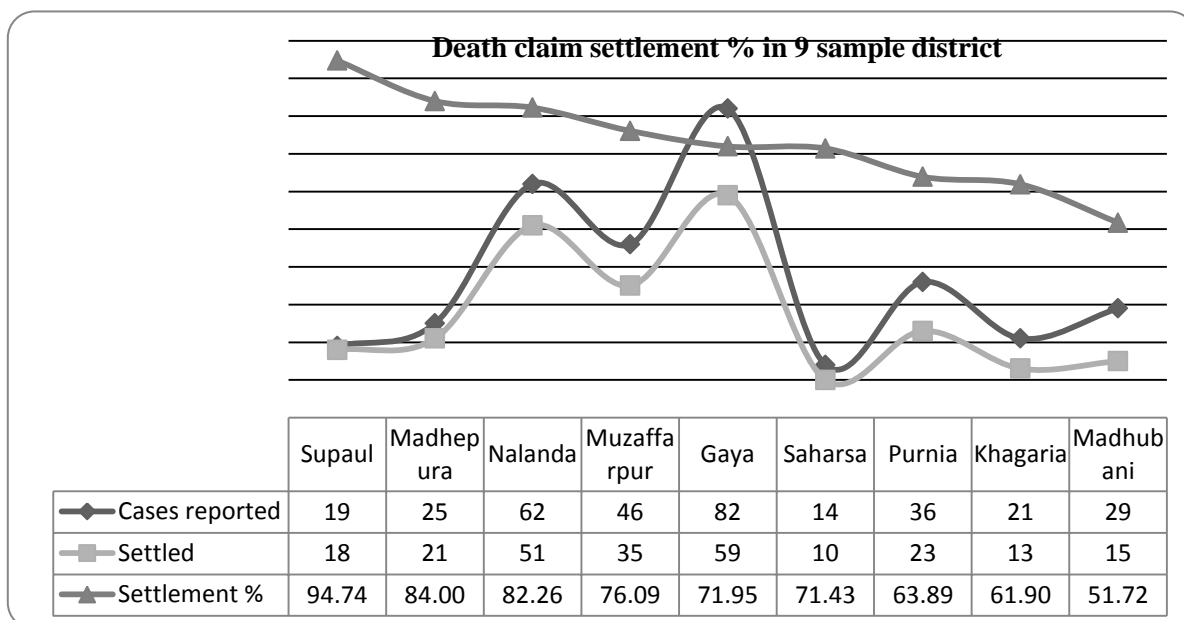
Figure 4 –Death cases reported by CMs to JEEViKA



Claim settlement percentage is ranging in between 52% to 95%. In all six old districts, the average claim settlement percentage is 90% while in two new districts, the average reporting percentage is around 94%. Saharsa as a new district is an exception with having the same percentage at 71%. The grand

success of all old districts is due to the availability of standardised monitoring and strong follow-up processes. The same is available in two outperforming new districts. Saharsa is lagging behind due to relatively weak followup system. Break-up of case settled in all nine districts is given in the fig. 5.

Figure 5 –Claim sttlement percentage in sample districts



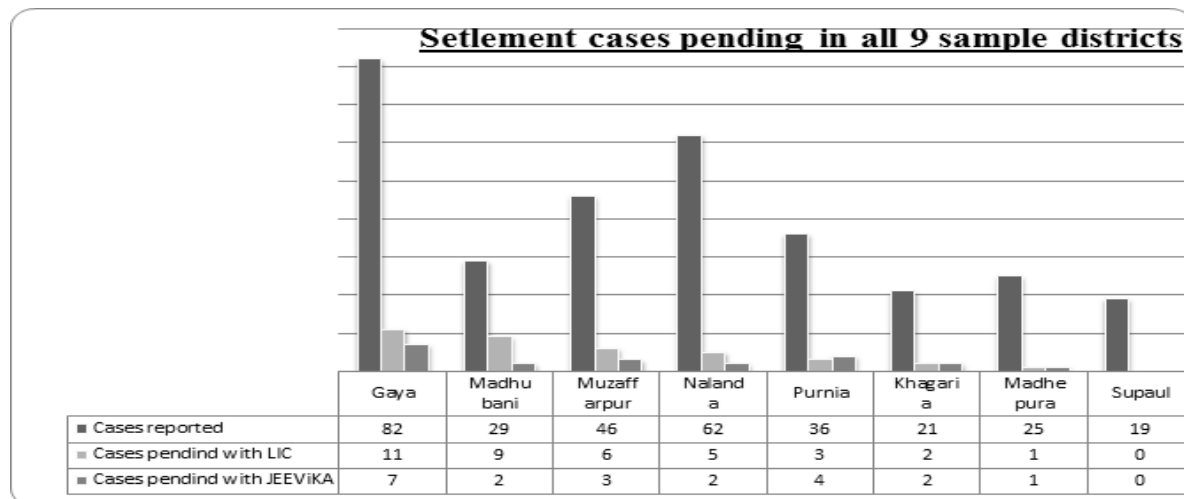
Claim settlement cases pending is ranging in between 0% to 22%. The figures are quite encouraging. In all six old districts, the

average claim settlement pending percentage is 21.5% while in all new districts, the average reporting percentage is the average claim

settlement pending percentage is almost 100%. Only Madhepura is an exception in new districts. The grand success of all old districts

is due to the availability of strong follow-up processes. Break-up of case settled in all nine districts is given in the fig. 6.

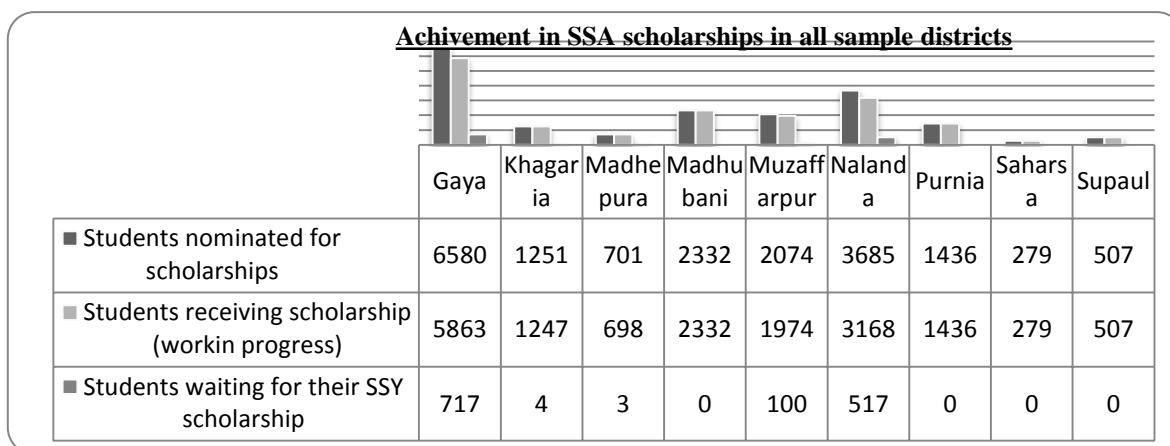
Figure 6 –Settlement cases pending in sample districts



Another component of AABY is Sarv Shiksha Abhiyan (SSA)scholarships. Achievement in this category in all sample districts is quite brighter (ranging between 86% to 100%). Achievement in six districts is 100%. Pending percentage is

only 5% to 14%. The grand success of all old districts is due to the awareness creation at community level. Break-up of SSA scholarships in all nine districts is given in the fig. 7.

Figure 7 – Achievement in SSA scholarships in all sample districts



**Conclusion**

In a state like Bihar where basic infrastructure for marketing products in rural areas is almost unavailable, such model of collaboration between a strengthen community model and a lead taking agency can create a footstep to be followed for all needy areas of our country. The effort put in constructing a robust structure in the period of April 2012 till date has brought considerable

changes in the domain of Micro Insurance. The impact of the entire intervention has brought the services to the doorsteps of the poor households who previously had been excluded from such facilities. The means of including the underprivileged in this non prioritized area once again validates the concept of *fortune lying at the bottom of the pyramid*. In this study, a futuristic

angle of leveraging external support can be availed. The approach of the exploration can be done through pilot exercises in the established models of other states. This assessment would help in understanding the service predictability of the external agencies. If the services percolate down to the poorest strata in the expected manner, it would open floodgates for much exploration. The pilot approach opens possibility

of ample improvement in the process. The existing framework that has been developed leaves much room for partner agencies to get studies done and hence increasing potential for tie-ups with parallel processes.

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# A STUDY OF FINANCIAL INCLUSION PLAN & ITS IMPLEMENTATION IN UNBANKED AREA OF INDIA: AN OVERVIEW

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## Abstract

The term "financial inclusion" has gained importance since the early 2000s, a result of findings about financial exclusion and its direct correlation to poverty. The Reserve Bank has been encouraging banks to adopt a structured and planned approach to financial inclusion with commitment at the highest levels by preparing board-approved FIPs. Out of 3,445 rural bank branches opened during 2014-15, 2,230 branches were opened in unbanked rural centers. Around 155 million Basic Savings Bank Deposit Accounts (BSBDAs) were added taking the total BSBDAs to 398 million. This includes 147 million accounts opened under PMJDY. With the addition of 2.6 million small farm sector credits (Kisan Credit Cards-KCCs) and 1.8 million small non-farms sector credits (General Credit Cards-GCCs), the total number of such accounts went up to nearly 42.5 million and 9.2 million respectively. This paper overlooks on a study of financial inclusion plan and its implementation in unbanked area of India.

**Keywords:** Financial Inclusion, financial exclusion, financial literacy, etc.

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## Introduction

The term "financial inclusion" has gained importance since the early 2000s, a result of findings about financial exclusion and its direct correlation to poverty. So, financial inclusion is the concept related to financial services for rural or low income group people or vulnerable group of people of the society to improve their standard of living and to brought them in to flow of banking services through financial education and with providing basic banking facilities like saving, withdrawing, deposits, short term lending or credit facilities, money transfer, etc. it is cleared that the financial inclusion plan actively working in India, with the help of this plan the financial services include basic saving bank deposit, small credit, overdraft facility, Kisan credit card, General Credit Card, ICT A/c's, etc. provided to people from low income group by Indian banks, under the guidance of Reserve Bank of India. It is also seems that this activity under FIP dynamically growing during this five year period, but in case of last two year it tremendously increased and positive result of FIP seen in financial year 2013-2014 and 2014-2015.

## Definition

"Basic banking services provide to those people, who are belongs to low income group or disadvantage group at affordable cost for the purpose to financially empowered them and it is called financial inclusion"

## Dr. C. Rangarajan committee on financial inclusion defines it as:

"Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost."

"Financial inclusion is the delivery of financial services & products to sections of disadvantaged and low income segments of society, at an affordable cost in a fair and transparent manner by regulated mainstream institutional players". From the above definition it is clear that financial inclusion is the concept related to basic financial services or banking services provide to illiterate people, people from low income group or disadvantage group of society at very low cost for elimination of poverty and brought them into the mainstream of the society.

### Objectives of Financial Inclusion

Banking services provide to those people, who are belongs to low income group or disadvantage group of large segment of society, at affordable cost for the purpose elimination of poverty and financially empowered them,

Financial Inclusion is to extend financial services to the large hitherto un-served population of the country to unlock its growth potential. In addition, it strives towards a more inclusive growth by making financing available to the poor in particular.

### Importance of the Study:

The term of "Financial Inclusion" is related basic banking services available for poor people or people form vulnerable group. India is the country of rural area, larger section of population living in rural area and most of them living in below poverty line, they are not assured about earned fixed income for day to day living and to maintain basic standard of living. So this paper basically overlook on Financial Inclusion Plan and its implementation in unbanked area of India to make financial empowered people of rural India or the people of vulnerable group.

### Objectives of this Study

1. To study the importance of financial inclusion plan in unbanked area
2. To study the role of Reserve Bank of India in FIP in unbanked area
3. To Study the implementation of FIP in unbanked area

### Hypothesis of this Paper

1. Financial Inclusion plan really worked in unbanked area of India to improve standard of living of people of vulnerable group

### Role of Reserve Bank of India in Financial Inclusion Plan

On 1<sup>st</sup> April, 2015, Reserve Bank India celebrated 80<sup>th</sup> Anniversary of establishment, on the this occasion RBI set a theme **RBI@80** to enhanced financial inclusion plan in unbanked area of India. In the financial Year 2012-2013 Government of India and Reserve Bank of India set target to open a bank branches in an every village, which covered with 2000 population. With this target

Government of India and Reserve Bank of India achieved a target of 490000 unbanked villages out of 650000 villages (approx..) in India up to the year of 2014-2015.

### Financial inclusion

Roadmap for Provision of Banking Facilities in Unbanked Villages with Population less than 2,000. The Reserve Bank continued with its efforts to ensure extension of banking facilities to all unbanked villages. For this, about 490,000 unbanked villages with population less than 2,000 were identified and allotted to banks for coverage under the ongoing Phase-II of the roadmap. At end-March 2015, as reported by State Level Bankers Committees (SLBCs), 390,387 villages were covered by 14,207 branches, 357,856 business correspondents (BCs) and 18,324 other modes, such as automated teller machines (ATMs) and mobile vans. In view of the ongoing implementation of PMJDY, banks were advised to complete Phase-II coverage by August 14, 2015 instead of March 31, 2016 as prescribed earlier.

### Financial Inclusion Plan (FIP)

The Reserve Bank has been encouraging banks to adopt a structured and planned approach to financial inclusion with commitment at the highest levels by preparing board-approved FIPs. Out of 3,445 rural bank branches opened during 2014-15, 2,230 branches were opened in unbanked rural centers. Around 155 million Basic Savings Bank Deposit Accounts (BSBDAs) were added taking the total BSBDAs to 398 million. This includes 147 million accounts opened under PMJDY. With the addition of 2.6 million small farm sector credits (Kisan Credit Cards-KCCs) and 1.8 million small non-farms sector credits (General Credit Cards-GCCs), the total number of such accounts went up to nearly 42.5 million and 9.2 million respectively.

### Pradhan Mantri Jan Dhan Yojana (PMJDY)

The Government of India launched PMJDY on August 28, 2014, for extending formal financial services to the excluded population. The major features of the scheme include: (i) the facility to open a basic saving bank deposit (BSBD) account in any bank branch or BC outlet; (ii) accidental insurance cover ( ₹ 0.1

million) and life insurance cover (₹ 30,000); and (iii) an overdraft (OD) facility after satisfactory operation of the account for six months. Since the inception of the scheme, 165.7 million accounts had been opened by June 30, 2015. The Government of India has initiated routing of subsidy payments and also introduced insurance and pension products for BSBD account holders including for those accounts opened under PMJDY. To ensure increased activity in these accounts, the efforts that needed to be taken include: (i) rolling out direct benefit transfer (DBT) for all Central and State Government payments; (ii) offering appropriate credit products (farm and non-farm sector) after due diligence; (iii) strengthening the BC network; and (iv) increasing awareness through financial literacy initiatives. Reflecting the focus of the Reserve Bank on financial inclusion, the 80<sup>th</sup> anniversary celebrations of the Reserve Bank were held in Mumbai on April 2, 2015, with

financial inclusion as the central theme

### **Financial Literacy Camps**

Apart from direct initiatives, the Reserve Bank's efforts to expand financial literacy is channeled through banks. In terms of current instructions, financial literacy centers (FLCs) and rural branches of banks are required to conduct financial literacy camps at least once a month with focus on financially excluded people. Additionally, banks are encouraged to conduct such camps in unbanked locations. As at end March 2015, 1,181 FLCs were operational in the country, up from 942 as at end March 2014. During the period April 2014 to March 2015, financial literacy camps were conducted by 32,509 rural branches of banks and 1.4 million and 5.7 million participants opened accounts in the camps organized by the FLCs and rural branches of banks, respectively (Table I and II).

