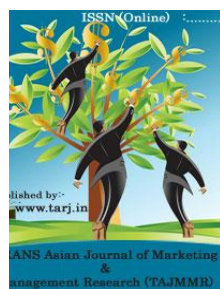


ISSN (Online) : 2279-0667



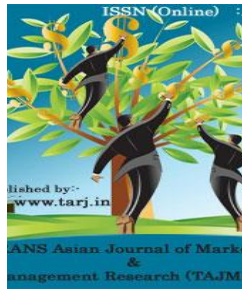


TRANS Asian Journal of Marketing Management Research (TAJMMR)

(Double Blind Refereed & Peer Reviewed Journal)



SR. NO.	PARTICULAR	PAGE NO.
1.	PROBLEMS AND PROSPECTS OF DISINVESTMENT POLICY IN INDIA Muralidhar Dunna	1-13
2.	CUSTOMER RELATIONSHIP MANAGEMENT IN NON-PROFIT ORGANIZATION WITH SPECIAL REFERENCE TO UGC-ACADEMIC STAFF COLLEGE, PONDICHERRY UNIVERSITY K. Aswathanarayana, Dr. Bheemanagouda	14-27
3.	A POSITIVE ATTITUDE PROMPTS SUCCESS Esha, Rahul Kumar	28-38
4.	EQUITY AND INCENTIVES IMPLICATIONS FOR GRANTS IN THE THIRTEENTH FINANCE COMMISSION RECOMMENDATION Seerit Sibia	39-49
5.	ADVERTISING: HOW MUCH ETHICAL? Neha, Madhu Maheshwari, Pankaj Kumar	50-63
6.	AN EMPIRICAL STUDY ON HUMAN CAPITAL DEVELOPMENT AND HOW EDUCATION PLAYS A VITAL ROLE IN IT Vikram Gahlawat, Pankaj Kumar	64-74
7.	A STUDY OF GREEN MARKETING CA Amit Kumar Sahu, Laxmi	75-80

Published by: *TRANS* Asian Research Journals**TAJMMR:*****TRANS* Asian Journal of
Marketing & Management
Research**

(A Double Blind Referred & Reviewed International Journal)

**PROBLEMS AND PROSPECTS OF DISINVESTMENT POLICY IN INDIA****Muralidhar Dunna***

*Lecturer,

Government Degree College,
Kadapa, Andhra Pradesh, India.**ABSTRACT**

In the nineties, India's budgeting, fiscal deficits, and balance of payments problems kick started the government's urge to unlock the huge investments chained in the state owned enterprises (SOEs). The major thrust for Disinvestment Policy in India came through the Industrial Policy Statement 1991. The policy stated that the government would disinvest part of their equities in selected PSEs. However it did not state any cap or limit on the extent of disinvestment. It also did not restrict disinvestment to any class of investors. The main objective was to improve overall performance of the PSEs. In this context, this paper focuses on analyze the disinvestment process in Indian Public Sector and also highlights the disinvestment done was a Success or a Failure for the Indian Economy.

KEYWORDS: *Disinvestment, Industrial Policy, Public Sector, Economy, Privatisation, Growth etc.*

INTRODUCTION

The founding fathers of our republic used the public sector as an essential and vibrant element in the building up of India's economy. The founding father of Public Sector Enterprises (PSEs), Jawaharlal Nehru called the public enterprises set up in various parts of the country as temples of modern India. India was not alone in ascribing an important role to the public sector. Many in the developed countries, who saw the devastation, caused by inefficient and myopic managements of private sector enterprises, voted strongly for a growing public sector in U.K., Germany, France and even in U.S.A. The objective of accelerating the pace of economic development and the political ideology led to rapid growth of the state-owned enterprises sector in India. A large number of PSUs were set up across sectors, which have played a significant role in terms of job creation, social welfare, and overall economic growth of the nation; they rose to occupy commanding heights in the economy. Over the years, however, many of the PSUs have failed to

TRANS Asian Journal of Marketing & Management Research (TAJMMR)**<https://tarj.in>**

sustain their growth amidst growing liberalization and globalization of the Indian economy. Loss of monopoly and a protectionist regime, and rising competition from private sector competitors have seen many of the government-owned enterprises lose their market share drastically. In many instances, many of the PSUs have found themselves unable to match up to the technological prowess and efficiency of private sector rivals, although many have blamed lack of autonomy and government interventions for their plight. Public enterprise policy patterned on the Nehru-Mahalanobis mode has been experiencing drastic changes since July 24, 1991. The new policy announced as a constituent of the New Industrial Policy, 1991 is governed more by the philosophy of market forces rather than planning. This policy has initiated five types of reforms: dereservation, disinvestment, performance contract system, review of sick units and enhanced autonomy to public enterprises. Out of these disinvestment emerges as the most favoured reform by the government. The aims of disinvestment policy are Raising of resources to meet fiscal deficit, Encouraging wider public participation including that of workers, Penetrating market discipline within public enterprises and Improving performance.

OBJECTIVES OF THE STUDY

- ❖ To study the evaluation of disinvestment policy in India
- ❖ To analyze the Disinvestment process in Indian Public Sector
- ❖ To study the disinvestment done was a Success or a Failure for the Indian Economy
- ❖ To provide suggestions for the policy makers

RESEARCH METHODOLOGY

The kind of Research being conducted here is “Analytical Research” and adopted descriptive and comparative methodology for this paper. In this Research the facts & the information as so gained from Department of Disinvestment, Ministry of Finance, Government of India website and Disinvestment database from BSEPSU website. The data for the present study is also collected from the news papers, journals, online databases and on the views of writers in the same discipline. As well as the reference books, magazines, reports of disinvestment commission, Government publications, Press notes and Internet also used for the purpose. This paper tries to study and analyze the disinvestment in India from its very scratch. It also provides the objectives of disinvestment and the process followed for the same. It also explains the failure story of disinvestment policy.

EVOLUTION OF THE DISINVESTMENT POLICY

The benefits of partial disinvestment of equity were envisaged for the first time by the Estimates Committee of the first Lok Sabha in its 16th report entitled Nationalized Industrial Undertakings, as early as 1955. The committee recommended that at least 25% of the share capital of government companies should be available for subscription by the public and the government could fix a ceiling for individual holdings as well as on the dividends to be declared by those companies. The government which was in no mood to dilute its stake in Public Enterprises (PEs) argued that the private investor will not be interested in investing in PEs.

About the same time, the Krishna Menon Committee recommended 25% equity participation in

PEs by the public at large because: (i) it was a method of financing the capital, (ii) it would help in mopping up of additional earnings of lower income groups and was thus an anti-inflationary measure, and (iii) it enabled people to participate in profit of PEs or to share their burden. But this recommendation was also ignored by the government.

In October 1960, a committee headed by the Secretary of the Department of Company Affairs recommended to the Planning Commission that 25% of PE equity be disinvested to the public. The Chandrasekhar government took the bold decision on disinvestment on 4th March, 1991. Its finance minister, Mr. Yashwant Sinha presenting the interim Budget of 1991-92 first enunciated disinvestment as a policy. It was a quick-fix idea to raise money for the then severely cash-strapped government. The Narasimha Rao Government's Industrial Policy Statement of 25th July, 1991 gave the reasons for equity disinvestment. It stated that the government would divest part of its holdings in selected PSE's, but did not place any cap on the extent of disinvestment. Nor did it restrict disinvestment in favour of any particular class of investors.

PERIOD FROM 1991-92 - 2000-01

The change process in India began in the year 1991-92, with 31 selected PSUs disinvested for Rs.3,038 crores against a target of Rs 2,500 Crores. In August 1996, the Disinvestment Commission, chaired by G V Ramakrishna was set up to advice, supervise, monitor and publicize gradual disinvestment of Indian PSUs. It submitted 13 reports covering recommendations on privatisation of 57 PSUs. Dr R. H. Patil subsequently took up the chairmanship of this Commission in July 2001. However, the Disinvestment Commission ceased to exist in May 2004. The Department of Disinvestment was set up as a separate department in December, 1999 and was later renamed as Ministry of Disinvestment from September, 2001. From May, 2004, the Department of Disinvestment became one of the Departments under the Ministry of Finance. Against an aggregate target of Rs. 54,300 crore to be raised from PSU disinvestment from 1991-92 to 2000-01, the Government managed to raise just Rs. 20,078.62 crore (less than half). Interestingly, the government was able to meet its annual target in only 3 (out of 10) years. In 1993-94, the proceeds from PSU disinvestment were nil over a target amount of Rs. 3,500 crore.

The reasons for such low proceeds from disinvestment against the actual target set were:

1. Unfavorable market conditions
2. Offers made by the government were not attractive for private sector investors
3. Lot of opposition on the valuation process
4. No clear-cut policy on disinvestment
5. Strong opposition from employee and trade unions
6. Lack of transparency in the process
7. Lack of political will

This was the period when disinvestment happened primarily by way of sale of minority stakes of the PSUs through domestic or international issue of shares in small tranches. The value realized

through the sale of shares, even in blue chip companies like IOC, BPCL, HPCL, GAIL & VSNL, however, was low since the control still lay with the government.

PERIOD FROM 2001-02 - 2003-04

This was the period when maximum number of disinvestments took place. These took the shape of either strategic sales (involving an effective transfer of control and management to a private entity) or an offer for sale to the public, with the government still retaining control of the management. During this period, against an aggregate target of Rs. 38,500 crore to be raised from PSU disinvestment, the Government managed to raise Rs. 21,163.68 crore.

PERIOD FROM 2004-05 - 2008-09

The issue of PSU disinvestment remained a contentious issue through this period. As a result, the disinvestment agenda stagnated during this period. In the 5 years from 2003-04 to 2008-09, the total receipts from disinvestments were only Rs. 8515.93 crore.

2009-10 ONWARDS

A stable government and improved stock market conditions initially led to a renewed thrust on disinvestments. The Government started the process by selling minority stakes in listed and unlisted (profit-making) PSUs. This period saw disinvestments in companies such as NHPC Ltd., Oil India Ltd., NTPC Ltd., REC, NMDC, SJVN, EIL, CIL, MOIL, etc. through public offers.

However, from 2011 onwards, disinvestment activity has slowed down considerably. As against a target of Rs.40,000 crore for 2011-12, the Government was able to raise only Rs.14,000 crore.

Summary of Disinvestment Target vs. Achievement Table since 1991-92 to till date

YEAR	TARGET (Rs. Crore)	ACHIEVED * (Rs. Crore)	ACHIEVEMENT (%)
1991-92	2,500	3,038	121.51
1992-93	2,500	1,913	76.5
1993-94	3,500	0	0
1994-95	4,000	4,843	121.08
1995-96	7,000	168	2.41
1996-97	5,000	380	7.59
1997-98	4,800	910	18.96
1998-99	5,000	5,371	107.42
1999-00	10,000	1,585	15.85
2000-01	10,000	1,871	18.71
2001-02	12,000	3,268	27.24

2002-03	12,000	2,348	19.57
2003-04	14,500	15,547	107.22
2004-05	4,000	2,765	69.12
2005-06	0	1,570	N.A.
2006-07	0	0	N.A.
2007-08	0	4,181	N.A.
2008-09	0	0	N.A.
2009-10	25,000	23,553	94.21
2010-11	40,000	22,763	56.91
2011-12	40,000	14,035	35.09
2012-13	30,000 [#]	23,857	79.52
2013-14	54,000	1,326	2.46
TOTAL	2,85,800	1,35,293	47

* Excludes Other Receipts of the Government from CPSE Disinvestment

Revised Target: Rs. 24,000 crore

PROCESS OF DISINVESTMENT

As of today the Government's decision to go for disinvestment of its PSUs has created a phenomenal impact over the economy of the country. This is an endeavour by the Central Government to govern the economy through applied approach thereby bridging the gap of deficit financing and gradually do away with control and regulatory measures. Since the process of disinvestment involves a number of complex procedures, it is absolutely necessary to have standard guidelines for proper accomplishment of various activities at different levels. The council of ICAI is perhaps the most appropriate authority in the country to evolve just and equitable guidelines and Accounting Standards for the various stages of disinvestment to serve the purpose best.

There are various types of disinvestment. Some of them are as follows

STRATEGIC SALE TO PRIVATE EQUITY

Transactions involving sales made by the Government of CPSEs, including subsidiary of CPSEs, along with transfer of management control, to a strategic private partner identified through a process of competitive bidding and subsequent sales to the partner through call/put options

- ❖ [Initial Sale of Complete Shareholding](#) (with post-transaction equity of the Government becoming NIL)
- ❖ [Slump Sale](#)

- ❖ [Initial Sale of Majority Shareholding](#)(with post-transaction equity of the Government becoming less than 50% and the Government losing management control)
- ❖ [Subsequent Sale of Minority Shareholding leading to Further Dilution](#) (with pre-transaction and post-transaction equity of the Government being less than 50%)
- ❖ [Subsequent Sale of Minority Shareholding leading to Complete Privatisation](#) (with post-transaction equity of the Government becoming NIL)

PUBLIC OFFER (EXCLUDING FRESH CAPITAL RAISING)

Transactions involving sales made by the Government in CPSEs through a Public Offer:

- ❖ [Initial Sale of Minority Shareholding](#) (with pre-transaction and post-transaction equity of the Government being more than 50% with the Government retaining management control)
- ❖ [Subsequent Sale of Minority Shareholding](#) (with pre-transaction and post-transaction equity of the Government being more than 50% with the Government retaining management control)
- ❖ [Other Sale of Minority Shareholding](#)(with the pre-transaction and post-transaction equity of the Government being less than 50% and the Government not having management control either pre-transaction or post-transaction)
- ❖ [Sale of Residual Shareholding](#) (where the Government had already diluted its stake in earlier transactions and now with this transaction, the post-transaction equity of the Government became NIL)

CPSE TO CPSE SALE

Transactions involving sales made by the Government of one CPSE to another CPSE:

- ❖ [Sale of Entire Shareholding](#) (with post-transaction equity of the Government becoming NIL)
- ❖ [Sale of Majority Shareholding](#) (with post-transaction equity of the Government becoming less than 50% and the Government losing management control)
- ❖ [Sale of Minority Shareholding](#) (with pre-transaction and post-transaction equity of the Government being more than 50% with the Government retaining management control)

AUCTION TO FINANCIAL INVESTORS

Transactions involving sales made by the Government in CPSEs through an auction to defined financial investors/investor groups (like public sector financial institutions)

- ❖ [Sale of Minority Shareholding](#)(with pre-transaction and post-transaction equity of the Government being more than 50% with the Government retaining management control)
- ❖ [Other Sale of Minority Shareholding](#) (with the pre-transaction and post-transaction equity of the Government being less than 50% and the Government not having management control either pre-transaction or post-transaction)

- ❖ [Sale of Residual Shareholding](#) (where the Government had already diluted its stake in earlier transactions and now with this transaction, the post-transaction equity of the Government became NIL)

AUCTION TO PRIVATE EQUITY

Transactions involving sales made by the Government in CPSEs through an auction to private entities

- ❖ [Sale of Entire Shareholding](#) (with post-transaction equity of the Government becoming NIL)

SALE TO EMPLOYEES

Transactions involving sales made by the Government to employees of the respective CPSEs

- ❖ [Sale of Shareholding to Employees](#)

INSTITUTIONAL PLACEMENT PROGRAMME

Transactions involving sales made by the Government through Institutional Placement Programme in CPSEs

Year wise Summary of Disinvestments in Different Processes (Rs. in Crores).

Year	Strategic Sale To Private Entity	Public Offer (Excluding Fresh Capital Raising)	Cpse To Cpse Sale	Auction To Financial Investors	Auction To Private Entity	Sale To Employees	Institutional Placement Programme	Total
1991-92				3037.74				3037.7
1992-93				1912.51				1912.5
1993-94								0
1994-95				4843.1				4843.1
1995-96				168.48				168.48
1996-97		379.67						379.67
1997-98		910						910
1998-99		783.68	4182.7	404.72				5371.1
1999-00	105.45	1020	459.27					1584.7

2000-01	554.03		1317.2					1871.3
2001-02	2089.41		1153.7			25.19		3268.3
2002-03	2335.72					12.26		2348
2003-04	342.06	15128.26			77.1			15547
2004-05		2700.06				64.81		2764.9
2005-06				1567.6		2.08		1569.7
2006-07								0
2007-08		1814.45		2366.93				4181.4
2008-09								0
2009-10		21305.91	2247.1					23553
2010-11		22762.73						22763
2011-12		14035.27						14035
2012-13		23857.25						23857
2013-14		967.97					358.21	1326.2
TOTAL	5426.67	105665.25	9360	14301.08	77.1	104.34	358.21	135293

CRITICISMS OF DISINVESTMENT

THE IDEOLOGY OF DISINVESTMENT

The equity in PSUs essentially belongs to the people. Thus, in the absence of wider national consensus, a mere government decision to disinvest is not totally justifiable. It is not clear if the rationale for divestment process is well-founded. The assumption of higher efficiency, better management practices and better monitoring by the private shareholders may not always be true.

UTILISATION OF MONEY FROM DISINVESTMENT

- ❖ Mainly to fill fiscal deficits of the government. “ Like covering one sin with another sin” and “Living lavishly by selling your mothers jewelries”

- ❖ Generated capital has not been utilized for the benefit of the disinvested PSU. (Only a part, that too <25% in most cases).
- ❖ Governments have used disinvestment merely as a tool to raise resources to satisfy interim needs rather than with a long vision to restructure Indian industry.
- ❖ Even though National Investment Fund (NIF) was created by the present UPA Govt, till date the money raised through only one disinvestment process has been transferred to its account. E.g.: sale of Government equity in Power Grid Corporation of India Ltd. (PGCIL)

IMPROPER IMPLEMENTATION

Inadequate information about PSUs has resulted in lack of free, competitive and efficient bidding of shares, and a free trading of those shares.

- ❖ PSUs do not benefit much monetarily from disinvestment and hence they have been reluctant to prepare and distribute prospectuses.
- ❖ This has prevented the disinvestment process from being completely open and transparent.
- ❖ Under-valued shares.
- ❖ E.g.: Centaur Airport Hotel in Mumbai was sold to A L Batra for Rs 830 million against the reserve price of Rs 780 million but A L Batra later sold it to Tulip Star at a much higher price.

TARGETS UNACHIEVED

Only 4 times has the proposed target has been achieved.

- ❖ Some of the years the Govt. has failed to raise even 20% of the budgetary disinvestment targets.
- ❖ The Government has measurably failed to attract various parties for buying the PSU's.

SALE TO FOREIGN COMPANIES

In the sale of government equity in PSUs to the Indian private sector, there is no decline in national wealth.

- ❖ But the sale of such equity to foreign companies has far more serious implications relating to national wealth, control and power, particularly if the equity is sold below the actual price.
- ❖ Increase the dependence of Indian economy on the international fluctuations.

STRATEGIC MISTAKES

- ❖ Monopolies created by privatization E.g.: Selling of IPCL to reliance despite the fact that it held 60% of market share already.
- ❖ Possibility of concentration of shares in few hands E.g.: ONGC disinvestment, Claim by left party activist that large number of shares were being bought over by Canadian firm.

IMPACT ON EMPLOYEES

- ❖ Increased wages.

- ❖ Increased efficiency.
- ❖ The employees are still protected by labor laws and hence have job security.
- ❖ Significant increase in workload and stress.
- ❖ Implementation of VRSs and trace cases of CRS. E.g. Banks.
- ❖ So it is clearly seen that the fears regarding Job cuts are miscounted for and has been tackled effectively through options like governmental controls, labour laws and VRS.

POLITICS OF DISINVESTMENT

Disinvestment has always been a very politically sensitive issue, with different parties taking different views in different positions.

