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- Dr. Rajesha. S.....2**
A study on “Challenges of Six Sigma implementation in Human Resource Management” Special reference to Information Technology Sector
- Bharathi T & Dr. K S Gupta.....21**
A Study on Job Stress and Its Influence on the Productivity among Women Employees in IT Sector
- Bhavesh Dharmeshbhai Thaker.....32**
Trust Factor in Herbal Medicine and Impact of Socio-Economic and Demographic Factors
- Jagdish Maheshwari & Geeta Mangtani43**
Corporate Environmental Accounting: A Leaf on the Branch of Accounting
- Anich Uddin & Bishal Chowdhary52**
Direct Equity V/S Mutual Fund: A Study of Investor Perception and Choice
- Prof. Devrshi Upadhyay & Dr.Paresh Shah.....58**
A study of impact of Behaviour Finance on individual’s investment decisions: Behaviour Finance Approach
- Prof. Kirit R Makwana.....69**
Analysis of profitability of selected Indian Asset Management Companies
- Ms. Kashefa Peerzada.....78**
Climate for Micro Insurance in India and Current Public Sector Initiatives
- Dr. Sonal Vinodchandra Modi.....88**
Social Security and Women Workers in Gujarat
- Pinal Barot.....93**
Advertising Ethics in India



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A study on “Challenges of Six Sigma implementation in Human Resource Management” Special reference to Information Technology Sector

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Abstract:

When we think of applying the Six Sigma in to HRM, an inevitable question is that, to what an extent all the processes of HRM are measurable. Many companies attempted to implement this methodology and got backward in middle of the process or beginning due to the challenges in implementing Six Sigma in HRM. Measurability of a process depends on the perception of an individual HR person; this is mainly due to the non-measurable nature of HR processes. Most of the organizations not considered Human resources as human capital and as a major line function in their organizations. This research paper studies the challenges of Six Sigma implementation in Human Resource Management and finds critical success factors for successful implementation of Six Sigma in human resource management with respect to Information technology companies.

Keywords: Six Sigma, Human Resource Management, Implementation, Challenges & Critical Success Factors.



A study on “Challenges of Six Sigma implementation in Human Resource Management” Special reference to Information Technology Sector

1. INTRODUCTION:

If we cannot measure a process, we cannot control it. And if we cannot control it, we can neither improve it nor can we manage it. In the absence of all these, especially in case of HR, we cannot show the importance of the function, demonstrate financial gains to the organization, and gain the due recognition it deserves..... (Nagaraj & Dr. Kalyani-2013).

Human resource management department has no distinction than some other department in an organization. Human resource management department can convey Six Sigma project with great rate of profitability and Human resource management initiatives are lead towards the internal customer by directing HR employees quicker and all the more effectively or toward the external customer by adding to the continuous change of the organization towards implementation of a well working Six Sigma program. There is different process in HR function in which Six Sigma training is useful. Taking after focuses would make it clear with reference to how is it particularly identified with the HR function – Reduce the time required to hire an employee, Improve employee orientation processes, Reduce expenditures for Recruitment and the value of employee performance reviews, Reduce absenteeism, Improve training efficiency, Improve employee satisfaction, Identify and correct retention issues, Reduce Incentive Compensation errors, Eliminate Over payments to Terminated Salaried Employees, Improving grievance handling process, Consolidation of employee information databases, Integration of multiple payroll systems for remote locations, Increase application for jobs and Increase retention using exit interview information. This is most required and imperative in today's focused period to get best quality management by the Human resource management through execute Six Sigma. It is additionally critical that know the role of human resource management in execute Six Sigma in an organization. This study also illustrating on challenges of Six Sigma implementation and critical success factors for successful implementation of Six Sigma.

2. INDIAN IT INDUSTRY

The Indian Information Technology / Information Technology Enabled Services (IT/ITES) sector has registered tremendous growth over the past



decade, achieving iconic status all over the world and a reputation for reliable and cost-effective delivery of services. Today India is recognized as the outsourcing destination of choice in the world. The major developed markets are sourcing IT/ITES from India to gain bottom-line benefits, improving their competitive edge. India is the world's largest sourcing destination for the information technology (IT) industry, accounting for approximately 52 per cent of the US\$ 124-130 billion market. The industry employs about 10 million Indians and continues to contribute significantly to the social and economic transformation in the country. The IT-BPM sector in India grew at a compound annual growth rate (CAGR) of 25 per cent over 2000-2013, which is 3-4 times higher than the global IT-BPM spend, and is estimated to expand at a CAGR of 9.5 per cent to US\$ 300 billion by 2020. India has emerged as the fastest growing market for Dell globally and the third largest market in terms of revenue after the US and China.

3. OBJECTIVE OF THE STUDY:

- To study the challenges in Six Sigma implementation in Human Resource Management
- To identify the critical success factors for Six Sigma implementation in Human resource management

4. SCOPE OF THE STUDY:

This research study is focused on the challenges of implementing Six Sigma in Human resource management. This research study also illustrates on the critical success factors for successful implement of Six Sigma in human resource management to gain the benefit of world class process improvement methodology. The scope of the study is limited Six Sigma implemented IT companies based in Bangalore.

5. REVIEW OF LITERATURE:

Nagaraj shenoy and Dr. Kalyani Rangarajan (2013): The biggest challenge is the perception of HR professionals towards Six Sigma methodology. The challenges of Six Sigma implementation in HR domain are 'Measuring a process' of HR is difficult, HR not considered as a major line function, HR isn't a huge part of any business, not considered as human capital and believe that HR not ensure that there's good return on investment in human capital' (Gupta, 2005). In addition, he says in his paper many organizations are using Six Sigma to reduce costs in everyday HR functions like improving the hiring process; enhancing employee satisfaction, increasing the effectiveness of training and development programs, pay fixation, etc.



Jithendran Kokkranikal and Jiju Antony (2013): Author present three approaches to implementing Six Sigma, are business transformational approach, strategic improvement approach and problem solving approach. This paper set out to consider some of the challenges to successful implementation of Six Sigma initiatives in the service industry. The challenges of “data collection”, “defining projects” and “getting group consensus” can be considered to be somewhat very challenging in the context of hospitality industry. Issues of “time management”, “resistance to change”, etc. can be considered as being specific in need of management attention. Involving human beings is the greatest challenge author felt.

Nilesh V Fursule and Dr. Satish V Bansod (2012): Main cause for failure is lack of academic research on the guidelines for implementation of Six Sigma. Suggest that there is need for more and more academic research on Six Sigma implementation. When other papers speak on monetary benefit get from six sigma implementation this paper speaks on increase in the employee effort, commitment and performance. On the other hand it speaks on the limitation/ challenge of Six Sigma is top management commitment on it.

Obaidullah Hakeem Khan Kundi (2005): The critical success factors Continued top management support and commitment, Suitable organizational infrastructure, Organizational culture change, Education and Training, Effective use of Six Sigma methodology and tools, Project Management Skills, Rewards and recognition, Effective Communication, Employee involvement and empowerment and Linking Six Sigma to Customer. Challenges involved in implementing six sigma good Top management commitment and support, an effective Six Sigma organizational infrastructure, a well-defined training and certification program, Effective communication, changes in organizational culture and in the attitudes of employees.

Mohammad Abdolshah & Rosnah Mohd. Yusuf: Challenges in implementing Six Sigma in service industry. In service oriented industries customers expect High satisfaction, individual to individual various customers’ need, the Nature of task unpredictable in service industry, there is no standard and qualified information about quality, there is no standard quality indicators and factors and Lack of established quality programs. This research paper also made an attempt to give solution for the above challenges. They are selecting proper metrics, standardized process measurement tools, training to the service provider, information about the service available in their service counter to the customer, defining defects in service and Strong leadership and Top management commitment.



6. RESEARCH GAP:

Lot of study have been done on the Six Sigma, Six Sigma management and its benefit both in manufacturing and service industry. There is very little work has been done on the Six Sigma in Human resource management so far in India as well in the globe. This study is focusing on the challenges and factors influence on Six Sigma implementation in Human resource management in selected Information technology companies based in Bangalore.

7. RESEARCH METHODOLOGY:

When we are thinking on the Six Sigma in Human resource management, it was proved that manufacturing and production based companies is not valid as they work with more machines than people. In service sectors the work is extracted more from people than machine. So it gave an idea to choose service sector is more suitable for implementing Six Sigma concept. Due to that the IT industry is selected for the research.

7.1 Sampling technique and Size

Systematic sampling technique is used for selecting the companies for the research study. Snowball sampling technique is chosen for this study for Six Sigma practicing companies. It is a non-probability sampling technique. This sampling technique is used due to the sample selected for the research is not so open to access and hidden populations which are difficult to access. Practicing of Six Sigma in their organization is confidential and uses as competitive strategy. 10 Six Sigma practicing Information Technology companies are selected for this study which actively exists in the industry from 10 years and above with more than 2000 employees.

7.2 Data collection

A structured questionnaire distributed and collected data from the Six Sigma experts from the selected Information Technology companies, who are running the Six Sigma projects in respective companies.

7.3 Selected Sampling Information Technology Companies

Hex aware Technologies Limited (HTL)
Genpact
HCL Technologies Limited
Infosys Ltd
L&T InfoTech



Mphasis
ITC InfoTech
Wipro Limited
TCS
Tech Mahindra Limited

8. DATA ANALYSIS AND INTERPRETATION:

8.1 The Six Sigma expertises of the respondents among the sample selected Six Sigma practicing information technology companies for the research is shown in table 8.1 and chart 8.1

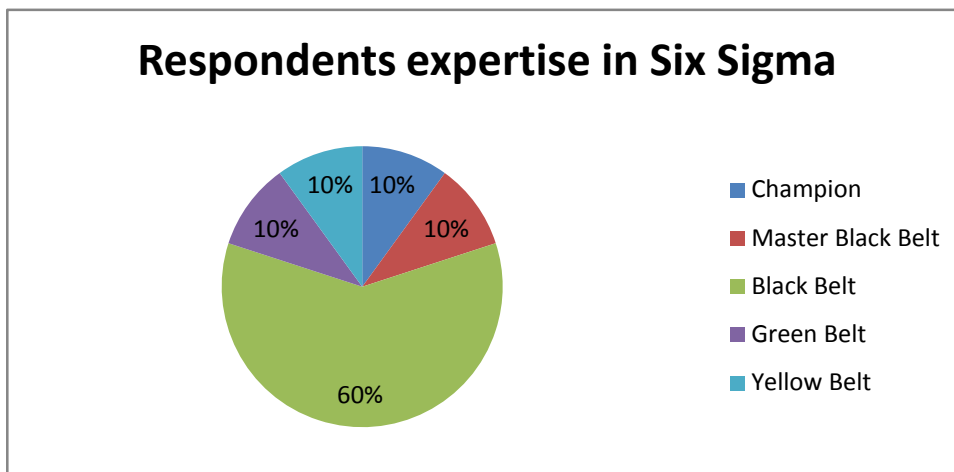
Table: 8.1

Showing Six Sigma Expertise of the respondents

SIX SIGMA EXPERTISE	NO.OF RESPONDENTS	PERCENTAGE
CHAMPION	1	10%
MASTER BLACK BELT	1	10%
BLACK BELT	6	60%
GREEN BELT	1	10%
YELLOW BELT	1	10%
TOTAL	10	100%

Chart: 8.1

Showing Six Sigma Expertise of the respondents





Analysis and Interpretation:

The above table 8.1 and chart 8.1 show shows that the Six Sigma expertise Classification of the respondents and Figure 1 depicts 60% of respondents are Six Sigma black belt experts, 10 % of Six Sigma champion, 10% of Six Sigma master black belt, 10 % Six Sigma green belt and Remaining 10% comprises of the Six Sigma yellow belt expert. It is found from the Analysis that majority of respondents are Six Sigma black belt experts who are responsible for entire project success.

8.2. Six Sigma Initiatives in the sample selected Six Sigma practicing information technology companies for the research is shown in table 8.2 and chart 8.2

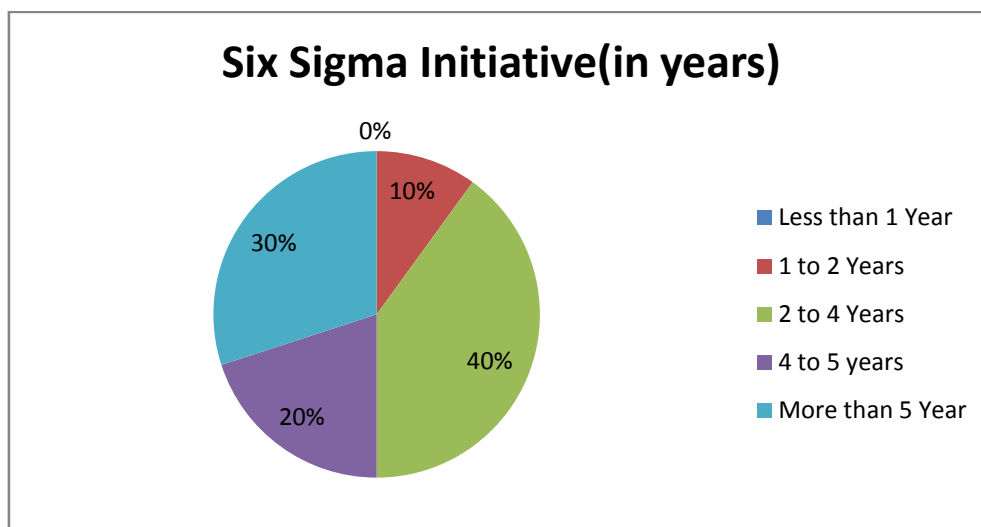
Table: 8.2

Six Sigma initiatives in the respondent companies

<i>Six Sigma initiative (in Years)</i>	<i>No of respondents</i>	<i>Percentage</i>
<i>Less than 1 year</i>	<i>0</i>	<i>00%</i>
<i>1 to 2 years</i>	<i>1</i>	<i>10%</i>
<i>2 to 4 years</i>	<i>4</i>	<i>40%</i>
<i>4 to 5 years</i>	<i>2</i>	<i>20%</i>
<i>More than 5 years</i>	<i>3</i>	<i>30%</i>
TOTAL	10	100%

Chart: 8.2

Showing the Six Sigma initiatives in the respondent companies



**Analysis and Interpretation:**

It is understood from The above table 8.2 and chart 8.2 show that the Six Sigma initiative in the respondents companies, 40% of the companies practicing Six Sigma from 2 to 4 years, 30 % of companies practicing Six Sigma from more than 5 years, 20 % of companies have 4 to 5 years experience in Six Sigma practice and 10% of companies are now in the early stage of Six Sigma practice in their organisation. It is also found from the above table that nearly 70% of respondents companies practicing Six Sigma from 2 to 5years in their organisation.

8.3 Six Sigma implemented department/ areas in the sample selected Six Sigma practicing information technology companies for the research is shown in table 8.3 and chart 8.3

Table: 8.3

Showing Six Sigma implemented areas/departments in the respondents companies

<i>S.L.no</i>	<i>Respondents Companies</i>	<i>HR M</i>	<i>S D</i>	<i>SE R</i>	<i>MA R</i>	<i>FI N</i>	<i>TOTAL</i>
<i>1</i>	<i>ITC</i>	<i>1</i>	<i>1</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>2</i>
<i>2</i>	<i>INFOSYS</i>	<i>1</i>	<i>---</i>	<i>1</i>	<i>---</i>	<i>---</i>	<i>2</i>
<i>3</i>	<i>HCL</i>	<i>1</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>1</i>
<i>4</i>	<i>TCS</i>	<i>1</i>	<i>1</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>2</i>
<i>5</i>	<i>NESS TECHNOLOGIES</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>---</i>	<i>---</i>	<i>3</i>
<i>6</i>	<i>HEXWARE</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>---</i>	<i>---</i>	<i>3</i>
<i>7</i>	<i>IGATE</i>	<i>1</i>	<i>1</i>	<i>---</i>	<i>1</i>	<i>---</i>	<i>3</i>
<i>8</i>	<i>WIPRO</i>	<i>1</i>	<i>---</i>	<i>1</i>	<i>---</i>	<i>---</i>	<i>2</i>
<i>9</i>	<i>MPHASIS</i>	<i>1</i>	<i>1</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>2</i>
<i>10</i>	<i>L & T INFOTECH</i>	<i>1</i>	<i>1</i>	<i>--</i>	<i>---</i>	<i>---</i>	<i>2</i>
	<i>TOTAL</i>	<i>10</i>	<i>07</i>	<i>04</i>	<i>01</i>	<i>00</i>	<i>22</i>



Note: HRM= Human resource management

SD= Software Development

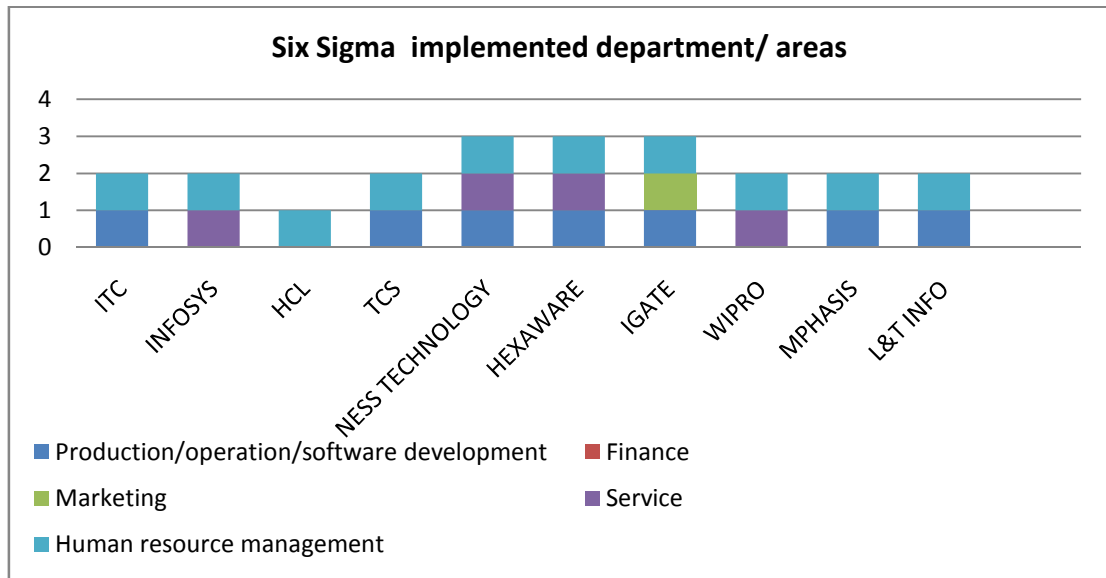
SER= Services

MAR=Marketing

FIN= Finance

Chart: 8.3

Showing the Six Sigma implemented Areas Company wise



Analysis and Interpretation:

The above table 8.3 and chart 8.3 show it has been inferred that, 3 companies such as NESS technologies, HEXAWARE and IGATE implemented Six Sigma in 3 areas, 6 companies such as ITC, INFOSYS, TCS, WIPRO, MPHASIS AND L&T INFOTECH ARE implemented Six Sigma in 2 areas and only one company that is HCL is implemented Six Sigma in human resource management function in their organisation. From the analysis it is found that, for extending the Six Sigma implementation to the new departments is depends on the success of implementation in the previous department.