**Table I : Activities Undertaken by Financial Literacy Centers**

Particulars	2013-14 (April-March)	2014-15# (April-March)
1	2	3
No. of operational FLCs	942	1,181
No. of activities conducted*	56,985	84,089
Total no. of participants*	3,826,068	5,238,358
No. of participants opened accounts after attending the camps	NA	1,442,546
No. of participants already having accounts while attending camps	NA	2,890,204

\*: Includes both outdoor and indoor activities. However, indoor activities have been discontinued w.e.f. April 2014. NA: Not available. #: Provisional.

**Table II: Activities Undertaken by Rural Branches(\*Provisional)**

Particulars	2014-15*
1	2
No. of Rural branches	52,934
No. of Rural branches conducted camps	32,509
No. of camps conducted	306,188
Total no. of participants	14,826,647
No. of participants opened accounts after attending the camp	5,657,092
No. of participants already having accounts while attending camps	6,686,518

### ***Constraints in Financial Inclusion***

Though the initiative under financial inclusion has led to opening of large number of basic bank accounts of people from the excluded segment, the effort for ensuring that these accounts remain operational has to continue. This is possible if all government payments are routed through the banking channel. A step ahead will be to remunerate banks appropriately for routing these transactions through the banking channel. In addition, since the last mile delivery of all banking services is expected to be done mostly through the large BC network created across the country, it is necessary to ensure that appropriate control system for oversight over BC operations is provided by banks. The success of the Information and Communication Technology based BC model critically depends upon the availability of proper network connectivity across the country.

### ***Simplifying Credit Dispensation***

SCBs have been advised to dispense with no due certificate from individual borrowers (including SHGs and JLGs) for all types of loans, irrespective of the amount involved. Banks have been encouraged to use an alternative framework of due diligence for credit appraisal, which could consist of one or more of the following:

- a. Credit history check through credit information companies;
- b. Self-declaration or an affidavit from the borrower;
- c. Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) registration;
- d. peer monitoring;

- e. information sharing among lenders; and ,
- f. information search (writing to other lenders with an auto deadline).

Going forward, the mechanism for issue of Priority Sector Lending Certificates (PSLCs) will be made operational. This will provide banks with an instrument to aid them in priority sector target achievement and allow leveraging of their comparative advantage in lending to the priority sector. To work out a medium-term (five year) measureable action plan for financial inclusion, the Reserve Bank has constituted a Committee on Medium-term Path on Financial Inclusion (Chairman: Shri Deepak Mohanty). Studies will be conducted to assess the efficacy of existing schemes on lead bank, credit guarantee trust for micro and small enterprises (CGTMSE), KCC, SHG - bank linkage and the BC model.

Operationalization of TReDS, which has been conceptualized as an authorized electronic platform to facilitate discounting of invoices/bills of exchange of MSMEs, will be taken up during the course of the year. In pursuance of the objective of fostering a conducive policy environment for the MSME sector, there will be continuous monitoring of banks' efforts towards nursing and rehabilitation of MSME units, collation and analysis of data on credit flow and sickness in such units. With a view to developing 'entrepreneurial sensitivity' and improving the skills of dealing functionaries of banks, the Reserve Bank proposes to roll out a national capacity building programme. This is expected to help the functionaries understand the genuine credit needs of MSME entrepreneurs and provide timely response.

**Table III: Financial Inclusion Plan-Summary Progress of All Banks Including RRBs**

Particulars	Year ended	Year ended	Year ended	Progress
	March 2010	March 2014	March 2015	April 2014 – Mar 2015
1	2	3	4	5
Banking Outlets in Villages - Branches	33,378	46,126	49,571	3,445
Banking Outlets in Villages – Branchless mode	34,316	337,678	504,142	166,464
Banking Outlets in Villages - Total	67,694	383,804	553,713	169,909
Urban Locations covered through BCs	447	60,730	96,847	36,117
Basic Savings Bank Deposit A/c through branches (No. in million)	60.2	126.0	210.3	84.3
Basic Savings Bank Deposit A/c through branches (Amt. in ` billion)	44.3	273.3	365.0	91.7
Basic Savings Bank Deposit A/c through BCs (No. in million)	13.3	116.9	187.8	70.9
Basic Savings Bank Deposit A/c through BCs (Amt. in ` billion)	10.7	39.0	74.6	35.6
BSBDAs Total (No. in million)	73.5	243.0	398.1	155.1
BSBDAs Total (Amt. in ` billion)	55	312.3	439.5	127.3
OD facility availed in BSBDAs (No. in million)	0.2	5.9	7.6	1.7
OD facility availed in BSBDAs (Amt. in ` billion)	0.1	16.0	19.9	3.9
KCCs (No. in million)	24.3	39.9	42.5	2.6
KCCs (Amt. in ` billion)	1,240.1	3,684.5	4,382.3	697.8
GCC (No. in million)	1.4	7.4	9.2	1.8
GCC (Amt. in ` billion)	35.1	1,096.9	1,301.6	204.7
ICT A/Cs BC Transaction (No. in million)*	26.5	328.6	477.0	477.0
ICT A/Cs BC Transactions (Amt. in ` billion)*	6.9	524.4	859.8	859.8

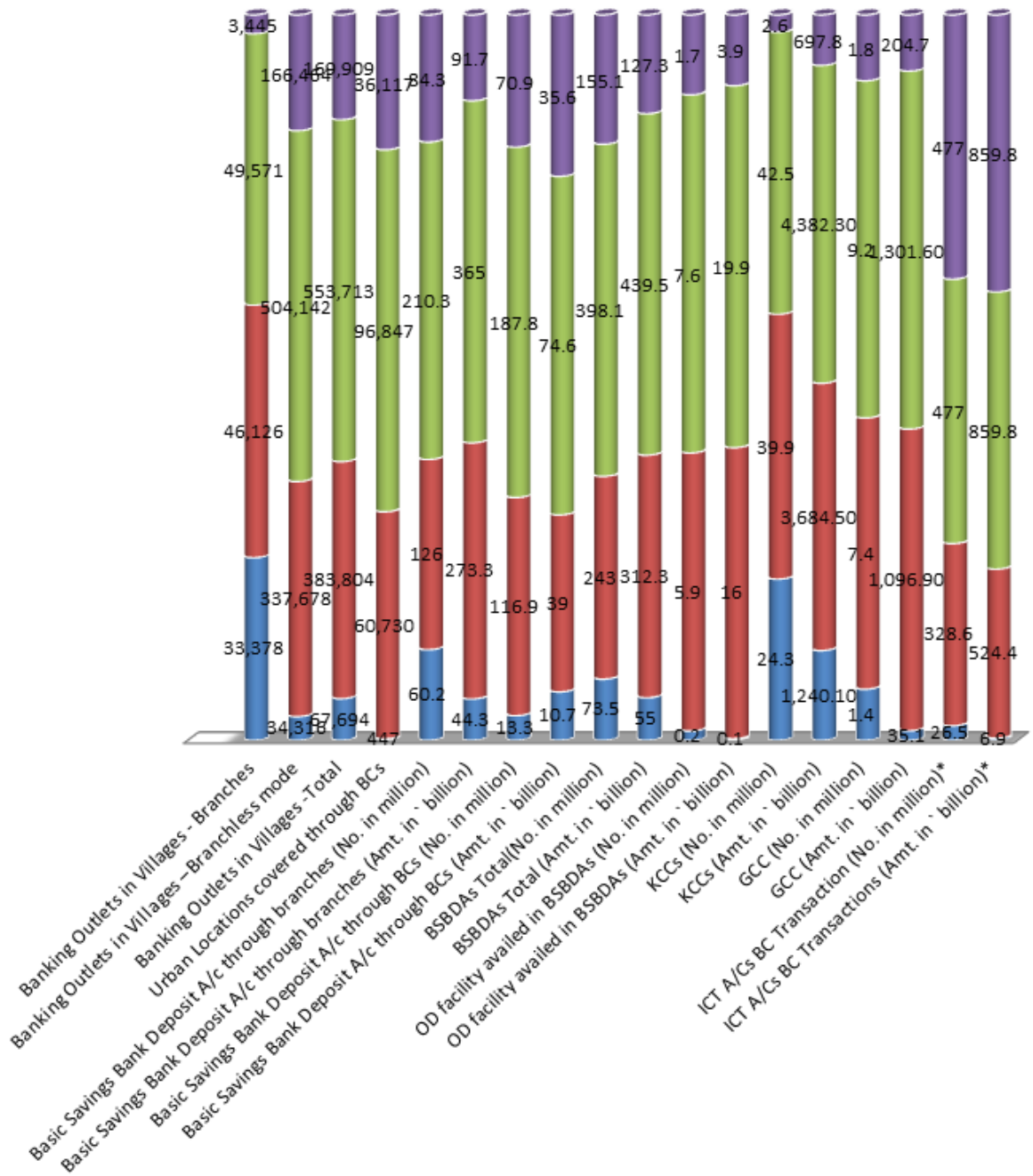
\*: During the financial year.

Source: RBI Report on FI



**Financial Inclusion Plan-Summary Progress of All Banks Including RRBs**

■ Year ended Mar-10 ■ Year ended Mar-14 ■ Year ended Mar-15 ■ Progress April 2014 - Mar-15



### Data Analysis & Discussion

Above table shows the Financial Inclusion Plan-Summary Progress of All Banks Including RRBs from March, 2010 to March, 2015. It is observed that during this five years FIP working very actively and specially in during last two years FIP reaching outskirts area of India to provide basic banking services to people of vulnerable group belongs from urban and rural area. From the above table it is found that...

- I. The no. of total banking outlets in villages is increased from 67694 (March, 2010) to 553712 (March, 2015). So, it is found that no. of outlets in villages increased by 820% (approximate) during last five years.
- II. The no. of business correspondents (BCs) covered urban locations from 447 (March, 2010) to 96847 (March, 2015). It is found that it is increased by 21666% during this period and during last two years 2013-14 and 2014-15 it is increased by 160%.
- III. Total no. of Basic Saving Bank Deposit A/c's through bank branched increased by 349.33% (in million).
- IV. Total amount collection through Basic Saving Bank Deposit A/c's through branches is increased by 824% (Rupees in Billion).
- V. Total no. of Basic Saving Bank Deposit A/c's through BCs increased by 1412% (in million).
- VI. Total amount collection through Basic Saving Bank Deposit A/c's through BCs is increased by 697% (Rupees in Billion).
- VII. Total no. of Basic Saving Bank Deposit A/c's through bank branches and business correspondents increased by 541.63% (in million).
- VIII. Total amount collection through Basic Saving Bank Deposit A/c's through bank branches and business correspondents is increased by 799.09% (Rupees in Billion).
- IX. The Overdraft facility available on 02 million up to March, 2010 and up to March, 2015 1.7 million BSBDA's. So, it is increased by 11.76%.
- X. The amount delivered through overdraft facility availed Rs. 0.1 (Billion) up to March, 2010 and up to March, 2015 Rs.

3.9 (Billion). So, amount delivered through OD's increase by 3900% during this five year period.

- XI. 24.3 million Kisan Credit Cards issued through this BSBDA's up to March, 2010 and 42.5 million KCC's up to March, 2015. So, it is cleared that, the total no. of KCC's is increased by 174.89 during this period.
- XII. The total amount distributed through Kisan Credit Cards'-KCC's Rs. 1240.10 billion up to March, 2010 and Rs. 4382.30 billion up to March, 2015. So, it is found that the amount distributed through KCC's is increased by 353.38%.
- XIII. 1.4 million General Credit Cards issued through this BSBDA's up to March, 2010 and 9.2 million GCC's up to March, 2015. So, it is cleared that, the total no. of GCC's is increased by 657.14% during this period.
- XIV. The total amount distributed through General Credit Cards'-GCC's Rs. 35.10 billion up to March, 2010 and Rs. 1301.60 billion up to March, 2015. So, it is found that the amount distributed through GCC's is increased by 3708.26%.
- XV. The ICT A/Cs BC Transaction has 26.5 million up to March, 2010 and 477.0 million up to March, 2015, so it is cleared that, this transaction increased by 1800% during this five year period.
- XVI. The total amount collected Rs. 6.9 billion up to March, 2010 and Rs. 859.80 billion up to March, 2015. So, it is found that the total amount collected increased by 12460.87% during this period.

From the above analysis and discussion, it is cleared that the financial inclusion plan actively working in India, with the help of this plan the financial services include basic saving bank deposit, small credit, overdraft facility, Kisan credit card, General Credit Card, ICT A/c's, etc. provided to people from low income group by Indian banks, under the guidance of Reserve Bank of India. It is also seems that this activity under FIP dynamically growing during this five year period, but in case of last two year it tremendously increased and positive result of FIP seen in financial year 2013-2014 and 2014-2015.

### Conclusion

The Reserve Bank has been encouraging banks to adopt a structured and planned approach to financial inclusion with commitment at the highest levels by preparing board-approved FIPs. Out of 3,445 rural bank branches opened during 2014-15, 2,230 branches were opened in unbanked rural centers. Around 155 million Basic Savings Bank Deposit Accounts (BSBDAs) were added taking the total BSBDAs to 398 million. This includes 147 million accounts opened under PMJDY. With the addition of 2.6 million small farm sector credits (Kisan Credit Cards-KCCs) and 1.8 million small non-farms sector credits (General Credit Cards-GCCs), the total number of such accounts went up to nearly 42.5 million and 9.2 million respectively.

The Reserve Bank continued with its efforts to ensure extension of banking facilities to all unbanked villages. For this, about 490,000 unbanked villages with population less than 2,000 were identified and allotted to banks for coverage under the ongoing Phase-II of the roadmap. At end-March 2015, as reported by State Level Bankers Committees (SLBCs), 390,387 villages were covered by 14,207 branches, 357,856 business correspondents (BCs) and 18,324 other modes, such as automated teller machines (ATMs) and mobile vans. In view of the ongoing implementation of PMJDY, banks were advised to complete Phase-II coverage by August 14, 2015 instead of March 31, 2016 as prescribed earlier.

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## KNOWLEDGE PROCESS OUTSOURCING IN INDIA

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### *Abstract*

The evolution and maturity of the Indian BPO sector has given birth to yet another wave in the global outsourcing scene: Knowledge process outsourcing. The success in outsourcing business process operations to India has encouraged many firms to start outsourcing their high-end knowledge work as well. Cost savings, operational efficiencies, access to a highly talented workforce and improved quality are all underlying expectations in off shoring high-end processes to India. The countries, which have established the greatest number of knowledge process outsourcing firms, are India, Philippines and China. These countries possess extensive knowledge banks and enough professionals in different fields for fulfilling the knowledge process needs of businesses in the USA. The work of knowledge process outsourcing firms requires profound analytical and highly specialized skills. KPO is a form of outsourcing in which knowledge-related and information-related work is carried out by workers in a different company or by a subsidiary of the same organization, which may be in the same country or in an offshore location to save cost. Unlike the outsourcing of manufacturing, this typically involves high-value work carried out by highly skilled staff. KPO firms, in addition to providing expertise in the processes themselves, often make many low level business decisions - typically those that are easily undone if they conflict with higher-level business plans. This paper covers the various aspects of KPO and a small attempt to unlocking top line growth by outsourcing the "the core".

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### **Introduction:**

Service Sector in India today accounts for more than half of India's GDP. The fact that the service sector now accounts for more than half the GDP marks a watershed in the evolution of the Indian economy and takes it closer to the fundamentals of a developed economy. Services or the "*tertiary sector*" of the economy covers a wide gamut of activities like trading, banking & finance, infotainment, real estate, transportation, security, management & technical consultancy among several others. There was marked acceleration in services sector growth in the eighties and nineties, especially in the nineties. While the share of services in India's GDP increased by 21 per cent points in the 50 years between 1950 and 2000, nearly 40 per cent of that increase was concentrated in the nineties. While almost all service sectors participated in this boom, growth was fastest in communications, banking, hotels and restaurants, community services, trade and business services. One of the reasons for the sudden growth in the services sector in India in the nineties was the **liberalization** in the

regulatory framework that gave rise to innovation and higher exports from the services sector. The boom in the services sector has been relatively "jobless". The rise in services share in GDP has not accompanied by proportionate increase in the sector's share of national employment. Some economists have also cautioned that service sector growth must be supported by proportionate growth of the industrial sector; otherwise the service sector growth will not be sustainable.

