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## HUMAN RIGHTS OF INDIAN WOMEN: MYTH AND REALITY

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### INTRODUCTION

The Universal Declaration of Human Rights, the International covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights constitute a trinity which is often called the magna carta of humanity". The United Nations shows concern for human rights and the list of these rights which every human being has a right to enjoy includes: The right to life; Abolition of slavery and suppression of the slave trade; Abolition of forced or compulsory labour; Freedom from torture; Freedom from arbitrary arrest, detention or exile; Equality in the administration of justice; The right of everyone to leave any country, including his own and to return to his country; The right to a nationality; Freedom for thought, conscience and religion; Freedom of opinion and expression; Freedom of association; The right of everyone to take part in the government of his country; The realisation of economic, social and cultural rights; The right to work; The right to education; The right to health; Freedom from hunger; The right to participate in cultural life; The right to a clean environment; The right to adequate shelter and services. As women are the largest minority in the world and suffer suppression of personality, therefore, the United Nations has had to deal with the problem of justice to womanhood seriously, to remedy their many maladies. Some of the recipes are: United Nations instruments embodying the principle of equality of men and women; measures taken by United Nations bodies to implement the principle of equality of men and women; United Nations instruments dealing with problems that affect women adversely; measures taken by United Nations bodies to deal with problems that affect women adversely; Integration of women in development; Effective mobilisation of women in development.<sup>1</sup>

The United Nations has recognised the status of women and shown commitment" To quote, "The United Nations is committed to the principle of equality of men and women, meaning equality in their dignity and worth as human beings as well as equality of their rights, opportunities and responsibilities. In all its work for the advancement of women, the entire United Nations system has dedicated itself to ensuring the universal recognition, in law, of equality of rights between men and women, and exploring ways to give women, in fact, equal opportunities with men to realise their human rights and fundamental freedoms."<sup>2</sup> There are several UN instruments which forces on women's emancipation are: "The Declaration on the Elimination of Discrimination

against Women (1967); the Declaration and Peace (1975) and the Convention on the Elimination of All Forms of Discrimination against Women (1979)." The UN instruments which deal with problems that affect women adversely, include the Convention for the Suppression of the Traffic in Persons and of the Prostitution of Other (1959), the Convention on the Political Rights of Women (1952), the Supplementary Convention on the Abolition of Slavery (1956). There are also instruments which the General Conference of the International Labour Organisation has adopted. These include the Convention concerning the Employment of Women on Underground work and in Mines of All Kinds, 1935 (No.45), the Convention concerning Night Work of Women Employees in Industry (Revised 1948, No. 89), the Convention concerning Equal Remuneration for Men and Women Workers for the Work of Equal Value, 1951, (No. 100), the Convention concerning Discrimination in respect of Employment and Occupation, 1958 (No.111), and the Convention (No. 156) and the Recommendation (No. 165) concerning Equal Opportunities and Equal Treatment of Men and Women Workers: Workers with Family Responsibilities, 1981. Besides, the United Nations Education, Scientific and Cultural Organisation had adopted as Convention against Discrimination in Education in 1960.

The Constitution of India confers certain fundamental rights namely right to equality, right to freedom, right against exploitation, right to freedom of religion, cultural and educational rights and right to constitutional remedies. The right to freedom provides seven freedoms such as freedom of speech and expression, to assemble peacefully and without arms, to form associations or unions, to move freely throughout the territory of India, to reside and settle in any part of the territory of India, to acquire, hold and dispose of property, and to practise any profession or to carry on any occupation, trade or business. But there are certain restrictions on these freedoms. Numerous measures have been taken by the Government of India to rise the status of women and establish gender equality. Concerted effort through constitutional obligations, plans, policies and programmes have been made to do justice to women and bring them to the mainstream of development. Article 42 envisages that the State shall make provision for securing just and humane conditions for women and for maternity relief. The Directive Principles of State Policy also provide that the State shall direct its policy towards recurring an adequate means for livelihood for women and ensuring equal pay for equal work for both men and women. Almost all the Five Year Plans have incorporated measures for women's uplift. Among other steps taken include the establishment of National Commission for Women, National Council for Empowerment of Women, the National Policy for Women Empowerment, the National Resource Centre for Women and the establishment of the Department of Women and Child Development under the Ministry of Human Resource Development. The National Policy on Education and the Programme Action, 1992 focussed on enhancing self-esteem and self-confidence of women; building a positive image of women by recognising their contribution to the society, polity and the economy; developing the ability to think critically; fostering decision-making and action through collective process; enabling women to make informed choices in areas like education, employment and health; ensuring equal participation in developmental process; providing information, knowledge and skill for economic independence; and enhancing access to legal literacy and information relating to their rights and entitlements in society with a view to enhancing their participation on an equal footing in all areas.<sup>3</sup> No doubt, efforts made have created awareness of about facets of rights". But they face problems of poverty, lack of economic opportunities, domestic violence, prostitution and overall ignorance about the means of the development. In spite of existence of a number of legal instruments for women's rights and

dignity, the position has not improved. The face the harsh reality of life both in home and outside and sometimes denied the freedom of their existence.

### REALITY

The National Family Health Survey, 2000 (NFHS-2) has reported about the inequality and violence pervading in India". According to the Survey, 68 per cent of the women under survey needed permission from husbands or in-laws to go to the market and 76 per cent had to seek consent of their husbands before they could visit friends or relatives". As many as 60 per cent could use money the way they wished. As regards domestic violence, one in every five women experienced domestic violence from the age of 15 onwards and very often, women used to suffer violence against them in silence from fear of adverse repercussions. A study undertaken between 1997-1999 by INCLEN found that domestic violence in India comprised 36.9 per cent physical violence and 35.5 per cent psychological violence, while for Kerala the corresponding rates were 62.3 per cent and 61.6 per cent respectively. In the rural areas, the overall figure for India was 51.7 per cent of physical violence and 49.7 per cent of psychological violence as against 68.8 percent and 68.9 per cent in Kerala respectively. Despite high literacy rate, Kerala topped the list of domestic violence" The main causes of domestic violence are: alcoholism, intrusion of in-laws, rape, property dispute, marital maladjustment, extra-marital affairs, personality disorder, drug addiction, dowry, economic crisis and divorce related issues. It has been reported by the Indian National Crime Bureau that there were about 6787 dowry death cases registered in India in 2005. In 1995, there were 4,648 dowry deaths incidents, this figure increased to 6,787 in 2005 showing 46 per cent increase over 1995.

In the context of social evils, it has been aptly observed and pointed out that "the real question is whether the women-folks are merely the baby producing household machine and unremunerated domestic servant or she is a living potential having an identity of her own. To this day the majority of Indian women do not have any independent or self-dependent status". Before marriage she remains dependent on her parents and brothers and after marriage she becomes dependent on her husband or her sons. It makes us clear that throughout her life she remains in search of security and safety - an idea which is eluding her not only her family but also within her own family... The growing incidence of female exploitation, oppression and even killings compels everyone to think for the reasons of their sufferings and if possible to find out some solution. In other words, we have to determine the place of women according to our social, cultural and economic circumstances keeping in mind their legal and political equality in our country."<sup>4</sup>

Women have suffered humiliation and there are some examples which clearly indicate that "labour exploitation in free trade zones, the denial of the right to organise thus isolating women workers and further entrenching their powerlessness, migrant women labour as a result of the impoverishment of communities and the debt payment demands for foreign exchange law, in too many instances, led to the victimisation of women through sexual assault, trafficking of women across state borders violence and slavery women's human rights violations also occur in the context of boosting national income through tourism that in turn faster prostitution and spawns the sex industry, land grabbing by powerful sectors and the destruction of forests denying the right of women and other vulnerable sectors to the means of childhood or basis of survival is also a violation of human rights."<sup>5</sup>

For giving practical shape to women's human rights, following are the suggestions:

- The government should formulate a comprehensive policy for the socio-economic and political development of women. The policy should be followed by appropriate programmes of action. Both the Union and the State Government should provide requisite well-trained machinery for the implementation, monitoring and evaluation of the programmes and schemes. Moreover, sufficient funds should also be provided for ensuring the quality of progress to be attained.
- Special campaign should be launched to generate awareness and confidence among women regarding various policy issues, programmes, schemes and legislations passed for their protection. This would be possible if NGOs of repute are fully involved to disseminate knowledge and information to the women both in urban and rural areas.
- Educational institutions should come forward to examine various facets of Human Rights of Women". Human Rights subject should also be made part of the curriculum already in operation at different levels of education.
- Under special derive, separate women courts should be established and there has to be a specified period of time limit for cases to be disposed of by these courts. Moreover, every state and union territory should have mobile courts where women related cases should be taken on priority basis.
- Free legal aid should be provided to all the victim women of violation of human rights. If it is provided, wide publicity would also be required. Media can play an active role in this field.
- There is also need for arranging human rights education for all the policy-makers, planners and implementers. Special instructions should be given to make it effective and result oriented.
- It should be ensured that all the states and UTs have their active Women Commissions" These Commissions should be fully empowered to protect the human rights of women"
- Those governmental and non-governmental organisations as well as individuals who have done commendable work in the field of protection of human rights should be suitably awarded to give them due recognition. It will boost their morale dedicated and sincere efforts"

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## **ROLE OF INDIAN JUDICIARY IN PROTECTION OF EDUCATIONAL RIGHTS: A PARTICULAR REFERENCE TO JUSTICE P. N. BHAGWATI**

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### **ABSTRACT**

*Education is a basic need of man along with food, cloth and shelter. Education is the source of development of a man and it is the source of many rights without which many other objectives can not be achieved and for the success of democratic system of government, education is one of the essential element. An educated citizen has to choose the representatives who form the government. Education gives a person human dignity who develops himself as well as contributes to the development of his country. More over education is a basic human right. In India many people were excluded from their right to education for very many years even after the Independence. The Supreme Court, in 1993 in the case of Unnikrishnan, ruled that the right to education would be restricted by the economic capacity of the state only beyond age 14, the government ignored it.*

**KEYWORDS:** *Education, food, cloth and shelter, rights, democratic system, Government, development, basic human right, India, human dignity.*

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### **INTRODUCTION**

Education is a basic need of man along with food, cloth and shelter. Education is the source of development of a man and it is the source of many rights without which many other objectives can not be achieved and for the success of democratic system of government, education is one of the essential element. An educated citizen has to choose the representatives who form the government. Education gives a person human dignity who develops himself as well as contributes to the development of his country. More over education is a basic human right.

## RIGHT TO EDUCATION AS HUMAN RIGHT

Development and human rights are interdependent. development and human rights are directed to the same purposes - enabling livelihood in dignity, equity and freedom and, throughout the process, centering policies in the human person. The right to education is among the listed human rights whose status affects the realization of all other rights.

Tomasevski (2005:224), passionately telling the difficulties on realizing her job as the UN Special rapporteur on the Right to Education, states that the right to education defies classification either as a civil and political right or an economic, social and cultural one. It forms part of both Covenants and, indeed, all core human rights treaties. emphasized that the right to education represented an interface between civil and political rights and economic, social and cultural rights<sup>1</sup>.

## THE UNIVERSAL DECLARATION OF HUMAN RIGHTS: EDUCATION AS A RIGHT

Human rights are widely recognized and accepted by the international community as ideals to be defended and entitlements to be guaranteed to all people, and by all people. The list of matters which are considered as human rights is broad and keeps growing since human rights are understood as tools for enabling people to live in dignity, equity and freedom.

(UDHR)<sup>2</sup> is the first international settlement to emerge on the theme. This document is a landmark for human rights as from it many others have followed. The International Convention on Civil and Political Rights (ICCPR) and the International Covenant of Economic, Social and Cultural Rights (ICESCR), both dated 1966, deserve special attention since it is from their aggregation of issues that the divide of human rights into generations occurred<sup>3</sup>.

Education is enshrined in all of the major international treaties, starting by the UDHR. UDHR<sup>4</sup> establishes the right to education, in the following terms

1. Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.
2. Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.
3. Parents have a prior right to choose the kind of education that shall be given to their children (UNHR, Art. 26). From this sole definition of the right to education, traces of what it really means, its substance, are set forth but other international legislation also deal with it. The most important provisions in this respect the right to education are Article 2 of the UDHR, Articles 13

<sup>1</sup>Shantanu Gupta, Institute of Development Studies (IDS),What are the different strategies and approaches to realize Right to Education (RTE) in India?University of Sussex,01 September, 2009 .

<sup>2</sup> The UDHR does not have the binding powers of an international treaty, covenant or convention due to its character of declaration. Many have been arguing, however, that the clauses enshrined in the UDHR have become natural rules of *jus cogens* and, therefore, have acquired binding characteristics for both its signatories and even to the other countries which have not acceded or ratified to the declaration themselves.

<sup>3</sup> . The collection of the UDHR, the ICCPR and the ICESCR is known as the International Bill of Rights.

<sup>4</sup> Article 26 of Universal Declaration of Human Rights, 1948



and 14 of the CESCR<sup>5</sup>, Articles 28 and 29 of the CRC, and Article 13 of the Protocol of San Salvador<sup>7</sup> (Nowak 2001:225) and what underlies all of these norms is the assurance that people will have education which enables them to "participate effectively in a free society, promote understanding, tolerance and friendship among all nations and all racial, ethnic or religious groups, and further the activities of the United Nations for the maintenance of peace" (CESCR, Art. 13).

**INDIAN SCENARIO:** In India many people were excluded from their right to education for very many years. The Supreme Court, in 1993 in the Unnikrishnan case, ruled that the right to education would be restricted by the economic capacity of the state only beyond age 14, the government ignored it. Right to Education is a fundamental right under Article 21A of the Indian Constitution, which provides that the state shall provide free and compulsory education to all children of the age of 6 to 14 years in such manner as the state may, by law determine.

**BHAGWATI'S APPROACH<sup>6</sup>:** The framers of the constitution perhaps were of the view that in view of the financial condition of a new state it was not feasible to make it a fundamental right under Part III of the constitution<sup>7</sup>, but included it in Part IV as one of the directive principles of state policy. In the meantime, the supreme court in Unni Krishnan v State of A.P.<sup>8</sup> declared that the right to education for the children of the age of 6 to 14 years is a fundamental right, even after this there was no improvement and finally the Government of India enacted constitution (86<sup>th</sup> amendment) Act, 2002<sup>9</sup>.

Now right to Education up to 14 years of age is a fundamental right under Article 21A which provides that "the state shall provide free and compulsory education to all children of the age of 6 to 14 years in such manner as the state may, by law determine. But prior to the above mentioned case there are some other cases of which Justice Bhagwati identified, expressed and emphasized concern for the educational rights.

In Francis Coralie v Administrator, Union Territory of Delhi<sup>10</sup> Justice ruled that the right to live with human dignity also includes facilities for reading and writing. While dealing with Bandhua Mukti Morcha v Union of India<sup>11</sup> – Justice considered about the education of workers' children.

In dealing with Salal Hydro Electric Project vs State of Jammu & Kashmir's case<sup>12</sup>, Justice Bhagwati made few observations with regard to the education of the children of labourers engaged in the project work that the possibility of augmenting their meagre earnings through employment of children is very often the reason why parents do not send their children to

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<sup>5</sup> CESCR - The Committee on Economic, Social and Cultural Rights

<sup>6</sup> Sunitha Kanipakam, Constitutional Developments in India, Lap Lamberst Academic Publishing, Saarbrücken, 2011 .p.125

<sup>7</sup> .The framers of the Indian Constitution were well aware of this basic need and therefore they incorporated two provisions under the Directive Principles in Articles 41 and 45. Art. 41 directs the state shall ensure the people with in the limit of its economic capacity and development of education and Art 45 required the state to make provision within ten years for free and compulsory education for all children until they complete the age of 14 years, with an object to abolish the illiteracy.

<sup>8</sup> . Unni Krishnan V. State of A.P. (1993) 1 SCC 645

<sup>9</sup> . Pandey J.N.: Constitutional Law of India –Central Law Agency ; Allahabad, 42<sup>nd</sup> Ed., 2005, p, 266.

<sup>10</sup> .AIR 1981 SC 746

<sup>11</sup> . AIR 1984 SC 802

<sup>12</sup> .Labourers Working on Salal HydroElectric Project V. Jammu & Kashmir: AIR 1984 SC 177

schools and there are large drop-outs from the schools. This is an economic problem and it cannot be solved merely by legislation...we would suggest that whenever the central government undertakes a construction project which is likely to last for some time, the central government should provide that children of construction workers who are living at or near the project site should be given facilities for schooling and this may be done either by the central government itself or if the central government entrusts the project work or any part thereof to a contractor, necessary provision to this effect may be made in the contract with the contractor.

While Justice Bhagwati performing as Chief Justice of India, had again an occasion to deal with the issue relating to education in the case of *Rajendra Prasad Mathur v. Karnataka University* and another<sup>13</sup>. In this case a group of appeals by special leave have been filed by the students challenging the cancellation of their admissions by the Karnataka University. The facts giving rise to these appeals are few and may be briefly stated as follows : R. P. Mathur, passed Higher Secondary Examination conducted by the Board of Secondary Education, Rajasthan and applied for admission to the first year of the Engineering Degree Course in Shri Dharmasthala Manjunatheswara College of Engineering and Technology for the academic year 1981-82 subsequently he joined in the same college which is a private Engineering College affiliated to the Karnataka University and admission to the- first year of the Engineering Degree course in this College was, therefore, governed by the Rules for admission made by the Karnataka University.

On the basis of an order made by the Vice-Chancellor on 11<sup>th</sup> August, 1980, in exercise of the emergency powers conferred upon him by S. 12(5) of the Karnataka Universities Act, he issued an Order prescribing, inter alia, condition of eligibility for admission to the first year of the Engineering Degree Course. This Order made by the Vice-Chancellor was approved by the Academic Council and the Syndicate and it governed admissions to be made to the first year of the Engineering Degree Course in the academic year 1981-82 and subsequent years. The condition of eligibility provided by this Order was as follows:

"Candidates shall have passed the two-year pre-university examination of the pre-university education board, Bangalore or an examination held by any other Board or University recognised as equivalent to it with English as one of the languages and Physics, Chemistry and Mathematics as optional subjects with the necessary percentage of marks laid down by the University at the time of admission. A student who has passed B. Sc. Examination with Physics, Chemistry and Mathematics and secured not less than 50% of the aggregate of Physics, Chemistry and Mathematics, is also eligible for admission. However, he cannot claim exemption of any sort."

As a result of the above order, whilst the appellant was studying for the second year, his admission (and five others) was disapproved by the Karnataka University in a letter dated 7th April 1983 addressed by the Registrar to the Principal of the Dharmasthala Manjunatheswara College of Engineering and Technology in the following terms: "the H.S.C. Examination of the H.E.F. Board and H.S.M. Board, Rajasthan which is equivalent to 11 years schooling. As per our eligibility requirements, a candidate must have passed two year Pre-University examination of the pre-University Examination Board, Bangalore or an examination held by any other Board or university recognised as equivalent to it. As per our eligibility requirement, H.S.C. examination of 11 years duration is not considered as equivalent to our two year Pre-University examination as the pattern of education in our State is 10 years plus two years while it is 11 years schooling in

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<sup>13</sup> . AIR 1986 SC 1450

Rajasthan State. Therefore, the two candidates (1) Shri R. P. Mathur and (2) Sri Abhay Kumar Jain are not eligible for admission to the first year P.E. Course during the year 1981-82 as per our eligibility rules. Candidates may be informed accordingly."

In the above state of affairs the matter under Article 136 Of the constitution came before the Bench comprising Justice P.N. Bhagwati, speaking through him the court opined that in the first place, it may be noted that what the condition of eligibility laid down by the Karnataka University requires is that the students seeking admission should have passed the two year Pre-University Examination of the Pre-University Education Board, Bangalore or an examination held by any other Board or University recognised as equivalent to it. The examination held by any other Board or University which has been passed by the candidate must be recognised by the Karnataka University as equivalent to the two year Pre-University Examination of the Pre-University Education Board, Bangalore. The equivalence has to be decided by the Karnataka University and it is not a matter of objective assessment or evaluation by the Court. It is for each University to decide the question of equivalence of an examination held by other Board or University with the examination which primarily constitutes the basis of eligibility.

It is for each University to decide the question of equivalence and it would not be right for the Court to sit in judgment over the decision of the University because it is not a matter on which the Court possesses any expertise. The University is best fitted to decide whether any examination held by a University outside the State is equivalent to an examination held within the State having regard to the courses, the syllabus, the quality of teaching or instruction and the standard of examination. It is an academic question in which the Court should not disturb the decision taken by the University.

Further the Court held that <sup>14</sup> "it is quite possible that the appellants did not know that neither the Higher Secondary Examination of the Secondary Education Board, Rajasthan nor the first year B.Sc. examination of the Rajasthan and Udaipur Universities were recognised as equivalent to the Pre-University Examination of the Pre-University Education Board, Bangalore. The appellants being young students from Rajasthan might have presumed that since they had passed the first year B.Sc. examination of the Rajasthan or Udaipur University or in any event the Higher Secondary Examination of the Secondary Education Board, Rajasthan they were eligible for admission. The fault lies with the Engineering Colleges which admitted the appellants because the Principals of these Engineering Colleges must have known that the appellants were not eligible for admission and yet for the sake of capitation fee in some of the cases they granted admission to the appellants. We do not see why the appellants should suffer for the sins of the managements of these Engineering Colleges. We would therefore, notwithstanding the view taken by us in this judgment allow the appellants to continue their studies in the respective Engineering Colleges in which they were granted admission. But we do feel that against the erring Engineering Colleges the Karnataka University should take appropriate action because the managements of these Engineering Colleges have not only admitted students ineligible for admission but thereby deprived an equal number of eligible students from getting admission to the Engineering Degree Course".

Narendra Bahadur Singh and others, v. Gorakhpur<sup>15</sup> University and another,'s case , judgment by an order Justice P.N. Bhagwati, C.J.I., directed the Gorakhpur University to take care not only by

<sup>14</sup> . Rajendra Prasad Mathur v. Karnataka University and another AIR 1986 SC 1450

<sup>15</sup> .AIR 1987 SC1154

itself but to ensure that no College affiliated to it shall give admissions to the Students more than the prescribed number, because the students who are admitted in excess of the prescribed number suffer in the process and it is the duty of the University to take care to, see that the students are not duped by the Colleges.

### **CONCLUSION**

Its evident from the above cases that Justice Bhagwati's concern to extend the arm of judiciary to protect the students academically from the faults of administration as well as his recognition for the privileges vested with the autonomous bodies like Universities and his concern shows that the nation's development can be measured by its policies formulated towards its children – their health and safety, their education and socialization, which contributes to build a strong and welfare State.



## HE'S VARIATIONAL ITERATION METHOD FOR ODD-ORDER INITIAL VALUE PROBLEMS

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### ABSTRACT

*In this paper, He's variational iteration method is applied to solve linear odd-order initial value problems. The numerical results obtained with minimum amount of computation are received only in two or three approximations. The results show that the variational iteration method is of high accuracy, more convenient and efficient for solving high order initial value problems.*

**KEYWORDS:** *He's variational iteration method, linear problems, initial value problems, odd order differential equation.*

### INTRODUCTION

The variational iteration (VIM) method was developed by He. This method is used in many scientific field for research for many linear and non-linear problems. It is a more powerful than Adomain method and perturbation method. This method solve ordinary and partial differential equations without any need of restrictive assumptions that can change physical structure of solution. The solution by this method converges rapidly in successive approximation and it give exact solution if it exist. A vast work of research in engineering and many other branches is done in linear and non-linear phenomena. There are many methods which solves many specific linear and non-linear ordinary and partial differential equations but by VIM method we can solve mostly ordinary and partial differential equations [1-3]. The aim of this work is to solve linear ordinary differential equations of any odd orders by Variational iteration method.

### 2. HE'S VARIATIONAL ITERATION METHOD [4]

Consider the differential equation

$$Lu + Nu = g(x), \quad (1)$$

Where  $L$  and  $N$  are linear and nonlinear operators respectively and  $g(x)$  is inhomogeneous function. He suggested the variational iteration method where a correction functional for Eq. (1) can be written as

$$u_{n+1}(x) = u_n(x) + \int_0^x \lambda(t)(Lu_n(t) + N\tilde{u}_n(t) - g(t)) dt,$$

Where  $\lambda$  is Lagrange's multiplier, which can be identified optimally by the variational theory, and  $\tilde{u}_n(t)$  as restricted variation that means  $\delta\tilde{u}_n = 0$ . It is to be noted that Lagrange multiplier  $\lambda$  can be taken as a constant or function.

There are two steps in Variation iteration method .First to find Lagrange's multiplier  $\lambda$  that can be find out optimally via integration by parts and by using the restricted variation, should be used for the determination of the successive approximations  $u_{n+1}(x), n \geq 0$  of the solution  $u(x)$ . The zeroth approximation  $u_0$  can be any selective function or can be any other initial condition that can be used at the initial stage or using the initial values  $u(0), u'(0),$  and  $u''(0), \dots$  are preferably used for the selective zeroth approximation  $u_0$  as will be seen later. Finally the solution is given by

$u(x) = \lim_{n \rightarrow \infty} u_n(x)$ . Then  $u(x)$  will be the solution of given differential equation.

### 3. (2m + 1)th ORDER LINEAR ORDINARY DIFFERENTIAL EQUATION

We now consider the (2m + 1)th order linear differential equation given by

$$u^{(2m+1)}(x) + a_{2m} u^{(2m)}(x) + \dots + a_2 u''(x) + a_1 u'(x) + a_0 u(x) = g(x),$$

$$u(0) = b_0, u'(0) = b_1, \dots, u^{(2m)}(0) = b_{2m}, u^{(2m+1)}(0) = b_{2m+1}.$$

The variational iteration iteration method introduce the correction function for this equation by

$$\begin{aligned} u_{n+1}(x) &= u_n(x) + \int_0^x \lambda(t)(Lu_n(t) + N\tilde{u}_n(t) - g(t)) dt \\ &= u_n(x) + \int_0^x \lambda(t)(u_n^{(2m+1)}(t) + a_{2m}\tilde{u}_n^{(2m)}(t) + \dots + a_2\tilde{u}_n''(t) + a_1\tilde{u}_n'(t) + a_0\tilde{u}_n(t) - g(t)) dt. \end{aligned} \quad (2)$$

Where  $\lambda$  is the Lagrange multiplier, and  $\tilde{u}_n$  and its first, second and up to (2m+1)th derivatives are restricted values where  $\delta\tilde{u}_n = \delta\tilde{u}_n' = \delta\tilde{u}_n'' = \delta\tilde{u}_n''' = \dots = \delta\tilde{u}_n^{(2m)} = 0$ .

Taking the variation of both sides of (2) with respect to independent variable  $u_n$  and proceeding as before we find

$$\delta u_{n+1} = \delta u_n(x) + \delta \int_0^x \lambda(t)(u_n^{(2m+1)}(t) + a_{2m}\tilde{u}_n^{(2m)}(t) + \dots + a_2\tilde{u}_n''(t) + a_1\tilde{u}_n'(t) + a_0\tilde{u}_n(t) - g(t)) dt.$$

That gives

$$\delta u_{n+1}(x) = \delta u_n(x) + \delta \int_0^x \lambda(t) (u_n)^{2m+1}(t) dt. \quad (3)$$

Integrating the integral of (3) by parts four times leads to

$$\delta u_{n+1} = \delta u_n + \delta (\lambda u_n^{2m} - \lambda' u_n^{2m-1} + \lambda'' u_n^{2m-2} - \lambda''' u_n^{2m-3} + \dots + \lambda^{2m} u_n - \int_0^x \lambda^{2m+1} u_n dt). [5]$$

The extremum condition of  $u_{n+1}$  requires that  $\delta u_{n+1} = 0$ . This means that LHS of (3) is 0, and as a result the RHS side should be 0 as well. This yields the stationary conditions.

$$1 - \lambda^{2m} |_{t=x} = 0$$

$$\lambda' |_{t=x} = 0$$

$$\lambda'' |_{t=x} = 0$$

.

.