The Six Sigma implementation in HR functions, among the sample selected Six Sigma practicing information technology companies for the research is shown in table 8.4 and chart 8.4

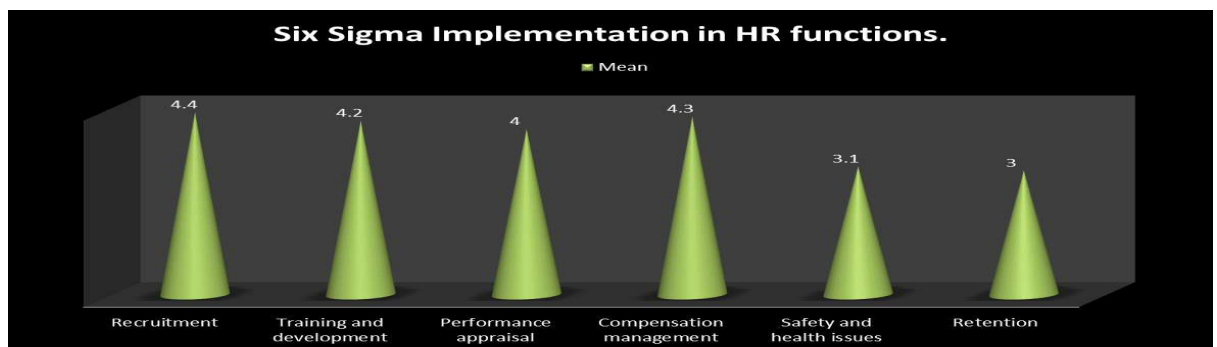
Table: 8.4

Sigma implementation in HR functions

Table 3	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Mean	SD
Recruitment	4	6	--	--	--	10	4.40	0.516
%	40	60	--	--	--	100		
Training and development	3	6	1	--	--	10	4.2	0.63
%	30	60	10	--	--	100		
Performance appraisal	2	6	2	--	--	10	4.0	0.67
%	20	60	20	--	--	100		
Compensation management	3	7	--	--	--	10	4.3	0.48
%	30	70	--	--	--	100		
Safety and health issues	--	3	5	2	--	10	3.1	0.74
%	--	30	50	20	--	100		
Retention	--		10	--	--	10	3.0	0.00
%	--		100	--	--	100		

Chart: 8.4

Sigma implementation in HR functions





Results of One way ANOVA						
	Sum of Squares	DF	Mean Squares	Sum of Squares	F Ratio	P Value
Variation Between	19.33	5	3.86		12.25	0.000**
Variation Within	17.048	54	0.32			
Total	36.38	59				

Analysis and interpretation:

The above 8.4 and chart 8.4 depicts the results of Percentage analysis, measures of Mean SD and One way ANOVA to analyze the Six Sigma implementation in HR functions in relation with the functions such as Recruitment, Training and development, Performance appraisal, Compensation management, Safety and health issues, and Retention, as reported by the practicing HR professionals across the 10 IT companies.

As per the percentage analysis more than 60% of the practicing HR professionals are of the opinion that the six sigma projects may be implemented for the purpose of assisting HR functions except for retention. The opinions clearly lack the consensus among the HR practicing professionals in order to claim in favour of any one or more strong/key areas of HR functions in which Six Sigma can be implemented, which is supported substantially by the results of one way ANOVA (Table4).

However as per the measures of Mean and SD it can be made an observation to state that the key areas of HR functions in which the Six Sigma can be implemented is found to be primarily in Recruitment (Mean 4.4), Compensation Management (Mean 4.3), Training and Development (Mean 4.2) and Performance appraisal (Mean 4.0) and not in favor of the functions of employee retention and safety & Health (Mean 3.1).

The challenges faced during Six Sigma implementation, among the sample selected Six Sigma practicing information technology companies for the research is shown in table 8.5 and chart 8.5

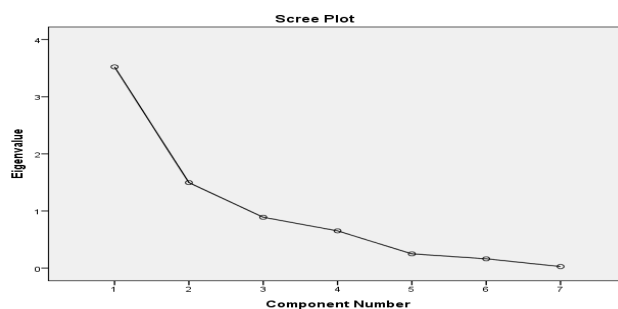


Table: 8.5

Challenges faced during Six Sigma Implementation

Challenges	Component	
	1	2
Difficulty in data collection	0.893	
Identification of projects	0.927	
Too complex to use	0.700	
Too complex to learn and train	0.524	
Difficulty in identifying process parameters to be improved	0.937	
Staff turnover between the projects/after training		0.918
Cost and time	0.662	0.456
Eigen Value	3.523	1.496
Total Variance Explained	50.327	21.377
Chi square	33.183	
DF	21	
KMO-Sampling Adequacy	0.495	
Sig Value	0.044*	

Chart: 8.5 Challenges faced during Six Sigma Implementation



Analysis and Interpretation:

The above table 8.5 and chart 8.5 exhibits factor analysis results to know the challenges of practicing Six Sigma concept in Human Resource department. The challenges such as Difficulty in data collection, Identification of projects, too complex to use, too complex to learn and train, Difficulty in identifying process parameters to be improved Staff turnover between the



projects/after training Cost and time are considered for the purpose of evaluations. Two major components (C1, C2) are extracted with the total variance of 71.70 %, and KMO Sampling adequacy coefficient 0.495. The challenges such as Difficulty in data collection, Identification of projects, Too complex to use, Too complex to learn and train, Difficulty in identifying process parameters to be improved, cost and time are found to be most influencing challenges of first priority, followed by Staff turnover between the projects/after training as the second priority. The scree plot diagram and significant value provides substantial evidence to conclude that the findings from the table are highly significant and supported by the strong mutual correlation between the different roles. The respective objective can be concluded by saying that the implementation of Six Sigma involves the challenges of multifold to be addressed at different levels and abilities of the organization.

The major reasons for failure of Six Sigma projects, among the sample selected Six Sigma practicing information technology companies for the research is shown in table 8.6 and chart 8.6

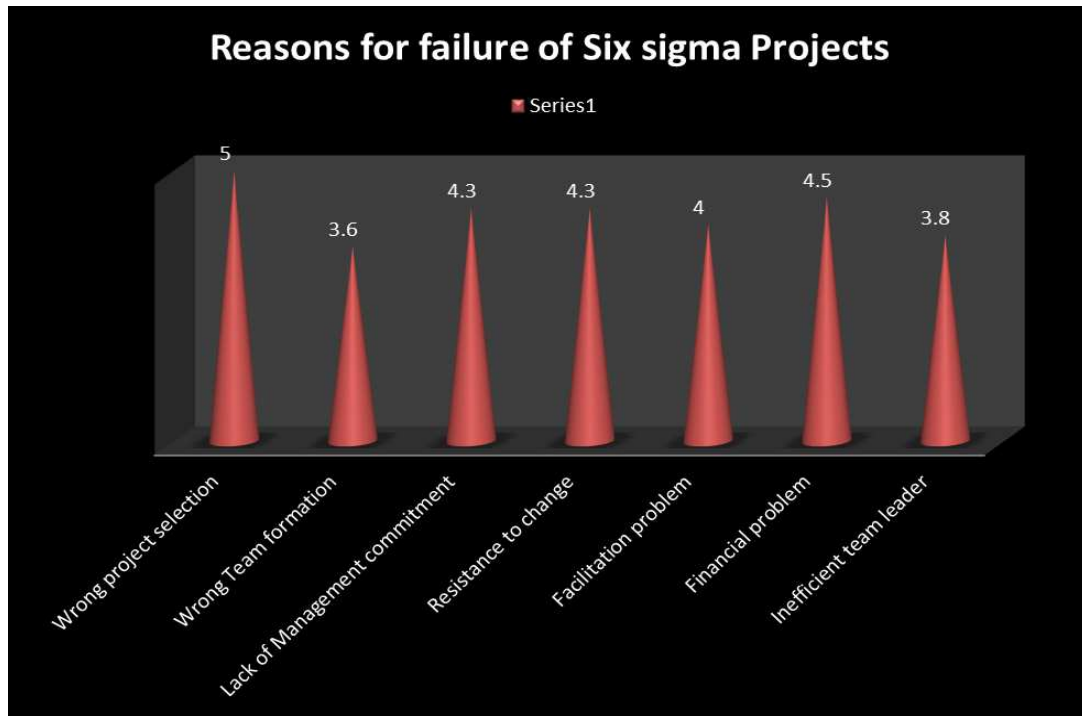
Table: 8.6

The major reasons for failure of Six Sigma projects

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Mean	SD
Wrong project selection	10	--	--	--	--	10	5.0	0.00
%	100	--	--	--	--	100		
Wrong Team formation	--	6	4	--	--	10	3.6	0.52
%	--	60	40	--	--	100		
Lack of Management commitment	5	3	2	--	--	10	4.3	0.82
%	50	30	20	--	--	100		
Resistance to change	4	5	1	--	--	10	4.3	0.67
%	40	50	10	--	--	100		
Facilitation problem	2	6	2	--	--	10	4.0	0.67
%	20	60	20	--	--	100		
Financial problem	6	3	1	--	--	10	4.5	0.71
%	60	30	10	--	--	100		
Inefficient team leader	3	3	3	1	--	10	3.8	1.03
%	30	30	30	10	--	100		

Chart: 8.6

The major reasons for failure of Six Sigma projects



Results of One way ANOVA						
	Sum of Squares	DF	Mean Squares	Sum of	F Ratio	P Value
Variation Between	13.086	6	2.181		4.488	0.001**
Variation Within	30.613	63	0.486			
Total	43.699	69				

Analysis and Interpretation:

The above **table 8.6** and **chart 8.6** depicts the results of Percentage analysis, measures of Mean SD and One way ANOVA analysis to analyze the best possible reasons for the failure of six sigma projects as reported by the practicing HR professionals across the 10 IT companies, As per the



percentage analysis more than 60% of the practicing HR professionals are of the opinion that the six sigma projects may fail because of at least any of the reasons as mentioned above in the table. The opinions clearly lack the consensus among the HR professionals in order to claim in favour of any one or more strong reason/s influencing the failure of six sigma projects, which is supported substantially by the results of one way ANOVA.

However as per the measures of Mean and SD it can be made an observation to state that the six sigma projects could fail primarily because of Wrong project selections (mean 5.0), followed by Financial problems (mean 4.5), Lack of Management commitment (mean 4.3), Resistance to change (mean 4.3) and even it could be because of Inefficient team leader (mean 3.8)

Success factors required to Six Sigma implementation, among the sample selected Six Sigma practicing information technology companies for the research is shown in table 8.7 and chart 8.7

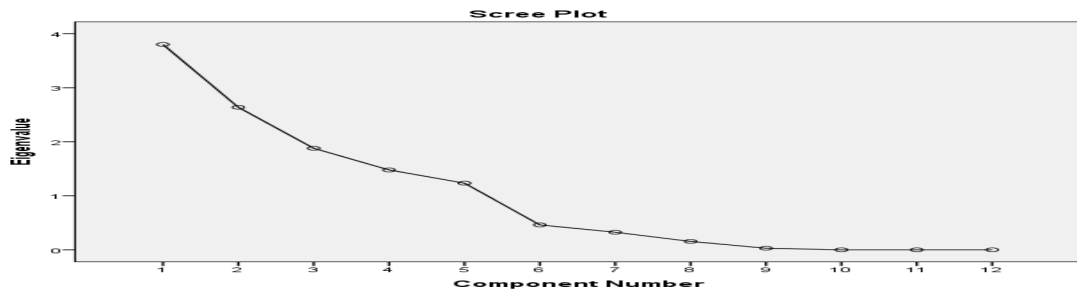
Table: 8.9

Success factors required to Six Sigma implementation

Success factors required to Six Sigma implementation					
	Component				
	1	2	3	4	5
Management commitment and involvement					
Linking Six Sigma to business strategy			0.629	0.418	0.44
Creating a Six Sigma Culture	0.48			0.392	
Organizational readiness	0.78				0.42
Treatment of Six Sigma as a holistic concept	0.38				
Investment of adequate resources		0.46			0.72
Customer orientation	0.52		0.69		
Focus on training and its content			0.40		
Adaptation to an organization's situation and needs					
Prioritization and selection of projects		0.85		0.390	
Development of uniform language and terminology	0.93				
Follow-up and communication of success stories	0.87				
Eigen Value	3.80	2.64	1.88	1.48	1.23
Total Variance Explained	31.67	21.98	15.66	12.31	10.28
KMO Measure of Sampling Adequacy	0.573				
Approx. Chi-Square	11.0				
DF	11				
Sig Value	0.000**				



Chart: 8.7 Success factors required to Six Sigma implementation



Analysis and Interpretation:

The above table 8.7 and chart 8.7 provides the detailed insight of the key success factors required while implementing Six Sigma, with the view point of practicing HR professionals. Five major components are extracted with the total variance of 91.9% and Eigen values sufficiently more than one. As the first priority of critical success factors, the factors such as Development of uniform language and terminology, Follow-up and communication of success stories, Organizational readiness, followed by Customer orientation, Linking Six Sigma to business strategy, Prioritization and selection of projects, Investment of adequate resources are found to be highly predominant.

KMO Measure of Sampling Adequacy, and Significant values for practicing HR professionals indicates that the table readings are highly reliable and there exists strong mutual correlation. The scree plot diagram and significant value provides substantial evidence to conclude that the findings from the table are highly significant and supported by the strong mutual correlations between the different factors influencing the key success factors. The respective objective can be concluded by saying that the factors leading to the major critical success factors such as Development of uniform language and terminology, Follow-up and communication of success stories, Prioritization and selection of projects and Investment of adequate resources.



9. FINDINGS

1. Majority of respondents are Six Sigma black belt experts who are responsible for entire project success in six sigma practicing IT companies.
2. Most of the selected six sigma practicing IT organization falls in the 3- 4 Sigma level. It shows that in India Six Sigma is now growing and implementing Six Sigma in the early stage.
3. NESS technologies, HEXAWARE and IGATE implemented Six Sigma in 3 areas, 6 companies such as ITC, INFOSYS, TCS, WIPRO, MPHASIS AND L&T INFOTECH ARE implemented Six Sigma in 2 areas and only one company that is HCL is implemented Six Sigma in human resource management function in their organization. Extending the Six Sigma implementation to the new departments is depends on the success of implementation in the previous department.
4. Human resource management is the one function which is Six Sigma implemented in the entire selected organization. 70% of the organization implemented Six Sigma in software development function. 40% of the organization implemented Six Sigma in service function. Only 10% of organization implemented Six Sigma in the marketing function and none of the company implemented Six Sigma in the Finance function.
5. Management commitment and involvement plays an important and major role in Six Sigma implementation in an organization.
6. Six Sigma methodologies is purely a statistical measurement methodology, bringing the HR department performance in to the track of Six Sigma methodology is a challenging task.
7. Implementation of Six Sigma methodology requires huge amount of cost and time, the size of the HR department is again stands a challenge and it reflect that it may not ensure the return on their investment on Human resource department and still in many of the organization feeling that, HR department is just major function in their organization.
8. The factors such as Development of uniform language and terminology, Follow-up and communication of success stories, Organizational readiness, followed by Customer orientation, Linking Six Sigma to business strategy, Prioritization and selection of projects, Investment of adequate resources are found to be highly predominant for successful implementation of Six Sigma in HRM.



10. CONCLUSION

From the above study can conclude that, Six Sigma is now using beyond its boundary from manufacturing to Human resource management function. It is proved that, Six Sigma can be implementing wherever the process is exist. But it is not as easy as we can implement and measure the improvement as we do in the manufacturing compare to Human resource management. It does not mean that it is impossible; it is possible if we prevent challenges, taking corrective action on the right time and most importantly finding and applying the success factors for implementing Six Sigma is required. Six Sigma is world class process improvement tool, which was adopted, implemented and gained million dollars of benefit from the many organisations all over the world. Anyone can get benefited by Six Sigma when they work dedicated, open to change, committed and management involvement.

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A Study on Job Stress and Its Influence on the Productivity among Women Employees in IT Sector

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Abstract

Job Stress can occur for employees at any level in IT Sector. The IT industry has witnessed stress among the employees for quite a long time. There is growth in employment of women employees in this Sector. The multi role played by them contributes to Job Stress. There are different factors which contribute to Stress among working women which can influence job satisfaction, employee commitment, job involvement, productivity etc.

This research paper investigates the relationship between Job Stress and Productivity. The sample consists of 92 women employees working at all levels in select IT companies in Hyderabad. The data is collected through structured questionnaire. Correlation and regression analysis was conducted to know the influence of Job Stress on Productivity. Also, ANOVA was performed to detect the variance in demographics characteristics on Job Stress. The study results show that there is negative relation between Job Stress and Productivity implying that when there is increase in Job Stress, there is decrease in Productivity. Also, there are no significant differences between select demographic characteristics on Job Stress.

KEY WORDS: Job Stress, Productivity, Demographic Characteristics, Indian IT Sector, ANOVA, Correlation.



A Study on Job Stress and Its Influence on the Productivity among Women Employees in IT Sector

INTRODUCTION:

Stress is derived from the latin word stringere meaning “to draw tight”. Early definitions of strain and load used in physics and engineering eventually came to influence on one concept of how stress affects individuals. Stress may result in any kind of physical, psychological, or behavioral deviation in the person. The factors causing Stress is called Stressor. The various stressors are Environmental, Organizational, Individual etc.

Job Stress is defined as the harmful physical and emotional responses that occur when the requirements of the job do not match the capabilities, resources or needs of the worker. Moderating stress has still been a challenge because of the nature of work. The causes of Job Stress are Role Ambiguity, Role Conflict, Work overload, Work Underload, Communication etc.

Some workplace stress is normal, excessive stress can interfere with employee productivity and can impact the physical, mental and emotional health. High Stress levels lead to less productivity. It also leads to high absenteeism levels, less organization commitment, less job involvement, job satisfaction, and also less engagement.

The IT industry has witnessed stress among the employees for quite a long time. With growth in employment of women employees in IT sector, the expectations related to Job has also increased. Men and women face same work pressures but the multi role played by women employees leads to Job Stress.

Productivity is said as a measure of the efficiency of a person, machine, factory, system etc., in converting inputs into useful outputs. Output can be goods or services and inputs include the labour, efforts, time and skills. Productivity is a critical determinant of cost efficiency.

The business which understands the importance of productivity in the workplace is more successful. Productive employees are assets to organization, where maximize the utilization of human resources capacity happen. IT sector have the challenge to keep a watch on stress levels of its employees and in turn increase their productivity.



LITERATURE REVIEW:

Richard, et al (1998) in their executive overview reveals that stress-related claims seem to be on rise. Some sources of stress are downsizing, violence, technology and diversity. Major changes in some states have been taken place regarding the applicability of Workers' compensation coverage, especially for stress-related injuries and illnesses are discussed. Some of the strategies he suggests are flexible work schedule change in organizational policies and programs and also employee assistance programs to help employees overcome stress related issues.

National Institute for Occupational Safety and Health researchers describe their findings in two articles and an editorial in the Spring 2000 issue of The Journal of the American Medical Women's Association. One of the articles addresses work stress and women. The other article, co-written by authors from NIOSH and two other organizations, examines health and safety concerns for working women in construction industry.

Hina Ahmed Hashmi et al (2007) studies about "Marital Adjustment, Stress and Depression among Working and Non-Working Married Women" explored the relationship between marital adjustment, depression, and stress. The study revealed that highly educated working and non-working married women can perform well in their married life and they are free from depression as compared to educated working and non-working married women.

A study by Wan Hussin (2008) focuses on managing stress at the workplace by understanding 3-D model of stress management developed by him. The model outlines a stress management strategy that is explained in 3 stages. Stage I- is the Unexpected stage whereby the surveying is done to determine the exact situation. Stage II- is the stress projection stage whereby various stress tests are carried out to determine the exact level of stress. Stage III- is the Expected stage whereby the mapping of the stress findings is formulated based on a thorough understanding of the physical, physiological and occupational consequences, stress management strategy and mastery techniques.

The study by Sowmya, (2010) was conducted in personal and organizational development department to know the level of physiological, psychological and behavioral stress in the work, personal and social life. It is found that

- There is no relation between the age of the employees and the physical ailments caused by physiological stress.
- Experience of the employees and the relaxing technique preferred
- Age and employees' expected job satisfaction due to psychological stress at work



- Employees experience and the sleeping habits due to psychological stress in personal life
- Age and employees' performance management caused by behavioural stress at work
- Age and imbalance in the diet due to behavioural stress at work.
- There is positive correlation between the experience of female and male employees.

Prathibha (2010) investigates the relation between distress level and quality of life. The sector selected for the study was banking in Chandigarh city. The results show that quality of life improved after stress management intervention and distress level decreased significantly. The stress management training module includes,

- Defining stress and its effects on mind and body
- Stress management approaches were described
- Mental relaxation approaches
- Yoga and controlled breathing practices.

Suparn et al (2012) conducted a study to experience the role stress among banking sector employees. Some people were better handling role stress and others were not due to various differences in personality, demography and subsequent work performance account for much variation in the experience of role stress. The underlying factors impacting role stress of the employees has been explored using of logit regression analysis.