- ❖ Strategy towards disinvestment has also been subject to Governments and their allies. There has never been a clear stance on disinvestment by any government.
- ❖ The abolishment of the ministry of disinvestment in 2004, after the formation of Congress coalition was mainly to appease Left parties.
- ❖ Another Example of this is the scrapping of recommendations of the Rangarajan Committee and setting up of a new committee by the new United Front Government when it came to power.

SUGGESTIONS AND RECOMMENDATIONS

The following suggestions and recommendations may be useful for the policy makers.

- ❖ Trust the homegrown expert: If we look at the domains of cutting edge expertise, the lead players whose initiatives the advanced countries have trusted are products of our own institutions.
- ❖ Place administrative control in the hands of the Finance Minister: This would enable him to complete the disinvestment process focusing on FDI which could be deposited in the Disinvestments Fund.
- ❖ Hand over companies that are a burden on the government to the employees: This could be done on a token share price of one paisa per share. They may turn the company around or resell it for scrap or close down the outfit.
- ❖ Do not involve a PSU/SOE in the bidding process: A PSU/ SOE should not be allowed to invest or control management interest in a PSU/SOE disinvestment candidate. This in effect is asset stripping by the GOI and a transfer payment (one government pocket to another pocket) from the bidder PSU to the government treasury.
- ❖ Manage revivals: Any revivals must be professionally managed on a lease basis.

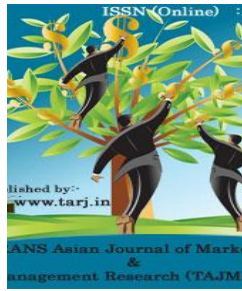
CONCLUSION

Disinvestment in India has never been an attractive idea simply because successive governments have treated disinvestment merely as a tool to raise resources rather than as one designed to restructure the massive public sector. The fact that only in 3 of the 13 years budgetary targets

were met show the ineffective implementation of this process by the government. Red Tapism and administrative loopholes have led to many controversies regarding disinvestment leading to many legal hassles and creating a negative image regarding DISINVESTMENT. There's never been a clear direction to disinvestment as it has been subjected to the vagaries of politics of power. Its time a proper consensus is arrived through discussions on disinvestment aimed at restructuring Indian industry to make true the lofty visions of Jawaharlal Nehru and to continue growing at the same rate.

REFERENCES

- ❖ P.P. Arya and B.B. Tandon “Economic Reforms in India – From the First to Second Generation and Beyond” Neelam Jain – “Privatization and Disinvestment in Public Sector Undertakings in India”, 2003.
- ❖ “White Paper on Disinvestment of central public sector enterprises” Government of India ministry of finance department of disinvestment,
<http://www.divest.nic.in/white%20paper.pdf>
- ❖ P.P. Arya and B.B. Tandon “Economic Reforms in India – From the First to Second Generation and Beyond” B.S. Ghuman – “Disinvestment policy in India: Rhetoric and Reality”, “Economic Reforms in India – From the First to Second Generation and Beyond” 2003
- ❖ Harijiban Banerjee – “PSU Disinvestment- Need for Guidelines and Accounting Standards”
<http://220.227.161.86/11320p608-612.pdf>
- ❖ Laxmi Narain – “Principles and Practice of Public Enterprise Management”, 1995.
- ❖ Department of disinvestment, Ministry of Finance , www.divest.nic.in
- ❖ Disinvestment Commission Report, 1999
- ❖ Disinvestment Database from www.bsepsu.com
- ❖ Vipin Malik – “Disinvestment in India : Needed the Change in the Mindset”
http://www.vikalpa.com/pdf/articles/2003/2003_july_sep_57_63.pdf

Published by: *TRANS* Asian Research Journals**TAJMMR:*****TRANS* Asian Journal of
Marketing & Management
Research**

(A Double Blind Referred & Reviewed International Journal)



CUSTOMER RELATIONSHIP MANAGEMENT IN NON-PROFIT ORGANIZATION WITH SPECIAL REFERENCE TO UGC-ACADEMIC STAFF COLLEGE, PONDICHERRY UNIVERSITY

K. Aswathanarayana*; Dr. Bheemanagouda**

*Assistant Professor,
Department of Commerce and Management,
Government First Grade College,
Sorab, Karnataka, India.

**Associate Professor,
Department of PG Studies and Research in Commerce,
Sri Krishnadevaraya University,
Bellary, Karnataka, India.

ABSTRACT

Today's customer not only demands quality of Products and services but also looks for value in the transaction process itself. This paper explores the role of Non Profit organizations in establishing customer relationship management in higher education particularly the Universities, in maintaining enhancing the relations with their customers and also creating and sustaining that relationship with its customers for long period of time. The focus of the paper is to study the impact on customer relationship in enhancing the educational value for the society in general and their end users in particular. The importance of the service quality and customer satisfaction, the service provider has received considerable attention in the field of higher education. One of the modern skills required for present world is winning customers which recognize the organization in national and international level. The paper examines the satisfactory level customer and how it is applied in the field of higher education and how to improve their performances of the organization in the interest of society at large.

KEYWORDS: *Customer Relationship, Non-Governmental Organization (NGO), University Grant Commission, Academic Staff College (ASC) Not for Profit Organization.*

1. INTRODUCTION

Customer satisfaction is a multi-dimension and multi-facet activity. It is a behavioral issue coming out of situational analysis. It is perspective quality becomes an important and core dimension in satisfying customer. The importance of service quality and customer satisfaction, the service provider has received considerable attention in the marketing system in recent years. The importance of customer satisfaction in strategy development for customer and market oriented firms cannot undermine. If any organization becomes a service sector it is our duty is to satisfying needs by supporting objectives. If satisfied customer becomes a loyal customer. A loyal customer becomes a delighted customer. For that we have to create value for the customer, that value not only for business organization but also non business organizations too. In that context UGC-Academic Staff Colleges also Not for Profit organization

Customer perception and preference have an increasingly great impact on an organizations' success. Today customers are more educated than ever before. They expect more value for money. They wait for better service and are willing to pay for it. The understanding of customer even in to for profit organization too. The level of courtesy and assistance required by not for profit organization has increased drastically.

1.1. MEANING OF NON-BUSINESS ORGANIZATIONS

Non-business organizations are generally said to be comprise non-governmental Organization (NGO's). Non- profit organization different from business organization in object and purpose. These organizations do not intend to earn profit, whereas business organization intends to exist for earning profits. The purpose of non-business is to serve a particular section of society, public at large of its members only.

There is a traditional of philanthropy, social service and voluntary work in India. Many organizations cropped up in the last two centuries which were engaged voluntary in social activities, like helping the poor, spreading literacy and so on. Mahatma Gandhi's People movement for the national independence in the early part of last century was rooted in the ideal of social reconstructions, self-help and strengthens the poorest of the poor.

After independence, government started to reconstruct the country in order to uplift the weaker section of society. After some years it was realized that governmental efforts were not enough to take up this gigantic task. This led to the emergence of new set of more struggle oriented groups. Now there are many organizations struggling on behalf of the poor, the landless, the tribal, the bonded laborers and many other social strata that were being discriminated against both by the policies of state and the dominant elements in the social structure. These NGO's constitutes a whole spectrum of different kinds of voluntary groups.

Not-for-profit or non-profit is an organization created with the key goal of helping others, or providing a community service, or one of many other purposes. It is not created to make personal profit. It is not a business. It is formed for non-commercial purposes. Any profit that is made is used to further the goal or undertaking of the organization. Any money or profits that are made is used to meet the original goal of the organization. Any profits made must not be used by the individuals involved for their own personal financial gain.

It is an incorporated organization created by statute, government or judiciary authority, not intended to provide a profit to the owners or members. It is defined as an incorporated organization which exists for educational or charitable reasons and for which its trustees or members do not benefited financially is called not for profit organization.

1.2. CHARACTERISTICS OF NOT FOR PROFIT ORGANIZATION

- Organization not to make profits but to provide service to its member
- The main source of income of this Organization grant-in-aid, donations, subscriptions, etc.
- These organization managed by group called managing committee.
- They also prepare accounts same accounting principle and system that are followed for profits organization.

Areas where NGO's could play the following role:

- Family welfare, health and nutrition education
- Health for all programme
- Social welfare programme for weaker sections.
- Proper utilization of sources of energy and development of renewable source of energy.
- Water management and soil conservation.
- Environmental protection and education.
- Promotion of ecology and tribal development.
- Creating awareness about social ills.

1.3. ROLE OF THE NON- PROFIT ORGANIZATION

In India, one of the criteria for a Not-for-profit organization given in the seventh five year plan document is that the organization should have a legal entity. The planning commission considers societies, associations, trusts or companies registered under the societies act, 1860; Indian trust act 1882; the charitable and religious trust act, 1920; or section 25 of the companies act, 1956 as NGOs. In India, the role of activities and functions of the third sector, which originated outside the state structure, were previously performed by local government and local voluntary efforts. The efforts and initiatives towards welfare and developmental activities came into prominence during the colonial period. The agents of these activities were called voluntary organization.

1.4. UGC-ACADEMIC STAFF COLLEGE

The UGC has established Academic Staff College in different universities all over the country and 57 are existed today. The Academic staff College of Pondicherry University is one of them and was established in 1987. They are conceived with a view to plan, organize, implement, monitor and evaluate Academic Staff orientation programmes for newly appointed colleges and university teachers and refreshers programmes for senior teachers. In addition to these programmes workshops for college principals, special programmes are conducted.

The Academic staff college has organized 104th orientation courses, 105th in progress at the time I was one of the participant of orientation course from 18.05.2011 to 14.06.2011. About 151 refresher courses and 39 special programmes including workshops for college principals, 10,179 teachers participated and have benefited through these programmes.

Vision of UGC-ASC is observed from the speech of Director of UGC-ASC, Pondicherry University that The Vice-Chancellor of the University wanted to make this university World Class University. The director and all the faculty of staff to work hard to make this institution premier, higher learning, quality and affordable in the field of higher education in the country.

SPECIAL FEATURES

- Orientation course for newly appointed teachers of colleges and universities.
- Refresher course in various subjects.
- Workshops for collage principals.
- Summer schools/winter schools for all teachers.
- Ph.D. interaction programmes
- Short term programmes for Ph.D. part time teachers.
- Short term programmes for Ph.D. full time teachers.
- Three days workshops for group C and D staff of universities.

2.1 CONCEPT OF CUSTOMER RELATIONSHIP MANAGEMENT

The abbreviation CRM is frequently mentioned as the almighty solution for problems regarding customer relations. Customer relationship management (CRM) is a strategy that enables organizations to reduce costs, increase profitability and strengthen loyalty of their customers. CRM collects information based on all data sources within the organization and represents a holistic insight on every customer in real time. CRM has become available and necessary with the development of electronic commerce, and it is supported by web applications and the rapid growth of the Internet. What is the approach to manage and develop CRM; to what extent technology purchase solves the implementation of CRM strategy; what customer information must be known and collected; what knowledge must be developed within the organization; how to measure the effectiveness of implementation; where to begin – from the customer's needs, internal processes or technology – these are all issues that are constantly imposed.

CRM is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the organization and the customer, (Parvatiyar and Sheth).

2.2 CRM AND HIGHER EDUCATION

CRM is fast becoming a competitive necessity for colleges and universities looking to improve student engagement and deliver a better experience throughout the student lifecycle. Already, many institutions have derived great benefits from CRM and are eager to expand their initiatives

across campus. CRM strategy not only determines how students are interacting with their institution, but also why?

2.3 OBJECTIVE OF EDUCATION

Objective of education should be a three-fold process of imparting knowledge, developing skills, and inculcating proper attitudes and values towards life and society in general.

It must enable the individual to develop the activity and skill to earn and carry on reasonable standard of living and it must also enable him to develop his creative faculties to the utmost so that intellectually, morally, physically and spiritually student is in a position to enrich his personality.

2.4 CRM SOLUTION FOR HIGHER EDUCATION

CRM solution for higher education combines people, processes and technology within the organization and it increases productivity and efficiency of colleges, as well as helps to lead the organization forward. To achieve this, full potential of the internal systems must be used through the integration and use of CRM that provides easy access to the dissemination of information from all types of databases and resources, while maintaining the necessary high quality of services provided to students.

2.5 USE OF CRM STRATEGY IN HIGHER EDUCATION

CRM solutions for higher education institutions make a fast, flexible and affordable solution that delivers a higher level of efficiency with tools that can help the university management to manage the daily activities and make well informed decisions. On the one hand, higher education CRM provides a clear and complete picture of each individual user (student) and all the activities the user performs within the institution. On the other hand, CRM allows students to carry out interactions with the university as a separate entity by providing a clear understanding of its statute within the organization. For students this includes information on enrollment, registration, financial aid, student accounts and accommodation.

Students are categorized as primary beneficiaries of education and therefore should be viewed as customers. The emphasis on continuous improvement is critical to the sustainability of high quality services which an educational institution provides to students.

3. STATEMENT OF THE PROBLEM

Rendering service and maintaining quality and satisfying the customers is one of the challenges for Non-Profit Organization. One of the modern skills required for present world is winning customers which recognize the organization in national and international level by adopting customer relationship management.

4. OBJECTIVES OF THE STUDY

The following are the specific objectives of the study

1. To analyze the customers perceptions towards services provided by the ASC
2. To analyze the services rendered by ASC for further improvement

3. To know the various services rendered by the ASC.

5. SCOPE OF THE STUDY

The scope of the study is to find out the customers perceptions towards ASC-Pondicherry University and Participants opinion about the quality of services and satisfaction level with reference to ASC-Pondicherry University.

6. METHODOLOGY AND RESEARCH DESIGN

The present study based on both primary and secondary data on customer's perceptions. To support the research based on the primary data administered well designed questionnaires to the individual participants in ASC. It gathered extensive data from the secondary sources like prospectus of Pondicherry University and its websites. The collected data are analyzed by classifying and tabulating through percentages basis.

7. SAMPLE SIZE

The present study takes up sample size of selected 28 participant's views by administering well designed questionnaire opinion regarding perceptions towards Academic Staff College-Pondicherry University.

8. LIMITATIONS OF THE STUDY

Due to time constrain it is not possible to administer closed ended questionnaires to all participants. Therefore, for the research study covering 28 participants opinion sought and restricted only to 105th orientation course in Academic Staff College, Pondicherry University.

9. ANALYSIS AND INTERPRETATION OF DATA

The data which collected through questionnaires divided into two parts. One is related to personal profile of the participant respondent's perceptions towards ASC-Pondicherry University and second part of the data collected, concentrated on infrastructure facilities and services available and focus on resource persons and also orientation enhances the education value or not.

TABLE 1: CLASSIFICATION OF RESPONDENTS BASED ON INFRASTRUCTURE FACILITIES

Opinions of Respondents	No. of Respondents	Percentage
Excellent	15	54
Very Good	06	21
Good	05	18
Average	02	07
Total	28	100

Source: Collected through primary data

From the above table shows that infrastructure facilities in the newly constructed building ranked 54% as excellent and followed by very good 21%, Good 18% and average 07%.

It is inferred that majority of the participant respondents opinioned infrastructure in the new building of ASC was excellent.

GRAPH NO. 01 GRAPH SHOWING INFRASTRUCTURE FACILITIES

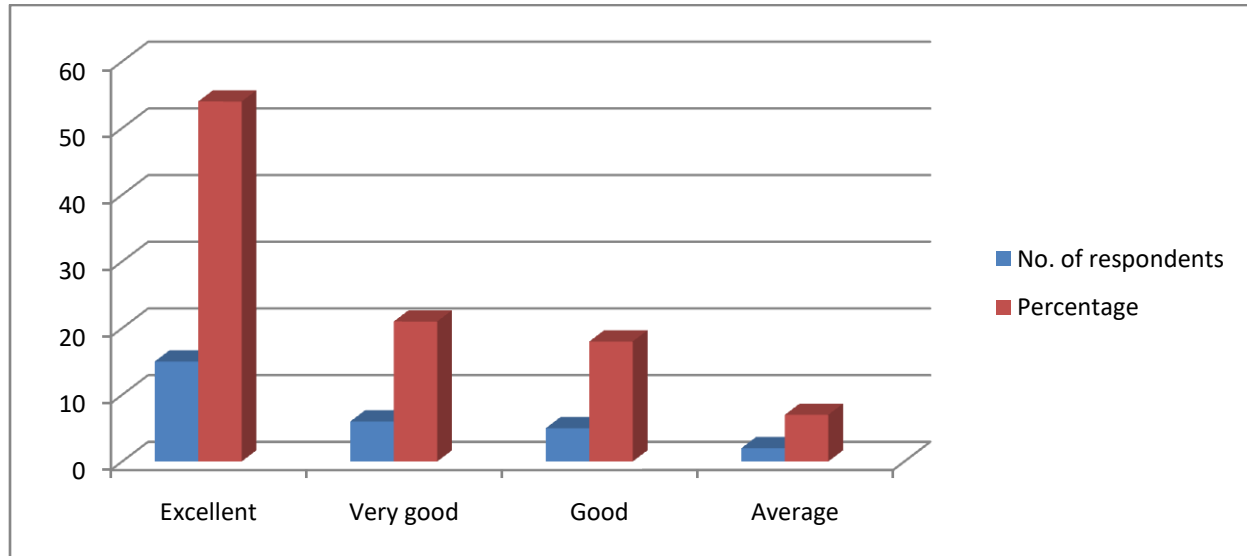
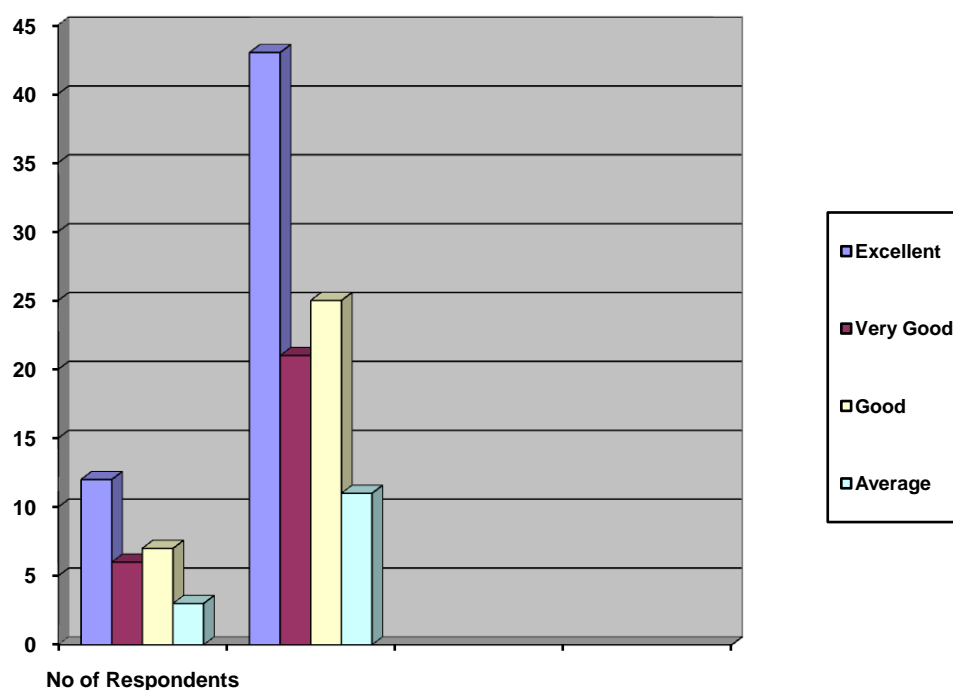


TABLE NO. 2: CLASSIFICATION OF RESPONDENTS BASED ON CLASSES/SESSIONS

Opinion of Respondents	No. of Respondents	Percentages (%)
Excellent	12	43
Very Good	06	21
Good	07	25
Average	03	11
Total	28	100

