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EDITORIAL

I am happy to present before the learned netizens January-June 2014 issue of Business Spectrum(Vol. IV, No.1), the bi-annual journal of the Midnapore Branch of Indian Accounting Association. This issue contains eight articles written by various researchers. The papers deal with diverse issues-some being analytical in nature and some being empirical in nature. A brief review of the papers included in the present issue is given below:

In the article entitled, "Cost of Lac Cultivation and its Profitability in Purulia District: A Case Study" **Dr. Jyotiprakash Mondal and Prof. Sarkhel** have examined the profitability of lac cultivation. They have collected primary data from 50 farms for two strains- Rangeeni and Kusumi. They have shown the cost of cultivation of the two strains individually. Considering revenue earning they have also examined the profitability of each strain. The analysis has been conducted for three size groups-marginal, small and medium farms.

In the paper "FDI and Economic Development-A Study with reference to the Implications of FDI in Multi-Brand Retailing in India" the author, **Joyeta Bhadury**, has discussed about the impact of FDI on the economy. FDI has a dominant role to Play in developing countries like India. This paper makes an attempt to analyze the FDI inflows to India with the help of secondary data. It makes an attempt to understand the sector-wise and state-wise distribution of FDI. It also attempts to understand the FDI inflows in India's retail sector and tries to understand how the changed regulations will impact the different stakeholders. The author believes that liberalizing FDI norms in India is sure to prove its worth in the economy.

Pritha Sen and Dr. Ram Prahlad Chowdhury in their paper, "Human Resource Auditing Practices and its Impact on Employees' Performance" have dealt with the management of human resources. Human resource is the most valuable asset in an enterprise and human resource audit plays an important role in the performance of a firm through identifying the goals or objectives of individual employees, likes and dislikes and their feelings which most significantly influence their work performance.HRA practices vary from one organization to another. The paper makes a survey of national and international scenario and shows how HRA has gained popularity in India since the liberalization process started.

The title of the paper contributed by **Dr. Yogesh Maheswari** is "Personality: Difference in Male and Female Managers". This paper is concerned with the concept of personality. It seeks to find out gender difference, if any, with regard to personality. A collective study of managers has been undertaken with reference to personality. Personality has been studied as a consequent variable which is affected by personal factors. The aim of the study is to establish relationship among the managers and their personalities.

Bijay Krishna Bhattacharyya in his paper has discussed about retail banking in public sector banks in India. Retail banking refers to the dealing of commercial banks with individual customers. It has three basic characteristics: multiple products, multiple customer groups and multiple channels of distribution. One of the main counterparts of retail banking is retail lending which means small denomination loans provided to a large mass of people. Retail banking has become important in recent years, particularly after the introduction of banking sector reforms. The study of Mr. Bhattacharyya considers the impact of retail banking on public sector banks'

economic conditions on the basis of secondary data. Six public sector banks have been selected for the study.

Sk. Mujibar Rahaman has studied the role of financial inclusion and inclusive growth on the economic development of a country. The study attempts to find out the current status of financial inclusion in the country. It identifies the bottlenecks which cause impediments in the area of financial inclusion and inclusive growth. It also provides some suggestions to overcome these impediments.

Performance appraisal system (PAS) is an important tool for a company to judge the efficiency of the work force.PAS uses both subjective and objective factors. New technologies are being used for the PAS. The paper by **Vineet Chouhan and Pushpa Verma** discusses how to improve the effectiveness of performance appraisal tool. The purpose of their paper is to identify the variables which affect the PAS. It also tries to measure the perception gap among different categories of managers on selected variables which affect the PAS. The study has been undertaken with reference to Rajasthan State Mines and Minerals Limited.

Before I end I must thank the paper writers for submitting their research papers for publication in this journal. I must also thank the reviewers of the papers for their wholehearted cooperation in reviewing the papers within a short period of time. Thanks are also due to the Desk Editor for his sustained effort.

Jaydeb Sarkhel.

Cost of Lac Cultivation and Its Profitability in Purulia District- A Case Study

Dr. Jyoti Prakash Mandal [1]
Prof. Jaydeb Sarkhel[2]

Abstract
In order to find cost of lac cultivation and its profitability we have collected data through three stages stratified sampling method and ultimately choose 50 sample farms which are comprised of marginal farm, small farm and medium farm. Lac crop has two strains Rangeeni and Kusumi. In this paper we have shown cost of cultivation of the two strains individually as well as for the three each size group of firms in different angles. Side-by-side revenue earning also calculated to arrive at the profitability concept for each strain and each size group of farms. Which size group of farm reaps most profit is also discussed with reason. In a nut shell this paper will highlight medium size group of farm is standing in the most advantageous position compared to all.
Key-words: *Farm, Small Farm, Marginal Farm, Profitability, Cultivation.*

1. Introduction

The forest and sub-forest dwellers of the Purulia district having only limited areas for cultivation, meagre irrigated land and limited scope of irrigation systems mainly depend on rainfed agriculture and forest for their livelihood. But forests of the district are blessed with the plenty of lac host trees such as *Kusum*, *Palas*, *Ber* and *Babul*. Lac cultivation is simple with no involvement of high technology and very low investment. It is eminently suited to the farmers living in the vicinity of the forests including women as it demands only their part time attention. In the district its cultivation provides an important additional income next only to the agriculture. Farmers are also dependent on lac cultivation for their livelihood and Lac is regarded as an important source of cash flow to the marginal, small and large farmers in the district. In fact the district produces highest quality of *Rangeeni* lac, which comes from Palas and Ber trees. Kusumi crop is also produced when lac insect thrived on Kusum trees.

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2. Review of Literature

"Lac Cultivation in Purulia District"(2001)- A Status report gives us brief insight about lac activities in Purulia on the basis of survey conducted by "Office of the District Magistrate & Collector" Purulia in the year 2001. From the proceedings of the "National Symposium on Lac Industry – Convergence for Resurgence, 20-21.09.2004" we can get a conception of cost associated with lac cultivation. The thesis "Economics of Lac Industry in India" by Ratna Mukherjee (2002) has put special attention on Purulia's lac cultivation with the help of empirical data.

3. Objectives of the Study

The present paper is an endeavour to throw light on cost of lac cultivation including its profitability for two strains of lac crop Kusumi and Rangeeni. The study deals with the lac production pattern and is concerned with the collection of the primary data from the selected farmers for the year 2010-11. Over the year an analysis of cost, return in lac cultivation is attempted in this paper.

4. Data Source and Methodology

The study adopts the multi-stage stratified purposive sampling method to select lac growers in Purulia district. In stage I the major lac producing blocks of Baghmundi, Balarampur and Jhalda-1 of Purulia District, West Bengal were purposively selected for the present study. In stage II major lac producing villages from previously selected blocks were chosen. In stage III specific number of sample growers had been selected with an aim to make study over 50 lac growers. The selected sample farms according to their respective size groups are given in Table-1. The primary data were collected for the commercial *Rangeeni* crop and *Kusumi* crop for the year 2010-11. Each of the 50 sample farms of the selected villages under study and a few traders involved in their marketing of lac produce were contacted in order to fill in the schedule. Questionnaires relating to the objectives of the study had been developed for collection of information from lac farmers regarding the cost of lac cultivation, return and net return from lac activities. The database of this paper includes both published sources and primary data.

Table 1: Size – Group Wise Distribution of Sample Farms

Size Group	No. of Available Farms	No. of Selected Sample Farms	From Jhalda-1 Block	From Baghmundi Block	From Balarampur Block
1. Marginal Farms (<2.5 acres)	456	21	15	5	1
2. Small Farms (2.5-5 acres)	294	18	12	4	2
3. Medium Farm (> 5 acres)	118	11	8	2	1
Total	868	50	35	11	4

Cultivators grow lac entirely in the traditional way. The majority of the lac produced is grown on trees around the villages, and on cultivated or semi-cultivated agricultural land on trees growing on waste land such as road side and uncultivated land; and under semi-jungle conditions. The point to be noted is that lac does not grow well under absolute jungle conditions; it grows best under plantation and orchard conditions.

5. Costs Associated with Lac Agriculture

A) Fixed Cost: Lac cultivation requires minimal investment in the form of small tools. Some fixed cost incurred in mechanisation of lac cultivation operations in different stages- a) Pruning- b)Inoculation (infestation) –c) Broodlac removal and collection- d) Spraying for insect and pest control- e)Lac harvesting- f) Scraping-.

B) Prime or Variable Cost: The different cost items falling under variable cost of producing lac crop are *i)* Family Labour**:** ii) Seed (Brood)**: (**Brood used for the production of the two strains of lac crop (Rangeeni and Kusumi) is generally raised on the farmer's field. Brood cost in each farm size group was evaluated at the market price.) iii) Interest**:** interest on working capital was charged at the rate of 30 percent per annum for a period of 6 months only from village money lenders.

6. Cost of Production, Gross Income and Net Income from Lac Activities

Cost of cultivation and returns in lac cultivation obtained from survey data, are presented in Table-2. This table also provides information on net profit, profit per tree, net profit per acre output-input ratio.

Table 2: Economics of Lac Cultivation and Returns (per 10 Host Trees)

Particulars	Palas		Ber		Kusum	
	Quantity	**Value (Rs.)**	**Quantity**	**Value (Rs.)**	**Quantity**	**Value (Rs.)**
Cost						
Labour	80 MD	8,000	100MD	10,000	151MD	15,100
Broodlac	30 Kg	1,800	50 Kg.	3,000	100 Kg.	11,000
Other input		600		500		1,200
Depreciation on fixed input		520		860		935
Interest on Total Investment		480		387		663
Total Cost		**11,400**		**14,747**		**28,898**
Return						
Broodlac	350 Kg	21,000			300 Kg	33,300
Phunki	6 Kg	450	10 Kg	750	20 Kg	2,500
Ari-sticklac	40 Kg	2,600	350 Kg	26,250	80 Kg	9,600
Gross Return		**24,050**		**27,000**		**45,400**
Net Profit		12,650		12,253		15710
Profit per tree		1,265		1,225.30		1,571.70
Output Input Ratio		**2.11**		**1.83**		**1.57**
Number of Trees per Acre.	310		200		110	
Number of Operated Tree per Acre.	155		200		45	

Net Profit per Acre	Rs1,96,075.00	Rs. 2,45,060.00	Rs. 70,726.50
Cost of Production of Broodlac	Rs. 31.29/Kg	-	Rs. 89.05/Kg
Cost of Production of Sticklac	Rs. 61.29/Kg	Rs. 63.65/Kg	Rs. 126.60/Kg

MD- Man Days valued @ Rs. 100 per day; Rangeeni broodlac cost @ Rs. 60 per Kg; Kusumi broodlac cost @ Rs. 110 per Kg; Rangeeni Phunki rate Rs. 75 per Kg.; Kusumi Phunki rate Rs. 125 per Kg.; Rangeeni (Palas) Ari-sticklac rate Rs. 65 per Kg.; Rangeeni (Ber) Ari-sticklac rate Rs.75 per Kg.; Kusumi Ari-sticklac rate Rs. 120 per Kg.

Source: Compilation of primary data gathered through survey

In estimating cost of production and income generation we consider input and output during 2 complete cycles such as Baisakhi & Katki for Palas and Ber trees while Jethwi and Aghani for Kusum tree. The main component of cost, requirement of broodlac per tree, is 3kg, 5kg and 10kg for Palas, Ber and Kusum respectively. For every 20 host trees (Rangeeni) for sticklac cultivation, 8 to 9 trees will be utilized for broodlac production, average production of broodlac per host tree being 40 kg. Estimated production of sticklac is 40 Kg. @ 4kg. /tree for Palas tree, for Ber tree it is 350 kg. (yield @35kg. /tree). In the case of Kusum tree it is 8 kg. per tree. Estimated income from selling broodlac @ Rs60/Kg and sticklac @ Rs. 65(Rs. 75 for Ber trees) is shown in Table 2 as Rs. 24,050 for Palas tree (Rs. 27,000 for Ber Tree). As prices of both Kusumi broodlac and sticklac are higher compared to Rangeeni crops the estimated income from Kusumi trees is also much higher compared to Rangeeni host trees. If production of broodlac is considered, estimated production of broodlac in Rangeeni crop is 35 kg per tree, while in case of Kusum trees it was 30kg per tree. Output to input ratio is significantly higher in lac cultivation on Palas and Ber trees (i.e. 2.11 and 1.83 respectively), whereas this ratio is 1.57 for lac cultivation on Kusum tree. Ultimately net profit earned per tree is Rs.1,265 for Palas tree, Rs.1,2255.30 for Ber tree and for Kusum tree it is Rs 1,572 (with captive use of broodlac produced by trees under the study). Per acre different kinds of lac host trees and their utilization are also presented in Table-2. The pooled results showed that percentages of operated trees per acre are 50% for Palas, 100% for Ber and 32% for Kusum tree. Low percentage of utilization of Kusum tree is due to its large size and higher input in the form of broodlac which the farmers are generally unable to procure because of high price at the time of scarcity.

A) *Total and per Tree Cost of Production of Lac*

Rangeeni Crop: Table-3 shows that total cost of production of Rangeeni crop incurred by all farm size group was Rs. 20,52,005.40 out of which the marginal, small and medium size group of the farms shared Rs.5,84,077.60, Rs.5,85,964.00 and Rs.8,81,963.80 respectively, constituting about 28.46, 28.56 and 42.98 percent of the total cost of production. It was found that the total cost of production was higher on the medium size group as compared to other size groups because this size group possessed larger number of trees.

Average cost of production per tree incurred by all farm size group was Rs.1,138.10. The marginal, small and medium size group of the farms shared Rs.1,112.50, Rs.1,114.00 and Rs.1,172.80 respectively. It was found that per tree cost of production was higher on medium size group as compared to the marginal and small size group of the farms. The possible

reason might be that the utilisation of labour was more on medium size group as compared to other size group of the farms.

Table 3: Total and per Tree Cost of Production of Rangeeni and Kusumi Crop

Crop		Farm Size group			Total/ Average
		Marginal	Small	Medium	
Rangeeni	Number of Trees	525	526	752	1803
	Cost of Production (in Rs.)	5,84,077.60 (28.46%)	5,85,964.00 (28.56%)	8,81,963.80 (42.98%)	20,52,005.40
	Cost of Production Per Tree (in Rs.)	1,112.50	1,114.00	1,172.80	Avg-1,138.10
Kusumi	Number of Trees	147	145	196	488
	Cost of Production (in Rs.)	3,33,163.90 (29.90%)	3,30,838.70 (29.69%)	4,50,329.60 (40.41%)	11,14,332.20
	Cost of Production Per Tree (in Rs.)	2,266.40	2,281.60	2,297.60	Avg-2,283.50

(Figures within the parentheses indicate percentage to total. Avg- Average)
Source: Compilation of primary data gathered through survey

Kusumi Crop*:* It is also evident from Table-3 that total cost of production of Kusumi crop incurred by all farm size groups was Rs. 11,14,332.20 and the shares of marginal, small and medium size group of the farms were Rs3,33,163.90, Rs3,30,838.70 and Rs. 4,50,329.60 respectively which constituted about 29.90, 29.69 and 40.41 percent of the total cost of production. It was found that total cost of production was higher on medium size group compared to marginal and small size groups of farms.

Average cost of production per tree incurred by all farm size groups was Rs. 2,283.50, on the other hand the cost of production per tree for marginal, small and medium size group were Rs. 2,266.40, Rs.2,281.60 and Rs. 2,297.60 respectively. The results depicted that, per tree cost of production was higher on medium size group as compared to marginal and small size groups of farms. The possible reason might be that the labour utilization on medium size group of the farms was higher as compared to other size group of farms.

Overall picture revealed that the cost of production for Rangeeni and Kusumi crops incurred by medium size group was higher as compared to the other size groups. This may be because of the fact that the medium size group of the farms possessed larger number of trees as compared to marginal and small size group of the farms.

B) Total and Per Tree Gross Return of Lac

Per tree average gross return was directly related with the average yield per tree and the rate of sale per kilogram.

Rangeeni Crop*:* It can be seen from Table 4 that the total gross return from Rangeeni crop earned by all size groups was Rs.43,27,200.00 and the share of marginal, small and medium size group of the farms were Rs.12,60,000.00, Rs.12,62,400.00 and Rs.18,04,800.00 respectively, constituting about 29.12, 29.18 and 41.70 percent of the total gross return. It was observed that gross return earned by medium size group was higher as compared to

marginal and small size group of the farms. This was because of the fact that larger numbers of trees were found on medium size group as compared to other size groups of farms.
Gross return earned per tree by each size group was the same that is Rs.2400.00. This is because of the fact that production per tree was the same in each size group and market price was also the same in the study area.

Table 4: Total and Per Tree Gross Return of Lac

Farm Size Group	Rangeeni		Kusumi	
	Gross Income (in Rs.)	Gross Income Per Tree (in Rs.)	Gross Income (in Rs.)	Gross Income Per Tree (in Rs.)
Marginal	12,60,000.00 (29.12%)	2,400.00	6,17,400.00 (30.12%)	4,200.00
Small	12,62,400.00 (29.18%)	2,400.00	6,09,000.00 (29.71)	4,200.00
Medium	18,04,800.00 (41.70%)	2,400.00	8,23,200.00 (40.17%)	4,200.00
Total/Average	43,27,200.00	Avg.-2,400.00	20,49,600.00	Avg.-4,200.00

(Figures within the parentheses indicate percentage to total and Avg.- means Average.)
Source: Compilation of primary data gathered through survey

Kusumi Crop*:* It may be observed from Table-4 that the total gross return from Kusumi crop earned by all farm size groups was Rs.20,49,600.00. The shares of marginal, small and medium size group of the farms were Rs.6,17,400.00, Rs.6,09,000.00 and Rs. 8,23,200.00 respectively which constituted about 30.12, 29.71 and 40.17 percent of the total gross return. It was found that gross return earned by medium size group was higher as compared to other size groups of farms because this size group possessed larger number of trees as compared to marginal and small size group of the farms.

Overall picture revealed that gross return per tree from Kusumi crop was nearly double than that of Rangeeni crop. This was because of the fact that the market price of the product of the Kusumi crop was higher than that of Rangeeni crop. It was also found that the various size groups of farms had no effect on the gross income per tree for both the Rangeeni as well as Kusumi crops. It was observed that there was no effect of more investment in different size group of the farms Table 4shows that gross income remained same in all the cases.

C) Total and Per Tree Net Return of Lac

The net returns represent the difference between the value of total return and total cost incurred in the production process. In other words, it is the difference between receipt and total expenses. It measures the combined return of the cultivator's resources for his labour, capital and management. The net profit reflects upon the returns to the cultivators over cost incurred.

Rangeeni Crop: From Table 5, it can be seen that the total net return from Rangeeni crop earned by all farm size groups was Rs.22,75,194.50. The marginal, small and medium size group of the farms shared Rs.6,75,922.40, Rs.6,76,436.00 and Rs.9,22,836.20 respectively constituting about 29.71, 29.73 and 40.56 percent of the total net return. It was observed that net return was higher on the medium size group of the farms as compared to marginal and

small size group of the farms. It was also found that the number of trees was higher on the medium size group of the farms as compared to small and marginal size group of farms.

Average net return per tree earned by all farm size groups was Rs. 1,261.90 and that of marginal, small and medium size group of farms were Rs.1,287.50, Rs.1,286.00 and Rs.1,227.20 respectively. It was found that although total net return was higher on the medium size group of the farms but net return per tree was slightly higher on the marginal size group as compared to other size groups of farms because this size group incurred lower cost of production as compared to small and medium size group of farms and also because gross return per tree was same in each size group of farms.