George and Dimitrios (2012) collected response from 425 employees through random sample in private and public sector. They investigated that the effects of stress and job satisfaction on the functioning of a company. The factors that affect stress and job satisfaction are work hours, good relations between management and employees, good function of the group and work related to employees' area of education. Tests like factor analysis, correlation and logistic regression is done. Their studies revealed that increased stress leads to reduced productivity and increased satisfaction leads to increased productivity.

Revathi has collected data from 92 respondents where 48 female and 44 are males who are facing stress. The descriptive and inferential statistical analysis ie., Chi square test is conducted.

It was found that females are facing more stress compared to male. The factors affecting at work as ranked by females are family problem, health problem, workload pressure, working condition and the least is conflict with co-workers. The males ranked conflict with co-workers as first factor then internal competition, health problem and workload pressure. There is difference in physiological, psychological and behavioral symptoms for stress. Females have more negative impact of stress compared to male at workplace. Females find difficult to manage work and life. Organizations support in providing good EAP and wellness programmes in suggested.



Karthik (2013) explains the employees stress level in the self and job related condition. He says that stress can affect positively and negatively. The study reveals that low to moderate amount of stress enables employees to perform their jobs better. Also employees' contribution to reduce stress is discussed.

According to Indumathi G and Thirumakkal(2015), the stress factors are lack of recognition and financial rewards, inflexible work hours, personal issues, work family conflicts, low control over work environment, livelihood facilities, physical strain, psychological risk, and career and job burnout. The productivity factors are work performance, behavioural changes, work engagement, loss of productivity, labour turnover.

Bharathi and Gupta examine the extensive literature to define Job Stress factors and Productivity factors. The factors have been identified to develop the conceptual framework. The variables for Job Stress include Workload, Job Security, Role Ambiguity, Change of Job, Job Involvement, Job Satisfaction, Role fit, Work life Balance, Resource Constraint, Organizational Commitment, Interpersonal Relationship, Organizational Support and Gender discrimination. The variables used for Productivity include Timings, Competence of Supervisors, Compensation, Systems and Procedures, Group Dynamics, Absenteeism and Presentism.

PROBLEM STATEMENT:

The IT sector in India is a very dynamic and highly contributing sector to the growth of Indian Economy. The sector provides the varied services within the country and across borders. However, this sector has undergone and presently witnessing the so many downs due to various factors at domestic and international level. This has created a turmoil kind of environment for workforce in the sector especially for women employees who supposed have more responsibilities than opposite gender. There is a stress among women IT employees in the country and this is causing companies and their women employees in terms of Productivity. There is need to address these issues after confirming that to what extent the Job Stress among women IT employees is influencing their Productivity.

SCOPE OF THE STUDY:

The Indian IT industry has attracted more women in this sector. Much of the studies have been conducted on Stress and Coping strategies but the factors affecting stress varies for different sector. Stress has become inevitable in work environment. The present study focuses on women employees working in IT companies, the studies also focus on identifying the factors influencing the Job Stress, the impact of Job Stress on Productivity and the influence of Job Stress and Productivity on select demographics. The place of study is Hyderabad. This study is helpful in assessing the Job stress and its influence on Productivity among women employees.



RESEARCH OBJECTIVES:

Following are the research objectives.

1. To know the influence of job stress on productivity among the women employees.
2. To identify the influence of select demographic characteristics on job stress among women employees

RESEARCH METHODOLOGY:

The population consists of women employees working in IT sector in Hyderabad. The samples were selected as per convenience sampling plan. Convenience sampling plan is a non-probability sampling technique where subjects are selected based on the researcher convenient, accessibility and proximity.

Research and Sample Design: The study is Descriptive in nature.

The sample design is as follows:

Type of Universe: Infinite

Sampling Technique: Non-Probability Sampling Technique

Sample Method: The Convenience Sampling method is used to pick the sample for the study.

Sample Unit: Women Employees working at all the levels in the organization.

Sample Size: The sample size for the study is 92 women employees.

Data to be used: For the study both Primary and Secondary data is used.

Method of Data Collection: The primary data is collected from the respondents through structured questionnaire and the secondary data is collected from the published data like journals and periodicals

HYPOTHESES DESIGN:

The following hypotheses have been set to achieve the above said objectives.

Hypothesis – 1

H₀- There is no significant correlation between job stress and productivity among the women employees in IT Sector.

H_A- There is a significant correlation of job stress on productivity among the women employees in IT Sector.

Hypothesis – 2



H₀- There is no significant differences in job stress among the women employees in IT Sector across their selected demographic characteristics.

H_A- There is a significant difference in job stress among the women employees in IT Sector across their selected demographic characteristics.

Statistical Tests:Correlation, Regression and ANOVA.

Statistical Tool:SPSS

RESULTS AND DISCUSSIONS:

Objective 1: Analysis on influence of job stress on productivity

Correlation is a statistical measure that indicates the extent to which two or more variables fluctuate together.

Table 1 – Showing Correlation matrix of Job Stress and Productivity

Particulars		Productivity	Job Stress
Productivity	Pearson Correlation	1	-.952**
	Sig. (2-tailed)		.000
	N	92	92
Job Stress	Pearson Correlation	-.952**	1
	Sig. (2-tailed)	.000	
	N	92	92
** . Correlation is significant at the 0.01 level (2-tailed).			

The above analysis exhibits the negative correlation between the Job Stress and Productivity among IT women employees significant at 0.952. This implies that when Job Stress increases among women IT employees, their productivity decreases at higher level.

Simple Regression is used to examine the relationship between dependent variable, Productivity and independent variable, Job Stress.

Table 2 – Showing Summary Results of Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.952 ^a	.906	.905	.18224
a. Predictors: (Constant), Job Stress				

The R represents here that the correlation coefficient between Job Stress and Productivity of IT Women Employees as discussed above. The R Square represents that extent of influence of Independent variable, Job Stress on the dependent variable, Productivity of Women IT Employees. From the value of R² 0.906 the independent variable (factors of stress in organization) explain to the extent of 90.6% of the variability of dependent variable (Productivity).



This implies that when there is change in Productivity, out of 100%, 90.60% change is caused by Job Stress itself.

Table 3 – Showing Summary Results of ANOVA – Goodness of Fit Test

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	28.973	1	28.973	872.417	.000 ^b
	Residual	2.989	90	.033		
	Total	31.962	91			
a. Dependent Variable: MEANPRD						
b. Predictors: (Constant), MEANJOS1						

The F ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. The table shows that independent variable statistically significant predict the dependent variable as the total score of productivity, $F(1, 90) = 87.2, P < 0.05$. Hence, the regression model is good fit for the data.

Table 4 – Showing Regression Coefficients Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.293	.098		64.456	.000
	Job Stress	-1.101	.037	-.952	-29.537	.000
a. Dependent Variable: MEANPRD						

The above table shows the regression model that predicts the relationship between Job Stress and Productivity among selected IT women employees. The results indicate that the Job Stress statistically influences and causes Women IT employee's Productivity at 5% level of significance as the t-Test p-value is less than 5%. Besides, increase of one unit in Job Stress leads to decrease of 1.10 unit in Productivity of women IT employees. The below equation represents the relationship between Productivity and Job Stress.

$$\text{Productivity} = 6.293 + (-1.101) * \text{Job Stress}$$

Objective 2: Analysis to investigate the relation of selected demographic characteristics and job stress among women employees

Hypotheses Testing:

H₀₁: There is no significant differences in Job Stress among women employees across their Age.

H₀₂: There is no significant differences in Job Stress among women employees across their Income.



H₀₃:There is no significant differences in Job Stress among women employees across their Working Designation.

H₀₄:There is no significant differences in Job Stress among women employees across their Experience Level.

H₀₅:There is no significant differences in Job Stress among women employees across their Marital Status.

H₀₆:There is no significant differences in Job Stress among women employees across their No of Children they have.

H₀₇:There is no significant differences in Job Stress among women employees across their No of Dependents they have.

Table 5 – Showing ANOVA Results

ANOVA		
Demographic Characteristics	F	Sig
Age	.868	.461
Income	.949	.440
Designation	2.247	.112
Experience	1.710	.187
Marital Status	.692	.503
No. of Children	.969	.383
No. of Dependents	2.092	.107

Mean Job Stress and select Demographic Characteristics: The F test value of age, income, designation, experience, marital status, number of children and number of dependents is .868, .949, 2.247, 1.710, .692, .969, 2.092 and the significance value is .461, .440, .112, .187, .503, .383, .107 which is more than 0.05 (5% significance). Hence the null hypothesis cannot be rejected at 5% level of significance. A level of significance for differences in the Mean Job Stress effectiveness across the age, income, designation, experience, marital status, number of children and number of dependents of respondents is not model of fit.

SUMMARY OF FINDINGS:

Job Stress has its impact on Productivity. Positive Stress can help to improve efficiency. From the Correlation test, the Mean Job Stress and Mean Productivity variables is - .952 which means there is negative correlation between Job Stress and Productivity. From the regression test we can interpret that if there is increase in Job Stress, there is decrease in Productivity.



The ANOVA test values reveal that the select demographic characteristics like age, income, designation, experience, marital status, distance from workplace and number of children do not have differences in Job Stress.

SUGGESTIONS AND IMPLICATIONS:

The measures to reduce the level of stress and improve productivity have to be taken by the organization. They can identify the stressful situation and help employees to come out of the situation. Bhavani et al (2015) in their studies suggest that Employee engagement leads to increased productivity, retention, client trust and profitability.

Promoting job enrichment can help to reduce stress. Job Enrichment involves redesigning jobs so that they are more challenging and repetitive tasks are reduced. This can lead to better productivity.

Encourage employee participation where employees are involved in decision making processes. This can lead to good communication and role ambiguity, interpersonal skills can be developed.

Stress Management programs can be organized on regular basis. Relaxation techniques like yoga and physical exercise can relieve physical and mental stress. Health awareness programs can be provided to control stress.

CONCLUSION:

Job Stress is inevitable in IT companies because of the nature of the work. The various Job Stress factors influence Productivity. From the above study, there is negative correlation between Job Stress and Productivity. The regression model shows that increase in Job Stress lead to decrease in Productivity. The Study also highlights that select demographic characteristics has no significance on Job Stress. The organizations have to take up effective stress management programs to help the women employees to overcome job stress and improve productivity.

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Trust Factor in Herbal Medicine and Impact of Socio-Economic and Demographic Factors

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Abstract:

Since ages, mankind has been struggling to fight against diseases and to maintain good health. With evaluation of human species, new types of diseases have also evolved along with development of medical science. Medical science has developed to protect mankind from all kinds of ailments, living healthy life. According to World Health organization (WHO) nearly 80 per cent of the world population depends on traditional medicines. Major chronic diseases such as diabetes, piles, fistula, renal stones, skin diseases, arthritis, hyperacidity and constipation, impotency and paralysis etc. are treated with the use of herbal medicines. Traditional use of herbal medicines implies substantial historical use, and this is certainly true for many products that are available as 'traditional herbal medicines'. India has abundant supply of medicinal plants. Medicinal plants are the primary life supporting system for rural and tribal communities and over 8000 species of plants have been estimated to be used in indigenous health system. The use of herbal medicine in country like India has been limited because of trust factor. Patients do not have trust in the herbal medicine. Lack of trust is main reason for limited growth of herbal market in India. Present study is an attempt to understand the level of trust in herbal medicine among patients and impact of demographic and socio economic factors. Study is based on the primary survey conducted among the sample of 300 patients enumerated across major cities on Gujarat. The result of the study shows that demographic and socio-economic factors have significant impact on the trust in herbal medicine.



Trust Factor in Herbal Medicine and Impact of Socio-Economic and Demographic Factors

Introduction:

Since ages, mankind has been struggling to fight against diseases and to maintain good health. With evaluation of human species, new types of diseases have also evolved along with development of medical science. Medical science has developed to protect mankind from all kinds of ailments, living healthy life. According to World Health organization (WHO) nearly 80 per cent of the world population depends on traditional medicines. Major chronic diseases such as diabetes, piles, fistula, renal stones, skin diseases, arthritis, hyperacidity and constipation, impotency and paralysis etc. are treated with the use of herbal medicines. Traditional use of herbal medicines implies substantial historical use, and this is certainly true for many products that are available as 'traditional herbal medicines'. India has abundant supply of medicinal plants. Medicinal plants are the primary life supporting system for rural and tribal communities and over 8000 species of plants have been estimated to be used in indigenous health system. The use of herbal medicine in country like India has been limited because of trust factor. Patients do not have trust in the herbal medicine. Lack of trust is main reason for limited growth of herbal market in India.

Herbal medicine is the oldest and still the most widely used system of medicine in the world today. It is medicine made exclusively from plants. It is used in all societies and is common to all cultures. There are many different "types" of herbal medicine that spring from different cultures around the world. All these have the use of medicinal plants in common, but they vary in the plants they use, the way they prepare and use medicines from these plants, and the philosophy of their treatment approaches. Different cultures may also use the same plants but differ in how it is used, or the part they use.

The World Health Organization (WHO) has recently defined traditional medicine (including herbal drugs) as comprising therapeutic practices that have been in existence, often for hundreds of years, before the development and spread of modern medicine and are still in use today. Or say, traditional medicine is the synthesis of therapeutic experience of generations of practicing physicians of indigenous systems of medicine. The traditional preparations comprise medicinal plants, minerals, organic matter, etc. Herbal drugs



constitute only those traditional medicines which primarily use medicinal plant preparations for therapy.

According to WHO report on Herbal medicine for human health factors such as an easy availability of herbal remedies, accessibility to practitioners at all times and an inherent faith, particularly in rural areas, in natural things, also complement the desire of large sectors of the population to use medicinal herbs for therapeutic purpose.

Herbal medicines include herbs, herbal materials, herbal preparations and finished herbal products that contain as active ingredients parts of plants, or other plant materials, or combinations.

Herbs: crude plant material such as leaves, flowers, fruit, seed, stems, wood, bark, roots, rhizomes or other plant parts, which may be entire, fragmented or powdered.

Herbal materials: in addition to herbs, fresh juices, gums, fixed oils, essential oils, resins and dry powders of herbs. In some countries, these materials may be processed by various local procedures, such as steaming, roasting, or stir-baking with honey, alcoholic beverages or other materials.

Herbal preparations: the basis for finished herbal products and may include comminuted or powdered herbal materials, or extracts, tinctures and fatty oils of herbal materials. They are produced by extraction, fractionation, purification, concentration, or other physical or biological processes. They also include preparations made by steeping or heating herbal materials in alcoholic beverages and/or honey, or in other materials.

Finished herbal products: herbal preparations made from one or more herbs. If more than one herb is used, the term mixture herbal product can also be used. Finished herbal products and mixture herbal products may contain excipients in addition to the active ingredients. However, finished products or mixture products to which chemically defined active substances have been added, including synthetic compounds and/or isolated constituents from herbal materials, are not considered to be herbal.

Herbal market in India:

Herbal medicine is predominant among India's traditional health systems. It runs parallel to the modern health care sector and has a seventy per cent share of the formal medicine market. It consists of organized and unorganized sector. Organized sector include large manufacturing units comprise the well established manufacturers who operate in both domestic and international markets. Dabur, Baidyanalh, Zandu, Himalaya Drug Company, Charak Pharmaceuticals, Vicco Laboratories, Aimil Pharma & Emami groupetc are major players in this category. Unorganized sector include small



manufacturing units manufacture a few medicines and operate in a small area. The unorganised sector includes practicing ayurvedic experts (vaidyas) and micro-units manufacturing only a few products and operating at local level. Nonetheless, at times such units are quite strong in their area of operation. There are certain small manufacturing units who cater to export markets only.

The importance of herbal medicine has increased worldwide due to its natural characteristics and absence of side effect. Recent upsurge in use of herbal medicines has led to a sudden increase in herbal manufacturing units in India. There are about 14 well-recognized and 86 medium scale manufacturing units of herbal drugs in India along with about 8,000 licensed small manufactures on record. According to the study by Associated Chambers of Commerce and Industry of India (Assocham), Indian herbal market is registering an extremely significant growth and is likely to reach Rs.14,500 crore and exports to Rs.9,000 crore (Rs 90,000 million) with a CAGR of 20% and 25% respectively. According to the report 'Herbal Industry Biz Potential' currently, the Indian herbal market size is estimated at Rs.7000 crore (Rs 70000 mn) and over Rs.3600 crore (Rs 36000 mn) of herbal raw materials and medicines are exported by India. setting up of Herbal farm clusters by the government for improving quality of drugs and promotion of exports, doubling the cultivation of medicinal plants by converting existing farmland, continuous focus for R&D on product and process development and effective marketing of herbal products etc. were cited as reasons for the experimental growth of herbal industry in India. Study also revealed that out of 700 plant species commonly used in India, only 20% were earlier being cultivated on commercial scale and 90% of medicinal plant used by the industries are collected from the wild. On the whole, India is stated to have 45,000 plant species (nearly 20% of the global species) occurs in the Indian sub-continent. Out of these, about 4,500 species of both higher and lower plant groups are of medicinal value. Urge for swadeshi (indigenous) herbal medicines has been rising due to their quality ingredients, availability factor and price competitiveness with virtually little side effects.

According to the study the lack of organized and regulated markets is the major hurdle for cultivating medicinal and aromatic plants as a sustainable agricultural profession. Various measures like regulation of production on scientific lines, effective enforcement of licensing system and setting up of Export Promotion Zones (EPZ) in select states will push up exports of herbal material and medicines. Stringent quality norms imposed by the EU through the Traditional Herbal Medicinal Products Directive (THMPD), Food Supplement Directive (FSD) restrict exports of herbal products from India.

India is the largest producer of medicinal plants, having more than 40% of global diversity. The states which are major producer of herbal plants having the highest medicinal value include Gujarat, Rajasthan, Haryana, Tamil Nadu, Andhra and the Himalayan Range. Around 70% of India's medicinal plants are



found in tropical areas mostly in the various forest types spread across the Western and Eastern ghats, the Vindhyas, Chotta Nagpur plateau, Aravalis and Himalayas. Although less than 30% of the medicinal plants are found in the temperate and alpine areas and higher altitudes they include species of high medicinal value.

According to the study medicines like psyllium husk, sema leaves & pods, sandalwood chips and dust, Jojoba seeds, psyllium seeds, pyrethrum, basil, hyasop, rosemary safe, svory, galangal rhizonmes and roots have established export demand in economies of scale and produced with international quality norms. The application of these medicines is multifaceted and cure even serious ailments with little precautions and that's why are in great demand. India's share in medicinal plant export in global trade is just about 2.5% against 13% of China.

Research Methodology:

Use of any type of medical treatment depends, among other factors, on the trust people have on that type of medical system. Among various factors that create barriers in the growth of herbal market in India, lake of trust is one of them. It is generally believed that large section of the society is not using herbal medicine due of lake of trust. Considering this facts, main objective of the study is to understand the trust factor in herbal medicine. Study also aimed at studying the impact of various demographic and socio-economic factors, age, gender, education and income, on the trust in herbal medicine.