.

$$\lambda^{2m+1} |_{t=x} = 0$$

This in turn gives

$$\lambda = -\frac{1}{2m!} (t-x)^{2m}.$$

Substituting this value of the Lagrange multiplier in to the functional (2) gives the iteration formula

$$u_{n+1}(x) = u_n(x) - \frac{1}{2m!} \int_0^x (t-x)^{2m} (u_n)^{2m+1}(t) + a_{2m} u_n^{2m}(t) + \dots + a_2 u_n''(t) + a_1 u_n'(t) + a_0 u_n(t) - g(t) dt.$$

(4)

Obtained upon deleting the restriction on  $u, u', u'', u''', \dots, u_n^{2m}$  that was used for the determination of  $\lambda$ . Considering the given condition  $u(0) = b_0, u'(0) = b_1, u''(0) = b_2, \dots, u^{2m}(0) = b_{2m}$ . We can select the zeroth approximation  $u_0 = b_0 + b_1 x + b_2 x^2 + \dots + b_{2m} x^{2m}$ . Using this selection in (4) we obtain the following successive approximations.

$$u_0 = b_0 + b_1 x + b_2 x^2 + \dots + b_{2m} x^{2m}.$$

$$u_1(x) = u_0(x) - \frac{1}{2m!} \int_0^x (t-x)^{2m} (u_0)^{2m+1}(t) + a_{2m} u_0^{2m}(t) + \dots + a_2 u_0''(t) + a_1 u_0'(t) + a_0 u_0(t) - g(t) dt.$$

$$u_2(x) = u_1(x) - \frac{1}{2m!} \int_0^x (t-x)^{2m} (u_1)^{2m+1}(t) + a_{2m} u_1^{2m}(t) + \dots + a_2 u_1''(t) + a_1 u_1'(t) + a_0 u_1(t) - g(t) dt.$$

$$u_3(x) = u_2(x) - \frac{1}{2m!} \int_0^x (t-x)^{2m} (u_2^{2m+1}(t) + a_{2m} u_2^{2m}(t) + \dots + a_2 u_2''(t) + a_1 u_2'(t) + a_0 u_2(t) - g(t)) dt \dots$$

$$u_{n+1}(x) = u_n(x) - \frac{1}{2m!} \int_0^x (t-x)^{2m} (u_n^{2m+1}(t) + a_{2m} u_n^{2m}(t) + \dots + a_2 u_n''(t) + a_1 u_n'(t) + a_0 u_n(t) - g(t)) dt.$$

Recall that  $u(x) = \lim_{n \rightarrow \infty} u_{n+1}(x)$ .

Examples

When  $m=0$

Solve  $u' - u = -x, u(0) = 2$ .

WE can solve it by several many other method but now we will solve it by Variational iteration method. By above method  $u_{n+1}(x) = u_n - \int_0^x (u_n'(t) + p(t)u_n(t) - q(t)) dt, n \geq 0$ .

$n=0$  then we can take  $u_0 = 2$  with the help of given initial condition

$$u_1(x) = u_0(x) - \int_0^x (u_0'(t) - u_0(t) + t) dt = 2 - \int_0^x (-2 + t) dt = 2 + 2x - \frac{x^2}{2}.$$

$n=1$

$$u(x) = e^x.$$

$$u_2(x) = u_1(x) - \int_0^x (u_1'(t) - u_1(t) + t) dt = 2 + 2x - \frac{x^2}{2} - \int_0^x (-2t + \frac{t^2}{2}) dt = 2 + 2x - \frac{x^2}{2} - \frac{x^3}{6}.$$

$n=3$

$$u_3(x) = u_2(x) - \int_0^x (u_2'(t) - u_2(t) + t) dt = 2 + 2x - \frac{x^2}{2} - \frac{x^3}{6} - \int_0^x (-t^2 + \frac{t^3}{6}) dt = 2 + 2x + \frac{x^2}{2} + \frac{x^3}{6} - \frac{x^4}{12}.$$

$$u_n(x) = 2 + 2x + \frac{x^2}{2!} + \frac{x^3}{3!} + \frac{x^4}{4!} + \frac{x^5}{5!} + \dots$$

And exact solution is given by

$$u(x) = \lim_{n \rightarrow \infty} u_n(x).$$

$$u(x) = 1 + x + e^x.$$

Example Solve  $u' + u = x^2, u(0) = 0$ .

WE can solve it by several many other method but now we will solve it by Variational iteration method. By above method  $u_{n+1}(x) = u_n - \int_0^x (u_n'(t) + p(t)u_n(t) - q(t)) dt, n \geq 0$ .



This in turns give successive approximations.

$$u_1(x) = u_0(x) - \int_0^x (u_0'(t) + u_0(t) - t^2) dt = \int_0^x t^2 dt = \frac{x^3}{3}.$$

$$u_2(x) = u_1(x) - \int_0^x (u_1'(t) + u_1(t) - t^2) dt = \frac{x^3}{3} - \frac{x^4}{12}.$$

$$u_3(x) = u_2(x) - \int_0^x (u_2'(t) + u_2(t) - t^2) dt = \frac{x^3}{3} - \frac{x^4}{12} + \frac{x^5}{60}.$$

$$u_4(x) = u_3(x) - \int_0^x (u_3'(t) + u_3(t) - t^2) dt = \frac{x^3}{3} - \frac{x^4}{12} + \frac{x^5}{60} - \frac{x^6}{360}.$$

$$u_n(x) = \frac{x^3}{3} - \frac{x^4}{4} + \frac{x^5}{5} - \frac{x^6}{6} - \dots + \frac{(-1)^{n+1} 2(x)^{n+2}}{(n+2)!}.$$

And exact solution is given by

$$u(x) = \lim_{n \rightarrow \infty} u_n(x).$$

This in turn gives the exact solution

$$u(x) = 2 - 2x + x^2 - 2(e^{-x}).$$

Example When  $m=1$

1. Solve  $u'''(x) - 6u''(x) + 11u'(x) - 6u(x) = 0, u(0) = 0, u'(0) = 0, u''(0) = 2$ .

WE can solve it by several many other method but now we will solve it by Variational iteration method.

$$u_{n+1}(x) = u_n - \frac{1}{2!} \int_0^x (t-x)^2 (u_n'''(t) + a u_n''(t) + b u_n'(t) + c u_n(t) - g(t)) dt.$$

$$u_{n+1}(x) = u_n - \frac{1}{2} \int_0^x (t-x)^2 (u_n'''(t) - 6u_n''(t) + 11u_n'(t) - 6u_n(t)) dt$$

We can take initially  $u_0(x) = x^2$ .

$$n = 0$$

$$u_1(x) = u_0 - \frac{1}{2} \int_0^x (t-x)^2 (u_0'''(t) - 6u_0''(t) + 11u_0'(t) - 6u_0(t)) dt$$

$$= x^2 - \frac{1}{2} \int_0^x (t-x)^2 (-12 + 22t - 6t^2) dt$$

$$= x^2 + 2x^3 - \frac{11}{12}x^4 + \frac{x^5}{10}$$

$$= (1 + x + \frac{x^2}{2!} + \frac{x^3}{3!}) - 2(1 + (2x) + \frac{(2x)^2}{2!} + \frac{(2x)^3}{3!}) + (1 + (3x) + \frac{(3x)^2}{2!} + \frac{(3x)^3}{3!}) - \frac{11}{12}x^4 + \frac{1}{10}x^5$$

$$n=1$$

$$u_2(x) = u_1 - \frac{1}{2} \int_0^x (t-x)^2 (u''_1(t) - 6u''_1(t) + 11u'_1(t) - 6u_1(t)) dt$$

$$= x^2 + 2x^3 - \frac{11}{12}x^4 + \frac{x^5}{10} - \frac{1}{2} \int_0^x (t-x)^2 (-72t + 132t^2 - \frac{157}{3}t^3 + \frac{55}{4}t^4 - \frac{3}{5}t^5) dt$$

$$= x^2 + 2x^3 + \frac{25}{12}x^4 - \frac{63}{30}x^5 + \frac{157}{360}x^6 - \frac{55}{20.6.7}x^7 + \frac{1}{10.7.8}x^8$$

$$= (1 + x + \frac{x^2}{2!} + \frac{x^3}{3!} + \frac{x^4}{4!} + \dots) - 2(1 + (2x) + \frac{(2x)^2}{2!} + \frac{(2x)^3}{3!} + \frac{(2x)^4}{4!} + \dots)$$

$$+ (1 + (3x) + \frac{(3x)^2}{2!} + \frac{(3x)^3}{3!} + \frac{(3x)^4}{4!} + \dots)$$

$$u_n(x) = (1 + x + \frac{x^2}{2!} + \frac{x^3}{3!} + \frac{x^4}{4!} + \dots + \frac{x^n}{n!}) - 2(1 + (2x) + \frac{(2x)^2}{2!} + \frac{(2x)^3}{3!} + \frac{(2x)^4}{4!} + \dots + \frac{(2x)^n}{n!})$$

$$+ (1 + (3x) + \frac{(3x)^2}{2!} + \frac{(3x)^3}{3!} + \frac{(3x)^4}{4!} + \dots + \frac{(3x)^n}{n!}) + \dots$$

And exact solution is given by

$$u(x) = \lim_{n \rightarrow \infty} u_n(x).$$

This in turn gives the exact solution

$$u(x) = e^x - 2e^{2x} + e^{3x}.$$

That may give the exact solution if it exists, otherwise we can use (n+1)th approximation for numerical purposes. In what follows, we will apply the VIM method as presented before to two models of the four order ordinary differential equation.

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## A STUDY ON ATTITUDES TOWARDS PACKAGED FRUIT DRINKS

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### INTRODUCTION

Historically, fruit juice was recommended by pediatricians as a source of vitamin C and an extra source of water for healthy infants and young children as their diets expanded to include solid foods with higher renal solute. Fruit juice is marketed as a healthy, natural source of vitamins and, in some instances, calcium. Because juice tastes good, children readily accept it. Although juice consumption has some benefits, it also has potential detrimental effects.

The Indian market for fruit juice/pulp concentrate & sauces/ketchups are estimated to be more than Rs.3600 Crore in 2007-2008, with a growth rate of 22%. In India, 90% of the fruit juice market is unorganized. The fruit drink market has become the cynosure of attention, cloaking the attractive growth rate. With the slew of brands such as Tropicana, Real, Frooti, Slice, Orange Pulpy, Appy, Squash, & Mazza, the market has become vibrant and competitive. Price, taste, package and availability are some of the key drivers of success factors. The branded juice—Frooti's market is estimated to be worth Rs.700 Crore in the organized fruit beverage market (drinks, nectar and juices). With increasing importance of health and nutrition, changing the styles, higher disposable incomes have made consumers shift from cola to non-cola beverages. Attitude and perception influence buying behavior, and the need arises to probe into the same which vary across demographic segments.

**TABLE 1: DAILY INTAKE OF 100% FRUIT JUICE**

DAILY INTAKE OF 100% FRUIT JUICES		
AAP Age Groupings	100% juice (oz) Mean Daily Intake	AAP Recommendation Daily Juice Intake (oz)
Under 6 months	.9 oz.	0

6 months -6 years	4.6 oz.	4-6 oz.
7 years - 18 years	3.4 oz.	8-12 oz.

source: www.google.com

### **CLASSIFICATION OF FRUIT JUICES**

Fruit juice can generally be classified into the following three categories depending on your budget and taste:

#### **(I) FRUIT JUICE NOT MADE FROM CONCENTRATE (NFC)**

This type of juice is made by squeezing the fruit to extract the juice and has a similar taste and aroma to home squeezed juice. Around 6% of the juice sold in New Zealand supermarkets is NFC juice and the most popular variant is Orange juice. This juice is typically lightly pasteurized and is usually transported and stored in a chilled environment to ensure its quality is maintained.

How to identify fruit juice not from concentrate;

- It's typically sold from the fridge and should be kept constantly chilled
- It looks pulpy
- It generally has a shorter expiry date than juice sold from the supermarket shelf
- It has a similar taste and aroma to home squeezed juice and the taste can vary depending on the season
- It's premium priced

#### **(II) FRUIT JUICE MADE FROM CONCENTRATE (MFC)**

This type of juice is made from concentrated fruit juice that's diluted back to the original strength and pasteurized before packing. Pasteurization is a heat treating process that removes natural micro-organisms and maintains the quality of the juice. Juice made from concentrate makes up about 90% of fruit juice sales in New Zealand. 'Just Juice' and 'Fresh Up' are examples from Frucor, which contain absolutely no added sugar or preservatives. You can also buy concentrated fruit juice which is an economical format which can be diluted at home, by adding water to taste.

How to identify Fruit juice made from concentrate:

- It's sold from the fridge and the grocery shelf
- It's fine to store in the pantry (only before opening)
- It usually has a 9 month expiry date (in a Tetra-Pack)
- It's affordably priced

#### **(III) FRUIT JUICE BLENDS**

Some products are blends of both concentrated fruit juice and juice not from concentrate. These products make up a small proportion of the market and require chilled storage.

### **LITERATURE REVIEW**

Literature review is a study involving a collection of literatures in the selected areas of research in which the researcher has limited experience, critical examination and comparison of them to

have better understanding. It also help the researchers to update with the past data, data sources and results and identify the gap for further research, if any. Thus, the reviews in the present study consist of the ones discussed below, and they reveal there are very scant studies emphasizing fundamental analysis of pharmaceutical sector.

**SOJKA, GUPTA, & DEETER-SCHMETZ, (2002): STUDENT PERSPECTIVE ON TEACHING EVALUATIONS:** Research shows that students tend to take teaching evaluations more seriously than faculty and institutional members commonly believe. Students are more willing to participate and offer meaningful feedback when they believe and can see that their input is being considered and incorporated by their instructors and the institution. In general, however, students do not perceive that their feedback is being used. Some studies show that students place most value on evaluations for formative purposes, but research also indicates that students believe their input should be considered for summative purposes. Students would like to see more specific items related to teaching effectiveness on student evaluation of teaching instruments.

J. Pollard, S. F. L. Kirk and J. E. Cade conducted a research on “Factors affecting food choice in relation to fruit and vegetable intake: a review”.

The review provides an investigation into the food choice decisions made by individuals in relation to fruit and vegetable consumption. A comprehensive body of evidence now exists concerning the protective effect of fruit and vegetables against a number of diseases, particularly cardiovascular disease and certain forms of cancer. Current UK recommendations are to increase intakes of fruit and vegetables to 400 g/person per d. In the main body of the review the factors that affect food choice decisions of adults in relation to fruit and vegetable consumption are studied, following a suggested framework of food choice. Factors covered include sensory appeal, familiarity and habit, social interactions, cost, availability, time constraints, personal ideology, media and advertising and health. The content of the review shows just how complex the food choice process can be. Health promotion techniques can be better targeted towards certain groups of individuals, all holding similar sets of values, when making food choice decisions. Food choice, in relation to fruit and vegetable intake, needs to be studied in more depth, in order to provide effective nutrition education programmes, in particular the sets of priorities that different sub-groups of the population consider when making food choice decisions.

## **RESEARCH METHODOLOGY**

**RESEARCH DESIGN:** The present study is an exploratory research study.

**OBJECTIVE OF STUDY:** The purpose of this study is to explore the attitudes towards consumption of packaged fruit drinks. The study aims to assess the perception towards packaged fruit drinks by the customers. An attempt is also made to find the level of satisfaction derived from the use of packaged fruit drinks. Researchers have tried to explore the problems faced by consumers during the use of packaged fruit drinks provided by the manufacturers.

**SCOPE OF THE STUDY:** The study represent the consumption pattern of packaged fruit drinks.

**SAMPLING TECHNIQUE:** Initially, a rough draft was prepared keeping in mind the objective of the research. A pilot study was done in order to know the accuracy of the Questionnaire.

**SAMPLE SIZE:** The sample size was 100, which comprised of mainly peoples from differen Dehradhun region.

**DATA COLLECTION:** In order to study the consumer consumption pattern of packaged fruits drinks both primary and secondary data were collected. Secondary data was collected from different magazines, newspapers and Internet. The primary data is collected through questionnaire survey method. For this purpose 100 respondents were randomly selected. An attempt was made to check their attitude towards consumption pattern of packaged fruits drinks and their level of satisfaction in consuming the fruits drinks. Certain attributes were rated on five-point scale and using analyzing tools attempt is made to find the significant difference exists or not when compared with age, qualification.

**STATISTICAL TOOLS:** The data thus received was tabulated, analyzed and appropriate results was drawn. Pie charts and bar diagram is used to give pictorial representation to the analysis. The following test was used for the study.

**TABLE 8: COMPONENT TRANSFORMATION MATRIX**

<b>BENEFITS</b>	<b>ACCEPTANCE</b>
PFD'S are good for health. PFD'S are nutritious drink. Prices of PFD'S affordable. PFD'S are better substitutes of cold drinks. PFD'S are less harmful than cold drinks. PFD'S are made from real fruits. Whenever in future if I get a chance I will definitely buy PFD'S.	PFD'S provide instant energy. PFD'S are tasty. I feel that people of my age like PFD'S. PFD'S popularity is on the rise. PFD'S are selectively available.
<b>AVAILABILITY</b>	<b>TRENDY</b>
PFD'S are available in different packages. Now days PFD'S are available every where.	I drink PFD'S for style. I think consumption of PFD'S is cool.
<b>LIKING</b>	
I drink PFD'S whenever I am thirsty. I drink PFD'S along with my family. I drink PFD'S along with my friends.	

### FINDINGS OF THE STUDY

By the above study, one can have a lot of findings regarding the perception of respondents towards the packaged fruit drinks. The following finding can be:

- In case of different age group the perception of respondents towards packaged fruit drinks is that most of the people are agree that packaged fruit drinks are good for health & nutritious.
- In case of male and female the perception of respondents towards packaged fruit drinks is that most of the people are agree that packaged fruit drinks provide instant energy.

- In case of different income group the perception of respondents towards packaged fruit drinks is that most of the people are agree that packaged fruit drinks are available in different packages.
- In case of different education group the perception of respondents towards packaged fruit drinks is that most of the people are agree that packaged fruit drinks are on rise.
- In case of different occupation group the perception of respondents towards packaged fruit drinks is that most of the people are agree that packaged fruit are now available every where.

## CONCLUSION

The five factors identified through factor analysis provide an insight into the attitude towards packaged fruit drinks which influences consumption. Consumers give importance to taste and benefits (health/nutrition). Therefore, marketers need to highlight these in advertisements using a mix of emotional and rational appeals. There is a need to increase promotional efforts to increase consumption and for market penetration and development. Usage occasion has to be increased. There is no individual inhibition for the consumers to drink packaged fruit drinks, which indicates acceptance and popularity in the chosen segment.

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## THE GOD OF SMALL THINGS AS A PROTEST NOVEL

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### INTRODUCTION

Fiction is primarily a representational art. The novelist takes clues from the social structures and manipulates them with the help of his imagination to depict some of the important social realities. It often depicts a conflict between the individual and the social forces in the form of protest, explicit or implicit. The definition of Protest Literature is obviously fluid. Deconstructionists argue that all literary writing is ultimately a form of protest. Social and historical critics argue that literary protest must contain a specific political aim. A Marxist Critic may argue that literary protest should disturb the social order in terms of the relationship between social classes. Feminist critics argue that protest does or does not promote a gender bias. A psychologist sees literary protest as a manifestation of the subconscious. So, the Protest Literature may be divided into two broad categories:-

1. Literature that focuses on revealing society's ills.
2. And literature that either advocates or opposes certain types of social or political reforms.

Protest Literature encompasses a wide variety of works that treat a range of subjects including slavery, woman's rights, minority rights, poverty, aristocracy, racism, ethnocentrism and the immigrant experiences.

Nineteenth century literature of England is widely recognized as Social Protest Literature with such well-known writers as Charles Dickens, Elizabeth Gaskell and George Elliot. But writers from other countries also have produced literary works that actively reflected the political and social controversies of the day. Protest Literature mainly deals with sociological themes. The purpose of Protest Literature is not to criticize; rather, protest is against something like discrimination, oppression, hypocrisy etc. for a truly equitable, just and egalitarian system.

Arundhati Roy in her debut novel, *The God of Small Things*, enacts the eternal drama of confrontation between the powerful and the powerless. The novel deals with class antagonism and class exploitation, the tyranny and injustice that the untouchables have to suffer, the oppression and exploitation of woman in a male-dominated society and above all, the neglect and humiliation that the dalit and the defenseless have to pass through in a caste-ridden society. Roy, in one of her interviews, proclaims, "It is about trying to make the connections between the smallest of things and the biggest of things and to see how they fit together."<sup>1</sup>

*The God of Small Things*, as the very title suggests, is a confrontation between the small man and the big man. Velutha, an untouchable, is the most representative of the small man. The

treatment meted out to him reflects the typical curse of untouchability ingrained in the society. Arundhati Roy shows that the malaise is so deep-rooted in the psyche of Indian people that caste bias surfaces with the slightest provocation even among the most educated and cultured sections of our society.

Velutha's grandfather Vellaya Kelan, along with a number of other untouchables, converted into Christianity to escape the scourge of untouchability. But they were treated not at par with other Christians. They were given separate churches, separate services and separate priests. They were called Rice Christians.

Velutha's victimization and marginalization begins the day when he is born in an untouchable caste. Velutha does not pay serious attention to his father's advice regarding his conduct towards the touchables or high caste people. He has a sharp mind and exquisite carpentry skill. It induces a sense of self-respect in Velutha and he does not behave the way an untouchable is supposed to behave. It is for his intelligence and technical skills, Velutha is employed as the factory carpenter and Incharge of general maintainance. For his superior knowledge and superior position, Velutha is envied by the upper class workers in the factory. According to the touchable factory workers, "Paravans were not meant to be carpenters. And certainly, prodigal Paravans like Velutha were not meant to be rehired."<sup>2</sup>

Mammachi, the factory owner in the beginning, also has the same thinking. She proudly endorses this class discrimination. Velutha is denied wages at par with the other touchable workers. Mammachi simply vents the prevalent discriminatory ethos when she says about Velutha that "if only he hadn't been a paravan, he might have become an engineer" (p.75).

All hells break loose when Velutha, "the God of Small Things" (p.265), in total defiance of the social conventions and restrictions, gets emotionally involved with Ammu, an estranged and unloved daughter of Mammachi. Vellya Paapen is shocked to learn that his untouchable son has fallen in love with the woman of an upper class family. When Mammachi comes to know about it, she becomes terribly upset and spits venom on him. Velutha is warned and dismissed from the job. Baby Kochamma, Ammu's aunt, misreports and misinforms the police about Velutha's alleged involvement in the kidnapping of children and the subsequent death of Sophie Mol, grand daughter of Mammachi. And finally in police custody, Velutha is tortured to death. So, Velutha is a representative character who shows the degrading and discriminated life being lived by the people belonging to low castes.

Apart from class and caste discrimination, Arundhati Roy also seems to lambast the artificiality and duplicity inherent in politics. Very subtly, the message is passed on that the politicians are double faced like the players of the stage. The political characters described in the novel range from the former Chief Minister Of Kerala, Mr. E.M.S. Namboodiripad to a common party worker Velutha.

The novelist talks of the performance of the government of E.M.S Namboodiripad on his becoming the Chief Minister of Kerala in 1957. Though Namboodiripad aimed at a peaceful transition to communism, the transition did not remain peaceful even for one year and soon there were "riots, strikes and incidents of police brutality" (p. 67). Instead of neutralizing the police, he had started using them as a tool to achieve his goals.

Moreover, these politicians are not bold enough to challenge communal divides. It is impossible for them to be impartial as governors. But the politicians are casteist in their approach. This fact

have been evinced in the behaviour of K.N.M. Pillai, a local politician and the party activist. He does not like Velutha to be there in party, for Velutha is an untouchable. Roy shows that the politicians are very tactful and cunning who do not forget their own economic interests and pay only a lip-service to the public. Pillai is an opportunist who can stoop to any level to achieve his goal as Roy says, "Comrade K.N.M. Pillai was essentially a political man. A professional omeletteer. He walked through the world like a chameleon. Never revealing himself, never appearing not to. Emerging through chaos unscathed" (p. 14).

Velutha's custodial death also exposes the unholy and unwarranted nexus between the police and the politicians. In a welfare state, the police is supposed to protect the innocent and law-abiding people. But the police follows the dictates of the politicians, particularly those who are in power. Velutha's case is not an isolated example of police atrocities and political hypocrisy. It is a grim reality of Indian politics. The politicians victimize the poor, the underprivileged and marginalized sections of society, as shown in the novel.

This novel also unveils a vast plethora of details concerning the problems plaguing woman in a male-dominated society. It vividly portrays the plight of women in society and her endless struggle for carving an identity in this male chauvinistic world. The novelist narrates the agony and affliction of a single, helpless mother (Ammu) in an apathetic world – a world where the age-old subjugation of women still persists.

The saga of suffering and torture starts with the central female character, Ammu, accompanying her parents to Ayemenem after her father's retirement. Ammu's mother, Mammachi, is beaten every night by her domineering and egoistical husband, Pappachi. It is only with Chako's, Ammu's brother, intervention that Pappachi stopped this wife-beating operation. With this, the contact and communication between the husband and wife is snapped as if violence is the only way to communicate. A woman is never allowed to grow as an independent and autonomous human being. Whereas Ammu's brother Chacko is sent to Britain to study, Ammu is denied higher education. It is a clear dig at conservative society which holds that higher education erodes the traditional culture of women and corrupts her. Anees Jung in *Unveiling India* has opined that, "good life it would seem was designed only for men."<sup>3</sup>

Ammu goes to Calcutta for temporary relief and encounters a gentle Hindu Bengali from the tea estates in Assam, and without further consideration consents to marry him. This explains why Ammu marries him. Simone de Beauvoir says, "There is a unanimous agreement that getting a husband – or in some cases a 'protector' – is for her (woman) the most important of undertakings.... She will free herself from the parental home, from her mother's hold, she will open up her future not by active conquest but by delivering herself up, passive and docile, into the hands of new master."<sup>4</sup>

The charm of marital bliss soon evaporates and Ammu becomes a victim of her husband's rages. Infact, wife beating is a deplorable and dehumanizing practice of Indian society. Ammu puts up with her husband's beastly behaviour, but then he asked her to accept an indecent proposal of his employer. Finding herself vulnerable to male villainy and lechery, she returns to her parents' home. Like any other estranged woman in Indian society, Ammu lives a miserable in her parents' house. She is subjected to taunts and harshness. The novelist describes her plight by saying that, "a married daughter had no position in her parents' home. As for a divorced daughter – according to Baby Kochamma, she had no position anywhere at all" (p. 45).

It is indeed the height of irony that when Chacko flirts with women, he is encouraged for his virility; whereas the same behaviour on Ammu's part is condemned as illicit and untraditional, and she is beaten black and blue. She is finally disowned and disinherited by the family. In death, she is alone in a filthy room of Bharat Lodge in Allepey. She was even denied the dignity of a funeral as "the church refused to bury Ammu" (p. 162) and she is cremated in an electric crematorium. So, through Ammu, the novelist implicitly advocates greater social reform in the rigid positioning of woman.

In this way, the protest has different dimensions in this novel. Arundhati Roy calls for the establishment of a equitable society where there are no differences of caste, creed, religion and gender. Ranga Rao in his famous article "The Book(er) of the year," says, "Roy's book is the only one I think of among Indian novels in English which can be comprehensively described as a Protest Novel. It is all about atrocities against minorities, small things, children and youth, women and untouchable."<sup>5</sup>

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<sup>2</sup>Arundhati Roy, *The God of Small Things* (New Delhi: India Ink Publishers, 1997), p.77. All the subsequent textual references are from this edition and page numbers in all such cases have been given in parentheses following the quotations.

<sup>3</sup>Anees Jung, *Unveiling India* (New Delhi: Penguin Books, 1987), p.14.

<sup>4</sup>Simone De Beauvoir, *The Second Sex*, trans. and ed. H.M. Parshley (1949; rpt. U.K.: Vintage Classics, 1997), p.352.

<sup>5</sup>Ranga Rao, qt. in Rahmat Jahan, "Arundhati Roy: A Protest Novelist," Studies in Women Writers in English, p.173.



## POLICIES AND SHORT TERM POWER MARKET IN INDIA

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### ABSTRACT

*The Indian power sector has been grappling with several challenges for a long time now. Power shortage is the key issue at hand. The government has taken cognisance of the power shortage and come-up with several policy interventions over the last decade in addressing this gap. The “short-term transactions of electricity” means the contracts of less than one year period for electricity transacted through Trading Licensees, Power Exchanges, and Unscheduled Interchange (UI).<sup>16</sup> This paper focuses on the policies that have played key role in addressing the issue of power deficit. We also analyse one of the emerging areas which is gaining significance in the Indian energy sector – short-term power transactions.*

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### INTRODUCTION

#### I CURRENT SCENARIO

India is a power deficit country. In spite of appreciable growth in electricity generation, to the tune of 6.73% (over previous year) in 2012-13 (Total installed capacity being 233 GW)<sup>17</sup>; India has been facing electricity shortages. In fact, studies carried out for anticipated power supply position for the year 2013-14, indicate that there would be energy shortage of 6.7% and peak shortage of 2.3% in the country during 2013-14.<sup>18</sup> This shows an improvement as compared to the energy shortage of 8.7% and peak shortage of 9% in the country during 2012-13.