Source: Collected through primary data

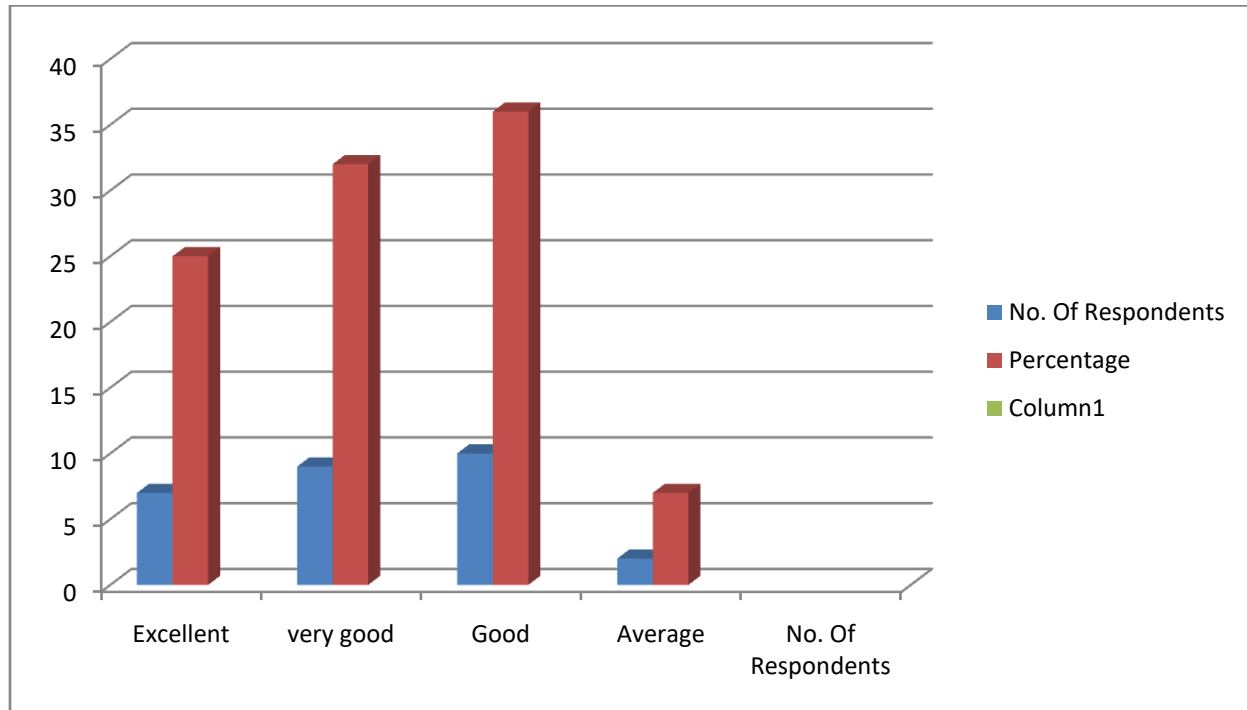
From the above table it is analyzed that sessions conducted in the ASC ranked as 43% excellent, 25% as good, very good, as 21% and average as 11%. It is opinioned that classes held at ASC are considered as good all respondents felt satisfactory.

GRAPH NO. 2: SHOWING CLASSES/SESSIONS**TABLE 3: CLASSIFICATION OF RESPONDENTS BASED ON OPINION ABOUT RESOURCE PERSONS**

Opinions of Respondents	No. of Respondents	Percentage (%)
Excellent	07	25
Very Good	09	32
Good	10	36
Average	02	07
Total	28	100

Source: Collected through primary data

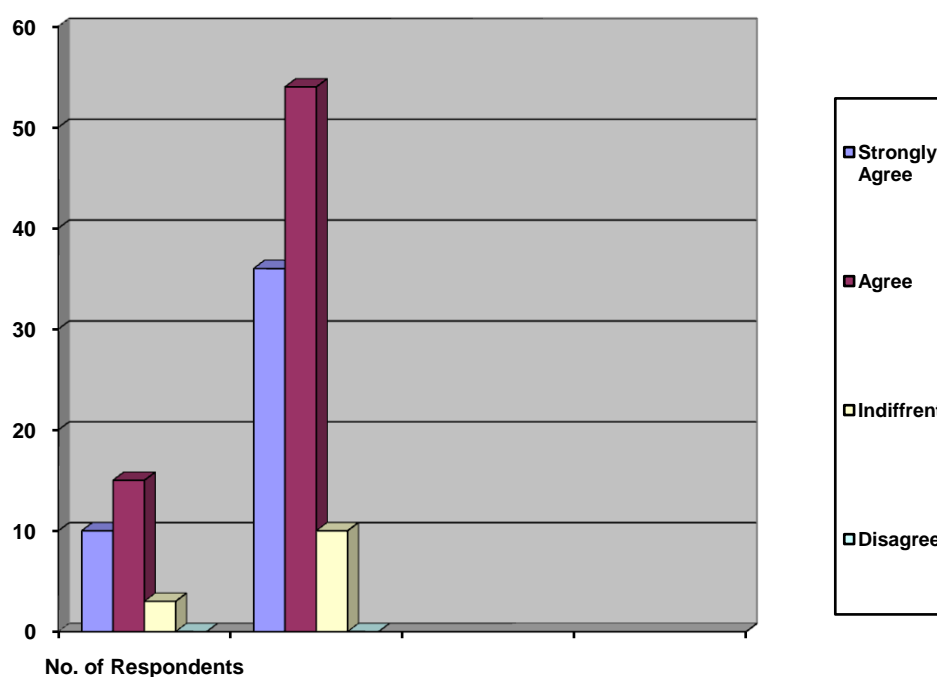
It is analyzed that as per resource persons is concerned 36% ranked as good, 32% as very good, 25% as excellent and only 7% opinioned as average. It is inferred that respondents opinioned that all resources persons delivered very good lecture and provide good information on various topics

GRAPH NO. 3: OPINION ABOUT RESOURCE PERSONS**TABLE 4: CLASSIFICATION OF RESPONDENTS BASED ON ENHANCEMENT OF EDUCATIONAL VALUE**

Opinion of Respondents	No. of Respondents	Percentage (%)
Strongly Agree	10	36
Agree	15	54
Indifferent	03	10
Disagree	-	-
Total	28	100

Source: Collected through primary data

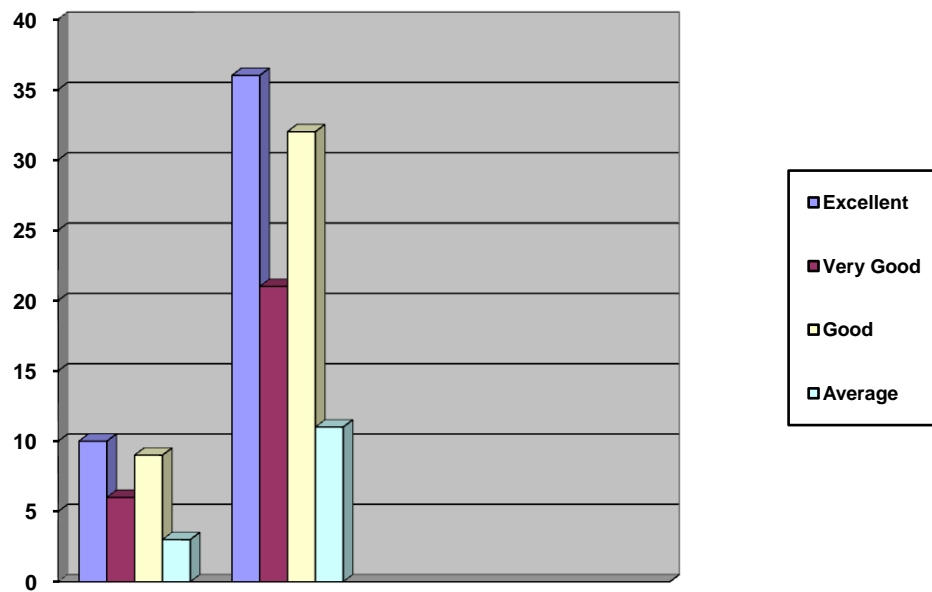
From the above table indicate that orientation course enhances educational values agreed by 54%, strongly agreed 36%, and indifferent by only 10% and none was disagree. From this, Majority of the respondent participants felt that this orientations course not only enhance educational value but also built a strong professional ethics on the minds every teacher participant.

GRAPH NO.4: SHOWING ENHANCEMENT OF EDUCATIONAL VALUE**TABLE NO. 5: CLASSIFICATION OF RESPONDENTS BASED ON OTHER SERVICES**

Opinions of Respondents	No. of Respondents	Percentage (%)
Excellent	10	36
Very Satisfied	06	21
Satisfied	09	32
Some extent satisfied	03	11
Total	28	100

Source: Collected through primary data

Other service: Such as class room condition, furniture, air conditioners, transport facilities, hostel facilities, library and computer facilities etc. It was opinions that the services provided by the ASC-PU ranked as excellent 36%, satisfied by 32%, very satisfied by 21% and some extend only 11%. This indicate that majority of the participant respondents satisfied about the various other services such as hostel facility, water electricity, library transportation etc. provided by ASC was satisfactory during the course period.

GRAPH NO. 5: OTHER SERVICES OF ASC

10. FINDINGS OF THE STUDY

1. It is noted from the above analysis that respondents expects library and computer facilities from the ASC
2. It is personally observed that respondents expect more value added information to existing profession.
3. It was opinioned that all resources persons delivered excellent lecture and also provide good information on various topics, if it extended beyond the four walls would have much more better.
4. Practical classes to be ensured besides theoretical classes
5. Majority of the respondents are Ph.D and M.Phil holders and other perusing minor and major research projects.
6. Heterogeneous participation from the different discipline is one of the specialty of the course

11. SUGGESTIONS OF THE STUDY

All Academic Staff College in country under the control of the University Grant Commission and suppose to be follow all rules and regulations of the authority which constituted under the law. In spite of the following rules, ASCs are doing commendable job. Further there need to be reforms in the ASC in advancement of science and technology and information Technology and competition from the foreign universities which are in the door step of India. The following are some of the recommendations of the study

1. It was the opinion of the participants' respondents that the periods of orientation programme need to be reduced from 21 days to 28 days and refresher course periods reduced 15 days.

2. Establishment of more and more Academic Staff College in every State in proportionate to the population and number of colleges and teachers.
3. Training/refreshers/orientation courses to be conducted for the teachers at least once in three years and made compulsory
4. Inter university co-ordination committees to be formed for the purpose of the exchange of resource persons in turn exchange of knowledge among the teachers.

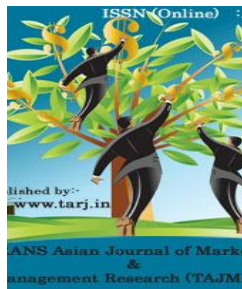
12. CONCLUSION

Students are categorized as primary beneficiaries of education and therefore should be viewed as customers. The emphasis on continuous improvement is critical to the sustainability of high quality services which an educational institution provides to students. Today Non- profit organization has emerged as an integral part of the service sector of the any country particularly Non-Governmental Organization. The efficiency of the Not for profit organization depend upon the how best they deliver services to its customer, in order to survive in the competitive environment and provide continues service and customer's satisfaction. The service providers of not for profit organization are required to further improvement in the quality of service and technologically up gradation in their service for teachers community in the interest of the student community as a whole. Besides, the world is very competitive in every field. Universities are creation of Human beings, for that a quality and appropriate educational training for the teachers makes perfect in their future endures in life.

REFERENCES

1. Anthony, Robert N. and David W. Young (1994), Management Control in Not-for-profit Organizations, Richard D. Irwin, Inc., Boston, MA, 5th Edition, 1994.
2. Blazek, Jody (1996), Financial Planning for Not-for-profit Organizations, John Wiley & Sons, Inc., New York, NY 1996.
3. Horngren, Charles T., George Foster, and Srikanth M. Datar, (1997), Cost Accounting: A Managerial Emphasis, Prentice Hall, Upper Saddle River, NJ, 9th edition, 1997.
4. Nair, C., Chan, S., & Fang, X. (2007). A Case Study of CRM Adoption in Higher Education. DePaul University School of Computer Science. Chicago, IL.
5. Obul Reddy D. (2007), Revitalizing Commerce Education, Vidyasagar University Journal of Commerce, Vol. 12, March, pp. 1-12.
6. Parvatiyar, A., & Sheth, J. N. (2001). Customer Relationship Management: Emerging Practice, Process and Discipline, Journal of Economic and Social Research, Vol. 3 (2), pp.1-34.
7. Payne, A. (2005), Handbook of CRM, Achieving Excellence in Customer Management. Oxford: Butterworth-Heinemann is an imprint off Elsevier Linacre House.
8. Persuraman A, Zeithaml VA, and Berry LL (1985), A Conceptual Model of Service Quality and its Implications for Future Research, journal of marketing, Vol. 49, issue I, pp.41-50.

9. Rajamani Singh and Vijaya Kumar Shrotriya (2010), Commerce education in North-East India, Mittal Publication, New Delhi.
10. Taslima (2011). CRM for Higher Education, Campus Management Corporation.
11. Yeo, R. K. (2008). Brewing service quality in higher education. Quality Assurance in Education Vol. 16, No. 3, pp.266-286.
12. http://en.wikipedia.org/wiki/Pondicherry_University
13. <http://en.wikipedia.org/wiki/MBA>
14. http://en.wikipedia.org/wiki/Central_University,_India
15. <http://dmssom.com/>
16. <http://www.pondiuni.edu.in>

Published by: *TRANS* Asian Research Journals**TAJMMR:*****TRANS* Asian Journal of
Marketing & Management
Research**

(A Double Blind Referred & Reviewed International Journal)

**A POSITIVE ATTITUDE PROMPTS SUCCESS****Esha*; Rahul Kumar****

*Assistant Professor,
Himalayan Group of Institutions,
Kala Amb, H.P., India.

**Assistant Professor,
Himalayan Group of Institutions,
Kala Amb, H.P., India.

ABSTRACT

Here goes the old proverb “A Man who knows his tongue will never suffer any misery”. Today’s world of success has been built by people who knew the art of talking with right attitudes. Whether in the field of politics, Business or Industry or Finance, employing right attitudes with right emotions matter much. It affects every facet of our lives--from the way we handle stress to how we communicate at work. A positive attitude creates the climate for success & sets the stage for potential winners to actually win. Because of globalization and increased opportunities in diverse backgrounds it has become a great necessity to sharpen our skills in the art of persuasion and negotiation to deal with unexpected circumstances and people. Every Individual is responsible for his future and he is the architect of his destiny. Each person should take responsibility for what he is and then start cultivating the necessary attitude that is required for getting the results, one wants and deserves. Almost every person the world has known so far knows the importance of attitude and has a very clear understanding of what it is. Yet when somebody asks them for a definition, majority of them can’t come up with anything. Attitude is the way one chooses to view his world. It’s a matter of outlook and is definitely a matter of choice. The Individual alone is responsible for cultivating the attitude that gets the results. It also means that no one can rob him of his attitude unless he lets him.

KEYWORDS: *Attitude, success, affect on life, future, right attitude, matter of choice.*

INTRODUCTION

“Things turn out best for the people who make the best of way things turn out.”

- John Wooden

Individual should start with the need to have the right attitude. The flip side of this is that people get too caught up in attitude. People get comfortable with the right attitude. The managements start picking employees even if they are not performing sometimes, for the right attitude and sometimes one can go wrong in that direction as well. So one needs to strike the right balance. The ideal situation is to have a skilled workman who have the right attitude and that is a perfect sort of scenario. Thus one can create - get the people with the skill and then inculcate the right attitude which is probably a good way to go as well. Because if someone can create the right dynamics and the right atmosphere within a team/group then even if they are skilled, they understand that there are certain rules that they have to play by which is what is required for the smooth running of the organization. If good leaders achieve turnarounds by doing the simple and little things better, not the difficult ones, that kind of leadership is doing ordinary things spectacularly well. Focusing on customer is an important aspect. For example being the head of a business organization, if a customer complaint comes in, and the owner knows the customer very well; he will send an email to the guys dealing with it, and all the customers are watching what is happening. The indication is that every customer matters to the biz-owner and even the smallest details are taken care of and this kind of right attitude spells success in the long run.

ATTITUDE, THE KEY TO SUCCESS

The word “attitude” applies to everyone regardless of age and profession. Be it a student or executive, maid or teacher, employee or employer, attitude is the key word. Without positive attitude, one can never become a good teacher, student or boss. An employer with negative attitude can never maintain a good rapport with his employees. The consequence, without doubt, is the downfall of his business.

Every person has a different goal and ambition but the source of success is only one, “ATTITUDE”. It is everything in life. It follows you everywhere - whatever you do, wherever you go, and whoever you are.

“Attitude can’t be learnt, it must be acquired”.

If attitude is everything, isn’t it your primary duty to be concerned about your attitude in whatever you do. Always ask yourself how your attitude will affect your life, ambition and of course the third person.

Positive attitude is the key to success, while negative attitude is the key to failure. Each and every moment of our life is determined by this difference between the stepping stone and the stumbling block.

OBJECTIVES OF STUDY

The objectives are:

1. To outline right attitudes in the context of rapidly changing industrial scenario and life-styles.
2. To highlight that the positive attitude develops if we concentrate on 3’C.
3. To articulate a suitable model to control a given situation.
4. To find the causes behind successful mental attitude & steps to have positive mental attitude.

5. To describe the ways which lead to success related to attitude.

METHODOLOGY

Information has been sourced from books, articles, various websites. This research paper is based on secondary data for finalization of views and opinions.

POSITIVE ATTITUDE-THE FIRST STEPPING-STONE TO SUCCESS

All thoughts start in your mind. All your feelings, thoughts, knowledge and beliefs are a culmination of your thoughts, either in your subconscious mind or your conscious mind. These thoughts reign in your mindset, even without you realizing it. So, it is best to cultivate positive thoughts within your mind. Positive thoughts radiate positive energy and you face all events in your life positively. This enhances the quality of your life and has a positive influence on the lives of those around you.

You need to expect positive happenings and outcomes of every situation rather than be pessimistic. Developing a positive attitude is an essential, giant step towards attainment of your goals. Positive thinking erases negativity from your mind as you visualize and Experience positive happenings. You can relax and enjoy the success and fruits of such success.

To develop your positive attitude, concentrate on three major issues:

COMMITMENT, CHALLENGE AND CONTROL

COMMITMENT: You are what you think yourself to be. Make a positive commitment about your work, family and everything dear to you. Be enthusiastically committed to them.

CHALLENGE: This is considering and taking up opportunities with an optimistic attitude. You need to be open to changes and different options.

CONTROL: This refers to total focus of your mind on your goals and priorities. Strategically controlling and dealing with your problems, with your positive attitude, will lead to success.

All these topics work towards your progress and success.

THE STRATEGIES

CIA is an acronym: Control, influence, Accept. When somebody is facing a situation, the first thing he should decide is which of these categories it falls into.

1. Can he control it?
2. Can he influence it?
3. Must he just accept it?

CONTROL: There's only one thing anybody can truly control: His choices. Most situations are beyond one's control, but what he should do in those situations is up to him.

INFLUENCE: If one has influence over a situation, the more one exercises that influence, the better he'll feel about it. For one thing, when he exercises that influence, he is much more likely to get good results. Generally people have influence over many things:

1. The environment,
2. The clients,
3. The situations,
4. Health, etc.

One should influence what he can, and his attitude improves. Secondly, even if the individual doesn't get the results he is looking for, the satisfaction of having done the best is there. One should try to eliminate guilt, which is the biggest attitude sinker.