Considering the availability of resources and time, scope of present research has been limited to Gujarat only. For the purpose of collecting primary data main four districts of Gujarat viz. Ahmedabad, Baroda, Surat and Rajkot were selected. Study is based on both secondary and primary data about herbal medicine. Secondary data about the herbal medicine market, export and import of herbal medicines, production of herbal medicine etc. are collected from various online sources including report of government, international organizations etc. In order to access the perception of patients about herbal medicine primary survey has been conducted with the help of structured questionnaire. Before finalization, pilot testing of the questionnaire was conducted with the sample of 30 respondents. Based on the feedback received during the pilot testing suitable modifications was done in the questionnaire. For conducting primary survey sample of 300 patients with Sinusitis and Dental Caries was selected. Attempt has been made to select equal number of patient from both types of medical ailments. In order to get representative sample four districts of Gujarat viz. Ahmedabad, Baroda, Surat and Rajkot were selected and equal number of respondents (75) each has been selected from each district. Both primary and secondary data collected during the survey were analyzed with the help of MS Excel and SPSS. Various statistical

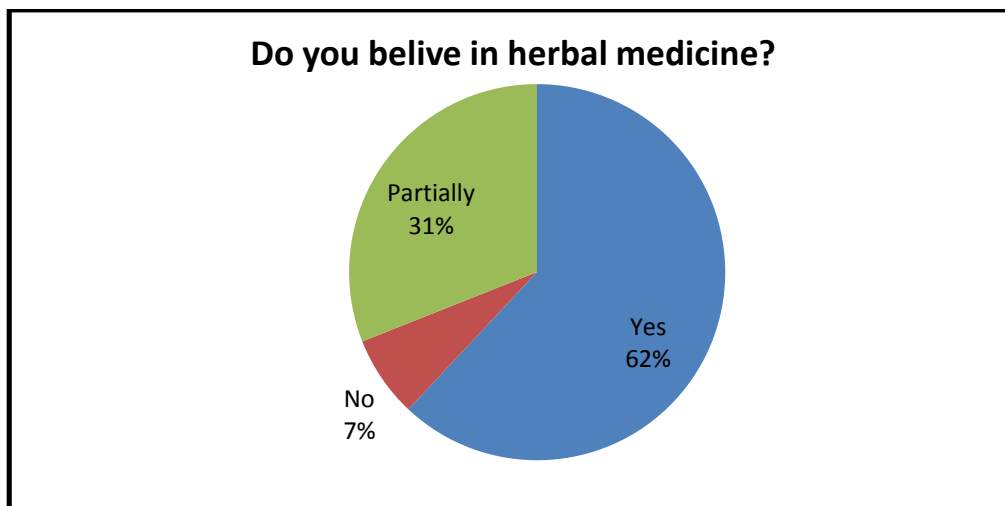


tools like frequency distribution, descriptive statistics, chi-square etc. are used for the purpose of analysis.

Data Analysis:

One of the objectives of the study was also to study the level of trust people have on herbal medicine to cure their health problem viz. dental problem and sinusitis. The data collected during the survey about trust on herbal medicines are presented in table and graph below.

Do you believe in herbal medicine?		
	Frequency	Percent
Yes	186	62
No	21	7
Partially	93	31
Total	300	100



The data about trust on herbal medicine, as presented in table and graph above, indicates that 62 percent respondents have reported that they believe in herbal medicine while 31 percent have reported that they partially believe in herbal medicine. Only about 7 percent respondents have reported that they do not believe in herbal medicine. This is an indication of the fact that people who are aware about herbal medicine do believe in it.

Further analysis of trust on herbal medicine across various age groups is presented in table below.



Age and Trust on Herbal Medicine					
Age		Do you believe in herbal medicine?			Total
		Yes	No	Partially	
Up to 20	Count	54	6	18	78
	%	69.2%	7.7%	23.1%	100.0%
21-30	Count	63	6	33	102
	%	61.8%	5.9%	32.4%	100.0%
31-40	Count	9	6	15	30
	%	30.0%	20.0%	50.0%	100.0%
41-50	Count	27	0	12	39
	%	69.2%	0.0%	30.8%	100.0%
Above 50	Count	33	3	15	51
	%	64.7%	5.9%	29.4%	100.0%
Total	Count	186	21	93	300
	%	62.0%	7.0%	31.0%	100.0%

Chi-Square Tests : Age and Trust on Herbal Medicine			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.477 ^a	8	.006
Likelihood Ratio	22.520	8	.004
Linear-by-Linear Association	.424	1	.515
N of Valid Cases	300		

It is evident from the data that more than 60 percent respondents in each age group except 31-40 years have reported positively about trust on herbal medicine. Only about 30 percent respondents from the age group 31-40 years have reported that they believe on herbal medicine. In order to test the significant relationship between age and trust on herbal medicine, chi-square test has been performed and the results of the analysis reject the null hypothesis that two variable are independent. There is significant relationship between age and belief (chi-square 21.47, $p < 0.05$).

The analysis performed to test the relationship between trust on herbal medicine and gender is presented in table below. The data shows that 65.5 percent male as compared to 57.8 percent female have reported to believe in herbal medicine. There was no significant difference between male and female in terms proportion of respondent not believing in herbal medicine. The chi-square test is performed to test the dependence between gender and trust on herbal medicine. The results of chi-square test do not reject the null hypothesis that gender and trust are independent (chi-square 2.38, $p > 0.05$).



Gender and Trust on Herbal Medicine					
Gender		Do you believe in herbal medicine?			Total
		Yes	No	Partially	
Male	Count	108	12	45	165
	% within Gender	65.5%	7.3%	27.3%	100.0%
Female	Count	78	9	48	135
	% within Gender	57.8%	6.7%	35.6%	100.0%
Total	Count	186	21	93	300
	% within Gender	62.0%	7.0%	31.0%	100.0%

Chi-Square Tests : Gender and Trust on Herbal Medicine			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.388 ^a	2	.303
Likelihood Ratio	2.382	2	.304
Linear-by-Linear Association	2.260	1	.133
N of Valid Cases	300		

The comparative picture about trust in herbal medicine and level of education is also important for us as it gives an idea about impact of education on belief towards herbal medicine. The cross tabulation of level of education and trust on herbal medicine is presented in table below.

Education and Trust on Herbal Medicine					
Education		Do you believe in herbal medicine?			Total
		Yes	No	Partially	
Up to secondary	Count	18	0	0	18
	%	100.0%	0.0%	0.0%	100.0%
Higher Secondary	Count	12	0	6	18
	%	66.7%	0.0%	33.3%	100.0%
Undergraduate	Count	48	6	24	78
	%	61.5%	7.7%	30.8%	100.0%
Graduate	Count	57	9	24	90
	%	63.3%	10.0%	26.7%	100.0%
Post Graduate	Count	51	6	39	96
	%	53.1%	6.2%	40.6%	100.0%
Total	Count	186	21	93	300
	%	62.0%	7.0%	31.0%	100.0%



Chi-Square Tests : Education and Trust on Herbal Medicine			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.338 ^a	8	.019
Likelihood Ratio	25.469	8	.001
Linear-by-Linear Association	9.484	1	.002
N of Valid Cases	300		

The comparative picture about trust on herbal medicine and level of education as presented in table above shows that the proportion of respondents who believe in herbal medicine declined with increased level of education. Individual with less education are the one who believe in herbal medicine while those who are educated are less to trust on herbal medicine. As compared to 100 percent respondents with level of education up to secondary, only about 53.1 percent respondents with post graduate qualification have reported that they believe in herbal medicine. Chi-square test performed to test the significant relationship between education and trust on herbal medicine also reject the null hypothesis that two variable viz. education and trust are independent (Chi-square 18.33, $p < 0.05$).

After checking the relationship between level of education and trust on herbal medicine, attempt has been made to test the relationship between income and trust. The data about income and proportion of respondents who trust herbal medicine are presented in table below.

Monthly Income and Trust on Herbal Medicine					
Monthly Income		Do you believe in herbal medicine?			Total
		Yes	No	Partially	
Up 10000	Count	87	9	27	123
	%	70.7%	7.3%	22.0%	100.0%
10000 - 20000	Count	33	3	9	45
	%	73.3%	6.7%	20.0%	100.0%
20000-30000	Count	36	3	30	69
	%	52.2%	4.3%	43.5%	100.0%
30000-40000	Count	18	3	6	27
	%	66.7%	11.1%	22.2%	100.0%
Above 40000	Count	12	3	21	36
	%	33.3%	8.3%	58.3%	100.0%
Total	Count	186	21	93	300
	%	62.0%	7.0%	31.0%	100.0%



Chi-Square Tests : Monthly Income and Trust on Herbal Medicine			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.665 ^a	8	.001
Likelihood Ratio	27.093	8	.001
Linear-by-Linear Association	16.722	1	.000
N of Valid Cases	300		

The relationship between trust on herbal medicine and income as presented in table above indicates that respondents reporting positive about herbal medicines declined with increase in income. As against 70.7 percent respondent from income up to 10000, only about 33.3 percent respondents from income above 40000 have reported that they believe in herbal medicine. Nearly 58.3 percent respondents from income above 40000 have reported that they do not believe in herbal medicine. The relationship between trust on herbal medicine and income is also proved by chi-square test results which reject the null hypothesis that income and trust on herbal medicine are independent (chi-square 27.66, $p < 0.05$).

Conclusion:

As far as trust in the herbal medicine is concerned, the results of the study shows that, majority of the respondents have reported that they trust herbal medicine. The relationship between trust on herbal medicine and gender shows that 65.5 percent male as compared to 57.8 percent female have reported to believe in herbal medicine. There was no significant difference between male and female in terms proportion of respondent not believing in herbal medicine. The results of chi-square test do not reject the null hypothesis that gender and trust are independent (chi-square 2.38, $p > 0.05$). The comparative picture about trust on herbal medicine and level of education as shows that the proportion of respondents who believe in herbal medicine declined with increased level of education. Individual with less education are the one who believe in herbal medicine while those who are educated are less to trust on herbal medicine. The relationship between trust on herbal medicine and income as presented in table above indicates that respondents reporting positive about herbal medicines declined with increase in income.

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Corporate Environmental Accounting: A Leaf on the Branch of Accounting

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ABSTRACT:

Businesses do not operate in a vacuum. They are subject to legal requirements and industry practices; they require resources to manufacture products and/or render services; they operate in an environment from which they draw their resources and which may be affected by their activities; and they operate in a community from which they draw their work force and which may also be impacted by their activities. Corporate Environmental Accounting is one of the tools that can be used by businesses to address these challenges therefore, we have targeted corporate environmental accounting to present this paper and the purpose of it is to create an understanding about corporate environment accounting.

KEY WORDS: Corporate Environmental Accounting, Environmental Management Accounting (EMA), Environmental Cost Accounting (ECA), Environmental Financial Accounting (EFA).



Corporate Environmental Accounting: A Leaf on the Branch of Accounting

1.1 Introduction:

Environmental Accounting is comparatively a new entrant in the field of accounting. Environmental Accounting evolved since the 1970s through the efforts of individual countries and practitioners based on their own frameworks and methodologies depending upon their environmental priorities. In 1970s, Norway was the first country who constructed environmental accounts and thereafter other countries slowly followed them.

Since the early 1990s, combined efforts have been started through the United Nations Statistical Organization (UNSTAT), the European Union, the OECD, The World Bank, country statistical offices and other organizations for standardizing the frameworks and methodologies of Environmental Accounting.

The conventional accounting mainly includes financial accounting, management accounting and other accounting. It includes accounting in monetary terms. The conventional accounting in physical units includes approaches such as production planning systems, inventory accounting systems and quality systems and many more. The conventional accounting provides information pertaining to economic performance mainly to target parties whereas environmental accounting distinctly takes into account environmental impacts related to the company activity (Bennett et al., 2002).

1.2 Concepts, classification and Definition of Corporate Environmental Accounting and its disciplines:

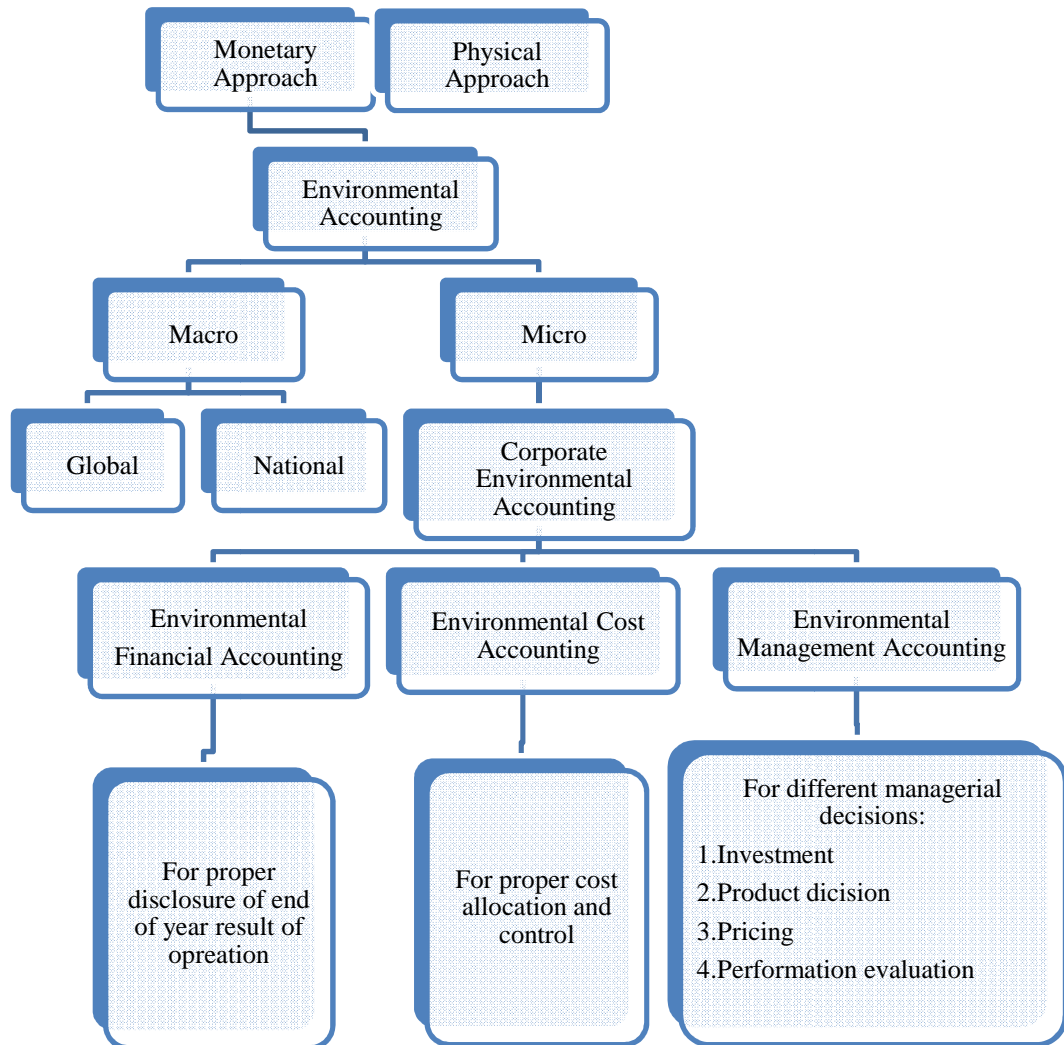
Concept and classification

Environmental accounting is a subset of [accounting](#) proper, its target being to incorporate both economic and environmental information. It can be conducted at the corporate level or at the national level or in other words environmental accounting can be conducted at macro and micro level. At Macro level it can be divided into two disciplines namely Global Environmental Accounting and National Environmental Accounting. At micro level or firm level it is Corporate Environmental Accounting which is further classified into three disciplines namely Environmental Management



accounting, Environmental Cost accounting and environmental financial accounting from the view point of users need. This concept can be clearly understood by the following chart.

Classification of Environmental Accounting



Definitions:

Ministry of the Environment (2005, p. 3)

Environmental accounting aims at achieving sustainable development, maintaining a favourable relationship with the community, and pursuing effective and efficient environmental conservation activities. These accounting procedures allow a company to identify the cost of environmental



conservation during the normal course of business, identify benefit gained from such activities, provide the best possible means of quantitative measurement (in monetary value or physical units) and support the communication of its results. Thus, environmental accounting can be used as an environmental information system to support both internal and external functions of companies.

Corporate Environmental Accounting focuses on the cost structure and environmental performance of a company (Jasch, C. (2006))

Environmental Management Accounting focuses on making internal business strategy decisions. It can be defined as:

“...the identification, collection, analysis, and use of two types of information for internal decision making:

- 1) Physical information on the use, flows and fates of energy, water and materials (including wastes) and
- 2) Monetary information on environmentally related costs, earnings and savings." ([*Handbook of National Accounting*](#))

Environmental Cost Accounting:

According to USA Environmental Protection Agency the definition of environmental cost depends on utilization of information in a company and the environmental costs can include conventional costs (raw materials and energy costs with the environmental relevance), potentially hidden costs (costs which are captured by accounting system but then lose their identity in overheads), contingent costs (costs in a future time – contingent liabilities), and image and relationship costs.

Environmental Financial Accounting:

According to "Global Assessment of Environment Statistics and Environmental-Economic Accounting 2007" environment financial accounting is used to provide information needed by external stakeholders on a company's financial performance. This type of accounting allows companies to prepare financial reports for investors, lenders and other interested parties.

Federation des Expert Compatibles Europeans (1995) defined “environmental accounting concerns the treatment of environmental issues within the financial statements and within environmental evaluations.

Munipalle (2005) defined “Environmental accounting involves identification, measurement and allocation of environmental cost, integration of these costs



into business decisions and finally communicating the information to the companies' stakeholders."

Environmental Management Accounting is used by companies to make internal business strategy decisions. Environmental Management Accounting provides information for internal purpose for taking decisions like product cost, product mix, and review of validity of environmental facility investment. In other words, Environmental Management Accounting is a system of accounting which provides information for internal decision maker for improving environmental management as well as identifies cost reduction elements through indication of those measured environment related costs hidden in other cost elements.

On the other hand, Environmental Financial Accounting provides financial information on performance of corporate environmental management to shareholder and investors, creditors, government, consumers, local communities and environmental institutes. Financial Environmental Accounting emphasizes the analysis and reporting component of internal costs and liabilities related to environmental matters. Financial Accounting and its environmental requirements have been standardized to provide consistent and comparable information to investors, regulators and other stakeholders.

1.3. The Need for Environmental Accounting at Corporate Level

It helps to know whether corporation has been discharging its responsibilities towards environment or not. A company has to fulfill following environmental responsibilities.

- (a) Meeting regulatory requirements or exceeding that expectation.
- (b) Cleaning up pollution that already exists and properly disposing of the hazardous material.
- (c) Disclosing to the investors both potential and current, the amount and nature of the preventative measures taken by the management (disclosure required if the estimated liability is greater than a certain percent say 10% of the company's net worth).
- (d) Operating in a way that those environmental damages do not occur.
- (e) Promoting a company having wide environmental awareness.
- (f) Control over operational and material efficiency gains driven by the competition global market.
- (g) Control over increase in costs for raw materials, waste management and potential liability.

1.4 Limitations

- 1) There is no standard accounting method for Limitations of Environmental Accounting.



- 2) Input for Environmental Accounting is not easily available as costs and benefits relevant to the environment are not easily measurable.
- 3) It mainly considers the cost internal to the concerned institutions and excludes cost to society.
- 4) Environmental Accounting is a long-term process. Therefore, to draw a conclusion with help of it is not simple and easy.
- 5) The user of information contained in the Environmental Accounting needs sufficient knowledge of the process of Environmental Accounting as well as rules and regulations prevailing in that country either directly or indirectly related to all environmental aspects.
- 6) Identification and allocation of environmental costs is quite difficult.

1.5 Some steps to overcome the limitations:

Looking to the limitations, the main difficulty associated with environmental costs is their identification and allocation. According to UNDSO (2003), conventional accounting systems tend to attribute many of the environmental costs to general overhead accounts with the result that they are 'hidden' from management. Thus, management is often unaware of the extent of environmental costs and cannot identify opportunities for cost savings. EMA attempts to make all relevant, significant costs visible so that they can be considered when making business decisions (Jasch, 2003). UNDSO (2003) identified management accounting techniques which are useful for the identification and allocation of environmental costs as: input/output analysis, flow cost accounting, activity-based costing (ABC), and lifecycle costing.

1.5.1 Techniques for identification and allocation of environmental costs:

1) Input/output analysis

The input/output analysis is a technique that can provide useful environmental information, sometimes referred to as mass balance (Envirowise, 2003). This technique records material flows with the idea that 'what comes in must go out - or be stored' (Jasch, 2003).

The purchased input is regarded as 100% and is balanced against the outputs - which are the produced, sold and stored goods and the residual (regarded as waste). Materials are measured in physical units and include energy and water. At the end of the process, the material flows can be expressed in monetary units. Process flow charts can help to trace inputs and outputs, in particular waste. They demonstrate the details of the processes so that the relevant information can be allocated to main activities.



2) Flow Cost Accounting

Process flow charts bring together technical information and cost accounting information (UNSD, 2003). Flow cost accounting is a tool of a new management accounting approach - flow management. It aims to '...organise production end-to-end in terms of flows of materials and information -all structured in an efficient, objective-oriented manner' (UNSD, 2003). It is more than a simple assessment of environmental costs, because it is focused on assessment of total costs of production.