In the face of these shortages, several distribution companies procure power from the spot market to meet their short-term needs. There has been a rising share of the short-term market in

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<sup>16</sup>Annual Report- Short-term Power Market in India, 2013, CERC

<sup>17</sup> Monthly Review of Power Sector (December 2013), CEA

<sup>18</sup> Load Generation Balance Report 2013-14, GoI, MoP, CEA

total generated electricity, as witnessed in the year 2011 and 2012. As per reports of Central Electricity Regulatory Commission (CERC), which is the central commission of India to regulate matters related to the power sector, the share of short-term market in total electricity generation in the country increased from 9% in 2009-10 to 11% in 2012-13.

The government has taken cognisance of the power shortage and come-up with several policy interventions over the last decade in addressing this gap. With increased focus on increased power generation through both conventional and clean sources of energy, it is expected that India might not be power deficit in the future.<sup>19</sup> In that situation, it is interesting to note how competitive the short-term market is.

## II POLICY INITIATIVES

The Indian power sector has been grappling with several challenges for a long time now. Some of the most important ones being:

- Shortage in power supply to meet the fast increasing demand
- Financial viability of State Electricity Boards
- Lack of access to power to the rural population
- High Aggregate Technical & Commercial (AT&C) losses

Several attempts have been made, from time to time, to improve the condition of the power sector in the country. The year 2003 marked a new beginning of reforms in the electricity sector in India with enactment of the Electricity Act 2003 (EA2003). Inter-alias, the Act tried to bring private sector participation in power generation, transmission and distribution. The Act also introduced the concept of Trading Licensees, which could involve themselves in the short-term trading of power. Its objectives as stated in the preamble were “to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalisation of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, constitution of Central Electricity Authority, Regulatory Commissions (CERC) and establishment of Appellate Tribunal and for matters connected therewith and incidental thereto”<sup>20</sup>.

The EA2003, also mandated the State Electricity Boards to unbundle and segregate into separate independent entities involved in the business of power generation, transmission and distribution. Along with these, to overlook the working of all the newly created entities it also made it compulsory for each state to have a state electricity regulatory commission

In pursuance of the provisions of the EA2003, the government notified the National Electricity Policy (NEP) in February 2005. The policy laid emphasis on promoting competition through market development by setting aside a proportion of new capacities being built, for trading in the short term market. It envisaged inter-state trading by trading licensees, introduction of intra-state Availability Based Tariff (ABT), creation and regulations of power trading markets and power exchange. The Policy also envisaged “Power for All” by 2012. Thus a number of initiatives from

<sup>19</sup> Five year strategy for Renewable Energy– Briefing Paper, MNRE

<sup>20</sup> The Electricity Act 2003, GoI

that point onwards were taken to meet this end. Thus started an era of increased focus on rural electrification. This linked to the overall policy of the government to improve the living conditions in the rural parts of the country.

The Indian Power Sector has traditionally had very high levels of losses. These losses mainly occur during the transmission and distribution of electricity. The losses have been both technical and commercial in nature. In order to reduce these losses the central government introduced the Accelerated Power Development Program (APDP) in the year 2001. In 2003, the government added new features to this scheme and made it more structured. The revised scheme was rechristened as Accelerated Power Development Reforms Programme (APDRP). As part of the XIth Five-Year plan, the scheme was further improved and in the year 2008 it was re-launched with the name of Restructured Accelerated Power Development Reforms Programme (RAPDRP). The learning's from the previous schemes were built into this new scheme and focus was now on demonstrable and sustainable loss reduction of the power distribution utilities of the country. The scheme is now under implementation all across the country and unlike its previous avatars, it is closely being monitored by the centre.

The challenge of the Indian power system was not only shortage of power but also difficulty in grid operation caused by indiscipline in the prevailing system. The CERC with the objective of facilitating grid discipline introduced the new concept of pricing known as ABT vide its order dated January 4, 2000 at inter-state level.<sup>21</sup> In the ABT, a two-part tariff is supplemented with a charge for Unscheduled Interchange (UI) for the supply and consumption of energy in variation from the pre-committed daily schedule and depending on grid -frequency at that point of time.<sup>22</sup> The UI mechanism enforces a penalty/incentive for producers/consumers of power when they inject/draw power from the grid, which is different from their original injection/drawl schedule.

Moving towards its policy to encourage competition in the Power Sector, CERC issued guidelines for grant of permission to operate to power exchanges in India in January 2007, and subsequently gave approval for the first power exchange Indian Energy Exchange (IEX) in August 2007. This brought in competition into the short-term power market of India. With this, India became one of the few power-deficit countries (e.g. Brazil) to have a power exchange. As per CERC's reports, the current volumes trading on the exchange are only around 20% of the total short-term power trade.

### III SHORT-TERM POWER MARKET

There are now three platforms for sale/purchase of short-term power in the country viz. Trading Licensees, Power Exchanges and UI. All three of these platforms are very tightly regulated. CERC has fixed a maximum and minimum price band for trading of power through two power exchanges as well. The UI price, which is also regulated by the CERC, is also operated in a fixed band. Thus over drawl of energy by a consumer costs the consumer short-term power in a particular range depending on the availability of power in the grid. There is evidence that the three platforms compete against each other and thus the price ranges of short-term power is in a similar range and follow similar trends across the three.<sup>23</sup> Thus, it appears that regulations could be bringing in an imperfection to the competition in the short-term power market.

<sup>21</sup> Investigation and Analysis of Indian Power Grid after Regulatory Reforms & Dynamic Pricing, Ibraheem et al.

<sup>22</sup> Power sector reform in India: current issues and prospects, Singh A.

<sup>23</sup> ICRA Rating Feature- Summary Opinion, Kadam et al.

It is important to note that being a power deficit country, there is not enough power to be sold in the short-term market in India. An analysis of the buy-sale bids on the exchanges reveals that there is more volume of buy bids than sale bids. Therefore in such a scenario, perfect competition may not be observable.

The private sector is being encouraged in the Indian power sector. The government is relying in a big way on private sector to contribute to the power generation capacity of the country. Policy allows the upcoming private power generating plants to generate some power which is not tied in long term power purchase agreements. Also the concept of merchant power plants (MPP) has been introduced in the country. The MPP will be plants which can trade a large percentage of their power to meet the short-term peak demand. The behaviour of short term price in the future affects the financial viability of these plants.

#### **IV CONCLUSION AND FURTHER RESEARCH**

Following the balance of payment crisis in 1991, India took off on liberalisation and reform of the economy, at the same time the electricity sector, which is the backbone of a developing economy, too witnessed major policy and regulatory initiatives. Power distribution utilities today are finding it difficult to buy power from the short-term market, and at times end up paying a very high price for the power they procure from the market in a short-term. This has had a negative effect on their balance sheets in the recent past. Forecasting of short-term price of power can help policy makers to understand its effect on the financial viability of utilities. Moreover, the inability of some utilities to purchase expensive power from the short-term power market, leads to the phenomenon of “load-shedding”. Long power-cuts are a popular mechanism used by the India power distribution companies to handle the power deficits faced by them hours of power deficit. Thus this leads to a lack of access to electricity to a number of people of the country.

Several studies have suggested models for determining electricity prices; however, these models that relate to the short-term power prices have mainly been tested on deregulated markets of developed countries. For the Indian case, which is not a completely deregulated market, there are only select studies and reports that have attempted to discuss the factors which affect pricing and demand of power in India.

Although forecasts are available for demand and supply of power in India, there is lack of academic discussion on India’s short term power market. International studies can provide a direction in which work on this emerging area in India can be carried forward. Literature suggests that the price of short-term power depends on a number of factors which depend on policy. Due to paucity of relevant data for India it has not been possible to identify how policy affects these factors and determine how they affect the price of short-term power. In future, once these effects are established, the short-term power prices could be forecast based on probable policy scenarios. However, the demand/supply situation would change considerably based on the policy measures the government undertakes. Also, policy would influence the various platforms available for short-term sale of power and their interplay. Thus the landscape of the Indian power sector is expected to be greatly influenced by the actions taken by policy makers.

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## **A CASE STUDY OF LIZZAT CO-OPERATIVE IN INDIA IN RELATION TOWOMEN EMPOWERMENT**

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### **ABSTRACT**

*Women are the biggest assets to society. In today scenario, women have full right to live their life's with full confidence and good status. If a woman can handle house, it is not possible for her to handle outside situation. Today's is women era scenario, each year we celebrate International women's day on March 8<sup>th</sup> with a aim to mark achievements of women with a special status they deserve in society. In a present research paper a women empowerment is describe in context to Lizzat Papad women co-operatives. The factors were studied in context to women employment, status, values, and beliefs. The study shows that lizzat papad main goals are to organize women workers for full employment. Here employment means employment whereby workers obtain work security, income security, food security and social security (at least health care, child care and shelter).*

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### **INTRODUCTION**

Shri Mahila Griha Udyog Lijjat Papad, popularly known as Lijjat, is an Indian women's cooperative started in the year 1959, with a seed capital of Rs 80. It is cooperative involved in manufacturing of various fast moving consumer goods. It is an organization of poor, self employed women workers. These women earn a living through their own hard work.

At Lizzat, the women workers are organized to achieve their goals of full employment and self reliance through the strategy of struggle and development. Lijjat is headquartered in Mumbai and has 67 branches and 35 divisions all over India.

Lijjat was the brain child of seven Gujarati women from Mumbai. The women lived in Lohana Niwas, a group of five buildings in Girgaum. They wanted to start a venture to create a sustainable livelihood using the only skill they had i.e. cooking. The women borrowed Rs 80 from Chhaganlal Karamsi Parekh, a member of the Servants of India Society and a social worker. They took over a loss-making papad making venture by one Laxmidasbhai and bought the necessary ingredients and the basic infrastructure required manufacturing papads. On 15 March 1959, they gathered on the terrace of their building and started with the production of 4 packets of Papads. They started selling the papads to a known merchant in Bhuleshwar. From the beginning, the women had decided that they would not approach anyone for donations or helps even if the organization incurred losses.

Lijjat, women cooperatives has branches in seventeen Indian states. Lijjat follows its own financial accountability principle. There is no method for running operations in the organization on credit basis. Because of Lijjat's main motive of generating self-employment for women, no machinery is used at the production level, and everything is done manually. Their main objective is not to compromise with quality and use of machinery also decreases the employment opportunities for women.

Lijjat's manufactures several following products

- Papad
- Khakhra
- Appalam
- Masala
- Vadi
- Gehu Atta (Wheat flour)
- Bakery products
- Chapatti
- SASA Detergent Powder
- SASA Detergent Cake (Tikia)
- SASA Nilam Detergent Powder
- SASA Liquid Detergent

Lizzat have their products popularity not in India only but in International countries also. The Lizzat members are ready to face the winds of change. They know that they must organize to build their own strength and to meet challenges.

Also, there is much to be done in terms of strengthening women's leadership, their confidence, their bargaining power, within and outside their homes and their development in decision making abilities.

## RESEARCH METHODOLOGY

To evaluate the success of women empowerment the two types of data sources are considered.

1. Primary Source

## 2. Secondary Source

Primary data was collected through a structured closed/ open-ended questionnaire and interviews with members of Lizzat, (Shri Mahila Griha Udyog Lijjat Papad).

Secondary data was collected through internet, news papers, magazines, journals and annual reports.

## REVIEW OF LITERATURE

After a detailed study and research, women empowerment is not only the development of women but its also leads to development of economy and society as whole. The growth of the Lijjat brings a great revolution for women and their empowerment. The organization has organizes various programmes to promote literacy and computer education for member-sisters and their families. The member-sisters used their organization as a medium to promote their and their families' welfare. In the Valod centre they set up an educational and hobby centre for the rural women. Orientation courses in typing, cooking, sewing, knitting and toy making as well as other courses like child welfare, first aid and hygiene were taught.<sup>[1]</sup> The first ever pucca (tarred) road in Valod to be built and inaugurated in 1979 was with the help of the Lijjat, Valod branch.<sup>[2]</sup>

In 1979, Lijjat teamed up with UNICEF to organize a seminar in Mumbai on "Child Care and Mother Welfare", as part of the International Year of the Child celebrations.<sup>[3]</sup> The Lijjat member-sisters also undertaken social service activities.

## CONCLUSION

Women's empowerment is not a onetime affair but a continuous process. The development of Shri Mahila Griha Udyog Lijjat Papad should be taken in broader framework of women empowerment. The organization efforts design towards the all-round development of each and every section of Indian Women in society, by giving them their due share. Lizzat is responsible for empowering women by the way of promoting self –reliance, self-confident, self-dependent and educating them to realize their fundamental rights. The impetus may be a particular issue arising out of experience, disadvantage or discrimination, or an aspiration to do something to become self-dependent. Lijjat organization has taken a step in this direction in both condition and position of women. Lijjat has made women financially stable to such an extent that after taking their rightful share for their livelihood, they are contributing generously to societal cause. Lijjat as a 'Trust' is a service organization engage in serving poor and destitute and to empower women for social development. The task is not too difficult to achieve. The honesty and sincerity on the part of those involved is a must. Hence, the women's empowerment is the need of the hour.

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#### **WEBSITE**

[www.lizzatpapad.com](http://www.lizzatpapad.com)



## HUMAN RESOURCE IN RETAIL: CHALLENGES, ISSUES & OPPORTUNITIES

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### ABSTRACT

*Retail sector is a dynamic industry that includes many different employment positions and these retail workers are recruited by human resources departments to represent retail businesses to the customers. Retail means working and serving customers in direct personal way. This calls for special action from retail companies to fulfill the demand of an increasing number of well informed and sophisticated. In view of all the changes in both national and international contexts, it is absolutely essential to have the right people if a business is to be successful and sustainable. Nowadays, customers play a very important role in retail industry. In retail industry employees are highly visible to the consumers, retailers must select and train employees carefully, especially care about their manners and appearance. Retailing is a major labor intensive industry sector. Therefore, companies are continually to re-organize and adopt their structure to become more efficient. The necessity for part time workers, because of long store opening hours and peaks in the trading day/week, requires a flexible framework to optimize labor processes. Some of the main challenges faced by HRM in retail sector are High employee turnover, constant recruiting and training etc. Expressively, the workforce needs orientation and vision in changing times. Human resource management (HRM) has to provide a "coach", not only to organize but also to support employees and management mentally and professionally in fulfilling their tasks in terms of future company goals. People are the driving force behind all transactions that occur in retail outlets. In the future world of retailing, there will be an increasing need to adopt and change toward a more formative and proactive style of Human resource management (HRM).*

**KEYWORDS:** *Human resource management (HRM), Customers, Retail industry, Challenges.*

## INTRODUCTION

“Focusing on customer needs should be at the forefront of retail HR people’s minds as that is at the heart of what they are trying to achieve,”

- Rebecca Clake

(CIPD Adviser on Organization and Resourcing)

The evolution of the retail industry in India over the past few years has been propelled by rising consumerism, demographic dividend, increasing disposable incomes and the large middle class population. The retail formats in India have evolved vastly over a relatively short period of six to seven years, without any past blueprint or precedent to refer back to. Today, 21 million peoples are employed in the retail sector in India, which is 7% of the total national workforce. The HRM policy enhances the performance of the organization. Retail enterprises want to structure and assign task, policies and resources in order to meet their goals. Today retail organizations have required a skilled work force for providing effective services to the customers. There has been an increasing realization that people are one of a company’s key assets. Therefore, the retail industry in India has been defined by experimentation, risk-taking and trial-and-error methods. Its manpower intensive nature and unique requirements have resulted in human resource considerations taking on paramount importance for the sustainable growth of the sector.

In the recent past, the initiation of the worldwide recession has brought in a new set of challenges associated with a decline in consumer spending as compared to the overtly optimistic projections from a few years ago. Retailers today are focused on drawing customers into the stores to drive sales while at the same time reducing cost overheads. On the other hand, this poses huge challenges with respect to dealing with the short supply of qualified, future-ready talent, sustaining high performance and retaining key talent. Therefore, the key question for the retail industry in India is how organizations can sustain high performance whilst battling both economic challenges as well as talent shortages.

## THE RETAIL SECTOR IN INDIA – KEY FEATURES

Some of the features of the retail industry in India include the following:

- Impending entry of many global players, basis the Government’s FDI policy changes, leading to ambiguity in the sector
- Growing acceptance of modern retail formats
- Markets expanding beyond metros and Tier 1 cities
- Strong emphasis on profitable growth
- Toughening of internal efficiencies and cost or manpower optimization
- Optimization of technology usage
- Developing supply chain efficiencies
- Focus on effective store management and enhancing availability
- Handling very high attrition rates and low employee engagement levels

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**CHALLENGES FOR HR IN RETAIL SECTOR****➤ CULTURAL ALIGNMENT WITH ORGANIZATIONAL VALUES AND VISION**

In an industry that is fast-growing, the organization is constantly on boarding employees from diverse backgrounds and with a wide range of experience. In this context, the challenge for the organization lies in galvanizing these diverse backgrounds to create a unified culture that is its own.

**➤ ETHICAL DILEMMAS**

With a very young and heavily decentralized working population as well as store supervisors in age groups often ranging from 22 – 30, the organization often has no visibility on the interactions happen between the store and the suppliers across India. So, there is a need for HR to ensure that no ethical breaches exist in these interactions between store level employees and suppliers.

**➤ MATCHING ORGANIZATIONAL AND INDIVIDUAL PROSPECT**

Retail being a promising industry reporting so much flux, it is next to impossible for HR to offer a real career path to the employees. This often impacts the employer brand equity of retail organizations when they scout for talent.

**➤ INCREASING EMPLOYEE EFFICIENCY**

In an era of financial prudence, HR has to focus on building manpower efficiencies and on ways to enhance employee productivity on an ongoing basis.

**➤ MANAGING EMPOWERMENT VS. CONTROL**

Retail organizations are often heavily decentralized and have a distributed structure. Given this structure, a challenge for HR is in balancing empowerment at a store level with the necessary controls.

**➤ JOB INSECURITY**

Given the history of lay-offs and manpower validation during recent recessionary times, as well as the ongoing flux in the industry, there is a high degree of job insecurity that heavily impacts employee retention.

**➤ MANAGING COMPENSATION EXPECTATIONS**

The compensation structure in most retail organizations has a substantial variable component that is linked to store performance. This additionally brings in challenges in terms of employee rotation into new roles across the stores.

**➤ UNATTRACTIVE WORKING HOURS AND STRESSFUL WORK CULTURE**

The customer-facing nature of the industry often results in emotional labor related issues of pressure and burnout. Employees who often come from underprivileged backgrounds often have to face the fury of affluent customers who may exploit the socio-economic divide that exists between them. Also, there is a need to work on weekends as well, which further makes the work requirements unattractive to many prospective employees.

Some of the significant success factors for an HR professional in the retail industry are following:



- Customer service orientation
- Effective communication skills
- Fast decision making capabilities
- Ability to pool resources and operate within a team, interpersonal skills
- Detailed planning
- Analytical and problem-solving abilities
- Flexibility and ability to deal with ambiguity
- Creativity and innovation

### **OPPORTUNITIES FOR HR IN RETAIL**

- Impressive industry growth rate, potential to create jobs are key pull factors.
- MNCs entering the Indian market would bring in superior and robust practices in the industry.
- Industry does encourage innovative HR practices to engage employees.
- Institutes having retail market understanding with RAI being closely involved in the sector.
- Retail has the potential to generate employment ( both direct & indirect)
- Currently accounts for approx 8% of employment.
- Creation of 10 million jobs in 10 years. Second largest employer after agriculture.
- Attracts large pool due to minimum qualification requirement of 10+2 for hiring.
- With the opening up of the sector, creation of enough skilled workers to cater to the demand is crucial.

### **CONCLUSION**

Retail sector in India is fast growing sector. In India changing pattern of employment in retail brings specific challenges for HR in retail special regarding employee retention, compensation and attribution. Retail organizations are taking innovative measures to retain and motivate workforce. As retailers in India endure the economic challenges and prepare for competition from new players, it is evident that sharpening their talent portfolio will be critical to succeed. The key task for HR is to help shape a highly skilled, engaged and productive workforce and to discover newer sources of effective talent. HR's challenging role, then, is to pre-empt industry trends, identify future business needs and create a pool of future-ready talent.

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## **A STUDY ON THE IMPACT OF JOB STRESS WITH REFERENCE TO PUBLIC AND PRIVATE SECTOR BANK**

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### **ABSTRACT**

*Stress management is an important skill that all adults need in order to improve themselves as problem solvers and to be more in control of their lives. Modern life is full of hassles, deadlines, frustrations, and demands. For many people, stress is so commonplace that it has become a way of life. Stress isn't always bad. The reaction is based on your perception of an event or situation. In a situation negatively, you will likely feel distressed—overwhelmed, oppressed, or out of control. Distress is the more familiar form of stress. Stress has been defined in different ways over the years. Originally, it was conceived of as pressure from the environment, then as strain within the person. The generally accepted definition today is one of interaction between the situation and the individual. It is the psychological and physical state that results when the resources of the individual are not sufficient to cope with the demands and pressures of the situation. Thus, stress is more likely in some situations than others and in some individuals than others. Stress can undermine the achievement of goals, both for individuals and for organizations. In this study chi square has been used to find the influence factor.*

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### **INTRODUCTION**

Stress management refers to the wide spectrum of techniques and psychotherapies aimed at controlling a person's levels of stress, especially chronic stress, usually for the purpose of improving everyday functioning. In the term 'stress' refers only to a stress with significant negative consequences, or distress in the terminology advocated by Hans Selye, rather than what he calls eustress, a stress whose consequences are helpful or otherwise positive. Stress produces numerous symptoms which vary according to persons, situations, and severity. These can include physical health decline as well as depression. The process of stress management is named as one

of the keys to a happy and successful life in modern society by analyzing the specific stressors and taking positive actions to minimize their effects.

Most stress management programs deal with job stress and workplace issues. methods of controlling factors that require a response or change within a person by identifying the stressors, eliminating negative stressors, and developing effective coping mechanisms to counteract the response constructively. Examples include progressive muscular relaxation, guided imagery, biofeedback, breathing techniques, and active problem solving.

### **STATEMENT OF PROBLEM**

In present and past decade the B.s has seen undergoing changes in terms of globalization efforts liberalization polices, downsizing and new technology etc., that had created stressful atmospheric to the employee in the sectors. The advent of technologies revolution in all works of life coupled with globalization privatization polices drastically changed conventions patterns in all factors. The banking sector to reform and adjust to have a competitive edge to cope with multinationals environment. The advent of technological changed; especially extensive use of computers in the sector has changed the work factors of the bank employees and ahs made it inevitable to downsize the work force in the sector. The implications of the above said transformations have affected the social, economical and psychological domains often bank employees and their relations. All the factors discussed above are perspective attributes to cause occupational or job stress and related disorders among employees.

In this context, a requirement to assess different types of stress, such as work stress factors, organizational stress factors, personal stress factors, health stress factors, environmental stress factors, psychological stress factors, cultural stress factors, organization health factors has been identified by the researcher. So this study focuses on identifying the various types of stress and also to find the factors influencing the various stress levels among the employees of public and private sector banks. Thus the results of the study would aim at population o various segments of organization. It also includes the possible and suitable methods of combining stress among employees.

### **SCOPE OF THE STUDY**

Stress becomes a strategic threat to an y business bank employees are expected to give significant support to the changing process of the organization but not for developing stress. Especially in the financial sector employees are expected to be highly intelligent and have been recruited for their leadership abilities and are having to learn and to cope with new organizational identity. This study will bring to light the various forms of stress prevailing in the banking sector facing a competitive market. An understanding of the nature and causes of stress is useful to know the awareness and response job individuals to the stress management.

Strategies and their effectiveness in realizing organization goals. Thus the results of the study will give beneficial sector. However, due to scarcity of time and other resources this study is limited only to few firms and the results are therefore more informative, that inferential and generalization should be done with due care. This study not helps the employees of the banks in reducing their stress which in turn help them for keeping good health and also help the banks in increasing the profitability and maintain good customer relationship.

## OBJECTIVE OF THE STUDY

- ❖ To describe the various types of job stress among employees of public and private sector bank.
- ❖ To study and analyse the factor influencing the various types of job stress among employee of public and private sector.

## WORK STRESS FACTOR

The table work stress describes the distribution of respondents based on their levels of agreeability on the various factors relating to work stress factors:

**TABLE: 1 WORK STRESS FACTOR**

S. No	Work stress factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Work load is optimum	101	275	95	26	3
2	Interesting Job	74	291	119	16	0
3	Monotonous job	58	262	147	31	2
4	Job security	93	254	118	32	3
5	Convenient working Hrs	63	244	141	40	12
6	Time management	71	204	148	25	2
7	Scope of career growth	73	181	163	77	6
8	Working environment	59	238	128	69	6
9	Work completion and target achievement	49	163	162	117	9
10	Work load	32	147	175	130	13
11	Work rest hours	48	135	158	179	10
12	Efficiency in executive work schedules	68	177	149	104	2
13	Short comings work	54	203	165	75	3
14	Location to the office	91	239	121	45	2
15	Effectiveness in the role conflict between different roles	72	243	151	32	0
16	Clarity on priority in roles	63	273	140	24	1
17	Conflicts between roles and values	90	273	112	24	4

It is found from the table that 275(55%) and 101 (20.2%) of the respondents have agreed and have strongly agreed respectively, that their work load is optimum. Further 201(58.2%) 74(14.8%) of the respondents have agreed and have strongly agreed respectively, that their job is interesting. 273(54.6%) and 90(18%) of the respondents have agreed and have strongly agreed respectively, that they are clear about the priorities in their role. 254(50.8%) and 93(18.6%) of the respondents have agreed and have strongly agreed respectively, that their job is secured.

It is concluded that 75.2% of the respondents have agreed that their work load of optimum when compared to other factors relating to work stress factors.

**ORGANISATION STRESS FACTOR**

The table organization stress describes the distribution of respondents based on their levels of agreeability on the various factors relating to work stress factors:

**TABLE: 2 ORGANISATION STRESS FACTOR**

S. No	Organisation stress factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Supportive superiors	88	315	89	7	1
2	Work environment	89	277	120	14	0
3	Opportunities to improve	75	238	166	21	0
4	Relationship with colloquies	97	248	138	17	0
5	Communication among peer	92	260	135	11	2
6	Interpersonal relationships	94	241	146	19	0
7	Adaptability to work and work environment	96	219	138	43	4
8	Comfort ability of new recruiting	52	236	172	35	5
9	Unbias work environment	38	265	170	25	2
10	Individual ideas and suggestion are considered	60	263	154	22	1
11	Communication gap	77	245	145	29	4

It is found that table that 315(63%) and 88(17.6%) of respondents have agreed and strongly agreed respectively, that their superiors are supportive. Further 277(55.4%)& 89(17.8%) of the respondents have agreed and have strongly agreed respectively, that their organization is a good place to work. 260(52%) and 92(18.4%) of the respondents have agreed and have strongly agreed respectively, that the communication among peers are encouraging. 248(49.6%) and 97(19.4%) of the respondents have agreed respectively, that their relationship with the colleagues are good.

It concluded that 80.6% of the respondents have agreed that their superiors are supportive when compared to other factors relating to organization factors

**PERSONAL STRESS FACTOR**

The table organization stress describes the distribution of respondents based on their levels of agreeability on the various factors relating to work stress factors

**TABLE: 3 PERSONAL STRESS FACTOR**

S. No	Personal stress factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	feel isolated	40	166	117	14538	32
2	communication with family and friends	53	229	166	24	14
3	sympathy towards other	94	235	138	33	9

	employees					
4	Attitude	82	232	142	120	11
5	relationship with supervisor	46	109	145	91	70
6	time for family demands	61	161	178	86	11
7	time for attending social activities	41	159	199	96	15
8	health problem due to work pressure	47	135	197	43	25
9	fulfillment of family members reasonable needs	53	223	168	43	13
10	coping children needs	52	243	152	48	10
11	Carrying Office Tensions And pressure to home	48	231	152	68	23
12	Home Management	42	237	138	91	15

It concluded that 65.8% of respondents have agreed that there is great satisfaction helping other when compared to other factor relating to personal stress factors. It is found from table that 235(47%) and 94(18.8%) of respondents have agreed and have strongly agreed respectively, that there is great satisfaction in helping others. Further 232(46.4%) and 82(16.4%) of the respondents have agreed and have strongly agreed respectively. That their attitude is good towards others. 243(48.6%) and 52(10.4%) of the respondents have agreed and have strongly agreed respectively. That they are able to cope up with their children needs. 229(45.8%) and 53(10.6%) of the respondents have agreed and have strongly agreed respectively, that their communication with family and friends are satisfactory.