Table 5: Total and per Tree Net Return of Lac

Farm Size Group	Rangeeni		Kusumi	
	Net Income (in Rs.)	Net Income Per Tree (in Rs.)	Net Income (in Rs.)	Net Income Per Tree (in Rs.)
Marginal	6,75,922.40 (29.71%)	1,287.50	2,84,236.10 (30.39%)	1,933.60
Small	6,76,436.00 (29.73%)	1,286.00	2,78,161.30 (29.74%)	1,918.40
Medium	9,22,836.20 (40.56%)	1,227.20	3,72,870.40 (39.87%)	1,902.40
Total/Average	22,75,194.50	Avg.-1,261.90	9,35,267.80	Avg.-1,916.53

(Figures within the parentheses indicate percentage to total and Avg.- means Average)
Source: Compilation of primary data gathered through survey

***Kusumi Crop**:* The table further revealed that the total net return from Kusumi crop earned by all farm size groups was Rs.9,35,267.80 out of which the marginal, small and medium size groups of farms shared Rs. 2,84,236.10, Rs.2,78,161.30 and Rs. 3,72,870.40 respectively which constituted about 30.39, 29.74 and 39.87 percent of the total net return. It was found that net return was higher on the medium size group as compared to other size group of the farms. This was due to the fact that higher gross return was found on medium size group of the farms as compared to marginal and small group of the farms. It was due to the fact that number of trees was higher on the medium size group of the farms as compared to other size groups.

Average net return per tree earned by all farm size groups was Rs.1,916.53.In the case of marginal, small and medium size group of farms net return per tree were Rs. 1,933.60, Rs.1,918.40 and Rs.1,902.40 respectively. It was observed that net return per tree was slightly higher on the marginal size group although total net return was more on medium size group as compared to the other size groups. This was mainly due to the fact that the cost of production incurred by marginal group of the farms was lower as compared to small and medium size groups of the farms.

Thus, overall picture revealed that per tree net return of two crops (Rangeeni and Kusumi) differed slightly whereas per tree gross return of two crops was same in case of all size groups. The reason for the marginal differences was due to difference in cost of production which made slight variation in net return. Thus Table 5revealed that the net return per tree from Rangeeni crop was lower than that from Kusumi crop. The result indicated that the marginal groups of the farmers were getting more remuneration from each crop as compared

to that of small and medium size group of the farms. This may be because of the fact that resources were better utilised on the marginal size group as compared to other size groups. This finding confirms as expected because marginal farms own only limited land resources and they don't have other alternative for income generation and thus such category of farmers give more emphasis on lac cultivation These farmers may be called regular lac growers.

D) 't' Value : It was found from Table 6 that net return from Rangeeni crop was higher in all the farm size groups than that in the Kusumi crop. To find out whether the average net income per grower derived from Rangeeni crop ($\bar{R}$) was higher than the average net income derived from Kusumi crop ($\bar{K}$), 't' test was performed for two independent variables. At 5 percent level of significance the result was found to be significant, meaning thereby the average net income per grower from Rangeeni crop was actually higher than that of Kusumi crop which was higher in each group.

Table 6: Calculation of 't' Value for Differences of Mean Net Income Derived from Rangeeni Crop and Kusumi Crop.

Marginal	Rangeeni (R)	R*R	Kusumi(K)	K*K
1	28511	812877121	10802	116683204
2	32651	1066087801	14921	222636241
3	29456	867655936	11221	125910841
4	32333	1045422889	14411	207676921
5	29112	847508544	11904	141705216
6	32302	1043419204	14446	208686916
7	30446	926958916	12522	156800484
8	32908	1082936464	14905	222159025
9	30902	954933604	12812	164147344
10	34546	1193426116	14646	214505316
11	30333	920090889	12211	149108521
12	34911	1218777921	13446	180794916
13	31804	1011494416	14752	217621504
14	34511	1191009121	13402	179613604
15	31535	994456225	14846	220403716
16	34902	1218149604	13833	191351889
17	31933	1019716489	14711	216413521
18	34303	1176695809	13911	193515921
19	31545	995087025	14502	210308004
20	32341	1045940281	11530	132940900
21	34637	1199721769	14502	210308004
	675922	21832366144	284236	3883292008
Mean of R ($\bar{R}$) =	32186.76		Mean of K ($\bar{K}$) = 13535.05	

Variance of R (S^2_k) =1807210.65
Variance of R (S^2_r) =3831283.19
Source: Compilation of primary data gathered through survey

Here we have to test null hypothesis H $H_0 : \bar{R} = \bar{K}$

Against, the alternative $\bar{R} \neq \bar{K}$

As we know $t_{cal} = (\overline{R} - \overline{K}) / \sqrt{(S_R^2/21 + S_K^2/21)}$

t value=35.99539

Here $t_{cal} > t$ with (n_R+n_K-2) degrees of freedom at 5% level of significance=1.96

Since calculated 't' is much greater than tabulated 't', it is highly significant at 5% level of significance. So there is a significant difference between the net profit earned from Rangeeni crop and from Kusumi crop for marginal group of farms.

The average net income from Rangeeni crop was two and half times more than average net income derived from Kusumi crop. It was found during the survey that the larger number of trees was put under production of Rangeeni crop by all size groups of the farms as compared to Kusumi crop.

Table 7: Mean Net Income per Grower in the Three Holding Sizes

Farm Size Group	Crops Rangeeni	Crops Kusumi
	Mean Net Income (in Rs.)	Mean Net Income (in Rs.)
Marginal	32,186.76	13,535.05
Small	37,579.77	15,453.39
Medium	83,894.18	33,897.27

Source: Compilation of the data

If we calculate 't' values for finding out differences of mean income derived from each crops for small farm and medium farm, the same result will be obtained. Over all we can conclude that the analysis of 't' value was found to be significant at 5% level of significance which indicated that the net income derived from Rangeeni crop was actually higher than that of Kusumi crop.

7. Conclusion

It has been seen that the production of medium farm size group is large. Again maintenance, overseeing and overhead charges are kept low by this farm size group. Most of all farms retained a portion of their previous crop for use as brood for the next crop. Since brood is not purchased and crops are successful it would be possible to make large profit even at the prevailing lower price of sticklac. As previous four years 2007-08, 2008-09, 2009-10 and 2010-11 had been very adverse; the purchase of brood is very much expensive in the year under study, and may even be unobtainable for the small and marginal farmers. The necessity of purchasing brood for the group of farmers at high rate swallowed any profits they might have made. The sale of broodlac on the other hand is remunerative and thereby medium farm size gets comparatively high return. Loss of weights by sticklac on storage as much as 30% or more goes against the interest of small and marginal cultivators. The group of cultivators either cannot afford, or is not prepared to risk, the amount of brood necessary to infect fully all the trees under their possession. Therefore optimum infection to obtain the maximum return is not of great importance to them.

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FDI and Economic Development – A Study with reference to the Implications of FDI in Multi Brand Retailing in India

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Abstract

Foreign Direct Investment has a dominant role to play in hastening the development process in developing countries like India by making possible transfer of financial resources, technology and improved management techniques that contribute to raising productivity of the nation. However, FDI is a mixed blessing. On one hand, it has the boon of supplementing domestic capital, increasing employment opportunities and making possible transfer of technology and knowledge, which has spurred the development process of India. On the other hand, FDI has contributed to increase in inflation and has made it difficult for uncompetitive domestic firms to survive. With gradual liberalisation in retailing in India, particularly in context to multi brand retailing many global retailers are eager to operate in the Indian economy. This paper makes an attempt to analyze the FDI inflows to India, with the help of secondary data. It makes an attempt to understand the sector-wise and state-wise distribution of FDI. It also attempts to understand the FDI inflows in India's retail sector and how the changed regulations will impact the different stakeholders.

Key-words: *FDI, Domestic Capital, Retailing, Multi-brand Retailing, Liberalisation.*

1. Introduction

Since independence, India followed a selective FDI policy, as self reliance and protection of the interests of the national industries and entrepreneurs was her primary vision. Her sole intention was procuring and utilising the advanced technologies from the foreign nations without indulging in any form of financial participation. All the economic, industrial and financial reforms those were initiated since the 1990s taking the path of Liberalisation, Privatisation and Globalisation, gradually shattered the licence-raj and changed India from a partially closed economy to one which was more open to foreign capital and international trade. Hence, FDI inflows gradually proved to be the panacea for all finance requirements of India. Since 1991 there have been a number of changes in the regulatory policies, namely, Structural Adjustment Programme (SAP), changes incorporated in the MRTPA and FERA. "As per the IMFs Global Financial Stability Report, April 2012, India has emerged as one of the major recipients of FDI flows among the major market economies in the last few years."

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FDI is defined as "investment made to acquire lasting interest in enterprises operating outside of the economy of the investor. Further in case of FDI, the investor's purpose is to gain an effective voice in the management of the enterprise." (http://unctad.org/en/Pages/DIAE) FDI is deemed as the most suitable form of attracting capital owing to its stable nature and since it does not increase the external debt stock of the host nation. In fact, it gives a win-win situation to both the 'home' and the 'host' nations. Owing to FDI inflows, the economic growth of the 'host' nation is hastened, as with capital, FDI brings technological advancements, knowledge, better training facilities for human resource, increased domestic savings and foreign exchange and gives a spur to direct and indirect job opportunities. Indeed, FDI generates job opportunities directly and indirectly through the multiplier effect. "The indirect employment effects may equal, and sometimes exceed, the direct effects. FDI sometimes also eliminates jobs through displacement of local firms, but the net effect is generally additional employment within the host economy." (Hill, 2005) However, FDI can make it difficult for small businesses to thrive in the face of enhanced competition. The boons experienced by the 'home' nation are that they get exposure to a greater consumer market, cheaper resources and talent specific to the host nation. In fact "it is the intent and objective of the Government of India to attract and promote foreign direct investment in order to supplement domestic capital, technology and skills, for accelerated economic growth."

2. Objectives of the Study

(a) To analyse the FDI inflows to India, with the help of secondary data.
(b) To understand the sector-wise and state-wise distribution of FDI with the help of secondary data.
(c) To understand the FDI inflows in India's retail sector and understand how the changed regulations will impact the different stakeholders.

3. Trend of FDI Inflows in the World and in India

The global FDI inflows fell by 18% in 2012 although the other major macroeconomic variables like GDP, GFCF (Gross fixed capital formation), and employment registered positive growth rates. In fact, the global FDI growth rate reached a point very close to the slump it fell to during 2008-2009. However, it is noteworthy that although in 2012 the rate of growth of global FDI inflows was negative, developing economies for the first time attracted more FDI than developed economies. The nine developing economies namely, China, Hong Kong, Brazil, British Virgin Islands, Singapore, Chile, India, Indonesia and Columbia ranked among the top 20 FDI receiving nations of the world.

Table 1: Financial Year-wise FDI Inflows Data: As Per International Best Practices

(Amount US $ million)

Sl no	Financial Year (April- March)	FOREIGN DIRECT INVESTMENT					
		EQUITY		Re-invested earnings +	Other capital +	FDI FLOWS INTO INDIA	
		FIPB Route/ RBI,s Automatic Route/ Acquisition Route	Equity capital of unincorporated bodies #			Total FDI Flows	% age growth over previous year (in US $ terms)

FINANCIAL YEARS 2000-01 TO 2012-13 (up to February, 2013)							
1	2000-2001	2,339	61	1,350	279	4,029	
2	2001-2002	3,904	191	1,645	390	6,130	(+) 52 %
3	2002-2003	2,574	190	1,833	438	5,035	(-) 18 %
4	2003-2004	2,197	32	1,460	633	4,322	(-) 14 %
5	2004-2005	3,250	528	1,904	369	6,051	(+) 40 %
6	2005-2006	5,540	435	2,760	226	8,961	(+) 48 %
7	2006-2007	15,585	896	5,828	517	22,826	(+) 146 %
8	2007-2008	24,573	2,291	7,679	300	34,843	(+) 53 %
9	2008-2009	31,364	702	9,030	777	41,873	(+) 20 %
10	2009-10 (P) (+)	25,606	1,540	8,668	1,931	37,745	(-) 10 %
11	2010-11 (P) (+)	21,376	874	11,939	658	34,847	(-) 08 %
12	2011-12 (P)	34,833	1,021	8,205	2,494	46,553	(+) 34 %
13	2012-13 (P) (up to February,2013)	20,300	968	10,089	2,555	33,912	-
CUMULATIVE TOTAL (From Apr. 2000 - Feb . 2013)		1,93,441	9,729	72,390	11,567	2,87,127	-

Source:

(i) RBI□s Bulletin April, 2013 dt. 10.04.2013 (Table No. 34 – FOREIGN INVESTMENT INFLOWS).

(ii) Inflows under the acquisition of shares in March, 2011, August, 2011 & October, 2011, include net FDI on account of transfer of participating interest from Reliance Industries Ltd. to BP Exploration (Alpha).

(iii) RBI had included Swap of Shares of US$ 3.1 billion under equity components during December 2006.

(iv) Monthly data on components of FDI as per expended coverage are not available. These data, therefore, are not comparable with FDI data for previous years.

(v) Figures updated by RBI up to February, 2013.

„#□ Figures for equity capital of unincorporated bodies for 2010-11 are estimates.

(P) All figures are provisional

"+" Data in respect of „Re-invested earnings□ & „Other capital□ for the years 2009- 10, 2010-11 & 2012-13 are estimated as average of previous two years.

India's cumulative FDI inflows during the period from April 2000 to February 2013 were US $287,127 million, as shown in Table 1. Although the period from 2000 to 2002 experienced

52% growth in FDI flows into India, the two subsequent financial years did not prove India to be a favourable FDI destination. However, India's position in the world economy improved thereafter and India bagged as much as 146% growth in FDI inflows. India again faced a decline in FDI inflows during the years of financial crisis in 2009 and 2010 owing to global, economic and financial crisis that prevailed during that time. However, to give respite to all, the economic scenario and the FDI position of India again appears promising. It can be expected that the current Indian economic scenario along with the reforms introduced in India is sure to herald a golden era for the nation.

Table 2 shows the economic growth during the period 2000-2011. Here the GDP through FDI in India is considered for understanding economic growth.

Table 3 gives us a vivid account of the top 10 nations investing in India. The data from April 2010 to February 2013 depicts that around 48% of India's FDI requirements are financed by just Mauritius and Singapore. In fact, cumulative country-wise FDI equity inflows from April 2000 to February 2013 reveal Mauritius as the primary source of FDI to India over the last decade.

Table 2: FDI Net Flows (% of GDP) in India

Year	FDI, Net Flows (% of GDP) in India
2000	0.76
2001	1.11
2002	1.08
2003	0.70
2004	0.80
2005	0.87
2006	2.11
2007	2.04
2008	3.55
2009	2.61
2010	1.57
2011	1.74

Source: http://www.ijmrbs.com/currentissue.php

Table 3: Share of Top Investing Countries' FDI Equity Inflows

Amount in Rupees crores (in US $ million)

Rank	Country	2010-11 (April–Mar.)	2011-12 (April–Mar.)	2012-13 (April – Feb.)	Cumulative Inflows (April '00 – Feb. '13)	%age to total inflows(in terms of US $)
1	MAURITIUS	31,855 (6,987)	46,710 (9,942)	48,786 (8,970)	338,257 (73,139)	38 %
2	SINGAPORE	7,730 (1,705)	24,712 (5,257)	10,831 (1,984)	88,419 (19,136)	10 %
3	U.K.	12,235 (2,711)	36,428 (7,874)	5,736 (1,069)	80,397 (17,537)	9 %

4	JAPAN	7,063 (1,562)	14,089 (2,972)	11,559 (2,111)	69,410 (14,425)	8 %
5	U.S.A.	5,353 (1,170)	5,347 (1,115)	2,923 (537)	50,812 (11,101)	6 %
6	NETHERLANDS	5,501 (1,213)	6,698 (1,409)	9,054 (1,672)	41,379 (8,781)	5 %
7	CYPRUS	4,171 (913)	7,722 (1,587)	2,490 (459)	32,160 (6,858)	4 %
8	GERMANY	908 (200)	7,452 (1,622)	3,473 (637)	24,300 (5,258)	3 %
9	FRANCE	3,349 (734)	3,110 (663)	3,483 (646)	16,861 (3,572)	2 %
10	U.A.E.	1,569 (341)	1,728 (353)	969 (177)	11,289 (2,419)	1 %
TOTAL FROM	FDI INFLOWS ALL COUNTRIES *	97,320 (21,383)	165,146 (35,121)	113,610 (20,899)	888,616 (191,878)	

*Includes inflows under NRI Schemes of RBI.

Note: % age worked out in US$ terms and FDI inflows received through FIPB/SIA+RBI's Automatic Route + acquisition of existing shares only.

4. Sector-wise and state-wise distribution of FDI

Table 4 shows the sector-wise distribution of FDI equity Inflows. During the period, April 2010 to February 2013 the service sector which comprises of financial and non financial services received the maximum amount of FDI inflows and has also very effectively contributed to employment generation. This is in sharp contrast to the picture which existed in the pre-liberalisation era when chunk of the FDI inflows were directed to the manufacturing sector. The service sector is followed by the construction development, telecommunication and computer hardware and software sectors.

Table 4: Sectors Attracting Highest FDI Equity Inflows

Amount in Rupees crores (in US $ million)

Ranks	***Sector***	***2010-11 (April - March)***	***2011-12 (April - March)***	***2012-13*** (April – Feb.)	***Cumulative Inflows*** (April 00 - Feb. 13)	***% age to total Inflows (In terms of US $)***
1.	**SERVICES SECTOR ****	15,054 **(3,296)**	24,656 **(5,216)**	25,839 **(4,747)**	171,817 **(37,151)**	**19 %**
2.	**CONSTRUCTION DEVELOPMENT: TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE**	7,590 **(1,663)**	15,236 **(3,141)**	6,853 **(1,260)**	100,655 **(22,008)**	**12 %**
3.	**TELECOMMUNICATIONS** (radio paging, cellular mobile,	7,542 **(1,665)**	9,012 **(1,997)**	585 **(107)**	57,663 **(12,660)**	**7 %**

	basic telephone services)					
4.	**COMPUTER SOFTWARE & HARDWARE**	3,551 **(780)**	3,804 **(796)**	2,546 **(466)**	52,664 **(11,671)**	**6 %**
5.	**DRUGS & PHARMACEUTICALS**	961 **(209)**	14,605 **(3,232)**	5,960 **(1,114)**	48,828 **(10,309)**	**5 %**
6.	**CHEMICALS (OTHER THAN FERTILIZERS)**	10,612 **(2,354)**	18,422 **(4,041)**	1,488 **(272)**	40,388 **(8,861)**	**5 %**
7.	**AUTOMOBILE INDUSTRY**	5,864 **(1,299)**	4,347 **(923)**	7,111 **(1,303)**	37,896 **(8,061)**	**4 %**
8.	**POWER**	5,796 **(1,272)**	7,678 **(1,652)**	2,887 **(529)**	36,101 **(7,828)**	**4 %**
9.	**METALLURGICAL INDUSTRIES**	5,023 **(1,098)**	8,348 **(1,786)**	7,479 **(1,393)**	34,415 **(7,434)**	4 %
10	**HOTEL & TOURISM**	1,405 **(308)**	4,754 **(993)**	17,548 **(3,217)**	33,031 **(6,589)**	**4 %**

***** Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis***

The region-wise FDI inflows which are classified as per RBI's Regional Office received FDI inflows, furnished by RBI, Mumbai, reveals that the FDI inflows in India are concentrated in certain states. Those states which are commercially and industrially more viable have received the lion's share of FDI, which has further fastened their economic development, and, a large number of other Indian states are deprived of the benefits that can be reaped from a liberalised FDI regime. The cumulative FDI inflows to Mumbai and New Delhi from April 2010 to February 2013, accounts for 52% of the total FDI inflows to India (in terms of US $). New Delhi has attracted as many as approximately 305 projects during the period from 2007 to 2011from international companies, particularly those operating in the service industry and has been able to generate around 34,100 jobs in the economy. In Mumbai, the service sector and the manufacturing sector has attracted a lump sum amount of foreign investment. Chennai, Bangalore, Ahmadabad and Hyderabad have also received considerable proportion of the FDI inflows to India, whereas, Kolkata and Chandigarh have respectively received as low as 1% of the total FDI inflows to India (in terms of US $).