Flow management involves not only material flows, but also the organisational structure. Classic material flows are recorded as well as material losses incurred at various stages of production. Flow cost accounting makes material flows transparent by using various data, which are quantities (physical data), costs (monetary data) and values (quantities x costs). The material flows are divided into three categories, material, system, and delivery and disposal. The material values and costs apply to the materials which are involved in the various processes. The system values and costs are the in-house handling costs, which are '...incurred inside the company for the purpose of maintaining and supporting material throughput, e.g. personnel costs or depreciation,' (UNSD, 2003).

The delivery and disposal values and costs refer to the costs of flows leaving the company, for example transport costs or cost of disposing waste. EMA can benefit from flow cost accounting because it aims to reduce the quantities of materials, which leads to increased ecological efficiency (UNSD 2003).

3) Environmental activity-based accounting

Activity-based costing (ABC) '...represents a method of managerial cost accounting that allocates all internal costs to the cost centres and cost drivers on the basis of the activities that caused the costs,' (UNSD, 2003). ABC applied to environmental costs distinguishes between environment-related costs and environment-driven costs. The former are attributed to joint environmental cost centres, for example incinerators or sewage plants. The latter are hidden in the general overheads and do not relate directly to a joint environmental cost centre, e.g. increased depreciation or higher cost of staff. Nevertheless they vary with the amount of throughput.

Schaltegger and Muller (1998) stated 'the choice of an adequate allocation key is crucial for obtaining correct information'. The four main allocation keys are:

- a) volume of emissions or waste
- b) toxicity of emission and waste treated
- c) environmental impact added (volume x input per unit of volume)
volume of the emissions treated and
- d) the relative costs of treating different kinds of emissions.



4) LifeCycle Costing

Environmental management as part of total quality management. The pursuit of environmental quality management via the development of an Environmental Management System (EMS) can only be achieved if 'environmental audit' is a concomitant feature of such a system. In this respect the organisation becomes self-regulating and the undertaking of environmental audits on a regular basis provides the platform for organisations to adopt a self-critical and analytical posture as part of their routine organisational management processes. Organisations should be striving to achieve an integrated environmental strategy underpinned by the same type of culture that is required for the successful operation of a programme of total quality management (TQM).

It is arguable that the two are inextricably linked insofar as good environmental management is increasingly recognised as an essential component of TQM. In common with TQM, the focus is upon 'continuous improvement' and the pursuit of excellence. Such organisations pursue objectives that may include zero complaints, zero spills, zero pollution, zero waste and zero accidents. Information systems need to be able to support such environmental objectives via the provision of feedback - on the success or otherwise - of the organisational efforts in achieving such objectives. This approach to environmental quality management requires the development of environmental performance measures and indicators that will enable a comprehensive review of environmental performance to be undertaken. Many - if not all - total quality management accounting techniques can be modified and effectively adopted to help manage environmental issues.

1.6 Conclusions

Reporting and Environmental accounting is in beginning stage in India and whatsoever presents in the accounts in this regard is more or less conformity of significant rules and regulation in the Act. Although various steps have been taken to overcome the various limitations of environmental accounting but then also a uniform and a solid accounting policies and rules are still to be developed. Actually, unless ordinary people of India are not made conscious towards environmental safety, development of accounting in this regard is complicated. Business houses have to get ready to make a solid environmental policy, take steps for pollution control, comply with the related rules and regulations, and reveal adequate details of environmental aspects in the annual reports. For sustainable development, a crystal-clear environmental policy as well as proper execution and appropriate accounting procedure is must.



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Direct Equity V/S Mutual Fund: A Study of Investor Perception and Choice

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ABSTRACT

The purpose of the study is to find out mutual fund or direct equity which one is better Investment avenues according to Investors prospective and where Investors want to invest. Sample of 100 respondents who are involved with mutual fund and direct equity belonging in Gandhinagar city in Gujarat has been taken for the purpose of the study. Data have been collected from primary sources using questionnaire method. Collected data were analysed using various statistical tools. Results of the study found that investor are very much interested to invest in mutual fund as mutual fund can meet their financial need easily. On the other hand in case of direct equity investors are not getting that much of smoothness to achieve their goal as compare to mutual fund.

KEY-WORD: Mutual Fund, Direct Equity



Direct Equity V/S Mutual Fund: A Study of Investor Perception and Choice

INTRODUCTION:

A mutual fund is a mechanism to pool funds from multiple investors and invest these in securities such as stock, bonds, money- market instruments and other similar assets as per the investor's objectives. On the other hand direct Equity is something, where investors directly invest in stock market, also known as equity market where stock brokers and traders can buy and/or sell shares, bonds and other securities. The major exchange in India are NSE and BSE. Some of the important indices in India are: Sensex & Nifty (benchmark indices), CNXIT, NIFTYBANK (sectoral indices) among others.

Structure wise types of mutual fund schemes:

- Open- ended fund:
- Close- ended fund:
- Interval fund:

Objective wise types of mutual fund:

- Equity fund
- Debt I fund
- Balance fund

REVIEW OF LITERATURE:

A large number of studies on direct equity and Mutual Fund have been carried out during the past, in the developed and developing countries. Brief reviews of the following research works reveal the wealth of contributions towards the performance evaluation of direct equity and Mutual Fund.

Redman, A.L. and Manakyan,H.(2001) have given information the risk-adjusted returns using Sharpe's Index, Treynor's Index, and Jensen's. The results show that for 1985 through 1994 the portfolios of international mutual funds outperformed the U. S. market and the portfolio of U. S. mutual funds under Sharpe's and Treynor's indices. During 1985-1989, the international



fund portfolio outperformed both the U. S. market and the domestic fund portfolio, while the portfolio of Pacific Rim funds outperformed both benchmark portfolios. Returns declined below the stock market and domestic mutual funds during 1990-1994. Bollen,P.B.& Busse,J.A.(2004) they have given the information that investor cash flows can distort inference in mutual fund performance. The impact of cash flow on performance can be controlled for using conditional methods, as in Edelen (1999). Emre KARAKURUM(2008)In this article liquid funds, bond funds and management funds in Type B mutual funds category and management funds in Type A mutual funds category are examined. Five mutual funds in each subcategory, a total 20 mutual funds, are evaluated by risk based performance criteria. The aim of this article is to evaluate the past performances of mutual funds in Turkey by using the internationally recognized performance evaluation criteria. Meanwhile it helps investors in their decision-making process by grading and ranking the mutual funds based on a risk based performance evaluation system. Delia-Elena DIACONAŞU(2011)have given the information that dynamics of mutual funds in U.S. The direct relationship between inflation rate and net subscription of stock funds in Highlight the direct link between global funds and its balance of payments and the countrys GDP. Mahreen Mahmud* and Nawazish Mirza(2011) An analysis of fund types reveals that Islamic funds have shown strong growth in spite of their lackluster performance compared to conventional funds. Income funds appear to have suffered as a consequence of the underdeveloped bond market, and very high t-bill rates have resulted in negative excess returns during the period. For stock funds, market indices and size are significant factors that indicate a preference for large-cap stocks of managers. With consistently negative or insignificant alphas, no fund manages to outperform the market. B.RAGHAVA REDDY, P.SREENIVASULU(2015) says that Systematic investment plan or Mutual funds SIP is fast becoming common term in the investment market. But a lot of people are still uncertain –some are cynical in new thing in the market while most are just confused. This article is an attempt to avoid all confusions of investors. Dr . M. Dhanabhakyam and Mrs Swathi Bhat (2016) In this modern era, mutual fund industry is growing very fast by satisfying the investors. Investment in mutual fund is affected by the position of the investors. Mutual funds are a type of investment, which takes money from investors and makes investments based on a mentioned investment objective. In mutual funds investors can invest their savings directly or also through a professional financial advisor. All the investor’s should come together to face the mutual funds key issues and challenges which may arise in the future.

OBJECTIVES:

1. To find out Which one is more preferable, Mutual Fund or direct equity.
2. To find out Which of these risks less investment in long term, Mutual Fund or direct equity.



3. To find out from where the Investors get more return, Mutual Fund or Direct equity.
4. To find out Which of these are best Investments between Mutual Fund & Direct equity to Achieve financial goals.

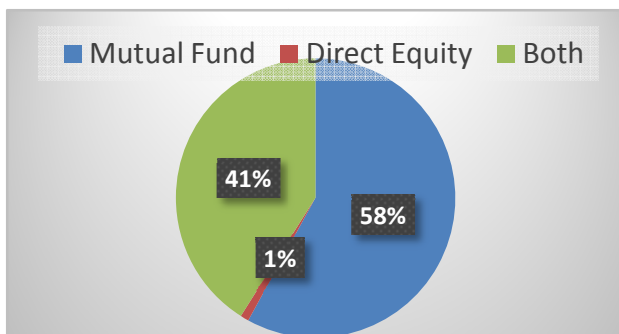
RESEARCH METHODOLOGY:

Samples of 100 respondents are selected of those who are involved with mutual fund and direct equity in Gandhinagar (Gujarat). The scope of the study has been limited to Gandhinagar. The objectives and relevant questions for the schedule framed are accordingly. For the purpose of data collection, the schedule is used each schedule consist of 26 questions. The data collected are then further processed using IBM SPSS-20 and Ms-Excel, various statistical tool are used to analyse the data like Bivariate, univariate and hypotheses test.

FINDINGS :

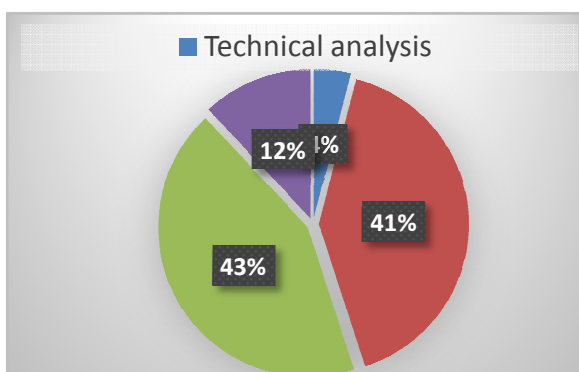
Majority of people prefer to invest in mutual fund. Because they feel that mutual fund is the best avenue to pool their money rather than to invest in other investment avenues.

Investment preferences:



Majority of people believes on mutual fund. According to people or investor there is huge risk in stock market in compare to mutual fund. Few people are ready to invest in direct equity but as well as they also invest in mutual fund, to minimize the risk.

Best investment option selection process :

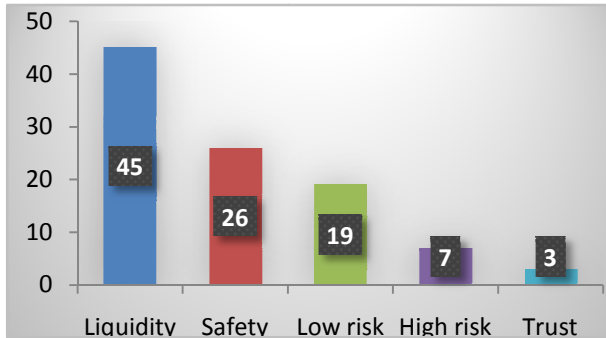


Investors invest in such financial instrument where investor can get higher return. Financial advisor playing a vital role to give the proper advice to the investor so that they can achieve their financial objective. To some



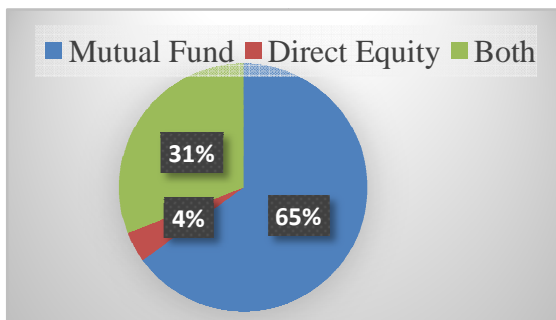
extent it is also observed that technical analysis might not be usual tools for the purpose of pre investment analysis.

Key considerable factor to select the best mutual fund scheme:



On the basis of the graph it is clearly observed that liquidity is the first considering factor that the investor giving preference and then safety followed by law risk , high risk and trust.

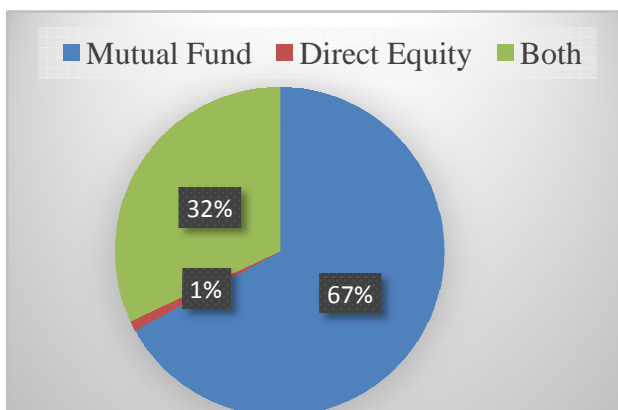
Analysis of return:



As mutual fund is professionally managed it averagely giving high return compare to direct equity. Some investor invests simultaneously direct equity and mutual fund also. In mutual fund investment is managed by fund manager who is professional person. So that it can give better

market fluctuating average as compare to direct equity.

Taking investment decision for long duration:



If investor wants to achieve their long term financial, then majority of investors prefer mutual fund. Because they believe that only mutual can help you to achieve their financial goal, because investors say that there is less risk in compare to direct equity. That's why only 1% investors invest in direct equity. But in our

country also have some investors those who invest in both sectors i.e. mutual fund and direct equity that is 32%.



CONCLUSION:

The Research paper related to Mutual Fund vs. Direct Equity, main purpose of working on particular topic is to come to conclusion that which one is better Investment avenues according to Investors prospective and where Investors want to invest. So, after completion of research I found that people are very much interested to Invest in Mutual Fund rather than Investing in Direct Equity. People are ready to invest their money but unfortunately they are very much busy in their working life, they don't have time to sit in front of terminal and invest in different stocks. They believe that it takes a lot of technical and fundamental analysis and expert advice as well. So, it's better to Invest in Mutual Fund, here no need to do any such thing and it also gives better return. People feel that into the direct equity market there is huge risk compare to mutual fund. After doing analysis, I also came to know that for retirement purpose people prefer mutual fund as well. So, over all conclusion is that majority of people prefer to invest in mutual fund. Because they feel that mutual fund is the best Investment Avenue through which it pools their money in different market and securities.

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A study of impact of Behaviour Finance on individual's investment decisions: Behaviour Finance Approach

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ABSTRACT

Recent literature in empirical finance is surveyed in its relation to underlying behavioral principles, principles which come primarily from psychology, sociology, and anthropology. The behavioral principles discussed are: prospect theory, regret and cognitive dissonance, anchoring, mental compartments, overconfidence, over- and under-reaction, representativeness heuristic, the disjunction effect, gambling behavior and speculation, perceived irrelevance of history, magical thinking, quasi-magical thinking, attention anomalies, the availability heuristic, culture and social contagion, and global culture. Behavioral finance argues that some financial phenomena can plausibly be understood using models in which some agents are not fully rational.

KEYWORDS: Behaviour Finance, Empirical approach, Behaviour literature



A study of impact of Behaviour Finance on individual's investment decisions: Behaviour Finance Approach

INTRODUCTION:

Individual investor behaviour is concerned with choices about purchases of small quantity of Financial for his or her own account. Investment decisions are often sustained by decision tools. It is assumed that information construction and the aspects in the market systematically influence individuals' investment decisions as well as market outcomes. Every individual investor possesses diverse mindset when they decide about investing in a particular investment avenue such as stocks, bonds, mutual funds, fixed deposit, real estate, bullion etc. In each life cycle stage, every individual wishes his hard earned money to be invested in most sheltered and liquid avenue. However, the decision varies for every individual depending on their risk taking capability and the purpose for which such investment is to be done and his/her behaviour too. Purpose of investment can be related with saving objective. Each individual investor selects the investment Option for certain time period looking at their personal financial goals. Investment behaviour of an individual investor reveals how he/she wants to allocate the surplus financial resources to various instruments for investment available.

Investment decisions are made by investors and investment managers. Investors commonly perform investment analysis by making use of fundamental analysis, technical analysis and judgment. Investment decisions are often supported by decision tools. It is assumed that information structure and the factors in the market systematically influence individuals' investment decisions as well as market outcomes. Investor market behaviour derives from psychological principles of decision making to explain why people buy or sell stocks. These factors will focus upon how investors interpret and act on information to make investment decisions.

Behavioural finance is defined by Shefrin, (2000) as “a rapidly growing area that deals with the influence of psychology on the behaviour of financial practitioners”. Individual investments behaviour is concerned with choices about purchases of small amounts of securities for his or her own account (Nofsinger and Richard, 2002). No matter how much an investor is well informed, has done research, studied deeply about the stock before investing, he also behaves irrationally with the fear of loss in the future. This different



behaviour in the individual investors is caused by various factors which compromise the investor rationality. An individual investor is one who purchases generally small amounts of securities for his or her own account. In conventional financial theory, investors are assumed to be rational wealth-maximizers, following basic financial rules and basing their investment strategies purely on the risk-return consideration.

Research in behavioural finance has developed rapidly in recent years and provides evidence that investors' financial decisions are also affected by internal and external behavioural factors (Shefrin, 2000; Shleifer, 2000; Warneryd, 2001). It is generally believed that investment decisions are a function of several factors such as market characteristics and individual risk profiles, in addition to published annual accounting and other information pertains to company. Market participants are exposed to a constant flow of information, ranging from quantitative financial data to financial news in the media, and socially exchanged opinions and recommendations. Processing all this information is a difficult task.

Haargrove and Haslem (1977) went a step further by proposing that investors behave rationally, taking into account the investment's risk or return tradeoff. A large body of empirical research indicates that real individual investors behave differently from investors. Most individual investors hold under diversified portfolios. Many apparently uninformed investors trade actively, speculatively, and to their detriment. And, as a group, individual investors make systematic, not random, buying and selling decisions.

OBJECTIVE:

The objectives of this study are

1. To analyze the traditional literature and throw some light on the such factor those influence to the Individual investor.
2. The objective of this research work is to work focuses on nine identified behavioral biases, but apt focal point will be Mental accounting namely: Overconfidence, Representativeness, Herding, Anchoring, Cognitive Dissonance, Regret Aversion, Gamblers' Fallacy, and Hindsight Bias
3. Researchers in psychology discovered that economic decisions are often made in a seemingly irrational manner. Over past decade, the field of behavioural finance has evolved to consider how personal and social psychology influence financial decisions and the behaviour of financial market.
4. The main objective of the paper is to highlight the limitations of the traditional finance theories and the significance of the growth of behavioural finance discipline in the study of investors' behaviour in

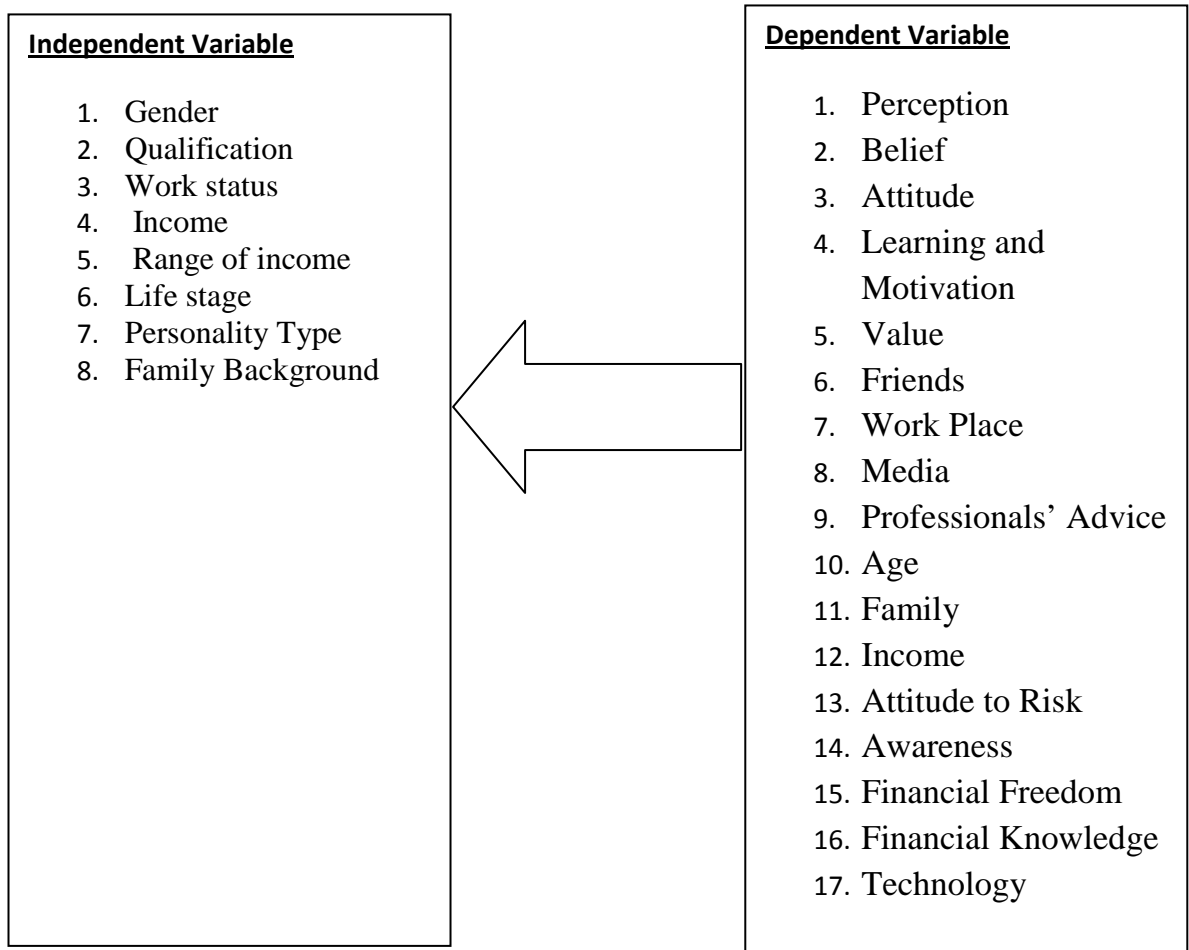


financial market. A bird eye view of a few behavioural finance principles is also tried to be presented as the next objective.