*In the current economic scenario it looks that the boom in the services sector is here to stay as India is fast emerging as global services hub.*

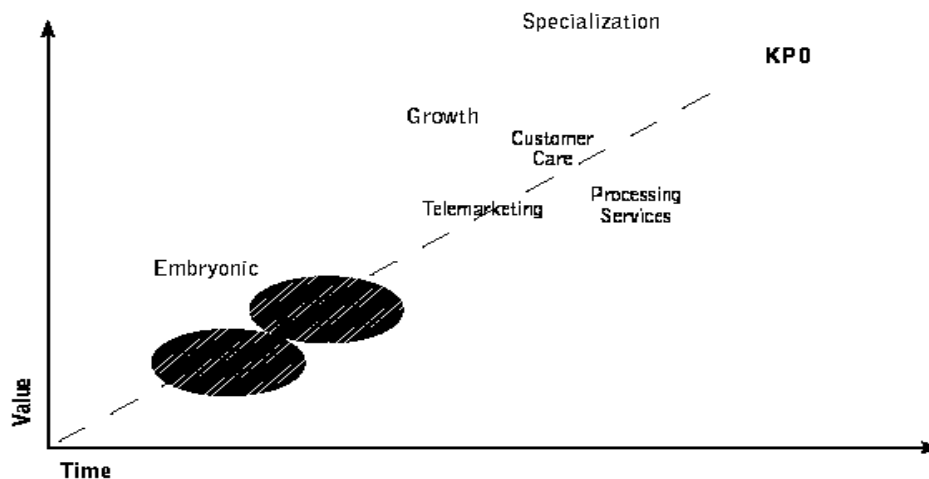
**Objectives** -The basic objective of this paper is to cover the various aspects of KPO and how a need to survive is and helps in emerging as a winner in the long run. This study is a small attempt to unlocking top line growth by outsourcing the "the core".

**Knowledge Process Outsourcing: The Concept-** Knowledge Process Outsourcing is the new buzzword. That is where the action will be in the next ten years. Knowledge process outsourcing (KPO) is the allocation of relatively high-level tasks to an outside organization or a different group in a different geographic location. Examples of KPO include long-term jobs for intellectual, analytical and knowledgeable people within industries such as research and development, financial consultancy and services, business and technical analysis and many others. Knowledge process can be defined as high added value processes chain where the achievement of objectives is highly dependent on the skills, domain knowledge and experience of the people carrying out the activity. And when this activity gets outsourced a new business activity emerges, which is generally known as Knowledge Process Outsourcing. Knowledge Processing Outsourcing (popularly known as a KPO), calls for the application of specialized domain

pertinent knowledge of a high level. The KPO typically involves a component of Business Processing Outsourcing (BPO), Research Process Outsourcing (RPO) and Analysis Proves Outsourcing (APO). KPO business entities provide typical domain-based processes, advanced analytical skills and business expertise, rather than just process expertise. KPO Industry is handling more amount of high skilled work other than the BPO Industry. While KPO derives its strength from the depth of knowledge, experience and judgment factor; BPO in contrast is more about size, volume and efficiency. KPO has developed two years back to encircle several specialist areas that were initially forbidden for offshoring. Take for instance, it has develop a legal outsourcing firm which employ lawyers; a pharma R&D outsourcing company which recruits doctors, PhDs in life sciences and an auto engineering outsourcing firm which requires engineers with CAD/CAM expertise.

**Fig 1. Evolution of KPO**

**Graph 1: Evolution of KPO**



Source: Equinix Corporation

According to a Confederation of Indian Industry (CII) study, KPO will grow at a compounded annual growth rate of 46% to be worth \$20 billion by 2017, of which \$12 billion will be outsourced to India.

India, however, remains the proven and favored destination, way ahead of other

competitors in most areas, especially financial research, legal and healthcare/pharma research. The reasons that usually influence buyers' decisions regarding choice of destination are:

\* Availability of qualified manpower

- \* Political stability
- \* Infrastructure
- \* IPR/Data security issues
- \* Communication skills
- \* Lower wages
- \* Proven delivery capabilities

Industry now needs to take significant initiatives to cope up with the shortage of quality supply of professionals and have to ensure strong training methodologies for their recruits too. Issues of upgrading data security and patent infringement are need to be addressed more proactively, when you are doing more complex jobs as billing rates also get higher simultaneously. The onus lies on the industry to yield weighs even more heavily as there is positive buildup and expectations from India in the KPO space. Entrance in KPO is not a deal, but to survive and emerge as a winner will set apart the stronger players in the long run. For every single large KPO player, there are estimated 10 small players offering similar services generally at lower billing rates. High degrees of specialization and innumerable niches will let even relatively small firms to persist profitably and create a large pool of acquisition targets. So, even as consolidation picks up the pace, the explosion of new service providers will create further fragmentation. The practice of off shoring (or outsourcing, as the trend is more commonly known) has gained considerable momentum over the past years, and there is little doubt that it is here to stay. But even as it benefits the business interests of companies, many still believe that outsourcing is detrimental to western economies, not least because the creation of jobs in countries where labor is cheap is perceived to come at the expense of western workers. Releasing the report "Knowledge Process Outsourcing (KPO): Unlocking top-line growth by outsourcing 'the core,'" during an outsourcing industry event organized by Nasscom in Mumbai, Edgido Zarrella, global partner-in-charge, IT advisory, KPMG, said that KPO, which is seen as the third generation of the outsourcing process, is fast becoming a mainstream outsourcing option and has "come of age."

**India's Intellectual Potential** The myth that Indian companies can only provide "software coolies" is soon changing to the reality of

Indian companies being capable of almost anything, even rocket science! India has a large pool of knowledge workers in various sectors ranging from Pharmacy, Medicine, Law, Biotechnology, Education & Training, Engineering, Analytics, Design & Animation, Research & Development, Paralegal Content and even Intelligence services. India is the first choice amongst the overseas companies that are looking to offshore their business. India has largest pool of manpower, which is capable of efficiently serving the KPO industry. The country produces more than 3 Million graduates annually. India enjoys the 2nd biggest reservoir of scientists, managers, and engineers in the world. It's also expected that India will achieve tremendous growth rate in the technically advanced segments of KPO industry. The R&D in pharma/medical along with data & market research is expected to make up 50% of the total KPO business in India.

There are four different types of vendors:

- BPO companies venturing into the KPO services domain
- Individual companies providing specialized services locally and globally
- Highly specialized groups of individuals offering specialized services to global markets
- Individuals providing their services inputs

*Top KPO companies are*

- Genpact,
- Evalueserve,
- Ugam Solutions,
- WNS,
- 24/7 Customer

KPO is a new sector that promises to provide long-term jobs for intellectual, analytical and knowledgeable people with a pay scale much higher than the BPO sector. KPO is about "Intellectual arbitrage". This differentiates KPO from IT outsourcing (ITO) or Business Process Outsourcing (BPO), both of which emphasize cost arbitrage. KPO is characterized by niche offerings, highly skilled staff and relatively small scale. It cuts into the traditional 'core competencies' of many organizations. The progression of the more

promising KPO industry will be parallel to IT industry. The four phases which cover the commonalities in both the industries

- The appearance of Western captives.
- The mounting of Indian firms.
- The growth of Indian firms.
- The Indian firms exceed captives.

Nevertheless, the elementary differences between both the models are still enduring. At the same time, as the majority of IT firms get dealing from the bigger projects, KPOs are catering to the small and medium ventures (SMEs). Furthermore as SMEs are much more in figures, the growth potential is also higher in relation to IT industry. KPO service providers are expected to amplify their ability by 55%, whereas the capacity in the captives may possibly be increase by 45%. Particularly in the case of SMEs, rather than setting up of the captives, the share of companies is commencing to work with the Indian companies. The positive aspect is that in order to propose their services in manifold languages, KPO vendors are now escalating their functions in Latin America and China. Above all, along with the outsized firms which have captives, an additional trend that can come forward is twofold-sourcing (outsourcing their work to their captive and external vendors). As nearly all of the 5,000 global companies is going to have the distinct policy and are intended for implementing their off shoring strategies at some point. So, SMEs will be the KPO industry's key growth driver consequently. Nonetheless, in favor of representing about half of the private-sector employment, there are about five million SMEs in US, one million in UK and about four million in continental Europe. In case of language-sensitive work, due to the inadequate aptitude in non-English KPO solutions, European SMEs are going to face the poorer growth. Yet pretending the extremely small engagement sizes, the multiplier are so hefty that KPOs work will be surpassed by SMEs from 5,000 global companies. KPO players are now turning to Tier-II cities such as Jaipur, Chandigarh and Pune and create endless area for businesses to explore. Also create lakhs of jobs for engineers, MBAs, doctors, lawyers and other professionals. Following are some KPO services that can be outsourced to India:

- Research & Development
- Business and Technical Analysis
- Learning Solutions
- Animation & Design
- Business & Market Research
- Pharmaceuticals and Biotechnology
- Medical Services
- Writing & Content Development
- Legal Services
- Intellectual Property (IP) Research
- Data Analytics
- Network Management
- Training & Consultancy

The major benefits of the **KPO outsourcing services** are:

- Cost reductions.
- Standard operational efficiency.
- Expert man-power.
- Time Saving.
- Profit Increments.
- Large Manpower without Raising cost.

#### **The challenges in KPO**

The biggest challenge for Indian firms is the fact that KPO really represents high end consulting and not just cheap labor outsourcing. A client in KPO will not look at dollar figures but will be mainly concerned with quality of services. That is where Indian companies may fail. KPO delivers high value to organizations by providing domain-based processes and business expertise rather than just process expertise. These processes demand advanced analytical and specialized skill of knowledge workers that have domain experience to their credit. Therefore outsourcing of knowledge processes face more challenges than BPO (Business Process Outsourcing). Firstly, India's industry competitiveness is on the decline following the appreciation of the Indian rupee against the US dollar. Secondly, there are apparent shortcomings in the KPO providers' legal and compliance departments that could place valuable intellectual property at risk. Thirdly, KPMG foresees an escalating battle for talent in the KPO market due to the highly specialist skills which it offers. And, to overcome high attrition rates, KPO providers need to quickly adopt recruitment and retention strategies to

attract and keep staff with the required qualification and skill sets. Some of the challenges involved in KPO will be:

- Maintaining higher quality standards,
- Investment in KPO infrastructure,
- Requirement of higher level of control,
- Confidentiality and enhanced risk management.
- Meeting demand for highly trained, well-educated workers
  - Top institutes in India produce low % of graduates
  - Some primary education falls short of standards
- Resistance of BPO shops to adopt new strategies
- Attrition due to high demand for skilled labor

Comparing these challenges with the Indian IT and ITES service providers, it is not surprising that India has been ranked the most preferred KPO outsourcing destination owing to the country's large talent pool, quality IT training, friendly government policies and low labor costs.

***India is well equipped to meet this emerging sector's challenges and all set to be the global KPO hub.***

According to the Ministry of Communication and Information Technology, apart from skilled and cost-effective manpower, a man who knows vernacular of languages can help the country to emerge as the next biggest KPO destination globally. A special report of the Ministry declared that the BPO sector had been ruling over for the past few years but Knowledge Process Outsourcing (KPO), which may be called the highest level of the BPO, was still at the beginning stage of development in India.

India would be capable of adding value to the global KPO businesses and to its high-end processes through the large pool of skilled manpower, as in, chartered accountants, doctors, MBAs, lawyers and research analysis. The development of KPO market would guarantee very high-value services in off-shoring, which would help the Indian market in ascending to the chain of

global value and knowledge with marginal revenue as compared to BPO units. Nevertheless, this report added that India might lose its cost profit because countries like Ukraine, Hungary, Belgium, the Czech Republic and the Philippines has put forward BPO services at a very lower rates. According to the IT department, the movement from BPO to KPO could be comparatively smooth because the IT-ITES companies are very well established and moreover because of India's attractiveness as an investment destination. Since, there is a brain-drain-of-role-reversal of the global sourcing model; Indian origin now provokes people to work in their own country. In addition to the direct positive impact on national income and employment generation, the sector will be expanding various ancillary industries, will initiate a rise in direct-tax collections and will urge for an augmentation in consumer spending.

#### **Scope and Future of KPO**

According to a report of *National Association of Software and Services Companies* (NASSCOM), the Indian chamber of commerce that serves as an interface to the Indian Software industry, Knowledge Process Outsourcing industry (KPO) is expected to reach USD 20 billion by 2017, of which USD 12 billion would be outsourced to India. Another report predicts that India will capture more than 70 percent of the KPO sector by 2016. Apart from India, countries such as Russia, China, the Czech Republic, Ireland, and Israel are also expected to join the KPO industry.

#### **Conclusion**

In India even after independence there was less progress notable in the area of Intellectual Property Right protection. India government awakes only after the TRIPS agreement and in contrast passed several new acts and amendments to existing laws to ensure better protection to the indigenous knowledge and inventor's intellect. A lot of activity was witnessed thereafter in this area to explore new possibilities and opportunities for the industries. The well-organized BPO industries in India, inspired many foreign based Indian to start their own business to outsource knowledge. This knowledge Process



Outsourcing (KPO) has its roots during 1999 and presently there are more than a dozen of small KPO firms. Cost savings, operational efficiencies, access to a highly talented workforce and improved quality are all underlying expectations in off shoring high-end processes to India. India has a large pool of knowledge workers in various sectors of science and technology. This talent is being tapped by leading businesses across the globe resulting in the outsourcing of high-end processes to low-wage destinations. Hence KPO involves off shoring of knowledge intensive business processes that require specialized domain expertise.

With worldwide outsourcing spending increasing through 2015 after a lull, Indian outsourcing industry too is set to grow. Emerging trends such as the cloud, mobility, or data analytics are being incorporated into IT as a service—providing a level playing field for businesses of all sizes. Indian government **IT spending will total \$7.2 billion** in 2015, according to Gartner. This will translate into accelerated broadband penetration in tier 1 and 2 cities, digitization of core government processes, and cloud initiatives etc—providing a **conducive environment** for BPOs. **Cloud adoption is being viewed as an imperative strategic differentiator** in terms of performance, cost, and scalability. Cloud facilitates operational efficiencies by centralizing information, accelerates innovation in products, and improves customer communication and after sales service. According to Gartner, public cloud services revenues in India will go up to \$838 million by 2015, a 33% increase over 2014. **KPO industry seems set for a steep growth.** NASSCOM predicts that India will hold 70% of the global KPO industry in 2015. Business processes such as research and analytic in market, pharma, legal, and financial domains, content, and intellectual property are experiencing a spurt in outsourcing. Skilled professionals, competitive rates, and high-end delivery platforms will contribute to an

exponential growth in KPOs. **Analytics and big data** will continue to impact business operations and strategies. A NASSCOM and CRISIL report pegs Indian industry in Big Data around \$1 billion by 2015. Leveraging retail and financial data through web and social networks, industry players will effectively address customer issues, personalize services. So we can say that, Indian industry needs to tone up itself by moving up in the value chain besides augmenting human resources and domain knowledge

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## AN APPRAISAL OF PARADIGM SHIFT FROM TRANSACTIONAL MARKETING TO RELATIONSHIP MARKETING: A CASE OF HOME APPLIANCES MARKET IN WEST BENGAL

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### Abstract

The 'Marketing Continuum' was first coined by Gronroos (1994, 1996). This marketing continuum itself represents a paradigm shift in marketing practices. The left end of this continuum refers to 'Transaction Marketing' orientation and the right end refers to 'Relationship Marketing' (RM) orientation. Transaction marketing orientation focuses on optimizing the economic gain in an exchange process between seller and buyer with an emphasis on competition, value to the firm, buyer passiveness, firms as focus control and short-term independent focus. On the other hand, relationship marketing focuses more on collaboration, co-operation, value in partnership, buyer as active participant, firm as part of the process, dependant and network-led long-term focus, people at the center of the social interaction, database marketing, interaction marketing and network marketing. In this light the present study will try to give a focus on different aspects of relationship marketing and will try to investigate the practices in the real marketing field. The study will further try to get the customers feedback in this particular aspect in some selected region of the state of West Bengal for home appliance category.