5. FDI inflows in India's retail sector

According to the Global Retail Development Index 2013, "India has its lowest ranking in the GRDI's 12 years, amid high operating costs, low bargaining power with vendors and heavy discounting to improve sales. However, the long term fundamentals remain strong: a large, young and increasingly brand and fashion-conscious population".(http://www.atkearney.com/ consumer-products)The growing popularity of nuclear families, large working population, growing trend in double-income households and the rising disposable income due to that are the other major factors driving the growth of the Indian retail sector. According to the Investment Commission of India, the retail sector is expected to grow almost three times its current levels to $660 billion by 2015. Hence the Indian retail sector is growing at a phenomenal pace.

Retailing is the last phase in the distribution channel that helps the products to reach out to the direct consumers, i.e. for personal consumption and not for further sale or processing. The retail industry can broadly be subdivided into the organised and the unorganised sectors. Organised retailing encompasses trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax etc. Hence this category includes hypermarkets, retail chains and privately owned retail businesses too. Such retailing formats are gaining popularity as they are able to offer steep discounts on bulk purchases owing to low operating costs and quality assurance. On the contrary, unorganised retailing refers to the traditional forms of Kirana shops, owner manned general stores, convenience stores, hand cart and pavement vendors etc. A considerable chunk of the Indian population prefer unorganised retail formats as they offer credit facilities, flexible conditions for product exchanges, the facility of home delivery, convenient timings and focus on strong customer relations. Around 98% of the retail industry in India is unorganised. This sector also generates the largest employment opportunities after agriculture and has a far reaching impact on the economy of rural India due to its deep penetration therein.

India being a signatory to the World Trade Organisation's General Agreement on Trade in Services, which includes both wholesale and retail services, had to open up the retail sector to foreign investment gradually. The current spate of reforms in the Indian retail sector combined with India's strong growth fundamentals and the scenario of increased urbanisation and consumerism even in the Tier II and Tier III cities will surely attract more FDI inflows to India in future and spur its development process, without harming the interest of the different stakeholders of the society. 'Estimated to be worth more than 500 Billion USD, the Indian retail industry is considered as one of the world's top 5 retail markets in terms of economic value.'(*http://www.ibef.org/industry/retail-indiaaspx).* According to the Department of Industrial Policy and Promotion the FDI inflows in single-brand retail trading during April 2000- September 2013 was 97.29 Million USD. Hence, it is not surprising to find India as one of the major destinations of the global retail giants.

In 1997, FDI in cash and carry (wholesale) with 100% ownership was allowed under the government approval route. In 2006 this was brought under the automatic route and 51% investment in single-brand retail was permitted. In 2011, 100% FDI in single-brand retail was allowed. In 2012, after different rounds of discussion to subdue various oppositions launched against liberalisations in context to retail trade, the cabinet has allowed FDI to the tune of 51% in multi-brand retailing subject to some preconditions. The prevailing regulations call for an approval firstly, from the central government and subsequently, from the local state government. It mandates that at least US $100 million must be invested as equity in the Indian company and at least 50% of the total FDI is to be invested for development of infrastructure. It also mandates that retail outlets can be set up only in those cities which have a population of at least 1 million according to the 2011 census. Permission has been granted to sell fresh agricultural produce in an unbranded form. Indian states have the prerogative to accept or reject implementation of FDI.

From September 2012, 100% FDI in single-brand retail trading is permitted to only one non-resident entity which may be the owner, the brand or otherwise. As per the latest mandate, the 30% compulsory domestic sourcing requirement from the small and medium-sized industries has been eased. Instead of that a preferable sourcing requirement has been mandated, to encourage the investing companies to set up local manufacturing facilities. There is absence of any specific definition of the term "single-brand" by the government; it implies granting of permission to foreign companies like Nokia, Adidas etc to sell goods which are sold

internationally under one brand name. That is, precisely, there is a ban on manufacturers to carry on retail trade in multiple brands even if they were manufactured by the same manufacturer. So FDI in single brand retail, implies, that permission for selling only one brand is granted to a retail store with foreign investment. The government has also not defined the term "multi brand". FDI in multi brand retail means that a retail store with a foreign investment is entitled to sell multiple brands under one roof.

While India is fervently striding in this modern era of liberalisation there is a great debate involving issues on if the reforms can prove to be disastrous for India. This fear emanates from the fact that the traditional low cost style of organised retailing is predominant in India. Wal-Mart has already entered the Indian economy. Their earlier entry into China must have provided them enough insight and experience on how to cater to a huge Asian market that is characterised with diversities. Carrefour has already entered India with their wholesale cash and carry operations.

6. Possible Impact of FDI Policy on Different Stakeholders

- ***Indian People (Consumers)*** **-** Opponents of FDI oppose to the reforms as they fear that the global retailers may exercise monopolistic power to raise or reduce prices of products in the economy. Initially the global retailers may reduce prices to wipe out the existing competitors and subsequently they may raise prices which have to be paid by the consumers. Entry of global retail chains will also lead consumers to indulge in the habit of wasteful consumerism. The very fact that global retailers will have long distance supply chains also prove that they will fail to dish out farm fresh products that are locally available to the Indian consumers. On the contrary, others argue that consumer's tastes and preferences will be better satisfied as there will be availability of a wider range of products, and, they will also prefer the new shopping experience. Indians are also showing an increasing preference for foreign products and international food product.

  However, for sustenance it is essential for all players in the retail sector to identify the unique attributes of the potential Indian consumers. Most of the Indian consumers still have no preference for packaged food. Above all, the poor availability of electricity, refrigeration facilities and lack of personal transport leads them to prefer purchasing from stores in their locality in convenient quantities, rather than experiencing the urbanisation impact.

- ***Indigenous Retailers*** **-** Liberalisation of FDI in retail will undoubtedly increase competition but it will largely give rise to unfair competition due to which all indigenous retailers in the economy may suffer. There is existence of the potential risk of displacing those individuals who are presently engaged in the indigenous retail sector, and, the question regarding the responsibility on the part of the government to make available alternative employment opportunities to absorb them exists. Critics believe that a few thousand jobs may be created but millions will be lost. However, food price inflation in the economy can be checked, as FDI in multi-brand retail would ease supply side pressures, particularly in the unorganised sectors.

- ***Organised Trade Retailers*** **-** Development in the organised retail sector and hence the economy as a whole can be expected as a result of the demonstration effect by the stores and markets in the modern formats. Indian organised retail industry will get an exposure to knowledge and global integration. The efficiency of the retail sector

would also increase. FDI in retail will give a boost to the supply chain investment and improve sourcing possibilities. It will reduce the number of intermediaries in the channel of distribution who dominate the value chain and will give a cost advantage. In India a large number of intermediaries operate at a local level due to absence of 'barrier to entry'.

An apprehension about the inability of the organised retail sector to withstand the competition that is unfurled with the reforms is strong. This fear particularly exists as the Indian retail sector is still at a very nascent stage of development. Thus, initially this sector must be given due protection, by various regulations, until it can establish its foothold in the economy very firmly, and, can compete with their foreign counterparts.

- ***Small Farmers and Manufacturers*** **-** Farmers, manufacturers and suppliers of the local market will get an exposure to the global markets and hence will be compelled to improve quality standards and cost competitiveness. Improvement of back end infrastructure with FDI inflows will prevent farmers from making distress sales and incurring lump sum losses arising out of wastages. Hence, there would be improved agricultural-commodity management. Furthermore global retail giants who have the ability to generate their profit margin even by selling at a lower cost will induce reduction in local costs. Thus, malpractices by intermediaries in the form of flouting market norms to escalate prices can be stopped. Apart from this, small farmers and manufacturers will have a direct exposure with the retailer in the supply chain with minimal intervention of intermediaries, thereby, increasing their margin.

- ***MSME*** **-** The Indian Micro Small and Medium Enterprises (MSME) sector which has been unable to reach the global market due to their inability to access latest technology, probably, will register developments with availability of technological advancements in the economy. Antagonists of FDI, however warn that MSMEs may suffer as import from other low cost manufacturing countries may increase.

- ***Government*** **-** India will be able to get easy access to funds much needed for development of her infrastructure and to meet her budget deficits. With the opening up of the retail sector there will be creation of greater quality job opportunities. Millions of job opportunities will open in building and maintenance of retail stores, cold storages and in various avenues supporting retail. However, fear also lingers around the issue that the reforms may lead to asymmetrical growth in the nation which may give rise to social discontent.

In order to flourish in the Indian economy, it is essential for all retailers to lay out strategies after an in-depth study of the challenges faced by the Indian retail sector and their success factors. Catering to the diverse needs of the inhabitants of this seventh largest nation with optimum inventory management, without ignoring the existing infrastructure bottlenecks is no trivial issue. There is great necessity on developing a strong back-end support system particularly to prevent depletion in quality of a substantial portion of the perishable products of the nation. Identifying the right location at the right cost has always been a major concern for the retailers. The most important issue which can make or break their business is actually being able to decide the location of his setup which will ensure maximum footfall of potential consumers. Penetration of private labels in retail trade is slow but steadily picking up. Private

labels give an opportunity to the retailers to bargain with the suppliers directly and make prices competitive.

In spite of all reforms there appears to be enough space for all kind of retailers to flourish and co-exist in the Indian economy owing to the existence of a huge rural market parallel to the urban and the semi-urban markets. The retail sector has to definitely take advantage of technology for their sustainence. Retailers have to cater to a heterogeneous market in India as the consumers' tastes and preferences vary with the changing geography of the country. Retailers have to make their presence be felt in the economy by building retail brands. Retail brands which dominate can easily find a market for their private labels. Existence of retail brands also goes a long way in strengthening their ties with the customers. The existence of innovative Customer Relationship Management (CRM) activities like loyalty programmes also help to expand the customer base and increase the value of their brand.

7. Conclusion

The phased system of liberalising the FDI norms in India is sure to prove its worth in the economy in the forthcoming era. We can be optimistic particularly from the observations that can be made from China, Malaysia, Taiwan, Indonesia and Thailand who have registered GDP growth and rise in employment levels after following liberalised FDI regulations. A plethora of business opportunities existing in the Indian market allures retailers like Wal-Mart, Metro etc. Above all, changing consumer trends such as increased use of credit cards, brand consciousness and an increasing proportion of the population belonging to the under 35 age group has contributed to attractiveness of the Indian market. However, the approach of phased reforms and consciously incorporating several restrictions is commendable. This is surely necessary in view of the potential socio-economic uncertainties that prevail in the Indian economy.

Cash and carry seems to be the preferred route for the investors as via this mode of business they are permitted to retain 100% ownership. However, several global players who have entered through the cash and carry format are currently exploring the possibilities of entering in multi-brand retail trading. With liberalisation of FDI, particularly in context to multi-brand retail, it can be expected that a multitude of malls and supermarkets will be thrown open in the economy in the forthcoming years. This in turn will fuel the growth of the organised and the unorganised retail sector of India. India will be able to emerge, leaving behind its current sordid state which is characterised by insufficient infrastructure, absence of a good supply chain and lack of efficient back-end support system. It is in the best interest of the nation to maximise the positive impacts of FDI and minimise the negative effects in a prudent manner. Strict norms relating to local sourcing requirements must be enforced, to prevent the occurrence of the ill effects of the predatory practices adopted by the multinational retail chains.

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Human Resource Auditing Practices and Its Impact on Employees' Performance

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Abstract
Human element is said to be the most essential input in any corporate enterprise. Without this element, business enterprises are nothing. They cannot achieve anything without the help of the employees. Human capital and human resources are the two terms that are used almost interchangeably. There are three important segments in human resources. These are demographic segment, diversity segment and skill and qualification. The importance of human resources in any organization is ever increasing. As the success or otherwise of any concern depends heavily on the quality and performance of its human resources, the performance of the human resources of any concern needs to be monitored closely and measured correctly. In this light the human resource auditing practices are gaining importance. This paper attempts to highlight the basic understanding of human resources auditing practices with some reference in national and global context.
Key-words: *Human Capital, Human Resources, Human Resource Auditing Practices.*

1. Introduction

Human resource is a group of individuals who in totality creates the workforce of an organization. Human element is said to be the most essential input in any corporate enterprise. Without this element, business enterprises are nothing. They cannot achieve anything without the help of the employees. So, from the corporate point of view, employees are the most valuable asset of the enterprise whose value is increased by giving training to them for the development of their skills and efficiencies. Man with his conscience, efficiency and thought makes the main objective of the organization successful. In order to develop human resources three important segments are to be considered. They are:

- ***Demographic Segment:*** The characteristics or features of individuals i.e. age, gender etc. all are included in this segment.

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- ***Diversity Segment :*** The total workforce working in the organization or changes in the population includes diversity segment
- ***Skill and Qualification:*** It refers to the talent and efficiency of the employees, which also includes the competencies of the individuals or the workforce.

The term human capital is simultaneously used with human resources. Human capital is the knowledge of the different individuals which is important for the achievement of the ultimate objective of the organization. It also includes talent, manpower, capacity and their capabilities which lead towards the success of the corporate enterprise.

Earlier, human beings started earning by means of trade to maintain their life but as centuries passed by, things have changed a lot. Now-a-days, individuals get themselves engaged in different categories of enterprises in order to earn their livelihood. Thus, this in turn helped the corporate sectors to achieve their own success in this competitive environment. Companies gradually came to know about the importance of the human resources in their organizations. Therefore, human beings are considered as the most valuable asset of the enterprise. The idea that human resources, employees are the most important asset is gradually increasing its claim in the 21st century. The importance of the employees has been increasingly emphasizing the organizations. Organizations are relying on the managers to get their job done by the employees. Humans perform routine functions of organizations like managing cash flow, making business transactions and dealing with the customers which could not be possible without them. An organization's success mainly depends upon the talents, skills, abilities and efficiency of the employees. When the skills and talents are valuable and rare in nature, and unable to copy those skills, then only an organization can achieve its biggest target in this challenging environment.

Regarding the performance of the business, *Balanced Scorecard* is the most widely accepted performance management methodology. Performance management has been strongly influenced by the rise of Balanced Scorecard framework. It is common for the managers to use Balanced Scorecard framework in order to identify and clarify the goals of an organization.

2. Role of Human Resource Auditing Practices (HRAP)

Human Resource Audit (HRA) plays an important role in performance of a firm through identifying the goals or objectives of individual employees, likes and dislikes and their feelings which most significantly influence their work performance. The success of a business organization depends on the quality of human resources, their desires and ambitions which will help to determine the present position of the organization. Human resource is one of the important strategies used by the organizations. Researchers have emphasized the role of employees in obtaining the enterprise goals, that employees are the most important and valuable asset which is the ultimate source of competitive advantage. This is because it is the people who carry out the activities in an organization which ultimately produce end-result of profitability and sustainability. Therefore, the success or failure of an organization depends upon the effort of the employees. Human Resource Audit evaluates all the activities of the human resources in an organization in order to assess their effectiveness and efficiency. It is generally done to improve those activities, to find out the deficiencies and short comings and thereby rectifying those errors for the better performance of the firms. Thus, Human Resource Audit has a definite role in meeting the final objective of the organization. It gives a feedback regarding the human resource functions to the human resource specialists.

Companies need to audit their human resource management practices at regular intervals in order to find out their addition of value into the business.

HRA can be conducted for the department or for the whole organization. It gives a more professional image of an organization and helps in bringing out the problems not necessarily linked with human resource division of an organization. It is an addition to the various tools and concepts used for effective management of human resources. Human Resource Auditing is generally done by many companies annually. The combination of high satisfaction and maximum productivity amounts to employee engagement. Engaged employees are invaluable assets since they are motivated to perform to the highest of the abilities and efficiencies because of their dedication and voluntary commitment to the success of the organization. This process helps a company to get general idea of its current market position in the competitive environment and thereby plans for betterment of future. By observing Performance Appraisal Report of the employees, HRA helps to evaluate the performance of the employees and also gives suitable suggestions for improving the efficiency of the employees.

Human Resource Auditing Practices varies from one organization to another organization. A set of Human Resource Auditing Practices that has given high productivity and also a great deal of opportunity and competitive advantage in one organization will not necessarily give similar result in another organization working in the same industry. More importantly, HRAP is used to set up the human resource performance standards or guidelines and also identifies the different areas for change and improvement. The elements which are included in HRAP are as follows:

- Personnel policies,
- Performance appraisal,
- Evaluation process,
- Recruitment,
- Selection,
- Training,
- Job analysis etc.

So, human resource auditing practices and policies need to be adjusted with these environmental changes since these practices have a direct impact on employee performance and ultimately organizational competitiveness.
The scope of HRAP is wider in nature because it requires a thorough assessment and evaluation of human resource function and is not only a personnel activity. It depends on the objectives or needs of the employer in the organization. Thus, human resource audit is a tool that is used to collect and evaluate information about the organization's human resource policies, procedures and practices. It is also a review of all these policies and procedures which helps the human resource management system to identify the strengths and needs for improvement.

3. National and International Scenario

The adoption of professionalized Human Resource Development practices in India is a recent phenomenon that has gained popularity in the past 10 years. Since, liberalization, the Indian organizations are dealing with the growth and changes. Foreign firms which started operating in India since liberalization do not confine themselves in Human Resource Development

which the Indian firms do but they also undertake wider programmes and strategies of Human Resource Management. The concept of HRA and corporate performance is one of the recent developments in the sphere of Human Resource Management. Many companies now use this concept that delivers sustained success to the organizations by improving the performance of the people who work in those organizations leading to improved performance of the companies. Employees today are looking for development opportunities, future career options and work-life balance in an organization. To retain the leadership position, the company continuously innovates its human resource strategy to meet the changing needs of the employees.

In Tata Consultancy Services (TCS) during the year 2011-2012, the gross addition of 70,400 employees and net addition of 39,969 employees was highest ever in the history of the company. In BHEL, an integrated human resource management system was implemented which aims at reaching out and redefining the role of human resource functions through the process of standardization and optimization. Companies like Mahindra and Mahindra recognizes that its people are the key to the success of the organization and in meeting its objectives. During the year the company continued with a focus on training and development of employees. A large number of employees attended the training workshops conducted during the year which includes personal effectiveness programme called GROW. In ONGC, the company follows human resource policies. The total manpower of the company was 246 as on 31st March 2012 compared to 233 on 31st March 2011. The company provides necessary training and development programmes in order to train the employees skillfully so that they can operate in the changing environment.

Thus effective human resource planning and management is required at all stages of an employee's corporate lifecycle in order to ensure employee growth and satisfaction. Human Resource Auditing Practices helps the employees to move in the right track for the purpose of achievement of the end-result or ultimate objective of the business organization.

In Singapore, attraction of the foreign investors depends on the most important resource namely, human capital. In the year 1965, Singapore got separated from Malaysia. In the later part of 1970, industries in Singapore felt the necessity of more efficient use of human labor. In the 21st century, training is the most key factor for the development of the labor and government is investing over $2.5 billion in 5 years continuously for the education and training. More and more training programmes have been introduced in order to give training to the employees for proper and right kind of development in their skills and capabilities so that they becomes the most useful and essential asset for the organization, thereby helping the industries to earn more and more profits by producing greater amount of output.

Now-a-days many organizations give more emphasis on the gaining part in this competitive environment. Newer technology, modernization of equipments, good marketing strategy and excellent customer services and many more elements contributed towards the profit or gain of the enterprise. Apart from these elements, human resources are still the best and the most important element for the success or failure of the business. Without them organizational day to day work is not possible. So, organization's profitability is always related to the human resources and their efficiency and ability cannot be replaced by new technology or by new machines.