### HEALTH STRESS FACTOR

The table Health stress describes the distribution of respondents based on their levels of agreeability on the various factors relating to Health stress factors

**TABLE: 4 HEALTH STRESS FACTOR**

S. No	Personal stress factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Tension due to health	54	261	103	57	25
2	The climatic condition	44	159	183	85	27
3	Variation in blood pressure	48	163	148	108	33
4	Vision detritions	38	162	136	149	21
5	Suffering from backache	43	146	176	114	25
6	Insomnia or disturbed sleep	57	120	154	127	42
7	Hands shiver when at work	28	148	128	132	64
8	Doing workout reduces the level of stress	41	125	190	103	41

It is found from table that 261(52.2%) and 54(10.8%) of respondents have agreed and have strongly agreed respectively, that there is great satisfaction in helping others. Further 163(32.6%) and 48(9.6%) of the respondents have agreed and have strongly agreed respectively, that they have blood pressure. 159(31.8%) and 44(8.8%) of the respondents have agreed and have strongly agreed respectively. Those they climatic condition does not suit their health. 162(32.4%) and 38(7.6%) of the respondents have agreed and have strongly agreed respectively, that their vision deteriorated from last year. It is concluded that 63% of the respondents have agreed that they worry about their health when compared to other factors relating to health stress factors.

### ENVIRONMENTAL STRESS FACTOR

The table environmental stress describes the distribution of respondents based on their levels of agreeability on the various factors relating to work stress factors

**TABLE: 5 ENVIRONMENTAL STRESS FACTOR**

S. No	Personal stress factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Enjoy work as a team	66	325	93	14	2
2	Inter departmental unity	57	288	138	20	3
3	The ventilation at the work place	64	301	101	32	2
4	The management structure at the office	77	236	152	33	3
5	The communication system in the office	62	239	168	29	3
6	Various other work systems in the office	62	231	176	26	5
7	The facilities provided at the office	66	275	122	32	5
8	Lightening facilities	73	256	144	55	5
9	The hygienic condition in the office	68	263	124	37	8

It is found from table that 325(65%) and 66(13.2%) of respondents have agreed and have strongly agreed respectively, that there is great satisfaction in helping others. Further 163(32.6%) and 48(9.6%) of the respondents have agreed and have strongly agreed respectively, that they all enjoy working as clean at the work place. Further 301(60.2%) and 64(12.8%) of the respondents have agreed and have strongly agreed respectively. That they are happy with the ventilation at work place. 275(55%) and 66(13.2%) of the respondents have agreed and have strongly agreed respectively, that they facilities provided in office are good.

It is concluded that 78.2% of the respondents have agreed that they all enjoying working as a team at the work place when compared to other factors relating to environmental stress factor.

### PSYCHOLOGICAL STRESS FACTOR

The table Psychological stress describes the distribution of respondents based on their levels of agreeability on the various factors relating to work stress factors



**TABLE: 6 PSYCHOLOGICAL STRESS FACTOR**

S. No	Psychological stress factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Feel miserable for no reason on myself and others	31	194	143	100	32
2	Easily get hurt	37	130	170	130	3
3	Feeling of unhappiness arises frequently	34	121	151	152	42
4	Frequently arises tension on the personality	39	125	133	164	39
5	Feel more motivation is required	38	132	163	125	42
6	Feeling dull quite often	30	124	135	170	41
7	Mostly the thinking and working go hand in hand	45	187	161	91	16
8	Feel disturbed by unpleasant order from the superiors	39	170	157	108	26

It is found from table that 187 (37.4%) and 45(9%) of respondents have agreed and have strongly agreed respectively, that their thinking and working go hand in hand. Further 194(38.8%) and 31(6.2%) of the respondents have agreed and have strongly agreed respectively, that they feel miserable for no reason on their self and on others. 12(24.8%) and 30(6%) of the respondents have agreed and have strongly agreed respectively, that many times they feel that they are dull. 173(34.7%) and 39(7.8%) of the respondents have agreed and have strongly agreed respectively, that they get disturbed by unpleasant order from their high command.

It is concluded that 44.4% of the respondents have agreed that their thinking and working are the same and compliment each other's when compared to other factors relating to psychological stress factor.

### **SOCIOLOGICAL STRESS FACTOR**

The table sociological stress describes the distribution of respondents based on their levels of agreeability on the various factors relating to work stress factors

**TABLE: 7 SOCIOLOGICAL STRESS FACTOR**

S. No	Sociological stress factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The personal works	59	273	129	29	10
2	The leisure time is also spent at official work	29	144	171	134	22
3	The social activities interfere with official activities	44	115	153	171	17
4	The official works affected the home activities	42	149	152	143	14
5	Forced to attend the functions of colleagues	39	155	140	137	31

6	Commitment forces to participate in social gatherings	48	137	199	100	21
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It is found from table that 273 (54.6%) and 59(11.8%) of respondents have agreed and have strongly agreed respectively, that their thinking and working go hand in hand. Further 194(38.8%) and 31(6.2%) of the respondents have agreed and have strongly agreed respectively, that their personal works remain unaffected. Further 169(33.8%) and 37(7.4%) of the respondents have agreed and have strongly agreed respectively, that participated in social related activities reduces the stress. 155(31%) and 37(7.8%) of the respondents have agreed and have strongly agreed respectively, that they participated in functional parties of their colleagues under compulsion.

It is concluded that 66.4% of the respondents have agreed that they are able to perform their personal work when compared to other factors relating to sociological stress factor.

## WORK STRESS FACTORS

### I ORGANIZATION STRESS FACTORS

Hypothesis: the personal and socio-economic factors of the respondents have no significant influence on the organizational stress factor.

The table describes personal and socio economic factors, chi-square values, and their significance on the organization stress factor

**TABLE: 8 CHI-SQUARE VALUES, PERSONAL AND SOCIO-ECONOMIC FACTORS AND ORGANIZATIONAL**

Personal and socio economic factors	Chi-square	P values	Significant/Non significant
Gender	10.015	0.214	S
Marital status	14.281	0.027	NS
Age	0.245	0.885	NS
Education	10.284	0.094	NS
Annual income	4.327	0.115	NS
Expense	14.853	0.021	S

It is found from the table 6 that the hypothesis is rejected (Sig) in two cases and in other cases the hypothesis is accepted (NS). It is concluded that the marital status and expensive have significant influence on the organization stress factor.

### II PERSONAL STRESS FACTORS

Hypothesis: the personal and socio-economic factors of the respondents have no significant influence on the personal stress factor.

The table describes personal and socio economic factors, chi-square values, and their significance on the personal stress factor

**TABLE: 9 CHI-SQUARE VALUES, PERSONAL AND SOCIO-ECONOMIC FACTORS AND PERSONAL**

Personal and socio economic factors	Chi-square	P values	Significant/Non significant
Gender	15.397	0.017	S
Marital status	10.792	0.095	NS
Age	2.741	0.254	NS
Education	14.783	0.022	S
Annual income	3.256	0.196	NS
Expense	5.494	0.482	NS

It is found from the table 7 that the hypothesis is rejected (Sig) in two cases and in other cases the hypothesis is accepted (NS). It concluded that the gender and education have significant influence on the personal stress factor.

### III ENVIRONMENTAL STRESS FACTORS

Hypothesis: the personal and socio-economic factors of the respondents have no significant influence on the Environmental stress factor.

The table describes personal and socio economic factors, chi-square values, and their significance on the Environmental stress factor

**TABLE: 10 CHI-SQUARE VALUES, PERSONAL AND SOCIO-ECONOMIC FACTORS AND ENVIRONMENTAL**

Personal and socio economic factors	Chi-square	P values	Significant/Non significant
Gender	3.572	0.734	S
Marital status	4.316	0.634	NS
Age	4.218	0.121	NS
Education	7.241	0.299	NS
Annual income	6.329	0.042	NS
Expense	8.025	0.236	S

It is found from the table8 that the hypothesis is rejected (Sig) in two cases and in other cases the hypothesis is accepted (NS). It concluded that the annual income have significant influence on the Environmental stress factor.

### IV PSYCHOLOGICAL STRESS FACTORS

Hypothesis: the personal and socio-economic factors of the respondents have no significant influence on the Psychological stress factor.

The table describes personal and socio economic factors, chi-square values, and their significance on the Psychological stress factor.

**TABLE: 11 CHI-SQUARE VALUES, PERSONAL AND SOCIO-ECONOMIC FACTORS AND PSYCHOLOGICAL**

Personal and socio economic factors	Chi-square	P values	Significant/Non significant
Gender	20.062	0.003	S
Marital status	14.235	0.029	S
Age	2.103	0.349	NS
Education	6.975	0.323	NS
Annual income	3.649	0.161	NS
Expense	9.349	0.155	NS

It is found from the table9 that the hypothesis is rejected (Sig) in two cases and in other cases the hypothesis is accepted (NS). It concluded that the gender and marital status have significant influence on the Psychological stress factor.

### FINDINGS

- The marital status and experience have significant influence on the organization stress factors. The gender and education have significant influence on the personal stress factor
- The annual income has significant influence on the environmental stress factor
- The gender and marital status have significant influence on the psychological stress factors.
- The education has significant influence on the emotional stress factor.
- The annual income has significant influence on the cultural stress factors.

### OFFERING SUGGESTIONS IN REDUCING THE JOB STRESS OF THE EMPLOYEE WORKING IN PUBLIC AND PRIVATE SECTOR BANKS:

Stress is defined as an adaptive, response to an external situation those result in physical and psychological and or behavioural deviations for organisations participants (luthians) Hanse Selye was one of the founding fathers of stress research. His viewed that an distress Is not necessarily something bad- it is all depends on how they take it”

The stress of exhilarating, creative successful work is beneficial, while that of failure, humiliation, of infection is determined. They are suggestions that allow which when implemntal effectively will help n reducing the stress level among the employees.

All stress is not bad, stress is the pressure of chisels away at out of felling of wellbeing and it left unchecked, at our health. The key is too successful stress, busting is leaving how to control our response and overwhelm us.

Information sharing and mentoring is a great avenue for seeking help, when we come across a stabling clock, big or small. Remember to use some of the three time to excersice and relax. Dedicating time to rejuvenate the body and mind, recovery from the rigorous of work are possible.

The organization can try to conduct trips or picnics or get-together for its employees. Stress is the word generally vanishes when one is in a group. The employee basic need to holydays and weekly and monthly off's has to considered by the management. The organization has to ensure that the employees get enough time to spend with their family and friends and also to accomplish

their personal work. The organization must try to encourage its employees when they involve themselves in social welfare activities.

The management of organization has to follow the proactive approach rather than reactive approach. So, those employees are emotionally not hurt. The organization must also give importance to the individual equivalent to the team work

The famous stress avoidance from Shriamand Bhagavad Gita is the utilization

- ❖ Utilization of available resources.
- ❖ Good attitude towards the work
- ❖ Good attitude towards commitment.
- ❖ Avoid selfish attitude.
- ❖ “ Do your duty and don't worry about the end of results”

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## HE'S VARIATIONAL ITERATION METHOD FOR 4<sup>TH</sup> ORDER INITIAL VALUE PROBLEMS

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### ABSTRACT

*In this paper, He's variational iteration method is applied to solve linear 4<sup>th</sup> order initial value problems. The numerical results obtained with minimum amount of computation are received only in two or three approximations. The results show that the variational iteration method is of high accuracy, more convenient and efficient for solving high order initial value problems.*

**KEYWORDS:** *He's variational iteration method, linear problems, initial value problems, 4<sup>th</sup> order differential equation.*

### INTRODUCTION

The variational iteration (VIM) method was developed by He [1-6]. This method is used in many scientific field for research for many linear and non-linear problems. It is a more powerful than Adomain method and perturbation method. This method solve ordinary and partial differential equations without any need of restrictive assumptions that can change physical structure of solution. The solution by this method converges rapidly in successive approximation and it give exact solution if it exist. A vast work of research in engineering and many other branches is done in linear and non-linear phenomena. There are many methods which solves many specific linear and non-linear ordinary and partial differential equations but by VIM method we can solve mostly ordinary and partial differential equations. The aim of this work is to solve linear ordinary differential equations of any odd orders by Variational iteration method.

### 2. HE'S VARIATIONAL ITERATION METHOD

Consider the differential equation

$$Lu + Nu = g(x), (1)$$

Where  $L$  and  $N$  are nonlinear operators respectively and  $g(x)$  is inhomogeneous function. He suggested the variational iteration method where a correction functional for Eq. (1) can be written as

$$u_{n+1}(x) = u_n(x) + \int_0^x \lambda(t)(Lu_n(t) + N\tilde{u}_n(t) - g(t)) dt,$$

Where  $\lambda$  is Lagrange's multiplier, which can be identified optimally by the variational theory, and  $\tilde{u}_n(t)$  as restricted variation that means  $\delta\tilde{u}_n = 0$ . It is to be noted that Lagrange multiplier  $\lambda$  can be taken as a constant or function.

There are two steps in Variation iteration method. First to find Lagrange's multiplier  $\lambda$  that can be found out optimally via integration by parts and by using the restricted variation, should be used for the determination of the successive approximations  $u_{n+1}(x)$ ,  $n \geq 0$  of the solution  $u(x)$ . The zeroth approximation  $u_0$  can be any selective function or can be any other initial condition that can be used at the initial stage or using the initial values  $u(0)$ ,  $u'(0)$ , and  $u''(0)$  are preferably used for the selective zeroth approximation  $u_0$  as will be seen later. Finally the solution is given by

$u(x) = \lim_{n \rightarrow \infty} u_n(x)$ . Then  $u(x)$  will be the solution of given differential equation.

### 3. FOURTH ORDER ORDINARY DIFFERENTIAL EQUATION

We now consider the fourth order linear differential equation with constant coefficients given by  $u''''(x) + a u'''(x) + b u''(x) + c u'(x) + d u(x) = g(x)$ ,  $u(0) = \alpha$ ,  $u'(0) = \beta$ ,  $u''(0) = \gamma$ ,  $u'''(0) = \eta$ .

The variational iteration method introduces the correction function for this equation by

$$\begin{aligned} u_{n+1}(x) &= u_n(x) + \int_0^x \lambda(t)(Lu_n(t) + N\tilde{u}_n(t) - g(t)) dt \\ &= u_n(x) + \int_0^x \lambda(t)(u_n''''(t) + a\tilde{u}_n'''(t) + b\tilde{u}_n''(t) + c\tilde{u}_n'(t) + d\tilde{u}_n(t) - g(t)) dt. \end{aligned} \quad (2)$$

Where  $\lambda$  is the Lagrange multiplier, and  $\tilde{u}_n$  and its first, second and third derivatives are restricted values where  $\delta\tilde{u}_n = \delta\tilde{u}_n' = \delta\tilde{u}_n'' = \delta\tilde{u}_n''' = 0$ .

Taking the variation of both sides of (2) with respect to independent variable  $u_n$  and proceeding

as before we find  $\delta u_{n+1} = \delta u_n(x) + \delta \int_0^x \lambda(t)(u_n''''(t) + a\tilde{u}_n'''(t) + b\tilde{u}_n''(t) + c\tilde{u}_n'(t) + d\tilde{u}_n(t) - g(t)) dt$ .

That gives

$$\delta u_{n+1}(x) = \delta u_n(x) + \delta \int_0^x \lambda(t) u_n''''(t) dt. \quad (3)$$

Integrating the integral of (3) by parts four times leads to

$$\delta u_{n+1} = \delta u_n + \delta(\lambda u_n''' - \lambda' u_n'' + \lambda'' u_n' - \lambda''' u_n) + \int_0^x \lambda'''' u_n dt.$$

The extremum condition of  $u_{n+1}$  requires that  $\delta u_{n+1} = 0$ . This means that LHS of (3) is 0, and as a result the RHS side should be 0 as well. This yields the stationary conditions

$$1 - \lambda''''|_{t=x} = 0$$

$$\lambda'|_{t=x} = 0$$

$$\lambda''|_{t=x} = 0$$

$$\lambda'''|_{t=x} = 0$$

This in turn gives

$$\lambda = \frac{1}{3!}(t-x)^3.$$

Substituting this value of the Lagrange multiplier in to the functional (2) gives the iteration formula

$$u_{n+1}(x) = u_n(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_n''''(t) + a u_n'''(t) + b u_n''(t) + c u_n'(t) + d u_n(t) - g(t)) dt. \quad (4)$$

Obtained upon deleting the restriction on  $u, u_n', u_n'', u_n'''$  that was used for the determination of  $\lambda$ . Considering the given condition  $u(0) = \alpha, u'(0) = \beta, u''(0) = \gamma, u'''(0) = \eta$ . We can select the zeroth approximation  $u_0 = \alpha + \beta x + \gamma x^2 + \eta x^3$ . Using this selection in (4) we obtain the following successive approximations.

$$u_0 = \alpha + \beta x + \frac{1}{2!} \gamma x^2 + \frac{1}{3!} \eta x^3,$$

$$u_1(x) = u_0(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_0''''(t) + a u_0'''(t) + b u_0''(t) + c u_0'(t) + d u_0(t) - g(t)) dt,$$

$$u_2(x) = u_1(x) - \frac{1}{3!} \int_0^x (t-x)^3 (u_1''''(t) + a u_1'''(t) + b u_1''(t) + c u_1'(t) + d u_1(t) - g(t)) dt,$$

$$u_3(x) = u_2(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_2''''(t) + a u_2'''(t) + b u_2''(t) + c u_2'(t) + d u_2(t) - g(t)) dt,$$

$$u_{n+1}(x) = u_n(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_n''''(t) + a u_n'''(t) + b u_n''(t) + c u_n'(t) + d u_n(t) - g(t)) dt.$$

Recall that  $u(x) = \lim_{n \rightarrow \infty} u_{n+1}(x)$ .



That may give the exact solution if it exists, otherwise we can use (n+1)th approximation for numerical purposes. In what follows, we will apply the VIM method as presented before to two models of the four order ordinary differential equation.

Example. Solve  $u''''(x) - u(x) = 0, u(0) = 3, u'(0) = 1, u''(0) = 1, u'''(0) = -1$ .

We can solve it by several many other method but now we will solve it by Variational iteration method.

$$u_{n+1}(x) = u_n(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_n''''(t) + a u_n''''(t) + b u_n''(t) + c u_n'(t) + d u_n(t) - g(t)) dt.$$

$$= u_n(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_n''''(t) - u_n(t)) dt.$$

We can take initially

$$u_0 = 3 + x + \frac{x^2}{2} - \frac{x^3}{6}.$$

$n = 0$

$$\begin{aligned} u_1(x) &= u_0(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_0''''(t) - u_0(t)) dt \\ &= 3 + x + \frac{x^2}{2} - \frac{x^3}{6} + \frac{1}{3!} \int_0^x (t-x)^3 (-1) \left(3 + \frac{t^2}{2} - \frac{t^3}{6}\right) dt \\ &= 3 + x + \frac{x^2}{2!} - \frac{x^3}{3!} + \frac{x^4}{8} + \frac{x^5}{5!} + \frac{x^6}{6!} - \frac{x^7}{7!} \\ &= \left(1 + \frac{x}{1!} + \frac{(x)^2}{2!} + \frac{(x)^3}{3!} + \frac{(x)^4}{4!} + \frac{(x)^5}{5!} + \frac{(x)^6}{6!} + \frac{(x)^7}{7!}\right) \\ &\quad + \left(1 - \frac{x}{1!} + \frac{(x)^2}{2!} - \frac{(x)^3}{3!} + \frac{(x)^4}{4!} - \frac{(x)^5}{5!} + \frac{(x)^6}{6!} - \frac{(x)^7}{7!}\right) \\ &\quad + \left(1 - \frac{(x)^2}{2!} + \frac{(x)^4}{4!} - \frac{(x)^6}{6!}\right) + \left(\frac{x}{1!} - \frac{(x)^3}{3!} + \frac{(x)^5}{5!} - \frac{(x)^7}{7!}\right) \end{aligned}$$

$n = 1$

$$\begin{aligned} u_2(x) &= u_1(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_1''''(t) - u_1(t)) dt \\ &= 3 + x + \frac{x^2}{2!} - \frac{x^3}{3!} + \frac{x^4}{8} + \frac{x^5}{5!} + \frac{x^6}{6!} - \frac{x^7}{7!} + \frac{1}{3!} \int_0^x (t-x)^3 \left(\frac{t^4}{8} + \frac{t^5}{5!} + \frac{t^6}{6!} - \frac{t^7}{7!}\right) dt \end{aligned}$$

$$= 3 + x + \frac{x^2}{2!} - \frac{x^3}{3!} + \frac{x^4}{8} + \frac{x^5}{5!} + \frac{x^6}{6!} - \frac{x^7}{7!} + \frac{x^8}{6.7.8.32} + \frac{x^9}{9!} + \frac{x^{10}}{10!} - \frac{x^{11}}{11!}.$$

$$\begin{aligned} u_n(x) &= \left(1 + \frac{x}{1!} + \frac{(x)^2}{2!} + \frac{(x)^3}{3!} + \frac{(x)^4}{4!} + \frac{(x)^5}{5!} + \frac{(x)^6}{6!} + \frac{(x)^7}{7!} + \frac{(x)^8}{8!} + \frac{(x)^9}{9!} + \frac{(x)^{10}}{10!} + \frac{(x)^{11}}{11!} + \dots + \frac{(x)^n}{n!}\right) \\ &+ \left(1 - \frac{x}{1!} + \frac{(x)^2}{2!} - \frac{(x)^3}{3!} + \frac{(x)^4}{4!} - \frac{(x)^5}{5!} + \frac{(x)^6}{6!} - \frac{(x)^7}{7!} + \frac{(x)^8}{8!} - \frac{(x)^9}{9!} + \frac{(x)^{10}}{10!} - \frac{(x)^{11}}{11!} + \dots + (-1)^n \frac{(x)^n}{n!}\right) \\ &+ \left(1 - \frac{(x)^2}{2!} + \frac{(x)^4}{4!} - \frac{(x)^6}{6!} + \frac{(x)^8}{8!} - \dots + (-1)^n \frac{(x)^{2n}}{2n!}\right) + \left(\frac{x}{1!} - \frac{(x)^3}{3!} + \frac{(x)^5}{5!} - \frac{(x)^7}{7!} + \frac{(x)^9}{9!} - \frac{(x)^{11}}{11!} + \dots + (-1)^{n-1} \frac{(x)^{2n-1}}{(2n-1)!}\right) \end{aligned}$$

And exact solution is given by

$$u(x) = \lim_{n \rightarrow \infty} u_n(x).$$

This in turn gives the exact solution

$$u(x) = e^x + e^{-x} + \cos x + \sin x.$$

Example : Solve  $\frac{d^4 u}{dx^4} + 2 \frac{d^2 u}{dx^2} + y = x^2 \cos x, u(0) = 1, u'(0) = 2, u''(0) = 3, u'''(0) = 8$ .

We can solve it by several many other method but now we will solve it by Variational iteration method.

$$\begin{aligned} u_{n+1}(x) &= u_n(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_n''''(t) + a u_n'''(t) + b u_n''(t) + c u_n'(t) + d u_n(t) - g(t)) dt. \\ &= u_n(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_n''''(t) + 2 u_n''(t) + u_n(t) - t^2 \cos t) dt. \end{aligned}$$

We can take initially

$$u_0[x] = 1 + 2x + \frac{3}{2}x^2 + \frac{4}{3}x^3, g[t] = t^2 \cos[t]$$

Then

$$\begin{aligned} u_1(x) &= u_0(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_0''''(t) + 2 u_0''(t) + u_0(t) - t^2 \cos t) dt. \\ &= 1 + 2x + \frac{3x^2}{2} + \frac{4x^3}{3} + \frac{1}{6} (120 - 18x^2 - \frac{7x^4}{4} - \frac{9x^5}{10} - \frac{x^6}{40} - \frac{x^7}{105} + 6(-20 + x^2) \cos[x] \\ &\quad - 48x \sin[x]) \end{aligned}$$

$$= 1 + 2x + \frac{3x^2}{2} + \frac{4x^3}{3} - \frac{7x^4}{24} - \frac{3x^5}{20} - \frac{x^6}{720} - \frac{x^7}{630} - \frac{x^8}{3360} + \frac{x^{10}}{120960} - \frac{x^{12}}{8553600}$$

$$+ \frac{968647680}{x^{14}} - \frac{158505984000}{x^{16}} + \frac{35177877504000}{x^{18}}$$

$$- \frac{10137091700736000}{x^{20}} + O[x]^{21}$$

$$u_2(x) = u_1(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_1''''(t) + 2u_1''(t) + u_1(t) - t^2 \cos t) dt.$$

$$= 1 + 2x + \frac{3x^2}{2} + \frac{4x^3}{3} + \frac{1}{6} (120 - 18x^2 - \frac{7x^4}{4} - \frac{9x^5}{10} - \frac{x^6}{40} - \frac{x^7}{105} + 6(-20 + x^2) \cos[x]$$

$$- 48x \sin[x]) + \frac{1}{6} (72 + 6x^2 - 2x^4 + \frac{x^6}{6} + \frac{3x^7}{70} + \frac{13x^8}{6720} + \frac{17x^9}{30240} + \frac{x^{10}}{201600}$$

$$+ \frac{x^{11}}{831600} + 6(-12 + x^2) \cos[x] - 48x \sin[x])$$

$$= 1 + 2x + \frac{3x^2}{2} + \frac{4x^3}{3} - \frac{7x^4}{24} - \frac{3x^5}{20} + \frac{13x^6}{720} + \frac{x^7}{180} - \frac{x^8}{13440} + \frac{17x^9}{181440} + \frac{11x^{10}}{725760}$$

$$+ \frac{4989600}{89x^{18}} - \frac{59875200}{13x^{12}} + \frac{21794572800}{43x^{14}} - \frac{81729648000}{59x^{20}}$$

$$+ \frac{1600593426432000}{304112751022080000} + O[x]^{21}$$

$$u_3(x) = u_2(x) + \frac{1}{3!} \int_0^x (t-x)^3 (u_2''''(t) + 2u_2''(t) + u_2(t) - t^2 \cos t) dt.$$

$$= 37 + 2x + \frac{9x^2}{2} + \frac{4x^3}{3} - \frac{31x^4}{24} - \frac{3x^5}{20} + \frac{31x^6}{720} + \frac{x^7}{180} - \frac{19x^8}{40320} - \frac{19x^9}{181440} - \frac{43x^{10}}{3628800}$$

$$- \frac{415800}{19x^{12}} - \frac{479001600}{19x^{12}} - \frac{124540416}{x^{13}} - \frac{29059430400}{x^{14}} - \frac{163459296000}{x^{15}}$$

$$+ 3(-12 + x^2) \cos[x] - 24x \sin[x]$$

$$= 1 + 2x + \frac{3x^2}{2} + \frac{4x^3}{3} - \frac{7x^4}{24} - \frac{3x^5}{20} + \frac{13x^6}{720} + \frac{x^7}{180} - \frac{31x^8}{40320} - \frac{19x^9}{181440} + \frac{23x^{10}}{3628800}$$

$$- \frac{415800}{31x^{16}} - \frac{479001600}{29x^{18}} + \frac{358758400}{29x^{20}} - \frac{163459296000}{29x^{20}}$$

$$- \frac{1743565824000}{355687428096000} + \frac{101370917007360000}{101370917007360000} + O[x]^{21}$$

And exact solution is given by

$$u(x) = \lim_{n \rightarrow \infty} u_n(x).$$

This in turn gives the exact solution

$$u[x] = (1+x) \cos[x] + (1+x) \sin[x] + x^4 \sin[x] + x^4 \cos[x] + x^3 \sin[x] + x^3 \cos[x]$$

$$+ x^2 \sin[x] + x^2 \cos[x]$$

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**DISCUSSIONS**

It is obvious that that the method gives rapid convergent successive approximations without any restrictive assumptions or transformations that may change the physical behavior of the problem. The He's variational iteration method gives several successive approximations through using the iteration of the correctional functional. Moreover, the VIM reduces the size of calculations by not requiring the tedious Adomain polynomials, hence the iteration is direct and straightforward.