RESEARCH DESIGN:

Researcher took descriptive study to carry out this research work on based on literature review.

Research Model





ANALYSIS AND INTERPRETATION OF THE LITERATURE

REVIEW:

Behavioural Finance and the recent global economic recession, research in this area is attracting attention. Investment behaviour is defined as how the investors judge, predict, analyze and review the procedures for decision making, which includes investment psychology, information gathering, defining and understanding, research and analysis. (Slovic, 1972)

According to Baker and Nofsinger (2002), the difference between traditional and behavioral finance is an issue of how each discipline is developed. Traditional finance has developed in a normative way; it concerns the rational solution to the decision problem by developing ideas and financial tools for how investors should behave rather than how actually they do behave. In this respect, behavioral finance is descriptive because it offers explanations for what actually happens rather than what should happen.

According to Statman (1999), some of the distinctions between rationality and irrationality in the investment context are a distinction between utilitarian and value-expressive characteristics, the two groups into which marketing scholars, such as Munson and Austin (1981), classify product characteristics. They stated that value-expressive characteristics are those that enable users of a product to identify in it their values, social class, and lifestyles. They are most prominent in jewellery, less prominent in automobiles, and almost absent in laundry detergents. In the investment context, risk is a utilitarian characteristic and those who restrict their attention to it are considered rational. The notion of 'rationality' is not so simply extended to other characteristics such as social responsibility, display of wealth, or the excitement of an initial public offering. Proponents of standard finance often regard that the value-expressive motives of investors are unimportant distractions from the bigger notion, namely, asset-pricing models. On the other hand, behavioral finance proponents would incorporate both utilitarian and value expressive traits.

Paul Slovic (1972) discussed in his research that most of the investors who invested on equity shares have a tendency of looking on the returns generated by equity shares of well established companies or stock market indices returns before making their investment decision. Though the past returns on equity shares do not give guarantee for any future returns, investors perceive that equity shares are giving better returns to beat the inflation rate and hence they are committing on equity shares.



Substantiating the above statement, Koundinya C (2010) concluded in his research that, the perception of risk associated with equity investment made some of the Indian investors believe that equity investment is not suitable to them especially after Indian stock market crash due to the global economic recession of 2007-08.

Weinstein (1980) stated that it is belief that an individual is having over an object will cause some action. He further stated that belief leads to development of an attitude towards the objective; be it positive or negative. If the belief is transforming into positive attitude, then an individual is more committal on his action.

Similarly, Buehler and Ross (1994) have mentioned that people with stronger beliefs are also having stronger confidence on themselves. After conducting a research among American equity investors, they said, people with greater belief that equity investment will certainly help them in achieving their financial objective have shown greater confidence on equity investments were continue to invest on them despite of many stock market bubbles.

Behavioural Finance experts have to use a range of concepts while understanding investors and markets. One among such concept is “Attitude” of investor. Behavioral investors consider building portfolios as pyramids of assets, layer by layer. The layers are associated with particular goals and particular attitudes toward risk. Behavioral portfolio theory answers some portfolio questions and asks others (Hoje Jo 2008).

Selden (1912) in his research article “*Psychology of Stock Market*” mentioned that once the equity investor develops positive attitude towards investment, he remains committed towards it despite of resistance from any internal or external forces. Further, Weinstein, N. (1980) added that people who are having positive attitude would like to prove those who are injecting negativity wrong. As a result, positive attitude actually makes him ready to face challenges which the stock market will pose due to its fluctuations.

For a person to do something new for the first time, one important psychological characteristic is “learning and motivation” which teach lessons from the past. This learning and motivation trait helps the investors not just learning lessons from their own experience but also from the experiences of others. Due to this particular characteristic, every year markets are witnessing



first time investors even during the most difficult times as these first time investors have learned from their observation that when the markets have corrected very sharply, there exists an opportunity to invest (Shefrin, H. and M. Statman 1999).

Some invest in the market for fun as they are not worried on losing their entire investment as they are investing only that much money which is not causing any significant damage to their financial position, if it is completely lost. But, other kind of investor put very high value to their investments and as a result, they take necessary care to safeguard their investment (Shefrin Hersh M 2002),

Thaler Richard (1999), stated that most of the investors who put a high value on their investments, seek professional's or expert's advice before they make up their mind. He further stated that, in some cases, even the most experienced investors are also consulting others not just for the reason that they are investing large amount of money but for they place value on their investments.

Rao. C.J. (2010). Similarly, Chan, Y. and L. Kogan (2002) concluded that normally friends are the main source to draw inspiration and motivation especially while doing any adventurous activities. This is especially true in the case of investment decision. Whenever investors are making investments on such assets which are associated with risk, they tend to approach their friends to get mental support from them by getting their approval so that they can feel that they are doing nothing wrong.

Blume, M.E., and I. Friend (1978) found that the investors who are working in listed companies tend to invest on equity shares more in number than those employees working in unlisted companies. The reason which they mentioned was, the investors working in listed companies generally receive shares of the companies in which they are working under employee stock option scheme. As a result, they are better aware of the stock markets and equity investments. On the other hand, the investors who are working unlisted companies are not having much of awareness.

One cannot omit the role of media on the decisions of individuals. Most of the people get the awareness about any product through the media. In a survey conducted by Lakshmi C.N (2003), it is found that media is playing a larger role than any other source of information that is influencing consumer buying decision making process. She stated that media is not just creating awareness



among public but also playing a vital role in terms of providing them required knowledge.

This point is further supported by Kim, K.A., and John R. Nofsinger. (2007) who have conducted a research in Japan to understand investor behavior. They found that Tele Vision media in Japan is telecasting various investor education programmes that are in turn impacting investor decision making process.

Tapia and Yermo (2007) conclude from their review of mandatory individual account pension schemes that, in general terms, international evidence appears to reveal a preference among plan members towards equity funds. They note, however, that this is due to the professional advice that members receive. Recent UK survey data indicates that around 50 per cent of private pension purchasers received advice pre-purchase, where an adviser either recommended a product or recommended a product and went on to arrange a sale (Finney and Kempson, 2008).

The quality of financial advice that consumers receive has, however, been called into question by a number of research studies. UK consumer research (both qualitative and quantitative) has highlighted disparities between consumer and adviser definitions of 'low risk' (Conquest Research Limited, 2004) and the risk involved in different investment products (Diacon, 2002).

Not only do young workers have more human capital, they also have more flexibility to vary their labour supply—that is, to adjust the number of working hours or their retirement date—in the face of adverse financial shocks. Flexible labour supply acts as a form of self-insurance for low investment returns. Bodie, Merton, and Samuelson (1992) show that this reinforces the optimality result, that is, that younger workers should have more equity exposure. Teulings and De Vries (2006) calculate that young workers should even go short in bonds equal to no less than 5.5 times their annual salary in order to invest in stock.¹⁴ The negative age dependency of asset holdings corresponds to the rule of thumb that an individual should invest $(100 - \text{age})\%$ in stocks (Malkiel, 2007).

Most of the studies in this period regarding the interaction of the child and other family members in consumer context investigated the consumer socialization process, which could be defined as the process of learning consumer related skills, knowledge and attitudes Mehrotra and Torges, (1976).



Locus of control is a concept describing whether people feel that control of their lives rests in their own hands (internal locus of control) or in the hands of others (external locus of control) (Rotter, 1966). Locus of control is a term in psychology which refers to a person's belief about what causes the good or bad results in his or her life, either in general or in a specific area such as health or academics. Understanding of the concept was developed by Julian B. Rotter in 1954, and has since become an important aspect of personality studies.

Locus of Control refers to the extent to which individuals believe that they can control events that affect them. Individuals with a high internal locus of control believe that events result primarily from their own behavior and actions. Those with a high external locus of control believe that fate, or chance primarily determines events. Those with a high internal locus of control have better control of their behaviour and tend to exhibit more political behaviors than externals and are more likely to attempt to influence other people; they are more likely to assume that their efforts will be successful. They are more active in seeking information and knowledge concerning their situation than those with external locus of control. The propensity to engage in political behavior is also stronger for individuals who have a high internal locus of control.

Sita L.Y. (2011) found that, income played a peculiar role in influencing Indian equity investor. He stated that, contrary to many earlier researchers' opinion, a good number of low income group investors have also invested along with other income classes on equity oriented securities. He further stated that, investors from equity investors usually are motivated by "get rich quickly"

phenomena of equity investment and with the introduction of equity derivatives in India, some of them are even speculating in that segment.

Verma.P. (2012) found that awareness of various equity oriented securities among Indian investors is increasing due to various investor education programmes conducted by Securities and Exchange Board of India (SEBI) and Association of Mutual Funds in India (AMFI). He stated that, due to the increased awareness about equity oriented securities, the number of new investors is growing at a healthy rate in India. He further stated that, increased awareness is also motivating the equity investors to acquire knowledge on various investment strategies and risk minimisation techniques.



Harshvardhan.S. (2011) pointed out the importance of financial freedom in making equity investment decision. According to him, financial freedom is the ability of the investor in making the funds available for investment and his independency on making investment decisions on his own. He said, the proportion of investment on equity oriented securities by most of the Indians is less when compared with proportion of investment on other financial assets like, bank deposits and post office saving schemes as the element of risk associated with equity shares is relatively higher and the social security measures by the Indian Government are very less.

Evidence from the US and the UK supports the notion that individuals lack the knowledge and understanding to make pension investment choices. Clark and Strauss (2008) cite evidence from the US that calls into question the ability of pension plan participants to make decisions that are consistent with their long-term financial needs, because of lack of financial knowledge and understanding.

In a survey of US employers offering 401(k) plans, 80 per cent of employers reported that Their employees were confused about 'where to invest/what fund to use' and 55 per cent reported that employees were confused about how much to save for retirement (Deloitte, 2008).

Infrastructure like Internet and Mobile telephony coupled with lending by financial institutions play a significant role in impacting investment decisions. Rao Y.K (2009) conducted a study in India and found that internet and mobile telephone played a significant role in increasing the number of investors to a greater volume. He further stated that as most parts of rural India is also having good internet connectivity, sooner or later, the number of village and sub-urban investors will match the number of urban investors.

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Analysis of profitability of selected Indian Asset Management Companies

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ABSTRACT

Mutual fund is popular investment avenue in India. Indian mutual fund journey started from 1963. In the year 1993, Government of India allowed private sector mutual fund companies to participate in the investment industry, the significant event of Indian mutual fund industry. At presently 42 asset management companies are playing their role in the Indian mutual fund industry. This study is on profitability comparison of mutual fund companies. For this purpose, data of 10 companies of ten years is selected. Net profit ratio is calculated and ANOVA test is applied for testing similarity between these companies. The result shows that there is significant difference in the net profit ratio between selected asset management companies.



Analysis of profitability of selected Indian Asset Management Companies

Introduction:

Unit Trust of India established and started its business in the year 1964. From that up to 1987 Unit Trust of India enjoyed complete monopoly over the industry, in the year 1987 Government of India permitted financial institutions and in the year 1993 private sector entered in the industry. At the end of March 2016 there are 42 asset management companies in India. There are three groups in this companies bank sponsored, institutions, and private sector companies. Joint ventures are there with predominantly Indian and predominantly foreign. At the end of March 2016 total seven bank sponsored asset management companies and there are two institutions working in this industry. Private sector asset management companies are playing significant role in the industry. At the end of March 2016, 33 private sector asset management companies are working in the industry, out of this 18 are Indian private companies and 4 foreign companies are working individually. Joint ventures with predominantly Indian are seven and predominantly foreign are three asset management companies are playing their crucial role in the Indian asset management industry.

Literature Review:

Khorana et al. (2004) examined the global position of the mutual fund industry. Mutual fund industry in 56 countries data were collected and examined. The mutual fund industry is larger in size where- Stronger rules, laws and regulations, Mutual funds investors' rights are better protected, Educated populations, wealthier investor, mutual fund industry is older, trading costs are lower, defined contribution pension plan are more prevalent. The mutual fund industry is smaller in countries where barriers to entry are higher. These results show that laws and regulations, supply side, and demand side factors simultaneously affect size of the mutual fund industry. These factors are directly related to the recent growth rates of the mutual fund industry across nations.

Klapper et al (2004) in his paper about development of mutual funds around the world studied that growth of mutual fund industry during 1992 to 1998. The main findings of this paper were- Mutual fund asset grew 8 to 16 percent of GDP between 1992 to 1998, high income countries mutual fund expanded 10 to 24 percent of GDP over this period but middle income countries they first grew from 4 to 8 percent but they fell back to 4% of GDP after the East Asian crisis, Total 16 countries had mutual fund sector with net assets more than 20% of GDP in 1998 out of this 11 countries were from continental Europe, Mutual fund industry was more advanced in countries with better



developed capital market and market based financial system, Higher market returns and liquidity and lower market volatility have also contributed to mutual fund growth, Per capita income has been strongly significant with the correct sign in middle income countries but low significant with a negative sign in high income countries, Legal aspect also significantly correlated with mutual fund development.

Desai and Joshi (2013) examined Indian mutual fund industry in their research paper. They described different investment options and compared with mutual fund. Mutual fund is the most suitable option for the common man with opportunities to invest in diversified, professionally managed and relatively low cost. They also described Indian mutual fund industry since its inception. The growth in asset under management, number of schemes and share of AUM of mutual funds in GDP were given in this paper. Unit holding pattern in all mutual funds and major players of the industry were also critically described.

Rateesh K Nair (2014) described in his research paper mainly on the point of mutual fund tool to stabilize Indian economy, asset under management and channelization of scattered savings in the infrastructural development of India. The result of this study that mutual fund was a powerful tool and financial product to mobilize scattered savings among investors, channelize mutual fund to infrastructural development and significant contribution toward economic development of the country.

Jani and Jain (2013) were study about relation between mutual fund industry's asset under management and GDP of India. To find out- correlation coefficient Kendall's tau b and -spearman's rho relationship was applied. They used data for this was selected from 1998-99 to 2009-10 and collected from secondary sources. Kendall's tau b correlation coefficient result was found +0.848, at the significant 1 % confidence level. With the same spearman's rho relationship coefficient was +0.944. Both the result indicated significant relationship between country's GDP and asset under management mobilized by Indian mutual fund companies. Conclusion of this study was, there was very strong positive relationship between GDP of India and AUM mobilized by Indian mutual fund.

From the review of these research papers, it is found that there is not covered point of profitability of Indian asset management companies. So here in this paper is focusing on the profitability of selected asset management companies.

Objectives of the Study:

The objective of this study is to check net profit ratios between selected asset management companies and find out they are differ from profitability or not.

**Hypothesis:**

On the basis of objectives of the study following hypothesis has been formulated.

Null Hypothesis: There is no significant difference in net profit ratio among the selected asset management companies.

Alternative Hypothesis: There is significant difference in net profit ratio among the selected asset management companies.

Selection of sample:

	Bank sponsored & Institutions	Private sector	Total
Industry:			
Total AMC	09	33	42
Asset under management (Rupees in crore)	Rs.2,56,350	Rs.10,97,093	Rs.13,53,443
Percentage of AUM	18.94 %	81.06 %	100 %
Selection of companies for this study:			
Selected AMC	02	08	10
Asset under management (Rupees in crore)	Rs.2,13,090	Rs.8,63,275	10,76,365
Percentage of Total AUM	15.75%	63.78%	79.53%

The selected ten companies average asset under management for the quarter ended March 2016 is 10,76,365 crore rupees that is 79.53% of total asset under management. So the selected samples represented almost 80% of industry's asset under management. Other 32 companies are managed 20% of the total asset under management of the Indian mutual fund market.

Data Collection:

This study includes mainly secondary source of data which has been taken from published information. From annual report of respective asset management company calculated required financial ratios.

Period of the Study:

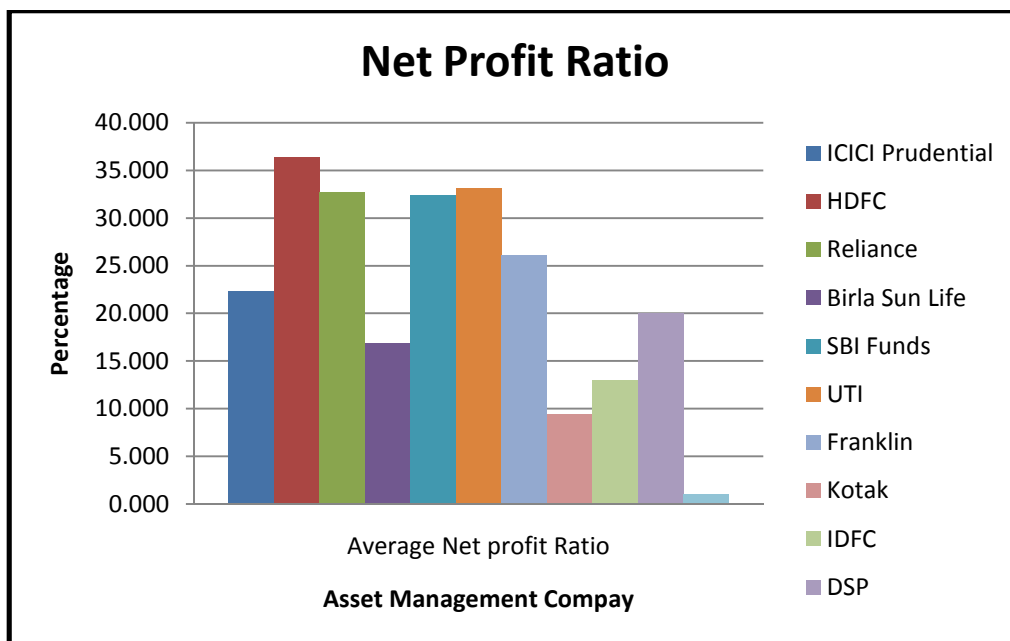
The design of the present study is descriptive and analytical in nature and covers the period of 10 years, from 2005-06 to 2014-15.



Data Analysis and Interpretation:

Analysis of profitability of asset management companies, Net profit ratio is selected and ANOVA test is apply for testing of hypothesis.