In the 21st century, the role human resources is much more strategic because of the long term strategies which are implemented into the business and these strategies are to be carried out

by the human resources on the basis of their qualifications, cultural and technical capabilities for the organization's success. The organization and management has been flexible in nature in order to manage the employees strategically. People who worked during 1600s to 1700s were guided by a systematic process. Under this process, production of goods and services were generated by a small group of workers in a small working place. In the early 1900s, many changes took place in the work place.

After the industrial revolution, different machines and other techniques were introduced to increase production. However, soon various problems cropped up with this increased production. The number of workers increased in order to run and maintain those machines. This forced the managers to develop certain rules and regulations for the workers. At that time, workers were seen as a part of the machines rather than a part of the jobs. They were not considered as social human beings. All the jobs are broken into specific tasks and are divided among the employees. In the late 1920s and early 1930s a new development in the area of human resources occurred by the implementation of the Hawthorne studies. It reflected the social side of the workers. This era focuses on the organizations in a large manner and lesser on the individuals. Human Resource Management experienced a major transformation in the forms and functions over the past two decades and is a primary factor for the organizations operating in the global and competitive economy.

Earlier some analyses suggested that human beings are not any commodity or any resource but they are the creative and social human beings in the organization. ISO 9001:2000 revision identifies the different processes responsibilities and authorities and their ability to communicate and interact with each other in a business enterprise. Later on countries like France and Germany adopted these processes. In 2001, the International Labor Organization (ILO) decided to revise its recommendations of 1975 and it came into a conclusion that labor is not a commodity, but today's changing and globalised economy can make a labor much more productive by enhancing their skills and talents in various ways for the growth of the business enterprises. Governments of the developing nations used to encourage the immigration of the human resources from the developed nation to their own countries for the growth of their economy. Later, United Nations supported this view of the developing nations and helped those developing nations with their foreign aids so that they can give necessary training to the new people.

A company's human capital asset is the collection of the experience, knowledge, energy and talents of the individuals. With these elements they choose to work in the business organizations. According to the 2001 Human Capital Index (HCI) study, adoption and implementation of the Human Resource Practices in 5 broad areas which will bring a result of 47% increase in the market value. These 5 areas were established by Watson Wyatt. They are:

- Total rewards and accountability
- Collegial, flexible workplaces
- Recruiting and retention excellence
- Communication integrity
- Focused human resource service technology

The American Society for Training and Development (ASTD) conducted a study in the year 2000 and found out a result of 500 US based publicity traded firms on the basis of the average annual training expenditures. The results were that the firms in the first half of the

group i.e. those firms invested more in training and development had a total stockholder return 86% higher than the firms in the bottom half. For the achievement of the corporate success effective human resource planning and management is required at all the stages of an employee performance in order to give them proper satisfaction and growth. More the combination of high satisfaction and maximum productivity more will be the labor engagement in the productive enterprises. These engaged employees are invaluable assets of the organizations since they perform their own work or jobs to the best of their abilities and efficiencies because of their sincere dedication towards the success of the business. The skills, knowledge and experience of each individual contribute towards the growth of the business enterprises. For the economic development, all those human capital is necessary.

Strategic Human Resource Management plays an important role in our today's competitive environment for the development of the organizations. The organizations now-a-days focuses on the ideas of the employees, they approaches the talented people, develop their skills and capacities by giving them proper training so that they can contribute or perform their tasks more efficiently to improve the position of the organization. The organizations also give their efforts to meet the demands and the expectations of the individuals working under it in order to create a comfortable workplace and a good atmosphere among them. Thus, human resource is one of the important strategy since the people who carry out the activities in the organization ultimately produces the end-result of profitability and sustainability. Therefore, the success and failure of the organization totally depends on the efforts and efficiencies of the individual workers.

Human resource as defined by Khatri (1999), as "People are one of the most important factor providing flexibility and adaptibility." According to Rundle (1997), employees are the most essential factor in determining how well the firm will respond to the competitive environment. They are the most vital factor or determinant behind the successful running of the business and it is very much important for the organization to take care of those people so that they in return can give much more to the business. People in other way they are much more adaptive in nature since they can able to change themselves with the changing atmosphere and also when any difficult situation is placed before them they can easily come out of that situation by applying their superior skills and their intelligence. Besides tackling with the problems they can generate new and innovative ideas like how to save more costs, better means of working environment and even ideas for the improvement of the organization or the ideas that will take the organization forward. People generally work in order to earn their living and usually go those organizations where they are paid well and also provided with some more benefits. These better pay packages motivate them to work harder for the organization.

Motivated employees work better and their quality of work is also good and also their dealing with the difficulty situations is somewhat different and fruitful than the employees who are not so sincere towards their work. Some employees if they are less paid also prefer to work in a secured environment as being well paid means more competition for the best position which leads to a more stressed working environment. Human resource is an intangible asset and is the main driving force for the survival of the organization in this competitive society. Human resource is the result of the human relations movement of the early 20th century when the different researchers are creating the ways of increasing the business value through the Strategic Human Resource Management. Earlier human resource used to focus on the transactional work like payroll and benefits administration but with change in the environment, globalization, advancement of technology human resources now focuses on the

different areas like merger and acquisitions, industrial and labor relations and in other areas too. Researchers emphasize the role of employees in obtaining the enterprise goals as they are the most important asset for the future growth of the business enterprises. In other words, the most biggest and valuable asset any company has is its people because all the management plans for the enhancement of the success of the organization are to be carried out by the people.

A clear picture can be visible due to the rapid growth of the Japanese companies throughout 1970s and 1980s where the needs of the companies match with the needs of the employees. By integrating companies' needs and employee needs, the company is a more profitable position since it will obtain higher productivity by the help of the employees and also in return it gives back the employees with a better quality work environment. Changes in the work place create new challenges for both the employees and also for the company. This creates new opportunities for the workers and these new challenges will guide the workers to find out new practices that will meet the needs of the constantly changing work environment. HRA performs a significant role in the performance of the firms listed in the Nairobi Stock Exchange. A research was done on 40 companies listed in Nairobi Stock Exchange; it was found that most of the listed companies conduct HRA.

So, globally HRA practices take place in some of the companies. By conducting HRAP which is a part of the audit cycle of the organization, human resource department transforms the organization into a very effective and efficient one.

4. Conclusion

For human resource departments to operate efficiently within today's challenging and globalised economy for their growth in the future, they need a good number of talented and skilled employees, management planning capabilities and also a good work environment. Strong planning and management capabilities provides information to the business managers to attract, develop and retain the best people for ensuring success of the business and to move business forward. By using wide range of employees and their skills and talents efficiencies are gained, costs can be reduced and their quality of workforce can be improved. More and more timely and accurate data can be produced by the help of the human resources working with their dedications in the organization. Traditionally, human resource focused mainly on administrative functions.

However, due to technological advancements, administrative tasks have been reduced and human resource shifted its functions from administration to its strategic planning and development. Employee's talents and efforts have a direct impact on the productivity of the business. When these efforts are not viewed by the business or neglected by them, at that time, lack of commitment and sincerity are found among the workers. Thus, the employees will not be motivated and will not give their best efforts and this will lead the organization towards failure. Employees today are looking for development, opportunities, future career options, empowerment and work-life balance in an organization. To maintain the leadership position, the company continuously innovates and customizes its human resource strategy to meet the changing employee needs. HRAP is very much required for evaluating real position of any organization. In HRA, all the important areas of the organization is analyzed and feedback is taken by the auditor. In other words, it is a systematic review of all the parts of human resources.

Further HRA focuses on the areas of weakness and strengths and helps to find a solution for the weaknesses. The main area of HRA is that it newly discovers the potential areas inside the business and after that promotes for the future growth of the company. Hence, HRA is a part and parcel of every organization. The systematic application of HRA helps to achieve the overall development of any organization. Findings of research are to be compiled in a particular report so that it can give a clear picture of the organization's human resource activities. It includes not only the detailed results of audit but also a list of recommended and suggested actions. It helps the employer to take corrective action on the basis of the report. Thus human resource valuation and audit both will be helpful in improving the efficiency of human resources in the changing business scenario.

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Personality: Difference in Male & Female Managers

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Abstract

With the passage of time attempts have been made by man for co-operative activity of living together and working together in an interdependent manner which was better than isolated individual exist and effort. Man might have learnt it from Mother Nature whose organization is regarded as organization par excellence. Human behaviour is thus an extension and adoption of the concept of natural order of phenomena. To understand human behaviour in the work environment is one of the most challenging and worthwhile objectives for anyone who has ever worked with another individual. The study of human behaviour in the work environment covers more than just the activities involved with the actual work itself. Thus it becomes important to examine the overall impact of Personality on organization. Organization is, therefore complex realities. For practical managers, however, the term organization refers to concrete and tangible entity, which describes the manner in which men, machine and materials resources are, or should be organized and interrelated. It is well understood that- Why are some people quiet and passive, while others are loud and aggressive? Or certain personality types better adopted to certain job types. Personality is a broad, amorphous designation relating to fundamental approaches of persons to others and themselves. It is a universal phenomena found in individual forms where both male and female works in the organization. One of the most important role of the Managers is to develop the personality among the male and female persons who are working and contributing for the growth and development of the organization. It is the people only who can make a contribution and please the people who are associated it with reference to personality only. In the present study the variable chosen - Personality has deep impact on human behaviour. The present study revealed that though there is no significant difference between male and female manager.

Key-words: *Personality, Manager, Behavior, Organization, Transactional Analysis, Ego-State*

1. Introduction

Harris (1969) stated throughout history one impression of human nature has been consistent that man has a multiple nature. Always it has been seen as a conflict. The term personality is usually understood as the physical appearance of a person. But management scientist uses it in a much broader sense.

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Personality=Physical + Intellectual + Psychological attributes

These characteristics give an individual his or her identity. Personality represents how an individual acts reacts and interacts with others. Very often personality is used in different connotations. Usually when some ones personality is discussed it means that how this said person is distinguish from others. For instance Mahatma Gandhi, Nehru are considered great personalities. Personality often denotes smart personality, dynamic or dull personality. It implies totality of traits are peculiar to s specific person.

Glueck (1977), Personality is a pattern of stable states and characteristics of a person that influences his or her behavior towards goal achievement. The words of Allport (1947) Personality is the dynamic organization within the individual of the psychological system that determine his unique adjustment to his environment.

Therefore personality is a sum total of the followings:

Biological factors: These include physical structure, heights, weights, colour, sex, facial attractiveness, muscle composition etc. these features may be partly hereditary and partly acquired

Family: Parents, Grand Parents, Elders in the family greatly influence personality of an individual.

Environment: School, College and work place are important variables in Environment. Person who influence are usually friends, teachers, relatives, colleagues and boss. Social and cultural factors also influence personality.

Situation: It emerges as major influence on an individual personality. Situations may serve as both restrains and push in personality development.

Transactional Analysis (TA): The concept of TA was originated by Eric Berene and developed by Harris (1969). It is based on the hypothesis that the man has multiple nature. The brain functions as a high fidelity tape recorder. The feelings associated with the past experiences and recorded in the mind to be replayed whenever required, in vivid forms. The recordings in the mind may be of three kinds-parents, Child and Adult. This analysis is of practical value to every manager. A manager may have anyone of the following four positions mention below

Manager's Concern for People

1	I am Not OK Your are OK	2	I am OK You are OK
3	I am Not OK You are not OK	4	I am OK You are not OK

Manager's concern for Task

Manager with life position 1 is too much relations oriented and is a popular leader. Positions 2 manager neither relations-oriented nor task oriented, therefore he is neither popular nor effective. Manager on position 3 is a leader who is both popular and effective. Position 4 manager is too much task oriented and does not believe in Human Relation Approach.

It is important to understand that ego-state in both manager and subordinates may be different at different times. Efforts should be made to build Adult in the employees. It is usually the fact that it is Parent which dominates in the manager and child which may speak out the workers.

2. Review of Previous Studies

2.1. Studies on Personality (Ego-States)

The view of personality, emphasizing the public side of person, is in line with the Latin word Persona (mask) from which the term Personality originated. Psychologists in particular have found this area to be of great interest and accordingly several studies in India and abroad have been carried out. Some of which have been taken here

2.2. Foreign Studies

Erskine (1966) published 28 articles in Theories and Methods of an Integrative TA. These demonstrate the evolution of Erskine ideas from his early ways in transactional analysis to his eventual integration of concepts from transactional analysis. Gestalt therapy, and psychoanalytic theories such as object relations, self psychology, and the inter subject approach.

Paper of Tony White (1973) was compiled in "New ways in Transactional Analysis". The section titled 'Proceedings' begins with a reassessment of ego state structure and then leads onto an analysis of relationships. This is followed by a paper on therapeutic applications. Also included is a section titled 'Psychology of Science'.

Rosenthal (1974) investigated the relationship between treatment success and change in ego states in 32 young adult stutters who completed an intensive eight week therapy program. Preliminary results showed a significant change in two of five ego states (Adaptive Child and Nurturing Parent) Adaptive child decreased and Nurturing parent increased in those subjects who improved most. Regression analysis showed that approximately 32% of the variance associated with treatment change was predicted by changes in ego states.

James (1975) in "Perspectives in Transactional Analysis" published 20 papers covering a wide range of topics, including basic transactional analysis principles and techniques, fascinating accounts of Muriel own life and her relationship with Eric Berne, the drama of cultural scripts, techniques for personality structural change, spirituality and the human spirit and special applications of transactional analysis in clinical and organizational setting.

Chansangthai (1986) studies the effects of group counseling using transactional analysis on personality development of youths taking amphetamine. The sample were youth studying at a Tripitaka School in Ampose Mung Chainad Mai during the first semester of the 1998 academic year. Youths were randomly assigned to two group, namely –experimental group or group counseling group and control group. Both group were pre-tested and post tested using P-A-C Personality Scale before and after the treatment. However, the differences on the child ego state between the experimental and control group were not found.

2.3. Indian studies

Singh (1999) studies implication of Transactional Analysis. He described it as a list of social intercourses which were complementary, crossed or hidden. The study is based on ego-states namely Parent, Adult and Child Ego-states. The negative and positive aspects were considered with respect to each ego-state. The conclusion of the study is that all persons are

structurally alike in terms of having the three ego namely Parent, adult and Child but they differ in terms of content working arrangements of the said three egos

Arora (2002) also studies employees who opted voluntary retirement scheme and compared them with the ones who did not opt for VRS. He concluded that the two differed significantly on dimension of personality-ego states on the Nurturant parent measure. He also found a difference between Male and Female managers among those who did not opt for VRS scheme.

The various studies considered above deal with the different Ego-states in a person. Each person possesses the three Ego-states namely Parent Ego, Adult Ego and Child Ego. But one ego becomes predominant in comparison to others in a human being depending upon circumstances and situations. It is important to know about one's own predominant ego which in turn helps to understand the personality of the other person one is interacting with.

3. Methodology

3.1. Hypothesis

Male manager do not differ from female managers with regard to personality.

3.2. Objectives of the Study

The objective of the study is to find gender difference, if any, with regard to personality.

3.3. Statement of the problem

The present study has been proposed to offer an understanding of Personality. A collective study of managers is taken into consideration w.r.t. Personality. Personality has been studied as a consequent variable which is affected by personal variables as Personality which determines the statues of the organization.

3.4. Rationale of the Problem

The aim of the study is to establish relationship among the managers and its related dimensions- Personality. The area of studies includes comparing the Personality between Male and Female Managerial Staff

3.5. Organization Studied

Category I

1. Andrew Yule & Company Limited
2. Bharat Sanchar Nigam Limited- Calcutta Phones
3. West Bengal State Electricity Distribution Company Limited
4. Airport Authority of India (Kolkata)

Category II

1. The Telegraph
2. Balaji Enterprise
3. Vikash Publication (Publication House)
4. Co- Cocola (Beverages Pvt Ltd)
5. Religare Securities Limited
6. Hotel Hindustan International
7. Wipro GE

Category III
Principals and Administrative Officers of some University of Calcutta, University of Kalyani, West Bengal University of Technology affiliated Colleges.

3.6. Tools Used: Personality Detection

The questionnaire originated by N.K Chatterjee is used in the study. A 50 item has been used to ascertain whether the respondent falls into one of the following five dimensions. The components of tools are as follows:

Critical Parent (CP): 2,4,6,8,10,12,14,16
Nurturing Parent (NP): 1,3,5,7,9,11,13,15
The Adult: 19,22,25,29,32,35,40,44
The Natural Child Ego (FR): 18,21,24,28,31,34,37,41,43
The Adaptive Child (AC): 17,20,23,26,27,30,33,36,38,39,42,45,46,47,48,50

4. Result & Interpretation

A comparison was drawn between Male Managers & Female Managers with respect to Personality.

Comparison between Male and Female Managerial Staff with respect personality

	Male Managers		Female Managers		t-Value
	Mean	SD	Mean	SD	
1 Critical Parent	28.40	8.80	27.45	4.65	0.802
2 Nurturing Parent	30.03	6.06	28.48	4.66	1.743
3 Adult	30.51	5020	27.67	4.19	3.639**
4 Free Child	34.22	5.82	33.12	4.17	1.317
5 Adaptive Child	48.05	7.05	48049	6.82	0.389

An important variable for study is Personality, which judges the different ego-states 0f the respondent. The male & female managers were compared with respect to personality variable and a very significant difference was found on the dimension Adult, t-value being 3.639 though not significant but a trend was noted on the dimension of nurturing Parent and Free child, where also the male managers have scored higher. On the other two dimensions, the male and female mangers shon no significance difference, even in terms of mean scores, the male & female show no significant difference.

5. Conclusions

Thus from the discussion we come to the conclusion that Male and Female managers were compared with respect to Personality (Ego States). While comparing, the Male Managers scored very high on adult dimension and marginally on free child as well. The previous studies had a good impact on the personality without which it was very difficult to know about the human behavior. Thus the five measures have been considered in support of previous studies which were not found in the findings of the scholars that includes:

1 Critical Parent-	When male manager were compared with female managers no significant difference was found
2 Nurturing Parent-	On being compared the male managers again scored higher in terms of mean value when compares with female managers although the difference was not significant, t-value being 1.743

3 Adult-	Male managers differed significantly from female managers, the difference being really significant, t-value phenomenally high being at 3.639
4 Free Child-	When male manager were compared with female manager although no significant difference was revealed But t-value being 1.317 suggest that male managers had higher natural child ego as compared to female managers.
5 Adaptive Child-	The male and female managers appeared almost identical on this measures

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Retail Banking in some selected Public Sector Banks in India

Bijay Krishna Bhattacharya[1]

Abstract
Middle class family forms the main target groups for the banks in recent times. These families are more prone to higher consumption expenditure. Very often they need financial support from the banks to even out their cash flows to meet the high demand for consumer products. In this paper attempt is made to make an assessment of the performance of banks in the field of retail banking and retail lending. For this purpose six public sector banks have been selected to make an overall assessment of retailing banking in the country. Study results show that keeping parity with the general performances in retail banking, selected public sector banks' retail deposit growth rate was also high (near about 64.9%) and it was significant at 10% level. In respect of retail lending growth rate, both in nominal and real terms, Education loan was highest, followed by Micro, small and medium enterprises loans, and then comes agricultural loans, personal loans, other priority loans, car loans and housing loans.
Key-words: *Retail Banking, Retail Lending. MSME, Priority Sector Lending.*

1. Introduction

Over a period of time, the middle class family, especially the nuclear family structure with a higher income slab has become a very significant group which the banking sector cannot afford to ignore. The changing lifestyle of the members of these families triggers more consumption expenditures which is the pivot of retail lending. India is one of the countries having a very high proportion (70%) of the population below 35 years of age (young population).

The consistent growth in the Indian economy and the consequent increase in purchasing power have been largely responsible towards a surge in consumption in the country. India's economy grew at an average rate of 6.8% during the period 1992-2002 and continues to grow at more than 8% now. This has made India (along with China) as the destination for retail business by almost all the topmost global players.