ACCEPTANCE: It is felt generally that people get depressed over things about which they have no control over

1. Weather,
2. Traffic,
3. Sporting events,
4. Political Situation
5. Natural Calamities
6. Sudden shift in Individual behavior etc.

If they do not have any control and influence over a situation, the only healthy way to deal with it is to accept it and move on.

POWER OF WORDS—WOW

Once released to the universe, our words cannot be taken back. Learn the concept of WOW—watch our words. What we speak reflects what is already in our hearts based upon all the things we have come to believe about ourselves. If we find ourselves speaking judgmental and disparaging things about our circumstances or those around us, we know the condition of our hearts needs to change. You can create a direct path to success by what you say.

TAKING ACTION

“You can act your way to healthy thinking faster than you can think your way to healthy acting.” Becoming bummed out, frustrated or depressed stems from overusing the minds and not choosing to act on things enough. Action cures fear, doubt and worry. Physical action is the key to an instant attitude boost. Setting a clear goal and starting to work on it are the two important urgent steps required. When treating depression, the first thing doctors prescribe is 20 minutes of exercise daily.

ENTHUSIASM AND CONFIDENCE

CONCEPTS DON'T WORK WITHOUT ENTHUSIASM: It is rightly said, “Nothing great is ever achieved without enthusiasm.” Enthusiasm inspires confidence, raises morale, builds loyalty and is priceless. Enthusiasm is a habit that one can acquire and practice. The moment one meets any this energetic person who is bubbling with enthusiasm, the high-voltage smile on the face electrifies the whole atmosphere. Enthusiasm and desire are what change mediocrity into

excellence. People management, resource management, work management, product management, and time management are all important concepts, but without proper enthusiasm and a lack of self confidence all these concepts will be a failure. One needs to prioritize work, delegate efficiently to employees, have the charisma to lead, have good listening skills, as well as the ability to explain things and make him understood.

Enthusiasm is contagious. Have you ever noticed how people with certain effervescence attract others? It's contagious. Confidence is a turn on. Think about who you would rather hang out with. The upbeat, positive person, the shy wallflower, or the ratty malcontent who always has a gripe. Clients feel this way too. They can sense confidence. A writer who knows she can do a job to the best of her ability is always more likely to land the gig over someone who exudes doubt. Potential clients can read body language and they can hear hesitation in your voice. Confidence even comes through in the written word via email – but when you're positive it shines through.

MINDING ONE'S ATTITUDE

To say one can't do something won't get him anywhere. "Can't" keeps people from finding gigs or getting out of their home offices and meeting the people who pay the big bucks. "Cant's" keep them from stepping outside their comfort zone and applying for more prestigious opportunities. Somebody may receive rejection at first, but perseverance pays off in the end. Being confident is terrific; it means people have faith in their ability. Being arrogant and pushy is a whole other story. People who are positive display confidence because they absolutely know they can get the job done. Arrogant or pushy people aren't confident; they use aggressive, almost bullying behavior to get their way. This may land them some great gigs, but it also keeps people away.

THE THEORY OF POSITIVITY

In [psychology](#) and [cognitive science](#), the positivity effect is the tendency of people, when evaluating the causes of the behaviors of a person they like or prefer, to attribute positive behaviors to the person's inherent disposition and negative behaviors to situations surrounding the behaviors. The positivity effect is the inverse of the [negativity effect](#), which is found when people evaluate the causes of the behaviors of a person they dislike. Both effects are [attribution biases](#). The term positivity effect also refers to age differences in emotional attention and memory. Studies have found that older adults are more likely than younger adults to pay attention to positive than negative stimuli.

Some of the qualities that successful people with a positive mental attitude display which one can emulate with a bit of effort:

1. The word failure does not exist and therefore has no power over successful people. Looking for the positive possibilities in every situation. A wise man finds an opportunity in every adversity.

2. **THE QUALITY OF PERSEVERANCE:** If something is worth doing now, then better get down to work immediately. If somebody is desirous of achieving a goal there is no reason to stop trying until he has attained it, come what may. Knowing that before one starts that success won't be immediate, and accepting this, a realistic plan should be formulated. Writing down

one's plan immediately gives a person a confidence boost as it allows him to see exactly how he can achieve the goals which in turn stimulates his motivation as well.

3. TAKING RESPONSIBILITY FOR ONE'S SITUATION AND ACTIONS: Most successful people acknowledge that they created their current circumstances due to their previous actions. Their current situation is believed to be merely a reflection of their previous thought patterns. By being honest in this way it is easy to make amendments to one's thoughts and actions to create future success.

4. BEING COMMITTED: Developing whatever it takes approach is very essential. This mentality is an extremely important part of a positive mental attitude. Life is full of stories of people with less natural talent becoming more successful than their more talented counterparts. They go the extra yard to be successful; they do the extra training, stay behind after class, run a few more minutes on the treadmill and so on. In short they make life pay the price. Successful people realize that success is just on the other side of frustration and use it as a good sign post towards future success.

5. FOCUSING THE ENERGIES ON WHAT ONE WANTS AND NOT WHAT ONE DOESN'T WANT: Energy is always creative, particularly the thought energy, so not wasting it on negative things and conserving it is important.

6. BEING DECISIVE: Successful people with a positive mental attitude make decisions and stick to them. If they decide they will achieve a certain goal then they will not go back on their decision regardless of how fruitless their task can seemingly appear to be. Remembering Thomas Edison the famous inventor of the light bulb and his 9,999 unsuccessful attempts serve as a great example.

ESSENTIAL STEPS TO HAVING A POSITIVE MENTAL ATTITUDE

1. THE QUALITY OF YOUR LIFE IS GOING TO DEPEND ON THE QUALITY OF YOUR THOUGHTS: All experiences in your life are shaped by your thoughts. Your life will follow your dominant mental thoughts; therefore you need to constantly think of the most empowering thoughts. Never let a negative thought enter your head. If you only focus on positive and empowering thoughts, you will be in complete control of your feelings and emotions. The success that you desire will become your reality when your thoughts are empowering.

2. STAY AWAY FROM NEGATIVE INDIVIDUALS BECAUSE THEIR POISONOUS ATTITUDES ARE INFECTIOUS: Keep your mind closed to any negative and discouraging influences. This includes any negative and limiting beliefs of your friends, family, co-workers, and acquaintances. Negative people are detrimental to success because they desire to bring down anyone who will join them. Keep them out of sight, out of mind or else you will be infected with their poisonous attitude.

3. BELIEVE YOU CAN ACHIEVE ANYTHING YOU DESIRE: Successful people believe they can achieve anything they desire. They get excited when they hear the word impossible because it persistently drives them to make the impossible possible to achieve. Believing in your abilities to achieve no matter what the odds are will always give you the highest and best chance

to achieve the results that you desire. It doesn't matter what others believe you can achieve, it only matters what you believe you can achieve.

4. NEVER STOP BELIEVING IN HOPE BECAUSE THEY DON'T BELIEVE IN FAILURE: There are countless stories of people achieving greatness after failing over and over again. Successful people with positive attitudes don't believe in failure, they only believe in outcomes. If they don't get the outcome that they desire they keep changing their approach until they achieve the results that they desire. Whether they fail 100 times or 1,000 times, they believe that success is their only option. Never stop believing, because whether you believe you can or whether you believe you can't, you are right. If you have hope, you will find a way to make it happen so never stop believing.

5. FOCUS ON THE FUTURE AND NEVER LOOK BACK: The only thing you can do with the past is to learn from it so you can be better prepared for your future. Focus on the future and all of its possibilities. Focus on the future and all of the results that you desire. You are the creator of your future.

6. FIND THE POSITIVE SIDE OF EVERY NEGATIVE SITUATION: Life is what you make of it. There is usually something positive that you can discover from every negative situation. It all depends on your outlook. Make sure you are an optimistic person. Look for the positives instead of the negatives. Remember what Martin Luther King said, "Only when it is dark enough can you see the stars." Difficult times require your best efforts. You must step up and be a leader when the regular people are looking for guidance. Difficulties strengthen the soul so look at the positive side of your pain. What doesn't break you will make you.

7. ALWAYS BE AWARE OF OPPORTUNITIES: Opportunity doesn't go away, they just goes to someone else. There are so many opportunities out there right now it is crazy. Make sure you take advantage of them because you never know when they will disappear. The greatest risk is the one you don't take. Think of solutions to people's problems. It is times like these when ordinary people have become extraordinary people because they create new solutions to people's problems. You can be the one who achieves this success if you dare to be great. Everything that exists in the world today was started by a thought from someone like you and me.

8. NEVER STOP HAVING FUN IN YOUR LIFE: Happiness comes from within, discover what makes you happy and bottle it. Life is so amazing when you are having fun. Find a new hobby or rediscover and old one. Work hard but make sure you play just as hard. Have a smile on your face because they are contagious. You are not here for a long time; you are here for a good time. It isn't a job if you are having a fun time while you do it.

9. EXERCISE, EXERCISE, AND EXERCISE: Exercising will make you feel so positive because you know there is so many health benefits behind it. Exercising on a regular basis will let you live a longer and healthier life. Exercising will give you more energy and it will have you feeling great. It will make you look better. I have been exercising like never before and I can't tell you how awesome the impact has been on me.

10. ALWAYS BE STRIVING TO HELP MAKE OTHER PEOPLE'S LIVES BETTER: You will get everything you want in life if you help others get everything they want in their

lives. Helping people in need is an extraordinary feeling. Mentor someone who could use your wisdom because you will impact their life forever. Spend time with people who could use a friend. Volunteer your time and connections for local charities. Help your friends when they need you because helping people is one of life's most satisfying actions.

11. COMMIT YOURSELF TO CONSTANT AND NEVER ENDING IMPROVEMENT: It is times like this when you need to sharpen your skills and knowledge so you can stand out above the rest of the crowd. Never stop learning because you can learn something new every day. Read at least an hour a day. Listen to motivational cd's. Learn new skills and knowledge online. This is the information age, use the technology that you have available to you so you can be the best that you can be. Dedicate yourself to constant and never ending improvement.

12. SUCCESSFUL PEOPLE SURROUND THEMSELVES WITH PEOPLE WHO ARE EMPOWERING: Success leaves clues. Learn from the best of the best. Don't hang around the buzzards of the world. Soar with the eagles that fly high. You should network with achievers so that you are constantly pushing yourself to match their success. Surrounding yourself with achievers will always bring out the best of your abilities.

13. CONSTANTLY ASK YOURSELF EMPOWERING QUESTIONS: The more empowering questions you ask yourself, the more empowered you will be. Ask yourself empowering questions every day. When you wake up in the morning ask yourself, "What can I do to achieve greatness today?" "What can I do to get me closer to the success that I desire?" "What can I do to make me a better person?"

9 WAYS POSITIVE THINKING LEADS TO SUCCESS

1. YOU ARE THE DRIVER OF YOUR BUS- You have the ability to choose the ride you want. As Gordon says, "You choose your energy and it will determine the ride, your attitude, how people respond."

2. STOP BLAMING OTHERS- In the long run, it's not their fault. Being accountable for your own business is the reason you started a company, right?

3. FUEL YOUR RIDE WITH POSITIVE ENERGY- Gordon believes that "whether we feed ourselves each day with negative fuel or positive fuel, our attitude, our mindset, our belief, our optimism has a big impact on our day." With positive energy fuel, you will be able to accomplish things that others thought impossible.

4. LEAD WITH OPTIMISM- Gordon studied great teams, leaders and organizations. He shows that optimism is one of the defining factors of their success. "Optimistic salespeople outperform pessimistic salespeople," Gordon says. "Optimistic leaders are able to get their people in the right direction and ... create success. I work for a lot of NFL teams, for instance, and I've seen this principle play out."

5. NO ENERGY VAMPIRES ALLOWED- Gordon quotes Gandhi: "I will not let anyone walk through my mind with their dirty feet." He points out that stress; business and fear are the main enemies of positive energy.

6. STOP COMPLAINING WITHOUT SOLUTIONS- Gordon compares complaining to vomiting. He says that “afterwards you feel better, but people around you feel sick.” Ultimately, complaining is counterproductive and hurts your company. Gordon's “No Complaining Rule” dictates that you are “not allowed to complain unless you come with one or two possible solutions to your complaint.” In this way, complaints will serve as a catalyst for innovation and change within any company.

7. BE THANKFUL- Gordon insists that you can't be stressed and thankful at the same time. He takes a “thank you walk” every day. Like in so many areas of our life, we become what we focus on.

8. FIND YOUR "WHY." - Gordon advises people to stop seeking happiness at work. He says to “instead, decide to work with passion and then purpose and happiness will find you. Find a purpose and allow it to energize you.” Gordon cites a mortgage broker he met that felt her purpose was “saving marriages because she feels like if she can help people with homes they'll keep their marriage intact and the research shows that to be true.” The “why” helps overcome most challenges?

9. SHARE IT AT WORK- Gordon states that leadership is really a “transfer of belief.” He encourages leaders to share them with their employees. He says we should start asking “What do we value? What are our expectations? What are our beliefs? What do we want to accomplish?” It helps the employees become a team and work toward a common goal.

FINDINGS

1. **It's our attitude** which may very well be **the reason** that we have not been able to achieve the success we desired in business and in life.
2. It develops greater inner power & strength.
3. Right attitude have the ability to inspire & motivate yourself & others.
4. It helps to achieve success faster & easily.
5. A **positive attitude** brings optimism into our life, and makes it **easier to avoid worry and negative thinking**.
6. It is necessary to find the way we think & need to work over it if we are in wrong direction.
7. If we adopt it as a way of life, it will bring **constructive changes** into our life
8. There is a variation in positivity effect on the basis of age difference in emotional attention & memory.

SUGGESTIONS

1. Always try to motivate yourself by saying-“Yes, I can do.”
2. These are the most influencing factor on our behavior, therefore, should learn how to gain control over them.
3. Always see the positive side, the potential and make an effort.

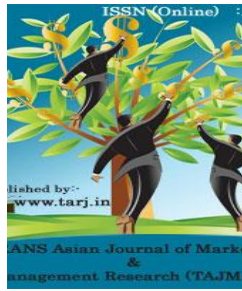
4. Forget about past. Think of future. Positively.
5. Have a look: Watch your thoughts, they become words.
Watch your words, they become actions.
Watch your actions, they become habits.
Watch your habits, they become your character.
Watch your character, it becomes your destiny.

CONCLUSION

Success stories of great people are the stories of adopting right mental attitudes at the right time. In today's competitive globalized environment, it has become imperative to train the employees, especially working in the knowledge sector to conduct training programmes in Attitude Management. It is also concluded that attitude provides the urge to succeed whether in serving on committee or seeking a position of power in a multinational corporation. It may be the drive to achieve success in business, serve humankind in one of the professions or add something to the beauty of life through one of the arts. At last it can be said- "With a little self-confidence, success minded motivation, a little creativity, a winners attitude, some effective communication and positive thinking, properly organized, we can make order and clarity out of any chaotic set of circumstances. We are successful when we genuinely appreciate what we have, and do not allow ourselves to be depressed because of what we don't have.

BIBLIOGRAPHY

1. C.B Gupta (2009), "Human Resource Management," Sultan Chand & sons, educational publishers, New Delhi.
2. K. Aswathapa (1997), "Human Resources & Personnel Management", Tata McGraw-Hill Publishing company limited, New Delhi
3. <https://www.openforum.com/articles/9-ways-positive-thinking-leads-to-success>
4. <http://successsecreats.blogspot.in/2010/01/attitude-key-to-succes.html>
5. <http://www.success.com/article/why-your-attitude-is-everything>
6. <http://edition.cnn.com/2013/10/11/business/the-science-behind-positive-thinking>
7. http://en.wikipedia.org/wiki/Positivity_effect
8. <http://www.articlesbase.com/advice-articles/how-to-develop-a-positive-mental>
9. <http://secure1.free-ebooks.net/ebook/Motivate-Your-Way-To-Success/html/14>
10. <http://secure1.free-ebooks.net/ebook/A-Positive-Attitude>
11. <http://www.wikihow.com/Build-a-Positive-Thinking-Mindset>
12. <http://secure1.free-ebooks.net/ebook/Motivate-Your-Way-To-Success/html/28>
13. <http://books.google.co.in/books?id=fds8kpNBdxMC&printsec=frontcover#v=onepage&q&f=false>

Published by: *TRANS* Asian Research Journals**TAJMMR:***TRANS* Asian Journal of
Marketing & Management
Research

(A Double Blind Referred & Reviewed International Journal)



EQUITY AND INCENTIVES IMPLICATIONS FOR GRANTS IN THE THIRTEENTH FINANCE COMMISSION RECOMMENDATION

Seerit Sibia*

*Delhi College of Arts and Commerce,
University of Delhi,
New Delhi, India.

ABSTRACT

As per the Terms of Reference for the Thirteenth Finance Commission, the commission has been mandated to recommend Grants-in-Aid of States' revenue account and other grants including measures to supplement the resources of the panchayats and municipalities in different states. This paper focuses on the equity and incentive considerations of FC-XIII in the determination of grants. A comparison of the XIII FC vis-à-vis FC XII has been made to assess the extent the weight age for equity and incentives has been altered and the methodological differences in estimating state wise shares under different criterion in the grants.

I INTRODUCTION

In federal fiscal systems, on grounds both of equity and efficiency, resources are generally assigned more to the central government whereas states together with the local governments have the larger responsibilities. The resultant vertical imbalance requires transfer of resources from the centre to the states. States also have different capacities and needs, and this lends a horizontal dimension to the issue of resource sharing.¹

The Thirteenth Finance Commission (FC-XIII) has recommended a scheme of fiscal transfers that is different in approach from the previous commissions. The recommendations attempt to meet the objectives of equity and efficiency. The weight age given to efficiency to incentivize states for effective fiscal management has gone up in tax devolution. A number of grants have been recommended to incentive better outcomes. The grants enable the states to provide comparable levels of public services like primary education and incentive states to improve the outputs and outcomes.

In India, Finance Commissions have had to face three important challenges. First is the high degree of vertical imbalance between the Centre and the states. Second is the spatial inequality in the fiscal capacity and fiscal needs of the states. Third that the recent decentralisation initiatives and the increasing pace of urbanisation have considerably increased the fiscal obligations of the third tier of government, but not the devolution of human and financial resources to discharge these obligations.² In addition the overall approach of the FC-XIII is to foster 'inclusive and green growth promoting fiscal federalism'. This is the vision underlying the Commission's recommendations on inter-governmental fiscal arrangements.

As regards to the concept of equity and incentives, the report clearly states that it is concerned with equalisation, not equity. This proposition implies that all citizens of India should expect to receive a comparable standard of public services, irrespective of where they reside within the Republic of India. The intent is to ensure that the states and local bodies have the fiscal potential to provide comparable levels of public services, at reasonably comparable levels of taxation. Thus, the principle does not guarantee uniformity in the supply of public services across the country, but addresses the fiscal requirements of each jurisdiction to enable such uniformity.³

II GRANTS-IN AID: EQUITY VS INCENTIVES

States get grants from the Finance Commission, Planning Commission and other Central Ministries. Grants-in-aid are an important component of Finance Commission transfers, which enable the Commission to make its scheme of transfers more comprehensive and address various issues listed in the Terms of Reference (ToR). Grants also allow the commission to make corrections for cost disabilities faced by many states, which are possible to address only to a limited extent in any devolution formula. The Commission has accordingly suggested several categories of grants-in-aid amounting in aggregate to Rs. 3,18,581 crore which constitutes 18.03 per cent of total transfers.⁴

TABLE 1: CRITERIA FOR GRANTS UNDER FC-XIII AND FC-XII

<i>Criteria</i>	FC-XII	Grant (Rs. Crore)	FC-XIII	Grant (Rs. Crore)
Post-devolution NPRD	√	56,856	√	51,800
Health	√	5,887	√ (IMR)	
Education	√	10,172	√	24,068
Maintenance of Roads and Bridges	√	15,000	√	19,930
Maintenance of Buildings	√	5,000		
Maintenance of Forest	√	1,000	√	5,000
Heritage Conservation	√	625		
State Specific Needs	√	7,100	√	27,945
Local Bodies	√	25,000	√	87,519
Calamity Relief/ Disaster Relief	√	16,000	√	26,373
Performance Incentive			√	1,500
Environment			√(Includes forests)	10,000

Improving Outcomes			√	14,446
Implementation of model GST			√	50,000
Total		142,640		318,581

Source: Compiled from Report of Thirteenth Finance Commission

III GRANTS FOR LOCAL BODIES

The local bodies demanded that they be allowed transfer of a percentage of the divisible pool of taxes (over and above the share of the states). The FC-XIII has agreed to this demand but the approach would be such that this percentage from the divisible pool would be supplementing the resources of panchayats and municipalities through grants-in-aid.