Net Profit Ratio: Net Profit Ratio presents overall profitability of any business. This is important for companies for comparing their own performance with previous years and compare with another company in the same industries. Generally this ratio is computed on the basis of profit after tax means net profit earned from operation of business. Non operating incomes and expenses are excluded. Net profit ratio indicates the portion of sales revenue is left to the owners after all operating expenses are met. The higher net profit ratio is better in order to profitability. Net profit ratio is one of the important tools for financial analysis. This is final output of any business enterprise. Net profit margin shows the margin left for the owners. A higher net profit ratio means that a company is more efficient at converting sales into actual profit. Here in the asset management companies the total income is the base for the profit, so here management target to minimize the operating expenses and save more for profit for prove their efficiency.





Net Profit Ratio

		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	SD
1	ICICI Prudential	22.00	20.25	18.69	0.22	27.39	18.80	25.10	28.31	33.27	29.38	22.34	9.17
2	HDFC	33.34	36.02	36.79	28.64	33.34	35.57	39.00	40.66	46.01	33.62	36.30	4.77
3	Reliance	31.21	25.00	25.47	29.92	29.82	39.49	40.68	27.72	38.96	38.42	32.67	6.11
4	Birla Sun Life	26.51	14.95	2.05	4.74	15.47	21.84	21.84	20.07	20.56	20.48	16.85	7.83
5	SBI Funds	27.92	26.20	38.00	38.22	35.17	30.89	24.44	28.09	38.80	36.12	32.39	5.48
6	UTI	35.90	37.98	35.43	32.51	35.11	29.85	29.96	30.20	33.60	30.84	33.14	2.90
7	Franklin	-1.54	12.28	33.13	25.20	27.15	32.00	25.29	28.88	45.16	33.35	26.09	12.76
8	Kotak	17.37	9.30	1.51	12.11	37.33	9.82	12.55	2.96	20.10	-28.84	9.42	16.81
9	IDFC	10.39	13.27	13.66	8.80	1.61	-2.96	9.25	16.27	33.73	25.27	12.93	10.62
10	DSP	2.16	20.65	16.70	27.20	28.66	21.14	22.93	23.59	25.44	11.08	19.96	8.08
	Mean	20.53	21.59	22.14	20.76	27.11	23.64	25.11	24.68	33.56	22.97	24.21	3.88
	SD	13.10	9.80	13.81	13.11	10.89	12.85	9.91	10.01	9.20	19.93	9.37	

Observations:

1. ICICI Prudential asset management company's net profit during the period of 2005-06 to 2014-15 shows that highest net profit ratio is in the year 2013-14 with 33.27% and lowest net profit ratio in the year 2008-09 that was 0.22% . The average net profit ratio during these ten years of period of ICICI Prudential is 22.34%.



2. HDFC asset management company limited's net profit ratio during this observed period shows that highest net profit ratio is 46.01% in the year 2014-15 and lowest net profit ratio 28.64% in the year 2008-09. The average net profit ratio during this period is 33.62%. So the net profit ratio in this company is highest in the top ten asset management companies.
3. Reliance capital asset management limited's net profit ratio is highest in the year 2011-12 with 40.68% and lowest 25% in the year 2006-07. The average net profit ratio during this period is 32.67% and ratio for this company is going constantly with much variation in the net profit ratio.
4. Birla sun life asset management company limited's net profit ratio is highest in the year 2005-06 with 26.51% and lowest 2.05% in the year 2007-08. The average net profit ratio is 20.48% during this period.
5. SBI funds management private limited's average net profit ratio during these ten years of period is 36.12% this is third highest average net profit in this ten companies. The highest net profit ratio is 38.80% in the year 2013-14 and lowest in the year 2011-12 is 24.44%.
6. UTI asset management company limited's net profit ratio is between 29.85% and 37.98% during the period of 2005-06 to 2014-15. The average net profit ratio 30.84% is the second highest among these ten companies for the observed period of ten years.
7. Franklin templeton asset management (India) private limited's highest and lowest net profit ratio during the period is 45.16% and -1.54% and the average net profit ratio is 33.35%.
8. Kotak Mahindra asset management company limited's net profit ratio is highest in the year 2013-14 with 37.33% and notable remarks that in the year 2014-15 there was loss and therefore this ratio is -28.63%. The average net profit ratio 9.42% is the lowest among these ten companies for these ten years.
9. IDFC asset management company limited's net profit ratio shows that this ratio is lower than average of these ten companies except 2013-14. The highest 33.73 % net profit ratio is in the year 2013-14 and lowest ratio is -2.96 in the year 2010-11. So the performance of this company in the profitability is lower among these ten companies.
10. DSP black rock investment managers private limited's average net profit ratio for these ten years is 11.08% is lower among the ten companies. The highest net profit ratio is 25.44% in the year 2013-14 and lowest is 2.16% in the year 2005-06.

So the overall observation of net profit ratio among these companies for the year 2005-06 to 2014-15 shows that average net profit ratio is 24.21%. There was average net profit ratio between 20 to 25 per cent except in the year 2013-14. In the year 2013-14 net profit ratio is 33.56% this highest in the ten years average.

**Testing of Hypothesis:**

ANOVA

Source of Variation	SS	Df	MS	F	P-value	F crit
Rows	7894.563	9	877.1737	11.01158	5.12E-11	1.997609
Columns	1353.517	9	150.3908	1.887928	0.065362	1.997609
Error	6452.395	81	79.6592			
Total	15700.48	99				

Conclusion:

Here, from the ANOVA table, it is clearly observed that, F_c for net profit ratio between selected asset management companies during research period is 11.01158, which is greater than the critical value F_t , 1.997609. Means, Here, $F_c > F_t$. Therefore, the test is significant and we reject the null hypothesis and accept alternate hypothesis. Thus we can say that there is significant difference in net profit ratio between selected asset management companies during research period.

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Climate for Micro Insurance in India and Current Public Sector Initiatives

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ABSTRACT

Economic or social shocks in the shape of sudden mishap causing a loss of income and productive potential, typically force poor people exposed to them to dispose of productive assets, which may force them into lower productivity, lower income, and higher vulnerability in the future a process known as the poverty vulnerability vicious circle. Institutional innovations and new insurance products therefore deserve promotion (Paul Mosley 2009). Micro insurance is defined as, “the protection of low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved” (Churchill 2006).

The synthesis paper is structured in four parts. Firstly it introduces the concept of micro insurance highlighting its relevance for the economy. Second exhibits the climate and status of micro insurance in India. Thirdly it presents the rationale for government interventions in mainstreaming micro insurance through its current initiatives viz. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) and lastly it draws attention on challenges standing in the way and possible course of actions.

Key words: Microfinance, Micro Insurance, Status of micro insurance in India, Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY)



Climate for Micro Insurance in India and Current Public Sector Initiatives

1. INTRODUCTION

Article 22 of the United Nations Declaration of Human Rights (1948) states that, “every member of the society has the right to social security,” approximately 75% of the world population is inadequately protected, and approximately 40% lack even basic protection (Gaby Ramm and Mayur Ankolekar 2014)¹⁰. Economic crunch or crisis, natural or manmade social shocks are primary bottlenecks to break the poverty cycle. Today India’s economy has been consistently escalating, but the fruits of economic development has neither resulted in lowering down poverty levels and nor been able to generate an expansion of the formal economy. Poverty and vulnerability reinforce each other in an escalating downward spiral.

Many development efforts, for instance microfinance program offer way to bring down poverty levels. However in the movement of microfinance, only micro credit has been able to attract attention and another important component micro insurance still needs introduction. Thus in comparison to phenomenon of micro credit which commenced in a big way in India during 1990s micro insurance is a very recent phenomenon. Available evidence from micro insurance implementations is much scarcer than for microcredit (Dercon and Kirchberger 2008)⁹.

Micro insurance is starting to make some inroads in India as well. India is ahead of other countries in Asia in terms of micro insurance outreach. With 111.1 million people covered, India is home to 65.2% of the people covered in Asia. The Indian micro insurance sector generates 66% of the premiums on the continent. Due to its massive market size, India contributes to 72% of the growth in coverage and it also registers the highest number of products offered and the highest number of micro insurance providers. However, the Indian micro insurance sector has so far been able to cover only 9% of the overall population and 14.7% of the potential micro insurance market (Premasis Mukherjee et al. 2013)¹⁹.

1.1.

1.2. What is Micro Insurance?

Protection from specific risks, paid for by regular premiums, specifically designed for low-income individuals (Churchill, 2006)⁵. The micro insurance policy can be sold by any institution or entity or association registered under any law for the registration of societies or cooperative societies, as the case may be, inter alia for sanctioning loan / finance to its members are micro finance institutions (IRDA, 2005)²⁹.

International Association of Insurance Supervisors (IAIS) (2007) defines
“Micro insurance is insurance that is accessed by low-income populations,



provided by a variety of different entities, but run in accordance with generally accepted insurance practices.”

According to **ILO** “*Micro insurance is the protection of low income people against specific perils in exchange for regular premiums payments proportionate to the likelihood and cost of risk involved*”.

2. CLIMATE AND PRESENT POSITON OF MICRO INSURANCE IN INDIA

By climate for micro insurance refers to the present environment and scope for its growth owing to number of factors. These mainly comprise nearly 50% of India’s population lacks access to any financial products; secondly the vulnerability possessed by the poor household is quite high when it comes to exposure to risk, be it life accident or business risk due to irregularity of monsoon and crop failure. There exists huge potential for SHG credit linkage with micro insurance and even primary cooperative credit societies (PACS) linkages with micro insurance needs to strengthen. After micro credit currently India is in the infant stage of its next revolution for micro insurance.

The World Bank study (Peters et al. 2002)⁷, reports that more than one fourth of hospitalized Indians fall below the poverty line (BPL) as a result of their stay in hospitals. The same study also reports that more than 40 percent of hospitalized patients take loans or sell assets to pay for hospitalization. This very illness, accidents, natural disaster and death of the key bread earner especially that of poor household leads to deeper poverty of the poor family. Micro insurance therefore adds another sustainable tool for the poor and low-income people in managing risks. However, micro insurance is more than identifying and quantifying risks, setting the correct premiums and making sure of a swift pay out when calamities occur.

Under the current circumstances, with insufficient social protection, micro insurance could provide enhanced protection for the poor.

2.1. Status of Micro Insurance in India

Micro insurance is starting to make some inroads in India as well since 2005 when the government approved the Micro Insurance Act(2005) for regulating the micro insurance sector.As per the report of ‘the landscape of micro insurance in India and Oceania 2013’ India is ahead of other countries in Asia in terms of micro insurance outreach. With 111.1 million people covered, India is home to 65.2% of the people covered in Asia. The Indian micro insurance sector generates 66% of the premiums on the continent. Due to its massive market size, India contributes to 72% of the growth in coverage and it also registers the highest number of products offered and the highest number of micro insurance providers.



The various research studies have pointed out the growing significance of micro insurance and especially its reach with the rural poor. Jyothi (2010)¹⁵ discussed that insurance is mainly concentrated around urban and rural areas are ignored. The insurance companies had adopted various marketing strategies but still their penetration is less in rural sector. Also According to Premasis Mukherjee et al. (2013)¹⁹ the Indian micro insurance sector has so far been able to cover only 9% of the overall population and 14.7% of the potential micro insurance market. Ramalakshmi & Ramalingam (2014)²² studied to analyse the awareness of policyholders about micro insurance products. They concluded that there is awareness of about micro insurance among urban and rural population. The agents played a major role in creating awareness among policyholders.

The government including the Insurance Regulatory and Development Authority (IRDA) established in 1999 plays an active role in regulating, promoting and ensuring orderly growth of the insurance and re-insurance business in India. Rewadikar & Soni (2013)²³ studied the impact of IRDA on various aspects of insurance sector like regulation, customer education, development of insurance products, distribution channels etc. The study revealed that the establishment of IRDA has brought revolutionary changes in insurance sector. IRDA has been successful in dealing any kind of discrepancy in insurance sector while Ghosal (2012)¹¹ examines the role of insurance in economic development and revealed that life insurance sector play a major role in national growth .Life insurance industry has tremendous growth potential as it offers large scope for generating huge sum of money for long period.

During 2015 IRDA modified in Micro insurance Regulations which includes capacity building exercises training for micro agents licensed to distribute general insurance MSME policies, appointment of Micro agents through tie ups with AIC and other health insurers are allowed, minimum 5 people for group policies, inclusion of RRBs, Primary agricultural and other co-operative Societies, Bank correspondents of scheduled commercial banks etc. This inclusion could multiply the pool of agents exponentially, utilizing those already operating in the rural area and hence facilitate distribution of the micro insurance products.

3. GOVERNMENT INTERVENTION AND INITIATIVES IN THE INSURANCE MARKET

What is the rationale behind government to intervene an insurance market? Well an important argument supporting government intervention in insurance markets is the presence of classical market failures is the problem adverse selection and moral hazard and thus insurance is traded in a highly imperfect market. Moral hazard is the tendency for the existence of insurance to create



perverse incentives to claim spuriously and behave carelessly, causing resource costs which may wipe out the benefits of insurance. Adverse selection is the tendency for the demand for insurance to concentrate among the worst risks. Effective targeting is the possibility that poor clients may not opt, or be able to opt, for insurance. Administrative cost is the risk that the overcoming of all the above problems may bankrupt the insurer.

Also government does understand that insurance does matter for welfare and growth. Government uses Micro insurance schemes to deliver the social protection package and thereby extend social security to uncovered populations. By helping people to mitigate risk, it makes them more resilient, thereby impacting on household welfare. Then there's also an intermediation role. By acting as institutional investors, insurers aggregate domestic capital and mobilise it into long-term investments. Thus, it is commonly assumed that insurance strengthens capital market development for growth (Doubell Chamberlain 2016)²⁵.

It is easier to offer insurance to person with predictable income, even if it small sum, than to cover poor section in the economy with irregular cash flows. The latter represents the micro insurance frontier. An important argument supporting government intervention in insurance markets is the presence of classical market failures is the problem adverse selection and moral hazard and thus insurance is traded in a highly imperfect market. Hence the Government of India has introduced number of insurance and social security schemes for the people of vulnerable sector which provides insurance cover at cost of a nominal premium. The current government initiatives in micro insurance launched during 2015 are:

3.1 Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

The scheme introduced by government to provide insurance cover for death due to any reason for one year which can be renewed from year to year and would be administered through LIC. For availing the scheme the individual should be in age 18 to 50 years of age with a bank account. The premium amount of Rs. 330 per annum will be deducted from account of the holder through auto debit facility for insurance coverage. In case of death due to any cause, the payment to the nominee will be Rs. 2 lacs. This scheme will be linked to the bank accounts opened under the Pradhan Mantri Jan Dhan Yojana scheme. The other private life insurers can also offer this scheme after taking necessary approvals and tie ups with banks. The participating banks can engage any life insurance company for implementing the scheme for their subscribers. According to Deepak Kumar Adhana and Mayank Saxena during April 2017, 3.11 crore people have already enrolled for this scheme. 60,422 claims have been disbursed against 63,767 claims received.



3.2 Pradhan Mantri Suraksha Bima Yojana (PMSBY)

The scheme offers one year insurance coverage for accidental death and disability on account of accident. The scheme would be offered / administered through Public Sector General Insurance Companies (PSGICs) and other General Insurance companies willing to offer the product on similar terms with necessary approvals and tie up with banks for this purpose. Participating banks will be free to engage any such insurance company for implementing the scheme for their subscribers.

This scheme is available to people between 18 and 70 years of age with bank accounts. It was formally launched by Prime Minister Narendra Modi on 9 May 2015 in Kolkata. As of May 2015, only 20% of India's population has any kind of insurance, this scheme aims to increase the number. It has an annual premium of Rs. 12 excluding service tax, which is about 14% of the premium. The amount will be automatically debited from the account. In case of accidental death or full disability, the payment to the nominee will be Rs. 2 lakh (US\$3,000) and in case of partial Permanent disability Rs. 1 lakh (US\$1,500). Full disability has been defined as loss of use in eyes, hands or feet. Partial Permanent disability has been defined as loss of use in one eye, hand or foot. This scheme will be linked to the bank accounts opened under the Pradhan Mantri Jan Dhan Yojana scheme. During April 2017, 10 crore people have already enrolled for this scheme. 9,705 claims have been disbursed against 12,975 claims received.

Table 1: Enrolment status under PMJJBY and PMSBY as on March 2016

Scheme	Rural male	Rural female	Urban male	Urban female	Total
Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)	91,34,052 (30.93%)	56,49,707 (19.13%)	94,17,101 (31.88%)	53,33,187 (18.06%)	295,34,047 (100)
Pradhan Mantri Suraksha Bima Yojana (PMSBY)	296,02,859 (29.48%)	199,01,811 (21.81%)	280,92,347 (30.78%)	163,68,331 (17.93%)	912,65,348 (100)

Source: Annual report of insurance regulatory development authority



4. CHALLENGES STANDING IN THE WAY AND POSSIBLE COURSE OF ACTIONS

There are a number of factors that prevent insurance markets from progressing from one stage to the other and hence from fulfilling their full intermediation role. Aditya Gupta (2014)¹² has analysed the status of rural insurance penetration and reasons behind the poor performance of insurance companies. He emphasized that life insurance sector have developed in Indian but still the penetration is low in rural sectors. The reasons behind the less popularity of life insurance products are lack of awareness, motivation and timely settlement of claims. To increase the insurance coverage insurance companies must design new products and they should explore more alternative distribution channels.

Table 2: Overview of Challenges in Micro Insurance Sector and Remedies

Challenges	Possible Course of actions
Financial Literacy	To enhance familiarity with micro insurance especially in rural areas and build trust. Poor lacks understanding of financial products and may therefore not recognize the value provided by financial services. Thus exposure campaign and tours, where in village panchayat leaders can play a vital role to disseminate advantages of having insurance. This would result in higher levels of financial inclusion and thereby can achieve success in mainstreaming insurance.
Marketing Strategies	New marketing strategies must be looked upon where in the Indian post office exclusively branch post offices which cater to the rural areas can play active role in financial intermediation.
Distribution Channels	Effective distribution channels are the need of the hour. Paucity of agent networks and skills are another major area to be looked upon strategically. Moreover according to K.G. Krishnamoorthy Rao, managing director and CEO of Future Generali India Insurance, "Micro agents do not want to distribute these insurance products since there is a very low commission structure. At 15 per cent commission, there is no incentive to sell".
Capacity Building	In the 'Concept Paper on Micro insurance' the IRDA envisages a minimum training requirement for MFI and NGO agents.
Support Infrastructure	Poor infrastructure limits the number of touch points that insurers have with consumers, as well as insurers' ability to communicate with clients and receive payments.
Paucity of Data	There is insufficient data to design products and effectively regulate industry. It would be useful to create an agency to collect, store and provide insurance data. There is a need to



	develop a common format for the collection of data. There should be a market body, which can take the responsibility of maintaining and sharing the data with insurance companies. This body could also lobby the Census Department to obtain relevant data for insurance Companies (Micro insurance: Demand and Market Prospects in India 2006) ³ .
Lack of Innovation and Technology	Keeping pace with innovation Where this is the case, they risk excluding or constraining innovative models that are essential for market development. Mobile insurance, for example, has spawned many innovative models that regulators need to respond to. Recently, IRDA chairman T S Vijayan had said it would be more effective to have a single policy, with options for customization, which covers all basic insurance needs.
International Partnerships	Also as suggested by (Micro insurance: Demand and Market Prospects in India 2006) ³ . Possible micro insurance international partnerships to be promoted with ILO, world bank and Asian development banks. Bilateral organizations International NGOs can be helpful in main streaming micro insurance. For example the Ford Foundation is supported SEWA's micro insurance program.

Source: Author

There is no doubt that micro insurance result in to win-win opportunity for both commercial profits and tackling poverty through systematic risk management. Government plays pivotal role in enabling an environment in which financial institutions can prosper by enabling especially poor to access financial services and thus increasing financial deepening. Practical and viable solutions for inclusive financial sector development with a commitment to good governance will certainly benefit the poor. Moreover with effective collaboration of public sector for producing welfare enhancing synergies along with internationally accepted standards and principles of financial sector monitoring and financial stability, Indian economy can envision to reach further in spreading the benefits of insurance to those who have been left behind. Time has come that government also take up and initiates the pilot schemes to much larger populations to gain effectiveness of its micro insurance schemes.



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Social Security and Women Workers in Gujarat

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ABSTRACT

Women in general have been victims of discrimination in many spheres - political, social, familial, economic, etc. Amongst all, economic discrimination is the most tormented one and it is the root cause of all the problems which the women are facing today. Hence, the social security for women is the strong need of the present day. The reality of poor women is that for them life is a daily struggle and full of uncertainties. There is no question of planning for their future. For them future is very dark.