Following Narasimham committee's recommendation, the Indian Banking Sector was opened up in the year 1992 with the following measures:

(1) Liberalisation of Branch licensing policy.
(2) Allowing indigenous and foreign banks to enter in the India Banking Industry.

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(3) Introduction of Capital Adequacy norm minimum to 9% following Basle norm to reduce risky investment.
(4) Allowing Banks to fix interest rate on loans above Rs.2.00 Lacs.
(5) Classification of Loans and Advance assets into Standard, Sub-standard, Doubtful and Loss assets and make necessary provisions to reduce NPA burden.
(6) Allowing Public Sector Banks to go to the Capital Market for collection of necessary funds.
(7) Improvement of Customers Service.

The main objectives of banking sector reform are to improve public sector banks health and to compete with private banks beside improved customer's service without government help.
In this backdrop retail banking was introduced in Indian Banking Industry since 1995.
Decline in the interest rates during the period 2000-2005 was one of the main reasons behind generation of demand for cheap credit by retail customers, which contributed to the growth of retail credit. Though interest rates are in the upswing now, the general opinion is that it may not adversely impact the growth in retail credit in a significant manner, at least in the short term.

An emphasis on retail lending is also a result of increasingly higher push given by the manufacturers of consumer goods who are trying to make their products attractive by providing discounts and also using various other marketing tools. These efforts have resulted in a change in the consumer behavior in India from savings to consumption

2. Retail Banking and Retail Lending: Meaning

Retail banking is quite broad in nature - it refers to the dealing of commercial banks with individual customers, both on liabilities and assets sides of the balance sheet. Today's retail banking sector is characterized by three basic characteristics:

- multiple products (deposits, credit cards, insurance, investments and securities);
- multiple channels of distribution (call centre, branch, Internet and kiosk); and
- multiple customer groups (consumer, small business, and corporate).

The term 'Retail lending' refers to the small denomination loans provided to a larger mass of people or customers for consumption, investment or production purposes. In simple terms, therefore, the concept of retail lending is opposite to the concept of wholesale lending. The latter phrase is used in the context of large quantum of credit provided to the corporate & institutional customers of commercial banks. Not only the individual credit limits are large, the covenants attached to these credit propositions are also complicated in nature. Dispensation of wholesale credit requires the services of experts in the field, which may not always be available in plenty. The concept of retail credit includes the productive segments as well that help a large no. of families earn their living. Lending banks have been providing certain concessions to the productive sector in view of the developmental role of credit provided to these segments, thus making them distinct from the consumption segments of retail credit viz. housing finance, personal & mortgage loans, education loans, loans for financing consumer durables etc. However, the consumption loan segment is growing very fast compared to the productive loan segment of the retail sector.

As per the Current Report on Trend and Progress of Banking in India, the loan values of this retail lending typically range between Rs. 20,000 to 100 lakh. The loans are generally for

duration of five to seven years with housing loans granted for a longer duration of 20 years. The credit card segment is another rapidly growing area of this group of products.

3. Objectives of the Study

The objective of the study is to assess the impact of 'Retail Banking' on the public sector bank's economic condition.

4. Data Base and Methodology

4.1. Sources of Data

Secondary data is collected from the published Annual Reports of the Reserve Bank of India / Annual Reports of six selected public sector banks namely State Bank of India (SBI), Allahabad Bank, United Bank of India (UBI), United Commercial Bank (UCO),Punjab National Bank(PNB) and Oriental Bank of Commerce (OBC).

Data is collected on different performance parameters like Earning Per Share, Net Asset Value, Dividend Pay Out ratio, Interest earned ,Interest expended, credit-Deposit ratio, retail deposits, retail loans disbursement and recovery, retail loans NPA etc.

4.2. Methodology

We have used linear trend equations like straight line equation($Y=a+bt$) and in some cases parabolic equation($Y=a+bt+ct^2$) depending on the best fitted criteria i.e. Correlation co-efficient magnitude. Here 'b' represents growth factor and 'c' represent acceleration or deceleration rate.

Further we have used ratio analysis to examine the relationship of two variables, besides judging liquidity(C-D ratio, Interest Expended to Interest earned ratio)), profitability (EPS, Dividend Pay-Out ratio, NAV) and efficiency (Cost Income ratio, operating cost to assets) of the banks.

5. General Performance Assessment of the Selected Banks

From the liquidity analysis of the selected banks it is found that CD ratio has gradually rising, which implies collected deposit is utilized or circulated in the form of credit more and more. If we go to the interest expended to interest earned ratio then we found that it is gradually fallen which indicates interest earning in comparison to interest spent have increased, it is supported by rising of interest income to total fund ratio. But interest spread ratio has fluctuated time to time, though it is positive in all cases cash to Deposit ratio in all the years were meager, which indicates bankers holding less cash balance and mostly circulate. Hence banks liquidity position is not high; rather bankers are driving to invest collected deposits mostly to increase their earning. Therefore their investment strategy is highly aggressive.

In case of efficiency analysis through cost –Income ratio, it is found that the ratio has gradually fallen. Operating cost to asset has gradually decreasing and simultaneously operating income growth has risen. Net profit and advances growth has fluctuated time to time. Now we can say bankers are able to reduce operating cost and other costs, beside stress is on increasing operating income. But to earn more profit stress should be given on non-fund income, beside more and more loans and advances.

In case of Profitability analysis it is found that yield on advances has fluctuated time to time, but it is always higher than yield on investments.Net income margin is always positive, but it is meager and fluctuated time to time. Most of the banks major source of income is interest

income (near about 95%), but spread margin is meager near about 6.5% to 7%. EPS and Dividend pay-out ratio have fluctuated time to time, keeping parity with profit margin.

From the above analysis we can say that the public sector banks are emphasizing more on circulation of deposits rather than liquidity, further there is enough idle fund which could be circulated to enhance income. They are able to reduce cost, but invest income to be raised further.

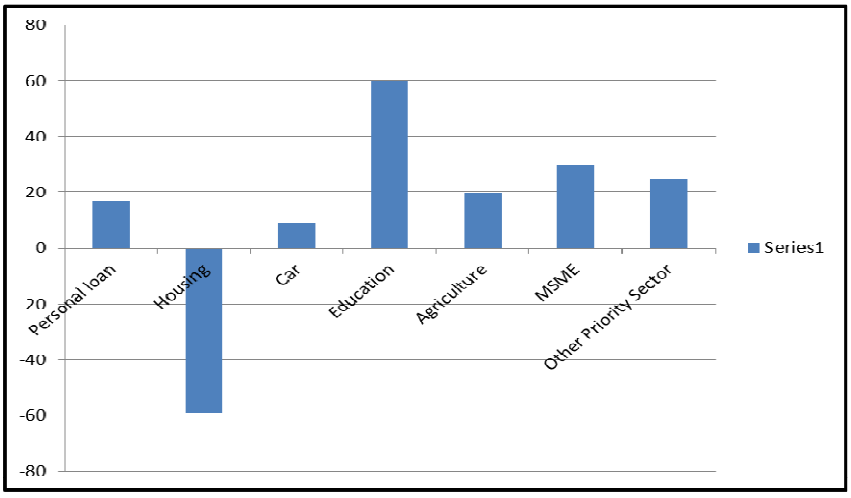
If we compare performances from liquidity, efficiency and profitability point of view among these five leading public sector banks in India then we found that Punjab national banks performances (measured in terms of EPS, Dividend Payout ratio, NAV, Spread Margin, Cost to Income ratio, Interest earned to Interest cost ratio, NPA collection etc.) are best, followed by SBI, OBC, Allahabad Bank, United Commercial Bank and United Bank of India respectively.

6. Retail Banking Performances of the selected Public Sector Banks

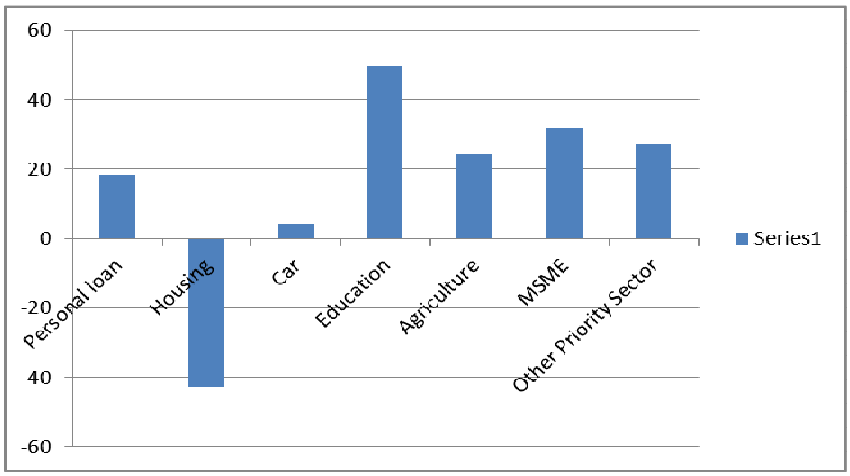
Keeping parity with the above general performances in retail banking selected public sector banks retail deposit growth rate was also high near about 64.9% and it was significant at 10% level. In the selected public sector banks growth rate of retail lending both in nominal and real terms of Education loan was highest, followed by micro, small and medium enterprises, loans, agricultural loans, personal loans, other priority loans, car loans and housing loans. In respect of education loans growth rate of most of the banks is more than 50%, followed by micro, small and medium enterprises (growth rate in PNB is highest, followed by SBI, UCO, OBC, UBI and then Allahabad bank).

In respect of growth of NPA of retail lending of most of the selected public sector banks, Car loan is highest and followed by education loan, personal, agricultural, housing, micro, small and medium enterprises loans, other priority loans. Recovery performance of retail lending growth rate of education loan is highest, followed by car loans, agricultural loans, housing, personal, other priority sector and micro, small and medium enterprises loans.

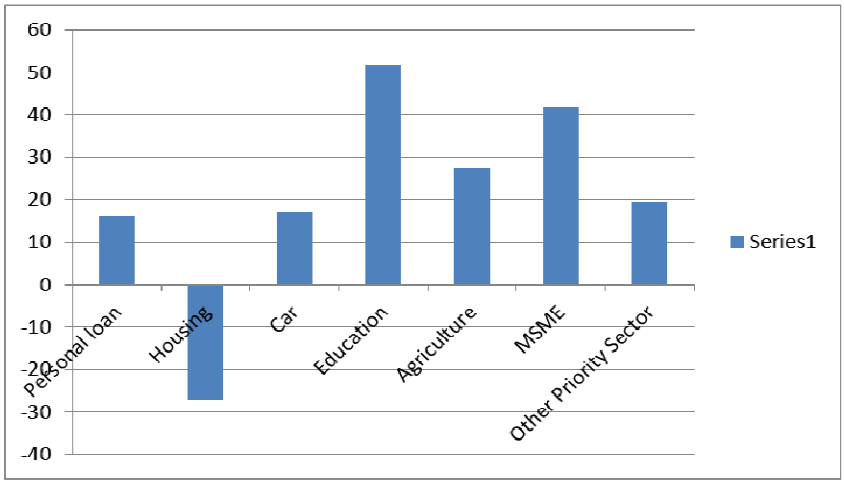
Growth Rate of Retail Loans Disbursement in Allahabad Bank



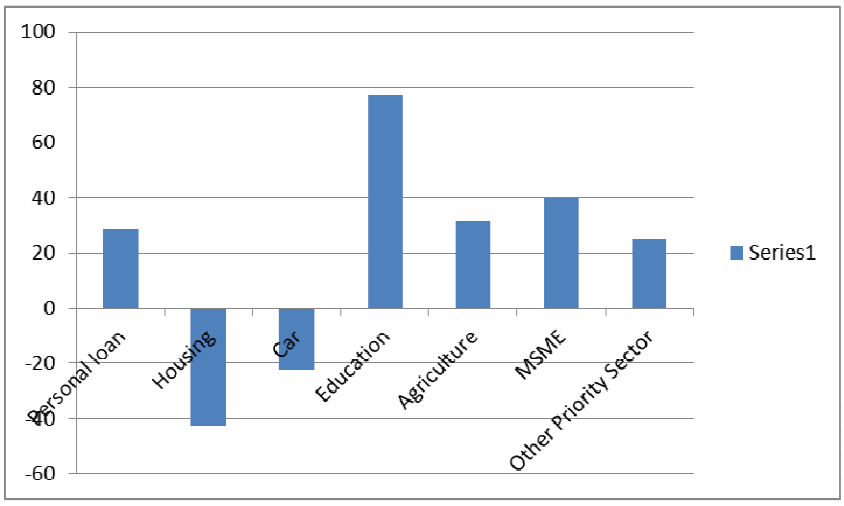
Growth Rate of Retail Loans Disbursement in UBI



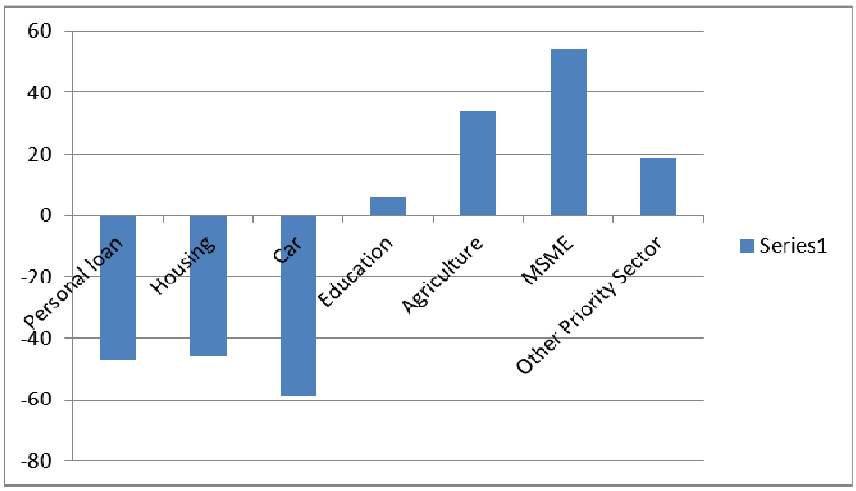
Growth Rate of Retail Loans Disbursement in UCO



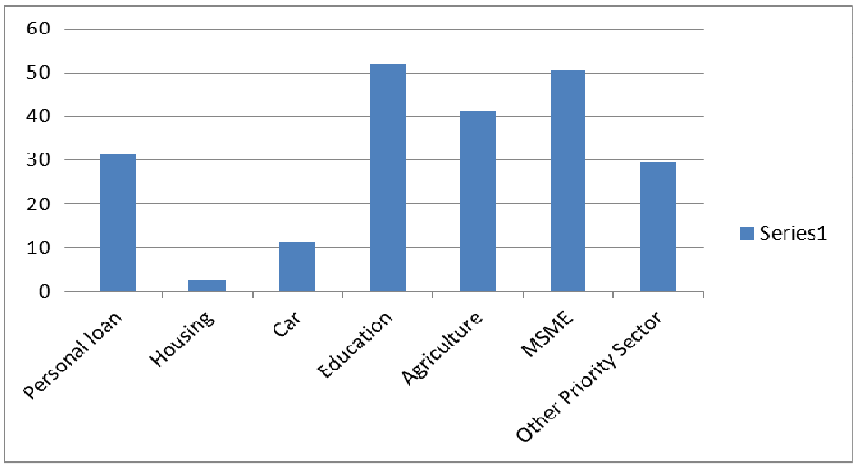
Growth Rate of Retail Loans Disbursement in OBC



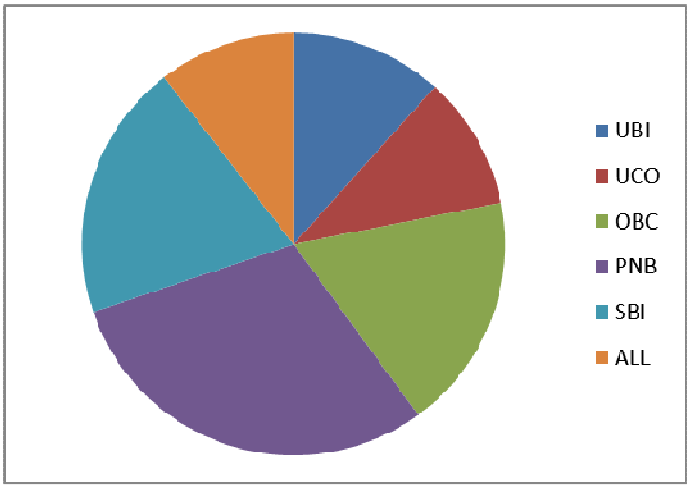
Growth Rate of Retail Loans Disbursement in PNB



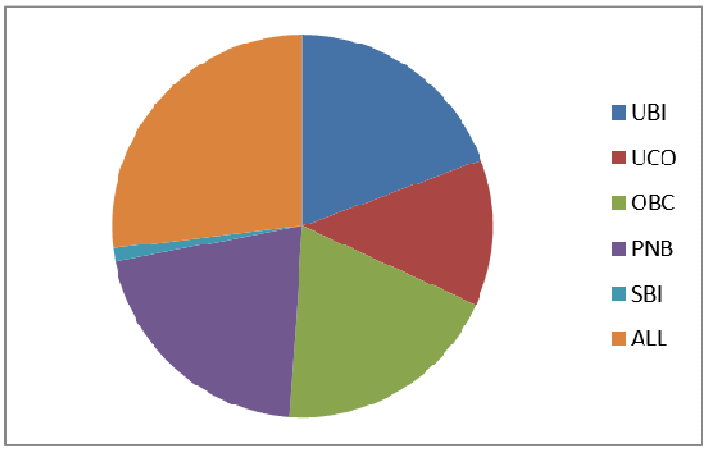
Growth Rate of Retail Loans Disbursement in SBI



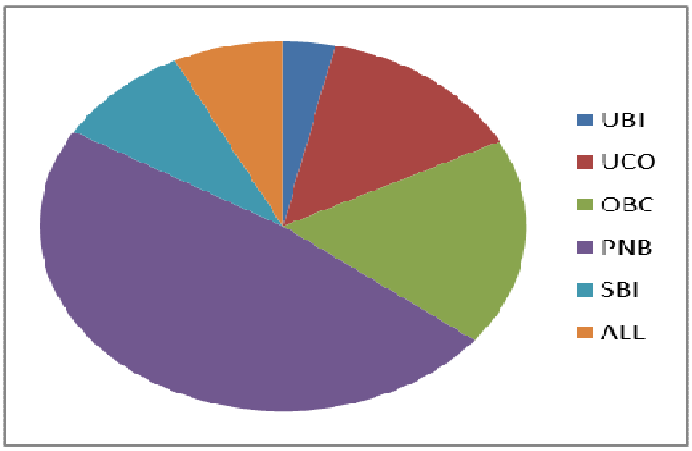
Growth Comparison of Different Public Sector Banks in Personal Loan



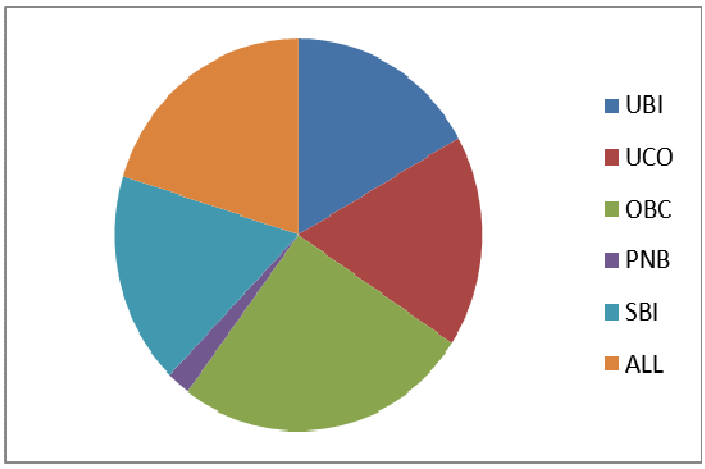
Growth Comparison of Different Public Sector Banks in Housing Loan