The FC-XIII recommends that the volume of the divisible pool for the previous year (t-1) be used as a basis for computing the grant eligibility of local bodies for a particular year (t). After the 'actuals' of a given year are determined, adjustments may be made in the second tranche of the two-tranche system that the commission recommended.

The grant is recommended to have two components—a basic component and a performance-based component. The basic grant will be equivalent to 1.50 per cent of the previous year's divisible pool and all states will have access to this grant for the entire period. The performance grant—effective from 2011-12—will be 0.50 per cent for the year 2011-12 and 1 per cent thereafter, upto 2014-15. Only those states, which meet the stipulations laid down by the commission, will have access to the performance grant.

Eligibility for the special areas grants has been computed on the basis of population in these areas. An amount of Rs. 20 per capita per year has been allocated as the 'special area basic grant'. This special area basic grant will be accessible by all the eligible states for all five years. A special areas performance grant of Rs. 10 per capita for 2011-12 and Rs. 20 per capita for the subsequent three years will be made available to those states, which meet the stipulations.

The commission has kept the performance grant at a considerably high level so as to strongly motivate states to meet the attached conditionalities.

TABLE 2: CRITERIA FOR LOCAL BODIES UNDER FC-XIII AND FC-XII

Criteria	Weight (%)				
	FC-XII	Weight (%)	FC-XIII	PRIs	ULBs
Population	√	40	√	50	50
Geographical Area	√	10	√	10	10
Distance from highest per capita sectoral income	√	20	√	10	20
Index of deprivation	√	10			
Revenue effort	√	20			
Index of devolution			√	15	15
SC/STs proportion in the population			√	10	0
FC local body grants utilisation index			√	5	5
Total		100		100	100

Source: Compiled using Report of Thirteenth Finance Commission

A few facts come out clearly by comparing the grants for local bodies under FC-XII and FC-XIII. First, the grant amount has been increased by 350 per cent, from Rs. 25000 crore to Rs. 87519 crore. Second, the weights attached to the criteria have been further segregated for Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs). Third, a progressive rate has been attached to performance grant and not any absolute amount. Finally, the criteria adopted attempt to address the fiscal needs, equity and incentive for efficiency in local bodies across states.

The retention of the population and area criteria reflects the importance attached to addressing the fiscal needs of local bodies. Together these two hold 60 per cent weight in the criteria for grants to local bodies. To address the concern of equity, income distance criteria and SC/STs population have been considered. It has been recognized that at urban level the income distance reflect the need for equity while at the PRI level it is the SC/STs population together with income distance.

The index of devolution and grants utilization index incentivise and reward the local bodies to speed up the process of decentralization by effective transfer of funds, functions and functionaries to local bodies to improve the quality of public goods delivery at the local level.

POPULATION AND AREA

The population criterion has been allocated a weight of 50 per cent. The general basic grant and the general performance grant will initially be segmented into rural and urban shares on the basis of their respective populations as per the 2001 Census, with 26.82 per cent as the urban share and 73.18 per cent as the rural share. As a departure from the previous commissions the enhanced weight given to population and the segregation of rural and urban shares is an attempt to provide a uniform per capita entitlement in both sectors of the economy. Rural and urban areas have also been determined on the basis of the 2001 Census. The area criteria have been allotted a weight of 10 per cent.

DISTANCE FROM HIGHEST PER CAPITA SECTORAL INCOME

The approach used for the income distance criteria is similar as that of the FC-XII. Income distance was measured from the state with the second highest sectoral per capita income in case of the rural sector (Punjab). To ensure inclusion, one quarter of a standard deviation from the average per capita sectoral income of all states was added to the per capita sectoral income of the benchmark state. This determined the target per capita sectoral income. These income distances were then weighted by the rural populations (2001) of the respective states to arrive at the share of the panchayats. A similar approach was followed for the ULB. This criterion has been allotted a weight of 10 per cent for the rural sector and 20 per cent for the urban.

The FC-XII had attached a weight of 20 per cent to this criteria. The population figures were interpolated/projected for 1999-2000, 2000-01 and 2001-02 on the basis of exponential growth in population between 1991 and 2001. The distance of each state was measured from the state with the highest average per capita GSDP, plus half of the standard deviation. The distances were then

weighted by the rural population (2001) (urban) of the respective state to arrive at its share for the panchayats (ULBs).

Two primary differences in the approaches of the two commissions are the weight attached and the standard deviation used. A segregation of weights for rural and urban bodies addresses the significance of both sectors with respect to income distance. Urban sector has been allotted a higher per cent weight in the FC-XIII because income distance is a more significant criterion there as compared to the rural sector. This reflects that the commission recognizes the difference in fiscal need at both the rural and urban levels.

INDEX OF DEVOLUTION

This index has been used to incentivise states to empower panchayats and enable transfer of funds, functions and functionaries to local bodies. It is derived from the finance accounts for the years 2005-06, 2006-07, and 2007-08. From the aggregated amount FC-XII grants released to local bodies for the same period were deducted. The figure used were summed up over a three-year period. The figure then obtained was the amount devolved to local bodies from the State Governments' own resources. It was decided to assign the negative entries under the non-plan head a minimum value of zero. The modulated transfer so determined was divided by the states' non-plan revenue expenditure for the three years (after deducting FC-XII grants for this period) and state-wise percentages obtained. These percentages were then weighted by their respective 2001 populations to obtain the state-wise devolution index. This index was allotted a weight of 15 per cent.

SC/STs PROPORTION IN THE POPULATION

The index of deprivation used in the FC-XII has been discarded in its place the FC-XIII has used the aggregate percentage of scheduled castes and scheduled tribes in a state as a criterion. This criterion of SC/STs is more relevant for the rural areas than urban, while as mentioned above the income distance criterion dominates in the urban areas. Therefore, a weight of 10 per cent has been attached to the criteria of percentage of SC/STs for the rural sector, and no weight has been assigned for urban.

FC LOCAL BODY GRANTS UTILIZATION INDEX

This is a new component in the grants criteria, which is an incentive for timely and effective utilization of grants. This index is derived based on the annual allocation, amount released annually and the number of tranches released from 2005-06 to 2009-10.

IV POST-DEVOLUTION NON-PLAN REVENUE DEFICIT (NPRD) GRANT

The FC-XIII's assessment of post-devolution deficits shows that all general category states and Assam, Sikkim and Uttarakhand (amongst the special category states) have post-devolution surplus for the entire award period. For the remaining eight special category states that have deficits for all five years during the award period, the FC has recommend a total grant of Rs. 51,800 crore for the award period.

The FC-XIII's NPRD grants comprises 16.26 per cent of the total grants, which is the lowest ever in FC recommendations. For reference the NPRD grant was 39.86 per cent of the total FC-XII grants. This substantial 23-percentage point reduction in the NPRD grants has been possible due to the compliance of states to their Fiscal Responsibility and Budget Management (FRBM) legislations during the FC-XII period. The normative approach followed by the FC to assess the NPRD, ensures correction of fiscal capacity so as to equalise the provision of public services across states.

V PERFORMANCE INCENTIVE GRANT

This is a new category of grants has been introduced in the FC-XIII. As noted above three special category states have been assessed to have collective post-devolution surplus of about Rs.14684crore over the entire period. This has been a progress from the assessed NPRD in the FC-XII period for which these states were collectively awarded a grant of Rs.5069.02crore.

In view of the known cost disabilities and other fiscal challenges that special category states face, the commission has recommended a collective performance grant of Rs.1500 crore as an incentive for them to continue on their path of fiscal prudence.

VI GRANT FOR ELEMENTARY EDUCATION

The FC-XIII in assessing the grant under this head adopted the estimates of annual funding requirements, state-wise, as given by MHRD on the basis of the Sarva Siksha Abhiyan (SSA) norms. Reviews show that the SSA has had an 'equalising' effect as the disadvantaged and more needy states and districts receive proportionately more funds than the relatively better-placed states and districts.⁵

At the same time, the commission recognized that due to the economic slowdown, several states have not been able to provide the matching fund requirement of 40 per cent in 2009-10. In view of the resultant fiscal situation and the expected increase in the matching fund requirement to 50 per cent in 2011-12, it recommended a grant of 15 per cent of the estimated SSA expenditure of each state for the award period. The north-eastern states which are required to pay 10 per cent have not even been able to provide that much. Thus a grant amounting to the difference between the average amount contributed by each state in the years 2007-08 and 2008-09 and the amount they need to contribute, subject to a minimum of Rs. 5 crore per year, has been recommended for these states.

In view of the given circumstances to prevent the slowdown of implementation of SSA the commission has aimed at augmenting the resources of the states resulting in grant of Rs. 24,068 crore (including Rs. 367 crore for north-eastern states). This is also expected to provide some fiscal space to the states to meet a part of the additional resources required to implement the Right to Education Act.

Thus the FC-XIII has raised the grant for education by a significant 136 per cent over the grant under this head in the FC-XII. This clearly indicates the commission's focus towards improving the equalization by covering up the gap.

VII ENVIRONMENT RELATED GRANTS

This set of grants both reward past actions and incentivise future actions for protection of the environment. While the FC-XII allowed a grant of Rs. 1000 crore towards the maintenance of forests as a part of environment conservation, the FC-XIII has also included renewable energy and water management. The resultant grant amounts Rs. 15,000 crore. This measure is in tandem with the ToR emphasizing 'the need to manage ecology, environment and climate change consistent with sustainable development.'

PRESERVATION OF FORESTS

The forest grant is essentially a reward for contributing to the ecology and bio-diversity of India, as well as compensation to states for the opportunity loss on account of keeping areas under forest. The grant under FC-XIII (Rs.5000crore) is subject to a mandated floor wherein the funds are not tied to any further expenditure on forests beyond the floor. This is to provide states with fiscal resources by to enable alternative economic activities for the economic disability imposed by forest cover.

As compared to the FC-XII that had equally divided the grant amount over the entire period, the 13FC has adopted a different approach towards disbursement of the grant. For the first two years the grants are untied and are to be used to develop the working plans for all forest divisions in the state. For the remaining three years, the release of the grant is linked to the number of approved working plans. The conditionality aspect may be interpreted as an incentive to encourage the efficient utilization of the compensatory grant. And this may, over time, have positive spillovers in increasing fiscal capacity of the state.

RENEWABLE ENERGY

The second of the three environmental grants is a forward-looking incentive for generation of grid electricity from renewable sources. This new component in the grants of the FC has been introduced following the National Action Plan on Climate Change (NAPCC), 2008 that includes enhanced energy efficiency and the solar mission. Accommodating for the targets under the NAPCC, the FC has structured this Rs.5000crore grant so as to reward states for renewable generating capacity that comes on stream into the grid during the first four years of our projection horizon. These incentives proposed by the FC-XIII are over and above the existing incentives by the Central and State Governments.

VIII GRANTS FOR WATER SECTOR MANAGEMENT

The third of the three environmental grants is for the purpose of incentivising states to establish an independent regulatory mechanism for the water sector and improved maintenance of irrigation networks. The FC-XIII has structured the grant provision conditional on setting up of an independent Water Regulatory Authority by states by 2011-12. It is expected that an independent body of this kind would incentivise water user associations that would self-regulate the use of water among members and decentralize maintenance of water bodies, with funding locally recovered from users, so improving compliance with cost recovery.⁶

An incentive grant of Rs. 5000 crore is recommended for this purpose. The inter se allocation of this incentive grant to the states will be in proportion to their respective share in the total NPRI across all states of expenditure on irrigation (under major heads 2700/2701 and 2702) and their respective share in all-states Irrigation Potential Utilised (IPU) at the end of the Tenth Plan. Equal weights are assigned to each of these two shares.⁷

IX GRANTS FOR IMPROVING OUTCOMES

The commission identifies the 'need to improve the quality of public expenditure to obtain better outputs and outcomes'. The FC-XIII has another new component of incentive grants, which, aim to better, reflect and measure outputs and outcomes and alongside improve accountability.

(A) REDUCTION IN INFANT MORTALITY RATES

The FC-XIII aims to incentivise states to improve their Human Development Indicators (HDIs) is focusing on improvement in the Infant Mortality Rate (IMR). The recommendation is to reward for performance based upon a formula with that rewards positive movement in the value of the parameter and provides a premium if such change is made above the median value of the parameter for all states. Thus, states are rewarded both for improvement in the parameter as well as the level at which the improvement is made. Each state's eligibility will be determined annually, based upon improvement in the IMR index. We recommend an amount of Rs. 5000 crore for this grant over a three-year period between 2012 and 2015.

It can be noted that where the grant for health sector in FC-XII was Rs. 5887 crore, the FC-XIII has aimed at the IMR component of Human Development and recommended a grant of Rs. 5000 crore exclusively for this purpose. This grant clearly provides incentive for both improvement and extent of improvement in the IMR.

(B) IMPROVEMENT IN SUPPLY OF JUSTICE

The Commission has approved of a grant of Rs. 5000 crore for the Department of Justice, towards improvement of justice delivery, as an initiative to ensure better outputs and outcomes.

(C) INCENTIVE FOR ISSUING UIDs

A critical issue often discussed under India's public finance is the extent and effectiveness of subsidies and related social safety net programmes. For this it is important to ensure that only eligible persons are provided subsidies and benefits and that all eligible persons are covered. In this regard the commission aims to provide incentive to improving their targeting. Possession of a unique identification will enable such effectiveness in the system by improving the governance and delivery framework of public services.

The FC-XIII proposes to incentivise issue of UIDs only to those people below the poverty line who are beneficiaries of public welfare schemes like the National Rural Employment Guarantee Scheme (NREGS) and Public Distribution System.

The identity seekers below the poverty line may already be availing the benefit of these social safety net programmes and may see no immediate benefits in registering for a UID. Further, there would be some cost involved of traveling to the place of registration and opportunity cost of their time. This may act as a hindrance in their inclusion into the UID programme.

Thus an incentive of Rs. 100 per person is recommended to incentivise citizens below the poverty line to register for the UID. In this regard it has recommended a grant of Rs. 2989.10 crore to be given to State Governments. This incentive scheme is a step towards effective working of the system and may over time have positive spillovers for inclusive growth.

(D) DISTRICT INNOVATION FUND

The FC-XIII believes that 'innovation can play an important role in providing better alternatives, reducing costs, improving service levels and filling in availability deficits'. It has proposed a grant of Rs. 616 crore for this scheme. The first installment will be released in 2011-12. The second installment would be released after the State Government submits a report on the end use of the first instalment detailing the benefits created.

To generate competition, if some districts come up with more innovative projects for support, then unutilised funds from the remaining districts can be reallocated to them. Thus this grant attempts to foster efficiency through competition and acts as an incentive for the same.

(E) IMPROVEMENT OF STATISTICAL SYSTEMS AT STATE AND DISTRICT LEVEL

Rs. 616 crore of grant has been recommended under this head, with Rs. 1 crore being provided to every district. Transparency in government accounts improves the feedback loop, reflects the fiscal impact of all policy initiatives and enhances accountability, thus ensuring greater productivity.⁸

(F) EMPLOYEE AND PENSION DATA BASE

A grant of Rs. 10 crore has been recommended be provided to each general category state and Rs. 5 crore to each special category state to set up an employee and pensioners data base. This amounts to a Rs. 225 crore grant.

Of this amount all states would be able to draw down Rs. 2.50 crore during 2010-11 without any precondition to commence work. The balance, Rs., 7.50 crore, will be released after the state certifies that it has created a database as mandated by the commission. The states are also to confirm that they will be able to provide to the Fourteenth Finance Commission projections for salary and pension expenditure based upon such a database.

States who have already taken such steps can be provided their entire allocation as soon as they declare their eligibility in the manner prescribed above.

X GRANTS FOR MAINTENANCE OF ROADS AND BRIDGES

The FC-XIII has recommended provision of grants for maintenance of roads and bridges (only for ordinary repairs) over and above the normal maintenance expenditure as assessed within the overall non-plan. Recognising the inherent cost disabilities of special category states, the assessment of annual requirement of maintenance in their case has been increased by 20 per cent. In absolute terms this grant component has increased to Rs. 19930 crore from Rs. 15000 crore in the FC-XII and it primarily attempts to achieve the objective of equalization.

XI CONCLUSION

The FC-XIII has increased the weight assigned to efficiency by 2.5 per cent signaling the need to incentivize fiscal prudence. In case of grants there is over all increase by 310 per cent (excluding NPRD Grant). Most of the grants aim at incentivizing better outcomes and improvement in the governance. The recommendations are expected to usher in 1) healthy center-state fiscal relations 2) Speed up the process of decentralization and 3) improve the outputs and outcomes of public expenditure.

BIBLIOGRAPHY

Government of India (2009), Report of the Thirteenth Finance Commission, New Delhi.

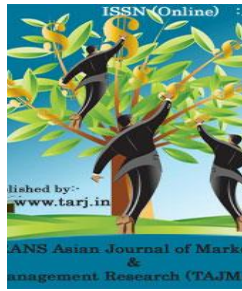
Rao Bhujanga C. and D. K. Srivastava (2009), Review of Trends in Fiscal Transfers in India, Madras School of Economics

Rangarajan, C. and D. K. Srivastava (2008), "Reforming India's Fiscal Transfer System: Resolving Vertical and Horizontal Imbalances", Madras School of Economics, Working Paper No. 31.

Rangarajan, C. (2005), "Twelfth Finance Commission: Approach and Recommendations", Conference on Fiscal Responsibility and Intergovernmental Finance, Administrative Staff College of India and the World Bank, Hyderabad.

Government of India (2004), Report of the Twelfth Finance Commission, New Delhi.

Srinivasan V.K. (2004), "Enhancing Fiscal Efficiency through Federal Fiscal Transfers", report prepared for the Twelfth Finance Commission.

Published by: *TRANS* Asian Research Journals**TAJMMR:***TRANS* Asian Journal of
Marketing & Management
Research

(A Double Blind Referred & Reviewed International Journal)

**ADVERTISING: HOW MUCH ETHICAL?****Neha*; Madhu Maheshwari**; Pankaj Kumar*****

*Research Scholars,
Department of Commerce,
Delhi School of Economics,
University of Delhi,
New Delhi, India.

**Research Scholars,
Department of Commerce,
Delhi School of Economics,
University of Delhi,
New Delhi, India.

***Research Scholars,
Department of Commerce,
Delhi School of Economics,
University of Delhi,
New Delhi, India.

ABSTRACT

Advertising is used to convey availability of a "product" (which can be a physical product, a service, or an idea) and to provide information regarding the product. This can stimulate demand for the product, one of the main objectives of advertising. More specifically, there are three generic objectives of advertisements: communicate information about a particular product, service, or brand (including announcing the existence of the product, where to purchase it, and how to use it), persuade people to buy the product, and keep the organization in the public eye (called institutional advertising).