**Key Words:** Transaction marketing, Relationship Marketing, partnership, interaction marketing.

In 'transactional marketing' the basic objective of the marketer is to maximize the benefit received from each transaction with the help of key 'marketing mix' elements—viz. product, price, place and promotion. This 'marketing mix' concept was first introduced by Neil Borden in 1950s and this was soon labeled as the 4 Ps. 'Transactional marketing' do not consider customer satisfaction, or customer loyalty. On the other hand, the basic objective of 'relationship marketing' is to turn new customers into regular purchasing 'clients' and then convert them from strong supporters of the company to strong advocates and then an important referral source for the company. I.e. the main focus in relationship marketing is on customer retention and maximizing lifetime value of desired customer segments. The relationship marketing approach brings quality, customer service and marketing closely together. Relationship Marketing is a strategy used to learn more about customer's mood and behaviors in order to develop stronger relationship with them. Origin of the expression 'relationship marketing' can be found in the early 1980s. In 1983 Leonard L. Berry, distinguished professor of Marketing at Texas A&M University, coined the word

'Relationship Marketing' when he presented a paper entitled Relationship Marketing at the American Marketing Association's Services Marketing Conference. The paper was published in the conference proceedings and for the first time the phrase Relationship Marketing appeared in the Marketing literature. Theodore Levitt, in 1983, without using the term 'relationship marketing' in those exact words, stated that the objective of a business should not be limited to sales in itself but should also provide the greatest customer satisfaction, and customer satisfaction depends on how excellently the seller could manage the relationship (Levitt, 1983). Two years later, i.e. in 1985, in the context of a project, related to industrial marketing, Barbara Jackson uses the same expression of 'relationship marketing' in her book *'Winning and Keeping Industrial Customers'* as well as in an article published in *Harvard Business Review* in 1985. Another opinion is that Relationship marketing is a gradual extension of the "Nordic School" approach to services marketing and management (Gummesson, 1997). In this present study an attempt has been made to give a focus on the shift from transactional

marketing to relationship marketing and furthermore to compare these two ideas of marketing.

**Objective of the Study-** The basic objective of the study is to give a light on the journey of marketing practices from its transactional orientation to relationship orientation. It has tried to give a focus on different aspects of relationship marketing. The study further tried to get the customers feedback in this particular aspect in some selected region of the state of West Bengal for home appliance category in India.

**Research Methodology-** To attain the objective the study has taken the help of past literature as well as primary data. To get the picture of present relationship marketing practices of different home appliance manufacturer the help of different company websites has been taken. The study has tried to explore the customers' insight in the matter of present marketing practices with its relationship orientation. For this primary data has been collected from 200 households of some selected towns of North 24 pgs district of the state of West Bengal in India. Due to time constraints only few items in home appliance category has been considered: viz. Air Conditioner (A.C.), Kitchen Chimney, Vacuum Cleaner, Water Purifier, Inverter and Water Heater. A questionnaire has been framed which consists some close ended questions. The questions has been framed to know the technical competence of the installer of the home appliance, suitability of the skill of sales personnel with their job profile at show room, satisfaction level with the after sale service etc. Only those product categories in home appliances have been taken which are used by the respondents. And on the basis of the responses to the questions analysis has been done to reach to a conclusion about this movement of marketing practices.

**A Journey from Transactional Marketing to Relationship Marketing-** Around the beginning of 700 B. C. marketing thought was borne as a distinct discipline from economics (Carratu, 1987). The discipline gained momentum through the first three quarters of 20<sup>th</sup> century and has undergone a change in its orientation from transactions to relationship

(Kotler, 1990; Webster, 1992). Earlier the concept of 'marketing' was defined by American Marketing Association (AMA) as the process of satisfying individual and organizational goals through planning and executing the conception, pricing, promotion, and distribution of goods, ideas, and services. 2004 onwards AMA portrayed marketing as an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and all its stakeholders. Relationship marketing attempts to involve and integrate customers, suppliers and other infrastructural partners into a firm's marketing activities (McKenna 1991; Shani and Chalasani 1991). The purpose of relationship marketing is to enhance marketing productivity through achieving effectiveness and efficiency such as customer retention, efficient consumer response (ECR), and the sharing of resources between marketing partners (Sheth and Sisodia 1995). In transactional marketing the marketer believe that through competition, buyers can be offered a choice, and this choice of suppliers motivates marketers to create a higher value offering for their self-interest.

Studies on the movement of marketing concept from its transactional orientation to relational orientation usually divide the time frame into three phases—pre industrial marketing era, industrial marketing era and postindustrial marketing era. '*Pre-industrial society*' was basically agriculture based when the farmers use to sell their produced items directly in the bazaars. Consumers and producers use to gather together face-to-face for trading products which led to strong relationships between them and enabled the production of customized products with an objective of retaining customers, influencing repeat purchases, nurturing trust and facilitating future marketing. Direct interaction between the producers and consumers necessitated cooperation, reliance, and trust among marketing actors. Evidence suggests that these relationships sometimes continued for generations as producers and consumers trusted each other (Kingson, Hirshorn and Cornman 1986). '*Industrial Era*' was the era of mass production and mass consumption. In this phase the marketers began to adopt a more

transactional approach (Cundiff 1988). Mass production resulted in an increased inventory of finished products. And this inventory of unsold finished products gave rise to aggressive selling and the development of marketing institutions like wholesalers, distributors and other marketing intermediaries that were willing to bear the risks and costs of inventory ownership and storage on one side and helped in locating and persuading more buyers to purchase goods and services on the other hand through some modern marketing practices, such as sales, advertising and promotion, personal and impersonal demonstration of the selling 'force' to promote mass consumption. Although the orientation of the industrial era was largely transactional the STP (segmentation, targeting, positioning) concept gradually became important tools for marketing planning in this era. Brand marketing grew during this period. Marketers started to shift their focus from discrete, one time sales to ongoing, repeat-purchase possibilities. Administered vertical marketing systems, such as franchising and exclusive distribution rights, to extend company's representation beyond their own corporate limit, was initiated its journey during this period (McCammon, 1965).

*In the 'post-industrial era'*, with the advent of complex products (basically the capital equipments) the marketers started to realize the need to supplement a transaction-orientation with a customer relationship-orientation where sale of services are attached with the purchased item. Gradually this orientation began to extend to consumer packaged goods, as well as services (Shapiro and Posner 1979). The growth of relationship orientation of marketing in post-industrial era is the rebirth of direct marketing between producers and consumers. Five macro-environmental forces viz. (1) rapid technological advancements, especially in information technology; (ii) the adoption of total quality programs by companies; (iii) the growth of the service economy; (iv) organizational development processes leading to empowerment of individuals and teams; and (v) increase in competitive intensity leading to concern for customer retention were behind this rebirth of direct marketing between producers and consumers. The 'just in time' inventory system, made possible by the real

time transportation and communication systems, allowed a producer to eliminate the need for an intermediate inventory holding institutions (Sheth, Gardener and Garrett 1988). Another major force influenced the adoption of relationship marketing was the total quality movement that recently revolutionized industry's perspectives regarding quality and cost.

**Present Marketing Practices of the Home Appliance Manufacturers-** In these modern day world the companies have realized that adding a new customer into the company's existing customer list is comparatively expensive than keeping existing customer set. So, nowadays the companies are putting sufficient investment for gaining customer satisfaction and enhancing customer loyalty with the help of some technology and methods. Through 'Relationship Management' practices the companies are trying to introduce the right product to the right customer at the right time through the right channel to satisfy the customer's growing demands. The failure to provide distinguished customer oriented responses basically results in losing loyal customers which ultimately results in worsening profitability. Numerous enterprises are presently investing in customer management. But not many have a systematic customer management process and a well-integrated supporting system.

Basically there are three parts of Relationship Management strategies: viz. Operational, Analytical and Collaborative. Operational Relationship Management supports the front-end business processes including customer contact. Analytical CRM deals with the analysis of data gathered through operational CRM. Collaborative CRM involves interactions with customers through all possible channels of communication: viz., personal, letter, fax, phone, web, e-mail etc.

The following section is depicting some of the practices of some renowned organizations in home appliance industry:

**Eureka Forbes:** This Mumbai based company (incorporated in 1931) is the first direct selling companies in India. It uses to follow '*tried and tested*' direct selling route for marketing its products. The company use to deploy dynamic, friendly, trustworthy and highly

motivated individuals, namely, 'Eurochamps'. To the company, the customers are "Friend for Life". With the help of Eurochamps the company maintains close and constant touch with the customers. The Eurochamps listen to the need of the customer and educate them to change their perceptions and practices and satisfying their health, hygiene and lifestyle. Company's relationship marketing includes service contracts, spares and accessories sales, product upgradation and new references. By 2002, the company was the market leader in the vacuum cleaner segment with 75% market share and water purifier segment with 85% market. The company is Asia's largest direct selling organization with a 5,000 strong direct sales force touching 1.25 million Indian homes and adding 1,500 customers daily. According to industry estimates, the domestic vacuum cleaner market is around Rs 250 crore and Eureka Forbes claims to enjoy a market share of almost 90 per cent (PTI Report, August 22, 2011). Aquaguard, the water purifier brand of Eureka Forbes has now become a synonym for water purifier in India,

**Whirlpool:** Whirlpool of India Limited (the result of global expansion strategy of Whirlpool Corporation: a Fortune 500 company) is now one of the leading manufacturers and marketers of major home appliances in our country. Mission of Whirlpool Corporation is to implant and maintain the passion of creating loyal customers for life by providing customized solutions that fit individual customers' unique needs. The company's growth strategy has been to introduce innovative new products, strengthen customer loyalty for its brands. The company believe that Great results can be achieved through relationships built on trust only. The company engages the employees who are closest to the customer by charging the employees of the company by guiding principles, continual communication, employee empowerment, training, and recognition programs.

The 'Gold Ring Promise' and the 'Customer Bill of Rights' of Whirlpool of India explain both the company's guiding principles and employees' responsibilities. The gold ring of promise around the company logo itself is reflecting that the common goal of doing all that is necessary to deliver top

quality products and service is nothing but continuous improvement of product quality in every way and encourage others to do the same. During Whirlpool's acquisition of Maytag in March 31, 2006 the 'Customer Bill of Rights' was introduced. It's a set of employee responsibilities listed as customer expectations. It's all about professionalism, taking ownership, and resolution. As a result of this the newly integrated contact center called the Customer eXperience Center (cXc) has been developed. Whirlpool's customer service agents, called aka, carry laminated cards highlighted with the customers' rights which serve as a constant reminder of the company's customer service principles. The Bill of Rights also pops up each morning on the call consultants' computer screens and a framed copy resides on their desks. An agent empowerment tool called an e-card to encourage agents to deliver on both the Bill and the Gold Ring Promise has also been introduced to increase first-call resolution. The card is awarded to call consultants who show strong quality scores.

Whirlpool also invests in employee education to build engagement. The Best Ticket in Town program creates a partnership with local universities to give employees the opportunity to earn a degree in Business Administration or complete a Customer Service Certificate Program. The innovation and the idea exchange program are regular parts of the culture at Whirlpool. A team of innovation consultants teaches employees about innovation, an approach that Whirlpool attributes to increased earnings and productivity.

Whirlpool keeps employees inspired through recognition programs, called, "I'm On It", for its employees for outstanding teamwork, sales, or job performance, like meeting certain goals. Employees use an automated awards-submission process to nominate colleagues; employees who are selected by management to be recognized receive up to \$250 in monetary rewards. Additionally, the cXc has adopted a Customer Champion program for exceptional call handling and performance. This involves the use of a dedicated phone line for customers to record compliments regarding agents who have delivered outstanding service. The employee with the best compliment receives a

monetary prize and is recognized as a Customer Champion throughout the organization in various communications. The company reviews the compliments a few times per year.

**LG:** 'Life's Good' is the ultimate goal and purpose of the LG brand. Brand identity of LG was built on the concepts of 'Customer Value'. The company believes that only inspired, empowered and smiling consumer can be the loyal to the company. 'Innovation that makes you SMILE' is the brand promise of LG.

In 2009, LGE established a "Code of Conduct" which was further amended in 2011. As per the code of conduct employees of the company are expected to act with integrity and exhibit the utmost sincerity in areas of responsible marketing, product safety, product standards and protection of customer privacy and thus create value for all of its stakeholders, including customers, shareholders, suppliers, communities. In 2011 it included clauses on the safety defect reporting system and precautions to take when handling modernized products, and enforced responsible communication with customers.

Prosumer marketing activities of LGE allow consumers to be directly involved in the development stage of products. E.g. in its TROMMIZ program 15 housewife bloggers participated in the development phase of the TROMM washing machine. By getting involved with product planning, providing online suggestions, and giving feedback after usage, the selected participants act as a bridge between LGE and consumers. LG support team comes to house to repair the device. LG has a club for its customers.

**Bajaj Electricals:** This is one of India's oldest and most respected brands in the electrical appliances. It uses Oracle's Seibel CRM for managing its customer related activities. The CRM deployment has already yielded many crucial benefits for the company. Earlier, the company faced a lot of discrepancies in fixing the right prices for its consumer durables business. Earlier the customers who had a good rapport with the local area manager would sometimes get a better deal than the others. But after the implementation of Seibel CRM, Bajaj Electricals has eliminated the problems and completely automated the

pricing process, which is called 'Dynamic Pricing'. Seibel has a Dynamic Pricing module with predefined price controllers that help the company prepare all sorts of prices, special offers, and promotional schemes for its customers. The system has completely eliminated the disparity in prices which existed earlier and everything after that were taken care of at the head office level. Additionally it has also helped the company to save a lot of time for the sales team to figure out the right prices for various products.

#### **Customer Feedback about the Relationship Aspects of Present Marketing Practices-It**

has already been mentioned that a first-hand data has been collected from the owners of the considered home appliances to gauge the difference between the customers' expectation and their perception about the real field practices of customer relationship management of home appliance manufacturers. Survey of some 200 households expressed their ownership scenario of the home appliances and their reactions to the marketing practices of the suppliers (distributors or dealers as a representative of the respective companies). All are portrayed in table 1 to table 6. It is evident from Table 1 that out of 200 households 84 owns air conditioner, 92 owns kitchen chimney, 18 owns vacuum cleaner, 168 owns water purifier, 78 owns inverter and 15 owns geyser. The brands under these mentioned home appliance category that the households have purchased also has been mentioned in the table. As depicted in Table 2 the companies are not interested in personal details of the customers. The companies are only registering the name, residential address and phone no. of the customers. And quite naturally the companies are not at all considering the matter that wishing birth day or marriage anniversary may reinforce the customer to be with the company in which they are presently in. Table 3 is reflecting the customer feedback regarding the knowledge base of the contact personnel. The respondents were asked to put their opinion against the technical competence of the installer, suitability of the skill of sales personnel in comparison with their job profile at showroom and knowledge of company personnel about products, services and policies of the respective organizations. The ranges of

the respective scales are mentioned in the table. Regarding the technical competence of the installer it can be said that for all the categories, except vacuum cleaner, the average of all the scores of all respondents is reflecting a moderate satisfaction level of the respondents. In the case of vacuum cleaner the average result is moderate dissatisfaction. As a whole for all the items the grand average result of feedback against the technical competence is inclined towards moderate satisfaction. In case of feedback against suitability of the skill of sales personnel in comparison with their job profile at showroom in case of A.C the average figure is far away from moderately skilled, and in case of vacuum cleaner it is towards neutral. The grand average for the skill level of the contact personnel is towards moderately skilled (with approximation). On an average, according to the respondents the contact personnel are moderately ignorant about the company's product, services and policies. It is evident in Table 4 that the contact personnel are not giving any personal touch to the business deal to reinforce the consumer. Moreover the company personnel do not call frequently to know whether the consumers are facing any problem with the product or not. The result is showing that the consumers do not have fully open and easy communication with people from the company (on a five point scale ranging from -2 to +2 the result is only 0.596). The respondents are not also satisfied with the communication effort of the companies as the average score of the satisfaction level of all the respondents on a five point scale with -2 and +2 as two extreme points is mere 0.208. Rarely the consumers are connected to the right individual who can help them in the right direction. In most of the cases the respondents do not know who to contact when they have questions or require some information. Very rarely the company personnel do not call back if a customer fails to contact someone initially. Company personnel do not bother to stay in touch with the customer to keep him or her apprised of issues that may affect him or her. But the company personnel deal with the customer respectfully. As per the survey result the contact personnel are moderately pleasant and accommodating and if one company personnel cannot initially answer the queries of the customers, occasionally the others on behalf of

the company try their level best to find the answer and get back to me promptly.