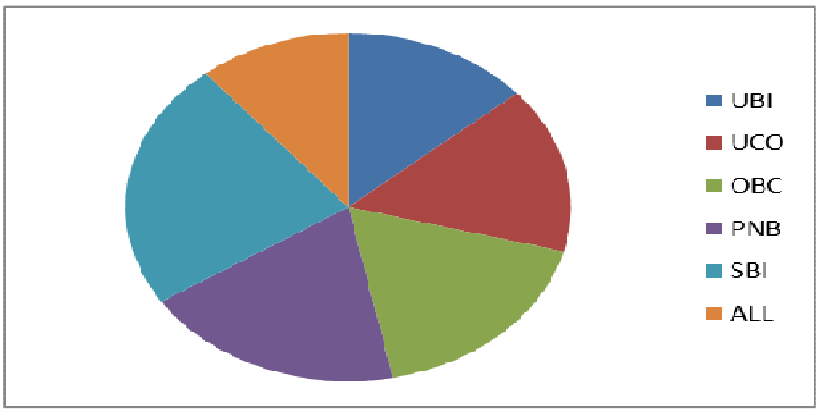
Growth Comparison of Different Public Sector Banks in Car Loan



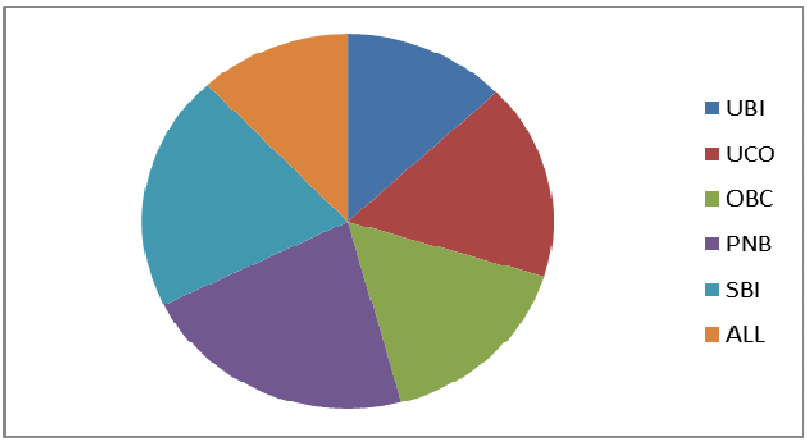
Growth Comparison of Different Public Sector Banks in Education Loan



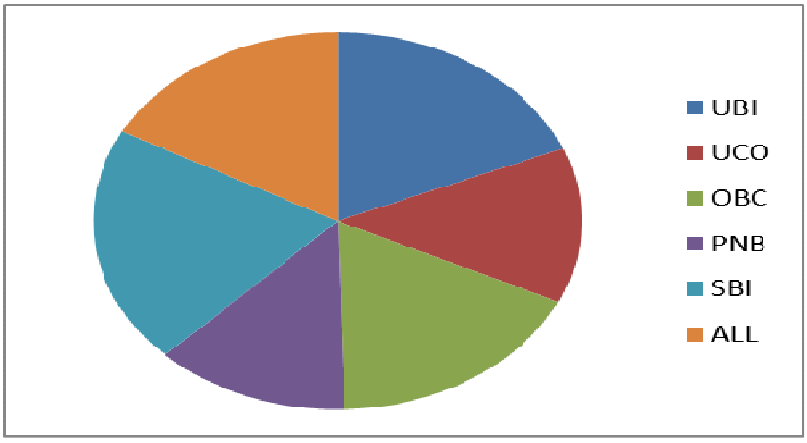
Growth Comparison of Different Public Sector Banks in Agricultural Loan



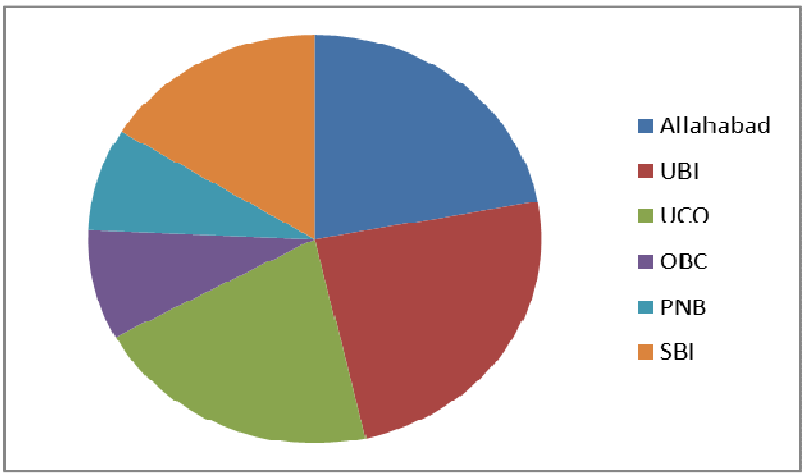
Growth Comparison of Different Public Sector Banks in Micro, Small and Medium Enterprises Loans



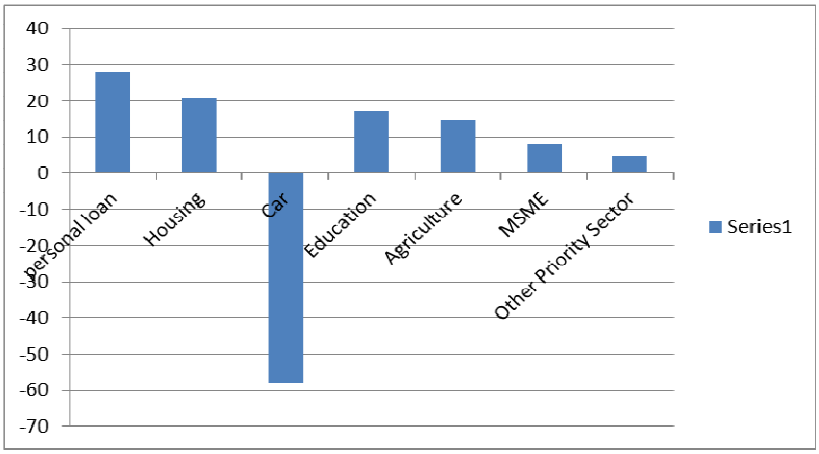
Growth Comparison of Different Public Sector Banks in Other Priority Sector Loans



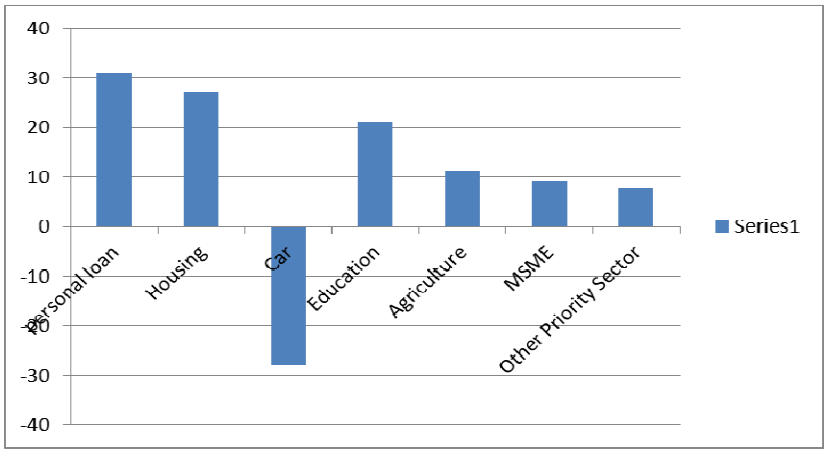
Growth Comparison of NPA of Different Banks in Retail Loans



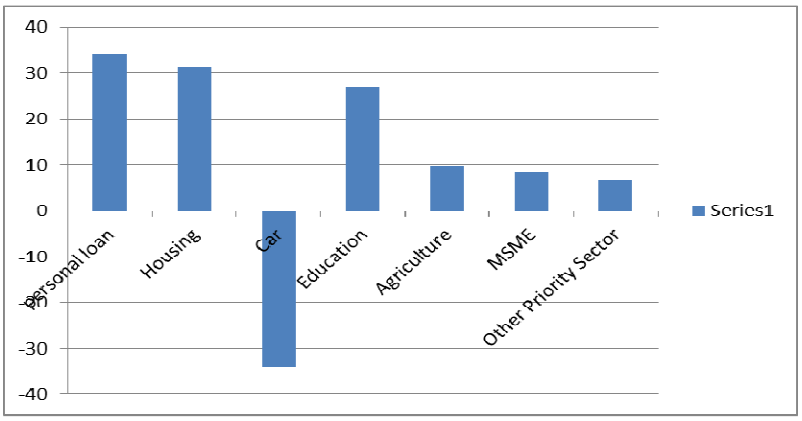
Growth Comparison of NPA of Retail Loans in Allahabad Bank



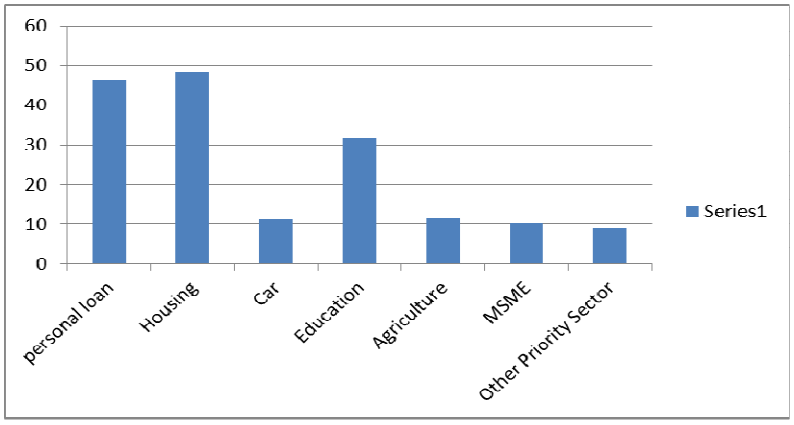
Growth Comparison of NPA of Retail Loans in UBI



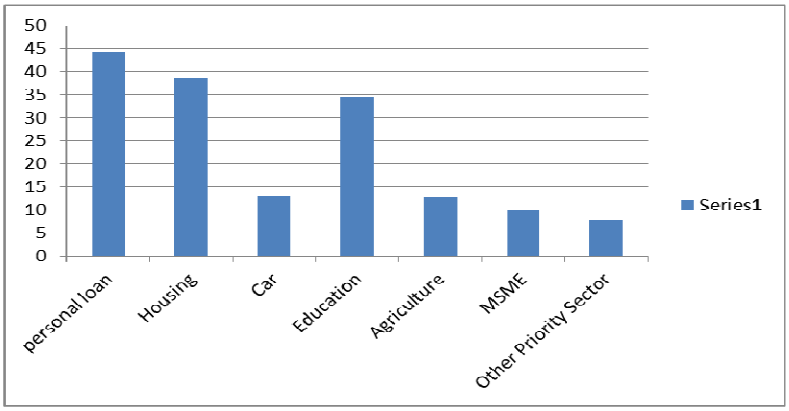
Growth Comparison of NPA of Retail Loans in Uco Bank



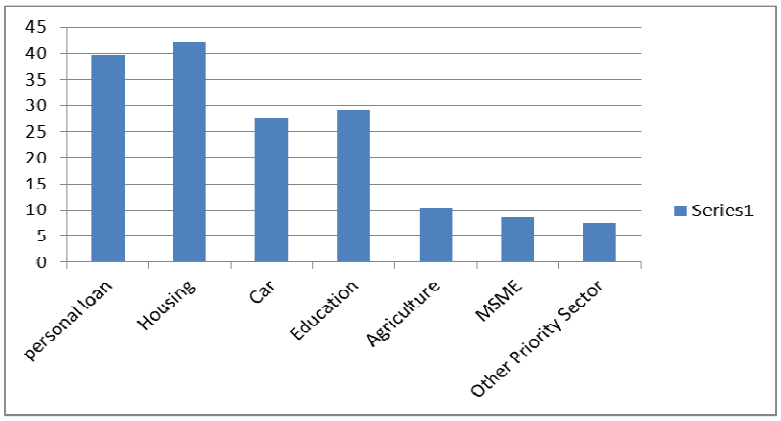
Growth Comparison of NPA of Retail Loans in OBC



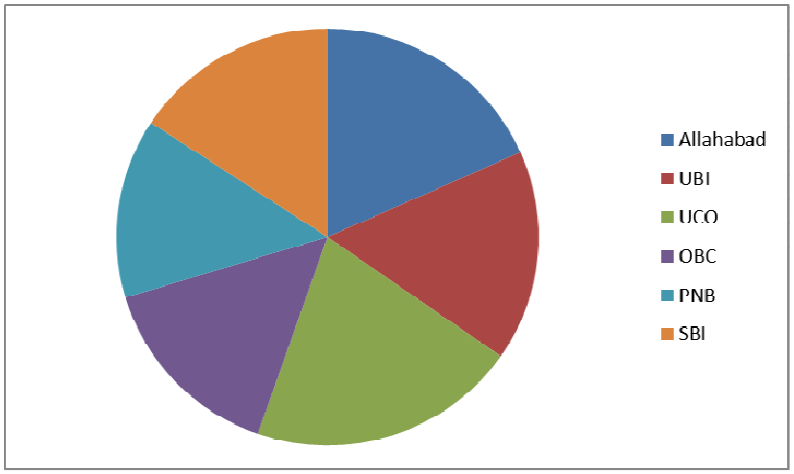
Growth Comparison of NPA of Retail Loans in PNB



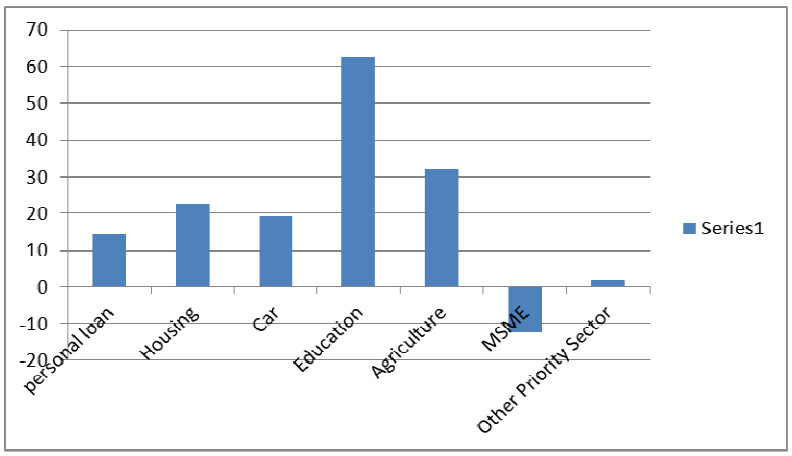
Growth Comparison of NPA of Retail Loans in SBI



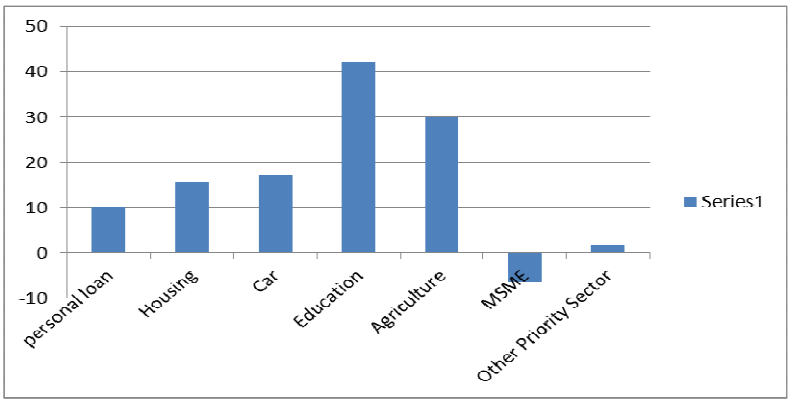
Growth Comparison of Recovery of Retail Loans in Different Banks



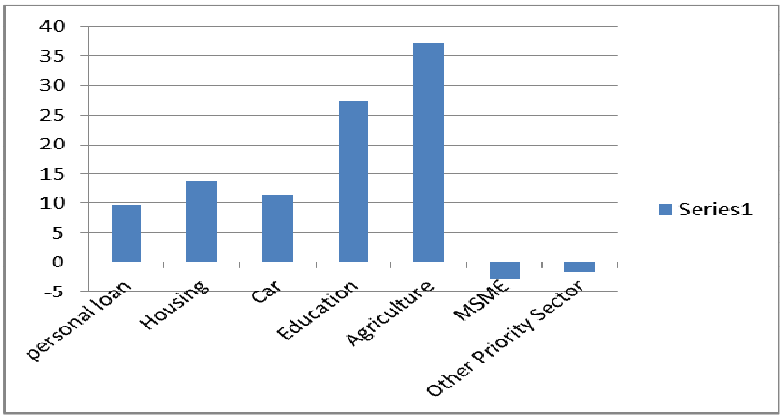
Growth Comparison of Recovery of Retail Loans in Allahabad Bank



Growth Comparison of Recovery of Retail Loans in UBI



Growth Comparison of Recovery of Retail Loans in Uco Bank



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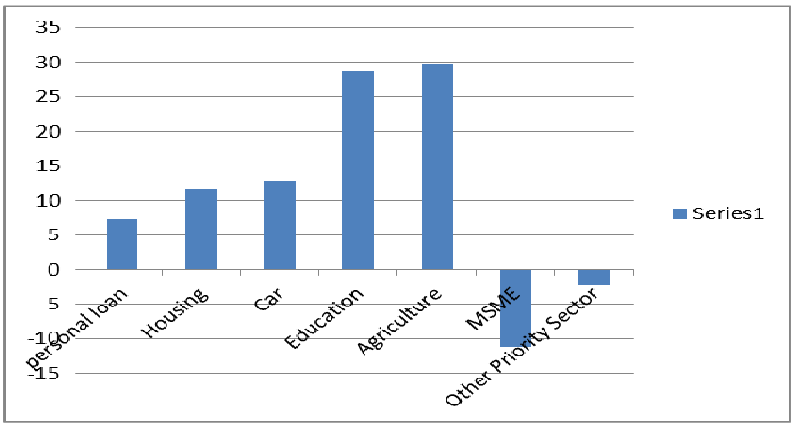

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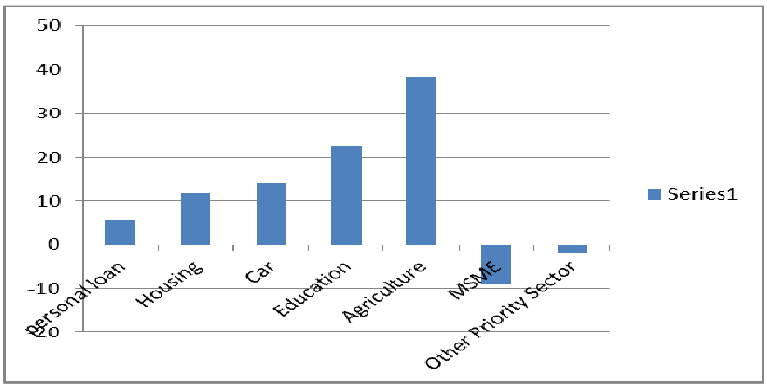
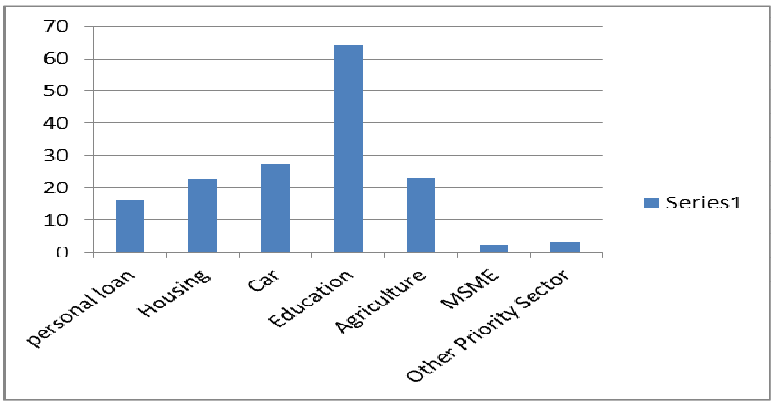


Growth Comparison of Recovery of Retail Loans in SBI



7. Summary and Conclusion

In liberal period (1994-2011),most of the public sector banks economic performances were good like increase in NAV, EPS, D/P ratio, Interest earned /Interest cost ratio, decrease in operating cost and NPA percentage etc. Keeping parity with the above general performances in retail banking selected public sector banks retail deposit growth rate was also high near about 64.9% and it was significant at 10% level. In respect of retail lending growth rate both in nominal and real terms of Education loan was highest, followed by Micro, small and medium enterprises loans, agricultural loans, personal loans, other priority loans, car loans and housing loans. In respect of growth of NPA of retail lending Car loan is highest and followed by education loan, personal, agricultural, housing, Micro, small and medium enterprises loans, other priority loans. Recovery performance of retail lending growth rate of education loan is highest, followed by car loans, agricultural loans, housing, personal, other priority sector and Micro, small and medium enterprises loans.