The attainment of equality of status for women is one of the specific objectives of the Constitution which is implicit in the Preamble, Fundamental Rights and Directive Principles of State Policy. But the struggle of women still continues. For them economic security is a must. Social security Schemes should be linked up with economic security, i.e., to employment, income and asset. But above all education for the poor women seems to be the crucial parameter for the success of Social Security programmes in India.



Social Security and Women Workers in Gujarat

" We shall raise the status of women,
Enhance awareness of the problem of women,
Create mass consciousness about women's rights,
Implement a national programme of training and employment of women,
Enable women to participate with equality in socio-economic
development and nation building, and
Ensure effective implementation of anti-dowry legislation. "

This slogan was canvassed in the Point Twelve of the New Twenty Point Programme in the 80's. Now the year 1998 is marching in and till today this has remained only as a dream. Women in general have been victims of discrimination in many spheres - political, social, familial, economic, etc. Amongst all, economic discrimination is the most tormented one and it is the root cause of all the problems which the women are facing today. Hence, the social security for women is the strong need of the present day.

Historical Background:

The concepts of Social Security and Social Assistance were practiced in ancient time in our country. The Sukra niti, Artha Shastra, Manu Smiriti, Yajnavalkya Smiriti bear testimony to it. In the traditional setup of society, the guilda, the castes and the families provided securities to members in unforeseen circumstances. However today, when we talk of social security in clearly indicates social protection. Such security is needed for contingencies like medical care, sickness, maternity benefit, injury at workplace, occupational diseases, unemployment, maintenance of children, old age, invalidity, death, etc.

What is Social Security? :

The International Labour Organization first proposed a comprehensive definition of social security. Which reads as follows " The protection which provides for its members through the series of public measures against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction in earnings resulting from sickness, maternity, employment, injury, unemployment, invalidity, old age and death ; the provision of medical care ; and the provision of subsidies for families with children. "



This definition is inadequate for developing countries. Provision of food which is perhaps the most important component in developing countries is not mentioned here. In the context of India the definition given by Indira Hirway is the most suitable one. To quote " The concept of Social Security implies a broad pro-poor approach which has three major components, namely promotional component that aims at improving endowments, exchange entitlements, real incomes and social consumptions ; preventive components that seeks to avert deprivation in more specific ways ; and protective components (also termed as safety net measures) that is yet more specific in generating relief against deprivation. "

Both Social security and economic security , are interlinked, Economic security is the primary means by which persons are able to obtain their social security needs. As R.K.A. Subramanya says while interpreting the declaration of the Rights of Man : " The Right to Work and the Right to Social Security are complementary to each other . "

Protection Measures and Promotional Measures :

Social Security can be classified under two heads, protection measures and promotional measures. Protective measures provide financial cushion against contingent poverty while promotional measures are mainly used for anti-poverty target oriented self-employment and wage employment programmes. The protection measures include traditional aspect of social security such as medical benefit, sickness benefit, maternity benefit, old age benefit, etc. , while promotional measures include major anti-poverty programmes. These are mainly Jawahar Rozgar Yojana (JRY), which is a wage employment programme and Integrated Child Development Services (ICDS). Besides these schemes, assets in the form of land is a major social security in a country like India.

The most important need of the poor women is food security. But food security cannot be obtained without access to adequate purchasing power. So employment security is essential for food security. Further, without sound health they cannot work properly. Hence, health security is equally important along with food and employment security. At present Govt. of India is taking enough care to provide social services to the rural poor.

Organised V/S Unorganised Sector :

Out of the total working population of the country 11% is in the organized sector while 89% is in the unorganized sector. It is really very paradoxical that workers in the unorganized sector who really contribute towards the development of the economy remain unattended in terms of social security. Lack of protection hits them very hard. The organized sector (the Government Sector, the Public Sector and the Private organized sector) has access to the



conventional types of social security schemes such as Employer's Liability Scheme, Social Insurance Scheme and Provident Funds.

Working women in the self-employed and informal sectors are important segments of the labour force. They do arduous work as wage earners, piece rate workers, casual workers and unpaid family labourers. Although women work for longer hours and contribute substantially to the family income, they are not perceived as workers. In fact their multi-dimensional functions are hardly recognized. They regularly face various kinds of social insecurity in the form of illiteracy, food insecurity, uncertainty about employment, segmentation of labour market by gender, very little access to land, housing and drinking water facilities and sanitation facilities.

Profile of Women Workers in Gujarat :

Gujarat is a very prosperous industrial state of India but it is a matter of great regret that women workers do not get a privileged position in the labour market. The female participation in work in Gujarat is pretty low as compared and male participation. It is not that, they do not want to work but the supply and demand conditions are such that women find it difficult to get more employment in urban areas.

The growth of numerous industries in Gujarat have made the lives of women more unstable and vulnerable. With the establishment of textile industry in Ahmedabad and other industrial units in different parts of Gujarat, women workers are found to leave their village and take refuge in the city slums. The growth of textile industry has got a damaging effect on weavers' market. Some of them have to cling to farm labour while others have migrated to city and joined the rank of rag pickers. A bamboo worker previously used to weave baskets and used to fetch a good price but now 80% of the bamboo are sold by the state to paper mills.

The list of self-employed workers are numerous but the plight of almost all the workers are the same. They are just the invisible workers of the nation. Economically, no doubt, they are quite active but they have no link with organized industry. In fact, those who come to urban area by force are facing very hard life as they have got no social security at all. The prosperous cities of Gujarat like Ahmedabad, Baroda, Surat and Jamnagar have one common thing that for women workers, there is no social protection at all. Surat is a queer mosaic of some large scale industrial enterprises and a myriad of small scale production; processing and repair units associated mainly with textile, jari, diamond production and allied activities. In terms of employment generation most jobs are unprotected and unregulated. The work environment is also dreadful. Jobs related to spinning and packing are carried out by women only, but for them there is no protection at all. At any time they can be thrown out of jobs. Payment of any type of compensation is unheard of.



Women workers in big cities are also found in various waiting points like addas, bazaars and chaklas. They are often picked up by petty contractors who engage themselves in wide range of jobs like digging, leveling, carrying bricks at construction sites, loading and unloading, etc. They have to carry their lives like this because of extreme impoverishment in the countryside. The availability of basic services is very poor. The incidence of pollution related diseases such as asthma, tuberculosis, jaundice, gastroenteritis, malaria are high in these households.

Most of the women workers in Gujarat are ignorant about their welfare schemes. Majority of them are illiterate and because of this they are prone to exploitation. In Gujarat more than 80% of home workers are women. They do not have job security as there is no regular employee. Their income level often fluctuate and their career prospects are not satisfactory. Those who work on piece rate have to work for longer hours. The tragedy is that they have no access to social security. The labour legislation is completely silent on these issues, but SEWA (Self Employment Women's Association) has done a commendable task in this direction.

Conclusion :

The reality of poor women is that for them life is a daily struggle and full of uncertainties. There is no question of planning for their future. For them future is very dark. The economic, Social and political problems facing women have been documented all over India. It is a well recognized fact that equality of men and women is an important principle of democracy and human rights and at the same time it is an important condition of social progress. The attainment of equality of status for women is one of the specific objectives of the Constitution which is implicit in the Preamble, Fundamental Rights and Directive Principles of State Policy. But the struggle of women still continues. For them economic security is a must. Social security Schemes should be linked up with economic security, i.e., to employment, income and asset. But above all education for the poor women seems to be the crucial parameter for the success of Social Security programmes in India.

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Advertising Ethics in India

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ABSTRACT

Advertising is a form of communication with your audience and telling them about your product and its features. Advertisements have great effect on the consumers as they get to know about the products firstly from these. The unpleasant behavior of people towards these advertisements, towards the controversial products, their perception and opinions should be kept in mind. But some companies don't consider their ethical responsibility and go against the market ethics by making and airing unethical advertisement. Advertising is a form of communication used to persuade an audience (viewers, readers or listeners) to take some action with respect to products, ideas, or services. Advertisement acts as a communicating bridge between producer and consumer. With industrialization and expansion of market access, importance of advertising is steadily on the increase in modern society. Advertising, using media as its vehicle, is a pervasive, powerful force shaping attitudes and behavior in today's world. At times it goes beyond the traditional role of 'fair and truthful' information and portrays obscene, undesirable and unethical scenes giving a detrimental result especially on the young population of the society. The article have talked about various types of unethical advertisements like advertisements with obscenity and sexual overtone, endorsed by children, surrogate advertising, subliminal advertisements, false and misleading advertisements etc. The ethical aspect of Indian advertisement is extremely important for restoration of our Indian culture, norms, ethics and heritage. This article also talks about statutory prohibition and regulations of such unethical advertisements and establishment of self-regulatory body like ASCI to tackle the problem. But the most important problem lies in improper implementation of the laws.



Advertising Ethics in India

Introduction:

Advertising is the commercial promotion of goods and services done in order to increase the sales. There are number of means of advertising which includes television, newspapers, wall paintings, billboards, magazines, Internet, by the word-of-mouth and in many other ways. **Advertising informs the buyers about the availability of a certain product or service in the market and encourages them to buy it.** The Indian advertising industry is talking business today. It has evolved from being a small-scale business to a full-fledged industry. It has emerged as one of the major industries and tertiary sectors and has broadened its horizons be it the creative aspect, the capital employed or the number of personnel involved. Indian advertising industry in very little time has carved a niche for itself and placed itself on the global map. Indian economy is on a boom and the market is on a continuous trail of expansion. With the market gaining grounds, Indian advertising has every reason to celebrate. Businesses are looking up to advertising as a tool to cash in on lucrative business opportunities. Growth in business has lead to a consecutive boom in the advertising industry as well.

The main objectives of advertising:

- * Increase the use of certain products and increase demand for that product in-turn.
- * Increase the brand name by creating new consumers.
- * To indicate introduction of new products or replacement of old ones.

Ethics is the rules or standards governing the particular advertisement.

Ethics is the requirement for deciding a means of action. With the proper standard and code the advertisements are properly categorized.

What is Ethics?

Ethics means “Good Conduct” or “Conduct which is right in view of the society and the time period”. By common consent, various modes of behavior and conduct are viewed as “good” or “bad”. In other word, we can say that Ethics are moral principles and values that govern the actions and decisions of an individual group. Ethics is a choice between good and bad, between right and wrong. It is governed by a set of principles of morality at a given time and at a given place and in a given society.

Unethical and ethical advertising



Unethical advertising methods use falsehoods to deceive the public, ethical advertising uses truthful facts to deceive the public. (Vilhjalmur Stefansson, 1964.) In advertisements clear demarcation of true and false is not possible. If advertisements changes personal trait of consumers and affects their desired buying behaviour by misguiding, misinforming, then advertisements are unethical. But some manipulations, slightly exaggerated claims and a pinch of puffery in advertisements are permissible. It is not considered as unethical. So products advertised as Best, Most Often Used, Mostly Recommended by Doctors, Long Lasting etc., are accepted and are ethical. So small manipulations, slightly exaggerated claims, pinch of puffery etc. are all lies but are accepted by the society because the demarcation is based on relativity of ethics than ethical absolutism.

Ethical Issues in Advertising

Advertising is a highly visible business activity and any lapse in ethical standards can often be risky for the company. Some of the common examples of ethical issues in advertising are given below:

- ✓ Vulgarity / Obscenity used to gain consumers' attention
- ✓ Misleading information and deception
- ✓ Puffery
- ✓ Stereotypes
- ✓ Racial issues
- ✓ Controversial products (e.g. alcohol, gambling, tobacco etc.)

Ethics in Advertising



Advertising has ethical value. The mixing of Art and facts in advertising communication are subservient to ethical principles. In today's competitive



and buyer's market, advertisements have to be truthful and ethical. If an advertisement is misleading, the credibility of the organization is lost. To view the truth in advertisement, it has to be seen from to consumers' point of view rather than from legal point. The advertising industry has been frequently criticized for putting out misleading or exaggerated claims in respect of product, goods and services advertised.

Ethics in Advertising

- ✓ Should not mislead the consumer
- ✓ What it promises must be there in the performance of products
- ✓ Ad should not be indecent and obscene
- ✓ As advertising is also a social process, it must honor the norms of social behavior, and should not offend our moral sense
- ✓ It has the set guidelines ASCI (Advertising Standards Council of India) regulates the advertising in India

Some more ethics and standards to be followed in advertisements

1. Permission will not be granted where objects are completely or largely religious or political in nature. Advertisements cannot be directed towards any religious or political end, or to gain mileage of any form.
2. Any goods or services that are advertised should not have any defect or deficiencies of anyform declared in the Consumer Protection Act 1986.
3. Products should not be portrayed in a way that misleads the public to infer that the item hassome special, miraculous or a super natural quality, which is anyways difficult to prove.
4. Picture and the audible matter of the advertisementvideo should not be excessively 'loud'.
5. Advertisement should not endanger the safety of children or produce any sort of perversion or interest that prompts them to adopt or imitate unhealthy practices.
6. Any type of offensive, indecent, suggestive, vulgar, repulsive themes and/or treatment must be avoided under all circumstances.
7. Good creative advertisement will always attract people's attention, but they should have meaningful visual content. One shouldn't have an attitude to play with people's sentiments and emotions.

Growth of Advertising Industry in India

The Indian Media & Entertainment (M&E) industry is thefastest growing industry followed by China (14%), Russia (12 %) and Brazil (11 %) as is projected to grow at 17% compounded annual growth rate (CAGR) between 2012 and 2016. Its various segments -film; television, animation, print and Out-ofhome advertising (OOH) among others-have witnessed remarkable growth in the past few years. The Indian M&E industry is expected to continue its strong growth momentum over 2012-2017 to reach an overall revenue of 2,245 billion INR at a CAGR of about 18%. Television, the largest



E&M sector, is expected to grow at about 18% CAGR over 2012-2017, driven by growth in subscription payment and advertising revenues. The entire M&E landscape is witnessing a shift; thanks to cable digitization, wireless broadband penetration, increasing direct-to-home (DTH) penetration, digitization of film distribution and growing internet usage. Overall, the industry is expected to register a Compounded Annual Growth Rate (CAGR) of 15 percent to touch Rs 1, 45,700crore by 2016.

Advertising Regulation – Indian Perspective

The Advertising Standards Council of India

The Advertising Standards Council of India (ASCI), established in 1985, is committed to the cause of Self-regulation in Advertising, ensuring the protection of the interests of consumers. ASCI was formed with the support of all four sectors connected with Advertising, viz. Advertisers, Advertising Agencies, Media (including Broadcasters and the Press) and others like PR Agencies, Market Research Companies etc.

The Consumer Complaints Council is ASCI's heart and soul. It is the dedicated work put in by this group of highly respected people that has given tremendous impetus to the work of ASCI and the movement of self-regulation in the advertising.

ASCI

Absence of a single comprehensive legislation had created a lot of confusion in the advertising industry. In 1985, a self-regulatory mechanism of ensuring ethical advertising practices was established in the form of the Advertising Standards Council of India (ASCI), a non-statutory tribunal. It is an independent body under the aegis of Advertising Agencies Association of India (AAAI) ASCI entertained and disposed of complaints based on its Code of Advertising Practice (ASCI Code). Gradually, the ASCI Code received huge recognition from the advertising industry.

In August 2006, the ASCI Code was made compulsory for TV advertisements by amending the Cable Television Networks (Amendment) Rules, 2006: "No advertisement which violates the Code for Self-Regulation in Advertising, as adopted by the ASCI, Mumbai for public exhibition in India, from time to time, shall be carried in the cable service." This move has provided a binding effect on the ASCI Code. Rule 7 postulates that any advertisement which derides any race, caste and tends to incite people to crime, cause disorder or are indecent or vulgar. Further, section 6 of the Cable Television Networks (Regulation) Act, 1955 prohibits the transmission or retransmission of any advertisement through a cable service unless they are in conformity with the ASCI Code.

ASCI GUIDELINES (Advertising Standards Council of India)



To ensure the truthfulness and honesty of representations and claims made by advertisements and to safeguard against misleading advertising. To ensure that advertisements are not offensive to generally accepted standards of public decency. To safeguard against indiscriminate use of advertising for promotion of products which are regarded as hazardous to society or to individuals to a degree or of a type which is unacceptable to society in large. To ensure that advertisements observe fairness in competition so that consumers need to be informed on choices in the market place and the canons of generally accepted competitive behavior in business are both served. Under the ASCI Code, complaints against the advertisements can be made by any person who considers them to be false, misleading, offensive, or unfair. The complaints are evaluated by an independent Consumer Complaints Council (CCC). CCC decides on complaints from the general public including government officials, consumer groups, etc., complaints from one advertiser against another and even suo moto complaints from the member of the ASCI Board, CCC, or the Secretariat. The CCC usually decides upon the complaints within a period of 4 to 6 weeks once the party concerned is afforded an opportunity of presenting its case.

Moral principles of advertising

- a) Respect Truthfulness (deception objection)
 - 1. Never directly intend to deceive
 - 2. Never use simply untrue advertising
 - 3. Do not distort the truth by implying things that are not so or withholding relevant facts
 - 4. "Puffery" is acceptable where it is consonant with recognized and accepted rhetorical and symbolic practice
- b) Respect the Dignity of each human person (attacks autonomy objection)
 - 1. Do not exploit our "lower inclinations" to compromise our capacity to reflect or decide either through its content or through its impact: using appeals to lust, vanity, envy and greed, and other human weakness.
 - 2. Give special care to the weak and vulnerable: children, young people, the elderly, the poor, and the culturally disadvantaged
- c) Respect Social Responsibilities (promotes consumption, empties communication, objections)

DECISIONS BY ASCI FOR UNETHICS IN ADS

December 2013: In September 2013, ASCI's Consumer Complaints Council (CCC) upheld complaints against 121 ads. Education, Health & Personal Care categories continue to lead with the highest number of complaints. Complaints against the following ads were **UPHELD**



Sr.no.	COMPANY	PRODUCT	COMPLAINT
1	Hindustan Unilever Ltd	Ponds Pure White Face Wash	“Ponds pure white Face Wash contains Activated-Carbon”, “This goes in the depth of your skin and removes dirt and pollution and saves you from being affected by any skin problems, get instant glow on your skin”, “Picture indicating “premature aging, wrinkles”. These claims need to be substantiated with necessary support data
2	Reckitt Benckiser (India) Ltd	Veet Body Moisturiser	8 out of 10 women who tried Veet Body Moisturiser agree that only Veet Body Moisturisers give longer lasting smoothness”, “New Veet Moisturizer - its unique Pro Minimise formula delays hair regrowth which makes your skin feel touchable smooth for a longer time”, “Women agree that with Veet Body Moisturiser you need to remove hair less often” These claims need to be substantiated with necessary support data.
3	Hindustan Unilever Ltd(*)	Sun Silk Perfect Straight	Ad shows - a girl packing/selecting all her hair straightening equipment’s and another girl (her friend) tells her about a shampoo that can keep the hair perfectly straight after attending a gym session, party or even in other situations. After the use of the shampoo can every form of hair type/texture remain perfectly straight in any situation said?
4	Hindustan Unilever Ltd	Surf Excel Liquid Detergent	Ad depicts a child sprinkle ink on his white shirt and face & teeth. Ad is offensive and negative in nature and children with vulnerable minds could ape it with grievous results. Ink is toxic, is it safe to allow the



			ink to get into the child's mouth and the ink even discolors his teeth?
5	Maruti Suzuki India Ltd(*)	Maruti Swift	TVC shows a minor (boy wearing sun glasses) driving the Maruti Swift recklessly. Ad violates the guidelines on Ads for Automobile vehicles as well as the ASCI Code

Conclusion

The ethical aspect of Indian advertisement is extremely important for restoration of our Indian culture and heritage. Indian culture is getting diluted by the western culture which influences our country to a great extent. Telecasting and publication of obscene, indecent advertisements clearly shows the percolation of western culture in India so, to save our culture, norms and ethics regulations of such unethical advertisements are extremely essential. But today the numbers of unethical and obscene advertisements are escalating in numbers instead of decreasing. This clearly shows that implementation of the laws controlling advertisement is not properly done. The lacks of implementation of the laws are pouring in more and more unethical and obscene advertisements. Hence, proper implementation of the laws is highly required in our country.

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