KEYWORDS: *Advertising, Ethical Advertising.*

I. INTRODUCTION

The term “advertising”:

“The dissemination of information concerning an idea, service or product to compel action in accordance with the intent of the advertiser”.

The definitions committee of the American Marketing Association, defined advertising as:

“Any paid form of non-personal presentation of idea, goods or service by an identified sponsor”.

In general, advertising is used to convey availability of a "product" (which can be a physical product, a service, or an idea) and to provide information regarding the product. This can stimulate demand for the product, one of the main objectives of advertising. More specifically, there are three generic objectives of advertisements: communicate information about a particular product, service, or brand (including announcing the existence of the product, where to purchase it, and how to use it), persuade people to buy the product, and keep the organization in the public eye (called institutional advertising). Most advertising blends elements of all three objectives.

Advertising is a way of communicating information to the consumer which enables him or her to compare and choose from the products and services available. Advertising enables consumers to exercise their right of free choice.

“Doing business without advertising is like winking at a girl in the dark; you know what you are doing, but nobody else does”.

- Stewart H. Britt

The whole paper is divided in to five sections. Section I shows the introduction which explains the term advertising, then section II defines the role of good advertising and explains whether advertising is good or bad whereas section III emphasizes on why there is a need of ethical advertising and section IV highlights the media laws in India and finally conclusion in section V.

II. THE ROLE OF GOOD ADVERTISING

Sound advertising makes useful products and services known; it contributes to wider employment; it educates the public; in so many ways, it contributes to raising the standard of living; it promotes understanding and tolerance.

1. Advertising is the most economical means by which a manufacturer or an institutional body can communicate to an audience, whether to sell a product or promote a cause of social welfare such as a civic drive or an immunization programme.

2. Advertising being necessary means of communication is an inseparable part of free speech. Any restriction on the right to recommend legitimate goods, services or ideas in public will diminish the fundamental right of the freedom of speech.
3. Advertising can help in improving the economies of developed and developing countries. There is ample evidence to support this view. Advertising stimulates increases in production and consequently generates more employment. It can help stabilize prices and thus lead to wider distribution and greater availability of goods and services.
4. Advertising is essential and integral to the marketing system. It is sometimes maintained that the marketing system is nothing but the consequence of the country's social and economic growth. The fact is that marketing and advertising are key tools used to aid a country's growth

ADVERTISING: FOR GOOD OR EVIL?

But how fair is the business game, really? On the face of it, producers and consumers have a very different view. The marketplace is not a level playing field, and the chief culprit is advertising.

Here are three charges leveled against advertisers:

- ✓ They sell us dreams; entice us into confusing dreams with reality.
- ✓ They pander to our desires for things that are bad for us.
- ✓ They manipulate us into wanting things we don't really need.

All this can be summed up in the popular sentiment that advertisers cynically use a world of fantasy and illusion in an attempt to control us.

Most people who express this sentiment, however, would add that the attempt doesn't succeed. We see through the ruse. (Or, at least, it is always other people who seem to have the wool pulled over their eyes, never ourselves). That's a claim to take with a big pinch of salt.

In recent times advertising has become increasingly regulated by codes of practice. These codes may be adequate to curb the worst excesses of advertising. It is much harder nowadays for advertisements to get away with telling outright lies. But they still fall far short of answering these three indictments.

That suggests the following question: suppose that you were an advertiser who wanted to be truly ethical and not just legal. What would you have to do? Let's look at each of the indictments in turn.

➤ SELLING DREAMS

So is this true? — 'As an advertiser, it's OK to sell a dream if you believe in it too.' When a consumer buys an Apple Mac, the value of the product is not just its beauty and functionality, but the love that has been lavished on it. The image that the advertisers have created is not only true, but also enhances the pleasure of using the product.

But we're on risky ground here. Consider the religious cults who send their followers on the streets seeking converts. They believe in the dream that they are selling too. Even if the dream selling is not done cynically, it all-too easily becomes an attempt to brainwash, to control.

A campaign which Apple ran a couple of years ago featured 'real people' explaining why they switched to Macs and recounting the misery of badly designed, unreliable PCs. The campaign backfired because PC users found it offensive, while Mac users resented being patronized. They were rudely awakened from the dream.

➤ PANDERING

We tell a child, 'You'll feel sick if you eat that second chocolate bar.' Yet advertisers are only too willing to sell us as many chocolate bars as we can eat — or, whatever our particular vice may be.

In today's climate, as a would-be ethical advertiser, there's no way you could accept a cigarette advertising account. With the current problem of binge drinking in the India amongst young people, one would have to be very careful in accepting a drinks account. I have yet to see a drinks advert whose message was, 'Enjoy our beer — but don't get drunk!'

Advertisements can set out with the laudable aim of educating people. 'Eat our cereal because it's low in fat and high in fiber'. This is good advice, offered, however, not in a spirit of social conscience but as part of the sales pitch. If consumers were less sensitive to such appeals to improve their health and life style, then advertisers would not waste time and money making them.

➤ MANIPULATING

Suppose you are a deodorant manufacturer who has conceived the idea of an ethical advertising campaign. It goes without saying that the deodorant has got to work effectively, as claimed. It should not contain chemicals which are bad for your health (when the product is used according to instructions). This is more or less where we are now, in relation to current rules on advertising.

But what does it mean for a deodorant to be effective? On a hot day, you will be more confident in the company of other people, because they will not be able to detect your body odor. Critics of deodorant advertising have pointed out, however, that although it is true that the deodorant has the power to prevent odor, and this is a ground for extra confidence, the reason why it is a

ground for confidence is at least partly due to a belief or attitude which has itself been inculcated by advertising.

How can it be wrong to market the chemically enhanced product, if this was what people want? The argument for not doing so is that it was the success of the first campaign that created the demand for an added 'natural bodily smell', where none had existed before. This is the very thing that the ethical advertising team had sought to avoid! Against competitors who show no such scruples, however, the ethical advertisers face a losing battle in the marketplace.

III. WHY BE ETHICAL?

Unethical ads are often found to have negative consequences, ranging from adverse publicity to diminished corporate reputation, to consumer boycotts and even legal sanctions.

At the 83rd Annual Management Conference of the American Association of Advertising Agencies, Keith Reinhardt, the 64-year-old chairman and the chief executive of the US \$15-billion DDB Worldwide Communications Group, stood up to quote the legendary co-founder of DDB, Bill Bernbach: "All of us who professionally use the mass media are the shapers of the society. We can vulgarize that society. We can brutalize it. Or we can help lift it onto a higher level." No, Reinhardt is not against the edgy and the unconventional. He is against prurient sex, filthy humor and violence.

By making a success story out of the ads that are offensive to public decency, the message is disturbingly clear: the ruder and shocking you can be the more successful you will be in the advertising. And, moreover, such ads send out faulty signal to the youngsters who represent the future of our society. The young creative directors who take pride in their eccentric thought process ought to be blamed for this. And the ad awards machineries from Cannes to Clio that places such creations on the pedestal. Passion is, surely, the most important ingredient in creative achievement. But its flame need not necessarily leap for obscenity, bullets and falsehoods alone. It is essential to reinforce the virtue of positive passion in today's ad world.

The need to add ethics in advertising is essential as we have a duty to live a good moral life. This duty is as much applicable to our business lives as to our private lives. And marketing professionals also know that ethics brings good business. Unethical ads are often found to have negative consequences, ranging from adverse publicity to diminished corporate reputation, to consumer boycotts and even legal sanctions. Conversely, an ethical ad can contribute to a good corporate reputation, heighten morale and, thus, increase repeat business.

ETHICS OF PERSUASION

Fcuk ad campaign was banned because it was considered to "bring advertising to disrepute". The brand went ahead insolently to scream through the billboards in London - Fcuk Advertising. It caused a furor in the media with some newspapers commenting that "it undermined the fabric of

the society". In spite of being hauled up by the Advertising Standards Authority, Fcuk advertising proved to be a major hit.

Even as a section of the media and public lambasted the advertisers and the agencies for the falling scores of taste and decency in advertising, such ads raged on and became an order of the day. Brands that are far-fetched from carnality started portraying all-consuming lust in their ads. Candy's shoes ad, for instance, showed a girl sitting in a sink in an intimate posture with her tattooed boyfriend. Luggage brand Jan sport advertised its backpacks showing topless female model.

While this was the trend the world over, our homeland, India, was not really far behind. It was in July 23, 1995, that a Mumbai tabloid published a photograph of an ad for Tuff shoes that had models Madhu Sapre and Milind Soman posing in the nude with a python wrapped around them, just about covering the vitals. The controversy and protests dragged on for along time. The ad agencies defended their creative rights while the nation pooh-poohed the couple's audacity.

DYING TO BE NOTICED

Thus advertisers and admen are increasingly under fire for upsetting the socio-cultural-religious sensitivities and sensibilities of consumers. And, unfortunately, things are looking only worse day by day. With slashing down of the ad budget and with the business slumping, every one is even more desperate to stand out in a hurry. To boost short term sales or to win ad awards. Their slogan is 'Love it. Or hate it. Or think it is offensive.

But you have to notice it. Advertising is criticized because selling carries a stigma. Centuries ago, Anacharis, had said, "the market is the place set aside where men may deceive each other". Even to this date despite the rise in consumerism and efforts to counter market deception, buyers are still gullible and are not particularly on guard against deception. To create an impact, the advertisers pit creative message-makers against blasé sophisticates, hardened by thousands of commercials. The objective is to cut through the clutter, to grip ones attention and to create an impression that lingers on in the memory of the prospective buyers. And, while doing so, they create desires, shape attitudes, mould temperaments, alter social values and raise many unethical questions. To which there is no easy answers. The measure of advertising's success is the extent to which it increases demand. Competition or declining profits can blow good intention out of the boardroom. Under such circumstances, the perspective shifts from what is best in the long run for the society to what is best in the short-run for the company. Ethics, the advertisers say, is fine for the secure, but a greater market share is all the slipping company needs!

AD AREAS UNDER SCRUTINY OF ETHICS

Advertising ethics affects the practice of our lives and also the practice of business, in subtle and prominent ways. Indeed, ethics in ads concern us all in one way or the other. The areas under scrutiny of the critics are as follows:

1. TYPES OF ADS

➤ ADS FOR SEX RELATED PRODUCTS

Instead of making people aware of the necessity of safe sex and the benefits of birth control, condom ads continue to intrigue the youngsters with the unique feel it has to offer. Also i-pill advertisements on the television are destroying the safe culture of Indian society.

➤ ADS FOR HEALTH CARE AND PROFESSIONAL SERVICES

The slimming centers that promise miraculous weight reduction and the cosmetic surgery clinics that assure permanent solution to beauty problems.

“Advertising is legalized lying”

– H G Wells

➤ ADS FOR VICES WITH FATAL EFFECTS

The tobacco chewing commercials and the commercials of alcoholic beverages tempt the non-alcoholics.

2. TYPES OF APPEALS

➤ USE OF QUESTIONABLE APPEALS

The ads that bank on fear and negative appeal like neighbor's envy, jealousy, feud between daughter-in-law and mother-in-law etc.

➤ STEREOTYPICAL APPEALS

Sexual or racial stereotyping ads like that imply that a woman, whether in kitchen or in the boardroom, ought to look sensuous and inviting under any circumstances. The fairness creams stereotype the dusky women as socially less desired for marriage.

3. LARGER EFFECTS ON THE SOCIETY

➤ VALUE FORMATION

Advertisements responsible for molding society, material wants. The ads displaying scantily clad female models commoditize women. And the deluge of ads that increase ones propensity of consumption makes one feel that possessing a certain commodity is essential to show that one belongs to the higher echelon of the society.

➤ MEDIA CONTENT

Information contents of ads where the ads suggest that the use of preserved food items without a slightest mention of the fact that many of these preservatives have been proved to have carcinogenic effect.

➤ USE OF DECEPTION

The ads of brands that conceal their negative aspects like the ads of cosmetics that say nothing about the long-term effects of regular usage of their products; the ads of the educational institution that wrongly claim to give 100 percent placement to its students.

➤ ADVERTISING TARGETING CHILDREN AND ADOLESCENTS

The ads that target the vulnerability of the children and adolescents create role models whom the kids are expected to emulate and, thus, shape their dreams and aspirations in an unbecoming way.

PRINCIPLES OF ETHICAL ADVERTISING

1. "BEING IS BETTER THAN HAVING"

There are some people who think that if they don't have the fanciest car or the latest shoes or the shirt with the correct logo, they are "out of it", not worthy of the esteem of their peers.

You and I know that "being is better than having", that our essential god-given human dignity is not based upon the possessions which we have. We also know that our dignity is enhanced not by the shirt we wear or the car we drive but by the virtues we manifest and by our authenticity and integrity.

I think you, as an advertiser, face a terrible dilemma: you obviously want to sell your product or service, but very few of you, I am convinced, want to make people feel bad or unworthy if they cannot afford to buy the product or service you are advertising.

Emphasize quality, emphasize efficiency, emphasize even better grooming and cleanliness and good appearance - but please do not suggest that a possession is going to make one person better than another person.

Perhaps not one of you even or ever intends to communicate that message, but that is the message which some people receive, and some young people, in particular, wind up with a very

poor self image; not because of who they are but because of what they do not have or cannot afford.

2. “TREAT EACH PERSON WITH RESPECT”

Truth is or at least should be a basic principle in advertising as in all communication, and a basic truth for all of us to consider is that being is prior to and indeed essentially better than having.

It frankly surprises me that, as women rightly fight for equality of treatment in politics and in business, they are still so often exploited in the media in general and in advertising in particular as objects, as sex symbols. Such exploitation has now apparently been extended to men as well.

Thus, while no one would deny the justifiable attraction of love and romance in life, I think we would all resent being treated as objects rather than as persons. We resent it as employees if we are treated as factors of production rather than as persons; we can resent it in advertising if individuals depicted are portrayed as objects rather than as persons and, indeed, if we - the audience of consumers - are treated as so many numbers to be reached instead of as persons to whom an important message is to be communicated.

3. “PROMOTING THE COMMON GOOD”

A growing concern in democratic societies is the ethical aspect of political campaigning. “But whatever product, service or candidate you advertise and no matter how you do it, I would hope you would keep in mind our ultimate purpose in life and make of all of your advertising messages that are true, worthy of the dignity of the human person and helpful to the common good”.

IV. MEDIA LAWS IN INDIA

The Indian perspective and its system of Parliamentary Democracy, it is true that, the Press is free but subject to certain reasonable restrictions imposed by the Constitution of India, 1950, as amended ("Constitution"). Before the impact of globalization was felt, the mass media was wholly controlled by the government, which let the media project only what the government wanted the public to see and in a way in which it wanted the public to see it. However, with the onset of globalization and privatization, the situation has undergone a humongous change. Before the invention of communication satellites, communication was mainly in the form of national media, both public and private, in India and abroad. Then came the 'transnational media' with the progress of communication technologies like Satellite delivery the outcome of which is local TV, global films and global information systems.

In such an era of media upsurge, it becomes an absolute necessity to impose certain legal checks and bounds on transmission and communication in the due course of this article; we would discuss the various aspects of media and the relevant legal checks and bounds governing them.

1. PRINT

“Our freedom depends in large part, on the continuation of a free press, which is the strongest guarantee of a free society.”

- Richard M. Schmidt

The Freedom of Press and the Freedom of Expression can be regarded as the very basis of a democratic form of government. Every business enterprise is involved in the laws of the nation, the state and the community in which it operates. Newspaper publishers find themselves more ‘hemmed in’ by legal restrictions than many other businesses do – despite the fact that the freedom of press is protected by the Indian constitution.

Although on one hand, the Constitution confers the fundamental right of freedom of the press, Article 105 (2) provides certain restrictions on the publications of the proceedings in Parliament. In the famous Searchlight Case, the Supreme Court held that, the publication by a newspaper of certain parts of the speech of members in the House, which were ordered to be expunged by the Speaker constituted a breach of privilege.

2. BROADCAST

The broadcast media was under complete monopoly of the Government of India. Private organizations were involved only in commercial advertising and sponsorships of programmes. However, in Secretary, Ministry of I&B v. CAB, the Supreme Court clearly differed from the aforementioned monopolistic approach and emphasized that, every citizen has a right to telecast and broadcast to the viewers/listeners any important event through electronic media, television or radio and also provided that the Government had no monopoly over such electronic media as such monopolistic power of the Government was not mentioned anywhere in the Constitution or in any other law prevailing in the country.

This judgment, thus, brought about a great change in the position prevailing in the broadcast media, and such sector became open to the citizens.

- The Broadcasting Code, adopted by the Fourth Asian Broadcasting Conference in 1962 listing certain cardinal principles to be followed by the electronic media, is of prime importance so far as laws governing broadcast medium are concerned. Although, the Broadcast Code was chiefly set up to govern the All India Radio, the following cardinal principles have ideally been practiced by all Broadcasting and Television Organization: viz:

- To ensure the objective presentation of news and fair and unbiased comment.
- To promote the advancement of education and culture.

- To raise and maintain high standards of decency and decorum in all programmes.
 - To provide programmes for the young this, by variety and content, will inculcate the principles of good citizenship.
 - To promote communal harmony, religious tolerance and international understanding.
 - To treat controversial public issues in an impartial and dispassionate manner.
 - To respect human rights and dignity.
- Cable Television Networks (Regulation) Act, 1995 basically regulates the operation of Cable Television in the territory of India and regulates the subscription rates and the total number of total subscribers receiving programmes transmitted in the basic tier.
- Direct-to-Home Broadcasting – Direct-to-Home (DTH) Broadcasting Service, refers to distribution of multi-channel TV programmes in Ku Band by using a satellite system and by providing TV signals directly to the subscribers' premises without passing through an intermediary such as a cable operator. The Union Government has decided to permit Direct-to-Home TV service in Ku band in India.

3. FILM

India is one of the largest producers of motion pictures in the world. Encompassing three major spheres of activity – production, distribution and exhibition, the industry has an all-India spread, employing thousands of people and entertaining millions each year. The various laws in force regulating the making and screening of films are: -

- **THE COPYRIGHT ACT, 1957** – According to this Act, 'copyright' means the exclusive right to commercially exploit the original literary, dramatic, artistic, musical work, sound recordings or cinematographic films as per the wishes of the owner of copyright subject to the restrictions imposed in the Act. Although this Act is applicable to all the branches of media, in some areas it is specific to this particular genre.
- **THE BOMBAY POLICE ACT, 1951** – It contains provisions empowering the police to regulate the exhibition of films in the state of Maharashtra (formerly Bombay).

4. ADVERTISING

Advertising communication is a mix of arts and facts subservient to ethical principles. In order to be consumer-oriented, advertisement will have to be truthful and ethical. It should not mislead the consumer. If it so happens, the credibility is lost.

In order to enforce an ethical regulating code, the Advertising Standards Council of India was set up. Inspired by a similar code of the Advertising Standards Authority (ASA) UK, ASCI follows the following basic guidelines in order to achieve the acceptance of fair advertising practices in the interest of the consumer: -

- To ensure the truthfulness and honesty of representations and claims made by advertisements and to safe guard against misleading advertising;
- To ensure that advertisement are not offensive to generally accepted standards of public decency;
- To safeguard against indiscriminate use of advertising for promotion of products which are regarded as hazardous to society or to individuals to a degree or of a type which is unacceptable to society at large; and
- To ensure that advertisements observe fairness in competition so that the consumers need to be informed on choices in the market places and canons of generally accepted competitive behaviour in business are both served.