From the above analysis it is found that there is enough scope to increase the growth rate of retail loans particularly in Car loans, Agricultural loans and Micro, small and medium enterprises loans. In these areas growth rates of NPA is lower and recovery performances are better. Further in these three areas growth rate of earning is much higher than cost of earning.

Role of Financial Inclusion and Inclusive Growth on the Economic Development of the Country

Sk. Mujibar Rahaman♦

Abstract

India is the 2nd largest country in the world having a population of about 121 crores. Even after six decades of independence, nearly 50% of its population is poor, hungry, malnourished, uneducated. This large chunk of population is characterized by shabby clothes, poor housing with cities and town full of slums. Poor people's access to bank accounts is not that good. A large chunk of rural population still relies heavily on private moneylenders. They are the neglected lot in terms of getting bank finance. Near about half of the country is unbanked. 145 million household in India has been excluded from banking Service. Of 6 lakh villages in India only 50,000 (approx) villages have been tagged with barking Service. Only 10% population of the country having life insurance and 9.6% of the population has non-life insurance. Thus much is still desired in terms of financial inclusion in the country. In this backdrop, the present study attempts to find out the current status of financial inclusion in the country with the bottlenecks causing impediments in the area of financial inclusion and inclusive growth. The paper also suggests some measures to rectify the dismal situation.

Key-words: *Financial Inclusion, Financial Services, Inclusive Growth.*

1. Introduction

India is the 2nd largest country in the world having a population of about 121 crores. Even after six decades of independence, nearly 50% of its population is poor, hungry, malnourished, uneducated. This large chunk of population is characterized by shabby clothes, poor housing with cities and town full of slums. The largest democracy of the world, especially the so called elite and privileged section of the society should bear the burden of this shame. Even after so much of governmental pronouncements and efforts our country is still bracketed not under the group of developed country. Prime reason of this is the very slow rate of economic development in the country as compared to the developed countries. In this backdrop, the effect of financial inclusion and inclusive growth on economic development of the country needs to be scrutinized in details. This paper attempts to find out this effect.

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2. Financial Inclusion: Basic Overview

Poverty still rules over Indians. The history of India shows that every one from Britishers' to Mughals' came here for exploitation and taking away its valuable property to their own country and India remained a poor country. In that context the view of Amartya Sen regarding poverty is ought to be cited: "It is not merely insufficient income, but rather the absence of wide range of capabilities, including security and ability to participate in economic and politics systems……..."[1].

Financial inclusion refers to a process of providing financial products and services needed by poor, weaker sections and low income group of people of the society at an affordable cost in a fair and transparent manner by the mainstream institutional players. Thus, financial inclusion can be achieved through the mainstream institutions. According to Rangarajan committee financial inclusion may be defined "as the process of ensuring access to financial services, timely and adequate credit where needed by vulnerable groups such as weaker section and low income groups at an affordable cost"[3] (Report of the Committee on Financial inclusion in India 2008). Financial inclusion is essential and it might take the form of delivery of financial services like savings facility, credit and debit card access, electronic fund transfer, overdraft facility, cheque facility, entrepreneurial credit, micro credit, micro insurance, financial advice, pension for old age and investment schemes, low cost financial service, payment and remittance etc to the poor and weaker section of people in the country[2] . The issue of financial inclusion arises from the problem of financial exclusion.

The nature of financial exclusion can be perceived if we look at the following facts. Presently 38% of branches of commercial banks (out of 32,000 branches) are located in the rural areas and only 40% of population of the country holds the bank account. India's rural areas' bank accounts cover barely 9% of total deposit, 7% of total credit, 10% of life insurance and 9.6% of non-life insurance, only 13% of population has debit cards, while people having credit card comprise merely 2.0%. Out of total 89.3 million households only 43.4 million households have access to credit either from financial and non-financial institutes and remaining 45.9 million households do not have access to credit from any type of financial institutes. (NSSO, 2008). This problem of financial exclusion is acting as a stumbling block in the process of development in the country. Certain sections of the population including the urban slum dwellers, marginal farmers, landless labourers, oral leasees, women, migrants, senior citizens, self employed and unorganized sector enterprises are the worst suffers. In the matter of financial exclusion a wide range of regional disparity is also prevailing in the country. People from the north-eastern, eastern and central regions contain most of financially excluded population..

3. Inclusive Growth: Basic Overview

Literally, inclusive growth refers to the pace and pattern of economic growth. Inclusive growth should focus on the productive employment rather than on short term income distribution. In India financial exclusion is affecting the various sectors badly. As a result, even during the high growth period (2003-04 to 2007-08) unemployment and poverty could not be brought down to any tolerable level. In eleventh five year plan inclusive growth was planned to allow people to "contribute to and benefit from economic growth".

Inclusive growth bears two sides i.e., supply side factor and demand side factor. Supply side factor enables the provision of financial services to the poor and the disadvantaged group. But due to several causes like lack of awareness about the financial products, high transaction cost, and low level of literacy etc our economy fails to attain the equitable growth. On the

other hand, from the demand side very high proportion of low-income and financially weaker people urges the economy to do a lot more than what it is doing now. The concept of 'inclusion' should be seen as process of including the excluded. These excluded should be taken as agents whose participation is essential in the very design of the developmental process, and not simply as welfare targets of the development programmes (Planning Commission, 2007). Therefore it can be said that inclusive growth is completely dependent on the financial inclusion[4].

4. Financial Inclusion: Basic Objectives

Financial inclusion is essential for the economic development of a country. The main objectives of financial inclusions can be stated as under:

Provision of Financial Services: The main objective of financial inclusion is to deliver the financial service and products to the weaker section of the society.
Reasonable Cost: Financial inclusion does not mean mere provision of different financial services to the underprivileged. It actually means provision of financial services at a low transaction cost and other financial charges.
Quality Institution: For providing various financial services, a sound institutional framework is required. The governmental efforts should be directed towards promoting and managing institutions which can provide better financial services and products.
Continued Service: Financial institutes should be managed in such a way that it can provide its services on a continuous basis and not as 'bits and pieces'.
Large Variety of Financial Services: The basket of financial services should be big enough to accommodate services products like saving facility, debit and credit card facility, loan facility and insurance facility etc.. These are all required for the upliftment of the economic life.
Economic Development: The systematic performance of all activities of financial inclusion indicates the development of the county. So, financial inclusion is a pre-condition for balanced economic development.

5. Financial Inclusion for Inclusive Growth: Steps Taken

The following steps are taken for financial inclusion for inclusive growth in India:

Nationalization of Banks: The banks are nationalized by the government at first in the year 1969. Then in 1980 the second phase of nationalization came in. Through nationalization the government tries to give the better financial service to the public.

Establishment of Co-operative Society: Different types of cooperative societies are formed to cater to the needs of the people as consumers, marketer, farmer, housing provider, producer etc. Co-operative credit societies are also formed for cheaper and easier loans. The societies' primary objective is to foster economic development of members of the society.

Decentralization Strategy: Govt. is also paving the way for de-centralization policy in banking system. To promote such policy State Level Bankers Committee (SLBC) and District Level Bankers Committee (DLBC) are formed for the development of Co-operative and Regional Rural Banks.

Use of Newer Technology: For inclusive growth and to achieve its ultimate objective of eradicating poverty from the country the govt. has taken various steps through RBI. But in order to make the banking system efficient enough to cater to the needs of the target

population of inclusive growth acceptance of newer and finer technology is of utmost importance. Government of India is taking several steps in this direction.

Promotion of RRBs, Lead Bank Scheme and SHGs: Government has launched the above schemes to remodel the financial structure of the country and to give better financial service to the down trodden of the society.

No Frill Account: Govt. has advised the banks to open 'No Frill' account to attract the poor people and to enable them to save in a more methodical way.

Financial education: It is important for the financial inclusion and inclusive growth to impart financial education. It can be defined as the process by which financial consumers/investors improve their understanding of financial products, concepts and risk through information and develop the skill and confidence to become more aware of financial risks and opportunities to make the choice to improve their financial well being. Govt. has already started different types of financial literacy programme for financial awareness.

Encouragement to different groups and segments: Govt. has tried to encourage the different groups and segment like NGOs, business correspondents (BCs) in poorly banked areas, system of agency in dealing with different financial services and products so as the put more people under the umbrella of financial inclusion.

6. Financial Inclusion for Inclusive Growth: Review of Progress

Financial inclusion is required for the inclusive growth of the developing country like India. Government and its different wings especially RBI is putting in great effort to ensure financial inclusion and inclusive growth so as to make 'Vision 2020' a reality. But due to several constraints the achievement is still far from being what is targeted. The constraints include fear to take loan, lack of awareness about financial products, legal identity, limited literacy, low income group, clumsy terms and condition for getting loan, complicated procedure, cultural barrier and place of residence etc.

The Reserve of Bank of India has set up 'Khan Commission' in 2004 and according to its recommendation a review policy was taken in the year 2005-06 and based on its report RBI urged the banks to achieving greater financial inclusion to make available a system of 'No Frill' banking account[5]. In addition to this, Govt. reduced norms of Know Your Customer (KYC). General Credit Card and Kisan Credit Cards were issued by the Govt. to weaker section for improving economic activities. In 2006 RBI permitted Commercial banks to make use of service of non-governmental organizations (NGOs), Self Help Group (SHGs), Micro Financial Institutes (MFIs), NABARD, etc. These are used as Business Facilators (BFs) or Business correspondents. Government also prepared a road map for 73,000 inhabitant for providing banking service by the year 2012. For easy access to banking services Govt. established Unique Identification Authority of India, which is entrusted with the task of providing Unique Identification Number and Card by which identification problem for taking financial services is easily solved.

Following descriptive statistics is presented so as to show the condition of financial inclusion and inclusive growth in the country.

Table 1: Bank A/C of Different Earning Groups (Percentage)

Yearly Income (Rs)	Urban	Rural	Total
<50,000	43.1	26.8	28.3
50,000-100,000	75.5	71.2	73.0
100,000-200,000	91.8	87.4	89.0
200,000-400,000	95.5	93.6	94.9
>400,000	98.0	96.3	97.6
All	61.7	38.0	44.9

Source: Report on Currency and Financial 2006-00 (IIMS, 2007)

From the above table it is sent that for the high-income group people the majority of bank accounts are opened in rural areas although they have bank access in urban areas. But that access is miniscule.

Similarly, the following table 2 shows that the people of different income group collect their loan from diverse sources. People having annual income less than Rs 50,000 collect their loan from bank is only13%, 34% from money lenders and 53% from other institutional and non-institutional sources. The table also shows the position of other income groups and it is clear that a lower percentage of people related to the banking sector.

Table 2: List of Sources of Loan of Different Earning Groups

Yearly Income (Rs)	Banks	Money Lenders	Other Institutional &Non Institutional Sources	Total
<50,000	13.0	34.0	52.1	100
50,000-100,000	34.5	19.6	45.9	100
100,000-200,000	49.3	12.0	38.7	100
200,000-400,000	51.6	11.8	36.6	100
>400,000	62.8	5.5	31.7	100

Source: Report on Currency and Financial 2006-00 (IIMS, 2007)

Therefore, financial inclusion is essential for the country for inclusive growth. That is why, in India the process of financial inclusion broadly classified into three phases. In the first phase: It consists of a period 1960 to 1990 and in this period put the special attention on channeling of credit to the weaker section of the society. In second phase (1990-2005) the Govt. has concentrated for strengthening the financial institution such as SHG, Bank Linkage Programme, KCC, GCC and NABARD. In third phase i.e, from 2005 onward Govt. made a policy by which it provided the safe facility of savings deposit through 'No Frill" account and enhanced the work of financial inclusion. Present position of financial inclusion in India can be shown as under:

(i) No of No. frill account. 3,30,24,761 at the end of March 2009
(ii) No. of Rural Bank Branches 31,727 constituting 39.7% of total bank branches (as on June 2009)
(iii) No. of ATM 44857 (on Nov 31, 2009)
(iv) No. of Debit and Credit Card 4,70,237 (May, 2009)
(v) No. of Post Office Service (POS)
(vi) No. of Kishan Credit Card 76 Million (2007-08)

(vii) No. of General Credit Card
(viii) No. of cell phone used 771.18 Million at the end of Jan 2011
Source: cellular Operators Association of India

7. Bottlenecks of Employing Financial Inclusion

The following information shows the present position of financial inclusion in India:

a) Near about half of the country is unbanked.
b) 145 million household in India has excluded from banking Service.
c) And of 6 lakh villages in India only 50,000 (approx) villages have been tagged with barking Service.
d) Only 10% population of the country having life insurance and 9.6% of the population has non-life insurance.

Some of the critical indicators for access to financial in India along with benchmark indicators for selected high-income OECD member countries (Table 3) reveal that while there been improvements during 2001-08 but it is still very adverse as compared to OECD economies.

Table 3: List of Critical Indication for Access to Finance in India as compared to Bench-mark Indications

Indicator	2001	2002	2003	2004	2005	2006	2007	2008	Bench-mark (OECD)
Branches per 1,00,000 People	6.42	6.33	6.25	6.26	6.33	6.37	6.35	6.6	10-69
ATMs per 1,00,000 people					1.63	1.93	2.4	3.28	47-167
Deposit Accounts per 1000 people	416.77	421	418.7	426.1	432.1	443	459.5	467.4	976-1671
Loan Accounts per 1000 people	50.99	53.9	55.84	61.88	71.42	78	83.59	89.03	248-513
Branches per 100 km2	22.18	22.3	22.41	22.57	22.99	23.5	24.13	25.49	1-159
ATMs per 1000 km2					5.93	7.11	9.11	12.68	1-437

Source: Getting Finance in South Asia 2010, Kiatchai Sophastienphong, Anoma Kulathunga, the World Bank.

Note: The Benchmark indicator ranges are for selected high-income OECD member countries (Australia, Canada, France, Germany, Italy, Japan, the republic of Korea, New Zealand and the United State.

8. Suggestions and Recommendations

After the above discussion on the topic "effect of financial inclusion and inclusive growth on the economic development" it can be said that financial inclusion is essential for the economic development of the country that is why some suggestions and recommendations are given below for the better implementation of 'financial inclusion and inclusive growth'.

Literacy Rate: Literacy rate should be improved because it helps better understanding about the financial inclusion and its positive effect.

Simplify the Process of Financial Service: Process of providing financial service is lengthy and typical for incompetent person. So it should be brief and simple in which poor and common people can easily participate in it.

Easy Way for Documentation: For acquiring financial services and its product a long list of document is required and it is a tough work to prepare and produce in due time for that people avoid it. So no. of document and procedure for documentation should be easy.

Importance on UIDAI: Govt. makes a plan for Unique Identification Number (UIN) by establishing the Unique Identification Authority of India. It provides an Identify Card having a unique number. It helps to prove the identity of the subscriber and they can easily take financial services. Govt. should give more importance in it and spread rapidly all over India.

Awareness Programme: To provide knowledge about the facilities of financial inclusion and inclusive growth, Govt. should arrange various mediums like print media, electronic media, publicity, directly or through NGOs. It can help the above programmes.

Inclusion in the Syllabus of Educational Institute: Financial inclusion is important for achieving the goal of vision 2020. To achieve it the activities of financial inclusion should be added to the syllabus of educational institutes like Schools, Colleges, Universities and other professional institutes.

Rebuilding the Rural Financial Structure: Rural financial system is an old and backdated system where the money-lenders have exploited the poor people. So, financial structure of rural area should be changed and it should form latest financial structure which can help the poor villagers.

Formation of Training Institute: To inspire the people for obtaining the benefits of financial inclusion and take part in the economic development of the country govt. should formed 'training and motivating institute' in the country by which people will be trained towards the optimum utilization of the programme, financial inclusion.

Establishment of New Technology: Financial inclusion is a large scale programme for inclusive growth and it requires the Indian as well as the world wide networking system for the successful implementation. Therefore, establishment of latest technology is required and govt. should try to employ it.

Formation of National Level Monitoring & Development Committee: A National level Monitoring & development Committee should be formed by the government which can monitor and supervise the activies for financial inclusion and provide various ways for its development.

Enhance the Role of NABARD: National Bank for Agricultural and Rural Development plays a pivotal role for implementation of financial inclusion for inclusive growth. But govt. should provide more and more power to it for the expansion and growth of the functions of financial inclusion.

Giving Importance on Post office and Co-operative society: Co-operative society and post office can act as an important medium for bearing information of financial inclusion to the poor and vulnerable group of people of the society. So government can give more importance for the structural development of Co-operative Society and Post-office

Emphasis on Commercial Bank and Private Bank and NGOs: Banking sectors are closely related to the economic development programmes. Financial inclusion for inclusive growth is also a part of economic development programme and through these institutions govt. can express the views on financial inclusion and fruitfully enact it in the country.

Social Responsibility: Financial inclusion is an economic development programme through which we can develop the economic life of people poor and financially backward in the country which can improve the living standard of these people as well as the nation. Therefore, it is the social responsibility of all the people and institutions of the country to help for the better implementation of financial inclusion programme for financial growth.

Lastly it can be said that if govt. and all political parties will heartily extend their hands towards the better success of this programme than we can easily achieve our goal and reached to the aim of vision 2020.

9. Conclusion

To sum up we are to mention that the economic development of our country can be achieved only when financial inclusion programme is carried out cent-percent. As a result, it can pave the way for the inclusive growth and ultimately the economic development will be achieved smoothly.

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Improving Effectiveness of Performance Appraisal Tool: Who Thinks that It Uses Improved Techniques?

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Abstract
Business perceptions of the construction industry have changed significantly during the last decades. Due to increasing competition and globalization issues, the parameters of the Human resource evaluation have been enriched by several new concepts. The performance assessment done by objective measures have now been replaced with subjective measures. Internal and external both factors have significant influence on the performance appraisal system (PAS). Therefore it is a matter of concern that how the companies improves their performance appraisal tool for better management of human resources. To achieve the objectives of improving PAS it is essential to communicate the improvement of current PAS to the workers, managers and even to the management. For this purpose current study attempts to know that whether the workers and managers knows that improved technologies have been used under PAS and use of improved techniques dimension influence the PAS and if yes, than who has more clear picture for the use of improved techniques in the organization. These issued were hypothesized in this study that for a mining company to analyze the long-term and short-term strategies adopted by the company, to strengthen the system. To analyze the data multiple regression analysis, ANOVA and Post Hoc test were applied and it can be concluded that, in selected company 2 variables explains the performance appraisal Gap and all the possible pairs of both the variables shown significant difference and less experience managers have shown that the gap in PAS is more in the organization.
Key-words: *Performance Measurement, Strategic Management, Critical Success Factors, Project Performance, Company Performance.*

1. Introduction

Gaining competitive advantage has become one of the major goals for the various companies recently. Accordingly, companies have made several attempts to gain and sustain competitive advantage in the relevant industry all over the world (Porter, 1985; Kaplan and Norton, 1996,

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Chouhan, 2008) which often resulted in the adoption of new strategies. The main driver behind those strategies was to improve its human performance with an effective PAS for gaining competitive advantage (Kagioglou et al., 2001).