As portrayed in table 5 the timely delivery report is not at all satisfactory and some cases are there where the companies are charging the installation charges from the customers. The average satisfaction level of the customers on a five point scale, ranging from '+2' to '-2' is too low, just 0.587. Customer satisfaction with warranty is also insignificant, only 0.618. Customers are moderately dissatisfied with the free service within the warranty period. Response of the companies to the complaint within warranty period is moderate, only 1.021 (on a 3-point scale ranging from 0 to +3). Response of the companies to the complaint after expiring the warranty period is also moderate, only 1.03 (on a 3-point scale ranging from 0 to +3). Commitments and deadlines are also not met. It is evident from table 6 that on a 5 point scale ranging from +2 to -2 the respondents think that the company services does not represent excellent value for the money.

As a whole the respondents are not at all satisfied with the CRM practices of the respective home appliance companies. And that is why very rarely they use to recommend the company's name to the prospects. Those whoever have recommended the company's name they did not get any reward for that. Resultantly the respondents don't place the company's name in 1<sup>st</sup> position.

**Conclusion-** It can be concluded from the survey result that the CRM practices of all the companies are more or less theoretical. The companies don't do the things whatever they use to spell out theoretically for retaining their customer base. So even though the home appliance manufacturers are claiming that they are adopting the relationship marketing strategies by shifting from transactional marketing approach, the reality is somewhat different. The companies don't bother to learn more about customer's mood and behaviors in order to develop stronger relationship with them and thus fails to maximize lifetime value of desired customer segments.

**Table 1**  
*Ownership of Home Appliances*

Product Category											
A.C.		Kitchen Chimney		Vacuum cleaner		Water Purifier		Inverter		Geyser	
Brand	No. of owners	Brand	No. of owners	Brand	No. of owners	Brand	No. of owners	Brand	No. of owners	Brand	No. of owners
Hitachi	16	Kutchina	48	Godrej	04	Aquaguard	96	Su-kam	10	Bajaj	4
Voltas	16	Shakers	16	Bajaj	04	Aquafresh	08	Inva	4	Godrej	4
LG	12	Godrej	04	Philips	04	Aqua Fina	04	Exide	24	Voltas	2
Samsung	08	Nupower	12	Eureka Forbes	06	Kent	28	Luminas	12	Nataraj	2
Carrier	23	Wave	04			Pure-it	28	Microtec h	12	A O Smith	3
Panasonic	09	Kamal	04			River Osmusis	04	Tata	4		
		Lumini	04					Nupower	6		
								Shine	2		
								APC	2		
								Honda	2		
<b>TOTAL</b>	<b>84</b>		<b>92</b>		<b>18</b>		<b>168</b>		<b>78</b>		<b>15</b>
<b>Non-owner</b>	<b>116</b>		<b>108</b>		<b>182</b>		<b>32</b>		<b>122</b>		<b>185</b>

**Table 2**  
*Personal Information Recorded at the time of purchase the product*

Kind of information they have taken at the time of purchase	Durable Items					
	A.C. (84)	Kitchen Chimney (92)	Vacuum Cleaner (18)	Water Purifier (168)	Inverter (78)	Geyser (15)
<b>Name</b>	84	92	18	168	78	15
<b>Residential Address</b>	84	92	18	168	78	15
<b>Date of Marriage Anniversary</b>	00	00	00	00	00	00
<b>Date of birth</b>	00	00	00	00	00	00
<b>Ph. No.</b>	84	92	18	168	78	15

**Table 3**  
*Customer Feedback regarding the Knowledge Base of the Contact Personnel*

Criterion	Scales of Particular Aspect (Numbers within brackets indicate the values of the points on scale)	Durable Items						G R A N D A V E R A G E
		A.C. (84)	Kitchen Chimney (92)	Vacuum Cleaner (18)	Water Purifier (168)	Inverter (78)	Geyser (15)	
Opinion about the technical competence of the installer:	(i) Highly Satisfactory (+2)	45	50	05	90	45	08	0.832
	(ii) Moderately Satisfactory (+1)	20	18	02	22	20	04	
	(iii) Neither Satisfactory nor Dissatisfactory (0)	02	05	00	12	04	01	
	(iv) Moderately Dissatisfactory (-1)	09	12	06	25	05	01	
	(v) Highly Dissatisfactory (-2)	08	07	05	19	04	01	
	(vi) TOTAL SCORE = (i)*2+(ii)*1+(iii)*0+(iv)*(-1)+(v)*(-2)	85	92	-4	139	97	17	
	(vii) Average Score = (vi)/no. of owners	1.012	1	-0.222	0.827	1.244	1.133	
Suitability of the skill of sales personnel in comparison with their job profile at showroom	(i) Highly Skilled (+2)	02	48	06	95	41	07	0.692
	(ii) Moderately Skilled (+1)	60	16	02	21	20	04	
	(iii) No Opinion (0)	06	06	00	09	03	01	
	(iv) Moderately Unskilled (-1)	09	10	05	24	08	02	
	(v) Highly Unskilled (-2)	07	12	05	19	06	01	
	(vi) TOTAL SCORE = (i)*2+(ii)*1+(iii)*0+(iv)*(-1)+(v)*(-2)	41	78	-1	149	82	14	
	(vii) Average Score = (vi)/no. of owners	0.488	0.848	-0.056	0.887	1.051	0.933	
Knowledge of company personnel about products, services and policies	(i) Highly Knowledgeable (+2)	03	04	02	25	14	02	-0.622
	(ii) Moderately Knowledgeable (+1)	40	59	02	56	36	02	
	(iii) No Opinion (0)	10	06	01	08	02	01	
	(iv) Moderately Ignorant (-1)	19	13	07	39	10	06	
	(v) Highly Ignorant (-2)	12	10	06	39	16	04	
	(vi) TOTAL SCORE = (i)*2+(ii)*1+(iii)*0+(iv)*(-1)+(v)*(-2)	3	34	-13	-9	22	-8	
	(vii) Average Score = (vi)/no. of owners	0.036	0.370	-0.722	-0.0536	0.282	-0.533	

Note: The figures within brackets against the name of the durable product indicate the total number of owners of durable items.



**Table 4**  
*Customer Feedback regarding the Communication of the Organization with the customers*

Criterion	Scales of Particular Aspect (Numbers within brackets indicate the values of the points on scale)	Durable Items						GRAND AVERAGE
		A.C. (84)	Kitchen Chimney (92)	Vacuum Cleaner (18)	Water Purifier (168)	Inverter (78)	Geysers (15)	
Do the contact personnel remember you by name?	YES	02	01	01	04	02	01	
	NO	82	91	17	164	76	14	
Do they contact you frequently to know whether you are facing any problem with the product?	YES	00	00	00	00	00	00	
	NO	84	92	18	168	78	15	
Agreement or disagreement with the following statement: "I have open and easy communication with people from the company"	(i) Fully agree (+2)	35	50	07	67	27	03	
	(ii) Somewhat agree (+1)	13	20	04	40	15	09	
	(iii) Neither agree nor disagree (0)	07	03	00	08	05	01	
	(iv) Somewhat disagree (-1)	18	12	03	24	17	01	
	(v) Fully disagree (-2)	11	07	04	29	14	01	
	(vi) TOTAL SCORE = (i)*2+(ii)*1+(iii)*0+(iv)*(-1)+(v)*(-2)	43	94	7	92	24	13	
	(vii) Average Score = (vi)/no. of owners	0.512	1.0217	0.389	0.548	0.308	0.867	0.607
How satisfied are you with company's efforts to meet your communication needs?	(i) Highly Satisfied (+2)	39	30	03	55	20	05	
	(ii) Moderately Satisfied (+1)	13	25	02	28	21	06	
	(iii) Neither Satisfied nor Dissatisfied (0)	06	11	01	06	05	00	
	(iv) Moderately Dissatisfied (-1)	12	16	02	37	12	02	
	(v) Highly Dissatisfied (-2)	14	10	10	42	20	02	
	(vi) TOTAL SCORE = (i)*2+(ii)*1+(iii)*0+(iv)*(-1)+(v)*(-2)	51	49	-14	17	9	10	
	(vii) Average Score = (vi)/no. of owners	0.607	0.533	-0.778	0.101	0.115	0.667	0.208
When I call, I am always connected to the right individual who can help me.	(i) Always (2)	40	36	05	55	42	06	
	(ii) Sometimes (1)	34	50	07	85	29	10	
	(iii) Never (0)	10	06	06	28	07	02	
	(iv) TOTAL SCORE = (i)*2+(ii)*1+(iii)*0	114	122	17	195	113	22	
	(v) Average Score = (iv)/no. of owners	1.357	1.326	0.9444	1.161	1.449	1.467	1.284

**Table: 4 Contd.....**

Criterion	Scales of Particular Aspect (Numbers within brackets indicate the values of the points on scale)	Durable Items						GRAND AVERAGE
		A.C. (84)	Kitchen Chimney (92)	Vacuum Cleaner (18)	Water Purifier (168)	Inverter (78)	Geysers (15)	
I know exactly who to contact when I have questions or a need for information.	(i) Yes	25	30	02	50	30	04	
	(ii) No	59	62	16	118	48	11	
When I am unable to initially contact someone, I know they will return my call promptly.	(i) YES	22	45	06	79	50	06	
	(ii) NO	62	47	12	89	28	09	
Company personnel routinely stay in touch with me to keep me apprised of issues that may affect me.	(i) Always (2)	03	01	00	04	02	01	
	(ii) Sometimes (1)	05	04	01	09	02	04	
	(iii) Never (0)	76	87	17	155	74	10	
	(iv) TOTAL SCORE = (i)*2+(ii)*1+(iii)*0	11	6	1	17	6	6	
	(v) Average Score = (iv)/no. of owners	0.131	0.065	0.056	0.101	0.077	0.4	0.138
When dealing with any of the company personnel, I am always treated with consideration and respect.	(i) Always (2)	55	50	09	93	53	08	
	(ii) Sometimes (1)	25	28	06	65	20	06	
	(iii) Never (0)	04	14	03	10	05	01	
	(iv) TOTAL SCORE = (i)*2+(ii)*1+(iii)*0	135	128	24	251	126	22	
	(v) Average Score = (iv)/no. of owners	1.607	1.391	1.333	1.494	1.615	1.467	1.485
Your personnel are pleasant and accommodating whenever I call	(i) Always (2)	48	45	07	75	37	06	
	(ii) Sometimes (1)	36	39	09	65	32	07	
	(iii) Never (0)	10	18	02	28	09	02	
	(iv) TOTAL SCORE = (i)*2+(ii)*1+(iii)*0	132	129	23	215	106	19	
	(v) Average Score = (iv)/no. of owners	1.571	1.402	1.278	1.280	1.359	1.267	1.360
If someone cannot initially answer my question, they find the answer and get back to me promptly.	(i) Always (2)	51	49	07	75	35	05	
	(ii) Sometimes (1)	26	31	08	36	36	04	
	(iii) Never (0)	07	12	03	57	07	06	
	(iv) TOTAL SCORE = (i)*2+(ii)*1+(iii)*0	128	129	22	186	106	14	
	(v) Average Score = (iv)/no. of owners	1.524	1.402	1.222	1.107	1.359	0.933	1.258

**Table 5**  
*Information regarding purchase experience and after-sale service*

Criterion	Scales of Particular Aspect (Numbers within brackets indicate the values of the points on scale)	Product Category						GRAND AVERAGE
		A.C. (84)	Kitchen Chimney (92)	Vacuum Cleaner (18)	Water Purifier (168)	Inverter (78)	Geyser (15)	
Whether Timely delivered	Y	75 (89.29%)	78 (84.78%)	12 (66.67%)	130 (77.38%)	56 (71.79%)	11 (73.33%)	
	N	09	14	06	38	22	04	
Free Installation	Y	70 (83.33%)	75 (81.52%)	13 (72.22%)	149 (88.69%)	68 (87.18%)	12 (80.00%)	
	N	14	17	05	19	10	03	
Satisfaction with product Demonstration	(i) Highly Satisfied (+2)	30	30	05	52	36	06	
	(ii) Moderately Satisfied (+1)	28	32	06	47	17	04	
	(iii) Neither Satisfied nor Dissatisfied (0)	06	04	01	05	06	01	
	(iv) Moderately Dissatisfied (-1)	09	12	03	40	10	03	
	(v) Highly Dissatisfied (-2)	11	14	03	24	09	01	
	(vi) TOTAL SCORE =	57	52	7	63	61	11	
	(vii) Average Score = (vi)/no. of owners	0.679	0.565	0.389	0.375	0.782	0.733	0.587
Satisfaction with Warranty	(i) Highly Satisfied (+2)	46	28	04	45	20	07	
	(ii) Moderately Satisfied (+1)	14	40	05	51	30	04	
	(iii) Neither Satisfied nor Dissatisfied (0)	02	12	02	08	12	01	
	(iv) Moderately Dissatisfied (-1)	16	09	04	26	07	01	
	(v) Highly Dissatisfied (-2)	06	03	03	34	09	02	
	(vi) TOTAL SCORE =	78	81	3	47	45	13	
	(vii) Average Score = (vi)/no. of owners	0.929	0.880	0.167	0.287	0.577	0.867	0.618
Satisfaction level with free service	(i) Highly Satisfied (+2)	02	10	02	16	14	02	
	(ii) Moderately Satisfied (+1)	05	12	01	15	13	01	
	(iii) Neither Satisfied nor Dissatisfied (0)	10	07	03	13	08	01	
	(iv) Moderately Dissatisfied (-1)	45	40	07	54	25	05	
	(v) Highly Dissatisfied (-2)	22	23	05	70	18	06	
	(vi) TOTAL SCORE =	-80	-54	-12	-147	-20	-12	
	(vii) Average Score = (vi)/no. of owners	-0.952	-0.587	-0.667	-0.875	-0.256	-0.8	-0.690

**Table 5 contd.....**

Criterion	Scales of Particular Aspect (Numbers within brackets indicate the values of the points on scale)	A.C. (84)	Kitchen Chimney (92)	Vacuum Cleaner (18)	Water Purifier (168)	Inverter (78)	Geyser (15)	
Problem faced within warranty period	YES	15	12	07	20	04	02	
	NO	69	80	11	148	74	13	
Response to the Complaint within warranty period	(i) Very good response (+2)	02	01	02	02	02	01	
	(ii) Moderate response (+1)	06	09	04	09	01	01	
	(iii) Very bad response (0)	07	02	01	09	01	00	
	(iv) TOTAL SCORE = (i)*2+(ii)*1+(iii)*0	10	11	8	13	5	3	
	(v) Average Score = (iv)/no. of owners	0.667	0.917	1.143	0.65	1.25	1.5	1.021
Response to the Complaint after expiring warranty	(i) Very good response (+2)	33	37	09	38	25	04	
	(ii) Moderate response (+1)	21	29	05	45	30	07	
	(iii) Very bad response (0)	30	26	04	85	23	04	
	(iv) TOTAL SCORE = (i)*2+(ii)*1+(iii)*0	87	103	23	121	80	15	
	(v) Average Score = (iv)/no. of owners	1.036	1.120	1.278	0.720	1.026	1	1.030
Agreement or disagreement with the following statement: "Commitment and deadlines are always met"	(i) Fully agree (+2)	23	25	02	30	10	03	
	(ii) Somewhat agree (+1)	46	40	05	41	15	05	
	(iii) Neither agree nor disagree (0)	02	05	01	11	08	02	
	(iv) Somewhat disagree (-1)	06	13	04	55	24	01	
	(v) Fully disagree (-2)	07	09	06	31	19	04	
	(vi) TOTAL SCORE =	72	59	-7	-16	-27	2	
	(vii) Average Score = (vi)/no. of owners	0.857	0.641	-0.389	-0.095	-0.355	0.133	0.123