FEW COMPLAINTS FILED WITH ASCI

- HLL's Clinic All Clear Dandruff shampoo claimed that it had ZPTO, the special ingredient in Clinic All Clear that stops dandruff. This claim was found to be untrue since ZPTO is a micro biocide, when in reality, dandruff is known to be caused by several other factors, besides, microbes. HLL's multi-crore research wing 'clearly overlooked' this aspect. The advertisement has been withdrawn.
- Novartis India claimed that their disposable contact lenses ensure there is no protein build-up. This claim was found to be totally false. The truth is that build up is a natural biological phenomenon with all contact lenses. The ad was discontinued.

The other legislations affecting the area of advertising are: -

- **DRUG AND MAGIC REMEDIES (OBJECTIONABLE ADVERTISEMENT) ACT, 1954** – This Act has been enacted to control the advertisements of drugs in certain cases and to prohibit the advertisement for certain purposes of remedies alleged to possess magic qualities and to provide for matters connected therewith.
- **CONSUMER PROTECTION ACT, 1986**- Section 6 of the Act grants consumers 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. Section 2(r) of the Act, under the definition of the term "unfair trade practice", covers the gamut of false advertisements including misrepresentations or false

allurements. Redress against such unfair trade practices pertaining to false advertisements may be sought under the Act ;

- **CIGARETTES AND OTHER TOBACCO PRODUCTS (PROHIBITION OF ADVERTISEMENT AND REGULATION OF TRADE AND COMMERCE, PRODUCTION, SUPPLY AND DISTRIBUTION) ACT, 2003-** Section 5 of this Act, inter alia, prohibits both direct & indirect advertisement of tobacco products in all forms of audio, visual and print media;
- **CABLE TELEVISION NETWORKS (REGULATIONS) ACT, 1995 AND CABLE TELEVISION NETWORKS (AMENDMENT) RULES, 2006-** Section 6 of the Cable Television Networks (Regulations) Act, 1995 provides that no person shall transmit or re-transmit through a cable service any advertisement unless such advertisement is in conformity with the advertisement code prescribed under the Cable Television Networks (Amendment) Rules, 2006. However, the aforesaid provision does not apply to programmes of foreign satellite channels which can be received without the use of any specialized gadgets or decoder. Rule 7 of the Cable Television Networks (Amendment) Rules, 2006 lays down the “Advertising Code” for cable services which are formulated to conform to the laws of the country and to ensure that advertisements do not offend morality, decency and religious susceptibilities of the subscribers; Parle’s mango drink ‘Maaza’ gave the advertisement of Maaza mango and the MRTP issued a notice against Parle Exports Pvt. Ltd. The advertisement implied that the soft drink was prepared from fresh mango while actually preservatives were added to it. The company had to suspend production pending enquiry.

V. CONCLUSION

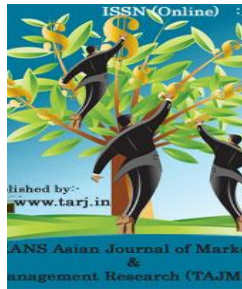
In this age of media explosion, one cannot simply remain confined to the boundaries of the traditional media. The media world has expanded its dimensions by encompassing within its orbit, the widening vistas of cyber media etc. As a consequence, people are more aware now but advertising is less ethical with time. This cannot lead us to the conclusion that ethical advertising has died. In the recent past where Amitabh Bachchan was endorsing a brand of cold drink and that time only he has to undergo a major stomach surgery. The reason for his disease was extensive use of the soft drinks. Immediately after the surgery he refused to endorse any cold drink and all his advertisements were withdrawn. This shows that ethical advertising still survives on one or the other form. There are numerous laws governing it. It is not within the scope of this paper to deal with the whole subject of media laws, but this paper makes a person aware of the various important legislations affecting the various branches of Media Communication, making him aware of his rights and facilitating him to exercise them within the framework of law existing in India and in the end furthering the cause of “Freedom Of Speech And Expression” and “Dissemination of Knowledge”.

BIBLIOGRAPHY

1. Chunawalla, S.A. (2005). Foundations of advertising: theory and practice. Mumbai: Himalaya Publishing House.
2. Sawant, P.B. and P.K. Bandyopadhyay (2002). Advertising Law and Ethics. Delhi: Universal Law Publishing Co. Pvt. Ltd.
3. Wells, W. Advertising. New Delhi: Prentice Hall.
4. Thorson, Esther. Advertising Age: The Principles of advertising and Marketing. Australia : South Western.
5. White, Roderick. Advertising: What It Is and How To Do It. England: Mc Graw-Hill Publishing Company.

SOURCES

1. India Today
2. Business Today
3. Business World
4. www.google.com
5. www.en.wikipedia.org
6. www.ciaadvertising.org
7. www.ou.edu
8. www.adweek.com
9. www.advertising.about.com

Published by: *TRANS* Asian Research Journals**TAJMMR:*****TRANS* Asian Journal of
Marketing & Management
Research**

(A Double Blind Referred & Reviewed International Journal)



AN EMPIRICAL STUDY ON HUMAN CAPITAL DEVELOPMENT AND HOW EDUCATION PLAYS A VITAL ROLE IN IT

Vikram Gahlawat*; Pankaj Kumar**

*Assistant Professor,
Delhi College of Arts and Commerce,
University of Delhi,
New Delhi, India.

**Assistant Professor,
Delhi College of Arts and Commerce,
University of Delhi,
New Delhi, India.

ABSTRACT

The structural development of a nation includes development of people and the organization of Human resources in its core. The traditional elements of growth like capital, natural resources, foreign aid and international trade, etc. they does play part but men's power ultimately derive optimum utilization from them. All studies in this field recognize the importance of human capital factor. This paper presents a generalized concept of human as capital and how education plays an important role for its development.

INTRODUCTION

Recent challenges such as globalization, a knowledge-based economy, and technological evolution, have promoted many countries and organizations to seek new ways to maintain competitive advantage. In response, the prevailing sense is that the success depends in large part on the people with higher levels of individual competence. In the present Globalization scenario people are becoming valuable assets and can be recognized within a framework of human capital. Concept of human capital is basically the mixture of human and capital. In the economicperspective, the capital refers to 'factors of production used to create goods or services

TRANS Asian Journal of Marketing & Management Research (TAJMMR)

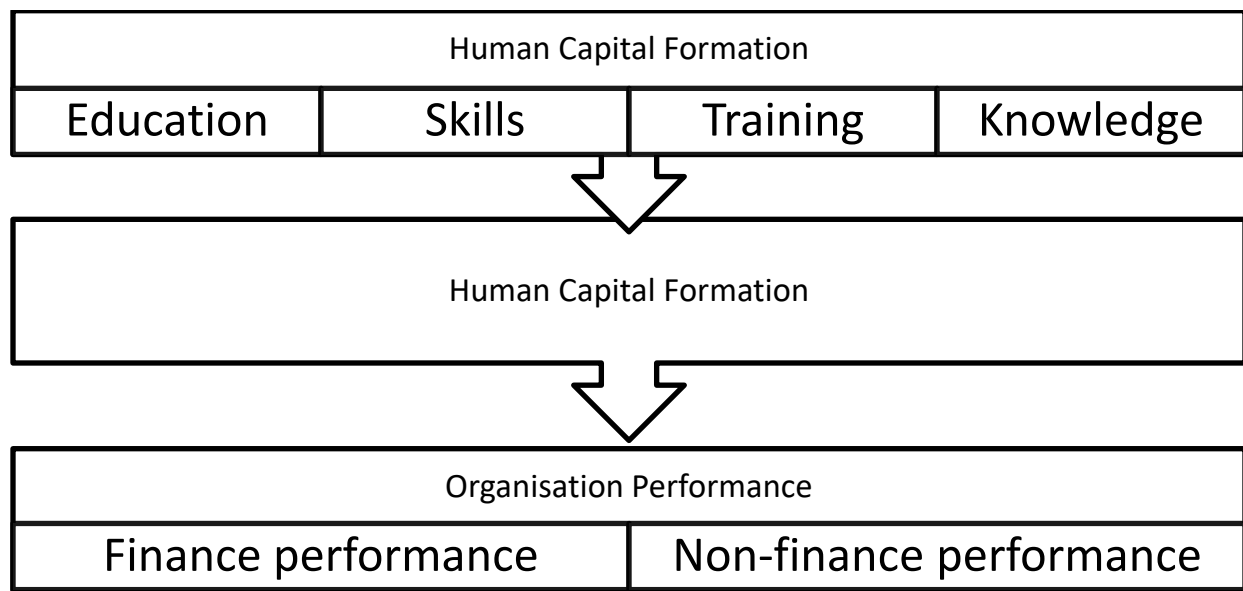
<https://tarj.in>

that are not themselves significantly consumed in the production process' Along with the meaning of capital in the economic perspective, the human is the subject to take charge of all economic activities such as production, consumption, and transaction. On the establishment of these concepts, it can be recognized that human capital means one of production elements which can generate added-value through inputting it.

BASIC CONCEPT

The origin of human capital goes back to the emergence of classical economics in 1776, and thereafter, Theodore Schultz (1961) recognized the human capital as one of important factors for a national economic growth in the modern economy. After that many authors, theorists gave their contribution for human capital and they recognized human capital as the only asset that is not passive.

Human capital development plays an important role in the economic development of a country. Human capital development implies the development of skills and abilities among the population of the country. It is believed that the reason that the Third world countries have remained underdevelopment is due to the under development of its human resources. The constitution of India gives importance to the human resources. Before explaining the Human capital formation it is important to discuss about the human capital. Human capital is defined as a capital asset which yields a stream of economic benefits over their working life for the economic development of an economy, we need physical resources like land, building etc. and also Human capital like engineers, doctors etc. Every country needs good Human resources to generate Human capital. An improvement in the skills and physical capacities of the people constitutes an increase in the Human capital, as it enables them to produce as well as optimum utilization of organizations resources. Organization structure of an organization has four elements which affect it these are; Strategy, Organization environment, Technology, Human resource. Human resources of an organization mainly include the availability of human capital. Human capital development in developing countries is a continuing process through better education, Health, on the job training, Migration. Thus Human capital has played an important role in the designing of organization structure of the organization. Education has great impact on the Human capital development it adds more skilled and efficient Human workforces to the human capital each year through better education system in a country and helps them to be more innovative in their work and also helps them to provide more job opportunities through providing them better education and training.



ROLE OF EDUCATION IN HUMAN CAPITAL DEVELOPMENT

Education is an economic good because it is not easily obtainable and thus needs to be apportioned. Economists regard education as both consumer and capital good because it offers utility to a consumer and also serves as an input into the production of other goods and services. As a capital good, education can be used to develop the human resources necessary for economic and social transformation. The focus on education as a capital good relates to the concept of human capital, which emphasizes that the development of skills is an important factor in production activities. It is widely accepted that education creates improved citizens and helps to upgrade the general standard of living in a society. Therefore, positive social change is likely to be associated with the production of qualitative citizenry, this increasing faith in education as an agent of change in many developing countries. Human capital theory emphasizes how education increases the productivity and efficiency of workers by increasing the level of cognitive stock of economically productive human capability which is a product of innate abilities and investment in human beings. The provision of formal education is seen as a productive investment in human capital, which the proponents of the theory have considered as equally or even more equally worthwhile than that of physical capital. Rationality behind investment in human capital is based on three arguments:

- i.) The new generation must be given the appropriate parts of the knowledge which has already been accumulated by previous generations.
- ii.) New generation should be taught how existing knowledge should be used to develop new products, to introduce new processes and production methods and social services.
- iii.) People must be encouraged to develop entirely new ideas, products, processes and methods through creative approaches.

- iv.) Investment in Human capital formation is helpful in the designing of Organization structure.

At present many of the developing nations have thus realized that the principal mechanism for developing human knowledge is the education system. Thus, they invest huge sum of money on education not only as an attempt to impart knowledge and skills to individuals but also to impart values, ideas, attitudes and aspirations which may be in the nation's best developmental interest. For example Countries such as Hong Kong, Korea, Singapore, and Taiwan have achieved unprecedented rates of economic growth via human capital development while making large investments in education. Human capital development not only provides monetary benefits to Human capital but provides some nonmonetary benefits also like social benefits.

MAJOR CHALLENGES IN HUMAN CAPITAL DEVELOPMENT IN INDIA

One of the major challenge in effective education system is that What types of education should be emphasized, to what degree, and how soon. Some economist are of the view that the developing countries do not yet have an effective demand for a large number of educated workers; and they cannot afford to pay for as much education as can rich countries rather than on a greatly expanded system of formal education. In view of its high cost and the problems of absorption that it creates, even the case for universal primary education is questionable. Some of the major challenges are as follow:

- ✓ Brain drain
- ✓ Poor quality of health care
- ✓ Poor investment in human capital
- ✓ Migration
- ✓ Lack of skilled manpower
- ✓ Asymmetric information
- ✓ Education system is less effective

LITERATURE REVIEW

The literature review provides an insight into the issue of role of education in human capital formation taking into consideration the effect of education on the human capital formation in an economy. Many theorists and authors have given their opinion about the role of education in human capital formation. Some of these are Adam Smith, Theodore W. Schultz, G. Becker, Robert, Rosenzweig etc. It is important to understand the current literature in relation to role of education in human capital formation.

Adam Smith in the wealth of the nation (Smith, 1776)¹ set the stage for the study of human capital, he identifies the acquired and the useful activities of individuals and economic process of the country. Smith (1776) reflects such progressive contemporary thought when he wrote that by educating its people, a society:

Drives no inconsiderable advantage from their instruction. The more they are instructed, the less liable they are to the delusions of enthusiasm and superstition, which, among ignorant nations, frequently occasion the most dreadful disorders. An instructed and intelligent people besides, are always more decent and orderly than an ignorant and stupid ones. (Page 68)

Human capital is the concept introduced by Nobel laureate Theodore W. Schultz. According to Schultz² (1961, 1971), forgone income comprises the greater part of the cost of building Human capital. However this finding cannot be generalized as in many countries the lack of the national education capabilities lead to the significant number of the student seeking education abroad, the dominant part of the investment in human capital. His monograph The Economic value of education focused attention on the education as subject worthy of concentrated study of economist. Robert (1991) developed a human capital model which shows that education and the creation of human capital was responsible for both the differences in labour productivity and the differences in overall levels of technology that we observe in the world. Gary S Becker (1975)³ developed a theory of human capital formation and analyzed the rate of return to investment in education and training on growth. There is overwhelming evidence at the micro level, particularly at the firm and worker level, that education enhance productivity and hence earnings

According to Rosenzweig (1990)⁴ as a general rule, high-income countries have been characterized by low fertility and high levels of human capital; low-income countries are characterized by high fertility and low levels of human capital. According to Welch (1970) education increase the worker's speed and quality due to increased knowledge and understanding of the specific tasks within the context of a larger firm structure. In addition the worker makes better decisions about the allocation of resources. Secondly, this acquired knowledge can then be utilized to innovate and to create technological developments. Positive changes in technology will improve the production of materials and the communication of information. An educated labour force will be able to adapt to technology change. Therefore this human capital investment will reduce the costs of production and increase firms' production possibilities.

In his opinion Landes (1980) argues that:

"The heart of the whole process of industrialization and economic development is intellectual: it consists in the acquisition and application of a corpus of knowledge concerning techniques".

Psacharopoulos and Woodhall (1997)⁵ asserts that:

Human resources constitute the ultimate basis of wealth of nations. Capital and natural resources are passive factors of production, human beings are the active agencies who accumulate capital,

exploit natural resources, build social, economic and political organization, and carry forward national development.

According to economic dictionary (Tahiret al., 1993), human capital means all productive investments in a person such ability, skill, expertise and health as a result of investment towards education, training and health care. Human capital growth, mainly in education is one of the largest sources of economic growth both in the past and in times to come. Based on some research done in the past, human capital has made larger contribution to a country's growth compared to contribution from factories and physical property. Human capital although not tangible will always be the most valuable asset of an individual. Grant (1996)⁶ argued that the firm's collective knowledge resources that are networked, linked, and transferred to the organization define organization structure capital. The seminal work of Grant provided the framework for defining the process of knowledge integration. Benhabib and Spiegel (1994) said that education as a measurement for quantity, availability and human resource quality was the sole method which can be used to analyze the effect or human capital impact on economic growth. Broking (1996)⁷, human centered assets refers to skills and expertise, problem solving abilities, leadership style and abilities and everything that is embodied in the employees.

Edvinsson & Malone (1999)⁸, human capital includes the abilities, knowledge skills and knowledge of employees and manager. It incorporates knowledge, skills, innovation and the individual employee's abilities to handle his/her task, and also includes the firm's value, culture and Philosophy. Lynn (2000)⁹, human capital embraces all the skills and capabilities of people working in an organization, it can be seen as an inventory of individual's skills and knowledge with an organization. Barney (2002)¹⁰, thought that human capital is collection of training experience, judgment, wisdom relationship and insights from the companies managed and employees. According to Vandenbussche, Aghion, and Meghir (2006), several recent studies suggested that education is important both as an investment in human capital and in facilitating research and development and the diffusion of technologies, with initial phases of education more important for imitation and higher education for innovation. Dean and Kretschmer (2007)¹¹ argue that we need to accept that human, social, and structural capital are only metaphorically 'capital' and revert to resource-based or capabilities-based typologies, or alternatively develop a new theory of dynamic capital to account for them. Green (1993)¹², training is distinguished from formal school and postschool qualifications (which are viewed as education) and is generally defined in terms of courses designed to help individuals develop skills that might be of use in their job. Dearden, Ferri and Meghir (1998), Heckman (1998)¹³, The observed patterns of provision of and participation in training therefore tend to amplify the skills gap rather than compensating for the low levels of educational attainment of many workers when they first enter the labour market. A number of studies point to the potential importance of early intervention even at nursery-education level: early achievement and qualifications appear to be key determinants of future educational attainment and wages. Rastogi (2000) stated that "human capital is an important input for organizations especially for employees' continuous improvement mainly on knowledge, skills, and abilities." It is "the knowledge, skills, competencies, and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being".

Snell (1996) reports:

‘If the types and levels of skills are not equally distributed, such that some firms can acquire the talent they need and others cannot, then (*ceteris paribus*) that form of human capital can be a source of sustained competitive advantage’ (Snell et al 1996: 65).

Agarwala (2003)¹⁴, substantial studies have been carried out on human capital and their implications on firm performance; results shows that, human capital enhancement will result in greater competitiveness and performance. Griffin and McKinley (1992)¹⁵, human development is a way to fulfill the potential of people by enlarging their capabilities, and this necessarily, implies empowerment of people, enabling them to participate actively in their own development. Nelson and Phelps (1966), human capital as the primary source of innovation, increasing individuals’ capacity both to produce technical change and to adapt to it. Education levels (human capital stocks) are thus linked to productivity growth, and the returns to human capital accumulation are justified by the separate and crucial role human capital plays in the successful introduction of and the effective adaptation to technological and organizational changes. Lucas (1988), human capital just as an ordinary input in production: the level of output depends on the level of human capital. This implies that the growth rate of output depends on the rate at which countries accumulate human capital over time.

Blaug (1985)¹⁶, explains that firms are looking for a “combination of particular personality traits and certain cognitive achievements”. In the economy the different sectors priorities between the human capital approach and the behavioral approach. Engineering firms generally require applicants to have studied engineering at university while business companies employ students from a wide range of background. Business companies use the level of education as a signal of the motivation and ability of its prospective employees. John Dewey (1997)¹⁷, states “education is the fundamental method of social progress and reform... through education society can formulate its own purposes, can organize its own means and resources, and thus shape itself with definiteness and economy in the direction in which it wishes to move”. According to Odekunle (2001)¹⁸, affirms that investment in human capital has positive effects on the supply of entrepreneurial activity and technological innovation.