Appraisal of human performance of a company should be managed with its corporate and functional strategies and objectives (Kaplan and Norton, 2005). The main objective of this process is to provide a control system, where the corporate and functional strategies are deployed to its human resources. Thereby, workers finally will check their feedback under the PAS and check the effectiveness of PAS. Therefore, the system of PAS in the organization must be having clear goals, defined system and more importantly, it must be easy, clear and understandable to all the employees. For this purpose the human resource (HR) managers have to update them with the current changes in the PAS of an organization. This is why establishment of a well-managed PAS is a matter of critical importance to the effective and efficient functioning of the Human resources of the company. All employees including temporary employees in any company participate in performance appraisal. Apprentices, trainees and employees who are employed within the framework of "personnel transfers" are appraised according to a different procedure.

The manager who has disciplinary responsibility in the year under review shall carry out the performance appraisal process. If several managers are responsible for a unit, the leading manager may delegate this task to team leaders, for instance, on condition that the employee to be appraised agrees and that the appraisers have participated in a performance appraisal training seminar. The period of appraisal corresponds to the calendar year. Deadlines for completion are published each year. As in any performance appraisal system users emphasize procedural fairness. Because generally everybody gets appraised, but for special conditions special procedures are applied, one could expect that users perceive this system as being procedural fair. But there are always possibilities of unfair justice and hence the system needs to be improved with the new and available methods or new method may be combination of any two or more method. These changes resulted as satisfaction and dis-satisfaction of employees. For any employer it is important to know that whether the workers or managers believe that PAS has been attached with improved techniques or not? And whether the change in managerial experience put difference in PAS?

2. Objectives

The objectives of this paper are as under:

1. To identify the variables which affect the PAS.
2. To measure the perception gap between various categories of managers on selected variables which effect current PAS

3. Literature Review

Ahmed (1999) in his research paper on "The emerging measure of effectiveness for human resource management: An exploratory study with performance appraisal", describes and explores an emerging integrated measure of effectiveness for human resource management functions. The emerging measure basically incorporates both the mission support and employee support goals as two criteria of effectiveness. The paper next analyzes the measures of effectiveness that an agency uses for its performance appraisal function. A questionnaire was sent to 298 members of the professional staff of a large state agency in the mid-west. The objectives were to assess the need and feasibility for the application of this emerging measure of effectiveness. The study found that even though performance appraisal was widely practiced as a mission support function; there was strong support for the use of this integrated

measure of effectiveness. The paper concludes with offering a design for a management development workshop session which focuses on developing a complementary relationship among different personnel functions.

Boland, et. al., (2000) in their research paper on "A systems perspective of performance management in public sector organizations", presents an examination and discussion of performance measurement, performance indicators and associated improvement initiatives from a systemic perspective, as typically applied in public sector organizations. Such mechanisms are usually implemented as a causal loop which is established between perceived performance and resulting actions, thereby constituting a form of feedback control. Within this context a two-dimensional matrix model is postulated in which the independent dimensions are the source of control and the nature of the resultant control-action. The paper examines the implications revealed by this model within the context of performance management and system dynamics. The potential role of influence diagrams and dynamic simulation models is thereby introduced as a potential means of unraveling the complex behaviour which can often arise in the presence of such interactive cause-effect loops. A number of typical examples, drawn from within the public sector, are invoked to illustrate the discussion.

Mike et. al, (2002) in their research paper on "A framework of the factors affecting the evolution of performance measurement systems", raised an issue of the effectiveness of performance measurement as an issue of growing importance to industrialists and academics alike. Many organizations are investing considerable amounts of resource implementing measures that reflect all dimensions of their performance. Consideration is being given to what should be measured today, but little attention is being paid to the question of what should be measured tomorrow. Measurement systems should be dynamic. They have to be modified as circumstances change. Yet few organizations appear to have systematic processes in place for managing the evolution of their measurement systems and few researchers appear to have explored the question, what shapes the evolution of an organization's measurement system? The research reported in this paper seeks to address this gap in the literature by presenting data that describes the forces that shape the evolution of the measurement systems used by different organizations.

Ikemefuna et. al., (2012) in their research paper on "Workers' Perception of Performance Appraisal in Selected Public and Private Organizations in Lagos Metropolis, Nigeria", revealed that workers have an optimistic view of performance appraisal as a means for promoting, evaluating and equitably compensating employees, and forming the basis for many employee training programmes as well as its motivational effect on workers' performance. The authors recommend that for appraisal to yield the desired outcomes, adequate attention should be paid to the avoidance of appraisal politics and the pursuance of fairness and transparency in the process. More so, training programmes could be initiated by organizations to offer tips for avoiding appraisal errors. Open-reporting system as opposed to closed-reporting system should be encouraged for performance appraisal to have a motivational effect on workers' performance.

Manikutty (1990) in his article in "PAS in the Railway Staff College" stated that Performance Appraisal in organizations can serve three purpose viz. a control device; Pricing mechanism; a mechanism for development of human resources. He has enumerated different dimensions of Performance Appraisal viz. periodicity of assessment; Degree of Secrecy; Parameters assessed and studies consequences of the choice along the maintained dimensions. He suggested

frequented appraisal so that corrective actions can be taken early and also gauzed the effects of variation in periodicity of Assessment, furthering he said, "there must not be a Performance Appraisal system rather a Potential appraisal system should exist. He had also mopped up the linkages of the performance per se of employees in the last period, traits and abilities of the employees with the purpose of a Performance Appraisal System.

Gundrsen, D. E. (1993) in his research article, "An article assessment of the influences of performance and selected non-performance factors on performance evaluation and accuracy" discussed that the appraisal of employee effectiveness is one of the most important managerial tasks carried out in organizations. Ideally, performance evaluations should reflect the performance levels of represented employees. Unfortunately, a variety of factors other than performance have the potential to influence appraisal efforts which may cause biased performance evaluations. It biased evaluations occur, the resulting appraisal accuracy is likely to be impaired and the benefits associated with an effective performance appraisal process may not be realized. Results indicate that rater's performance is by far the most influential variable in explaining variance for performance evaluations. To the contrary, rater's performance was not found to be significant in explaining variance for the accuracy criteria. Impression management was found to be significant for both the criterion variables. Results indicate that when a defensive impression management is displayed by ratee's, evaluations are lower and accuracy is damaged compared to other impression management conditions. Impression management was also found to interact significantly with a number of other variables in explaining variance for both performance evaluations and accuracy, most of the variance explained in this study is the result of ratee's performance and impression management. Consequently, the significant interaction effects consistently involve either one or both of these variables.

Jackson, Peter M., (1993) revealed that Performance evaluation of government activities is essential in any democracy. Government, no matter the level (central/federal, state, or local), should be accountable and responsible to the electorate and a host of other stakeholders. Accountability involves, among other things, an assessment of policy outcomes, along with the means and processes used to deliver the policies. Were the policies suitable for the problems that the electorate wanted to be solved? Were the policies implemented efficiently and effectively? Did the electorate, taxpayers, and users of public services (often these aw distinct groups) obtain value for money?

Robert's Gary E (1995) in his article, "Municipal Government PAS Practices: Is the whole less than the sum of its parts," revealed that one of the most controversial techniques in the manager "tool box" for increasing work place productivity is PA. Municipal Government, like many other organization, are striving to develop an effective AS. One strategy for evaluating the effectiveness of Municipal Government PAS is to analyze the individual components and attributes that constitute a PAS. He describes three main objectives in his study first; Municipal Government PAS is designed in accordance with the research literature second, to measure perceptions of how well the individual components of the PAS are working and third, to gauge perceptions on the overall effectiveness of PAS. The survey demonstrates that there is room for optimism on the quality and effectiveness of the PA process.

Clinton O. Longencker Nick Nykodym (1996) article, "Public Sector Performance effectiveness: A case study" explore the potential benefits and problems associated with PA in the public sector. Public sectors PA are a significant aspect of making employees more

productive and are the "tool of choice" in such performance enhancing efforts. It has been said that "anything worth doing is worth doing well" Given the goal of most AS to be quite appropriate. Other elements such as 'managers' and 'subordinates' attitude towards PA and expectations also play a significant role in achieving effectiveness of PA. This study should serve as a case study for organization to assess the effectiveness of their AS.

4. RESEARCH METHODOLOGY

The main purpose of this paper is to broaden the understanding about the PAS in government sector undertaking in respect of use of good/ improved techniques.

4.1. Selected Company

Company selected for research paper is The Rajasthan State Mines & Minerals Limited (RSMML) which is one of the largest and most successful mining companies in India and proud to support four key areas in the economic development of country namely; Agriculture, Steel, Construction and Power. It is the only producer of high grade rock phosphate in the country. RSMML today comprises of five separate divisions, each working autonomously under the overall control of the corporate office at Udaipur.

4.2. Research Design

The research design used by the researcher is in accordance with the empirical study requirements. Since the company has introduces the new improved method of Performance Appraisal the management wished to analyse that whether the new system has increased the effectiveness this study has been conducted. Research design, as such, covers the type of data collected, the methodology of data collection and the various statistical tools and techniques used for analysis of data and hypotheses - testing. Being empirical study, it is completely based on primary data

4.3. Data Collection

For the purpose of the current studies the Primary data is collected through questionnaire that is to be filled up by the workers and Managers of the selected organizations. While the Secondary data is collected from the RSMML website www.rsmm.com

4.4. Variables

With the above review of literature a few key areas which are required to measure the use of good/ improved techniques is been selected for the purpose of current research paper there are 5 variables selected which is shown in table no 1.

Table 1: Description of variables

Variables	Description of variables
VAR0001	Good scales are used to evaluate performance.
VAR0002	Accurate assessment of different dimensions of performance is allowed.
VAR0003	The existing form is too complex.
VAR0004	The existing form is too long.
VAR0005	The existing form is easy to use.

For the purpose of identifying the gap in performance appraisal system the first step is the identification of variables which influence the PAS. For this purpose the following hypothesis is being developed:

4.5. Hypothesised Relationship and Findings

4.5.1. Hypothesis – 1

H_1: The attributes/constructs configuring Performance appraisal of organisation on use of improved techniques dimension significantly influence the PAS.

To analyse the above hypothesis SPSS-19 software is being used and multiple regression technique is used as a tool for analysis. The result of this analysis is shown in table-2.

Table-2: Multivariate Regression Analysis of use of good/ improved techniques

Descriptive Statistics

	Mean	Std. Deviation	N
Current PA System	3.0909	.91575	99
VAR0001	3.7980	.62237	99
VAR0002	3.7374	.81549	99
VAR0003	2.8384	.79163	99
VAR0004	2.9293	.86014	99
VAR0005	3.3838	.85365	99

Correlations

		Current PA System	VAR00037	VAR00038	VAR00039	VAR00040	VAR00041
Pearson Correlation	Current PAS	1.000					
	VAR0001	.033	1.000				
	VAR0002	.142	.518	1.000			
	VAR0003	-.317	.285	.060	1.000		
	VAR0004	-.095	.259	.191	.717	1.000	
	VAR0005	.164	.378	.058	.319	.260	1.000

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	VAR0003	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	VAR0005	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: Current PA System

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.317[a]	.101	.091	.87287	.101	10.863	1	97	.001
2	.423[b]	.179	.162	.83838	.078	9.147	1	96	.003

a. Predictors: (Constant), VAR0003

b. Predictors: (Constant), VAR0003, VAR0005

ANOVA[c]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.277	1	8.277	10.863	.001[a]
	Residual	73.905	97	.762		
	Total	82.182	98			
2	Regression	14.706	2	7.353	10.461	.000[b]
	Residual	67.476	96	.703		
	Total	82.182	98			

a. Predictors: (Constant), VAR0003
b. Predictors: (Constant), VAR0003, VAR0005
c. Dependent Variable: Current PA System

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zeroorder	Partial	Part	Tolerance	VIF
(Constant)	4.133	.328		12.597	.000					
VAR0003	-.367	.111	-.317	-3.296	.001	-.317	-.317	-.317	1.000	1.000
(Constant)	3.371	.403		8.355	.000					
VAR0003	-.476	.113	-.412	-4.217	.000	-.317	-.395	-.390	.898	1.113
VAR0005	.317	.105	.295	3.024	.003	.164	.295	.280	.898	1.113

a. Dependent Variable: Current PA System

Assessing Overall Model Fit

The final Regressionmodel with 2 independent variables (VAR0003 & VAR0005) explains almost 16.2% of the variance of current PAS.Also, the standard errors of the estimate has been reduced to 0.83838, which means that at 95% level, the margin of errors for any predicted value of Current PAS can be calculated as ± 1.643225(1.96 X 0.83838).The impact of multicolinerarity in the 2 variables is substantial. They all have the tolerance value less than .898, indicating that only over 11 % of the variance is accounted for by the other variables in the equation.

ANOVA Analysis

The ANOVA analysis provides the statistical test for overall model fit in terms of F Ratio. The total sum of squares (82.182) is the squared error that would accrue if the mean of Current PAS has been used to predict the dependent variable. Using the values of VAR0003& VAR0005 this error can be reduced by 17.8944% (14.706/82.182). This reduction is deemed statistically significant with the F ratio of 10.461 and significance at level of 0.000.With the above analysis it can be conclude that 2 variables i.e., VAR0003 & VAR0005 explains the use of good/ improved techniques as Performance appraisal tools.

For the purpose of identifying the gap as per managerial experience in the performance appraisal system in the second step by taking theidentified variables following hypothesis is being developed:

4.5.2. Hypothesis – 2

H_2: The perception pertaining to existing PAS remains unaffected with the change in managerial experience.

To analyse the above hypothesis SPSS-19 software is being used and ANOVA and Multiple Comparisons: Tukey HSD Post Hoc technique is used as a tool for analysis. The result of this analysis is shown in table-3.

Table 3: Analysis of Variance on Use of Improved techniques Dimension

Descriptive

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
VAR0003	1.00	21	2.9048	.94365	.20592	2.4752	3.3343	1.00	4.00
	2.00	16	2.9375	.57373	.14343	2.6318	3.2432	2.00	4.00
	3.00	62	2.7903	.79211	.10060	2.5892	2.9915	1.00	4.00
	Total	99	2.8384	.79163	.07956	2.6805	2.9963	1.00	4.00
VAR0005	1.00	21	3.7143	1.0556	.23035	3.2338	4.1948	2.00	5.00
	2.00	16	2.9375	.57373	.14343	2.6318	3.2432	2.00	4.00
	3.00	62	3.3871	.79661	.10117	3.1848	3.5894	2.00	5.00
	Total	99	3.3838	.85365	.08579	3.2136	3.55	2.00	5.00

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
VAR0003	Between Groups	.393	2	.196	.309	.735
	Within Groups	61.021	96	.636		
	Total	61.414	98			
VAR0005	Between Groups	5.481	2	2.741	3.990	.022
	Within Groups	65.933	96	.687		
	Total	71.414	98			

The ANOVA is applied at on the responses of the managers to measure the group difference. The group difference on variables (F_{V0003}=0.309, p_{V0003}= 0.735>0.05) is not statistically significant at 5% level of significance. However, a significant group difference exists on the variables which include (F_{V0005}=3.990, p_{V0005}= 0.022<0.05). This test is further supported by Tukey Post Hoc in order to perform multiple comparisons between all the possible pairs of selected variables. Thus, ANOVA Post Hoc Tukey HDS test has been applied to test the hypothesis.

Table –4: Tukey Post Hoc Test on Use of Good/ Improved techniques

Multiple Comparisons: Tukey HSD

Dependent Variable	(I) Experience	(J) Experience	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
VAR0003	1.00	2.00	-.03274	.26457	.992	-.6626	.5971
		3.00	.11444	.20130	.837	-.3648	.5936
	2.00	1.00	.03274	.26457	.992	-.5971	.6626
		3.00	.14718	.22356	.788	-.3850	.6794
	3.00	1.00	-.11444	.20130	.837	-.5936	.3648
		2.00	-.14718	.22356	.788	-.6794	.3850
VAR0005	1.00	2.00	.77679*	.27501	.016	.1221	1.4315
		3.00	.32719	.20924	.266	-.1709	.8253
	2.00	1.00	-.77679*	.27501	.016	-1.4315	-.1221
		3.00	-.44960	.23238	.135	-1.0028	.1036
	3.00	1.00	-.32719	.20924	.266	-.8253	.1709
		2.00	.44960	.23238	.135	-.1036	1.0028

*. The mean difference is significant at the 0.05 level.

VAR0003

TukeyHSD[a,b]

Experience	N	Subset for alpha = 0.05
		1
3.00	62	2.7903
1.00	21	2.9048
2.00	16	2.9375
Sig.		.800

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 23.763.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

VAR0005

TukeyHSD[a,b]

Experience	N	Subset for alpha = 0.05	
		1	2
2.00	16	2.9375	
3.00	62	3.3871	3.3871
1.00	21		3.7143
Sig.		.153	.365

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 23.763.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

The multiple comparison on variables (VAR0005, $p_{1,2}$= 0.016<0.05) shows that a significant group difference exists on the above variables while the other possible pair shows no significant difference between the pairs.

5. Conclusion

Appraisal of performance of human resources is a very difficult task and calculating the differences between workers and managers are matter of greater concern for the employer since it affects the motivation level of the employees. In both the cases the null hypothesis were rejected and alternative hypothesis is accepted. The study unrevealed the fact that 2 variables i.e., the existing form is too complex (VAR0003) &the existing form is easy to use (VAR0005)explains the use of good/ improved techniques as Performance appraisal tools. When the same is further analysed to identify that whether there is any gap in the managers view on the basis of their experience category the multiple comparison on above selected variables (VAR0005, $p_{1,2}$= 0.016<0.05) shows that a significant group difference exists on the variable "The existing form is easy to use" while the other possible pair shows no significant difference between the pairs. The mean of less experienced managers are more which shows that less experience managers think that there is a significant gap in the PAS.

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1.

Questionnaire

(A) PERSONAL INFORMATION

Name: ……

Category: Employee ☐ Manager ☐

Gender: Male/Female Age:..……

Experience: Most Experienced (>15) ☐ Moderate (5-15) ☐

Less Experienced (<5) ☐

Educational Qualification……..…….

(B) Are you satisfied with the current performance system?

(Please Tick [√] the appropriate box)

Extremely Dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐ Extremely Satisfied ☐

(C) Do you satisfied with the use of improved techniques in current performance system?

(Please Tick [√] the appropriate box)

Extremely Dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐ Extremely Satisfied ☐

(D) Please Display your degree of agreement/disagreement about current performance appraisal system. Please Tick [√] the appropriate Box

S. No.	**Questions**	**Least Impor-tant**	**Less Impor tant**	**No opinion**	**Impo-rtant**	**Highly Impor-tant**
		1	**2**	**3**	**4**	**5**
1	Good scales are used to evaluate performance.					
2	Accurate assessment of different dimensions of performance is allowed.					
3	The existing form is too complex.					
4	The existing form is too long.					
5	The existing form is easy to use.					

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- **An abstract of the material within 150 /200 words.**
- **A list of key-words.**
- **An undertaking by the contributor that "the article / paper titled "……." is an original one and has neither been published nor been submitted for publication elsewhere".**

3. The first page of the text should show the title but NOT the name(s) of the author(s). Headings and sub -headings should be serially numbered using Roman numerals and Alphabetical letters respectively.

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