Criterion	Scales of Particular Aspect (Numbers within brackets indicate the values of the points on scale)	Durable Items						
		A.C. (84)	Kitchen Chimney (92)	Vacuum Cleaner (18)	Water Purifier (168)	Inverter (78)	Geyser (15)	
Agreement or disagreement with the statement: "Company services represent excellent value for the money."	(i) Fully agree (+2)	15	17	04	46	25	01	0.079
	(ii) Somewhat agree (+1)	33	36	05	44	22	02	
	(iii) Neither agree nor disagree (0)	04	06	02	18	06	01	
	(iv) Somewhat disagree (-1)	17	23	04	30	10	07	
	(v) Fully disagree (-2)	15	10	03	40	15	04	
	(vi) Total Score = (i)*2+(ii)*1+(iii)*0+(iv)*(-1)+(v)*(-2)	16	27	3	26	32	-11	
	(vii) Average Score = (vi)/No. of Owners	0.191	0.294	0.167	0.155	0.410	-0.733	
Have you ever recommended the company name wherefrom you have made your purchase to any of your known person?	(i) Always (+2)	27	20	05	36	33	02	0.8
	(ii) Sometimes (+1)	35	24	04	56	20	02	
	(iii) Never (0)	22	48	09	76	25	11	
	(iv) Total Score = (i)*2+(ii)*1+(iii)*0	89	64	14	128	86	6	
	(v) Average Score = (iv) / No. of owners	1.060	0.696	0.778	0.762	1.103	0.4	
Have you got any kind of reward for recommending the company name?	YES	00	00	00	00	00	00	
	NO	84	92	18	168	78	15	
When I think of quality product and services, I think of your company first.	(i) Fully agree (+2)	30	16	07	36	30	02	0.056
	(ii) Somewhat agree (+1)	28	20	02	44	20	02	
	(iii) Neither agree nor disagree (0)	04	08	01	12	03	01	
	(iv) Somewhat disagree (-1)	12	24	04	30	13	03	
	(v) Fully disagree (-2)	10	24	05	46	12	07	
	(vi) Total Score = (i)*2+(ii)*1+(iii)*0+(iv)*(-1)+(v)*(-2)	56	-20	2	-6	43	-11	
	(vii) Average Score = (vi)/No. of Owners	0.667	-0.217	0.105	-0.0357	0.551	-0.813	

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# VALUE DRIVER MODEL AS MEAN OF MATERIALIZING SUSTAINABLE DEVELOPMENT: THE CASE OF PHILIPS ESG STRATEGIES

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### Abstract

The need for efforts to advance the integration of material issues related to Environment, Social and Governance (ESG) into corporate strategy has been recognised by companies around the world. Looking at the earth's finite natural resources, today organisations need to develop value driven model in order work toward sustainable solutions to meet human needs. However there are very few companies who have fully integrated sustainability driven value models into their corporate strategy. Philips is one of the few companies which have reaped financial benefits of sustainability through integration of sustainability advantaged growth strategy. The present case profiles how Philips applies ESG strategies in the value driver model to its business operations and how Philips ESG strategy & performance translated into financial value. Its various sustainability related practices have also contributed to overall performance. The sustainability value driver model enables to construct its own metrics to describe the connection between financial objectives like return on capital and the sustainability-advantaged products(S/G), sustainability-driven productivity initiatives (S/P) and reduced sustainability-related risk exposure which could materially affect company's performance. This case also reflects implications of sustainability value driver model adopted by Philips to assess and communicate the financial impact of their sustainable business strategies & operations and deepening investor interest in sustainability as a source of business value. This case is mainly based on secondary data and has been designed to give learners a clearer understanding of the issues like, the relevancy of sustainability as new long-term innovation driver and importance of how firms need to expand their application of sustainability beyond the financial axis to triple-P (People, Profit, and Planet) approach through Environment, Social, Governance (ESG) strategies.

**Objective:** This case study focuses largely on sustainability issues, such as developing a framework for adopting sustainability into business core strategies. Present case is directed towards embedding sustainability as the value driver into business. At the end of the exercise, learners will have a clearer understanding of the following issues:

- The importance of how firms need to expand their understanding of sustainability beyond the financial axis to the triple-P (People, Profit, Planet) approach through ESG strategies if they want to retain legitimacy which in a way is their social license to operate. Topic of relevance includes environmental policy, social equity through poverty eradication & improving people lives.
- The importance of sustainability as new long-term innovation driver. Topic of relevance includes operational optimization (eco-efficiency), organisational transformation (novel product, services or business model approach) and system building (societal change through practices).
- The importance of reflecting ESG strategies into financial value. Topic of relevance includes impact of sustainable practices on financial performance, non-financial reporting.

**Introduction** This case profiles how Philips applies ESG strategies in the value driver model to its business. It is one of the few companies which

have reaped in the financial impact of sustainability through integration of sustainability advantaged growth strategy.

Present case shows how Philips ESG strategy and performance translated into financial value. Royal Philips commonly known as Philips is a Dutch company having business divisions primarily in the area of consumer lifestyle, healthcare solutions and lighting. It was founded in 1891 by Gerard Philips and his father Fredrick. It is one of the largest

company having total assets of 28.35 billion Euros and employing more than 105000 people across the across more than 60 countries by the year ending 2014. At 124 years-old, Philips has a strong brand image and physical presence around the world through its diversified business with a history of creating and sustaining business value through communities, employees, products and services. For example, Philips launched EcoVision strategy, in 1998, directed towards environmental and social dimensions of the company's operations and products, as well as supply chain sustainability. The strategy incorporates triple bottom line approach by taking into account a full analysis of the company's potential influence on environment, impact on the society, reputational risks. The company's Eco Vision strategy identified three key innovation areas which involve:

- Improving people's lives Improve 3 billion lives by 2025 primarily through healthcare-related wellbeing and green products.
- Improving energy efficiency of Philips products by 2015, a 50 per cent improvement for the average total product portfolio compared to 2009.
- Closing the materials loop by the end of 2015, double global collection of recycled product and materials, and use of recycled content in products, compared to 2009.

Global factors like climate change, global warming, energy security, increase in aging population of world, growth in the middle income class in emerging economies, changing lifestyle causing health issues like heart disease, obesity are impinging in one or the other way Philips core market. Philips considered sustainability a business imperative, which can be easily reflected through its vision mission statement. It has taken several sustainability initiatives across its business line. Sustainability is an integral part of the company's corporate strategy as Philips believed that sustainability issue could not be addressed successfully in isolation or as regulatory compulsion in company's daily business. In 2009 Philips come up with new

sustainability strategy and decided to make sustainability an integral part of the company's corporate strategy and value driver for growth.

Philips has established key performance indicators for sustainability leadership where it could bring its competencies to bear – 'care,' 'energy efficiency' and 'materials'. Philips sustainability strategy for evolving its business is illustrated by trends in lighting as the company divests out of older, now-defunct technologies such as filament bulbs, and shifts focus to the future of LED. Philips recognises that lighting accounts for roughly 19 per cent of the world's carbon footprint, with LED having the potential to create up to 80 per cent energy savings. This translates into a smaller footprint and reduced cost of use. Further, the company is working on defining the social benefit of energy savings and the risk management benefits for shareholders.

Our goal is to improve the lives of three billion people a year by 2025. For a sustainable world, the transition from a linear to a circular economy is a necessary boundary condition. A circular economy requires innovation in the areas of material; component and product reuse, as well as related business models. By using materials more effectively, economic growth will eventually be decoupled from the use of natural resources and ecosystems. In such an economy, the lower use of raw materials allows us to create more value."

#### **Circular economy approach:**

The transition from a linear economy to a circular economy plays a crucial role in creating a sustainable world. A circular economy aims to decouple economic growth from the use and reuse of natural resources and ecosystems by using these resources more effectively. It is a driver of innovation in the areas of material, component and product reuse, as well as new business models such as system solutions and services. According to chief sustainability officer, Henk De Bruin, (Senior-Vice President, Global Head Philips Sustainability) a circular way of doing things will unleash new opportunities in future and this is best way to incorporate sustainability into business operations. The most obvious benefits are on the cost side. Philips saved

€471m in the year 2014, just by simplifying business process and operating model across all business line. According to him "Business innovation really is the solution for the planet in 2050 where nine billion people in this planet will be looking for a high quality of life".

In a circular economy, more effective use and reuse of materials helps in generating of more value, through cost savings and by developing potential markets or delivering in existing ones. To unleash new opportunities, management focus at Philips, is turning to circular principles like re-manufacturing, refurbishment and reuse. Various circular economy projects have been started in almost every business line in Philips. It has also developed the circular economy scorecard to measure and monitor the progress of these projects. These projects are either linked to "customer access over ownership" (pay for performance), business innovations model (from transactions to relationships via service and solution models) or reverse cycles (remanufacturing, refurbishment and parts harvesting). For instance, it is offering pay-for-use MRI service rather than just simply selling the equipment up front to hospitals. Similarly Philips is also experimenting with lighting, where customers buy illumination and energy services from company rather than a whole expensive lighting system.

### **Eco Vision**

In the late 1970s, the Philips board requested an environmental opportunities analysis of the company's operations, aiming at consuming a minimum of resources and reducing facility emissions. By launching the EcoVision programme in 1998, the company started to examine its products. As a percentage of the group total, green product sales rose to 45 per cent in 2012 up from 39 per cent in 2011. The company has achieved more than 52 per cent of total green sale by the year end 2014. Philips determines products qualify for the "green product" category if they outperform predecessor or competitor products by 10 per cent or more in at least one of the company's green focal areas, such as energy efficiency,

hazardous substances, waste and recyclability. In addition to product sales, the EcoVision programme has also evolved to encompass goals involving, among other things, improving lives through healthcare, supply chain sustainability, investments in innovation, and efficiency, including in the company's own operations. Going forward, the company continues to explore ways to reduce hazardous substances in its processes, as well as closed loop recycling/reuse systems. Phillips has stated it is particularly intrigued by how its products potentially fit into a circular economy concept. Philips took a further step in 2012 and undertook a full sustainability audit, moving from limited to reasonable assurance. The company deploys a number of sustainability boards internally that involve the heads of legal, healthcare management, strategy and markets along with other executive team members. Phillips also engages with key investors and external stakeholders, such as Greenpeace, on an active basis to receive useful feedback that helps shape the company's thinking.

### **Sustainable Development Strategies and Action Plans:**

Today business world is challenged by complex environmental, social and economic issues causing threat to survival of the business and has resulted in increased stakeholder expectations. Philips has designed and implemented a comprehensive company-wide action plan and strategy for prompt action to adapting to a range of possible future scenarios. Action plans address key aspects of issues, assign clear accountability, and drive goal setting and engagement. Action plan for sustainable strategy is formulated in following steps at Philips:

- Understanding Issues
- Managing projects and operations
- Evaluate potential risks and opportunities
- Engage externally
- Build capacity

**Table 1. Action plan for sustainability related issues**

Climate Change issue	Water Management	Preserving Biodiversity	Stakeholder Issues
Action Plan	Action Plan	Action Plan	Action Plan
Understanding Footprint	Understanding Footprint	Understanding Footprint	Understanding Footprint
Managing Operations and Projects	Managing Operations and Projects	Managing Operations and Projects	Managing Operations and Projects
Managing Risks and Opportunities	Managing Risks and Opportunities	Managing Risks and Opportunities	Managing Risks and Opportunities
Engaging Externally	Engaging Externally	Engaging Externally	Engaging Externally

Source: <http://www.annualreport2014.philips.com>

Action plans addresses core issues like climate change, water management, recycling material. It establish clear accountability, drive goal setting and engagement throughout business process. Its business units also create action plans to identify specific goals and define targets to address issue of the business, stakeholders and assets in that region. It provides detailed time bound actions with clear cut accountability.

It also focuses on providing insight to incorporate sustainability issues in business functions. As issues develop requiring new strategy, the company review and develops revised strategies and specific action plans to address them.

### **Green Innovation**

Green Innovation is the Research & Development investment related to the development of new generations of Green Products and Green Technologies. Philips Group invested 21 million Euros in Green Innovations in 2014, spreading over various projects focused on global challenges related to water management, air pollution, waste management, energy security, food and access to affordable healthcare. Sustainable Innovations Assessment tool is used in group innovation programme, in which all innovation projects of a company are categorized and rated along the environmental and social impact of the project in order to identify to what extent projects drive sustainable innovation. In 2010 Philips announced a plan to invest a cumulative 2 billion Euros in Green

Innovation during the coming 5 years. In 2014, Philips achieved this target a year ahead of schedule. Lighting continued to be the largest contributor, mainly as a result of investments in LED. The impact of Lumileds and Automotive on Green Innovation is significant at Euros 105 million in 2014 and Euros 104 million in 2013.

### **Philips Green Patent portfolio**

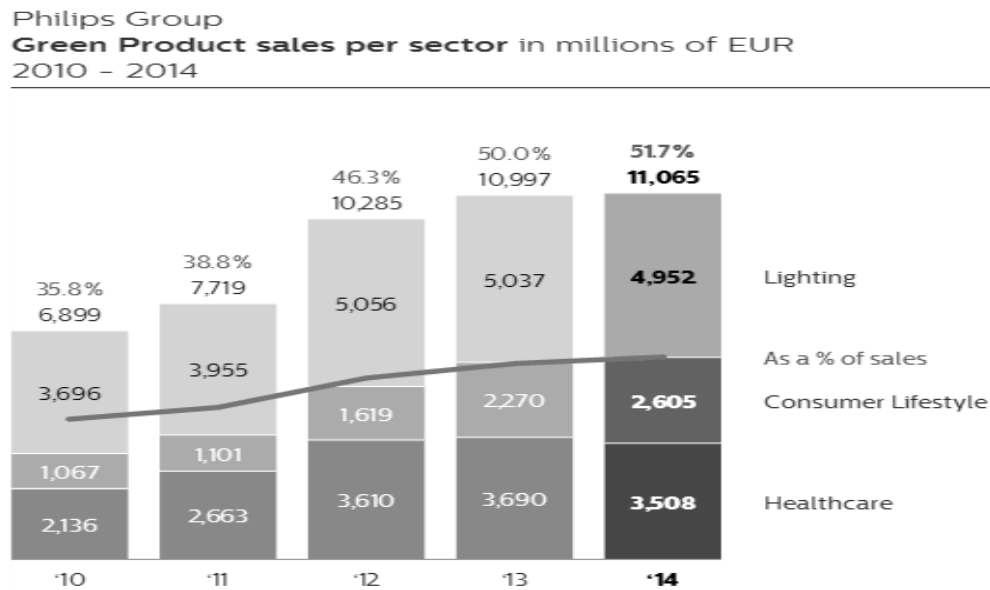
At the end of 2014, Philips' IP portfolio comprised 8% green patent families, which means that all these patent families were labelled with at least one Green Focal Area.. Energy efficiency is the most frequently occurring Green Focal Area throughout the portfolio. Multiplying the portfolio percentage with annual patent portfolio cost in 2014 determines the amount invested in Green IP, which constitutes part of Philips investment in Green Innovation. In 2014, 10% of total patent filings were flagged as green patent family

### **Green Product sales**

Green innovation has resulted increase in the green product portfolio. Green Products offer a significant environmental improvement in one or more Green Focal Areas such as Energy efficiency, Packaging, Hazardous substances, Weight, Recycling and disposal and Lifetime reliability. Philips has been able to consistent increase it green product sale. Green Products sales, excluding the Lumileds and Automotive business, increased to EUR 11.1 billion in 2014, or 52% of sales (50% in 2013), thereby reaching a record level and setting new



benchmark in global industry to drive sustainable innovation.