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## IS GRAPHIC NOVELS MERELY ANOTHER NAME FOR COMICS?

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### ABSTRACT

*In an area of written activity, for example a book, names like novel, fiction, comic, satire, poem, or a story are very common. Of recent interest in this category of English literature what stands out is graphic novel. When broken into parts according to a dictionary, 'graphic' stands for giving vividly explicit detail, and 'novel' stands for a fictional prose narrative of book length. And graphic novel is 'a novel in comic strip format. My concept of a graphic novel is a prosaic presentation of a story with exhaustive and detailed narration (in the present case in English literature). In some cases, it is surely difficult to distinguish between a graphic novel and a graphic album. A further distinction was made when another category was described as graphic prose. This paper is an attempt to show how and in what respects a graphic novel differs from a comic. The positive attributes of a graphic novel- its importance in developing reading habits, as a conduit to harder reading and in developing interest in new areas, developing and changing situations, etc., also need to be considered.*

**KEYWORDS:** *Book, comic, format, graphic, name, novel, publications, reading.*

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### INTRODUCTION

A name is a mark of distinction- be it a product, an idea, an inanimate or animate object. If one has to stand out in a crowd, one has to have necessarily a name. In a particular field of activity, a nomenclature is a must. In an area of written activity, that is a book, names like novel, fiction, comic, satire, poem, or a story are very common. Of recent interest in this category of English literature, what stands out is graphic novel. It is broadly defined as 'a fictional story that is presented in comic strip format and presented as a book.'

When broken into parts according to a dictionary, 'graphic' stands for giving vividly explicit details, and 'novel' stands for a fictional prose narrative of book length. And graphic novel is 'a novel in comic strip format'. My concept of a graphic novel is a prosaic presentation of a story with exhaustive and detailed narration (in the present case in English literature). This paper is an attempt to show how and in what respects a graphic novel differs from a comic.

The term graphic novel was first used in 1964. The Book Interesting Study Group used graphic novel in the 21<sup>st</sup> century. Preceding this, publications seen in this domain are 'A Contract with God', in 1978 by Will Eisner. Thereafter, commercial successes like Spiegelman's 'Maus', Moore and Gibbon's 'Watchmen', and also Miller's 'The Dark Knight Returns', have been witnessed. Comic books not forming continuous stories are also in this category. Booksellers stock non-fiction and anthologies as graphic novels. Particular mention in this category may be made of William Blake's 'Marriage of Heaven and Hell' and Journey to the Gold Diggins by Jeremiah Saddlebags by brothers J.A. and D.F. Read, The Adventures of Obadiah Oldbuck happens to be the earliest example of American comics.

Other important examples pertaining to the category of graphic novels are 'Life and Theatre' by Charlotte Salomon, 'He Termed Her Wrong' by Milt Crossed and 'UnaSeimmeDelmonte' by Mark Earnest. Again in this area of our interest mention has to be made of 'Classics Illustrated', a comic book series launched in 1940 particularly for young readers. By the 1960s, IPC, a British publisher launched Superb library, a pocket sized comic book line. In 1950 digest sized picture novel for adults. 'It Rhymes With Lust' was started by Saint John Publications which received instantaneous acceptance.

Similarly, in every decade there have been interesting publications in the category of graphic novels. There have also been Indian writers who have contributed handsomely to this section of publication in English language. We will unravel all these step by step as we proceed assiduously. In the 1950s, The Case of the Winking Buddha by pulp novelist Manning Stokes stands out most prominently in this category. In the late 1960s 'His Name is Savage' by Gill Kall & Archie Godwin created a wave in the graphic novel market. Subsequently the spectacular Spiderman published by Marvel Comics earned a distinct position for itself.

As claimed, 'Strange Tales' by Stan Lee & Steeve Ditko is the first American graphic novel. This issue was published serially from 1965-66 and between 1973 & 1975. The multipurpose story 'Panther's Rage' was published as Marvel's first graphic novel. In the domain of graphic novels, special mention must and without fail be made of 'The Adventures of Tintin'. Black Mark, (1951), of Gill Kane and Archie Godwin, published by celebrated publishers Bantam Books, carves out its most special place in this discussed class of literature.

Raymond Biggs of the United Kingdom produced 'Father Christmas' (1972), and 'The Showroom', in 1978, which claimed places of dignity in the classic domain of graphic novels. More interestingly, 'When the Wind Blows', (1982), was remarketed as a graphic novel. The first self proclaimed graphic novels were 'Blood Star' by Richard Carben, 'Beyond Time & Again' by George Medager and 'Chandelier- Red Tide' by Rim Steranko, all in the year 1976. Enki Bilal's 'The Call of the Stars' was proclaimed as graphic album instead of as graphic novel. Well, in such cases, it is surely difficult to distinguish between a novel and an album. A further distinction was made when another category was described as graphic prose. Examples in this category can be cited as 'The first Kingdom' by Jacks Ketz in 1974. Sabre: Slow Fade of an Endangered Species by Don McGregor and Paul Gulacy. This was in 1978. Yet another example of graphic album is 'Future Day' by Gene Day.

The term graphic novel started growing in popularity after Will Eisner's 'A Contract with God and other Tenement Stories' (Oct. 1978) appeared in several book stores. As a matter of fact, the term graphic novel came in for comic usage after the tremendous success of 'A Contract with God'. From 1982- 1988 Marvel published many graphic novels in paperback. Celebrated

creators like John Byrne, J.M.Demeltels, Steve Garber, McGregor, Frank Miller, Dill Sienkiewicz, Walt Symondson, Charles Vess and VerneyWrightson- all very handsomely contributed to the field of graphic novels. A fantastic contribution in this area of discussion was by Art Stiegelmon's prodigal prize winning 'Maus' in 1986. Records show that sales of graphic novels started accelerating after 'Batman – The Dark Knight Returns' of Frank Miller hit the book stores in the year 1987.

The term graphic novels did not go unchallenged. Alan Moore believed that it was nothing but a marketing term. He further opined that the term comic does as much, or as good. It is believed that the term in fact conveyed the meaning 'expensive comic book' and nothing else, or nothing more, and nothing less. On the term graphic novels, author Daniel Reburn expressed, 'I snicker at the neologism first for its insecure pretension- the literary equivalent of calling a garbage man a sanitation engineer, and second, because a graphic novel is in fact the very thing it is ashamed to admit- a comic book, rather than a comic pamphlet or comic magazine'. Jess Smith opines that "there is a difference and the difference is a graphic novel is a novel in the sense that there is a beginning, middle and an end".

As against all this, let us have a serious look at some of the earlier mentioned publications championing the cause of graphic novels. The commercial success of Maus speaks volumes positively of a graphic novel. So also 'Tintin in the Land of the Soviet', 'Sin City' and '300' of Frank Miller as graphic novels made enormously successful Hollywood films. Another equally successful story is 'A History of Violence'.

Mention must also be made of the novels in this category by Indian author Sarnath Banerjee. Graphic novels 'Corridor' and 'The Barn Owl's Wonderous Capers' in 2007 were accepted as the first Indian graphic novels and both the publications made huge successes commercially. Another novel HutumPyancharNoksha by Kali Press was a huge and instantaneous success and it became extremely popular, both in the original Bengali language and also its English translation. Yet another Indian author OrijitSen wrote a graphic novel, 'River of Stories'- the story has political, environmental, and social issues surrounding the construction of Narmada dam in the state of Gujarat in India and it was published with a small grant from an NGO. And how successful was it! One more Indian author must be mentioned with the due regard he deserves, and he is Srinagar based Naseer Ahmed and his famous creation is 'Kashmir Pending'. This book primarily dealt with strife in the Kashmir region. It received extensive rave reviews.

We now move on to an altogether new area of positive attributes of a graphic novel- its importance in developing reading habits, as a conduit to harder reading and in developing interest in new areas, developing and changing situations, etc.

Noted historian Paul Buhle, (2007), observes: "The possibility that the lowly comic-format could become a vehicle for non-fictional versions of the big stories as well as the personal tale marks a turning point of sorts, for scholars with an inclination in that direction, but perhaps also for generations of students to come" (p. 320). Also in this connection I must quote Heckman, 'The new popularity of Graphic Novels lends itself perfectly to becoming the new frontrunner for reading motivation. [...] Their eye-catching illustrations give contextual connections to the written text, making them perfect for remedial readers. They give confidence to frustrated readers with non-threatening, much needed practice and experience. This also leads to the reader's progress to more challenging text'.

The importance of graphic novels is manifold, like (1) graphic novel serves as a unique and powerful motivator to stimulating English language learners. (2) Much graphic narrative material is especially suitable for young adult literature. (3) Crucial issues such as racism, war, poverty, justice, etc. are duly attended to by a graphic novel. (4) Graphic narrative materials are an excellent means to reduce the affective filters of anxiety and lack of confidence blocking student pleasure in learning. 5) Graphic novels sharpen and deepen visual literacy. Students draw their own comics to tell the basic narrative of a tale they are reading. Only classroom based research by teachers in their classrooms across a range of cultural and social settings can shed real light on learner response.

Graphic novels, one finds, also deal with personal narratives to cope with changing situations and also to survive in such social scenarios. Examples in this genre are (1) A French family dealing with severe disability of an epileptic child (David B 2005), (2) a young New York woman's battle with breast cancer, *Cancer Vixen* (Merchello 2006 and Penfold 2005), an autobiographical tale about domestic violence and spouse abuse.

It has also been found that graphic novels do invariably appeal to adolescent readers. Also found out in this regard effective learning opportunities are positively inspected by graphic novels, as part of the curriculum.

I am of the serious view that graphic novels have come of age; it is so claimed because of its multifaceted and multidimensional contribution continues to changing social needs and social environment.

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## CONCEPTUALIZATION OF EMPLOYER BRANDING

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### ABSTRACT

*Brands are the valuable tools in the hands of company to gain a competitive edge over its competitors. Branding is considered as marketing concepts that primarily focus on attracting consumers. But now the application of branding is not limited to products and services, companies use it in the area of human resource management also. The application of branding practices to human resource management has been termed as 'employer branding' (Tuzuner and Yuksel, 2009). The effective management of an organization depends upon its employees. For this purpose an organization has to recruit talented and skilled employees. But in this highly competitive environment where 'war for talent' is so high, companies need to differentiate itself from its competitors. It needs to develop an image of great place to work to attract and retain the talented workforce. This article focuses on the concept of employer branding, how employer branding can be done and a case study on employer branding.*

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### INTRODUCTION

Brand is a term which is generally associated products. Organisations use the term brand to differentiate its product from those of competitors. The importance of brand and brand building is easily justified by reference to their value to companies such as IBM, Microsoft and McDonalds (Anon, 2002). In such companies corporate branding is the cornerstone of their business strategy and serves as a single most important filter for assessing organisational change and key decisions (Martin et al., 2004). Today organizations are increasingly recognizing that most brand promises are delivered by people not products. The people offer behind the product has to be consistent with the brand and the commitment has to be reflected from top of organisation to the newest recruit (Tuzuner and Yuksel, 2009). For this purpose it is necessary to understand how employee's behaviour and values can be aligned with a brand's desired values (Harris and de chernatony, 2001). This led to the application of branding practices human resource management and thereby emergence of the concept of employer branding.

### CONCEPT OF EMPLOYER BRANDING

The term employer branding was first used by Simon Barrow in 1990 and then by Tim Ambler in the journal of band management in 1996. In their first paper on employer branding Barrow

and Ambler define the employer brand as "the package of functional, economic and psychological benefits provided by employment on identified with the employing company".

In today's competitive environment, organizations have to compete more vigorously in the 'war for talent', especially for increasingly rare and expensive knowledge workers (Cairncross, 2003). Employer branding can be used as a successful strategies to attain and retain talented workforce in an organization. According to Suvilian employee branding is defined as a targeted, long term strategy to manage the awareness and perceptions of employees, potential employee and related stakeholders with regards to a particular firm". He proposes that employer brand put forth an image showing the organisation as a good place to work. Employer branding focuses on existing as well as on potential employees. It is a valuable tool in the hands of companies to differentiate itself from its competitors in the war for talent and to attract the talented employees. It creates a perception of the organisation as a desirable place work within the external labour market (Sullivan, 2004). Employer branding provides an organisation with the benefits of increasing applicant quality and quantity (Collins and Han, 2004). It is a desired image that an organisation want to project to its employees and potential recruits. It helps a company to gain a competitive advantage and achieve an edge over its competitors with the help of talented and skilled employees. In general term we can describe employer branding as an organization's reputation as an employer.

Therefore employer branding can be described as "a process through which an organisation project its desired image to the existing and potential employees to attract and retain the talent".

### **EMPLOYER BRANDING PROCESS**

After doing a literature review on employee branding, it is found that employer branding is a three step process.

#### **1. VALUE PROPOSITION**

The first step in employer branding process is the employee value proposition. Value proposition means what values an organisation want to offer to the existing and potential employees. It is what the organisation wants to convey to internal and external market place through employer branding. It is a unique set of offerings, associations and values that will positively influence the most suitable target candidate to choose an employer. The value proposition must be attractive, true, credible distinct and sustainable. In order to achieve this it is extremely important that value proposition should be developed using in depth research, covering current employees, management and external talent groups (Carlo Duratuo, 2011). It shows what an organisation actually is and how it is and will be valuable for existing and prospective employees. It basically helps in answering a question ' Why would the top talent of the industry want to work for you".

#### **2. MARKETING THE VALUE PROPOSITION**

Once a company developed its value proposition, next step is to market value proposition to the potential employees. The value proposition will be converted into words, images and messages and targeted to the talented work groups and markets. The choice of words, images and channels through which the proposition will be communicated to the targeted employees will depend on the target group and vary across markets.

### 3. INTERNAL MARKETING

In this step the internal marketing of employer brand is done on the existence staff and new recruits. It is important because it helps in developing a workforce that will be committed to the organisational goals and values. External marketing of the employer brand establishes the firm as an employer of choice and thereby enable it to attract the best possible workers (Bachans and Tikoo, 2004), the internal marketing establishes the firm as an organization to work with and thereby enables it to retain the talented employees.

#### A CASE STUDY ON WHIRLPOOL CORPORATION (INDIA)

For the purpose of case study, the data has been taken from Website of Whirlpool Corporation. [http://www.greatplacetowork.in/storage/documents/Publications\\_Documents/Conference\\_presentations/Whirlpool-\\_Sarthak\\_Raychouduri.pdf](http://www.greatplacetowork.in/storage/documents/Publications_Documents/Conference_presentations/Whirlpool-_Sarthak_Raychouduri.pdf)

#### BRIEF HISTORY

Whirlpool Corporation is a 102 years old company. It has its presence across 170 countries and provides employment to around 69,000 employees in its 70 manufacturing and technology centers. In 1995 Whirlpool corporation acquired Kalvinator India limited and entered in India. Whirlpool is a leading manufacturer and marketer of major home appliances in India which includes a wide range of refrigerators, washing machines, air conditioners, microwaves etc.

#### EMPLOYER BRANDING FOR WHIRLPOOL

Employer branding for whirlpool is an employment experience with defines its identity. It helps in positioning the company in the minds of current and future employees. For the company, a strong employer brand enables it to attract and retain talented employees.

Whirlpool conducted a survey on 137 people. The sample size was divided into two groups. First group was internal which included the existing employees, new recruits and recent leaves that is ex-employees and another group for external which included potential hires and potential consultants. The sample size covered all functions, all grades and all geographies to ensure best representation of work force. The result of the survey showed that Business reputation, Autonomy, Career progression and work culture were the strengths of the company. Employees believe that the company empowers them. It provides freedom and flexibility in workings. The company provides valuable learning and career opportunity. It always welcome suggestions and ideas and always ready to accept change. The company provides an open culture to its employees where they are free to talk.

#### EMPLOYER BRANDING PROCESS IN WHIRLPOOL

**1. VALUE PROPOSITION:** Whirlpool discovered the four value propositions on the basis of their survey.

1. We value the free spirit of our people, who drive their own careers as well as Whirlpool's success.
2. We offer roles that have a unique identity enabling our people to grow from strength to strength, very early in life.

3. We take pride in our open and inclusive culture that enables collaboration in creating loyal customers for life.

4. We believe in setting ambitious goals, performing to the best of our abilities and celebrating & rewarding success.

The company incorporated the value proposition in their brand slogan to transmit it to potential employees. Their brand slogan 'Freedom to create our Tomorrow' represents their culture, style, values and goals.

Freedom recognises that all employees have a fundamental right to make choices about the environment and life and the company provides it to them. To create means organisation understand that employees look for an opportunity to make things happen. The company provides the employees a creative and innovative environment. Our emphasis is on the inclusion and openness. Tomorrow focus on the mission of making the company bigger and better in the years to come.

## **2. MARKETING THE VALUE PROPOSITION**

The four value proposition was converted into a slogan and then communicated through mass media. The company makes videos of existing employees showing their experiences which led these value propositions. The company launched blue book which explained the entire journey and elements of company brand to employees in a creative way. The company used highly creative design to capture attention and create awareness.

## **3. INTERNAL MARKETING**

Internal marketing was done through personalized desktop calendars, which depicts what the organisation will do to live the employer brand promise. The company sent e-mail to employees to communicate its vision of employer branding.

## **RESULTS**

The result of the employer branding was that the company was able to attract talented employees and their hiring turnaround time reduced from 50 to 35 days. The company was able to higher 37 % new recruit from fortune 500 companies. The companies of attrition rate reduced from 22 % to 16 % in 2 years and top talent attrition reduced from 7 % to person in one year. The company was ranked 22<sup>nd</sup> in Mercer 'top companies to work for' in 2008, ranked 20<sup>th</sup> in Hewitt Best Employers in India in 2009. It was given 15<sup>th</sup> rank in 2010 as a Great Place to work for. The company was recognized as Aon Hewitt 'Best Employer to work in India' in 2011. And it is awarded 1<sup>st</sup> rank in 2013 as a best place to work for.

## **CONCLUSION**

Employer branding is a successful approach towards attracting and retaining the best possible human talent. It is a source of competitive advantage to a firm. The employer branding process starts with value proposition and continues with marketing of the value proposition in both internal and external markets. Employer branding is a successful strategy which can be used by organizations to succeed and grow in this competitive environment.

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## AN APPRAISAL OF PERFORMANCE APPRAISAL SYSTEM IN PUBLIC SECTOR: A STUDY OF AN INSURANCE COMPANY

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### ABSTRACT

*Competitive advantage of an organization be generated by the human resources thus, performance of the organization is largely influenced by a set of effective HRM practices. Infact, increasing business competition has forced organizations to develop and refine their human resource management practices, and has thus raised awareness of the importance of individual performance to an organization's success<sup>1</sup>. Performance appraisal is one of the most important human resource management practices these days. It is necessary that the employee's performance should reach optimality for the success of an organization. Every organization is using various methods for appraising the performance of the employees, so that the real potential of the human asset can be known and utilized in proper way and the weaknesses can be converted into strengths. In this study, the researcher has assessed the performance appraisal technique used to appraise the employee's performance in the New India Assurance Company Limited.*

### INTRODUCTION

Human resources are the wealth of an organization which can help it in achieving its goals. Dynamic people can build dynamic organizations and efficient and effective employees can contribute effectively to the results of the organization. Competent and motivated people can make things happen to achieve goals. Hence, the Organization should continuously ensure that dynamism, necessary competence, motivation and effectiveness of employees should remain at high levels all the times.

Organizations are manned by the men and it is through men that goals are set and objectives are achieved. "An organization is like a tune, it is not constituted by individual sounds but by their synthesis<sup>2</sup>". Human Resource Management has a place of paramount importance in any organization. The proper or improper uses of the different factors of production depend on the wishes of the human resources<sup>3</sup>. Hence, besides other resources human resources need more development as human resources alone can increase efficiency and productivity and develop human resources there is need of proper and efficient management.

An organization's goals can be achieved only when men put in their best efforts. Rightly it can be said that what a man makes out of his work is important but what his work makes out of him is much more important. Thus, employee assessment is one of the fundamental tasks of HRM. The success of an organization depends on its ability to accurately measure the performance of its employees and use these measurements objectively; in order to optimize the personnel's performance, as they are the asset in the organization. Performance Appraisal is a review and discussion of an employee's performance of assigned duties and responsibilities. Employees do not learn, unless, they are given feedback on the results of their actions. For learning to take place, feedback should be both regular and frequent, so that corrective actions should be taken for the failures. In order to facilitate this performance appraisal system management needs to provide an opportunity to give feedback to the employees as to how they are doing on the job and also that how they can correct their mistake and acquire new skills.

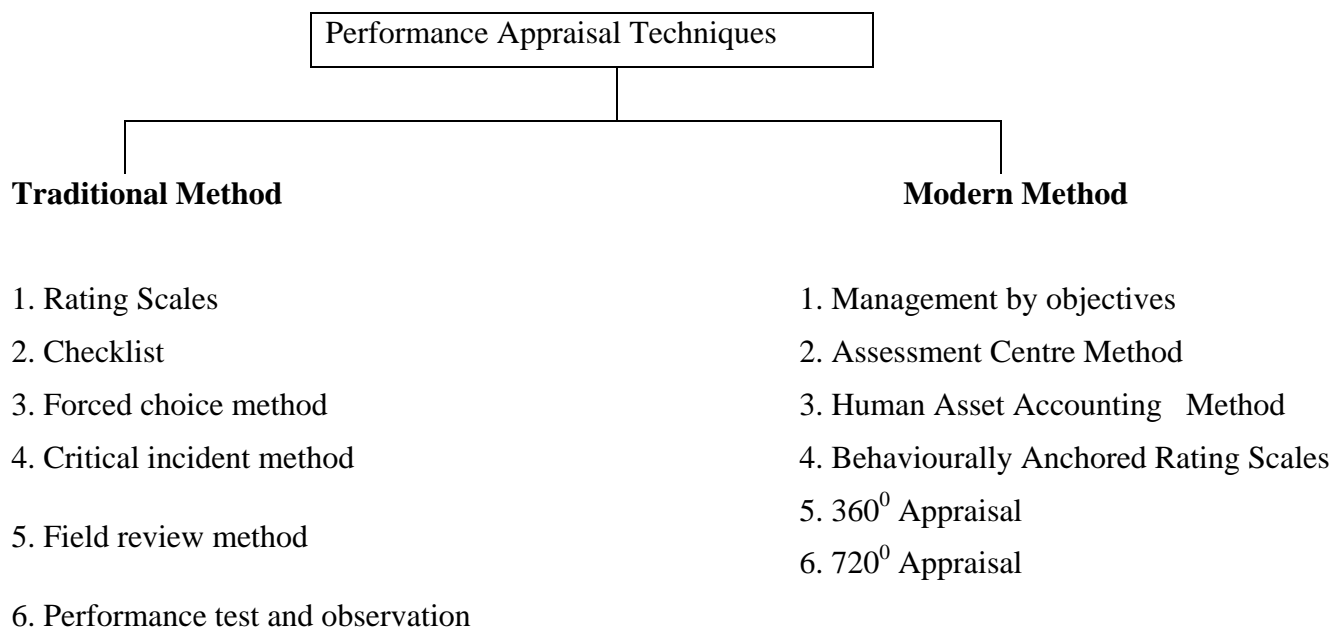
Performance appraisal or Performance evaluation is a method of evaluating the employee's contribution for achieving the organizational goals. Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his/her present job and his/her potential for a better job<sup>4</sup>. Performance appraisal not only evaluates the work done by the employees but also tries to boost their morale and motivate them to do their best.

In this manner Performance appraisal is one of the most vital technique of Human Resource Management.

### **METHODS AND TECHNIQUES OF PERFORMANCE APPRAISAL**

Various methods and techniques are used for evaluating employee performance. These methods can be classified into two broad categories.

1. Traditional Methods
2. Modern Methods



7. Essay method

8. Ranking method

## **TRADITIONAL METHODS**

### **RATING SCALES**

This is the simplest and most popular technique for appraising employee performance. The ratings of the employees can be done in two ways:

1) Graphic rating method aimed at evaluation of personality and qualities of an employee, those are useful for his performance at job. Qualities based on personality characteristics include leadership, industriousness, attitude, creativity and loyalty whereas other qualities include target, responsibility, quality of work life, achievements and others.

2) Second is the Discrete Scale which provides two or more categories in which the rater ticks mark the best quality of the performer and on the basis of that the employee is being rated such as scale like good, average, poor and others<sup>5</sup>.

### **CHECKLIST**

Under this method a statement of checklist on the traits of the employee and their job is prepared in two columns viz. a yes column and a no column. The rater is to tick 'Yes' column if the answer to the statement is positive and to tick column 'No', if the answer is negative.

### **FORCED CHOICE METHOD**

In this method the rater is given a series of statements about an employee. These statements are arranged in blocks of two or more, and the rater has to indicate which statement is more or least descriptive about the employee. This approach known as forced choice method because the rater is forced to select one of the statements, which are readymade. The advantage of this method is the absence of personal bias in rating. The disadvantage is that the statements might not be fully descriptive of the ratee's trait<sup>6</sup>.

### **CRITICAL INCIDENT METHOD**

This method of performance appraisal has generated a lot of interest in the recent past. The approach focuses on certain critical behaviours of the employees that make the difference between their effective and non-effective performances on the job as the supervisor's record such incidents as and when they occurred<sup>7</sup>.

### **FIELD REVIEW METHOD**

This is an appraisal by the person who is from outside the assesses department and he is usually someone from the corporate office or from the HR department. Field reviews are useful when comparable information is needed about the employees in the different units or locations.

### **PERFORMANCE TEST AND OBSERVATION**

In this method, the employee assessment is based upon a test of knowledge or skills. Performance test is an apt to measure potential of the employees. In order to make the performance test, observations are made under circumstances likely to be encountered<sup>8</sup>.



**ESSAY METHOD**

In this method the rater must describe the employee within a number of broad categories, such as (i) the rater's overall impression of the employee's performance, (ii) the promoability of the employee, (iii) the job that the employees is now able or qualified to perform, (iv) the strength and weaknesses of the employee, and (v) the training and the development assistance required by the employee. Although this method may be used independently, it is most frequently used in combination with other methods<sup>9</sup>.

**RANKING METHOD**

The ranking method means the ranking of employees from best to worst on a particular trait, choosing highest, then lowest, until all are ranked<sup>10</sup>.

**MODERN METHODS****MANAGEMENT BY OBJECTIVES (MBO)**

It was Peter F. Drucker who first gave the concept of MBO to the world way back in 1954 when his book "The Practice of Management" was published. Management by objective can be described as, a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members<sup>11</sup>.

**ASSESSMENT CENTER METHOD**

This concept is first started in German Army to evaluate the performance of the soldiers' .The purpose of this method is to test employees in a social situation using a number of assessors and a variety of procedures. The most important feature of the assessment center is job-related stimulations which includes the characteristics that managers feel are important for the job. On the basis of these characteristics the evaluators evaluate the employees.

**HUMAN ASSET ACCOUNTING METHOD**

This method evaluates the employees on the basis of monetary returns of the employee yielded to their organization. A relationship is established between the cost included in keeping the employee and the benefit the organization derives from the employee. Performance of the employee is then evaluated based on the established relationship between the cost and the benefit.

**BEHAVIOURALLY ANCHORED RATING SCALES (BARS)**

BARS were introduced by Smith and Kendall in 1963 with the attention of helping the researchers concerned with the issue of reliability and validity of performance ratings. Behavioral anchor scales are more informative than simple numbers. Behaviorally anchored performance dimensions can operationally and conceptually be distinguished from one another<sup>12</sup>. Rater will act as observer not as the judge. BARS help rater focus on specific desirable and undesirable incidents of work behavior which can serve as examples in discussing a rating. BARS use behavioral statements or concrete examples to illustrate multiple levels of performance for each element of performance<sup>13</sup>.

### **360<sup>0</sup> APPRAISAL**

It is a popular performance appraisal technique that involves evaluation input from multiple levels within the firm as well as external sources. 360 Degree feedback relies on the input of an employee's superior, colleagues, subordinates, sometimes customers, suppliers and/or spouses<sup>14</sup>. It provides people with information about the effect of their action on others in the workplace. It provides a notion of behavioral change might be elicited through a process of enhanced self-awareness<sup>15</sup>.