According to Ayeni (2003)¹⁹, asserts that education as an investment has future benefits of creation of status, job security and other benefits in cash and in kind. Van-Den-Berg (2001)²⁰, Education is seen as an input into the intentional and entrepreneurial efforts to create new technology and new products. Proponents of this view of education point out the close correlation between new product development and levels of education. The countries that are at the forefront of technology also have the most educated population. Vinokur et al. (2000)²¹, not only one’s productivity but others are affected by the investment of human capital. Through participating in learning activity, the learning participants are likely to easily implement job-seeking activities with increasing the human capital. According to Rosen (1999)²², human capital as ‘an investment that people make in themselves to increase their productivity’. Frank & Bemanke (2007)²³, define that human capital is ‘an amalgam of factors such as education, experience, training, intelligence, energy, work habits, trustworthiness, and initiative that affect

the value of a worker's marginal product'. Rastogi (2000),²⁴ the concept and perspective of human capital stem from that there is no substitute for knowledge and learning, creativity and innovation competencies and capabilities; and that they need to be relentlessly pursued and focused on the firm's environment context and competencies logic.

OBJECTIVES

The study "Human capital development: How Education plays a vital role" has many objectives and all these objectives are needed to be studied for getting the desired result. Some of these objectives are:

- ✓ It is helpful in studying the positive relationship between the education and Human capital development.
- ✓ It provides us information that how an efficient education system is important for the economic growth of a country.
- ✓ On the basis of our study it is clear that for a developing country it is important to have an efficient education system for enhancing the pace of their economic growth.
- ✓ Role of education in increasing the productivity of the workers through providing them education at initial stages.

RESEARCH HYPOTHESIS

H0-Null hypothesis (no positive relationship between education and human capital development)

H1-Alternative hypothesis (positive relationship between education and human capital development)

RESEARCH METHODOLOGY

This paper is a review based article which uses secondary data available in journals reports and government sources; the data provides a prospect to evaluate practices in India in relation with international trends and provides a podium to assemble data on more experimental knowledge about the role of education in Human capital development.

CONCLUSION

We need to change our mind while not losing them, making everyone instantly functional, regardless of prior experience. Education is the scorecard on which we can write balance of human capital and development. We need political will for the growth of educated men's power as education is the mean to progress and development. We have an education system and it can be improved by focusing on the flaws. Last but not least, development of human capital can be

achieved through mobilization of domestic resources and above all the energy, skills, talent and creativity of a nation's own people.

REFERENCES

Agarwala T.(2003), "Innovative human resource practices and organizational commitment: An empirical investigation", International Journal of Human Resource Management.

Ayeni, O. (2003), "Relationship Between Training and Employment of Technical College Graduates in Oyo State between 1998 and 2001".

Barney, J.(2002), "Gaining and sustaining competitive advantage (Second Edition)", Prentice Hall.

Becker G S(1975) "Human capital :A Theoretical and empirical analysis with special reference education" , 2nd edition ,Princeton university press, Princeton, New York

Blaug, M. (1985), "Where are we now in the Economic of Education", Economics of Education Review.

Broking, A.(1996), "Intellectual capital", London: international Thomas Business Press.

Dean, A. , and Kretschmer, M. (2007). "Can Ideas be Capital? Factors of Production in the Postindustrial Economy: A Review and Critique", Academy of Management Review, 32(2): 573–94.

Dearden, L. (1998), "Ability, families, education and earnings in Britain", Institute for Fiscal Studies.

Dewey, J. (1897), "My Pedagogic Creed", School Journal.

Edvinsson, L. & Malone, M.S.(1999), "Intellectual Capital", New York: Harpercollins Publishing, Inc.

Ferri, J. and Meghir, C. (1998), "The effect of school quality on educational attainment and wages", Institute for Fiscal Studies.

Frank, R. H. and Bernanke, B. S. (2007), "Principles of Microeconomics (3rd ed.)" New York: McGraw- Hill.

Grant, R. M. (1996). 'Toward a Knowledge-Based Theory of the Firm', Strategic Management Journal.

Green, F. (1993), "The determinants of training of male and female employees in Britain", Oxford Bulletin of Economics and Statistics.

Griffin. Keith, McKinley Terry (1992), "Towards a human development-1992".

Harbison, Frederick, Myers. Charles. A.(1964), "Education, Manpower & Economic Growth". McGraw Hill Book Company London

Lynn, B.E. (2000), "Intellectual capital: Unearthing hidden value of managing intellectual assets", Ivey Business Journal.

Odekunle, S.O. (2001), "Training and Skill Development as Determinant of Workers".

Psacharopoulos, G and Woodhall, M. (1997) "Education for Development: An Analysis of Investment Choice", New York Oxford University Press.

Rastogi P.N. (2000), "Sustaining enterprise competitiveness-is human capital the answer?", Human system Management".

Rosen, H. S. (1999), "Public Finance", New York: McGraw-Hill.

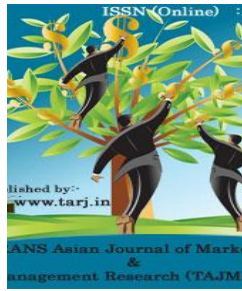
Rosenzweig Mark R (1990) "Population Growth and Human capital investment :Theory and evidence" .

Schultz T W (1971), "Investment in Human capital formation: The Role of education and of Research" ,New York

Smith, A. (1776, 1904), "An Inquiry into the Nature and Causes of the Wealth of Nations".

Van-Den-Berg, H.(2001), "Economic Growth and Development", (International Edition) New York. McGraw-Hill Companies, Inc

Vinokur, A. (2000), "Two Years after a Job Loss: Long-term Impact of the JOBS Program on Reemployment and Mental Health", Journal of Occupational Health Psychology.

Published by: *TRANS* Asian Research Journals**TAJMMR:*****TRANS* Asian Journal of
Marketing & Management
Research**

(A Double Blind Referred & Reviewed International Journal)



A STUDY OF GREEN MARKETING

CA Amit Kumar Sahu*; Laxmi**

*Assistant Professor,
Department of Commerce,
Kamala Nehru College,
University of Delhi,
New Delhi, India.

**Research Scholar,
Department of Commerce,
Delhi School of Economics,
University of Delhi,
New Delhi, India.

ABSTRACT

Green marketing is a phenomenon quite popular in the modern times. Actually, this concept was given prominence in the late 1980s and 1990s. Now a days , firms start moving towards greening strategies with a purpose to gain competitive advantage in the market and creating image in the minds of customers. Secondary sources are used. The aim of this paper is to study the concept of green marketing, its approaches and strategies, and leading examples of the companies.

INTRODUCTION

A larger part of the population believes that green marketing is nothing but the promotion or advertising of products with environmental characteristics. It is a phenomenon which can be applied only product's promotion but in realty, it is a much broader concept which incorporates a broader range of activities, including product modification, changes to the production process, packaging changes as well as modifying advertising.

American Marketing Association defines green marketing is the marketing of products that are presumed to be environmentally safe. Actually, this concept was given prominence in the late

1980s and 1990s after the proceedings of the first workshop on Ecological Marketing held in Austin, Texas (US) in 1975. At this workshop ecological marketing was defined as: the study of the positive and negative aspects of marketing activities on pollution, energy depletion and non-energy resource depletion (Henion and Kinnear, 1976b,1).

A survey conducted by Vandermerwe and Oliff (1990) shows that 92% of European multinationals claimed to have changed their products in response to green consumers and 85% claimed to have changed their production systems. The strategies which are used by the firm are classified into two parts: one is internal and second is external. Internal strategies suggested the efforts that focuses in the development of the substitutes for the non-renewable inputs, redesign products to reduce material content and energy consumption whereas external strategies will likely to focus on developing core competencies in products, processes and other supply chain activities that emphasize long term sustainability throughout the entire supply chain (Kleindorfer et. al., 2005).

According to Peattie (2001), the evolution of green marketing has three phases. The first phase was termed as “Ecological” green marketing and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was “Environmental” green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was “Sustainable” green marketing. It came into prominence in the late 1990s and early 2000.

Literature shows that different researchers have defined green marketing in different ways. For example:

According to Pride and Ferrell(1993), green marketing also alternatively known as environmental marketing and sustainable marketing, refers to an organization’s efforts at designing, promoting, pricing and distributing products that will not harm the environment.

Polonsky (1994) defines green marketing as all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants such that the satisfaction of these needs and want occurs, with minimal detrimental impact on the natural environment.

Thus, green marketing is a holistic concept that can be applied to consumer goods, industrial goods and even services. For example, around the world these are resorts that are beginning to promote themselves as “ecotourist” facilities that is facilities that “specialize” in experiencing nature or operating in a fashion that minimizes their environmental impact (May, 1991; Ingram and Durst, 1989; Troumbis, 1991; Polonsky, 1994).

APPROACHES TO GREEN MARKETING

Researchers suggest that the there are two approaches to green marketing, one is defensive and other is assertive. Most companies take defensive approach. It (defensive) is designed to avoid

negative consequences by complying with minimum government environmental regulations to avoid tax or penalties and to react to competitors' environmental moves. Whereas assertive approach involves being a "First Mover" and also doing more than is regulated by government. First mover advantage is especially critical in green marketing. The environmental first mover, with good strategic marketing, will be able to maintain its image as a sincere environmental activist, and this image may provide the basis for a sustainable competitive advantage.

A green marketing approach which responds to the demands of the market is consumer-oriented and profit driven (Wells, 1990).

A classical example of this first mover approach is WalMart. Its in-store environmental campaigns and general leadership position in environmental consciousness have paid tremendous rewards. Market place observers have noted that although competitors can imitate WalMart program, they will never surpass its superior image as the environmental leader (Fisher and Graham, 1989).

These approaches are used by the firms in different levels of green marketing. Menon and Menon (1997) suggest that green marketing activities can occur at three levels in the firm: Strategic, Quasi-Strategic and Tactical.

In strategic greening, there is a substantial fundamental change in corporate philosophy. Quasi-strategic greening entails a substantial change in business practice. With tactical greening, there is a shift in functional activities such as promotion.

These three levels can be used to identify the amount of change and the degree of commitment to environmental objectives in a firm required.

ADOPTION OF GREEN MARKETING

Now the question arises why are the firms using green marketing. The literature cited several reasons for it. The five possible reasons are:

- 1. OPPORTUNITY:** Organization perceive environmental marketing to be an opportunity that can be used to achieve its objectives (Keller, 1987; Shearer, 1990).
- 2. SOCIAL RESPONSIBILITIES:** Organizations believe they have a moral obligation to be more socially responsible (Davis, 1992; Freeman and Liedtka, 1991).
- 3 .GOVERNMENT PRESSURE:** Governmental bodies are forcing firms to become more responsible (NAAG, 1990).
- 4. COMPETITORS:** Competitors environmental activities pressure firms to change their environmental marketing activities (NAAG, 1990).

5. COST FACTORS: Cost factors associated with waste disposal or reductions in material usage forces firms to modify their behavior (Azzone and Manzini, 1994).

EXAMPLES OF THE FIRMS ADOPT GREEN MARKETING

McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and ozone depletion (Gifford, 1991; Hume, 1991).

Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins (Advertising Age, 1991).

Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.

GREEN MARKETING OF MNCs

PHILIPS LIGHT'S CFL

Philips Lighting's first shot at marketing a standalone compact fluorescent light bulb was earth-light, at AA\$15 each versus 75 cents for incandescent bulbs. The product had difficulty climbing out of its deep green niche. The company re-launched the product as "Marathon", underscoring its new "Super Long Life" positioning and promise of saving \$26 in energy costs over its five year life time. Finally, with the US EPA's energy star label to add credibility as well as new sensitivity to rising utility costs and electricity shortages, sales climbed 12% in an otherwise flat market (Prasad, 2009).

ELECTRONICS SECTOR

The consumer electronics sector provides room for using green marketing to attract new customers. One example of this is HP's promise to cut its global energy use 20% by the year 2010. To accomplish this reduction below 2005 levels, the HP company announced plans to deliver energy- efficient products and services and institute energy- efficient operating practices in its facilities worldwide (Prasad, 2009).

MARUTI: GREENING OF SUPPLY CHAIN

The company has remained ahead of regulatory requirements in pursuit of environment protection and energy conservation at its manufacturing facilities, and in development of products that use fewer natural resources and are environment friendly. The company credited the "JIT" philosophy adopted and internalized by the employees as the prime reason that helped to excel in this direction. It has been promoting 3R since its inception. As a result the company has not only been able to recycle 100% of treated waste water but also reduced fresh water consumption. It also has implemented rain water harvesting to recharge the aquifers (Prasad, 2009).

UNSUNG GREEN MARKETERS

An example of a firm that does not promote its environmental initiative is Coca-Cola. Coca-Cola invested a large amount of money in modifying its packaging and recycling activities so that to minimize the detrimental impact on the environment with no intention to use this activity as a promotional tool.

Similarly there is another firm who is very environmentally responsible but does not promote this fact is Walt Disney World. This firm has an extensive waste management program but this facility is not highlighted in its general tourists' promotional activities.

GREEN INITIATIVES ADOPTED BY INDIA**INTRODUCTION OF CNG IN DELHI**

New Delhi, Capital of India, was being polluted at a very fast pace until Supreme Court of India forced a change to alternative fuels. In 2002, a directive was issued to completely adopt CNG in all public transport systems to curb pollution (Prasad, 2009).

INDIA'S 1ST GREEN STADIUM

The Thyagaraja Stadium stands tall in the quiet residential colony behind the Capital's famous INA Market. It was jointly dedicated by Union Sports Minister MS Gill and Chief Minister Sheila Dikshit. Dikshit said that the stadium is going to be the first green stadium, which has taken a series of steps to ensure energy conservation and this stadium has been constructed as per the green building concept with eco-friendly materials (Mishra & Sharma, 2010).

CONCLUSION

Green marketing now becomes important for the firms. Today, consumers are also becoming green. They prefer to buy the products which are less harmful to their health and environment also. Thus, to create an image in the mind of the customers, firms have to take green initiatives. The cases which are discussed above show that now the companies are using green strategies. They incorporate green marketing in their mission and objectives which are now termed as strategic green marketing.

REFERENCES

Advertising Age (1991). Spurts and Starts: Corporate Role in '90s Environmentalism Hardly Consistent. Advertising Age 62 (46): GR14-GR16.

Azzone, Giovanni and Raffaella Manzini. (1994). Measuring Strategic Environmental Performance. Business Strategy and the Environment, vol.3 (1), pp. 1-14.

Davis, Joel J. (1992). Ethics and Green Marketing. *Journal of Business Ethics*, vol.11 (2), pp.81-87.

Fisher, C. and Graham, J. (1989). Wal-Mart Throws 'Green' Too. *Advertising Age*, 21 August, pp. 1, 66.

Freeman, R. E. and J. Liedtka. (1991). Corporate Social Responsibility: A Critical Approach. *Business Horizons*, vol. 34 (4), pp.92-98.

Gifford B. (1991). The Greening of the Golden Arches-McDonald's Teams with Environmental Group to Cut Waste. *The San Diego Union*, August 19: C1, C4.

Henion, Karl E., and Thomas C. Kinnear. (1976b). A Guide to Ecological Marketing. in Karl E. Henion and Thomas C. Kinnear (Eds). *Ecological Marketing*. Columbus, Ohio: American Marketing Association.

Hume, Scott. (1991). McDonald's: Case Study. *Advertising Age*, vol.62 (5), pp. 32.

Ingram, C. Denise and Patrick B. Durst. (1989). Nature-Oriented Tour Operators: Travel to Developing Countries. *Journal of Travel Research*, vol. 28 (2), pp. 11-18

Keller, G. M. (1987). Industry and the Environment: Toward a New Philosophy. *Vital Speeches*, vol. 54 (5), pp.154-157.

Kleindorfer, P.r., Singhal, K., & Wassenhove, L.N.V. (2005). Sustainable operations management. *Production and Operations Management*, vol. 14(4), pp. 482-492.

May. V. (1991). Tourism, Environment and Development: Values, Sustainability and Stewardship. *Tourism Management*, vol. 12 (2), pp. 112-118.

Menon, A., & Menon, A. (1997). Enviropreneurial marketing strategy: the emergence of corporate environmentalism as market strategy. *Journal of Marketing*, vol. 6(1), pp. 51-67.

Mishra, P. & Sharma, P. (2010). Green marketing in India: Emerging opportunities and challenges. *Journal of Engineering Science and Management Education*, vol. 3, pp. 9-14.

National Association of Attorneys-General (NAAG). (1990). *The Green Report: Findings and Preliminary Recommendations for Responsible Advertising*. [San Francisco?], USA: National Association of Attorneys-General.

Polonsky, M. (1994). An introduction to green marketing. *Electronic Green Journal*, vol. 1(2).

Prasad, V. (2009). Green marketing initiatives by Indian corporate sector- A study. *Indian MBA.com*

Shearer, Jeffery W. (1990). Business and the New Environmental Imperative. Business Quarterly, vol. 54 (3), pp. 48-52.

Troumbis, A. Y. (1991). Environmental Labelling on Services: The Case of Tourism. Ekistics, vol. (348/349), pp. 167-173.

Vandermerwe, S. and Oliff, M. (1990). Customers drive corporations green. Long Range Planning, Vol. 23 No. 6, pp. 10-16.

Wells, R.P. (1990) Environmental Performance Will Count in the 1990s. Marketing News, 19 March, p. 22.

Editorial Board

Dr. SS Narta

Professor
Department of Commerce,
Himachal Pradesh University,
Summerhill, Shimla – 171005,
H.P., India.

Dr. Mamta Mokta

Professor
Department of Public Administration,
Himachal Pradesh University,
Shimla, India.

Prof. Shyam Lal Kaushal

School of Management Studies
Himachal Pradesh University,
Shimla, India.

Dr. Durgesh Nandini

Associate Professor
Department of Public Administration,
IGNOU, Delhi, India.

Dr B. Mohan

Associate Professor in English
S.V. College of Engineering and Technology
Chittoor, Andhra Pradesh, India.

Dr. Dalbir Singh

Assistant Professor
Haryana School of Business,
G.J.U.S & T, Hisar,
Haryana, India.

Dr. Sonia Sharma Uppal

P.G. Department of Commerce and Management
Arya College, Ludhiana,
India.

Nadeera Jayathunga

Senior Lecturer
Department of Social Sciences
Sabaragamuwa University, Belihuloya
Sri Lanka

Mrs. Sabina Dinesh Kumar

Assistant Lecturer
Faculty of Management Studies & Comm.
University of Jaffna,
Sri Lanka

Jumana M. Elhafiz

Assistant Professor
Department of Biochemistry,
Shendi University, Ministry of Health,
Sudan

Dr. Sunil Kumar

Assistant Professor,
Punjab School of Economics,
Guru Nanak Dev University,
Amritsar, Punjab, India

Dr. Ebele P. ifionu

Faculty, Department of Finance and Banking
University of Port Harcourt, Nigeira

Review Process

Each research paper/article submitted to the journal is subject to the following reviewing process:

1. Each research paper/article will be initially evaluated by the editor to check the quality of the research article for the journal. The editor may make use of iThenticate/Viper software to examine the originality of research articles received.
2. The articles passed through screening at this level will be forwarded to two referees for blind peer review.
3. At this stage, two referees will carefully review the research article, each of whom will make a recommendation to publish the article in its present form/modify/reject.
4. The review process may take one/two months.
5. In case of acceptance of the article, journal reserves the right of making amendments in the final draft of the research paper to suit the journal's standard and requirement.

Categories

- Business Management
- Marketing
- Finance
- Insurance
- Human Resource & I.T.



Published by

Trans Asian Research Journals

SCO 34, 1st Floor, HUDA Market,
Near Red Cross, Jagadhri - 135 003 (Haryana) INDIA
Website : www.tarj.in

Our other publications :

Asian Journal of Multidimensional Research (AJMR)

ISSN (online) : 2278-4853