Source: (<http://www.annualreport2014.philips.com>)

#### Philips objective to be a sustainable actor of the globalisation for geographic expansion:

Philips has initiated massive change programmes over time, it has realised the fact that “business as usual” dangers business survival in this competitive world and focused its effort on helping the company to grow extensively through sustainability value driver model. Philips has developed a strategy of geographic expansion, as like other the firms it did not want to miss the train of “globalisation”. This has resulted in formulation corporate strategy to reap in the benefits of globalisation through transforming itself from a functional organization to a process-driven end-to-end collaborative network, able to deliver innovative and sustainable products at a lower cost. Cost reduction is a must for Philips to remain competitive in terms of pricing, outsourcing operations is another strategy where the majority of its manufacturing is outsourced in order to reduce costs. Outsourcing strategy takes into account concerns regarding the reliability of the suppliers, the quality of the products they deliver and the sustainability of their manufacturing processes.

#### Supplier Sustainability Declaration Programme & Audits:

In order to ensure the sustainability in its supply chain, Philips established the Supplier Sustainability Declaration Programme, which included audits and trainings. It helps in outlining what the company expects from suppliers.

- Charts: Philips’ suppliers sign a set of charts. Through the charts suppliers commit to respect the sustainability targets imposed by Philips. In the framework of Eco-Vision programme, for example to improve the energy efficiency of its plants by 50% and to increase the usage of recycled materials in its products by 2015.
- Audits: However mere signing a chart cannot ensure quality, performance or sustainability issues in the long-term. Philips proceeds to on-site audits in order to control and monitor their suppliers’ operations. The large size and the complexity of its supply chain, Philips has also developed a risk profile of suppliers. In 2011, Philips audited 212 of them in terms of continual performance. Besides them, suppliers from new acquisitions (Saeco, Apex, etc.) have also been

## Results

During the 20th century, Philips has developed a very strong brand image and a broad physical presence across the world through its product offerings. The Philips brand has always been a reference in the global industry, due to quality of its products and more importantly for their innovativeness. The aspect that differentiates Philips from other companies is the fact that it was one of the first companies to incorporate the concept of “sustainability” into its corporate culture, strategy and business process through sustainable value driver model. Initially Sustainability started with caring about the social, human rights of the employees and minimising the pollution generated by its factories. Over time, it also started to diversify its activities through various sustainable practices. Philips integrated the entire three sustainability related factors into the Value Driver Model: sustainability-advantaged growth, sustainability driven productivity and risk. Phillips sustainability-advantaged growth (S/G) was more than 9x faster than the overall growth of the company. The company also reported 45 per cent of overall revenue from sustainability-advantaged products, which are differentiated from the existing marketplace in 2013. By evolving its product line, the company has been able to increase this to more than 50 per cent by 2014 year and is working toward 100 per cent over the longer term. The company is also focusing on sustainability-driven productivity and risk mitigation that seeks to maximise relevant savings for each of its businesses. Philips has continuously placed focus on employee quality and the company has built schools, hospitals for employee families. Presently, its business strategy concentrates on employee engagement and retention, including engaging with employees on the company’s sustainability management. Philips has been successful in implementation of the company’s goals, resulting in not only an improved bottom line, but also a lower global environmental footprint which is equally more important. The company has also found that some of its younger employees and research and development (R&D) experts have chosen to work at the company due to its sustainability track record. The company’s R&D budget in 2013 stretched to €1.8bn, equivalent to 7.3% of sales revenue which is largest among the global firm and out of that,

€569m was directed towards green innovation. In addition, all new and existing projects are all continuously assessed to determine their social and environmental contribution. The results of such projects are clearly reflected through its product portfolio. In its healthcare business, for instance, the company has developed a technology that enables doctors to conduct internal examinations without the need for surgery. The interventional x-ray system also produces 70% less radiation than industry norm.

## Conclusion

Philips serves as an example of a generations-old company that is undertaking company-wide lengthy transition focused on sustainability-advantaged products & services to gain competitive edge. The company has adopted sustainable strategies that are aimed at understanding the impact of its operations on 3-P (People, Planet and Profit) and prioritised innovation initiatives for the benefit of both shareholders and all stakeholders. It serves as an example to other companies as well. They may take a lead from Philips by applying systems-thinking approach and sustainability value driver model that Philips has used over the period of time regarding, positive employee relations through training and education, environment protection by reducing carbon footprints and improving the lives of millions of people for the value creation both in short and long term. Sustainability oriented companies like Philips that identify and cater to the needs and desires of future consumers, their employees and of the society are well-positioned to be suppliers of choice to the ever increasing number of buyers interested in dealing and purchasing good from sustainable companies.

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## ROLE OF EDUCATION OF TEACHERS IN 21<sup>ST</sup> CENTURY

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The efficiency of an educational system depends largely on the efficiency of its teachers. School building, books and teaching methods are no doubt important. But no other aspect of education is so vital and significant as the men and women who actually teach in our schools.

Premises and equipment are needed in education enterprise but person are vital to them and a teacher is the supreme factor. It is no exaggeration to state that a specious building costly equipment and sound, syllabus will serve some useful purpose only when there are teachers who are fully alive to the nobility of the profession and its accompanying responsibilities, attitudes, habit's, manners and above all the character and personality of the students.

In ancient days a teacher enjoyed a very high respectful position and honour. He was kept on the pedestal as a 'Guru' even the kings used to set at their but, due to the nobility of their profession as well as the sacrifice, service and the dedication towards their duty. The respect is reflected, if we analyse some of these definitions, written in the hours of teachers.

*"The teacher's is a maker of man and history."*

"Teachers who educate children, deserve more honour than parents" (Alexander 356-323 B.C. The Great conqueror)

The 21<sup>st</sup> Century is Witnessing an explosion of knowledge in science and technology, specially the information technology. These changes make a heavy demand on the knowledge and role, the child is going to play in the near future. The child of today is the adult of tomorrow. As he grows older he will be called upon to face and solve more and more complex problems. In a progressive world the child should develop what Dewey Calls" "active and passive adaptability" changes in society's life demand corresponding changes in education and role of teachers in 21<sup>st</sup> Century. In order to equip

the child to face the challenges of 21<sup>st</sup> century. The teacher needs to perform the following roles:-

A teacher should be a manager of teaching rather than transmitter of content. A teacher should possess the capability to select, use and organise the learning resources with a view to facilitate learning. He should be a facilitator of knowledge. He should not improve knowledge or learning on students, but rather allow students to acquire knowledge democratically through multi-sense and multi directions. These teacher should also possess effective communication skills to transact curriculum effectively 21<sup>st</sup> century teacher should not only be aware of the latest innovations, researchers and experiment in the fields but should be an active researchers and' experiment in the fields but should be an active researcher and involve in experimentation. He must change from teachers - centered to learner centered methodologies and this would be a challenge and pre-requisite to 21<sup>st</sup> century teachers. In managing the students, the teacher should be more democratic, he should develop a sense of trust and sharing of responsibilities. While ensuring that collective responsibility does not detract from personal responsibility.

A school can play a very important role in the moral development of children. The most important agent in the school is obviously the teacher. It has been stressed again and again that nothing can be more effective and helpful in moulding the child's moral behaviour than the teacher's own moral behaviour.

Through the organization of various curricular and co-curricular activities, teacher cum foster among children various moral qualities. In the teaching of different subjects like languages, social studies etc. Teachers can stress moral qualities. The teacher should establish and maintain clear standards of behaviours and enclosures his pupils to behave towards himself, towards one another, and towards the whole community in an orderly

and considerate way. Development of ethical values such as honesty, integrity, empathy, co-operation, peace and justice among students should become part and parcel of his duty.

A teacher should impress upon the minds of students that barriers of race, colour and distance do not stand in the way of uniting the peoples of different countries. He should avoid indoctrinating the minds of students. He should be impartial and highly objective in imparting knowledge, in interpreting or describing facts. He should not be a propagandist either directly or indirectly. He should be radical and constructivist in teaching especially the teaching of history, because the effect of history books and misinterpretation of facts on children's mentalities would be subtle and pernicious, as history is perceived as the mirror and guardian of memory, and embodies cultural referents.

The teacher should instill in students the values of democracy, secularism, pluralism, solidarity, gender equity tolerance, open-mindedness, humanism, justice, peace and human rights. To develop global citizenship, a teacher should make the students understand that the buildings of societies are based on the affirmation of the dignity of every human person: promotion of a culture that pre-supposes an exercise of autonomy and responsibility; better knowledge and understanding of multi-cultural and multi-ethnic societies, the contribution of different cultures and groups to human existence; searching for non-violent alternatives and practice of dialogues to solve problems. To prepare students for global citizenship, he should impress upon the students that 'man remains man first and then he can be called a Jew, Christian, Hindu or Muslim. He should accelerate the students cognitive thinking, to think independently and develop capability to take decisions and not following blindly. Real life examples of successful social, political, and environmental action, to help students to realize their creativity and in turn lead to purposeful participation for common good of mankind.

The teacher must actively and emotionally associate himself, as an essential and responsible partner, in the great tasks which face the nation. If our national goals were to become the actual motive force and the ideals that every man, women and child in our land would live by, the teacher must

intervene in a big way. The formation of character, a character evolved in response to the national goals, would constitute his primary task. He will indeed prepare students for examinations, and open to them the world of knowledge. But these will count for little unless he has helped them become persons of character. There is the personal aspect of character-building to develop qualities like honesty and integrity and there is the social aspect which defines national character. Such a character identification must not be based on cultural and religious traditions of anyone group but must find acceptance by all sections of the people. He should prepare worthy citizens capable of discharging the duties successfully towards democracy. He should strengthen emotional and national integration by making students become active, participative and committed persons.

Traditionally a teacher has been regarded as an agent of social change and modernization. He has been called the 'maker of history', 'the builder of the nation' and 'social engineer'. Children, especially children in the plastic period of their life, emulate their teachers and draw inspiration from them. A teacher, therefore, can play an important role in promoting environmental awareness and understanding among his students. The teacher's role in promoting environmental awareness should not be restricted to cognitive development, but to affective as well as behavioral aspects of the students. Educational excursions could be arranged to arouse a love for nature. Tree plantation functions can be organized. Cleanlines drives are also very useful. Principles and practice of educational technology have direct relevance to the tasks of a in increasing knowledge and skills of intended learners. He is required to use the techniques of drawing attention and motivating learners in a classroom. The teachers should effectively undertake the task of teaching classes in 21<sup>st</sup> Century by the use of educational technology. Prot. Ottaway thinks that "teachers in the schools can have the most powerful influence in the immunity if they choose".

As a community manager, teacher should be capable of appreciating the aspirations and expectations of the community. He should act as a change agent for modernization and development. He must be capable of developing proper relationship with

the local community, providing guidance and leadership to it and utilizing its resources for the development of school for relevant education. He should work as a social worker by organizing programmes in non-formal and adult education; awareness programmes in health, hygiene, population issues, environmental challenges etc.

"Good education requires good teachers" means that it becomes essential that the most capable and appropriate people be recruited into the teaching profession, provided with a high quality pre-service programme of teacher education and then offered opportunities to upgrade their knowledge and skills over the full length of their professional career. Teacher education needs to be adequately strengthened and upgraded to accommodate the changing role of the teacher, so that teachers can effectively address contemporary issues regarding education, in addition to the important skill that we should insist on in the education of 21<sup>st</sup> Century teachers which is the knowledge and capacity to handle tools and machines of daily use in classroom to enhance the personal and professional capacity and efficiency.

It is therefore, clear that a new design of education should provide to teach teacher a significant mastery to know the tools or machines, he encounters in his environment, and to put them to the best use for enhancing the effectiveness of classroom teaching-learning. The modern time demands multi-lingual competence including the new computer languages that are bound to emerge with the expansion of computer-technology. In a situation of growing explosion of knowledge, everyone will be supposed to learn more efficiently, comprehensively, uninterruptedly. Therefore, in order to meet the realities of life, the teacher-education needs to inculcate the capacity of learning to learn, and also enhance the capacity of teachers to devise techniques to assess the level of achievement of the future generation.

There is also need to restructure the teacher-education programme from the existing one year to four years integrated (with Arts/Science) programmes on lines with Regional Colleges of Education in the country. The longer duration teacher-education programmes would go a long way in giving fairly good training and strengthening the overall competencies of teacher-taught, whereas the one year teacher education courses gives training of poor quality.

Much is expected of education and teachers. If this vast understanding of educational renewal is to succeed, inevitably there has to be mutual confidence between teachers at all levels and all sectors, all education staff and Public and private partners of education systems. Roles of all those involved with respect to autonomy, responsibility and participation. In addition teachers should earn their status through commitment and devotion to work, as well as by developing the professional pride in 21<sup>st</sup> century.

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## CENTRAL AFRICAN MYTHOLOGY

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Mankind has been on this planet for over a million years but we don't know much about it, their history, and their culture. Books tell us about human history going back to about 7000 years. What happened to mankind before that?

Fixation of egoism & intellectual superiority prevails among modern people so as to discard any idea worth exploring the whole history of mankind as pre-historic people just being considered as savages without any refined sensibilities. They could not be more wrong.

We are dominated by our so called logical brain which is a useful tool for living in our mass society but useless in exploring inner psyche and latent sensibilities of our spiritual nature. Real Mind's horizons are beyond our comprehension and our brain just filters only utilitarian dimensions.

Take the case of Central African

pygmies whose history can be traced to 80,000 years. They had acute sense of natural forces around us, both visible and invisible and expressed these into their dance, music and parables. Like other cultures they personified natural forces as characters ruling their lives.

Animals being around on the planet much longer, are wiser & stronger than the humans & store magical knowledge available to shamans and alike through special channels of mind or through trance. What we call unconsciousness is the great storage house of all the life forces of human as well as of animals and birds.

In refined sensibilities of human minded, imagination turns out to be a dimension as valid as time and time & space and the creatures therein takes their places in the psyche and become real by exerting their influences on the destiny of hidden observers.

### MOKELE--- THE BEAST.

Guarding his place a troop of soldiers  
Of red faces, darker hair, with silvery birch  
Among berries, nuts, barks and the fruits  
Together they will muster enough strength  
To throttle men, snakes and the crocodiles  
In lands trespassing onto the fields of grass  
Sleeps Mokele among seven spirited guards.

His bed a couch of lotus flowers  
Four pillars decorating the ivory tusks  
An inhabitant of the Sita Tonka  
Inodorous rally a master of concealment  
He feeds on the yellow fruits  
Of longa trees decked with metallic leaves  
Or on tangled grown green honey melons.

Along lakesiders of dark deep waters of Dyka  
His kingdom ruled over by a spiteful wisdom  
Guarding the forests of rain amid onslaught  
From ghouls, ghosts or unholy dark spirits  
Corrupted dead hunters of the concealed sights  
Smouldering, unconsumed lovers of the past lives.

**OBTAKA- THE MAGICIAN.**

Moon goddess came to visit the forest last night  
Riding on chariots driven by the velvet monkeys  
Guarded by hornets and the armies of wasps  
Beleaguered in obscurities by Obtaka the magician.

A maker of charms for the thieves and the lovers  
Talisman of skies from paled skins of foreheads  
Nail maker hooved webs of the antelopes  
Shifter of the sharp swords for the reddish ants.  
Striding solid at the hour of the midnight  
Giving way to doorways to enter the corridors  
Illuminated by the translucent light of the moon.

Tender are the dreams under the wider skies  
Where buffalos roam in mud staked stripes  
Conversing with mirrored spirits of golden ghosts  
Witches, wizards, nymphs or other watery sports.

The chameleon on converse with the blizzards  
Obeying the command to put spur on the lizards  
The crocodiles, hippopotamus, ibis and the lion  
Drinking at water holes under direction of wizard  
Rocked white, stone turned hatches for the rabbits  
Skin rigged, log wooded dug outs for the jackals  
The eel of the deep laughing on its trailed dance  
And Obtaka the magician roams in rugged stance.