### **720<sup>0</sup> APPRAISAL**

In this method 360 degree appraisal method is practiced twice. When the 360- Degree appraisal is done, then the performance of the employee is evaluated and having a good feedback mechanism, the boss sits down with the employee again a second time and gives him feedback and tips on achieving the set targets<sup>16</sup>.

Thus, one or sometimes many of the above mentioned techniques are used in combination to devise a system of performance appraisal in an organization. Before discussing the performance appraisal methods followed by the New India Assurance Company Limited, it would be in the interest of the research that profile of the New India Assurance Company Limited is discussed in brief.

### **PROFILE OF THE COMPANY**

New India Assurance Company Limited (NIACL) has been established by Sir Dorab Tata on 23<sup>rd</sup> July, 1919. New India Assurance Company is the first fully Indian owned Insurance Company in India. It is a pioneer among Indian companies on various fronts, right from insuring the first domestic airline in 1946 to satellite insurance in 1990.

With a wide range of policies New India has become the largest non life insurance company not only in India but also one of the leading insurers in Afro Asian Region.

New India Assurance Company Limited has strength of 18,935 employees working in 1060 offices comprising of 26 Regional offices, 393 divisional offices and 601 Branch offices spread all over India<sup>17</sup>.

### **PERFORMANCE APPRAISAL METHOD FOLLOWED BY NEW INDIA ASSURANCE COMPANY LIMITED**

There are different methods of performance appraisal followed by different organizations depending on the nature of their functions and functioning. Each organization is free to devise its own appraisal method suiting to its needs; however, the uniform method of appraisal is followed by the government departments. The insurance company under the study is one of the leading insurance company in the public sector, thus, it has developed its own method and technique to assess the performance of its employees.

Infact, the company has two different sets of Performa to assess the different categories of the employees. Both the Performas are titled as under:

- Annual Performance Appraisal Report for Class I and Class II employees
- Confidential Report for Class III and Class IV employees

Since the present study cover Class I and Class II employees thus the concerned Performa has been analyzed. The Performa under the title Annual Performance Appraisal Report is used to assess the Class I and Class II employees of the New India Assurance Company Limited and this Performa consists of different parts; Part A deals with Personal Record of the employee; Part B includes Self Reporting and Part C has been divided in two sub-parts; sub-part I and sub-part II. Sub-part I assess the personal traits and executive traits, job skills and behavioural skills of the employees and sub-part II includes reviewing of the appraisee where he has been rated below average or poor by the reporting officer.

Further, two reviewing officers are involved to review the appraisal report if it is below average or poor or outstanding and in both the cases the reporting officer and the reviewing officer will have to record their views with the supporting instances and reasons to justify the rating.

The final part of the Report deals with differences of opinion areas. In case the reporting officers and the reviewing officers have different viewpoints then each one will record the reasons for the same and overall report can be changed to the advantage or disadvantage of the concerned appraisee on the basis of final report.

The method used by the New India Assurance Company Limited to appraise the employees is mix of some traditional techniques discussed in the theory part (page 3-5). The method includes both subjective and objective rating of the employees. It includes self reporting as well, which may be treated as self review by the appraisee. The report is quite comprehensive yet not fool-proof enough to avoid chances of bias reporting.

### **OBJECTIVES OF THE STUDY**

1. To assess the performance appraisal practice followed by New India Assurance Company Limited.
2. To suggest measures to strengthen the performance appraisal system in the New India Assurance Company Limited.

### **METHODOLOGY**

The present study is based on both primary and secondary data. Primary data was collected from the employees of the company working in the different offices located in Chandigarh and secondary data was collected from the records available at these offices, annual reports, company's website and other publications of the company..

As has been pointed out the offices of the New India Assurance Company Limited situated in Chandigarh were covered under the present study and the census of the Class I and Class II employees working in these offices was taken to draw the responses to assess the performance appraisal system. The total strength of the employees working in these offices was 312 which included 91 Class I employees, 32 Class II employees and 155 Class III employees. The present study has covered Class I and Class II employees only and out of 91 Class I employees only 72 officials responded to the interview schedule thereby reducing the strengths of the respondents to 104.

**TOOL**

An interview schedule comprising of certain posers were put across Class I and Class II employees to elicit the responses which comprised of 123 respondents (91 Class I+32 Class II employees).

<b>Statements</b>	<b>Category</b>	<b>Agree</b>	<b>Undecided</b>	<b>Disagree</b>
Performance appraisal is a useful technique to evaluate the employee's performance.	<b>Class I</b>	52 (72.2)	07 (9.7)	13 (18.1)
	<b>Class II</b>	16 (50.0)	03 (9.4)	13 (40.6)
Performance appraisal provides the information to the employees about their strengths and weaknesses.	<b>Class I</b>	51 (70.8)	07 (9.7)	14 (19.4)
	<b>Class II</b>	15 (46.9)	03 (9.4)	14 (43.8)
Performance appraisal is done by my immediate supervising authority.	<b>Class I</b>	61 (84.7)	10 (13.9)	01 (1.4)
	<b>Class II</b>	19 (59.4)	11 (34.4)	03 (9.4)
Performance appraisal report if positive, serves as a base for promotion.	<b>Class I</b>	58 (80.6)	05 (6.9)	09 (12.6)
	<b>Class II</b>	17 (53.1)	01 (3.1)	14 (43.8)
Performance appraisal provides opportunities for assessing training and development needs.	<b>Class I</b>	46 (63.9)	12 (16.7)	14 (19.4)
	<b>Class II</b>	17 (53.1)	01 (3.1)	14 (43.8)
Weaknesses of the employees are communicated to them in a non threatening way.	<b>Class I</b>	37 (51.4)	10 (13.9)	25 (34.7)
	<b>Class II</b>	16 (50.0)	02 (6.3)	14 (43.8)
Job description is communicated to the employees before the actual performance of the job.	<b>Class I</b>	37 (51.4)	14 (19.4)	21 (29.2)
	<b>Class II</b>	17 (53.1)	02 (6.3)	13 (40.6)
Through performance appraisal employees are able to develop their career within the organization.	<b>Class I</b>	34 (47.2)	15 (20.8)	23 (31.9)
	<b>Class II</b>	15 (46.9)	02 (6.3)	15 (46.9)
Performance appraisal of the employees in the company is done without any bias.	<b>Class I</b>	31 (43.1)	10 (13.9)	31 (43.1)
	<b>Class II</b>	11 (34.4)	03 (9.4)	18 (56.3)
Achievements are recognized and rewarded on the basis of performance appraisal.	<b>Class I</b>	40 (55.6)	05 (6.9)	27 (37.5)
	<b>Class II</b>	14 (43.8)	02 (6.3)	16 (50.0)

Performance appraisal provides me feedback to improve my performance.	<b>Class I</b>	48 (66.7)	08 (11.1)	16 (22.2)
	<b>Class II</b>	14 (43.7)	02 (6.3)	16 (50.0)
Performance appraisal provides an opportunity to the employees for self review.	<b>Class I</b>	60 (83.3)	06 (8.3)	06 (8.3)
	<b>Class II</b>	26 (81.3)	03 (9.4)	03 (9.4)
Performance appraisal of the employees in the company is an annual exercise.	<b>Class I</b>	61 (84.7)	07 (9.7)	04 (5.6)
	<b>Class II</b>	24 (75)	06 (18.8)	02 (6.3)
The performance of the employees is appraised through pre devised performance which is known as Annual Performance Appraisal Report.	<b>Class I</b>	68 (94.4)	04 (5.6)	00 (0.0)
	<b>Class II</b>	30 (93.8)	04 (6.2)	00 (0.0)
Performance appraisal acts as a tool of control in the organization.	<b>Class I</b>	55 (76.4)	05 (6.9)	12 (16.7)
	<b>Class II</b>	26 (81.3)	03 (9.4)	03 (9.4)

Source: computed from primary data

### DATA ANALYSIS

The higher proportion of Class I employees (72.2%) agreed that performance appraisal was a useful technique as against 50% of Class II employees. However, noticeable proportion of Class II employees (40.6%) disagreed with the statement indicating their dissatisfaction with performance appraisal technique for the reason that they found performance appraisal as one affair where the assesses had no role to play.

Similarly, higher proportion of Class I employees (70.8%) agreed that performance appraisal provided them with the information about their strengths and weaknesses whereas the responses of Class II employees were unequally divided between all the options, setting no clear trend of responses thereby establishing their disagreement with the statement indicating that employees were not informed about their strengths and weaknesses pointed out during the performance appraisal process.

On asking whether the immediate supervisor or authority did the performance appraisal of the employees, it was found that very high proportion of Class I employees (84.7%) agreed that their immediate supervisor did the appraisal as compared to Class II employees. Likewise, for Class I employees the performance appraisal served as a base for the promotion whereas the Class II employees were not sure of the same, indicating that for them there were other factors which played role in the promotion of an employee.

To the poser that through performance appraisal the training and development needs of the employees were assessed, it was established on the basis of the responses that Class I and Class II employees were not sure about the aspect as noticeable proportion of respondents disagreed with the statement.

On analyzing the responses related to the aspect that weaknesses of the employees were communicated in non threatening way, no clear trends were observed though higher proportion of respondents of both the classes agreed with the statement yet the proportion of dissenting responses could not be marginalized. However, the informal chats with the officials brought out the fact that the officials were not informed about their weaknesses.

On analyzing the issue that job to be performed was described to the employees before they were asked to perform the job, it was found that no clear trends emerged as the responses were divided, though majority of the employees (51.4% Class I and 53.1% Class II) agreed that the job to be performed was described to them yet the disagreed responses cannot be overlooked.

Employees of both the classes were not sure about the aspects that performance appraisal developed the career of the employees in the organization.

On investigating the aspect whether there was bias while appraising the performance of the employees, it was found that there were no clear trends of responses of Class I employees as the responses were equally divided (45.1%) between the agreed and disagreed responses. However, high proportions of Class II employees (56.3%) expressed that there was bias while appraising the employee's performance as they disagreed with the statement.

Further, it was found that achievements were not recognized on the basis of performance appraisal except majority of class I employees (55.6%) who agreed that their achievements were recognized and rewarded on the basis of performance appraisal.

On assessing the aspect that performance appraisal provided the feedback to employees to improve their performance, it was established through the responses that higher proportion of Class I employees (66.7%) opined that the feedback helped them to improve their performance whereas higher proportion of Class II employees (50.0%) did not find so perhaps due to the reason that the organization did not provide feedback to the employees.

On investigating the aspect that performance appraisal provided opportunity to the employees for self review, the responses overwhelmingly supported that opportunity of self review was provided to the employees by the respondents of both the classes.

Further, it was ratified by the employees that performance appraisal was done on annual basis in the company. It was also ratified that there was a prescribed Performa for the performance appraisal of the employees of both the classes.

Interestingly, it was expressed by higher proportion of the employees of both Class I and Class II (76.4% Class I and 81.3% Class II) that that performance appraisal acted as a tool of control in the organization. The variation in the responses of Class I and Class II employees indicated that Class II employees were more convinced with the statement than Class I employees. The simple reason that Class II employees took performance appraisal as a tool of control whereas Class I employees were the controlling officer themselves.

## **FINDINGS**

- Higher proportion of Class I respondents supported that performance appraisal was a useful technique to evaluate employee's performance as compared to Class II respondents.
- Performance appraisal provided information to employees about their strengths; it was agreed upon by more of Class I employees than Class II employees.

- Immediate supervisor did the performance appraisal; this was viewed by significant majority of Class I employees that their immediate supervisor did the appraisal as compared to Class II employees.
- For Class I employees the performance appraisal served as a base for the promotion whereas the Class II employees were not sure of the same.
- More of Class I employees were of the view that performance appraisal provided opportunities for assessing training and development needs as compared to Class II employees.
- High proportions of Class I and Class II employees expressed that they were not informed about their weaknesses.
- More of employees positioned in Class I and Class II expressed that they were communicated with job description before actual performance of the assigned job.
- Employees of both the classes were not clear about the aspects that performance appraisal developed the career of the employees in the organization.
- It appears that Class I employees were not sure of the bias as the responses were divided whereas, Class II employees opined that there was bias in the process of performance appraisal.
- The majority of Class I employees agreed that their achievements were recognized on the basis of performance appraisal as against Class II employees.
- More of the employees in Class I were of the view that through performance appraisal employees were provided with feed back to improve their performance whereas Class II employees did not find so.
- High proportions of Class I and Class II employees agreed that performance appraisal provided an opportunity to the employees for self review.
- The performance appraisal of the employees was done on annual basis in the organization. It was also found that an employee had to fill a performance appraisal Performa to get him assessed.
- Majority of employees in both classes agreed that performance appraisal acted as a tool of control in the organization.

## SUGGESTIONS

The company is the company appraises its employees through Annual Confidential Report which is an age old technique and did not help the employees in enhancing their skills by overcoming their weaknesses pointed out by the appraisal report. There is need to introduce modern techniques of performance appraisal for the employees of the company.

There are many gaps in the process of performance appraisal as often the employees were not communicated about their assessment done by the supervisor. The assessed strengths and weaknesses of employees must be conveyed to them so that in future the employees could make use of those assessments and make efforts to improve their performance rather scheduled meetings between the two at the time of assessment and after the assessment can pave the way for mutual trust and reducing the gaps between the two to benefit both the scales.

Appraiser is a key person in the whole process of performance appraisal and holds the key to the employee's future career and career growth. But often it has been found that except his experiences he is not oriented to assess the employees and as a result, appraisal was left to one's experience or one's whims and fancies. There is need to have kind of orientation of the appraisers to make them fair enough in their assessments.

To conclude, it can be emphasized that modern appraisal techniques like Negotiated performance appraisal or 360<sup>0</sup> degree performance appraisal method be adopted as Human Resource Management Practices in the public organizations.

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## CONSUMER PROTECTION AND GRIEVANCE REDRESSAL MECHANISM IN INDIA: A LEGAL ANALYSIS

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### INTRODUCTION

The year 1986 is a 'Magna Carta' in the history of Consumerism. It was this year that witnessed the enactment of the Consumer Protection Act. The first ever legislation in India of its kind which solely aimed at the grief stricken consumers who are the victims of the unfair trade practices and sub standard services rendered to them by the sellers.

The object of the Act is to provide<sup>24</sup> for better protection of the interests of the consumers and to make provisions for the establishment of consumer councils and other authorities for the settlement of consumers' disputes and the matter connected therewith<sup>25</sup>. Thus the preamble to this Act makes the intention of the framers of this Act crystal clear. The setting up of the dispute redressal machinery was only to secure and enable speedy justice to the aggrieved consumers. But the only point on which this mission could not give back its 100% waste short sightedness in visualizing the problem which occur at the post implementation period of the orders/decrees of the redressal foras.

The government of India has enacted a consumer protection legislation – the Consumer Protection Act, in 1986. Its National Consumer Policy statement takes into account inter alia the two rights of consumers: (i). basic needs and (ii)a healthy environment. The right to basic goods and services guarantees dignified living of human beings. It includes adequate food, clothing, health care, drinking water and sanitation, shelter, education, energy and transportation. Healthy environment entails the right to a physical environment that enhances the quality of life. It includes protection against environmental damage and acknowledges the need to protect and improve the environment for future generations as well. One of the significant objectives of the

<sup>24</sup> . The Consumer Protection (Amendment) Act, Written By : P.A.S.PATI , BSL ,  
Symbiosis College Of Law, Pune, 2011

<sup>25</sup> . Kapur,N.D., Elements of Mercantile Law, Sultan Chand and Sons,2008.,p553

National Consumer Policy is to make it mandatory that consumer impact assessment is required in every area of governance where consumer interests are affected.

### **MEANING AND JURISPRUDENCE OF CONSUMER PROTECTION**

A consumer is a person who buys any goods or hires any service for valuable consideration (including deferred payment). The term does not include a person who obtains goods or services for resale or for any commercial purpose. However, persons who avail goods or services exclusively for the purpose of earning their livelihood by means of self employment are considered as consumers<sup>26</sup>.

Before delving into the concrete pillars of the consumer protection legal regime, it is worth noting that certain principles underlie all aspects of consumer protection by virtue of India's legal system having its historical basis in the common law – an organically built up body of legal rules and principles in England from the 12th century onwards. Specifically these are:

#### **A. CAVEAT EMPTOR**

Age-old principle of law where buyers in commercial transactions are “to beware” i.e. the onus lies upon them to ascertain the sanctity of the product. This rule has, over the years, become subject to disclosure requirements imposed on sellers, as well as to any other warranties / guarantees the seller may provide

#### **B. “JUSTICE, EQUITY AND GOOD CONSCIENCE”**

In the words of one legal commentator, “its meaning is obscure and is as variable as the colour of a chameleon. It is the convenient phrase to put into a statute to fill the gaps in the law. Thus, if, in deciding cases, the courts can obtain no help or guidance from legislative enactments or religious law books or other authorities, the Judges are expected to act in accordance with justice, equity and good conscience. This usually means what each judge thinks best to do in the particular case.

### **HISTORICAL EVOLUTION - PRE INDEPENDENCE**

English Common Law. The common law evolved at least three distinct heads of law that are relevant to consumer protection in India even today: (a) tort; (b) contract; and (c) fiduciary laws. Enforcement takes place through suits filed in courts of law.

Torts are “civil wrongs”. There exists several types of torts, each with a “test” laid down and refined by courts of law in England (and subsequently in India) over the years. Torts typically open to aggrieved customers include “deceit”, “fraud”, “misrepresentation” and “negligence”, depending upon the facts of the matter. Any individual may sue a provider under these heads in trial court, with relief granted usually in the form of restitution or monetary damages. A customer may also potentially sue the manufacturer or main service provider himself under the vicarious liability rule (“master servant” rule).

The UN Guidelines have outlined the following eight areas for developing policies for consumer protection<sup>27</sup>: Physical safety; Promotion and protection of consumers' economic interests; Standards for safety and quality of consumer goods and services; Distribution facilities for

<sup>26</sup>. Ibid. p.555,556

<sup>27</sup> United Nations, (1985/1999), Guidelines for Consumer Protection, April 9, 1985, (General Assembly Resolution No.: 39/248), revised in 1999

essential consumer goods and services; Measures enabling consumers to obtain redress; Education and information programmes; Promotion of sustainable consumption; and Measures relating to specific areas like water, food and pharmaceuticals.

### **AFTER INDEPENDENCE- 1950 – 1986**

After framing of the Constitution of India, the Union Parliament has passed several legislations which include consumer protection provisions. The ambit of these provisions is restricted to the subject matter of these statutes, and they are enforceable through the trial courts. Failure on the part of any customer to show the statute was applicable meant that he had to then resort to tort / contract / fiduciary law for relief.

### **CONSTITUTIONAL PROTECTION**

In India there are constitutional, legislative and administrative provisions with respect to the rights of individuals. Among the constitutional provisions, the most important one is the protection of right to life and personal liberty<sup>28</sup>, which include the right to food, clothing, shelter, health care, drinking water & sanitation, education come under the ambit of basic needs. Without the fulfillment of these needs it would be impossible for any human being to live in a dignified manner. The Right to Education is mentioned in the Chapter of Directive Principles of State Policy in the Constitution of India under article 40<sup>29</sup>. Two major legislations are the Prevention of Food Adulteration Act, 1954, and the Bureau of Indian Standards Act, 1986.

### **CONSUMER PROTECTION ACT 1986 - AN INTRODUCTION**

The act came into effect from December 24, 1986<sup>30</sup>. It was amended later on and the modifications came into effect on March 15, 2003. The act is applicable to the whole of India except to the state of Jammu and Kashmir. The act makes provisions to include both tangible goods and intangible services purchased from a trader or service provider. The act can apply to any consumer who uses the product for non-commercial activities which means the act excludes commercial customers fully, but includes individual domestic customers, groups of domestic customers, societies and not-for-profit organizations.

Department of Consumer Affairs has taken certain steps to provide information to the public. The Right to Information Act, 2005 has been enacted by the Parliament to ensure the Right to Information. The right to consumer education means the right to acquire the knowledge and skills to be an informed consumer. The Indira Gandhi National Open University (IGNOU) has devised a syllabus for distant education on consumer protection. Redressal mechanisms are incorporated under the MRTP Act, 1969, Indian Arbitration Act, 1940, and through voluntary complaint redressal mechanisms provided by various businesses. The Environment<sup>31</sup> Protection Act, 1986, provides the guidelines for the management of hazardous wastes etc., e.g. safety report, safety audit etc. The other main environmental legislations include regulation of pollution of water, air and soil.

<sup>28</sup>, Basu, D.D. Introduction to the Indian Constitution, Prentice hall India, 18<sup>th</sup> Edition, 1998; Article 21.

<sup>29</sup>. Pandey, J.N., Constitutional Law of India, Central Law Publications, Allahabad, 2013, pp, 246,247; The 83rd Constitutional (Amendment) Act 2000, has made elementary education a fundamental right to the children aged between 6 to 14 years.

<sup>30</sup>. Kapur, N.D., Elements of Mercantile Law, Sultan Chand and Sons, 2008, p.553

<sup>31</sup> Article, 48-A of the Indian constitution

The purpose of economic planning is to allocate resources, as far as possible, for the maximum satisfaction of consumers' needs. Any goods or services produced in an economy are ultimately meant for consumers but they need good and better services vis-à-vis protection. Realising this need, the International Organisation of Consumer Unions, now known as Consumers International, took the initiative and under its consistent lobbying, the United Nations adopted a set of Guidelines<sup>32</sup> for Consumer Protection on April 9, 1985 which were revised in 1999. The Guidelines address the interests and needs of consumers worldwide and provide a framework for Governments, particularly those of developing and newly independent countries, to use for elaborating and strengthening consumer protection policies and legislation<sup>33</sup>. In India, the Drugs Control Act, 1950, Prevention of Food Adulteration Act, 1954, Essential Commodities Act, 1955 are the product specific legislations with consumer protection components.

### **OBJECTIVES OF CENTRAL COUNCIL<sup>34</sup>**

The objectives of the Central Council is to promote and protect the rights of the consumers such as:

- the right to be protected against the marketing of goods and services which are hazardous to life and property.
- the right to be informed about the quality, quantity, potency, purity, standard and price of goods or services, as the case may be so as to protect the consumer against unfair trade practices.
- the right to be assured, wherever possible, access to a variety of goods and services at competitive prices.
- the right to be heard and to be assured that consumer's interests will receive due consideration at appropriate forums.
- the right to seek redressal against unfair trade practices or restrictive trade practices or unscrupulous exploitation of consumers; and
- the right to consumer education.

### **OBJECTIVES OF STATE COUNCIL<sup>35</sup>**

The objects of every State Council shall be to promote and protect within the State the rights of the consumers laid down in clauses (a) to (f) in central council objectives. The Consumer Protection Act<sup>36</sup> provides for the establishment of a three-tier system for the redressal of consumer disputes at the district, state and national levels in the ascending order of hierarchy. The objective of the system is to provide cheap and quick redressal of consumer grievances at the appropriate level with minimum technicalities and legal formalities. The Act stipulates that a complaint relating to any goods sold or delivered (or agreed to be sold or delivered), or any service provided (or agreed to be provided) can be filed with the appropriate forum. The

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<sup>33</sup> Anjali Bansal, Research Associate, Consumer Unity & Trust Society (CUTS) State of Consumer Protection in India

<sup>34</sup> . Thripati.GP, Law of Special Contracts, Allahabad Law Agency, 2007,p.21

<sup>35</sup> sections 7 and 8 of the Consumer Protection Act, 1986

<sup>36</sup> Section 9 of the Consumer Protection Act 1986

complaint can be filed by an individual consumer, a recognized association of consumers or by a state or central government.

### **JURISDICTION OF DISTRICT FORUM**

Subject to the other provisions of this Act<sup>37</sup>, the District Forum shall have jurisdiction to entertain complaints where the value of the goods.

### **CONSUMER PROTECTION COUNCILS**

The act provides provisions to create councils at the central, state and district level to promote consumerism. These consumer protection councils have very little statutory powers and there are still a handful of consumer protection councils in India that actively promote consumer protection activities.

### **CONSUMER DISPUTES REDRESSAL AGENCIES<sup>38</sup>**

This section of the act provides for the creation of consumer courts. The central government is given the responsibility to create and maintain the National Consumer Disputes Redressal Commission in New Delhi. The state government is given the responsibility to create a State Consumer Disputes Redressal Commission at the state level and a District Consumer Disputes Redressal Forum at the district level.

### **AMOUNT OF COMPENSATION**

District Consumer Disputes Redressal Forum, Must be qualified to be a District Judge, Two other members; one must be a woman.

State Consumer Disputes Redressal Commission, Rs. 20 Lakh to Rs. 1 Crore, Must be a person who is or has been a Judge of a High Court, At least two other members.

National Consumer Disputes Redressal Commission, Higher than Rs. 1 Crore, Must be a person who is or has been a Judge of the Supreme Court, At least four other members.

You cannot file a complaint in a consumer court if two years have elapsed after the cause of action (such as payment of a bill or the incident that started the dispute with the company).

The Act provides that the District Consumer Disputes Redressal Forum has the same powers as a civil court under Code of Civil Procedure 1908, but you may be surprised as to how much of this power in law books actually manifests when put to practice.

The District Consumer Forum can order the company to take the following actions once it hears the complaint and decides that the company is at fault:

- Correct deficiencies in the product to what they claim
- Repair defect free of charges
- Replace product with similar or superior product
- Issue a full refund of the price
- Pay compensation for damages / costs / inconveniences

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<sup>37</sup> Section,11

<sup>38</sup> Section 9-27

- Withdraw the sale of the product altogether
- Discontinue or not repeat any unfair trade practice or the restrictive trade practice
- Issue corrective advertisement for any earlier misrepresentation

If the consumer was not satisfied with the verdict from the District Consumer Court, you can appeal in the State Consumer Disputes Redressal Commission within a period of 30 days. If a verdict has been given against the company, it can appeal only after depositing 50% of the compensation to be paid to you or Rs.25000/-, whichever is lesser.

### **STATE CONSUMER DISPUTES REDRESSAL COMMISSION**

The law provides that the State Consumer Commission function in the state capital, but the government has the powers to move it as needed.

The State Consumer Forum usually hears cases of three types:

1. Appeals from District Consumer Forums
2. Cases against companies that operates an office or a branch in the state.
3. Cases where the actual reason why you are filing the complaint (such as signing of an agreement or payment of a bill) partially or fully occurred within the state.

### **NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION<sup>39</sup>**

The National Consumer Court must ordinarily be functioning in New Delhi and is presided over by a person who is currently or has been in the past a judge of the Supreme Court. The President of the National Consumer Disputes Redressal Commission (NCDRC) is appointed by the Central Government after consultation with the Chief Justice of India. The National Consumer Commission has a minimum of four other members and is appointed by a committee chaired by a Supreme Court judge as recommended by the Chief Justice of India. Members of the NCDRC can have a term of up to five years or up to 70 years, whichever is earlier.

The National Consumer Court handles five types of complaints:

- Complaints that has been sought or need to be transferred from one State Consumer Commission to another in the interest of justice.
- Appeals from State Consumer Disputes Redressal Commissions
- Consumer complaints that occurred in India, except in the State of Jammu and Kashmir
- Cases from State Consumer Commissions where there has been accusations or proof of material irregularity or illegal activities
- Cases where ex-parte (where verdicts have been passed in the absence of either parties) orders have to be set aside.

If the consumer was not satisfied by the verdict from the National Consumer Court, you can appeal in the Supreme Court, within a period of 30 days. If a verdict has been given against the company, it can appeal only after depositing 50% of the compensation to be paid to you or

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<sup>39</sup> [www.ncdrc.gov.in](http://www.ncdrc.gov.in)

Rs.50000/-, whichever is lesser. For faster adjudication, if the issue of admissibility is not decided within 28 days, then the complaint will be deemed to have been admitted.

### **JUDICIAL ACTIVISM**

In a catena of judgements and particularly in Madhusudhan's<sup>40</sup> case the Apex Court held that the principal objective of the Consumer Act is to provide for a better protection of the interest of the consumer and further observed that the jurisdiction of the Consumer Forum should not ordinarily be curtailed. the Apex Court further held that the Consumer Act is a necessary and welcome addition to Indian jurisprudence and that its provisions should be interpreted keeping in mind the basic objective of consumer protection.

### **CRITICISM**

However, as is so often the case with noble intentions, the Consumer Act has forced to live up to its expectations in several ways. The forums established by the Consumer Act have become clogged with pendency of cases, effective compliance is difficult to monitor and very often the compensation awarded is abysmally low. The recent proposal to Amendment to the Consumer Protection Act the proposal provides for filing of consumer complaints online, non-compliance of orders are now punishable by a fine of Rs. 500/- or ½ % of the value for every day of non-compliance. An award passed by the consumer forum is likened to a decree passed by a civil court of competent jurisdiction.

### **CONCLUSION**

There is no doubt that the Consumer Act is a vital piece of legislation and one which can greatly encourage and protect consumer rights in the country. At the same time, it is also beyond doubt that the Consumer Act, in its present state, is suffering from ineffectiveness and non-performance. Hence, in one sense, the Amendment Bill is welcome since it acknowledges the importance of the Consumer Act and seeks to better the same. However, some of the proposed changes might require a re-think to make consumer dispute redressals truly efficient and cost-effective.

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<sup>40</sup> . the Hindu , January 16,2012,



## EFFICIENCY AND FINANCIAL SUSTAINABILITY OF MICROFINANCE INSTITUTIONS: A STUDY OF JAFFNA DISTRICT

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### ABSTRACT

*Microfinance is the provision of thrift, saving, credit and financial services and products of very small amount to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve their standard of living. (Sen., 2008). In numerous studies done across the world, it is generally believed that various microfinance initiatives have been able to make a difference in the target populations lives. However, increasing doubts have been raised over the financial sustainability of microfinance institutions. MFIs need to be economically viable and sustainable in the long run but economic implications of long term sustainability are not being considered (Srinivasan et al., 2006). Microfinance collectively refers to the supply of loans, savings accounts, and other basic financial services like insurance, to the poor. About one billion people globally live in households with per capita incomes of one dollar per day (Morduch J. 1999). Microfinance Institutions (MFIs) are special financial institutions. They have both a social nature and a for-profit nature. Their performance has been traditionally measured by means of financial ratios. The context of the study is to analyze the prospects of micro finance industry in Jaffna District special reference to MPCSC Co-operative Rural Bank. This study examines the relationship between efficiency of co-operative rural banks with its financial sustainability. The objective of the study is to evaluate efficiency and financial sustainability of microfinance institution in relates with its rate of interest, operating revenue, administration & operating expenditure, administrative, operating, and financial and staff efficiency. 10 rural banks were selected in Jaffna district using stratified random sampling method. Research hypothesis were formulated that there is an impact of efficiencies on financial sustainability and operational and financial efficiencies are significant impact in determining the financial sustainability. Ratio analysis was used to evaluate the efficiencies of the rural banks. Findings say that there is a relationship exists between efficiency and financial sustainability.*

**KEYWORDS:** *Micro finance Institutions, Efficiency, and Financial Sustainability*



## INTRODUCTION

Microfinance collectively refers to the supply of loans, savings, and other basic financial services like insurance, to the poor. As the poor people cannot avail these financial services from the formal commercial banks (because of the collateral requirements), microfinance tends to provide to them exclusive of these conditions. For these financial services, the poor people are willing to pay for because of the added advantage they receive for not collateralizing anything. The term also refers to the practice of sustainably delivering such services. More broadly, it is a movement that envisions a world in which as many poor and near poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers (Christen, R. P., Rosenberg, R., and Jayadeva, V., 2004).

Microfinance institutions focus on providing credit to the poor who have no access to commercial banks. While microfinance institutions try to be financially sustainable, they appear to be often loss making. Nevertheless, they succeed in lending to domestic small companies and poor agents since Western donors and NGOs are still willing to provide financial support against below market interest rates. Recently, however, there seems to be a shift from microfinance institutions to a further focus on financial sustainability and efficiency. Financial sustainability and efficiency of microfinance institutions is obviously very important for a well-functioning financial system in developing countries.

## BACKGROUND AND SIGNIFICANCE OF THE STUDY

Microfinance began as a financial system to provide assistance to poor families in order to help them to begin and sustain income-generating activities. Micro credit arose in the 1970s, through the efforts of Mohammed Yunus, a microfinance pioneer and founder of the Grameen bank of Bangladesh.

Microfinance has evolved as an economic development approach intended to benefit low income groups. Asian Development Bank (ADB) has defined Microfinance as “the provision of a broad range of financial service such as deposits, loans, payment services and insurances to the poor and low income households and their Micro enterprises”. In this regard, Microfinance activities usually involve small loans, topically for working capital, informal appraisal of brewers and investments to repeats and larger loans based on debt capacity and repayment performance steam lined-loan disbursement and monitoring secure serving products.

The topically microfinance clients are low income persons that do not have access to formal financial institutions. Microfinance clients are topically self employed often house hold based entrepreneurs. In rural areas they are usually small farmers and others who are engaged in small income generating activities such as food processing and petty trade. In urban areas Microfinance activities are mire device and include shop keepers, service providers, artisans, street vendors etc.

The earlier paradigm was that Microfinance was on act of charity as lending for micro enterprises and the poor were not profitable. There were many deficiencies in such lending. That is repayments rates were low, unintended beneficiaries were large, inefficient operations and funds were often not used for the purpose for which they were given and the total outreach was not significant. Due to this reasons MFIs became unable to sustain in their operations. If a MFIs should be sustainable it must be financially self sufficient.

Even though microfinance institutions try to be financially sustainable, they appear to be often loss making. Nevertheless, they succeed in lending to domestic small companies and poor agents since western donors and (Non Government Organizations) NGOs are still willing to provide financial support against below market interest rate. Recently, however, there seems to be a shift from microfinance institutions to a further focus on financial efficiency and sustainability. Financial efficiency and sustainability of microfinance institutions is obviously very important for well-functioning financial systems in developing countries.

### **SIGNIFICANCE OF THE STUDY**

Microfinance is a well- integrated broad range of financial services provides to the poor and low income persons who are excluded from availing themselves of similar services from formal financial institutions. Thus policy makers have paid increasing attention to rural development as an important element of the national development strategy. They have recognized the need for providing financial services at micro level for achieving sustainable rural development and economic empowerment of the poor, which account for a very high proportion of the rural population.

Since, Microfinance can increase the availability of capital for developing income generating micro enterprises and rural agriculture while providing savings and other financial product at village level for increasing the financial security of the poor and low income persons (A.S.Jeyawardene-2003).Due to this microfinance has emerged as a major instrument to provide financial facilities to low income group clients including the small entrepreneurs. Because of this, in recent times there is a huge demand for microfinance activities all over the world especially in developing countries like Sri Lanka. This reflected in rapid growth of the number of institutions engaged in microfinance activities.

If the microfinance institutions financially sufficient, It will increase its capital base. This would in turn increase its capacity to expand the scale of its operation. Therefore,

- Finding of this research will help to the institutions to find out the relationship between the efficiency of the operation and achievement of financial sustainability.
- Finding of this research will highlight the present situation of the co-operative rural banks in Jaffna district.
- Findings of this research will help the institutions to identify the factors which determine the efficiency of its operation and could help the institution to carry out their operation efficiently as well.
- Findings of this research will also help further research question for further investigation in future on financial sustainability of any MFIs in Jaffna and Sri Lanka.

### **OBJECTIVES OF THE STUDY**

The researcher has planned to carry out this study on the efficiency and financial sustainability of the microfinance. The objectives of the research are;

- To identify the relationship between efficiency and financial sustainability of co-operative rural banks.
- To find out the impact of efficiency on financial sustainability of selected cooperative rural banks.

- To find out the factors which determine the efficiency and financial sustainability.
- To evaluate the trend on efficiency and financial sustainability during the years of 2007, 2008, 2009, 2010 & 2011.
- To suggest the co-operative rural banks to improve or develop the operation in efficient manner in order to uplift the financial sustainability in its operation.

### RESEARCH PROBLEM

The research aims to study the relationship between efficiency of co-operative rural banks and its financial sustainability. ‘ A financially self - sufficient credit institution must cover its operating expenses, loan losses and the cost of funds with the income earned from charging fees and interest (Jan Evers, Stefanie Jack, Adriaan Loef & Hedwing Siewertsen ,2000). Therefore the research problems are as follows;

1. Why efficiency of cooperative rural banks is low?
2. Do the rural banks perform their activities towards financial sustainability?

### LITERATURE AND HYPOTHESIS DEVELOPMENT

The term “ Microfinance” pertains to the lending of extremely small amounts of capital to poor entrepreneurs in order to create a mechanism to alleviate poverty by providing the poor and destitute with resources that are available to the wealthy, albeit at a smaller scale. This particular form of lending has existed in the world for quite some time, though formalized by Mohammed Yunus in Bangladesh during the 1970’s. Yunus won the Nobel Peace Prize in 2006 for his efforts in combating poverty and resources to the poor via the Grameen bank and the microfinance model.

According to Otero (1999) Microfinance is “the provision of financial services to low income poor and very poor self-employed people”. These financial services according to Joanna Ledgerwood (2000) generally include savings and credit but can also include other financial services such as insurance and payment services.

Schreiner and Colombet (2001) define microfinance as “the attempt to improve access to small deposits and small loans for poor households neglected by banks.” Therefore, microfinance involves the provision of financial services such as savings, loans and insurance to poor People living in both urban and rural settings who are unable to obtain such services from the formal financial sector.

According to common definition of Asian Development Bank (ADB, 2000) “microfinance is the provision of a broad range of financial services such as credit, saving, insurance and money transfer for low income individuals or households”. The term low income used in the definition of microfinance is a relative concept; it varies from countries to countries or even among different areas within a country.

Microfinance is the provision of financial services to the poor who do not have access to capital and financial services (Kosiura, 2001). Financial services can include one or any combination of the following: lending, savings, insurance, pension/retirement and payment services. Increasingly mature MFIs also provide diverse products-housing loans (primarily improvements, repair and maintenance), insurance (both health and life insurance), and private pensions. Microfinance is also frequently combined with the provision of social and business development

services, such as literacy training, education on health issues, management or accounting training.

The role of microfinance for development efforts around the world, particularly for poverty alleviation has been significant. Providing poor people with access to financial services are seen to reduce capital market distortions to exclude the poor, reduce vulnerability by providing the poor with financial resources when needed, and opportunities for income-generating activities. Microfinance enables clients to protect, diversify and increase their income, as well as to accumulate assets, reducing their vulnerability to income and consumption shocks (Robinson, 2002).

Similarly, microfinance refers to as “the provision of loans, savings, payments and other basic financial services to low income populations. Microfinance activities involve small loans, employ collateral substitutes, streamline procedures and offer swift and frequent access. Their clients cover typically self-employed, low income entrepreneur and households in both rural and urban areas” (Imboden, 2005).

### **EFFICIENCY**

Efficiency ratio provides information about the rate at which microfinance institutions generate revenue to cover their expenses. Efficiency refers to the cost per unit (Joanna Ledger wood, 2000). Efficiency measures how well the available resources are utilized to maximized output (Monica brand, 2000).

Efficiency is defined here as the amount of outputs per unit of cost. Costs are defined as expenses recorded in the organizations accounts a long with any unrecorded expenses or implicit Subsidies. Outputs of a microfinance organization may be the amount of the loan portfolio or the number of loans outstanding or the number and amount of loan disbursed. (Claudio Gonzalex - Vega, Mark Schreiner, Richard L. Mayer, Jorge Rodriguez & Serigo Navajas, 1996).

A number of accounting variables reflect the efficiency of the microfinance institutions. These accounting variables are administrative expense ratio, number of loans per loan officer and loan officers to total staff, portfolio size, loan size, lending methodology, source of funds and salary structure as the efficiency drivers and hence as the measurements for MFI efficiency.(Todd Forrington, 2000)

### **STUDIES RELATED TO EFFICIENCY**

Avishay braver and Monica brand (1991) argues that purely supply driven credit schemes must be transformed into self sustainable systems and rural financial intermediaries must become viable and self carrying agents. Intervention in rural financial markets of developing countries should focus on re-structuring and strengthening rural financial institutions and remove obstacles to the efficient functioning of rural credit markets.

Reinhard schmid (1994) found that credit technology also one of the determinants of cost minimization process or institution’s sustainability. The study discloses individual based credit technology giving benefits to the borrower in the form of reduced transaction costs.

USAID (1995) in this study they argue the prerequisites to operational efficiency appear to include the adaptation of an effective service delivery methodology and significant institutional competence in such areas as delinquency control information management and staff development.

Hume David and Paul Mosley (1996) pointed out that operational efficiency is of paramount significance as it has a direct bearing on the quality of lending and the rate of defaults. The rate of defaults is the single most important factor in cost as the interest rate has to be enhanced considerably to off-set the amount of defaults, other cost, remaining the same.

Cecile Lapenu [1999] conducted a study which relates to efficiency of the MFIs, as Distribution, Growth, and performance of MFIs in Africa, Asia and Latin America. The study reveals that by continent Asia accounts for the largest volume of savings and loans. It employs the largest number of MFI staff, but has lower personnel costs than Africa and Latin America. At the same time staff productivity in Africa is low as the continent still faces the constraints of poor infrastructure, undiversified economies and high transaction costs as well as poverty and illiteracy among potential Clients. All of this limits transaction volume per staff member.

David Richardson (2000) describes that the achievement of the efficiency in the operation is the vital condition. He prescribed the seven doctrines of success for micro lenders or micro lending institutions. One of his doctrines emphasizes that “by broadening base, increase loan size, and reevaluating salary and incentive structures on micro lending institutions can continue to provide high quality services to their clients while lowering its operating expenses”.

The study of USAID (2001) based on operation efficiency of the MFIs. According to the study, its success in holding down administrative cost plus losses from bad loans strongly affects its overall financial suitability. Further the study argues that attainable level of operational efficiency differ according to local performances, the methodology pursued by the MFIs and the target group that rural financial intermediation is very expensive less attention has been directed towards microfinance programs operate efficiently.

Todd Forrington (2000) in his study rightly pointed out that improving efficiency is an effective way of reducing the interest rate charged to borrowers. Based on his Latin American MFIs study, MFIs can wring significant efficiencies from operating process and systems. The study highlights some efficiency innovations employed by leading Latin American MFIs. They are easy access to information is must essential client information also enhances efficiency, specialized products for low risk borrowers can reward repayment performance and simultaneously lower administrative expenses specialized loan officers also can improve efficiency, borrow per screening and geographic concentration of loan officers in specific zones is efficient and it reduces credit risk.

Craig Churchill and Dan Coaster (2001) argue that efficiency remains one of the greatest challenges for MFIs. It reflects an organization ability to manage costs per unit of output and thus is directly affected by both cost control and level of outreach. Inefficient MFIs waste resources and ultimately provide clients with poor services and products as the cost of these Inefficiencies are ultimately passed on to clients through higher interest rates and higher client transaction costs.

Monica brand and Julie Gerschick (2001) argue that high level of operating efficiencies in microfinance is unfortunately the exception rather than the rule. The reason is twofold. First many MFIs have not fully exploited the minimum economies of scales required to improve efficiencies. There are many small MFIs serving to few clients to operate efficiently. Second many MFIs still operate in non competitive environment where there is little pressure to improve

efficiency given that high operating costs often can be covered by charging higher interest rates. Further they argue that MFIs can improve efficiency in three ways;

1. Increase the number of clients to achieve greater economies of scale.
2. Stream line system to improve productivity and
3. Cut costs, the first two goals are closely related both seek to increase the no of clients, or units of output.

The MFIs serves by having staff work harder or preferably smarter. In MFI that are not managed in a businesslike manner, employees often have excess capacity. Third goal addresses cost side of the equation. Administrative cost including salaries and other operating expenses, represent the greatest component of the cost structure of an MFI. Reducing the delivery costs associated with providing financial services improves operating efficiency. If these costs can be reduced the savings can be passed on to clients through more competitively priced products, ultimately improving customer satisfaction. Improving efficiency should however be of paramount importance to MFIs from a social as well as a financial perspective. Competition market saturation will prevent many MFIs from charging undifferentiated high interest rates in perpetuity for inefficient MFIs facing these conditions that only way to maintain self-sufficiency is via larger loan which are typically not well suited to lower market segments and thus may conflict with the designed social mission. Thus efficiency is critical for a MFI to remain agile competitive and responsive to client needs.

Indrani Hettiarachchi (2003) argues that sustainability of MFI in any country depends on their ability to operate efficiency and gain the confidence of the community as reliable institution capable of providing the required services. This depends on the acceptability of MFIs by the clients, funding organizations, and the regulatory mechanism of the country.

### **FINANCIAL SUSTAINABILITY**

Financial sustainability is defined as the ability of microfinance institutions to cover actual operating expenses as well as adjustments for inflation and subsidies with adjusted income generated through its financial services operations. Financial sustainability implies commercial leverage for donors and repeat use for customers (Mark Schreiner, 1996).

Financial sustainability refers to the ability of an MFI to develop a diverse resources based on that it could continue its institutional structure and production of benefits for intended clients' population after support cessation of donor financial support (Naser Abdelkarim, 2002). The concept of financial sustainability means that a program must meet its operational expenses entirely of out of the income generated by the services it offers to its clients. That is an institution should be maintained by its clients not by donors (Robert Peck Christen, 1997).

Full financial sustainability measures how well a MFI can cover its costs taking into account a number of adjustments to operating revenues and expenses. The purpose of most these adjustments is to model how well the MFI could cover its costs if its operation were unsubsidized and it was funding its expansion with commercial cost liabilities. Financial sustainability can be gauged by an organization's net income (the surplus of revenues over expenses); liquidity (the cash available to pay bills); and solvency (the relationship of assets and debt or liabilities). Again, this manual promotes a broad, interdisciplinary role for financial management, as one component of overall sustainability.

Many factors influence the financial sustainability of an organization, including the operating environment, national and local politics and policy, the activities of other organizations, the availability of skilled personnel, Institutional innovations, Strong commitment and political support for change, Learning and experimentation, New products appropriate for the poor, Long term banking relationship, Procedural simplification, Enabling macroeconomic environment and Reforming a government bank to reach the poor. Understanding the nature and impact of these influences on the organization and programs is critical because it better prepares to anticipate and respond to changes in the external environment in order to generate sufficient resources to consistently meet the clients' needs.

There are varying degrees of sustainability, and therefore some organizations are more sustainable than others. The "starting point" is different for each organization: each has strengths that can be enhanced and weaknesses that can be improved upon. For example, some organizations always require international donor funding, while others may be able to generate sufficient funds through cost recovery and local donations.

### **STUDIES RELATED TO FINANCIAL SUSTAINABILITY**

Berenbach and Guzman (1992) in their study revealed that lending methodology also one of the Determinants factors for the sustainability of the MFI since a dysfunctional methodology may produce various manifestation of weakness, such as poor quality portfolio, high clients' desertion, and difficulty enforcing contracts, the inability to reduce cost sufficiently or to achieve sustainability. Further he pointed out that to become sustainable MFI may change their methodology to increase scale and improve efficiency since decision to modify product pricing costs and increase staff productivity have significant ramifications on the lending methodology.

Claudio Gonzalez- Vega (1994) explains that the sustainability generates compatible incentives for all those with an interest in its survival, such as clients, managers, and the staff because it underpins of the microfinance organization's permanency.

Claudio Gonzalez – Vega, Mark Schreiner, Richard L. Mayer, Jorge Rodriguez & Serigio Navajas(1996) conducted a case study about a microfinance institution in Bolivia, in their study they reveal that organizational design and technological development also contribute financial sustainability of an institution. Leaders' attitudes about sustainability gradually lead through a process of search for formalization to self sustainability. According to them, this concern will also reflect among other things. Such as adoption of interest rate policies those seek to cover the costs of lending and in a resolute attitude toward loan collection. Further their lending technologies always appropriate its market niche. The study pointed out that success of on the development of a microfinance program rests on the accumulation of knowledge and experience about the environment in which it operates relevant features of the clientele it series, the individual credit worthiness of heterogeneous clients, this success requires constant time- turning and adjustment of the technology to varied local circumstances. In this way, the particular institution always in line with these concepts. Payton (1997) conducted a study as outreach and sustainability, comparative analysis of savings first vs. credit – a comparative analysis of eight MFI in Africa. In his study he argues "ability to reach large number of clients with financial services in the long run is a function of their financial viability is necessary to reach the poor". However, he pointed out that "a program that reaches the very poor". But relies on donor fund is wasteful in several ways.

Mark Schrenier (1997) revealed sustainable MFI helps a lot of poor people through a time frame. At the same time understandable MFI helps just a few people through a short time frame. He argues that this sustainability requires profit since profit perfect the permanency. That is when the donors leave this will protect the institution. But, sustainability requires more than just financial sustainability from profit. According to his argument, are you of high profit and strong performance do not mean a MFI is sustainable. Therefore he places several conditions. If financial sustainability last in the long run. Such as structure of the rules and incentives and the system of organization prompt. He emphasizes that sustainability is meeting goals now and in the long term with subsidized funds replaced with market funds.

Jan Evers, Stefanie Jack, Adriaan Loef, Hedwing Siewertsen (2000) according their book the sustainability is divided into four different levels;

1. High subsidized programs grants and soft loans cover operating expenses and establish the revolving loan fund. The fund erodes due to loan losses and inflation. There is a permanent need for subsidies and grants.
2. Fully revolving fund interest earned covers the cost of funds and some operating expenses. Grants are required to finance some operational expenses.
3. Operational sustainability income covers cost of funds and operational expenses. However, some element of subsidy remains due to the financial cost of maintaining the value of a revolving loan fund in a high inflationary environment or of paying commercial rates of refinancing cost.
4. Financial sustainability or FSS: all costs are covered with interest and fees charge by the organizations and funds are raised at commercial rates from formal financial institutions.

Moreover, institutions that do not cover 100 percent of their operational costs will remain dependent on donations or government subsidies to maintain their current activity level. A drop in subsidies would automatically deplete loan capital and result in a reduction in the number of borrowers using the institution. Institutions that cover more than 100% of their operational costs but do require funds for lending. Institutions that cover operational & financial costs are fully sustainable.

Paul (1997) in his study point out transaction costs of lending and borrowing are major barrier to providing access to micro credit services for the poor on a sustainable basis.

Mohsmst Mazirwam (2003) argues that strengthening institutional capacity is one of the key issues for the sustainability of the microfinance sector. String institutions together with good governance will be able to provide good quality financial services to the poor increase their outreach significantly and achieve financial sustainability.

Otero (1999) argues to be successful financial intermediaries that provide services and generate domestic resources must have the capacity to meet high performance standards. They must achieve excellent repayments and provide access to clients and they must build forward operating and financial sustainability. According to the study, in order to do so MFIs need to find ways also to broader their resources base.

Canadian International Development Agency (1999) in their reference guide clearly pointed out that gradually changing has as more MFIs decrease their donor dependence. Some became



totally non-dependent to maintain their non-operations. They further revealed that this being done by contribution of changes including;

- Increasing scale of operations.
- Improving the efficiency of delivery of the financial service.
- Setting appropriate interest rate policy.

All these build up the institution to become sustainable.

David Richardson (2000) states that to achievement of the efficiency in the operations is the vital condition. He prescribed seven doctrines of success for micro lenders or micro lending institutions. One of his doctrines emphasized that by broadening base increase loan size and re-evaluating salary and incentive structures on micro lending institution can continue to provide high quality services to their clients while lowering its operating expenses.

## **METHODOLOGY**

When the research population is seen large or in extreme, the researchers mostly use samples of research because it is difficult to take as a whole for the research. Jaffna's microfinance sector is served by a diverse range of institutions. These can be segregated into the following broad categories,

- ✓ Co-operative rural banks and other co-operatives
- ✓ Thrift and credit co-operative societies (TCCSs/ sanasa societies)
- ✓ Samurdhi bank societies (SBSs)
- ✓ Non government organizations (TRRO, etc)
- ✓ Licensed specialized banks
- ✓ Other financial institutions (commercial banks, registered finance companies, etc)

Regarding the research, there are several microfinance institutions in Jaffna district. But all MFIs have not properly provided or maintain the data in microfinance activities. So, co-operative rural banks were selected for this research. In the case of co-operative rural banks, there are 31 rural banks which are functioning under 23 MPCS in Jaffna district. For the purpose of this research 10 rural banks were selected under 10 AGA's division or DS's division by using stratified random sampling method.

## **HYPOTHESES**

Based on the conceptual model and the research question the following hypotheses are taken in this research;

H<sub>1</sub>: There is a relationship between efficiency and financial sustainability of co-operative rural banks.

H<sub>2</sub>: There is an impact of efficiencies on financial sustainability of co-operative rural banks.

H<sub>3</sub>: Operating and Financial efficiencies have significant impact on financial sustainability of co-operative rural banks.

## DATA ANALYSIS

The efficiency and financial sustainability which is based on the calculated ratios are presented in the form of statistical output.

**TABLE 1: CORRELATIONS MATRIX FOR RURAL BANKS**

	Administrative efficiency	Operating efficiency	Financial efficiency	Staff efficiency	Financial sustainability
Administrative efficiency	1				
Operating efficiency	.084	1			
Financial efficiency	-.228	-.497	1		
Staff efficiency	-.281	.261	.220	1	
Financial sustainability	-.200	-.691*	.651*	.256	1

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

Table 1 describes the correlation between efficiencies and financial sustainability for cooperative rural banks. The value of correlation between administrative efficiency and financial sustainability of rural banks is -.200 which is not significant at 0.05 levels, represent weak negative relationship between administrative efficiency and financial sustainability of rural banks.

The value of correlation between operating efficiency and financial sustainability of rural banks is -.691\* which is significant at 0.05 levels; represent strong negative relationship between operating efficiency and financial sustainability of rural banks. Therefore, when operating expenses reduces financial sustainability of cooperative rural banks in Jaffna district increases.

The value of correlation between financial efficiency and financial sustainability of rural banks is .651\* which is significant at 0.05 levels; represent strong positive relationship between financial efficiency and financial sustainability of rural banks. Therefore, when financial revenue from loan portfolio increases financial sustainability of cooperative rural banks in Jaffna district increases.

The value of correlation between staff efficiency and financial sustainability of rural banks is .256 which is not significant at 0.05 levels; represent weak positive relationship between staff efficiency and financial sustainability of rural banks.

## THE IMPACT OF EFFICIENCY ON FINANCIAL SUSTAINABILITY

Efficiency and financial sustainability of microfinance institutions is very important for a well functioning financial system in developing countries, financial sustainability is equally important for any microfinance institutions as is wide outreach. Here multiple regressions are used to identify the relationship between efficiency and financial sustainability.

**TABLE 2 REGRESSION ANALYSIS FOR RURAL BANKS**

Dependent variable	Independent variable	Beta	Standard error	R <sup>2</sup>	t	Sig
Financial sustainability	Administrative efficiency	.064	4.589	.852	.348	.742
	Operating efficiency	-.772	3.525		-3.492	.017
	Financial efficiency	.583	.054		2.876	.035
	Staff efficiency	.154	8.923		.703	.513

Table 2 reveals the multiple regression summaries. In this model the specification of four variables (administrative efficiency, operating efficiency, financial efficiency and staff efficiency) revealed the ability to predict financial sustainability ( $R^2=.852$ ). Respective  $R^2$  value of 0.852 denotes that 85.2 percent of the observed variability in financial sustainability can be explained by the differences in four independent variables namely administrative efficiency, operating efficiency, financial efficiency and staff efficiency. The remaining 14.8 percent is not explained which means that the remaining 14.8 percent of the variance in financial sustainability is related to other variables not depicted in this model (such as environmental factors, competitors etc). In the above table 4.16, t values are significant for independent variables namely financial efficiency and operating efficiency. (p value < 0.05).operating efficiency has negative correlation as well as financial efficiency has positive correlation which means financial sustainability increases with increasing level of financial efficiency and decreasing level of operating expenses.

### HYPOTHESES TESTING

H1: There is a relationship between efficiency and financial sustainability of co-operative rural banks.

This hypothesis is subdivided into three because; efficiency includes Administrative efficiency, operating efficiency, financial efficiency and Staff efficiency.

H1<sub>a</sub>: There is a negative relationship between Administrative efficiency and financial sustainability of co-operative rural banks.

When considering the above table 4.15, correlation value between administrative efficiency and financial sustainability is -.200.so there is a weak negative correlation between them. This implies that when administrative expenses decreases financial sustainability can increase in a small level. Because it is not significant at 0.05 levels. So H1<sub>a</sub> is accepted.

H1<sub>b</sub>: There is a negative relationship between operating efficiency and financial sustainability of co-operative rural banks.