## ASPIRING FOR WORLD UNION ON SPIRITUAL FOUNDATION

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### Abstract:

The paper describes how the conflicting culture, religion, race and countries with their differing ideas and interests clashed and still violently clash in groups and individually with nuclear threat hanging over the head of nations. Following the arguments of Sri Aurobindo written in his two renowned social theories, *The Ideal of Human Unity* and *The Human Cycle*, the paper discusses how the whole mankind is proceeding towards some sort of unity though unity on the basis of Spiritual foundation is far away. The paper argues following Sri Aurobindo's footsteps that world union on the basis of spirituality has to build nest in the heart of highly evolved individuals first. There is hope that individuals will carry forward the idea and gradually it will reach the common man whereby the idea will spread and be fruitful. But the time for it cannot be foretold though the World Union is possible and will happen, ultimately on spiritual basis.

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### Seeking to unite under the cover of spirituality

There is no doubt that mankind is proceeding towards some kind of unity. If hindrances are found Nature will seek and find the right course to move on. If it is based on spirituality the problem will almost go for men will see others as themselves, the relation among them will be based on psychic; soul realization besides the usual interdependence of individuals, countries and nations. But it needs to emphasize that spirituality is a faith on existence beyond what we see before our nose and humility that I and my knowledge are not the end of the world, that there are vast things which I have yet to grasp and know. This is based on intuition verified by experience.

Thirst for beyond and glimpse of it and awareness of the unknown with faith on God gave birth to religion. But religions have become divided, sullied as they are with individual, racial and communal interpretations, superstitions and aggrandizement. Modern man has almost come out of it at the summit of his intellect and subtle understanding where he may accept spiritualism even without uttering any name of God but the essential truth of it they seem to accept in whatever way. We should hope that the present restrictions would gradually give birth to fresh air of understanding. Yogi Sri Aurobindo realised that "Spirituality is in its essence an awakening to the inner reality of

our being, to a spirit, self, soul which is other than our mind, life and body, an inner aspiration to know, to feel, to be that, to enter into contact with the greater Reality beyond and pervading the universe which inhabits also our own being, to be in communion with It and union with It." (Divine 857)

Aspiring for a world union on the basis of spiritualism we need to describe the world scenario as we are passing through, to emphasize that this must not be the end of all, that this must be a temporary phase in human history like many things have passed by. Keeping the hindrances before our eyes we need to amend the course of our action.

### Clash of Religions

Romans persecuted Jesus and built Christian religion after him using his life and work as the symbol of their religion. Proud of their riches and techno-civilisation European Nations considered their religion to be superior to others. They converted many people of the vanquished countries to Christianity with the lofty idea of civilising them and bringing them into their fold. The aggressive Islam coming later conquered nations and converted the infidels, according to their conception, to their religion. The two highly ambitious religions with ideas to spread and conquer, convert and expand, clashed. Religion became the source of power and pride. Religious war continued for centuries. Religious conversion is a kind of expansionism. The Pope has expressed



displeasure at the effort in some province in India to ban conversion by passing Act. Proselytism has been a bane to societies throughout human history. But unfortunately it continues.

The war continued for years in Bosnia-Herzegovina and adjacent areas among Slavs all of whom originally belonged to Yugoslavia. Sir Arthur Evans wrote after his visit to the area in his book, *Through Bosnia-Herzegovina on Foot* (London: 1876), "After the 11<sup>th</sup> century many Bosnians were no longer Catholics but followed agnostic, puritanical form of Christianity. The Catholic rulers and those of neighbouring kingdoms were frequently ordered by the Pope to chastise them . . . for more than three centuries, many thousands were killed, many more tortured; once 40000 were arrested and many of them were dragged in chains all the way to Rome."1

In 1450 many such Bosnians appealed to Turkish Sultan and were converted to Islam. The fight has continued up to the present era in different forms.

Afghanistan was a melting spot of cultures. It was a Buddhist centre up to ninth century when Islam entered the valley. Buddha statues, 50 and 34.5 metres in height at Bamiyan, were two pieces of great heritage of human art and culture. On 2 March 2001 Taliban, one of the crudest religious fundamentalists, destroyed such statues by gun, rocket and tank fires in the face of world wide protest. Mr. Mulla Mohammad Omar, the supreme leader of the fanatics, said that it was in line with the fatwa from local Islamic clerics, designed to prevent worshipping of 'false idols'. They persecuted and killed many Hazaras, another tribe of the valley, mostly on religious ground.

Persecution, torture and death at the hands of religious fanatics continue to grow. Fight between the Turkish army and Kurdish workers continued for 16 years. Both Hizbollah and Fazelet fought to replace Turkey's secular system with an Islamic agenda.

Malaysia is a secular state with Islam as the official religion. Three extremists were sentenced to death and many others punished as they tried to overthrow the Malaysian Government and replace it with an Islamic State in 2000-2001. A Muslim State in Nigeria pronounced fatwa to kill the author of an article which was insulting to Prophet

Mohammad. Such fatwa were issued against authors by the Iranian Head of the Government, Ayatollah Khomeini and the clerics in Bangladesh. Fatwa is the usual way of suppressing and destroying the dissidents by the Islamic Heads in different Governments.

In recent months world has witnessed series of massacres in different countries for publishing caricatures of Prophet Mohammad by cartoonists in response to an invitation by the Danish Government as a symbol of the freedom of expression. Many writers like Salman Rushdie, Tasleema Nasrin, philosopher Henri-Levy, Chahla Chafiq are under threat and fatwas are often used as a tool to threat. The longest war after the Second World War was fought between Iraq and Iran. Then there was the Gulf war.

The recent war for establishing the Islamic State and its religious hegemony over the others continues for about five years now. This fight is more serious than all previous ones as it is fuelled by all extremists, terrorists and misguided youths and supported by big world powers which have been taking sides covertly or openly. It is raging mainly in Syria and Iraq but affecting and spreading in neighbouring areas. The kill and rape of minorities like Yazdi and others continues in the name of religion. Innumerable ancient heritage and cultures are being destroyed by the modern philistines. According to recent report by The Guardian, London, more than four million Syrians who have fled their country, nearly half have sought shelter in Turkey, while more than a million are now living in Lebanon and at least 600,000 in Jordan. European borders have become the site of regular fight and frustration. Refugees have become a gigantic problem. The ever growing Muslim population is 2.8 billion out of 7 billion world population.

Violent activities in other areas of the world in recent past were witnessed by the LTTE in Sri Lanka. Maoists and allied groups still continue their war based on communist ideology in India. The Hindu fundamentalists brought down the historic structure, the Babri Masjid in Ayodhya, in 2006 and complicated the issue.

Religionists would do well if they stop thinking that their religion is the only great one to be followed by others and begin to follow Sri Ramakrishna, who said that all paths lead to the same goal, the divine. Long

back our Veda pronounced *Ekam sad vipra bahudha vadanti*. The Truth is one; the wise call it by many names. By one it does not mean to be one for one religion and more for the other religions. One is one and the same is applicable to all religions: the idea leads to the acceptance of our coming to the door of spiritualism. Let us remember once again what Swami Vivekananda repeated on 19 September 1893 at the World's Parliament of Religions, Chicago, "Hear, ye children of immortal bliss! Even ye that resides in higher spheres! I have found the Ancient One who is beyond all darkness, all delusion: knowing Him alone you shall be saved from death over again." Vivekananda 18

### Clash of Ideas

Communism and Capitalism, Democracy and Dictatorship are the rival ideas introducing different systems of Government, different world order affecting largest numbers of people. Communism brought the hope to many that it would spread throughout the world and men would unite under the leadership of the proletariat; there remaining no division like class, creed and caste among the humans. But it turned out to be a mechanical dictatorship in the end choking life. The two largest Communist Governments were USSR and People's Republic of China. People never lived peacefully under them until USSR broke up and liberal ideas and capitalist economy were introduced in China. It has invited huge foreign investment in the country. The right to individual property has been accepted with many other changes done. The internal state of affairs in communist countries was exposed by some courageous writers like Mikhail Sholokhov, Alexander Solzhenitsyn, Svetlana Aliluyeva, Silviu Craciunas, Jung Chang, Sheng Keyi and others.

China has realized the world order and has shifted from its previous stand. There has never been any communist Government in India. The Governments formed by left parties in three provinces functioned democratically under the Indian Republic. The communist Chief Minister of West Bengal once admitted in a chat in *The Hindu* that the command system of economy did not function in the big communist countries of the world as they functioned in isolation so such regimes failed to continue as in USSR and elsewhere.

Sri Aurobindo predicted this long ago in his *The Ideal of Human Unity*. Rabindranath was overwhelmed by the material progress of the Soviets but he too foresaw a crackdown of such a mechanised system.

### Clash of Civilizations

Ultimately it seems to be a clash and conflict of civilizations. Each civilization sticks to its root in spite of tremendous progress in transport and communication, reducing their apparent distances. Professor Samuel P Huntington, the author of *Clash of Civilisations?* defined civilization as the highest cultural grouping of people at the broadest level. While Arnold Toynbee identified 21 major civilisations of which six existed, Huntington listed eight.

Relations between countries and nations have significantly changed. Many isms have vanished from the scene. The cold war between US and USSR ended but another cold war between China and USA raised its head. Cold war developed between the West and the Rest of the World. Among them also differences remain as in Europe and between Europe and America. Brexit is the latest emerging issue separating Britain for the rest of the European Union. But the controversy continues. Sometimes American ego raises its head and they act defying the wishes of the United Nation Organization. The present President of the US has shown exemplary quality of keeping away from showing aggressiveness. Each group and country feels threatened living in an age of nuclear proliferation in spite of all apparent restrictions.

### The Ego of the Super Power

United States is keen to see that no country other than those already equipped with nuclear warhead possesses it. Both U.S. and Russia have stockpiled large number of such weapons. China is a great submarine hiding its stocks. Some Europeans and Asians are also good nuke powers. Countries ambitious to have such weapons are regularly threatened by the US and warned by the UNO. But there are some States like North Korea and Iran who do not relish to be cowed down and pose threat to neighbouring countries.

37 noble laureate scientists representing the Federation of American Scientists strongly objected to the Indo-US

civilian nuclear technology deal as it would jeopardise the NPT idea which was 30 years old then. They felt that the NPT should be replaced by a new international frame work. They further opined that America cannot continue to treat nuclear weapons as militarily useful and politically salient while expecting to stop global nuclear proliferation. Indian Nuclear Scientists too appealed to the Indian Parliamentarians to see that Indo-US agreement did not infringe on our independence, that we should be able to hold on to our nuclear programmes and that nothing short of Universal Nuclear Disarmament must be our ultimate aim. They have claimed that India is one of the most advanced countries in the technology of fast breeder reactors. Now India and Pakistan like quite some others are nuclear powers. It is such a destructive weapon that no threats can threaten it for it can command annihilation of the globe if it spreads. Mankind should stop its proliferation under any excuse. Let Solar Power be the guiding principle.

#### UNO

The founders of the United Nations were determined "To save succeeding generations from the scourge of war, which twice in our life time has brought untold sorrow to mankind."

Sri Aurobindo wrote in the P.S. chapter of *The Ideal of Human Unity*, "The League of Nations was in fact an oligarchy of big powers each drawing behind it a retinue of small states and using the general body. . . for furtherance of its own policy much more than for the general interest and the good of the world at large. . . . In the constitution of the U.N.O. an attempt was made, in principle at least, to escape from these errors; but. . . . A strong surviving element of oligarchy remained in the preponderant place assigned to the five great Powers in the Security Council and was clinched by the device of the veto." (Unity 559)

So he warned, "The leaders of the nations . . . must be on guard against unwise policies or fatal errors; the deficiencies that exist in the organization or its constitution have to be quickly remedied or slowly and continuously eliminated." (Unity 558)

His observations that "National egoism, the pride of domination and the desire of expansion still govern the mind of

humanity, however modified that may now be in their methods . . . until the spirit is radically changed, the union of human race by a federation of free nations must remain a noble chimera" (Unity 328-329)

Confused with the global scenarios the great scientist and intellectual, Stephen Hawking recently posed a question in the Internet, "In a world that is in chaos politically, socially and environmentally, how can the human race sustain for another 100 years?" There were 25000 answers through the yahoo and many invoking the combined power of God, Love and Peace.

#### The Unity on Spiritual Foundation

In spite of all conflicting news and reports we find indeed that the world is moving closer for needs through different associations like UNO and its different bodies, European Union, NATO, SAARC, WTO, BRICS, SEATO, SENTO, Group of Eight and many others. But these, based on needs, through the mode of diplomacy are something like outward unity which Sri Aurobindo called externals of civilisation like unity in dress, manners and habits; details of political, social and economic order. He wished a greater, living unity in the psychological life of humanity. He said that oneness is secretly the foundation of all things. Evolving spirit in Nature is destined to realize it consciously. Through diversity evolution proceeds from a simple to a complex entity. One day the human race must realise this, he confirmed. But by unity he did not mean uniformity; logically simple and scientifically rigid, beautifully neat mechanical sameness but a living oneness full of healthy variation and freedom.

Cultural affinity; the same origin of country and birth are reasons for natural unity. Living in the same country Ireland and Britain are always at loggerhead but Pakistan, Bangladesh and India have the natural affinity among the people, most of who originally belong to India. In spite of ban on Indian cinema in Pakistan, the people zealously guarded their right to enjoy them even through illegal means. It is still restricted there.

After reviewing the international relations and the world order after some 34-35 years of writing the book, *The Ideal of Human Unity*, Sri Aurobindo came to a conclusion in a Postscript chapter written in 1950 that the theory of some kind of world union as he had

envisaged was true. "The ultimate result must be the formation of a World State and the most desirable form of it would be a federation of free nationalities in which all subjection or forced inequality and subordination of one to another would have disappeared and, though some might preserve a greater natural influence, all would have an equal status . . . . a federal order would then be most desirable. . . ." (Unity 571)

In his historical analysis of the march of humanity in his *The Human Cycle* Sri Aurobindo held that the unity would be solid and secured if it is on a spiritual foundation. About the coming of a spiritual age he said, "There will be a labour of religion to reject its past heavy weight of dead matter and revivify its strength in the fountains of the spirit." (Cycle 234)

"If mankind is to be spiritualised, it must first in the mass cease to be the material or the vital man and become the psychic and the true mental being. It may be questioned whether such a mass progress or conversion is possible; but if it is not, then the spiritualisation of mankind as a whole is a chimera". (Cycle 238)

Confirming it further he wrote, "The spiritual age will be ready to set in when the common mind of man begins to be alive to these truths and to be moved or desire to be moved by the triple or triune spirit." (Cycle 244)

### The Conclusion

Though it seems that a world Government on spiritual foundation is far away, we may pause a little and deeply ponder over it. Sri Aurobindo said that the drive toward spirituality would be pioneered by individuals and groups of individuals. "Hope of humanity lies in the growing number of men who will realize this truth and seek to develop it in themselves, so that when the mind of man is ready to escape from its mechanical bent, perhaps when it finds that its mechanical solutions are all temporary and disappointing, the truth of the Spirit may step in and lead humanity to the path of its highest possible happiness and perfection." (Unity 555)

We find such individuals and groups, spiritual centres already established, not only in India but across the globe. Even a few of them may take the world toward fruition of its

goal at the appropriate time, the length of which is beyond our anticipation.

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बड़ेका सूरज सूर्य  
Rise with the rising sun...

मोमेंटम  
JHARKHAND  
The Investment Opportunity  
in the Eastern Region  
1956 & 175th Anniversary Year

**15 अगस्त**

70वें भारतीय स्वतंत्रता दिवस की हार्दिक शुभकामनाएं...

नमन उन्हें,  
जिन्होंने स्वतंत्रता दिलाई...  
नमन उन्हें,  
जिन्होंने झारखण्ड का सम्मान बढ़ाया...  
हमारा लक्ष्य...  
समृद्ध, विकसित, हरित झारखण्ड  
हमारा संकल्प...  
दिलचस्पी अपने देश भारत को सर्वोच्च स्थान...  
बनावैये अपने झारखण्ड को देश का गौरव...

**रघुवर दास**  
मुख्यमंत्री, झारखण्ड

सबका साथ... सबका विकास...

PR No. 146838(IIRD)

समृद्ध एवं विकसित विकास, झारखण्ड द्वारा बनाई जाये...

समृद्ध एवं विकसित विकास, झारखण्ड द्वारा बनाई जाये...