When considering the above table 4.15, correlation value between operating efficiency and financial sustainability is -0.691\*.so there is a strong negative correlation between them. This implies that when operating expenses decreases financial sustainability can increase in a larger level. Because it is significant at 0.05 levels. So H1<sub>b</sub> is accepted.

H1<sub>c</sub>: There is a positive relationship between financial efficiency and financial sustainability of co-operative rural banks.

When considering the above table 4.15, correlation value between financial efficiency and financial sustainability is +0.651\*. So there is a strong positive correlation between them. This implies that when financial revenue increases financial sustainability can increase in a larger level. Because it is significant at 0.05 levels. So H1<sub>c</sub> is accepted.

H1<sub>d</sub>: There is a positive relationship between staff efficiency and financial sustainability of co-operative rural banks.

When considering the above table 4.15, correlation value between staff efficiency and financial sustainability is +0.256. So there is a weak positive correlation between them. This implies that when staff efficiency increases financial sustainability can increase in a small level. Because it is not significant at 0.05 levels. So H1<sub>d</sub> is accepted.

H2: There is an impact of efficiencies on financial sustainability of co-operative rural banks.

According to the table 4.16 administrative, operating, financial and staff efficiencies have greater impact ( $R^2 = 0.852$  OR 85.2%) on Financial sustainability of co-operative rural banks. so H<sub>2</sub> is accepted.

H3: Operating and Financial efficiencies have significant impact on financial sustainability of co-operative rural banks.

According to the table 4.16, both operating efficiency and financial efficiency have high beta value of 0.772 & 0.583 are respectively. At the same time both are significant at 0.05 levels. Because P value of operating efficiency is .017 ( $p < 0.05$ ) and financial efficiency is 0.035 ( $p < 0.05$ ).so H3 is accepted.

## FINDINGS OF THE STUDY

Any research is carried out to find out truth. Based on the presented data and data analysis, findings are identified. To conducting this research four different types of efficiencies were considered. Then how these efficiencies impact on financial sustainability was analyzed by using statistical tools. Based on the correlation and regression analysis many findings related to the relationship between efficiency and financial sustainability is identified.

The value of correlation between administrative efficiency and financial sustainability of rural banks is -0.200 which is not significant at 0.05 levels, representing a weak negative correlation between the administrative efficiency and financial sustainability of rural banks. The value of correlation between operating efficiency and financial sustainability I of rural bank is -0.691\* which is significant at 0.05 levels, represents a strong negative relationship between the operating efficiency and financial sustainability of rural banks.

The value of correlation between financial efficiency and financial sustainability of rural banks is +0.651\* which is significant at 0.05 levels, representing a strong positive correlation between the financial efficiency and financial sustainability of rural banks. The value of correlation between staff efficiency and financial sustainability of rural banks is +0.256 which is not significant at 0.05 levels, representing a weak positive correlation between the staff efficiency and financial sustainability of rural banks. 85.2 % of the observed variability in financial sustainability can be explained by the differences in four independent variables namely administrative efficiency, operating efficiency, financial efficiency and staff efficiency. The remaining 14.8% is not explained which means that the remaining 14.8% of the variance in financial sustainability is related to other variables.

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## OVERALL FINDINGS OF THE RESEARCH

- Rural bank of MPCs utilizes its retail earnings to the portfolio investment (outstanding).
- Financial assets of the rural banks of MPCs are utilized efficiently every year.
- There is not enough staff for rural banks to carry out their activities.
- There is a high level of gearing or leverage and which trend is in an increasing manner every year.
- There is an increasing trend of administrative expenses and operating expenses over the year's from 2007 to 2011.
- Major revenue source of more rural bank is interest income from direct investment in head office and banks.

## SUGGESTIONS AND RECOMMENDATIONS

Suggestion to manage rural banks' efficiency and to increase their financial sustainability. In this analysis, it is given that how efficiency deals with sustainability. So, suggestions are presented to manage the efficiency and to increase sustainability. Some suggestions are given to manage the microfinance institution's efficiency. They are;

- The management of microfinance institutions should reduce their administrative and operating expense. Then only they can provide more loans to existing customers by extending maximum loan limit and they can attract new customers.(increasing efficiency)
- The management of MFIs increases the loan to borrower through reducing the interest rate.
- For sustainable development of rural banks, a mechanism must be there to help the poor farmers or borrowers instantly and quickly in the event of any emergency need.
- The office layout system is very poor in public sector. Therefore, department head should establish proper layout system in their office.
- A rigorous and deeper investigation is required to find out the ways to prevent the misuse or inappropriate use of credit by borrowers and encourage the clients to settle the loan quickly.
- Operating income should be increased for set off the transaction cost of rural banks. Therefore, interest rate structure should be reviewed, and appropriate interest rate should be determined scientifically.
- Rural banks should maintain their records properly. For this, they should completely computerize their activities quickly and very accurately.
- When they introducing new loan system or work scheme, they should provide proper training to their loan officers for loan recovery and group decision making should be encouraged.
- Importantly, the rural banks should recruit new loan officers and staff for providing their services to the clients effectively and staff for providing their services to the clients effectively and staff should work at office from 9 am to 4 pm.
- The co-operative rural banks should follow flexible conditions for getting the loans. They should encourage clients to invest in important sectors to develop our country.

- MFIs officers should not do in same work continuously. They should transfer another subject to every two or three years, by which they can't feel degradation among their work.

### **SUGGESTIONS FOR FUTURE RESEARCH**

- This research has been done, taking the Jaffna district as a sample. But, future researcher should take other districts as samples.
- There are 31 rural banks which are functioning under 23 MPCs in Jaffna district. This research has taken only 10 rural banks as sample. But, the future research should take more than 20 rural banks as sample.
- This research was carried out based on only five years from 2007 to 2011. This type of research requires a long time period.

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## CORPORATE GOVERNANCE: A PARALLEL STUDY OF INDIA & SOUTH KOREA

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### ABSTRACT

*The 20<sup>th</sup> century saw massive growth in management thought, management theories, management gurus, and management teaching but importance was not shown for Corporate Governance. Now in the 21<sup>st</sup> century it is the time of Corporate Governance which is predominant in the modern era of business. Various corporate scandals which not only fatal to the particular company but also create danger to the whole economy have also infused the much needed term corporate governance in the rule books of business. Various economies follow their own different regimes of corporate governance according to their culture, environment etc. Asia is a very diverse region in terms of levels of economic development, institutional regimes and business environment. We also aim to analyze such variations between the two countries, India & the other being South Korea. So this paper presents a picture of Comparative analysis of Corporate Governance framework, practices, rules and regulations of the two powerful economies, India and South Korea.*

**KEYWORDS:** *Corporate governance, Governance framework, India, South Korea.*

### INTRODUCTION

#### RESEARCH METHODOLOGY

The research is based on the information collected from various secondary sources. Articles published in various leading journals, books, official websites of regulatory bodies of India and South Korea and of other development organizations like OECD and online materials have been referred to in conducting the study.

#### WHAT IS CORPORATE GOVERNANCE

The definitions of Corporate Governance have never been uniform. The term has been defined by many scholars, researchers, academicians, writers, and organizational body, however some of the best definitions are as follows:

The father of corporate governance Sir Adrian Cadbury defines corporate governance as “the



system in which companies are directed and controlled”.<sup>41</sup>

The OECD provides the most authoritative functional definition of corporate governance: “Corporate governance is the system by which business corporations are directed and controlled”. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company’s objectives are set along with the means of attaining these objectives as well as for monitoring performance”.<sup>42</sup>

## **VARIOUS COMMITTEES FORMED TIME TO TIME ON CORPORATE GOVERNANCE**

There are various committees formed with a view to reforming the Corporate Governance in India since 1990s. Some of the recommendations of these committees are highlighted below.

### **CONFEDERATION OF INDIAN INDUSTRIES (CII) SET UP A TASK FORCE IN 1995 UNDER RAHUL BAJAJ**

In 1998, the CII released the code called “Desirable Corporate Governance”. It looked into various aspects of Corporate Governance and was first to criticize nominee directors and suggested dilution of government stake in companies.

### **SEBI HAD SET UP A COMMISSION UNDER KUMAR MANGALAM BIRLA**

This committee covered issues relating to protection of investor interest, promotion of transparency, building international standards in terms of disclosure of information.

### **THE DEPARTMENT OF CORPORATE AFFAIRS CONSTITUTED NARESH CHANDRA COMMITTEE IN 2002**

The committee talks extensively about the statutory auditor-company relationship, rotation of statutory audit firms/partners, procedure for appointment of auditors and determination of audit fees, true and fair statement of financial affairs of companies.

### **SEBI APPOINTED NARAYAN MURTHY COMMITTEE IN 2002**

Its report mainly focuses on and makes mandatory recommendations regarding responsibilities of audit committee, quality of financial disclosure, requiring boards to assess and disclose business risks in the company’s annual reports.

### **CLAUSE 49 OF THE LISTING AGREEMENT**

SEBI has set out corporate governance provisions that are intended to drive in a minimum standard of corporate governance among listed companies in India. This is issued as a part of the Listing Agreement that each listed company signs with the stock exchange under the title ‘Clause 49’. Like corporate governance standards in the United States and the United Kingdom, India’s corporate governance reforms followed a fiduciary and agency cost model. With a focus on the agency model of corporate governance, the Clause 49 reforms included detailed rules regarding

<sup>41</sup> Report of the committee on the Financial Aspects of Corporate Governance, given by Sir Adrian Cadbury

<sup>42</sup> Taken from Organisation for Economic Co-operation and Development

the role and structure of the corporate board and internal controls. The Clause 49 reforms were phased in over several years, applying at first to larger entities and eventually to smaller listed companies.<sup>43</sup>

### **VOLUNTARY GUIDELINES ISSUED BY MINISTRY OF CORPORATE AFFAIRS**

Voluntary Guidelines on Corporate Governance were issued by the Ministry of Corporate Affairs in December 2009.

### **THE COMPANIES ACT 2013**

The new Companies Act has replaced the old Companies Act, 1956. Some of the salient features of the Act which make Corporate Governance practises more efficient are:

- 1. DEMOCRACY OF SHAREHOLDERS:** The new Act has introduced new concept of class action suit with a view of making shareholders and other stakeholders more informed and knowledgeable about their rights
- 2. SUPREMACY OF SHAREHOLDERS:** The Companies Act 2013 focus and provide major aspect on approvals from shareholders on various significant transactions. The Government has rightly reduced the need for the companies to seek approvals to managerial remuneration and the shareholders have been vested with the power to sanction the limit.
- 3. STRENGTHENING WOMEN CONTRIBUTIONS THROUGH BOARD:** The Act states appointment of at least one woman Director on the Board of the prescribed class of Companies.
- 4. CORPORATE SOCIAL RESPONSIBILITY:** The Act stipulates certain class of Companies to spend a certain amount of money every year on Corporate Social Responsibility.
- 5. PROHIBITION ON FORWARD DEALINGS AND INSIDER TRADING:** The Act prohibits directors and key managerial personnel from purchasing call and put options of shares of the company, its holding company and its subsidiary and associate companies as if such person is reasonably expected to have access to price-sensitive information.
- 6. ELECTRONIC MODE:** The Act proposed E-Governance for various company processes like maintenance, inspection of documents and option of keeping books of accounts in electronic form, financial statements to be placed on company's website, etc.
- 7. INDEPENDENT DIRECTORS:** The Companies Act 2013 provides that all listed companies should have at least one-third of the Board as independent directors. No independent director shall hold office for more than two consecutive terms of five years.
- 8. DUTIES OF DIRECTOR DEFINED:** Under the Companies Act 1956, a director had fiduciary duties. However, the Companies Act 2013 has now defined the duties of a director.
- 9. ROTATION OF AUDITORS:** The Companies Act 2013 provides for rotation of auditors and audit firms in case of publicly traded companies.

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<sup>43</sup> Kaushik, S.V., Kamboj, R., Study on the State of Corporate Governance in India, Gatekeepers of Corporate Governance–Securities and Exchange Board of India (SEBI).

**10. AUDITORS PERFORMING NON-AUDIT SERVICES:** The Companies Act 2013 prohibits Auditors from performing non-audit services to the company where they are auditor to ensure independence and accountability of auditor.

### **CORPORATE GOVERNANCE IN SOUTH KOREA**

The Korean CG is dominated by the chaebol which can be defined as “... a business group consisting of large companies that are owned and managed by family members or relatives in many diversified business areas” (Yoo and Lee, 1987). Indeed it has been estimated that the top 30 chaebol accounted for about 30% of the Korea's GNP manufacturing sector and for about 35% of Korea's total shipments in 1990 (Yoo Seong-Min). Further, in 1992, the top 30 chaebols equalled about 80% of Korea's GDP. Although there has been no separation of ownership and control in the chaebol through dispersion of equity ownership and control in the chaebol, they have been indirectly influenced by the government due to their significant holdings of debt finance, as Korean banks have traditionally been under government influence.<sup>44</sup>

### **VARIOUS TIME TO TIME AMENDMENTS IN THE ASPECTS OF CORPORATE GOVERNANCE IN SOUTH KOREA**

Following the 1997 financial crisis, corporate governance reforms initiated by Korean government. In the past, the internally appointed board members tended to act as rubber stamps and failed to monitor the actions of the controlling shareholders. However, speedy economic growth without proper functioning corporate governance could increase the vulnerability of the economy to external shocks, as evidenced by the 1997 crisis. The reforms include board's monitoring function, along with other measures such as increasing management/CEO accountability, protecting shareholder rights, and improving managerial transparency and information disclosure. Inspired by the Sarbanes-Oxley Act of 2002 in the US, introduction of outside director(s) was a major feature of the changes to board regulation. There were two major waves of reforms in relation to board structure in Korea. The first wave was largely aimed at establishing a foundation for the introduction of an outside director system. The second wave sought mainly to legalize the requirement for the improvement of corporate governance, including the outside director system. In February 1998, the Listing Act was amended to require all listed firms excluding the Korean Securities Dealers Automated Quotations (KOSDAQ) to appoint at least one outside director and to ensure that no less than a quarter of their board members were outside directors by the time of the firm's annual general meeting in 1999. The second wave of reforms included amendments to the Securities and Exchange Law in March 2001 and December 2003. These revisions stipulate by law the 1998 Listing Act's requirement for outside directors (Art. 54.5) for all listed firms on both the Korea Exchange and the KOSDAQ (except for some venture capital companies). These 2001 and 2003 amendments, based on the recommendations in the September 1999 Principles of Standard Corporate Governance and the Code of Best Practice of Corporate Governance, require:

(i) Large listed corporations to establish an Audit Committee and an Appointment Committee under the BOD comprised mainly of outside directors. A large firm is defined as a firm with an asset size of 2 trillion won (approximately 2 billion US\$) or more;

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<sup>44</sup> Solomon, J., Solomon, A and Park, C-Y, 2002, A conceptual framework for corporate governance reform in South Korea, in Corporate Governance: An International Review, Jan 2002, Volume: 10 pp.29-46.

(ii) The 2001 amendment also requires that no fewer than half the board members of large firms should be outside directors; and

(iii) The 2003 amendments stipulate that large firms listed on the Korea Exchange and KOSDAQ should have at least three outside directors and at least half the positions on the board should be filled by outside directors.<sup>45</sup>

### **CODE OF BEST PRACTICES FOR CORPORATE GOVERNANCE (1999)**

After the Financial crises there was much need for the better practises of the Corporate Governance. A Committee on Corporate Governance was founded as a in March 1999 to develop a code of best practices for establishing proper corporate governance structure. The contents of the Code consist of five sections and recommendations: Preamble, Shareholders, Board of Directors, Audit Systems, Stakeholders, and Management Monitoring by the Market. This Code applied to listed companies and other public companies and was strongly advised for non-public enterprises to also follow the Code to the extent applicable.

### **CODE OF BEST PRACTICES FOR CORPORATE GOVERNANCE (2003)**

With a view to match the existing need the Committee was re-constituted. The Committee presented the revised code in 2003 which has attempted to harmonize the Code with the global standards and realities in the South Korean context.

### **COMPARISON OF CORPORATE GOVERNANCE OF INDIA AND SOUTH KOREA**

There are as many different system of Corporate Governance as there are countries in the world (Solomon). Asia has a diverse range of economic, legal, and political systems. A noteworthy feature of many Asian companies is the presence of large business houses in which shareholding pattern is concentrated, some shareholders hold the large share of a company. India has one of the best Corporate Governance legal structures but poor implementation has affected corporate governance in the country. Even among large companies, shareholdings remain relatively concentrated with “promoters” and family business groups continuing to dominate the corporate sector. The corporate governance landscape has been changing very fast over the past decade; particularly with the enactment of Sarbanes-Oxley type measures in Clause 49 of the listing agreements, Voluntary Guidelines by Ministry of Corporate Affairs and legal changes like newly added Companies Act 2013 which emphasis on Good Governance practices. We are also seeing the rise of companies like INFOSYS that are free from the influence of a dominant family or group, and make the individual shareholder their central governance focus.

The Korean corporate sector has traditionally been characterized by family ownership; family management style; and control; and authoritarian management style; a broad range of business activities involving vertical and horizontal relationship and close integration with the Korean government.<sup>46</sup> Following the 1997-98 Asian financial crisis, South Korea made significant progress in reforming its financial institutions and capital markets. In addition, the Korean government took steps to strengthen its competitiveness, enacting measures to boost foreign

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<sup>45</sup> Min, B., East Asia Forum Economics, Politics and Public Policy in East Asia and the Pacific.

<sup>46</sup> Solomon, J., Solomon, A. and Park, C-Y, 2002, A conceptual framework for corporate governance reform in South Korea, in Corporate Governance: An International Review, Jan 2002, Volume: 10 pp.29-46.

investment incentives, allow non-Koreans to own land and real property, welcoming foreign investors to participate in the local economy, promoting labor flexibility and tightening the financial industry. Laws and regulations based on the Anglo American corporate governance model were introduced to increase corporate transparency and accountability and to align directors' and shareholders' interest, increased the levels of financial reporting and allowed minority shareholders to commence actions against the board.<sup>47</sup>

The following tabular comparison of Corporate Governance of India and South Korea throw the lights on the major differences, issues and the regulating practices prevailing in these two Asian Giants.

BASIS OF COMPARISON	INDIA	SOUTH KOREA
<b>1. The Company law</b>	The Companies Act 1956 replaced by The Companies Act 2013 having 29 Chapters, 470 Clauses and 7 Schedules	The Commercial Act 1963 having 5 parts and 998 articles in which part 3 is related to Company
<b>2. The major laws and regulations that form the Corporate Governance framework and impact practices</b>	<ul style="list-style-type: none"> <li>• The Companies Act 2013</li> <li>• The Securities and Exchange Board of India Act, 1992</li> <li>• Clause 49 of the Listing Agreement entered by listed companies with Stock Exchange</li> <li>• Institute of Chartered Accountants act 1949</li> <li>• Institute of Company Secretary Act, 1980</li> <li>• Banking Regulations Act, 1949</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial act 1963</li> <li>• The Securities &amp; Exchange Act</li> <li>• The Stock Market Listing Regulation</li> <li>• The Stock Market Disclosure Regulations</li> <li>• The Regulation on Securities Issuance and Disclosure</li> </ul>
<b>3. Major Organizations that Promote Improvement of Corporate Governance</b>	<ul style="list-style-type: none"> <li>• Ministry of Corporate affairs</li> <li>• Securities of Exchange Board of India <ul style="list-style-type: none"> <li>• Reserve Bank of India</li> </ul> </li> <li>• Indian Chartered Accountants</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Strategy and Finance(MOSF)</li> <li>• Financial Services Commission</li> <li>• Financial Supervisory Service</li> <li>• Fair Trade Commission</li> </ul>

<sup>47</sup> Transplanting The Anglo American Corporate Governance Model Into Asian Countries: Prospects And Practicality.

	<p>Institute</p> <ul style="list-style-type: none"> <li>• Institute of Companies Secretaries of India</li> <li>• National Foundation of Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Korea Exchange</li> <li>• Securities Policy Division, Financial Policy Bureau, MOFE</li> </ul>
<b>4. Codes for Corporate Governance</b>	<ul style="list-style-type: none"> <li>• Corporate Governance Voluntary Guidelines 2009, 24 December 2009</li> <li>• Report of the Kumar Mangalam Birla Committee on Corporate governance February 2000</li> <li>• Draft Report of the Kumar Mangalam Committee on Corporate Governance September 1999</li> <li>• Desirable Corporate Governance in India - A Code April 1998</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Best Practices for Corporate Governance February 2003</li> <li>• Code of Best Practices for Corporate Governance September 1999</li> </ul>
<b>5. Types of Companies</b>	<ul style="list-style-type: none"> <li>• public company</li> <li>• private company</li> <li>• One Person Company (private company)</li> </ul> <p>A company formed under above three may be either :</p> <ul style="list-style-type: none"> <li>- a company limited by shares; or</li> <li>- a company limited by guarantee; or</li> <li>- An unlimited company.</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership companies</li> <li>• limited partnership companies <ul style="list-style-type: none"> <li>• stock companies</li> </ul> </li> <li>• Limited liability companies.</li> </ul>
<b>6. Ownership Structure</b>	Concentrated family ownership in large conglomerates.	Highly concentrated ownership in Chaebols.
<b>7. Independent Directors</b>	<p>(a) a minimum number of three directors in the case of a public company, two directors in the case of a private company, and one director in the case of a One Person Company; and</p> <p>(b) a maximum of fifteen directors:</p>	The number of outside directors should be a minimum of two, so that the Board is able to maintain practical independence. Particularly, in the case of large listed corporations, it is recommended that half of its directors be composed of outside directors

	<p>Provided that a company may appoint more than fifteen directors after passing a special resolution.</p> <p>Provided further that such class or classes of companies as may be prescribed shall have at least one woman director.</p>	<p>(minimum of three outside directors).</p> <p>However, a large listed controlled company of which more than 50% of the voting power is held by an individual, a group or another company (refers to a company of which more than 50% of voting power is held by individuals or a group.), does not need to have a majority of its board composed of outside directors.</p>
<b>8. Woman contribution through Board room</b>	The Companies Act 2013 has clearly specified that at least one woman director in prescribed class of companies.	No rule regarding representation of woman in Board room.
<b>9. Managerial Remuneration</b>	<p>The total managerial remuneration payable by a public company, to its directors, including managing director and whole-time director, and its manager in respect of any financial year shall not exceed eleven per cent of the net profits of the company for that financial year. Except that the remuneration of the directors shall not be deducted from the gross profits:</p> <p>Further the remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed—</p> <p>(a) one per cent of the net profits of the company, if there is a managing or whole-time director or manager;</p> <p>(b) three per cent of the net profits in any other case.</p>	<p>If the amount of remuneration to be received by directors has not been determined by the articles of incorporation, it shall be determined by a resolution at a general shareholders' meeting.</p> <p>(So, not specifically mentioned in codes or their commercial act)</p>
<b>10. Voting Rights</b>	<p>a) on a show of hands, every member present in person shall have one vote; and</p> <p>b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.</p> <p>A member may exercise his vote at</p>	<p>(a) Each bondholder shall have one vote for each minimum face amount of the bonds.</p> <p>(b) The holder of bearer bond certificates may not exercise his voting rights unless he has deposited his bond certificates at least one week prior to the date set for the meeting.</p>

	<p>a meeting by electronic means in accordance to prescribed section and shall vote only once.</p> <p>(a) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian.</p>	
<b>11. Democracy of shareholders</b>	<p>The Companies Act 2013 has introduced new concept of Class Action Suit with a view of making shareholders and other stakeholders, more informed and knowledgeable about their rights.</p>	<p>While South Korea was having this rule under Korea's 2005 Securities Class Action Act. In which minority shareholders are able to file class action suits for manipulation of share prices, false disclosure of information, and accounting malpractice. However, in large part due to rather stringent and complex procedural requirements, only one class-action suit has been filed since the law came into effect.</p>
<b>12. Audit Committee</b>	<p>The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed, shall constitute an Audit Committee.</p> <p>The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority.</p> <p>Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—</p> <p>the recommendation for appointment, remuneration and terms of appointment of auditors of</p>	<p>It is desirable that the Board of listed corporations, government-invested institutions and financial institutions establish an audit committee as a board committee. A corporation, which has established an audit committee, should not employ auditors.</p> <p>The audit committee shall consist of not less than three directors: Provided, That persons falling under any of the following subparagraphs shall not exceed 1/3 of the total members of the committee</p> <p>- Any director or employee in the active service of the company or any person who was a director or employee thereof within the period of</p>



	<p>the company; review and monitor the auditor's independence and performance, and effectiveness of audit process;</p> <p>examination of the financial statement and the auditors' report thereon; approval or any subsequent modification of transactions of the company with related parties; scrutiny of inter-corporate loans and investments; valuation of undertakings or assets of the company, wherever it is necessary; evaluation of internal financial controls and risk management systems; monitoring the end use of funds raised through public offers and related matters.</p>	<p>two years before the date of appointment as a member of the committee;</p> <ul style="list-style-type: none"> <li>- In case the largest shareholder of the company is an individual, the individual himself, his spouse, his lineal ascendants or descendants;</li> <li>- In case the largest shareholder is a corporation, any director, auditor or employee of the corporation;</li> <li>- Spouse of any director of the company, his lineal ascendants or descendants;</li> <li>- Any director, auditor or employee in the service of the parent or a subsidiary company with <ul style="list-style-type: none"> <li>- which the company is affiliated;</li> </ul> </li> <li>- Any director, auditor or employee of a corporation which has an important interest in the company including the business relations.</li> </ul>
<p><b>13. Corporate Social Responsibility</b></p>	<p>The Companies Act 2013 has introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is promoting greater transparency and disclosure. Companies Act' 2013 requires companies having net worth of at least Rs 500 crore or having minimum turnover of Rs1,000 crore or those with at least net profit of Rs 5 crore to spend at least 2% of their three-year average annual net profit towards CSR activities. There is no penalty for not spending such an amount, but explanation for non compliance is sought in the Board's Report.</p>	<p>To defend themselves in the short term from intense political pressure, therefore, businesses have boosted their CSR budgets with funds previously allocated to political donations.</p> <p>FKI has established a CSR committee responsible for monitoring member companies' economic responsibility, legal responsibility, moral responsibility and social responsibility. It also now put considerable effort into reporting on the CSR activities of Korean corporations.</p>

## COMPARISON OF INDIA AND SOUTH KOREA ACCORDING TO ASIAN CORPORATE GOVERNANCE ASSOCIATION

Country	INDIA	SOUTH KOREA
Over all Rank	7th Rank in ASIA	8th Rank in ASIA
Corporate governance watch market scores in total	51	49
Corporate governance rules and practices	49	43
Enforcement	42	39
Political and regularity	56	56
IGAAP	63	75
Corporate governance culture	43	34

Source: Asian Corporate Governance Association (ACGA), “CG Watch 2012: Market Rankings”, September 2012<sup>48</sup>

### CONCLUSION

The term Corporate Governance has gained importance in last one or two decades in the economic policy of every country. Corporate scandals have also infused much contribution to the evolution of the new theories and practices of Corporate Governance. Now its existence is greatly felt in organization, the business organizations which have followed good corporate governance practices have found their share of success like Infosys in India and Samsung in South Korea. There are many differences between corporate Governance of India and South Korea but there are similarities too. Both the countries are following Anglo-American model of Corporate Governance, the ownership structure is also not much different, where in India there is concentrated ownership pattern and in South Korea also the ownership pattern is highly concentrated in chaebols and both the countries follow unitary structural board. India is a developing country with lower middle income category while South Korea got the status of a developed economy with high income category. With the introduction of at least one woman in the board, India is strengthening woman contribution in corporate world whereas there is no such rule in South Korea. Companies Act 2013 also emphasised on whistle blowing mechanism and for mandatory provisions of Corporate Social responsibility. In the case of Corporate

<sup>48</sup> Asian Corporate Governance Association (ACGA), “CG Watch 2012: Market Rankings”, September 2012.

Governance both the economies are going head to head, according to Asian Corporate Governance Association, India is on 7<sup>th</sup> rank whereas South Korea is on 8<sup>th</sup> rank. Although India is noted for bureaucracy and corruption, its corporations are making progress in the area of corporate governance.

The market provides incentives to improve and to compete in practically every area of economic activity, including the realm of corporate governance. Those who do not clean up their act will be left behind as corporations in other countries improve their corporate governance practices.<sup>49</sup>

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